HIS MAJESTY THE KING MOHAMMED VI, MAY GOD ASSIST HIM

Annual Report of the Public Finance Court

For the year 2015

Highlights

Majesty,

For the year 2015, public finance indicators continued the positive trend that started in 2013, due to the improvement of the macro-economic stability of our country. This recovery is driven by several factors, chief of which is the decline in the prices of energy products and the importance of foreign investments and foreign donations.

Hence, the budget deficit, again, recorded a decline to settle at 4,4% of GDP as against 4,9% in 2014; 5,1% in 2013 and 7,2% in 2012.

This improvement, ascribable to the stability of regular income, in spite of the decline of foreign donations (- 71,7%), benefitted from the rise of tax revenues of 3,8% and the fall of regular expenditure by 3,5%, following the drop in compensation costs by 57,2%.

Notwithstanding the improvement of these indicators, the public finance position encountered many difficulties, particularly the high level of Treasury debt whose outstanding amount reached 629,2 billion MAD, or 64,1% of GDP, as against 63,5% in 2014, knowing that the total national debt, including State-guaranteed debt, increased by more than two (2) points of GDP to stand at nearly 81% of GDP.

In the same vein, in terms of Treasury payments, a tendency towards the accumulation of arrears was noted. Indeed, VAT debts due to public-owned corporations and companies, excluding the private sector, reached nearly 25.18 billion MAD at the end of 2015, as against 8,7 billion MAD in 2010, which accounts for 48% of VAT revenues reverted to State budget. These amounts constitute national debts that the State should refund, owing to the fact that they relate to major corporations of the public sector playing a key role in the economic and social development of our country.

With regard to investment, the budget of 2015 was marked by the completion of important programs within the framework of sector-based strategies, such as agriculture through Green Morocco Plan and the Development Plan for Rural Mountainous Areas, industry through Industrial Acceleration Plan, tourism through Vision 2020, construction and town planning, as well as employment, through the National Strategy for Employment.

However, this effort was not supported by the conditions conducive to stimulating a number of sectors and small and medium-size companies for the access to bank financing as well as the increase in investment capacities and hence job creation. Therefore, a more significant output of State investments requires adapting and updating sector-based strategies with the participation of the economic and social actors, as well as the improvement of the business climate. This would enable national companies to regain their momentum, which would have positive impacts on the increase in growth rate and job creation.

In relation to the economic situation, the deceleration of non-agricultural activities resulted in stagnation affecting the labor market. Indeed, the number of jobs created could not exceed 33.000 in 2015, as against 129.000 per year on average between 2003 and 2014. While the national average employment rate dipped slightly to 9,7%, with regard to the young population, aged 15 to 24, this rate worsened to stand at 27,9% at the national level and 39% in urban areas.

In view of the importance of public policies in the fields of education and employment, through the amount of resources allocated to these sectors, the evaluation of the various programs and sector measures should be conducted to improve the performance of public expenditure in this respect. It would also be necessary to ensure an adequate alignment between training and job market needs in order to create conducive conditions for job creation, reduce unemployment rates and make it possible for citizens from broad strata to be integrated in a united and inclusive society.

With the launch of the implementation of the provisions of the new organic law on Finance Law 2015 targeting the improvement of budgetary programming, the transparency of public finance and the consolidation of results-based management, the achievement of these objectives requires establishing a good financial governance system that would allow the streamlining of the various financial transactions. The objective is to ensure efficiency, effectiveness and economy of the interventions of public agencies.

Aware of the importance of all these elements, the Public Finance Court spares no effort to contribute to the improvement and streamlining of public administration and uphold the culture of accountability, through the exercise of the entire set of powers and attributions vested in it by the Constitution and the law. The Court diversifies its interventions in line with the diversity of its responsibilities.

These interventions show two major characteristics. They are of an instructive and preventive nature, through the identification of the inadequacies in the organization and management of the public agencies and the proposal for correction measures. They can, if necessary, be repressive, through the exercise, by the financial courts, of their jurisdiction which could lead to financial sanctions, with the possibility of referral to the competent legal authorities for facts likely to justify penal sanctions.

Within this framework, public finance courts adopt their annual program so that all the types of competencies are exercised and all categories of agencies are audited, taking account of the requests made to the Court by some institutions, particularly the Parliament under Article 148 of the Constitution of the Kingdom.

At the organizational front, and following the publication of the decree on new regional division of the Kingdom in 2015, the Court created four (4) new regional courts and did away with one. The number of regional courts now corresponds to that of the regions of the Kingdom.

Concerning the activities of the Court for the year 2015, twenty-eight (28) audit assignments, out of those programmed for this year, were conducted within the framework of management audit and the assessment of public projects. Moreover, the Court delivered 399 rulings on auditing and judging accounts and 25 rulings regarding budgetary and financial discipline. The Court also referred to the Minister of Justice eight (8) cases for offenses likely to justify penal sanctions.

As for the work of Regional Public Finance Courts for the year 2015, worth noting is the conducting of audit assignments in partnership with the Public Finance Court for entities working at the regional level but subjected to the control of the Court. This Report comprises the summaries of six (6) audit assignments conducted within this framework. The Regional Public Finance Courts also carried out 58 management audit assignments covering all the types of local government agencies and public services, as well as some delegated management companies. They also delivered 1.891 final rulings as regards the judgment of accounts, and six (6) rulings in the field of budgetary and financial discipline.

Within the framework of the assistance to supervisory authorities, Regional Public Finance Courts delivered 25 expert opinions on administrative accounts not approved by the governing bodies of the relevant local government agencies.

This book presents the key observations of the audit assignments relating to management control, entered into the Annual Report of the Public Finance Court for the year 2015.

Major observations recorded by the Public Finance Court with regard to management audit

The Annual Report of the Public Finance Court, for the year 2015, presents a summary of the reports relating to 28 assignments carried out by the various chambers of the Public Finance Court as regards management audit. Within this framework, this summary report outlines the key observations noted during the audit fieldwork.

Department of Vocational Training[1]

The major observations, noted during the management audit assignment for the Department of Vocational training (DFP), related to the following aspects:

A. Vocational training system

1. Planning of vocational training supply

It was noted that the planning process, on the operational level, is not yet mastered. This is evident through the following observations:

- Lack of a forecast chart of vocational training;
- Delay in the development and implementation of an integrated strategy for vocational training;
- Difficulties in the control of job market needs.

2. Follow-up and evaluation of the performance of the vocational training system

Within this framework, it was noted that there is no integrated computing system allowing the follow-up of the vocational training system, in addition to the inadequate indicators adopted for its evaluation.

3. Assessment of vocational training supply

The vocational training system is characterized by a multiplicity of actors with a prevalence of the Office of Vocational Training and Employment Promotion (OFPPT)[2]

[1] Département de la Formation Professionnelle (DFP)
[2] Office de la Formation Professionnelle et de la Promotion du Travail (OFPPT)

which, according to the statistics of the school year 2013-2014, represents more than 66% of the trainees registered in vocational training programs, while the contribution of the entire set of government departments hardly exceeds 10%, and that of the private sector accounts for approximately 24%. Moreover, it was noted that the measures taken to enhance the attractiveness of vocational training among young people are limited. Also, DFP could not develop the professional Bachelor program for the benefit of vocational training graduates as set out in the Emergency Plan.

4. Vocational training management at the governance and legal levels

Concerning this aspect, the following was noted:

- Poor development of training in the professional environment;
- Inadequate measures for the promotion of on-the-job training (OJT);
- Variance in the statutes governing private and public vocational training;
- Inefficiency of the authorities in charge of coordination and regulation of vocational training supply.

B. Standardization of training programs

1. Re-engineering of the training system

Within this framework, it was noted that there is no action plan for the generalization of the competency-based approach (CBA), along with the lack of a comprehensive assessment of the status of establishing CBA for the various operators in the education sector. Finally, it was noted that the relevant operators meet challenges in adopting such approach.

2. Preparation of training programs according to the competency-based approach

In this regard, it was noted that the development of the training programs according to CBA is not yet generalized by the various training operators except for OFPPT and the Department of Maritime Fisheries. Moreover, there is no general nomenclature of vocational training courses.

C. Private vocational training institutions (PVTI)

1. Management of the granting of authorizations of opening and operating PVTI

It should be noted that the competent authorities do not conduct feasibility studies relating to the creation of PVTI. In addition, the standards on private vocational training guide was not updated, in order to support the private sector in the preparation and implementation of training programs.

2. Assessment of the procedures of the qualification of courses and the accreditation of PVTI

The procedures of qualification of courses and accreditation of PVTI are regarded as burdensome and long. Indeed, the institution is subjected to three split-up controls during the various qualification and accreditation phases. The delivery of the qualification and accreditation is made for a period of 5 years, while the renewal of each phase should be conducted in accordance with the procedures governing the initial application relating to obtaining the qualification approval. Hence, in this context, the training institution and the administration find themselves caught in a vicious circle, thus driving them into a situation where they are continuously kept busy studying the applications for obtaining qualification and accreditation.

Moreover, it was noted that the conditions of qualification during the granting of accreditation of some PVTI were not observed.

D. Management of apprenticeship training (AT)

1. Achievements and performance of AT programs

It was noted that the internal performance of AT programs under the agreements concluded by DFP with the various operators, over the period 2008-2014, stood at 58%, or a wastage rate of 42%. Moreover, it was noted that no follow-up studies were conducted on the integration of the graduated apprentices in the labor market.

As for the agreements concluded within the framework of the Emergency Plan for the sectors of craft industry and agriculture with regard to AT, the rate of trained apprentices reached 84% as against the targeted objectives.

2. AT management

In this regard, the following was noted:

- Lack of a statute governing the methods of creation of apprenticeship training centers;
- Inadequate measures of promoting apprenticeship training among hosting companies;

- Lack of an integrated action of communication;
- Inadequate follow-up of the implementation of apprenticeship training programs;
- Insufficient time slots devoted to general and technical courses in the training programs.

Also, with regard to the subsidies related to the development of AT programs, it should be noted that the youth employment fund runs the risk of the unsuitability of the resources allocated to the support of such programs. Moreover, it was noted that there is an excessive delay in the payment of these subsidies.

Ministry of Culture

The management audit for the Ministry of Culture made it possible to note several observations chief of which relate to the following:

1. Strategy of the Ministry

According to the documents submitted by the Ministry, it was noted that the strategic programming concerned three distinct periods: 2003-2007, 2008-2012 and 2012-2016. However, the documents presented by the Ministry of Culture, as they are drawn up, cannot be considered as strategies.

2. Cultural proximity

As regards the cultural institutions operating under the Ministry of Culture, it was noted that they are mostly built and managed by local government agencies. Hence, out of the 463 listed institutions, only 57 were created by the Ministry of Culture. While the management of the other 406 institutions, or 87,77%, is carried out within the framework of partnership contracts with local government agencies that constructed them. Also, the spacial distribution of these institutions is marked by significant regional disparity.

Moreover, within the framework of the support for cultural activities, the Ministry provided support for 826 associations for the period extending from 2005 to 2013. The granted amounts reached 46.301.999,00 MAD, where the Region of Rabat-Salé-Zemmour-Zaire and that of Greater Casablanca monopolized more than 59% (with a total of 361 associations, or 43,70% of the supported associations).

3. Cultural heritage

In this regard, the following was noted:

- **Inadequate identification and listing of historical monuments**

It should be noted, in this regard, that the listing of historical monuments and sites was not supported by explanatory elements relating to the means used for this action, such as archaeological charts, the charts of geographical positioning by satellites, and the history research works mainly dedicated to these listed monuments.

- **Poor legal protection of historical monuments**

The legal texts governing the protection and safeguard of movable and immovable cultural heritage assets are characterized by the following:

- These texts do not clearly provide for obtaining the approval of the Ministry of Culture before starting the maintenance and restoration work of the protected historical monuments;
- The law does not provide for a clear legal framework for the patronage dedicated to heritage.

Similarly, the Ministry of Culture failed to appoint the administrative agents in charge of detecting the infringements against cultural heritage, as stipulated under the law.

- **Lack of legal documents on the protection and safeguard of historical monuments**

the Ministry did not establish and keep the legal documents relating to the heritage as provided under the relevant regulations. This includes the list of classified buildings, the register of the general cultural heritage inventory relating to furniture and buildings listed by decree, as well as the national repository of engravings and cave paintings, engraved stones and monument inscriptions.

- **Poor effort of listing and classification**

In the absence of the above-mentioned list and register, the assessmet of the effort of listing and classification of monuments was conducted with reference to a database established by the Directorate of Cultural Heritage. On this basis, it was noted that the main classification effort was carried out during the Protectorate period, whereas the classification since Independence remains poor.

- **Inadequate mechanisms of the security and safeguard of monuments**

In this regard, it was noted that the security system of the historical monuments involves some failures, as can be seen below:

- The Ministry does not prepare the reports outlining the various infringements relating to the safeguard and restoration of historical monuments and sites, as noted and reported by the inspections of historical monuments;

- Inadequate security of historical monuments. In fact, it was noted that these monuments are permanently exposed to robbery attempts, vandalism acts or demolition risks.

4. Development of music education

The Ministry of Culture does not have a comprehensive and coherent vision for music education likely to unify, coordinate and harmonize actors' interventions in this field. Within this framework, it was noted that there were no unified programs specifying the subjects to be taught and related contact hours. Indeed, the Ministry of Culture merely provided music academies with syllibi booklets which date back to the school year 1997-1998.

5. Promotion of public reading

Through the assessment of public reading network, it appears that the planning and management of public libraries are not subjected to any standard unified and adopted by the Ministry of Culture. Moreover, it was noted that there is a poor readership rate.

The experience of Regional Investment Centres

Morocco witnessed the creation of sixteen (16) Regional Investment Centres (RIC) under the responsibility of Walis (Senior Governors) in accordance with the guidance of the Royale Letter addressed to the Prime Minister dated 9 January 2002, on the decentralized management of investment. These RIC aim at ensuring two major missions, namely the contribution to the creation of companies and the support for investment, through two offices.

Hence, within the framework of the evaluation of the experience of these centers, significant results were recorded as to the creation of companies, particularly in the reduction of the time needed for incorporation. Nevertheless, several internal and external constraints persist, hindering the achievement of the objectives assigned to these centers, namely:

- Failure to establish a strategy common to all RIC, and the adoption of action plans specific to each RIC only;

- Lack of RIC staff regulations;

- Financial resources of RIC dependant on State subsidies;

- Inadequate computing interconnection of RIC with their partners;

- Limited representation of administrations within the “single-window”, and lack of a single system for the payment of incorporation expenses;

- Lack of follow-up of the companies created;

- Limited role of RIC in the formulation of national policies at the local level;

- Lack of a legal framework that governs the Regional Commission of Investment: indeed, the Royal Letter dated 9 January 2002 provided for the creation of this commission. However, the two circulars of the Minister of Interior (in 2002 and 2010) only specified its role without setting the methods of its composition, oranization and functionning.

Directorate of State Property
“Mobilization of State property for the benefit of investment”

The real-estate assets managed by the Directorate of State Property are estimated at 1.703.677 ha. By nature of register, 69% (136 BMAD) of these assets are located in rural areas, 23% (128 BMAD) in suburban areas and 8% (303 BMAD) in urban areas.

In addition, the management audit of the Directorate made it possible to record deficiencies and dysfunctions affecting the mobilization of State property, chief of which are given below:

1. Constraints related to the mobilization of State property

With regard to this aspect, the following was noted:

- Failure to prepare a State property code in order to provide a definition of State property, and determine the legal framework applicable thereto and its management procedures, as well as its valorization instruments and protection tools;

- Lack of an exhaustive census of State property assets for a better knowledge and control of the mobilizable portfolio. Moreover, the administrative services do not have accurate information on the mobilizable land for the benefit of investment, classified by purpose and nature of the productive sectors;

- Heteroclite land structure of State property due to its historical origin of property further complicating the land mobilization process. Indeed, this real estate consists of several categories of buildings different from each other by both their nature and their reclamation procedures;

- Failure to complete the settlement of the legal situation. Indeed, the analysis of the registration effort shows that 53% of the buildings is registered, whereas the buildings whose registration is underway constitute nearly 41%. The remainder, which constitutes 6%, is not yet registered.

2. Assessment of the tools of real-estate development

In this regard, the following was noted:

- Lack of a real estate policy, because the real-estate action of the State is mainly limited to the operations of transfer, acquisition, assignment and leasing in reaction to the instantaneous needs expressed by investors, whereas these operations should result from a strategic planning of economic and social development;

- Poor mobilization of State property for the benefit of investment;

- Difficulty in the mobilization of land parcels governed by other land tenure statutes, such as the public property, the forest property, “Guich” land parcels and collective land parcels, due to the legal constraints related to such land parcels.

- Failure to establish an asssment system of the land property expenditure with a view to highlighting the effort of incentives for investment authorized by the State in this regard;

- Limited importance attached to real estate by the successive reforms of investment codes for the integration of the real-estate component within the framework of the incentives offered for investment;

- Lack of an entity dedicated to the observation and control of the real estate contracts;

- Lack of an instrument for the optimization of the allocation of property mobilized through the development of sectoral reference frames of standards of assigning land plots by nature of projects;

- Inadequate upstream coordination and visibility between the Directorate of State Property and the Government departments concerned to determine their projected real-estate needs in the medium and long term.

- Planning inadequacies related to the constraints imposed by town planning documents. It was noted that there was no prospective or proactive real-estate policies that could meet the needs of real-estate investors, allowing its mobilization through town planning documents in order to support investment;

- Lack of new legal, technical and financial instruments for the reconstitution of land reserve.

3. Transfer for investment

In this regard, the following was noted:

- Transfer procedure no longer meets the requirements of investors, since it is complicated and burdensome;
- Transfer price does not generally reflect the reality of the real estate market. Indeed, the value of the land parcels ubjected to transfer is sometimes lower than general market prices;
- Inadequate follow-up system for real estate development through a system dedicated to this operation;
- Reluctance in the adoption of new instruments of real estate transfer and developmet such as public-private partnerships and long-term lease contracts.

Investment plans of the Ministry of Justice and Liberties

The Ministry made several investments in the infrastructure of courthouses courthouses in order to provide the suitable conditions for work and reception of the public.

The financing of these investments was conducted either through the general budget and the special fund for the support of courthouses, or within the framework of partnerships, as was the case for “Meda” Cooperation Program, carried out by the European Union. In this respect, investment appropriations during the period 2010-2014 amounted to approximately 3,26 billion MAD, while special account appropriations stood at approximately 1,94 billion MAD in 2014.

In this connection, management control of the investment plans of the Ministry of Justice and Liberties made it possible to record several remarks, chief of which are given below:

A. Financial and budgetary management of investment plans

In this regard, the following was noted:

- **Poor commitment rate through the special fund for the support of court houses**

The commitment rate of the payment appropriations during the period 2010¬2014 ranged between 28% and 58%. The Ministry justified these low rates by the priority granted to the commitment of expenditure initially within the framework of the general

budget and, if required, within the framework of the special fund for the support of courthouses.

- **Poor authorization rate of investment appropriations**

The comparison between the amounts authorized within the framework of the investment plans implementation with the committed amounts reveals the poor authorization rate since it varied during the period 2010-2014 between 23% and 32% at the level of the investment budget, and between 47% and 54% at the level of the special fund for the support of courthouses. This inadequacy reflects the delays recorded in the completion of projects.

- **Significant proportion of carryforward appropriations**

Carryforward appropriations represent a significant share of the final appropriations open the following year, as they vary between 42% and 68% of the total final appropriations open in the general budget (or an annual average of 511,46 million MAD), and nearly 24% in the special account (or an annual average of 292,29 million MAD). That is mainly due to the inadequate planning and programming of investment plans, since most contracts are committed at the end of the year.

B. Management of construction projects

The projects of construction, expansion and restoration of courthouses are carried out either directly by the Directorate of Infrastructure and Assets, the external sections of the Ministry, through the Compagnie Générale Immobiliere (CGI)[3] or the Ministry of Infrastructure. However, the implemetation of these projects raised the following remarks:

- **Lack of a clear vision for the projects to be executed**

It was noticed that Government contracts were programmed at the Directorate of Infrastructures and Assets of the Ministry in the absence of a clear vision of the projects to be executed, which involves frequent modifications of the relevant programs, leading, in some cases, to the change of category of the development courthouse or the modification of the projects sites.

- **Failure to control some projects needs**

The Ministry planned the completion of a set of projects without specifying the needs to be satisfied, and without studying their feasibility, which led to abandoning these projects after committing significant expenditure, as can be seen in the cases below:

[3] Moroccan Real-Estate Development Company

- Abandonment of the works of the Trade Court of Rabat, after paying the fees of the architect and technical research department (42.000,00 MAD), control office (35.952,00 MAD) and laboratory (48.000,00 MAD).

- Cancellation of the contract relating to the extension and development of the Archive Center of Salé following the report drawn up by the Division of Audit and Internal Control of the Ministry, which detected flaws in the procedure, and recommended the streamlining of the use of space reserved to archives. This took place after the payment of the fees of the architect (168.840,00 MAD), technical research department (71.820,00 MAD), control office (22.500,00 MAD) and laboratory (39.360,00 MAD).

- Cancellation of the project of the construction of the trial court of Ben Ahmed in view of the decision of the Minister of Justice, following the introduction of engineering changes in the project, with the addition of an archive room of approximately 438 m^2.

➢ **Inadequacy or unavailability of prior studies**

It appears, through the consultation of a sample of projects carried out by the Ministry, that the prior studies concerning these projects are insufficient or unavailable at the commencement of the works. This negatively impacts the execution within the completion periods, as it is the case for the projects concerning the construction of the trial courts of Imintanout, Ksar Elkbir and Bengrir, as well as the family court of Larache. This is due to the fact that , for the construction of these courts, it was necessary to introduce modifications and corrections in the architectural plans, or review and supplement some technical studies.

➢ **Starting the implementation of projects before settling the property situation of land parcels**

Several projects were started before settling the property situation of the land parcels on which they would be executed or even, in some cases, though such land parcels were still operated by third parties, as it was the case of the construction of the trial courts of Tangier and Taza, and the extension of the office of the resident judge in Kalaat Mgouna.

In this respect, worth noting is the cancellation of the contracts of architect, technical research department and control offces, for the construction project of the trial court in Tangier, after the payment of more than 1,85 million MAD.

Assessment of the promotion of the national audiovisual landscape

The major actors in the national audiovisual landscape (NAL) are: the Ministry in charge of Communication which ensures the supervision of the sector; the Higher Authority of Audiovisual Communication (HACA) which is in charge of its regulation;

the Public Audio-visual Division which includes te National Company of Radio and Television (SNRT) and SOREAD-2M, and private operators, namely Médi 1 TV channel and private radio stations, as well as the actors in the cinematographic sector.

In addition, it should be noted that, during the period covered by the assignment of the Public Finance Court (2006-2015), the government support for the sector reached 11,95 billion MAD distributed mainly among three actors, namely SNRT, SOREAD-2M and the Moroccan Cinematographic Center (CCM), with an annual average of 1,33 billion MAD.

Also, the assignment of assessing the promotion of the audiovisual landscape made it possible to note several observations chief of which are given below:

A. Financing the national audiovisual landscape

The Public Audio-visual Division and CCM are among the major beneficiaries of funds allocated to the audio-visual sector. Indeed, they are financed through four sources: the State general budget, the Fund for the Promotion of the Audiovisual Landscape, Announcements and State-owned Publishing (FPPAN), the tax for the promotion of the national audiovisual landscape (TPPAN) and advertizing resources.

It should be noted also that SNRT benefited, between 2006 and 2015, from 88% of the public financial support, or 10,5 BMAD as against 430 MMAD for SOREAD-2M and 995 MMAD for CCM. This support is characterized by a prevalence of the general budget subsidies which represent 50.90%, followed by the revenues of TPPAN and FPPAN with 24,13% and 20,59% respectively, in addition to the subsidies of the Ministry of Endowments and Islamic Affairs (3,96%) and Agency for the Promotion and Economic and Social Development of the Provinces of the South (0,42%).

In addition, FPPAN is regarded as the major instrument for the development of the audio-visual sector and the revival of the national production through granting direct subsidies and capital donations to the organizations operating in the sector. This holds in spite of the continuous decrease witnessed by the revenues of this fund since they declined from 510 MMAD in 2005 to 375 MMAD in 2014, or a fall of 26%.

B. National public audio-visual companies

1. Public audio-visual division: in the making since 2006

Within the framework of the setting up of a “public audio-visual division”, the Higher Council of Audio-visual Communication delivered, in 2006, an expert opinion in which it stressed that the entire set of public audio-visual components should be brought together within a single diversified and complementary division, while capitalizing on the assets of existing operators. Also, such opinion noted that the reorganization

planned should be conducted in a progressively, in order to guarantee the best chances of its success. First, a single executive management should be established, consisting of the appointment of a president common to both national public audio-visual companies, enjoying real powers of orientation, coordination and arbitration. It was emphasized that the two national companies should also preserve their editorial originality and identity. This reorganization would ultimately lead to the creation of a holding company. However, 10 years after the issuance of such opinion, "the public audio-visual division" as recommended by the Higher Council of Audio-visual Communication has not been set up. Although they share the same president, the two public audio-visual companies operate without any synergy or effective coordination.

2. National Radio and Television Broadcasting Company[4] (SNRT)

With regard to this company, several inadequacies were noted, chief of which are summarized as follows:

- **Increased reliance on State subsidies**

The turnover achieved by SNRT witnessed a significant decline. It does not even cover its running costs, which represented twice as much the turnover during the period 2009-2015. This situation is explained, inter alia, by the poor advertising revenues, which did not exceed 169 MMAD in 2015, and the significant staff expenses which reached 520 MMAD during the same year.

- **Momentum on hold since 2012 concerning the conclusion of program-contracts**

It was noted that the State concluded two program-contracts with SNRT, over the two periods 2006-2008 and 2009-2011. The last program-contract stipulates under its Article 3 that SNRT shall present before the end of 2011 a draft program-contract over the period 2012-2014. However, it should be noted that since 2012 no program-contract has been signed between the State and SNRT.

- **Lack of operational cost accounting**

According to Article 51 of Law n°77.03, the financing granted within the framework of program-contracts should correspond to the effective cost arising from the respect of obligations. However, it was observed that contract-programs were concluded without SNRT having a cost accounting enabling it to evaluate the effective cost of its obligations. In this regard, it should be noted that the estimates of the effective cost of commitments of the company in question remain approximate.

[4] Société Nationale de Radiodiffusion et de Télévision

3. SOREAD-2M

The accounting and financial aggregates of SOREAD[5] show an alarming financial position. Indeed, SOREAD has only achieved negative results since 2008, owing to the fact that its turnover does not manage to absorb the entire set of its costs. Hence, its financial result becomes negative in a structural fashion.

As of the year 2012, in spite of the net position which is lower than a quarter of the capital (noted by the auditor in his letter dated the end of 2014 addressed to the President of SOREAD), the legal adjustment of this situation was not conducted, which contravenes the provisions of the Law on Public Limited Companies, particularly Article 357 thereof.

System of qualification and classification of construction and public works companies

The system of qualification and classification (SQC) of construction and public works companies (CPW) was introduced by Decree n°2.94.223 dated 16 June 1994. It was designed to serve as a tool available to project owners, which makes it possible to have a reasonable insurance as to the capacities and qualifications of the contracting companies hired by the Administration, honor their commitments, particularly with regard to their skills and experiences to ensure the good completion of the works in terms of both quantity and quality and within the completion periods stipulated in contracts.

In this regard, the evaluation of this system made it possible to note several remarks chief of which are given below:

- **Multiplicity of the classification systems applied by ministries**

The modifications amending the Decree of Government Contracts in 1998, 2007 and 2013 introduced the possibility of replacing the technical file required from competitors by the qualification and classification certificate.

However, failure to subject the entire set of CPW companies to the same rules of access to public procurement due to the multiplicity of the classification systems applied by the ministries, particularly with regard to the differences in the applicable thresholds, can induce the risk of non-observance of the principle of competition and equal access to public procurement.

Moreover, the qualification certificate is considered non-mandatory for the government contracts whose amount is lower than the thresholds fixed by decree of the relevant Minister. This makes the determination of these thresholds by a ministerial decree

[5] Sté d'études et de réalisations audiovisuelles (Company for Studies and Audiovisual Productions)

contradictory to the rationale on which the decree of government contracts was based with regard to increasing the threshold of purchase orders.

- **Complex system lacking in transparency**

The current SQC is characterized by the complexity of the qualification and classification standards on the one hand, and by the lack of transparency in the method of calculating some parameters and ratios on the other hand. This situation results in the absence of precision in the application of some qualification conditions, particularly with regard to the conditions related to supervision rating, the minimum required equipment and the reported payroll.

Indeed, the human and materials resources that constitute the basis of granting the certificate to the company may not be available all the time, may decrease or be degraded with time. Moreover, the selection of a qualified and classified company should take into account, in addition to the qualification certificate, its workload plan which should be assessed taking account of the principles of competition and equal acces to public procurement.

- **Lack of follow-up mechanisms**

While SQC is supposed to reasonably ensure the professional, technical and financial capacities of companies, it cannot achieve such a goal unless it is based on a permanent mechanism to evaluate the performance of companies. In this respect, it was noted that there are no follow-up mechanisms at the ministries which adopted SQC (Infrastructure, Agriculture, Housing as well as Water and Forestry), knowing that the choice of a qualified and classified company does not lead systematically to the full and good execution of contracts. Indeed, it is difficult to guarantee the good performance and good execution of government contracts based only on the classification or qualification of companies, because of the project owners' failure to inform the qualification and classification commissions about the problems encountered in the implementation of contracts, as well as the failure to take account of other factors such as the workload plans of companies.

In addition, based on the analysis of the files of sanctioned companies, it was noticed that only two companies were sanctioned on the basis of data reported by the project owners, which confirms the limited role of the mechanism established for the follow-up of the operations conducted by the companies within the framework of government contracts, and the extent to which the required conditions are observed.

- **Lack of agreement between partners**

With regard to the relation with professionals, it should be noted that a program-contract was concluded in 2004 between the State, the General Confederation of Moroccan Companies (CGEM)[6] and FNCPW. This program-contract

[6] Confédération Générale des Entreprises du Maroc (CGEM)

set the short and medium term objectives that each part should carry out to ensure the improvement and modernization of the qualification system of companies, particularly those operating in the field of CPW. However, due to the lack of agreement between the partners, particularly FNCPW and the Ministry of Infrastructure, Transport and Logistics, the targeted deep reform of SQC was not achieved.

Municipal Equipment Fund [7](FEC)

The Municipal Equipment Fund (FEC) is a public corporation operating as a legal entity with financial autonomy, created in 1959 by Dahir n°1.59.169 dated 13 June 1959. Under Law n°11.96 dated 2 August 1996, FEC acquired the status of a bank. It is also subjected to the provisions of Law n° 103.12 dated 24 December 2014 on finance companies and similar institutions.

In addition, the Fund management audit made it possible to note several observations chief of which are summarized as follows:

- **Poor contribution to financing local authorities**

The Fund was created to provide financial and technical assistance to the entire local public sector composed of local authorities, their clusters and local public corporations.

In spite of the fact that local investment has almost tripled between 2003 and 2012 to reach more than 12 billion MAD, FEC could not develop a financial engineering instrument that would make of loans a driver of local development, since its contribution to financing local government agencies is rather poor, hardly exceeding 5% according to the 2013 data.

Also, in twelve years (between 2003 and 2014), the number of local government agencies that benefited from FEC loans did not exceed 620 minicipalities, or 38,9% of the entire set of local government agencies, including all categories. Rural prefectures and municipalities are the least served with a coverage rate of 30,77% and 32,61% respectively, whereas 81.25% of regions and 72,4% of urban municipalities benefited from FEC loans.

- **Failure to update the Declaration of the General Policy of FEC interventions**

FEC interventions are still guided by the Declaration of General Policy (DGP) which dates back to 1993, involving a number of guiding principles to set up a FEC strategy based on performance objectives and the rules of good management

[7] Fond d'équipement municipal (FEC)

However, more than twenty years after its establishment, this DGP was not updated to take account of the requirements of local development, as the status of FEC as a bank.

- **Limited FEC support for local government agencies with regard to financing projects and subsequent assessment**

It should be noted that FEC still monopolizes the financing of local authorities. Although the current legislation does not prohibit the financing of the local government agencies by means of the national banking market, this kind of financing remains scarce. This situation does not encourage FEC to develop its products and intervention modes for the benefit of local public sector. Indeed, the comfort of marketing it benefits from, combined with the quasi-lack of the risk of collecting its outstanding receivables, resulted in the actions of support to the local authorities, particularly in the preparation of projects and post-evaluation, being very limited.

In addition, it was noted that FEC applies identical or even more demanding commercial conditions than those practiced on the banking market. Also, it should be noted that the lack of competition prevented the curve of the rates from developing in favor of its customers, in spite of the improvement of the conditions of FEC financing on the bond and banking market.

Since the Fund started achieving significant results, it was decided, within the framework of the Finance Law, for the first time in 2013, that FEC pay part of its income to the State. Hence, FEC paid to the State a total amount of 353 million MAD in 2013 and 2014. Similarly, the Board of Directors approved, on 30 October 2015, the payment of a net value of 150 million MAD under Finance Law of the year 2015. In this regard, these payments exceeded 500 million MAD in three years. However, FEC payments for the benefit of the State did not give rise to a reflection to make local government agencies benefit from these revenues.

- **Failure to follow-up the execution of the financed projects and its evaluation**

With regard to the follow-up of the execution of the financed projects, FEC did not establish a system dedicated to this follow-up and did not develop multiannual action plans which would make it possible to specify the projects to be funded and the follow-up methods for their completion. Moreover, FEC does not conduct a post-evaluation of the projects that it finances to ensure the achievement of the set objectives, which would allow it to fully play its role as a bank for local development.

- **Lack of organization in the relation between FEC and the General Directorate of Local Government Agencies**

With regard to the relation between the Ministry in charge and FEC through the General Directorate of Local Government Agencies (DGCL[8]), its importance lies in the

[8] Direction Générale des Collectivités Locales

consolidation of the relationships with local government agencies with a view to specifying the needs and conformity with FEC requirements for granting funds. This relation is all the more important whenever FEC is requested to ensure the financing of Government programs (PAGER [Drinking Water Supply in Rural Areas], PERG [Global Rural Electrification Program], development of industrial parks,…) and their implementation at the local level. Nevertheless, the relations between FEC, DGCL and sections of local finance are not regulated by a framework fixing the relevant responsibilities for the parties and the procedures to be followed (rules and processing timeframes, access to the data and information nomenclatures.).

Fund for the Development of Rural and Mountainous Areas

The Rural Development Fund was created by the Finance Law of the year 1994 as modified and supplemented. It was not, however, implemented until 2008. Also, this Fund was intended, in 2012, to finance the programs for the development of rural and mountainous areas.

Moreover, the revenues of this Fund were used for the execution of rural development programs in the economic, social, cultural and touristic fields in the entire set of regions and provinces of the Kingdom, such as the projects relating to accessiblity, irrigation and agricultural space development, in addition to those relating to the development of solidarity agriculture, in support of the program of fight against drought effects, as well as the upgrade of rural centers and the support of income-generating activities.

In this respect, the investigations conducted on the management of this Fund made it possible to note more observations chief of which are summarized as follows:

- **Inadequate resources, drop in their uses and lack of coordination in their distribution**

In the last ten years, the resources of the earmarked account (EMA) of this Fund stood at 6.948 MMAD. Also, the revenues of this Fund were distributed, during the period from 2008 to 2014, at the rate of 75% for the benefit of the Ministry of Agriculture against 25% for the Ministry of Town Planning.

In addition, the carryforward of the balance recorded increased from 269 MMAD in 2008 to 1.287 MMAD in 2015. As for the rate of the use of appropriations, it dropped to reach 14% of the total revenues of the financial year 2014. Also, an unbalanced distribution of resources was noted among the beneficiary regions.

- **Lack of coordination mechanisms in the preparation of programs and action plans**

The Fund management was characterized by the lack of coordination mechanisms in the preparation of programs and action plans. In fact, the funding decision for the

benefit of competing projects is made on the basis of the total amount adopted for the benefit of deputy authorizing officers subject to the availability of appropriations, without any consideration of the criteria of integration between the various programs, projects and action plans. It should be noted also that there is no legal text making it possible to organize the tools relating to the preparation and selection of programs, the follow-up and evaluation of achievements, as well as the definition of the eligibility criteria of the projects to be financed by the Fund, or ensuring regular and continuous financing of the Fund. This led to the lack of harmonization and integration of the various initiatives undertaken for the upgrade of rural areas. It should be noted, in this regard, that the number of deputy authorizing officers reached 174 in 2016.

- **Weakness in the execution of the projects financed by the Fund**

With regard to the execution of the projects of the Ministry of Agriculture and Maritime Fisheries financed by the Fund, some observations were noted, including the failure to observe the contractual provisions by some partners, particularly those relating to conducting studies and the provision of land parcels for the project. Moreover, there is poor coordination among the various partners as to the implementation of agreements, especially those relating to the Territorial Upgrade Program 2011 -2015 which aims at the reinforcement of the basic infrastructures in rural areas, whose total amount stood at 2,5 billion MAD.

In addition, other observations were noted relating to the delay in the execution of a set of partnership agreements intended for the upgrade of roadways and the development of tracks, the failure to observe the deadlines and commitments with partners, as well as the inadequate efforts made to ensure the sustainability of projects and the achievement of their objectives with regard to the projects of accessiblity of rural areas, the program of support to the development of the oases and argan trees, and some projects within the framework of Pillar II Program of the Green Morocco Plan, (financed by the Fund).

With regard to the execution of the projects of the Ministry of Town Planning and Urban Policy financed by the Fund, it was noted that the implementation of the projects is very slow, since at the end of 2015, the completion rate did not exceed 18%. In this regard, the Court noted the non-completion of some projects, such as “Blad Boulaouane” Project (in 2009), the project of re-developing “Merchiche” Forest (in 2013) and the “Eastern Central Atlas” Project at the Province of Taza (in 2012). In addition, other projects were carried out, as of 2016, at a total value of 10% to 40%, such as “Beni Meskine”, “Ouazzane Region” Project, as well as the project of promoting the initiatives of the social and solidarity economy in the Region of Rabat-Salé-Zemmour-Zaer (in 2010) and the sustainable development program of the oases of Guelmim, Tata and Assa Zag. Also, a significant delay was noted in the completion of some projects in which the contribution of the Fund reached 238 million MAD, or approximately 34,4% of their overall cost of 692 million MAD.

Nevertheless, the completion of this type of projects witnessed several difficulties which caused their suspension or, in some cases, the non-operation of the projects carried out. Hence, these difficulties were ascribed, in general, to inadequate programming, and the lack of coordination among the various actors, as well as the failure to timely mobilize the related appropriations, and the cancellation of some components of the project in question.

Universal Telecommunication Service Fund

The Universal Telecommunication Service Fund (FSUT[9]) is a special appropriation account of the Treasury created in 2005 for financing the programs of the universal service of telecommunications. This Fund is fed at a total value of 2% of the turnover excluding taxes, net of the interconnection expenses of the operators of the public networks of telecommunications (OPNT). Hence, FSUT, since its inception at the end of 2013, managed to mobilize more than 2,25 billion MAD.

The evaluation of the management of FSUT raised several observations concerning the programs selected by the Board of Management of the Universal Service of Telecommunications (BMUST) with regard to the following:

- Program of generalized access to telecommunications (PACTE), and the generalization of information and communication technologies in public education (GENIE);
- “Nafida” Program, which aims to facilitate the access of the education community to information and communication technologies (ICT);
- “Injaz” Program, intended for higher education students, whose objective is the contribution to the acquisition of the means of access to ICT within the framework of their training;
- “E-sup” Program, which aims at the generalization of ICT in higher education;
- “Net-U” Program which aims to promote and extend access to ICT, particularly access to the Internet, within universities and campuses;
- The program of creating community access centers (CAC), providing youth with access to ICT, particularly in youth centers affiliated to the Ministry of Youth and Sports.

Within this framework, the major observations noted are as follows:

- **Failure to establish a strategic framework for the universal service of telecommunications**

It should be noted that most of the above-mentioned programs were defined within the framework of the General Guidance Note (GGN) relating to the universal service of

[9] Fonds du service universel des télécommunications

telecommunications over the period 2006-2008. This note constituted the single strategic framework of the universal service of telecommunications. However, beyond 2008 no strategic framework was set up for the universal service of telecommunications in Morocco. Hence, several operations were financed by FSUT in the absence of an integrated framework.

- **Failure of Digital Morocco Plan 2013 to identify new measures to the field of the universal service of telecommunications**

It should be noted that Digital Morocco Plan 2013, adopted in 2009, took over the projects and actions which were underway at this period in the field of the universal service of telecommunications, and that this plan did not identify new actions in this regard.

- **Failure to meet the strategic objectives set for the achievements of this Fund**

Although FSUT posted an important cash surplus, taking account of the importance of the programs of the universal service of telecommunications which witnessed a delay in their implementation, the achievements of this Fund fall short of the target strategic objectives, especially as regards the reduction of the digital and social gap. Consequently, they fall short of their present and future capacities, and are far from satisfying the significant needs for some categories of citizens with regard to the access to ICT.

Also, in the absence of a clear vision for the universal service of telecommunications, and in view of the abundance of FSUT's cash flow, there is room, in this connection, for the risk of financing improvized operations or others lying beyond the scope of the universal service.

- **Financing the costs of operations that should have been borne by the budgets of the organizations concerned**

Except for the operations carried out within the framework of the "PACTE" Program which is horizontal and universal in nature, the other programs consist of the (total or partial) subsidy borne by FSUT for the acquisition of the means of access to ICT either by individuals (students through "Injaz" Program, teachers through "Nafida" Program…), or by entities (schools (GENIE), universities (E-sup and Net-U)…). For schools and universities, the contribution of FSUT, which was supposed to be limited only to the actions related to ICT per se, also financed the infrastructures which should have normally been borne by the budgets of the organizations concerned.

- **Risk of noncontinuity of the services financed by the Fund**

Although the partial subsidies granted by FSUT play a part of starting and important, the issue of the continuity of the operations carried out and financed services remains posed and nondistinct for the future.

- **Delay in the implementation of programs and inadequate follow-up**

The delay in the implementation of the programs relating to the universal service shows the lack of planning and visibility. In fact, the issues of the specification of the program, the structuring of operations, the management of projects and the establishment of bodies and teams tasked with the implementation should have been discussed and approved in the planning and preparation stages of these programs.

Also, the failure to complete some actions undertaken (CAC, GENIE…), and some projects such as “NET-U” and “E-sup” indicates that the choice and follow-up of programs are inadequate.

Special Road Fund

The management control of the Special Road Fund made it possible to note several remarks chief of which are given below:

- **Failure to maintain unclassified rural roads completed within the framework of the programs of improving accessiblity in rural areas**

In the last twenty years, the Ministry of Infrastructure constructed several rural roads to improve accessiblity in rural areas, for a total amount of 27 billion MAD. At the end of 2016, the Moroccan road network is expected to reach 32.000 km including 11.036 km of unclassified roads.

While the classified roads of the national network benefit from maintenance and upgrade, though at a very slow pace due to the limited funds allocated to this type of works, the unclassified roads have not benefited—as of their construction— from any maintenance operation by the State, represented by the Ministry of Infrastructure, or by local authorities. Such a situation could cause the degradation of this road infrastructure, as well as the loss of the effect of the efforts made in the last two decades and the resources allocated to the implementation of such projects. Moreover, this would negatively impact the socio-economic standard of the rural population, and the risks of undermining the credibility of public authorities vis-à-vis international donors that require the guarantees of safeguarding the investments financed by previous appropriations as a prerequisite to benefit from new appropriations.

- **Negative and positive impacts of the delivered operations and programs**

In 2014, the Ministry of Infrastructure commissioned a study on the socio-economic impact of the two national plans of rural roads (number I and II), conducted by a technical research department. This study was based on the comparison of the value of the socio-economic indicators relating to households and transport professionals before and after road construction.

The study noted the positive impact of the two programs on the population through the improvement of transport conditions, local economy, standard of living, and the activity of transport professionals.

Similarly, this study recorded external impacts, such as the reduction of rural migration and the number of households using firewood. Also, negative impacts were noted such as the diversion of the course of rivers and the impoverishment of the soil in the vicinity of roads.

Regional and provincial hospitals affiliated to the Ministry of Health and managed in an autonomous fashion

The regional and provincial hospitals, affiliated to the Ministry of Health, are service entities managed in an autonomous fashion. This enables them to have their own resources. The Public Finance Court, in collaboration with Regional Public Finance Courts, carried out audit assignments relating to the management of the following hospitals:

- Regional Health Center of Fès-Boulemane, consisting of two hospitals and a regional blood transfusion center, which serves 1.813.000 inhabitants according to the population and housing general census of 2014;

- Provincial Health Center of Ben Msik, which consists of only one hospital with a capacity of 80 beds and serves a target population of 302.051 inhabitants;

- Provincial Health Center of Khemisset, made up of provincial and two local hospitals, serving a total population of 522.025 inhabitants;

- Provincial Health Center of the Prefecture of Hay Hassani, serving 468.542 inhabitants.

The management audit assignments made it possible to note inadequacies and observations relating to various aspects of management, chief of which are given below:

- **Deficiencies in strategic planning and programming**

In this regard, the Court noted the lack of hospital projects duly approved and the related scheduled budgets in the entire set of audited health centers.

Indeed, the project of hospital facilities, as defined in Article 8 of Decree n°2.06.656 dated 13 April 2007 on hospital organization, is a strategic management tool which defines the general objectives of health care facilities in terms of medical, paramedical and training aspects, as well as of management, information system, and the resources ensuring their implementation. In the light of such a tool, a multiannual budget program

is established, setting the targeted objectives, the allocated resources and the expected results.

However, in the absence of this strategic document, the Regional Health Center of Fès-Boulemane established two action plans over the period 2008 - 2012 and 2013 - 2016. These two programs, in the absence of funding plans for the projects and indicators measuring the expected effects, are re-launched year after year without any concrete outcome.

Similarly, following the non-approval of hospital projects, the Provincial Health Center of Khemisset adopted action plans suitable for each of its hospitals without specifying the mechanisms of coordination and complementarity of their actions or the required resources, the completion periods and the indicators of measuring results.

- **Failure to implement consultation and support structures**

It was noted, in this regard, that consultation and support structures were not implemented, as these constitute key components in the system of hospital governance in the entire set of audited hospitals. This is because of the failure to establish some of these structures, their late creation, the irregularity of their meetings or the lack of follow-up of their adopted decisions.

It should be noted that these structures were created under the terms of the above-mentioned decree on hospital organization, and that their responsibilities, organization and operating procedures were defined by the decision of the Minister of Health n°456/11 dated 6 July 2010.

With this in mind, it should be noted that these entities did not meet until the end of 2014 in the Provincial Health Center of Ben Msik, and until the beginning of 2015 in the Provincial Health Center of Hay Hassani, where the boards of doctors and nurses have not yet been set up.

Similarly, the local hospitals of Tiflet and Roumani operate in the absence of these structures. Whereas in the Provincial Hospital, in spite of the existence of such structures, their operating procedure does not enable them to effectively play their role.

- **Dysfunctional invoicing and revenue collection**

The hospitals under review are still dependent on the subsidy of the Ministry of Health. Also, the lack of exhaustive invoicing and the failure to collect receivables are the key findings noted in this regard.

Hence, in the Provincial Health Center of Hay Hassani, a variation was noted between the amounts reported by the Revenue Bureau and the revenues corresponding to the services provided, stated in the management reports of the period 2008-2014. This variation was estimated at nearly 18,5 MMAD.

In addition, in the Provincial Health Center of Ben Msik, the invoicing of services did not start until April 2011, whereas this Center started operating on 5 August 2009. The shortfall for this hospital as to this period reached 2,4 MMAD. In addition, revenues amounting to more than 2,5 MMAD over the period from 2012 to 2014, relating to emergency services and external consultations, were not invoiced.

As for the Provincial Health Center of Khemisset, specifically the Provincial Hospital, the share of unbilled services reached 42% of emergency services, 28% of ultrasound scan and 25% of scanner tests. With regard to the local hospital of Roummani, the comparison between the data stated in the management reports and those of the billing register revealed that 95% of emergency services were not invoiced during the period from 17 May to 8 August 2015. The same holds for 46% of gynecology consultations of the first nine months of 2015. Moreover, for the same period, 99% of emergency services of the local hospital of Tiflet (or a shortfall of 1.575.080,00 MAD) and 30% of medical imaging tests were not invoiced either.

- **Lack of some medical specialties that should be part of the services of health care institutions**

The Public Finance Court noted that the audited bodies do not supply the entire set of services defined by the decree on hospital organization.

In this respect, the Provincial Health Center of Hay Hassani does not provide mental health services, maxillofacial surgery or otorhinolaryngology.

Similarly, in the Provincial Health Center of Khemisset, the departments of surgery and pediatrics are not operational.

The same holds for the Provincial Health Center of Ben Msik, where the departments of pediatrics, medicine and intensive care, although equipped since the creation of the hospital, are still not operational.

- **Dysfunctional management of appointments**

In Ibn Al Khattib Hospital of Fès, the examination of the appointment management process application (Mawiidi) revealed security gaps related to the lack of granting qualification and definition of their levels. Indeed, it noted operations of modification in the lists of appointment by withdrawing the names of some patients and replacing them by others. This application suffers also from the lack of interfacing with the invoicing application “dimbaf”, as well as from a systematic lack of confirmation of the tests carried out, in addition to inadequacies regarding the production of summary statements of the appointments granted and the services provided.

Moreover, concerning the timeframes in the same hospital, some specialties such as general surgery, endocrinology or dermatology record average appointment delays of four to seven months.

Similarly, with regard to Ibn Al Baitar Hospital, the Public Finance Court noted, in addition to the long appointment delays (six months for rheumatology and four months for neurology), the lack of an appointment database over the period 2010-2014, which was only established in June 2015.

In addition, in the local hospitals of Tiflet and Roummani, appointment management was entrusted to the security agents on site at the reception and admission section. The appointment lists of external consultations are not respected in Roummani Hospital.

As for the Provincial Health Center of Ben Msik, appointment management is conducted directly by the medical departments of imaging and external consultations, contrary to the provisions of Article 35 of the Internal Regulations of Hospitals. It should be noted that delays of more than five months were recorded for ultrasound scan appointment.

As regards the Provincial Health Center of Hay Hassani, the delay of appointment was also noted for some specialties. For example, it reached ten months for ophthalmology consultations.

In addition, the programming of consultation sessions strongly contributes to the long delays of appointments insofar as some specialties devote only a time slot per week for consultation, as is the case for the specialties of endocrinology, dermatology, gastroenterology, gynecology, hematology, cardiology and ophthalmology.

- **Problems affecting human resources management**

It was noted that the paramedical personnel was insufficient. This does not allow the audited hospitals to meet the standards defined by the decision of the Ministry of Health in this field. Such decision recommends that a qualified nurse and an assistant be placed at the disposal of each ten inpatients. For example, this ratio stands, in the Provincial Health Center of Fès, between 10 and 20 patients per nurse during the day, and between 20 and 60 patients during the night.

It should be noted that this inadequacy is due to the departures for regular or early retirement, as well as the change of the status of a good number of nurses who now occupy the position of administrators.

Consequently, this deficiency affects the productivity of some units such as the operating theatre of Khemisset Hospital, which has three operating rooms, but unfortunately, they are under-exploited. Similarly, the departments of medicine, pediatrics and the operating theatre of Ben Msik Hospital were also affected.

Moreover, it should be noted that the doctor responsible for the reception section was appointed neither in the Provincial Hospital of Khemisset, nor in the Local Hospital of Roumani, which runs counter to the provisions of the Internal Rules of Hospitals.

- **Inadequate equipment and development of buildings**

The audits carried out by the Court in this regard made it possible to note that some buildings do not meet the standards recognized for hospitals because of the inadequate site where they were built, their architecture or their area. Such controls also noted the existence of dysfunctions in the operation and maintenance of equipment.

Hence, in the Provincial Health Center of Khemisset, the Court noted the following:

- The building hosting Khemisset Hospital is decayed and narrow;

- Inadequate development of the reception and admission section as well as the intensive care unit;

- Use of the rooms of the department of medicine as storage rooms for medicinal products, and the lack of a quarantine room;

- Some equipment units are not covered by maintenance contracts;

- Acceptance of some unusable materials;

- Lack of maintenance of the disinfection material for the equipment units of the water treatment room of the hemodialysis center;

- Lack of storage facilities for products and material and a refuse room;

- Lack of emergency care equipment.

In the same vein, in the Regional Health Center of Fès-Boulemane, the Court noted the following:

- Lack of rooms for small interventions in the Consultations Unit;

- Inadequate reception and waiting rooms in Ibn Al Khattib Hospital;

- Uncontrolled mobility of vehicles and people at Ibn Al Khattib Hospital, because there is only one access door shared with the Delegation of the Ministry of Health, annex building of the Higher Institute of Paramedical Professions and Healthcare Technicians and 37 residence units belonging to the Directorate of State Property;

- Dormitories with a capacity of eight beds not allowing the provision of care to patients in a human and professional fashion;

- Pharmacy located in a dilapidated room that does not meet the standards for the storage of drugs and medical equipment;

- Biomedical equipment units are decayed, out of order or without consumable items;

- Ineffective maintenance of biomedical equipment due to the inadequacy of qualified manpower and the lack of professionalism of the maintenance contractor within the Regional Health Center;

- Underexploited biomedical material since it is either stored and not made available to the various sections (the case of three warm tables and an artificial breathing apparatus purchased on 31 May 2001 and 22 June 2011 respectively), or, even when provided to the recipient clinical sections, they remain nonoperational (the case of the mobile radio device, the material of PUVA therapy, a phacoemulsifier, an echoradiodopller and a blood gas analyzer).

As for the Provincial Health Center of Hay Hassani, the following inadequacies were noted:

- The pharmacy is under-equipped and located in a building which does not meet the required standards;

- The hospital does not have an architectural master plan and suffers from anomalies in the development of its sections;

- The re-development works of the maternity unit remained suspended for more than four years and a half, which affected the good operation of its sections.

National Office of Railroads

The National Office of Railroads (ONCF[10]) is a public commercial and industrial corporation, with legal personality and financial autonomy, subjected to the supervision of the Ministry of Infrastructure, Transport and Logistics.

ONCF is in charge of operating the national railway network for the transport of goods and passengers. It is also tasked with conducting studies, constructing and operating new railways, as well as operating all the companies that have a direct or indirect relation with its missions.

Within this framework, several observations were noted, chief of which are as follows:

A. Accounting and financial aspects

1. Company income

During the period from 2009 to 2015, the Office recorded an average annual turnover growth rate of about 6%. The net income, in turn, witnessed improvement. In addition, the traffic activity constitutes the main part of ONCF operating income. It accounted for

[10] Office National des Chemins de Fer (ONCF)

81% of the entire set of revenues in 2015. Moreover, the transport of phosphates accounts for 45% of the turnover in average. Also, in 2015, the turnover of this segment witnessed a decline of 4%, due to the commissioning of the pipeline by OCP[11].

2. Consolidated income

During the period from 2009 to 2015, the consolidated income did not cease declining in spite of achieving a positive company income in some years. By way of illustration, for the period 2011-2013 and in 2015, ONCF achieved a positive company income. This result became negative because of the effect of the incomes achieved by the subsidiary companies and holdings.

B. Management of the activities of the Division of Infrastructure and Traffic

1. Management of infrastructure and railway equipment

The examination of this aspect made it possible to note the following:

- Multiplicity of the reference guides governing infrastructure;
- Non-generalization of the computerized management of infrastructure, manual planning of maintenance and non-computerization of management;
- Inadequate traceability of proximity controls, and poor use of some maintenance machines;
- Late maintenance of engineering structures, and insufficient follow-up of maintenance performance indicators;
- Increase in the distance requiring the improvement of comfort standard;
- Delay of trains because of incidents related to the components of infrastructure, and inadequate management of maintenance.

2. Other activities of the Division of Infrastructure and Traffic

The examination of this aspect made it possible to note the following:

- Deficiencies in the management of junctions;
- Need for improvement of the management of railway crossings;

[11] Office Cherifien des Phosphate (OCP)

- Station platforms not facilitating the access of travelers to trains;

- Failure to implement measures for the optimization of the consumption of traction energy.

C. Maintenance of rolling stock

1. Fleet of rolling stock

In this respect, it was noted that the fleet is heterogeneous and mostly old.

2. Maintenance of rolling stock

It was noted, in this regard, that maintenance costs are increasing, and a significant proportion of expenditure is dedicated to curative maintenance.

3. Implementation of the maintenance program

The examination of this aspect made it possible to note the following inadequacies:

- A significant part of the annual program is not carried out;

- Visits and inspections are carried out beyond the limits set by the maintenance standards;

- Many rolling stocks run with temporary restrictions;

- Significant number of requests for materials necessary for the maintenance actions of rolling stock unsatisfied or satisfied with a serious delay, which negatively impacts the execution of the maintenance program;

- Inadequate forecast with regard to the materials required for the execution of the maintenance program, and lack of stock of some strategic items.

D. Management of the transfers of reformed material and marketing of the buildings of developed stations

1. Transfers of reformed material

Within this framework, some of the findings noted are as follows:

- Direct transfers without recourse, in some cases, to any call for tender;

- Approval of transfer contracts by officers other than the competent authority;

- Inadequate lockout of the procedure of management of the material removed from the fixed installations;

- Failure to document the decisions of reforming rolling stock, and failure of assignees to honor their commitments in this regard.

2. Marketing of station buildings

In this respect, the following was noted:

- Failure to develop all the stations planned;

- Unfulfilled planned objectives in terms of revenues excluding traffic;

- Development of some stations without feasibility studies;

- Delay in the delivery of buildings, and failure to implement some agreements;

- Deficiencies in the follow-up of the management of marketed buildings, and inadequacies as regards the collection of revenues relating to them.

Barid Al-Maghrib Group

Created in 1998 as a public corporation endowed with its own legal entity and financial autonomy, Barid Al-Maghrib (BAM) was transformed in August 2010 into a public limited company, whose capital is entirely held by the State.

BAM Group is organized around five core businesses: mail, parcels, transport and logistics, as well as digital activities and finance services. Some of these core businesses are conducted in-house, while others are ensured through its subsidiary companies. At the end of July 2015, in addition to Barid Cash, a subsidiary of Al Barid Bank (ABB), BAM had four direct subsidiary companies and two holdings.

Within this framework, the Public Finance Court carried out an audit assignment of the management of Barid Al-Maghrib Group (BAM), which made it possible to note several observations chief of which are given below:

The achievements of the major core businesses of BAM Group reached an overall satisfactory rate, except for the new core businesses relating to digital activities and transport and logistics which have not managed to take off.

Also, during the period 2010-2014, the turnover of the Group witnessed a significant shift reflected in the diversification of the Group’s activities and the rise of its finance services. Moreover, these services constitute a genuine growth driver of BAM. They represent, in fact, more than 54% of the total turnover of the Group in 2014 as against 36% in 2010.

On the other hand, the mail volume posted a downward trend. This decline is in line with the assumptions adopted in the program-contract 2013-2017 which provides for an annual decrease rate of 2% over this period.

Moreover, the increasing dematerialization of the mail, which is a worldwide trend, and the streamlining of mailing by major clients (particularly banks) constitute a real threat for the mail activity, a long-standing key core business of BAM.

In addition, the turnover of value-added mail services falls short of compensating for the falling turnover due to the decline of the traditional mail.

With regard to the universal postal service, the Court noted the lack of a legal definition of this service in Morocco until now. The Moroccan legislation is characterized also by the lack of a regulator independent of the official authority.

For parcels, BAM tried to achieve its strategic objective by carrying out an external growth operation through the acquisition in 2013 of SDTM Company for the equivalent of 103,1 MMAD. Nevertheless, in spite of the few results obtained, the promised synergies of this operation remained limited.

In addition, the distribution of the turnover shows the weakness of international courier. That is due to the strong competition of the authorized “express courier entities” (DHL, UPS, TNT, etc.), which raises serious questions as to the preparation of BAM Group for the liberalization of the sector.

With regard to banking, the analysis of the structure of the net banking income of ABB shows the preponderance of the activities of investment in financial instruments to the detriment of the activities of loans to customers. Since the loan activity is recent at ABB, its market share remains still weak (0,3% in 2014) compared to the other primary banks.

As for ABB operating ratio, it remains largely higher than the average of the Moroccan banking sector, in spite of its significant improvement. This could constitute a serious obstacle for ABB competitiveness, especially for its strategic positioning of “low cost” bank which targets low-income customers.

With regard to service quality, the results achieved remain insufficient, since in 2014, end-to-end mail delivery rate achieved in D+2 (delivered two days after posting) was 53% as against an objective of 85%.

Similarly, the Court noted that the non-return of the acknowledgment of delivery of registered mail constitutes 68% of the complaints relating to the mail activity.

Al Barid Banque, in turn, recorded an improvement in some indicators such as the processing timeframes of loan applications and the availability ratio of automated teller machines. Nevertheless, inadequacies were noted in some indicators such as the management of complaints and customer waiting time.

As for the governance of the Group, deficiencies still persist in the operation of the board of directors and its committees, as well as in the internal and management controls. Furthermore, significant delay was recorded in the settlement of the legal situation of the property assets.

National Agency for the Development of Renewable Energies and Energy Efficiency

The National Agency for The Development of Renewable Energies and Energy Efficiency (ADEREE[12]), created under Law n°16.09 of 11 February 2010, is a public corporation under the supervision of the Ministry of Energy, Mining, Water and the Environment.

ADEREE budget, which increased from 41 MMAD in 2009 to 55 MMAD in 2015, was financed primarily by the State general budget. The Agency achieves also revenues within the framework of national and international co-operation managed in an off-budget account. Moreover, the social costs of the Agency amount to 32 MMAD.

In addition, the audit assignment of the management of ADEREE made it possible to note several remarks the most important of which are as follows:

1. ADEREE contribution to the implementation of the national energy strategy

- **Inadequate definition of the role of ADEREE in the implementation of the national energy strategy**

ADEREE is required, under the terms of the provisions of Subparagraph 1 of Article 3 of Law n°16.09, “to propose to the Administration a national plan as well as sectoral and regional plans for the development of renewable energies and energy efficiency”. However, since its creation in 2010, it has not managed to precisely define its contribution to the implementation of this strategy compared to other actors. Given this lack of visibility, ADEREE has not been able to develop action plans targeting the achievement of the major objectives defined in the national energy strategy as regards renewable energies and energy efficiency.

- **Poor coordination between the launched projects and the major objectives of the national energy strategy**

The projects initiated by the Agency for the period from 2010 to 2015 have direct impact on the achievement of the national strategy objectives. This can be explained by the fact that ADEREE remained confined in the approach of action of the previous period

[12] Agence Nationale pour le Développement des Énergies Renouvelables et de l'Efficacité Énergétique (ADEREE)

when it had been a center for the development of renewable energies (CDER), focusing more on conducting general studies than materializing programs with operational added value. For this reason, most of the projects carried out by the Agency during the audited period, including all sections, related to the identification and evaluation of energy potential rather than its mobilization.

- **Poor contribution to the implementation of the national energy strategy**

a. With regard to renewable energies

Most of the projects and action plans suggested to the Board of Directors are limited to gathering heterogeneous actions in the absence of an overall vision making it possible to unite them around major lines. Moreover, the majority of these projects are inherited from the ex-CDER. It was also noted that these projects are limited, short-term in nature and meet only immediate and specific needs. Other projects focus on subsidiary activities and fail to materialize the key objectives of the national energy strategy.

b. As regards energy efficiency

ADEREE did not develop the energy efficiency component of the national strategy in action plans, and was limited to carrying out projects launched by the ex-CDER.

Accordingly, instead of working on projects in the field of energy efficiency, ADEREE was tasked, in 2012, with conducting a study to propose a national strategy of energy efficiency whose objective is to reduce national energy consumption by 25% by 2030. Hence, the Agency conducted this study, yet its intervention strategy in this field was not approved by its Board of Directors since the latter has not met since 2014.

It should be underscored, however, that the consultation of the activities of the Agency on the international scale made it possible to note that it adopts programs and projects financed by partners without the prior studies likely to determine the Agency's effective needs and objectives as to these projects, and without being able to ensure the conformity of these projects with its scope of competence and intervention.

Hence, it should be noted that the role of the Agency was limited to performing several tasks without any impact on the preparation and implementation of the operational projects for the operation of renewable energies and energy efficiency.

2. Achievements in the field of renewable energies

The audit committee examined a portfolio of 12 projects launched by ADEREE during the period extending from 2010 to 2015 in the area of renewable energies. It noted that three among them have not been completed yet, namely:

- Execution of a study on the solar pumping potential in oases areas;

- Study of the installation of micro-hydro generators in four sites in the province of Azilal;

- Project of the certification of wind measuring station.

Also, some projects recorded delays that reached four years. This is the case, for instance, of the study of the identification of a portfolio of investment plans in the field of biomass at the regional scale.

3. Achievements in the field of energy efficiency

ADEREE developed an action plan over the period 2011-2015 which remained limited compared to the type and number of measures enacted by the national energy strategy with regard to energy efficiency. Similarly, the Agency confined itself to the completion of programs, in this field, initiated by the ex-CDER over the period 2009-2011, without these projects having a positive impact on the capitalization of the Agency's own competencies. Moreover, these projects and actions were not up to the standard of the new missions assigned to the Agency.

Strategy of the rehabilitation of the ancient fabric "Case of the Agency for the Development and Rehabilitation of the Medina of Fès (ADER[13])"

The old urban fabrics of medinas in Morocco constitute a priceless and unique patrimonial wealth in the world. They account for approximately 10% of the property assets and accommodate about five million inhabitants and tens of thousands of activity units (brassware, jewelry, traditional weaving, pottery, zellij-making …). However, the strategy of intervention in the old fabrics suffers from the lack of clear vision aiming at uniting all the initiatives in this regard. Indeed, it was noted that the Ministry of Culture ensures the organizational supervision of the sector; and the Ministry of Housing is tasked with the establishment of the program of the housing units in danger of collapse. As for the Ministry of Town Planning, it intervenes through the plans of development and safeguard of medinas. The Ministry of Tourism, in turn, intervenes in the sector through its "Assets and Heritage of Vision 2020" Program. As for the Local Authorities, they intervene through the responsibilities conferred upon them in this field. It is necessary to underscore, in this context, the contribution of the World Bank which conducted a study in 2009 on the development of historical cities in Morocco.

[13] Agence pour le développement et la réhabilitation de la médina de Fès (ADER)

Within this framework, the evaluation of the strategy of rehabilitation of the old urban fabric of the Medina of Fès made it possible to note several remarks chief of which are given below:

- **Constraints hindering the completion of the projects of rehabilitation of the Medina of Fès**

With regard to the Medina of Fès, no harmonious or coherent strategy shared by the various actors in the rehabilitation of the old urban fabric of the city was adopted. Hence, it was noted that there was a plurality of approaches as well as constraints resulting, for example, from the slow and complex procedures of classification of properties, the increase in the number of the buildings in danger of collapse and inadequate coverage by the system of land registration of the old medina.

The lack of cooperation and consultation among local actors led to the invisibility of the impacts of the interventions conducted in the medina of Fès until now. The remarks noted include also the poor involvement of the population in the rehabilitation programs, the limitations of the special fund for the safeguard of the city of Fès, in addition to the poor contribution of sponsorship, as well as the inadequate follow-up of the projects and the core businesses relating to rehabilitation.

- **Limited role of ADER in the process of the rehabilitation of the old Medina**

It should be recalled that the Agency for the Development and Rehabilitation of the City of Fès (ADER) was created to conduct “the execution of the programs relating to the safeguard of the city of Fès within the framework of governmental prerogatives”. However, it was noted that it was not associated to a good part of the projects which were launched or carried out in the old medina of Fès.

Also, the objective of the creation of ADER in the form of public limited company (SA) was to enable it to produce remunerated services and hence to generate profits ensuring its continuity and development. However, ADER could not generate profit owing to the fact that it operates mainly in a social sector known for its precarious character. Hence, ADER was constantly loss-making during the period 2010-2014. In order to make up for this deficit, its capital was increased twice (to 35 MMAD in 2010, then to 45,3 MMAD). But, the revenues generated by ADER remain relatively poor in comparison with its increasing needs.

Energy Investment Company

The management audit of the Energy Investment Company (SIE[14]) made it possible to note inadequacies relating to the following aspects:

A. Strategy

1. Positioning of the company

In this respect, the following observations were noted:

- **A broad corporate purpose**

The statutes of the Company are known for their general character, insofar as the missions assigned to it are extended and aim at achieving an energy mix in Morocco. Hence, SIE positioning remained mitigated, and its capacity to create value in each of the fields of the global value chain of the sector is not clarified.

- **A strategy subjected to mid-term review**

As it is presented by SIE strategy, the development of the sectors of renewable energies (particularly solar and wind) does not lend itself to an integrated development approach, though the objectives, technological choices and institutional and private partners are often the same. Also, the review of the strategy in 2012 did not manage to correct SIE positioning in the institutional landscape, or to formalize the strategic objectives assigned to the sector. In fact, the very same objectives of the 2010 strategy were re-adopted.

- **Lack of a program-contract between the State and SIE**

The Court noted the lack of a contract-based arrangement between the State and SIE in accordance with Law n°69.00. Such contract should have clearly constituted the terms of reference binding the actors involved on the basis of a precise diagnosis, a clear strategy as well as preset objectives and resources.

- **Leverage effect to be better defined**

The analysis of SIE approach based on thematic financial vehicles could attract neither national nor international investors. This is an embryonic process which lacks clarity and appraisal. The approach of structuring fund-based projects adopted by SIE makes it possible to illustrate this fact. A case in point is the project of the Fund of Renewable Energies and “Total Nexus” Fund for which the order of the priorities of the tasks was not convenient.

[14] Société d’investissements énergétiques (SIE)

- **Inadequate coordination with the other national strategic actors**

The intervention of SIE is conducted without coordination with the other national strategic actors such as ADEREE, MASEN and ONEE.

2. Project portfolio

Since its inception, SIE has managed to develop only one project, namely “Sala Noor”. This is ascribed, inter alia, to the diversification of SIE portfolio and its involvement in several activities, which led to implementation difficulties.

In addition, the failure of projects is due mainly to the serious weaknesses affecting their design. This is because the portfolios of projects were not the subject of detailed analysis at the appraisal stage. Also, the initial selection process was not very useful, and did not contribute to pooling the efforts to choose the best projects on sound economic, technical and financial foundations.

B. Governance

1. Role of technical supervision

In this regard, it was noted that the Ministry of Energy does not effectively exercise its supervision in accordance with the powers provided under Decree n°2.14.541 dated 8 August 2014 on the management of SIE activities.

2. Composition of the board of directors

It was noted that some members of the board of directors did not attend meetings regularly. This includes the Minister of Economy and Finance, the Minister of Commerce and Industry and the Director of the Budget. Indeed, the Minister of Economy and Finance did not attend any of the 15 board meetings, while the Minister of Commerce and Industry attended only one meeting. As for the Director of the Budget, he attended only three meetings.

This situation is worsened by the fact that SIE Board does not include independent administrators. This increases the risk that SIE’s interests are not always considered in an adequate way during decision making.

3. Follow-up of SIE’s activity

The board of directors did not fully play its role in following up the activity of the Company in line with the powers conferred upon it under Article 16 of its Statute, which

sets, inter alia, the orientations of the activity of the Company and methods of their implementation. Hence, the successive decisions made by the Board of Directors are characterized by the lack of a unified and clearly identified strategy concerning the mission and role of the company. Also, the achievements of the Company since its creation revealed that it did not manage to play its role under optimal conditions.

Moroccan Company of Tourism Engineering

The Moroccan Company of Tourism Engineering (SMIT[15]) is a State company created by Law n°10.07 dated 30 November 2007 as a public limited company under the technical supervision of the Ministry of Tourism.

SMIT's main mission is to conduct or commission, on behalf of the State or legal entities governed by public law, studies contributing to the development of tourism products as well as the promotion of tourism investments.

In addition, the audit assignment of the management carried out by the Public Finance Court made it possible to note several observations the most important of which concern the following aspects:

1. Promotion of tourism investments

With regard to the promotion of tourism investments, SMIT's achievements between 2012 and 2015 show 158 potential customers reached. However, that led only to the signature of three agreements; while the participations in forums did not lead to the conclusion of any agreements or contracts. Also, in view of SMIT's poor contributions in this field, it is possible to conclude that after more than eight years of its existence, the Company could not develop a real canvassing activity that would allow it to take an active part in the promotion of tourism investments.

2. Conducting engineering studies

Concerning engineering studies, it was noted that SMIT included in its action plans appended to the reports submitted to its board of trustees a list of studies to conduct for a specific year, without mentioning their scope or the reasons motivating them. Also, it was noted, except for the studies undertaken in order to materialize the objectives of Vision 2020, that most of the studies carried out were not provided under the triennial action plan of the company. This gave rise to the fragmentation observed in the topics and sites concerned with the studies conducted for the same year.

[15] Société Marocaine d'Ingénierie Touristique (SMIT)

Moreover, these studies are exploited neither by public entities nor by private investors to build or develop any tourist product.

3. SMIT's contribution to the implementation of Vision 2020

In this respect, it was noticed that the Company engaged, as of the launching of Vision 2020 up to 2015, in a series of studies which aim at the identification of tourist products and the proposal of specific development works, without being able to start a true momentum of implementing tourist products per se, as defined in the regional program-contracts (RPC). This testifies to SMIT's failure to conduct a preliminary planning likely to make the programs derived from such Vision operational. Hence, according to the data of the Ministry of Tourism, the completion rate of the projects resulting from RPC is only 0,29% at the end of June 2015.

4. "Tourist product" project

With regard to the "Tourist product" project, the results obtained, within the framework of Visions 2010 and 2020, fall short of ambitions, especially for its major and structuring component, namely Azur Plan. Indeed, for the first Vision 2010, the accommodation capacity achieved, at the end of 2010, does not exceed 5.475 beds compared to an objective of approximately 69.990 beds, or a completion rate of 7,8%. As for the second Vision 2020, the accommodation capacity achieved, at the end of June 2015, was approximately 1.576 beds as against an objective of 58.540 beds, or a completion rate not exceeding 2,7%.

5. Missions inherited from ex-SONABA and ex-SNABT

As regards the missions inherited from ex-SONABA and ex-SNABT, the observations noted by the Court, in this regard, relate to the following:

- Inefficiency of the investment activities related to some types of land plots, particularly those intended for "public facilities";

- Marketing and development of land parcels before the acceptance of infrastructure works of the subdivision project in question;

- Achievement of negative margins on the transfer of some land plots for commercial use;

- Existence of outstanding amounts to be collected related to the sale of land parcels;

- SMIT's failure to use the legal remedies available of all the land parcels for appeal, particularly taking legal action, to secure its rights in the event of non-observance of the clauses of development.

6. Analysis of some accounting and financial indicators

In addition to the foregoing, the analysis of some SMIT's accounting and financial indicators shows that there are elements of fragility. Indeed, over all the period extending from 2010 to 2014 the turnover is negative.

Moreover, SMIT does not ensure a regular operating income, which kept fluctuating over the period studied. It follows the rate of sales of land parcels that it owns, which constitute its independent source of incomes, in addition to the annual subsidy of the Ministry of Tourism, amounting to 19,7 MMAD.

SMIT is therefore a company that survives on the transfer of its real estate assets rather than its own production, particularly consulting services and tourist engineering.

Office of Fairs and Exhibitions of Casablanca

The Office of Fairs and Expositions of Casablanca (OFEC[16]) is a public company created in 1977 under the administrative supervision of the Ministry of Commerce. Previously, this agency was the exclusive operator in the organization of events in Casablanca, but this situation was reversed in 2000.

The Public Finance Court conducted, for the year 2015, an audit assignment of the management of this office, which gave rise to several observations the most important of which are as follows:

1. Strategic component

Concerning the strategic component, the Ministry of Foreign Trade commissioned, in January 2011, a study for the development of Strategy 2011-2017 whose objective is "the definition of a development strategy of the sector of fairs and exhibitions in Morocco and the positioning of OFEC as a leading player in the sector", for an amount of 2,4 MMAD.

In February 2014, the Ministry concluded with the same company a second contract for the implementation of the strategy thus defined for an amount of 4,7 MMAD. It aims at the development of an action plan over five years for the implementation of the strategy and support to the department in this process. Nevertheless, in 2015, more

[16] Office des Foires et Expositions de Casablanca (OFEC)

than four years after the launch of this strategy, none of the actions relating to the increase of exhibition spaces or the upgrade of the regulation, particularly that corresponding to OFEC, was carried out.

2. Core business component

Concerning the core business component, it was noted that, during forty years of OFEC's existence, it could create and sustain only four events, organized by other private actors. Such poor rate of creating new concepts by OFEC shows a lack of strategy and visibility. In addition, nine out of the 64 events organized over the period 2009 - 2014, or a rate of 14% of the organized events, are devoted to direct sales.

It emerges from this exposition that the role of the Office is reduced to an administrative and financial follow-up of space-renting agreements. Such concept of its core business is at odds with the competence conferred upon it by the Dahir creating it dated 1977, i.e. the organization, management and liquidation of general and specialized fairs and exhibitions.

3. Condition of the infrastructure assigned to OFEC

In this context, it was noted that the infrastructure assigned to OFEC falls short of core business standards. In fact, the area used by OFEC decreased from 16 ha to approximately 5 ha, following the re-development of the site during the construction of Hassan II Mosque. Hence, the current site is composed, on the one hand, of the building called "Large Palace" and the administrative buildings which are the property of the city of Casablanca, and, on the other hand, an esplanade of 3 ha belonging to the National Company of Municipal Development (SONADAC).

4. Membership in the Union of International Fairs

It should be noted, in this regard, that after forty years of existence, the Office is still not a member of the Union of International Fairs (UIF). This absence negatively impacted OFEC development, in particular, and the sector of the fairs and exhibitions in Morocco in general. Indeed, as an international association established in 1925 with more than 670 members, UIFis an important source of international standards in force in the sector, as well as a privileged space of contacts and experience sharing.

5. Concession of the organization of events

It appears that the allocation of the spaces of OFEC's exhibition sites to the organizers of events is conducted within the framework of concession or lease contracts without

any cost analysis. Similarly, OFEC does not keep any cost accounting which enables it to base its prices on objective criteria taking into account the various costs incurred.

Moreover, the concession of the exhibitions owned by OFEC raises the problem of the core activity of OFEC. The fact of delegating the management of the entire set of its exhibitions to the private sector reduces the mission of the Office and transforms it into a simple owner of transitory revenue, materialized by the income of leasing the exhibition sites of Casablanca.

In addition, the lack of contractual specifications in OFEC drives it to cram its contracts with multiple general provisions relating to technical, control and insurance aspects. Moreover, the conditions relating to some contracts whose payment is made sometimes six months after the event also present a serious risk.

In addition, the lack of the concept of “exhibition certification” within OFEC and the lack of follow-up of the relevant data (net areas occupied by national and foreign exhibitors, numbers of exhibitors and visitors by nationality…) by the Office departments do not allow a detailed analysis of the evolution of exhibitions.

Hence, apart from permanent events, the annual program is built in the light of the volume of the booking requests of private organizers.

6. Recruitment of foreign companies and donors

With regard to the recruitment of foreign companies and donors, it was basically decided by the professional federations in the absence of objective criteria. Also, the selection committee does not have any information about the recruited national or foreign companies, particularly their export business plan and their momentum from one edition to another. In addition, the follow-up of performance by the Office involves several inadequacies.
The legal limitation of the scope of competence of OFEC at the city of Casablanca reduced its field of intervention with regard to the sector organizing fairs and exhibitions of this city only.

7. Human resources

Concerning OFEC human resources, the supervision rate at the Office, in 2015, hardly exceeded 14% over 61 staff members. This does not allow OFEC to meet the challenges of such a demanding sector in terms of resources and multidisciplinary competences.

Archives of Morocco

Although “Archives of Morocco”[17] was created on 30 November 2007, its effective establishment did not take place until May 2011, in the absence of a preliminary diagnosis of the condition of national records, and before providing it with the appropriate legal (particularly the related implementation decrees), financial, human and material resources.

The management audit of “Archives of Morocco” raised the following key observations:

1. Mission of the promotion of the program of archive and record management

The audit conducted by the Public Finance Court revealed that this program has not been elaborated because the related implementation decree has not yet come into effect.

2. Mission of safeguard and development of the national archive heritage

It was noticed that this agency does not ensure its core mission which constitutes its raison d'être, namely the collection and compilation of definitive archives, except for that inherited from the National Library of the Kingdom of Morocco. It should be recalled that the completion of the archive collection of this library is confronted with divergences in the interpretation of some documents to be transferred by this library to the establishment of “Archives of Morocco”.

Moreover, the Law on Archives did not provide for measures related to the refusal or delay of transfer of archives by the producing organizations, which could weaken the power of the entity in the collection of definitive archives.

Concerning the question of the repatriation of the archival sources of Morocco abroad, it should be noted that “Archives of Morocco” does not have a clear policy in this regard, except the reception of some copies of the archives published by the diplomatic archives of France.

With regard to the archives available in its buildings, it should be noted that their volume amounts to 2.600 linear meters (lm). This quantity remains limited compared to the total volume of national archives, which is estimated at hundreds of thousands of linear meters according to the estimates resulting from the national questionnaire addressed by “Archives of Morocco” to the central administrations during the second half of 2015.

[17] Archives du Maroc

With regard to the material and intellectual processing of archives, carried out by the it according to the recognized standards, this operation could cover only part of the available archives estimated at 500 lm, which accounts for 20% of the total volume of archives.

As for the mission of archive conservation, it should be noted that the so-called "curative" conservation of archives is not yet operational, which could exacerbate the condition of deteriorated or deteriorating archives. In fact, "Archives of Morocco" currently contents itself with the conservation known as "preventive". On the other hand, the electronic conservation of archives is not yet operational. This implies that it is still lagging behind in terms of modern management of archives.

Poly-disciplinary Faculty of Taroudant

The management audit of the Poly-disciplinary Faculty of Taroudant, conducted in partnership with the Regional Public Finance Court of Souss-Massa Region, made it possible to note the following key observations:

1. Choice and accreditation of courses

The Faculty started, as of its inauguration in 2010, offering 12 courses at the professional Bachelor level. The examination of the files of these courses indicated that its choice was not based on a thorough study of local needs. This led to a very limited attraction of students and a reduction in the lifespan of such courses.

In addition, the poor lifespan of some courses remains an alarming point to raise in this regard. It was noted, indeed, that 33% of the courses survived for a duration below or equal to two (2) years, and 66% for a duration below four (4) years.

Moreover, this Faculty started the registration of students to be admitted to some courses, in spite of the unfavorable opinion on accreditation of the National Commission for the Coordination of Higher Education.

2. Completion of internships and vocational projects

The internship course is highly important for any vocational training. Accordingly, the Manual of National Pedagogical Standards (CNPN[18]) of 2004 and 2014 requires that

[18] Cahiers des normes pédagogiques nationales (CNPN)

the vocational project and internship should account for at least 25% of the last two semesters' contact hours (S5 and S6).

Hence, the analysis of the issue of the vocational project and internship made it possible to note the following inadequacies:

- Students' failure to respect the duration of internship scheduled for each course of study;
- Lack of the viva voce reports of vocational projects and internship, knowing that all course descriptions stipulate that the internship report should be the subject of a viva voce before a jury made up of at least a professional and a faculty member.

3. Control of the modifications of marks

Generally, the rectified grades are reported to the examination section in order to conduct the modifications directly on their databases (spreadsheets) without safeguarding the initial marks, or keeping the records of the documents justifying such modifications.

It should be recalled that the modified marks do not follow the same approval procedure through deliberations as is the case for the general grade reports, and remain recorded on paper, sometimes illegible, relating to mark revision requests submitted by the student and teacher concerned.

Poly-disciplinary Faculty of Errachidia

Management audit of the Poly-disciplinary Faculty of Errachdia, carried out in partnership with the Regional Public Finance Court of Souss-Massa Region, made it possible to note the following key observations:

1. Education programs

According to the information available in 2014, the Faculty offers eight educational programs for the academic year 2014/2015. These programs are characterized by poor diversity. Indeed, there are only four open-access Bachelor programs, two selection-based professional Bachelors and two Master programs.

2. Procedure of preparation and approval of study courses

The Public Finance Court noted the following observations in this regard:

- Lack of studies prior to the creation of these courses targeted at the determination of the educational support and buildings necessary for teaching, as well as the conformity of these courses to the expectations of the students of the region in question, and their relevance to the needs of the labor market;

- Lack of the official reports of the department council meetings and the pedagogical committee necessary for the deliberation on the course description and its conformity to the Manual of Pedagogical Standards;

- Approval of the courses by the Institution Council without being studied or ensuring its conformity to the Manual of Pedagogical Standards. In this regard, the Dean approves these courses without raising the related justifications.

3. Accredited courses at the Faculty

The programs of Arabic and French Studies were accredited without respecting the provisions stipulated by the law. Indeed, the courses of the two programs began in the academic year 2006/2007 before their accreditation was approved. Hence, the accreditation of the program of Arabic studies was awarded in 2010, and the program of French studies was accredited in the same year, subject to meeting some conditions. It should be noted that the first graduates of these study programs received their degrees in the summer of 2009, before the accreditation of these two programs took place.

4. Professional Bachelor programs

Within this framework, the Court noted the inadequate training partnership agreements concluded with the economic and professional sector, given that part of the objectives of the professional Bachelor is to ensure professional qualification for the students in this program, which enables them to acquire professional competencies and skills to positively meet the needs of the economic and social sector.

Also, it was noted that the training suggested suffers from understaffing. The teaching staff consists of 88,80% of part-time instructors for the professional Bachelor in computing in spite of the recruitment of five permanent teachers.

5. Self-evaluation of the courses after the end of accreditation

The Court noted that the course coordinators of the program fill out the self-evaluation form established by the Ministry of Higher Education without making sure of the reliability of the data relating to the placement of graduates in the labor market, or their pursuit of studies at a higher level. On the other hand, for the two courses related to

the professional Bachelor program, namely “human resource management” and “coordination and promotion of regional projects", the self-evaluation was not carried out, knowing that these courses were not renewed.

6. Internal output

It was noted that there is a low number of students who graduate during the normal period of three years of studies for the regular Bachelor programs of Arabic and French studies. The semester completion rate increased with regard to the professional Bachelor, posting a high rate of 92%. Whereas the rate relating to the regular Bachelor does not exceed 50% for Arabic studies for the first and second semesters. The rate does not exceed 12% for the same semesters with regard to French studies.

7. External output

The Faculty does not have any device to ensure the follow-up of the data relating to external output, which mainly concern the census of graduates that integrated the labor market or those who continued their higher studies. Indeed, it was noted that the data reported in the self-evaluation files of the courses are not based on reliable data and facts and, and cannot be regarded as estimates.

Foundation of Welfare of Magistrates and Justice Officers

Mohammedia Foundation of Social Welfare of Magistrates and Justice Officers[19] was created under Law n°39.09 dated 17 August 2011 for the reorganization and improvement of the legal framework of the Association of Social Welfare of Magistrates and Justice Officers which was created in 1978 and was recognized as a public interest entity in 1995.

The Foundation, according to the provisions of Article 18 of the above-mentioned law, is subjected to the financial control of the State. However, the social security benefits provided to the members are excluded from such control.

In this regard, the management audit of the Foundation made it possible to note several remarks, chief of which are as follows:

[19] Fondation Mohammedia des œuvres sociales des magistrats et fonctionnaires de la Justice

- **Failure to support the operation of transition from the statute of the Association to that of the Foundation**

The transition from the statute of the Association to that of the Foundation was not accompanied by an action plan dedicated to management by this transitional period. Hence, it was noted that there were no preliminary works aiming at the implementation of the provisions of Law n°39.09. It was also noted that no training was conducted for the benefit of staff members for them to adhere to this new legal institutional and organizational framework.

Similarly, the frequent changes noted in the appointments of the Foundation' officers contributed to dysfunctions in its management.

- **Failure to take preparatory measures necessary in order to accelerate the process of the Association dissolution**

The Foundation did not take the preparatory measures required to accelerate the process of the dissolution of the Association and take stock of the movable and real property and human resources that it holds, contrary to the provisions of Paragraph 2 of Article 26 of Law n°39.09 which provides that the dissolution of the Association should be concurrent with the establishment of the management bodies of the Foundation and the approval of its Rules of Procedure. In this respect, it was noted that the Supervisory and Control Board held its first meeting on 7 November 2012, and approved the Foundation's Rules of Procedure during the meeting of 9 December 2013.

In addition, it was noted that in spite of the creation of the Foundation, the Association continued, for more than four years, managing the social benefits services. Hence, its Board of Directors, held on 17 January 2014, took resolutions that are legally part of the responsibility of the Supervisory and Control Board (transfer of the annual surplus, transfer of funds held in the name of the Association at the Treasury of the Kingdom to the new account).

- **Granting annual subsidies by the Ministry of Justice and the Prison Authorities to cover costs incurred for their benefit**

For the Foundation to achieve its missions, significant resources were mobilized for its benefit. They amounted to 221,74 million MAD, in 2015, coming mainly from the funds deposited at the Deposit and Management Fund by various tribunals of the Kingdom, as well as the annual allocations granted by the Ministry of Justice and the General Delegation at the Prison Authorities. However, it was noted that the granting of these subsidies was made in consideration of the costs incurred for the benefit of the Ministry and General Delegation, which are supposed to be borne by the budgets of these two entities, since they do not relate to the social activities stipulated under Law n°39.09. Hence, this constitutes an unjustified cost for the Foundation's budget.

- **Inadequacies in the social services provided**

It should be pointed out that significant funds were allocated in order to expand and upgrade the services provided, particularly those relating to summer vacations, transport and medical benefits (supplementary insurance, medical transport in Morocco and abroad…), in addition to other social benefits. However, some observations were noted, in this respect, chief of which are the following:

- Poor quality of the transport services. Indeed, in spite of the mobilization of 68 vehicles for the benefit of 3.500 civil servants for free as of 2014, it was noted that this service does not cover the entire set of judicial and penitentiary establishments. Moreover, these vehicles do not meet the necessary quality standards;

- Anomalies felt in the administrative and financial management of summer holiday centers, including the following:

- Poor revenues of these centers, which do not even cover running costs;

- Absence, in general, of handbooks of procedures (accounting, human resources, catering…) that clearly determine responsibilities and implementation methods;

- Poor management system adopted: The data relating to the various sections are contained in registers in the absence of a unified computing system, particularly with regard to the data on accommodation, membership, the store and catering;

- Lack of the cost accounting and dashboards, which does not make it possible to determine the cost of services provided by these centers and the break-even point. This does not allow the establishment of performance indicators that could help the managers in appropriate decision-making (determination of the costs of services);

- Deterioration of buildings due to the lack of maintenance, noted during the visits of the various centers (particularly those of Marrakech and Ifrane);

- Deficiencies in the construction and equipment of the new centers, such as those of Fès and Agadir, reflected in the long duration of works (17 years for the center of Fès and 9 years for that of Agadir), and their high cost due to the frequent changes of contractors.

In addition, with regard to the follow-up of the situation of housing loans, it should be noted that the Foundation ceased granting them, and it currently ensures the management of outstanding refunds. In this regard, the major observations noted are as follows:

- Difficulty of collection follow-up since the officer in charge of accounting within the Foundation does not undertake the necessary measures for the collection of outstanding amounts. Moreover, he/she does not check the data provided by the beneficiaries;

- Delivery of the final discharges before refunding the full amount of loans. Also, it was noted that most beneficiaries do not have sufficient guarantees allowing the Foundation to preserve its rights as regards the collection of credits;

- Failure of some retired beneficiaries to meet their commitments with regard to the payment of monthly installments;

- Failure to generalize the application of interests for the majority of beneficiaries, which constitutes an additional cost for the Foundation.

Security stocks

The management audit of Security Stocks made it possible to note several observations, chief of which are given below:

1. General observations

Generally, it was noted that the regulation framework on security stocks does not contain a precise definition of “security stock”, which is confused with operators’ “core exposure”, intended to meet their own commercial needs rather than national concerns with supply security in normal and exceptional circumstances.

Similarly, the sanctions provided, within this framework, against non-compliance with the provisions of storage are not adapted to the context of the sectors and operators. Consequently, they are never applied against the operators that are structurally at fault as to the obligations of storage stipulated, particularly with regard to oil products.

In addition, the control and follow-up methods provided show serious inadequacies. Hence, for control, the relevant provisions are not applied. And the controls carried out for some products, particularly oil products, are conducted through a simple observation of the level of stocks on the basis of monthly situations without recourse to the application of the sanctions stipulated. Also noted is the lack of a framework integrating the various actors of control and follow-up of the security stocks to make them operate in a global, integrated and coherent system, taking account of the specificities of some products.

Moreover, in spite of the sensitivity and importance of the security stock issue, the latter remained, for a long time, poorly understood and insufficiently studied by the official authorities and was not the subject of a diagnosis in order to propose the adjustments necessary for each stage of its development.

2. Oil products

The security stock of oil products are marked by a structural inadequacy compared to the level provided under the regulations, namely 60 days of consumption for the refined products with distributers. The variations are more significant for some mass consumer products like gas oil and butane. Gas oil stocks available at the end of 2015 covered only 24,1 days of consumption. As for butane, for the same year, these stocks covered only 27,5 days of consumption.

It should be noted that, in several cases, within the same year, stocks reached critical levels not exceeding 10 days of consumption for some months.

Concerning crude oil, the legal obligation to ensure 30 days of sales by the refiner is only half-respected; indeed, in July 2015, these stocks covered only 15,7 days of sales. In addition, the inadequate security stock is correlated with insufficient storage capacities in spite of the efforts of investment in new capacities, made in recent years.

The current situation of capacities and stocks shows that the mechanisms of incentive to the development of stocks and storage capacities did not produce the expected results. Indeed, since the summer of 2015, the national market is supplied entirely by refined product imports, which increases its exposure to the risks of the international market and reduces the storage capacities, available until this date, at the local refiner.

3. Food products

a. Common wheat

In spite of an overall satisfactory situation of common wheat stocks, significant fluctuations are regularly recorded between the months of the same year. Hence, common wheat stocks are generally marked by periods of good storage coinciding with the harvest period, and periods declining stocks during the months preceding national production.

The storage of cereals is generally marked by a high number of operators (280 storage organizations, 30 importers and 164 industrial flour mills) with both traditional and modern storage methods. This situation makes the follow-up and control of stocks among these operators more difficult and less accurate.

Concerning cereal storage capacities, the situation at the end of 2015 shows a total capacity of more than 50 million quintals, which makes it possible to contain relatively sufficient levels of stocks. However, these installations are scattered among a great number of operators and are still dominated by storage in stores with 65% of the total capacities compared to storage in silos. It should be noted that the latter is more modern, offers better quality storage and allows an easier follow-up.

b. Sugar

The situation of sugar security stocks shows that the availability among operators exceeds the stockholding obligation in general. Hence, in 2015, the stock available exceeded, on average, two months of consumption.

However, during the year, the level of stocks witnesses significant fluctuations with periods of strong reserves corresponding, in general, to the summer period and a phase of weak reserves coinciding with the winter period extending until the beginning of spring. Hence, April systematically records the lowest level of stocks.

In addition, there is a prevalence of raw sugar imports in the aggregate output of white sugar. These imports represented, on average, approximately 66% over the period 2013-2015. Hence, this situation shows a dependence on the sugar foreign exterior market, implying a significant exposure to the potential problems of the supply of this product on the international market and price fluctuations.

4. Healthcare products

a. Drugs

The regulation on the security stocks of drugs is marked by the inaccuracy in some provisions on the products concerned with security storage, as it does not cover some essential products such as medical devices. Moreover, this regulation does not take account of the specificities of medicinal products that run into thousands. It stipulates, in fact, a general and single provision for all the products without taking account of their criticality and therapeutic importance, the ease or difficulty of obtaining, the market situation: product in monopoly, existence of substitutes or therapeutic alternatives…

This system makes the follow-up of stocks of drugs difficult and less effective, and does not allow focusing on the most critical products. Consequently, it was noted that few operators conform to the obligation of declaration stipulated for this purpose. It should be noted, however, that the Ministry of Health deployed an electronic platform for stock declaration and follow-up with a view to mitigating this inadequacy.

b. Blood products

The situation of blood stocks in Morocco shows that their levels are still limited in relation to the needs, and do not allow reinforcing the security of the supply of these products. In spite of a significant increase recorded since 2010, their development remains insufficient and donations do not exceed 0.9% of the population. This level remains below the levels recorded in most countries and the levels recommended by the World Health Organization. That is, to satisfy the needs for a country, it is generally recommended that the rate of blood donors should range between 1% and 3% of the total population.

Major observations of Regional Public Finance Courts with regard to management audit

The Annual Report of the Public Finance Court, for the year 2015, presents a summary of the reports relating to 58 audit assignments conducted by the Regional Public Finance Courts as regards the management audit of public entities and delegated services.

These summaries related to the management of two (02) urban municipalities, 32 rural municipalities, three (03) clusters of local government agencies, five (05) local public corporations, seven (07) delegated management contracts, as well as nine (09) thematic audits relating to five (05) urban municipalities, one (01) urban municipality and 15 clusters of municipalities.

This summary report exposes the major observations noted by these assignments with regard to each Regional Court, preceded by some general observations.

General remarks

A. Management of the projects of construction and development of the roads and rural tracks

- **Lack of pre-established programs for the development of roads and rural tracks**

Some municipalities carried out development and maintenance works of roads and tracks in the absence of a clear and integrated vision, based on the determination of needs and prioritization of the projects to be implemented. Indeed, the scheduling of maintenance works was made without determining the intervention sites, the needs to satisfy and the necessary resources.

Moreover, these municipalities conducted the maintenance works of roads and tracks in the absence of periodic maintenance programs specifying the sites of the relevant projects and taking account of the population needs.

- **Inadequate prior studies relating to the projects of the development of roads and tracks**

Some municipalities carried out several projects in the absence of prior studies especially the geotechnical, topographic and hydrological studies of the land parcels concerned with the works.

Similarly, other projects were carried out without taking account of the technical data resulting from prior studies. Indeed, several sections of the completed roads and tracks were submerged by mud, in the absence of engineering structures that should protect the pavement from rain water.

Moreover, the municipalities concerned do not determine the technical specifications of the works to be executed through a purchase order, which makes their control and follow-up difficult.

- **Inadequacy of engineering structures and the quality of completed works**

Several track and road projects witnessed inadequacies related to engineering structures and the quality of works completed, as it is the case of ditches, gabions and rain water sewerage networks, which caused some roads and tracks to be submerged by mud.

B. Management of municipal assets

- **Failure to regularize the legal situation of real estate assets**

Some municipalities do not have the ownership or operation title of the property which they manage. However, they did not take the legal measures necessary for the regularization of the situation of such property, in order to facilitate their control and conservation, and to ensure their protection in the event of litigations, in accordance with the laws and regulations in force.

- **Failure to control the occupation of municipal public property**

Some municipalities do not control the occupations of the municipal public property by movable and immovable property related to the exercise of a trade, industry or profession. Also, they do not regularly apply the royalties relating to these occupations, particularly those related to outdoor marquees, window displays, illuminated signs as well as the suspended displays on the front of shops, in accordance with the provisions of Law 30.89 on the taxation of local government agencies and their clusters.

Similarly, some companies authorized to occupy the municipal public property by billboards conduct the installation of new panels without notifying the municipal authorities concerned beforehand, and without producing documents allowing the control of the respect of the delivered authorizations.

Furthermore, the decisions of temporary occupation of the public property are not updated and the operation tariffs are not reviewed in a regular fashion.

C. Spatial planning and land-use management

- **Failure to renew town planning documents**

Spatial planning management is carried out in some municipalities on the basis of expired town planning documents. However, these municipalities did not take the measures required for their renewal.

- **Inadequate control of town planning operations**

The audited municipalities do not regularly conduct the control of the respect of town planning laws and regulations. They generally content themselves with the participation in the operations led by provincial and prefectural committees or the findings undertaken by the local authorities.

Similarly, the sworn agents in charge of control operations show significant inadequacy, which contributes to the failure to take the legal measures against the perpetrators of infringements, as well as the development of unregulated housing and the emergence of sub-standard districts.

- **Failure to control the respect of authorized plans**

The audited municipalities do not carry out the required controls in order to check whether the construction operations observe town planning standards. Indeed, constructions are exploited in the absence of the residence permits or compliance certificates. Also, these municipalities authorize the petitioners to be connected to electricity and water supply networks without checking whether constructions concerned respect the obligations of residence permit delivery.

D. Management of municipal revenues

- **Failure to establish mechanisms of coordination with external services as regards the determination of the tax base**

The determination of the lists of the debtors and the application of the taxation due to the latter as well as the control of the declarations which they submit depend on the availability of some useful information held by other external departments. Within this framework, it was noted that there was no mechanisms of coordination between the municipalities and land conservation departments, the Directorate of Taxes, the urban agency, the delegation of tourism and the departments of the provinces and prefectures. This situation did not make it possible to exchange the data necessary for the assessment of taxes on urban open spaces, beverage-vending establishments, accommodation in tourist establishments, public passenger transport and temporary occupation of public property.

- **Failure to conduct the census of the entire set of open urban land parcels**

Several audited municipalities do not carry out the annual census of the open urban land parcels provided under Article 49 of Law n°47.06 on the taxation of local government agencies. In this respect, the application of the tax remains occasional and applies during the delivery of building or subdivision permits, during the delivery of various administrative certificates, or when the taxable entities are obliged to pay the tax as a precondition for the registration of their property transactions. This situation involves inadequacies as regards the determination of land base as well as the loss of significant income.

- **Cumulating incompatible tasks by some civil servants**

Some civil servants cumulate incompatible tasks. A case in point relate to the managers of revenues who often take care of all the phases, particularly the census and determination of the base, assessment of taxes and royalties as well as the operations of collection. This situation breaches the rules of internal control.

E. Management of the contracts of delegated management of cleaning services

- **Inadequate services**

Several inadequacies were noted as to the services provided by the delegated companies of collection and cleaning services. Indeed, the latter do not respect the schedules specifying the streets and districts object of cleaning operations. However, the municipalities concerned do not apply the penalties stipulated by the relevant specifications.

Was noted also the failure to provide a sufficient number of refuse bins at the sites agreed upon, knowing that the majority of the bins available are in a shabby condition. The same holds for the lack of reserve bins intended for the replacement of unusable bins.

- **Inadequate operations of follow-up and control of the implementation of delegated management contracts**

Some municipalities did not set up committees for the follow-up of delegated management contracts. These committees were supposed to hold regular meetings in order to supervise the good execution of services and the respect of contractual terms, and to solve any potential conflicts which may emerge. It should be noted that this situation breaches the provisions of Article 18 of Law n° 54.05 on the delegated management of public services.

- **Inadequate human and logistic resources available to follow-up and control operations**

The follow-up and control of delegated management contracts do not benefit from sufficient and qualified human and logistic resources, which results in poor control or its absence in some sectors. Similarly, there was no on-the-job training for the agents in charge of the follow-up and control, or the resources required for executing their work under adequate conditions, such as the relevant clothing and the monitoring and control cards.

Regional Public Finance Court of the Region of Casablanca-Settat

The Regional Public Finance Court of Casablanca-Settat conducted, for the year 2015, eight audit assignments relating to the management of green areas in the city of Casablanca, the management of litigation by the Urban Municipality of Casablanca, the management of the Rural Municipalities of Oulad Hamdane, Oulad Ghanem and Oulad Issa. Similarly, the Regional Court audited the management of the Refrigeration Autonomous Office of Casablanca (RAFC[20]) and the controlled disposal site of the Prefecture of Mohammedia and the Province of Benslimane, as well as the urban public bus transport service managed by M'DINA BUS Company.
These assignments noted several observations, chief of which are the following:

A. Litigation management by the Urban Municipality of Casablanca

- **Inadequate organization of the division of legal affairs and litigation**

The intervention of the Department of Legal Affairs and Litigation is limited to receiving and sending of Municipality correspondences to the lawyers and courts concerned with the cases in progress. In fact, this department does not constitute a source of proposals and advice based on preliminary coordination with lawyers. It only intervenes in files after the start of legal actions. Similarly, the function of the preventive legal council is not activated in order to allow the processing of complaints and files before they become contentious cases or take on the form of lawsuits.

It should be noted that Department does not have sufficient human resources for the follow-up of files. Indeed, the number of jurists does not exceed five staff members (or an average of 200 files per officer).

- **Lack of follow-up mechanisms for the files held by law and notary firms**

The Municipality pays the fees of law and notary firms as a lump sum each quarter, on the basis of an agreement signed as of 2004.

[20] Régie Autonome Frigorifique de Casablanca (RAFC)

Within this framework, it was noted that there was no service provided by these firms, so much so that the sections of the Municipality could not draw up the list of the cases entrusted to each firm, and the number of decisions and judgments delivered for the benefit of the Municipality. In this respect, it should be noted that the Department of Legal Affairs and Litigation does have all the files and documents related to the legal actions in progress.

In the same vein, the lawyers do not provide prior legal assistance to the Municipality, in spite of the contractual fees which they earn (22.000 MAD for each month) covering legal advice.

- **Lack of follow-up of the financial position generated by litigation**

The Municipality does not conduct the exhaustive follow-up of the law cases in progress, which makes it incapable of specifying the financial position generated by disputes. Indeed, it does not control the due debt amounts following the delivery of judgments against it. It takes account of only the judgments subject to enforcement procedure.

Within this framework, it should be noted that the Municipality annually allocates to the execution of judgments issued against it an amount of 70 MMAD, knowing that this amount allows only the partial payment of the debts in question.

Moreover, the Municipality does not adopt preset criteria to prioritize the payment of its debts by scheduling the execution of judgments according to their issuance dates or those concerned with the opening of an enforcement procedure, and thus avoid the recourse of the parties concerned to the seizure procedure.

- **Importance of the cases related to assault**

During the period 2004-2014, the amount relating to the judgments issued against the Municipality following compensation applications for assault exceeded 321 MMAD.

Within this framework, it was noted that the causes behind this type of lawsuits against the Municipality are related primarily to failure to resort to the expropriation procedure or the failure to complete it, as well as the failure to activate the advantages offered by town planning laws and expropriation procedures. Similarly, the Municipality does not exploit the possibilities available to it within the framework of amicable settlements of disputes.

- **Failure to take the necessary measures to avoid legal actions**

The Municipality did not activate the public authority privilege during the follow-up of some contracts of the management of its properties. A case in point is the delegated management contract of municipal slaughterhouses and the contracts of the operation of the fruit and vegetable wholesale market and playgrounds.

By way of example, the failure to conduct the controls and follow-ups stipulated by the delegated management contract of the municipal slaughterhouses did not make it possible for the Municipality of determine the situation of the revenues which should be paid by the delegatee, knowing that up to 2008 an amount of 14,62 MMAD was cashed for slaughter and management services.

B. Management of green areas in Casablanca

The Municipality of Casablanca is in charge of the management of more than 397 hectares of green area, requiring more than 47 MMAD in terms of maintenance expenses in 2013.

- **Lack of a clear vision regarding the management of green areas**

The implementation of the budget allocated to the management of green areas is conducted without defining the targeted short and medium-term objectives and in the absence of programs and action plans likely to guide the intervention of all actors in this field.

It should be noted that the indicator of green areas according to the population size does not exceed 1,3 m^2 per capita. This rate remains weak compared to the rate adopted by the World Health Organization set at 25 m^2 per capita, and to the minimum rate recommended by the Ministry of Housing and Town Planning within the framework of the preparation of green plans (edit. 2008). It should be noted that more than half of the districts of Casablanca record low rates not exceeding one square meter per capita.

- **Development of gardens and parks**

During the period 2009-2013, several gardens and parks were the subject of development works. However, these works witnessed several inadequacies related to the lack of prior studies, late programming of lighting works, in addition to the deficiencies related to the organization of the stages of the reception of seedlings.

- **Management of watering operations**

In order to connect green areas to the watering source, the Municipality conducted the digging and equipment of several wells. However, this operation raised several dysfunctions. Indeed, the Municipality abandoned several wells created, in spite of the positive tests of abundance of ground water.

This is the case, for example, of three wells on the road to Nouaceur and two in Sidi Bernoussi, one in Al Azhar Garden in Sidi Moumen and another in Palestine Garden to Belvedaire District. Moreover, several wells underwent degradations following the execution of road maintenance and development works.

It should be stressed that instead of using these wells, the Municipality waters green areas by connecting them to the drinking water network.

- **Maintenance of municipal seedbeds**

The Municipality has two seedbeds extending over an area of 4 hectares in Hermitage District and 14 hectares in Beni Yakhlef Municipality. The maintenance of seedlings in these seedbeds is conducted within the framework of renewable contracts. However, the organization and operation of these seedbeds are marked by inadequacies related to the implementation of contracts and the management of the stock of seedlings and plants.

C. Management of the Refrigeration Autonomous Office of Casablanca (RAFC)

- **Lack of a strategic plan taking account of the urban development plan**

RAFC[21] does not have a strategic plan intended to clarify and control its evolution in a context of local and national change marked by constraints specific to the refrigeration sector.

It should be noted that RAFC conducted in 2010 a study for the forecast of the possible strategic scenarios with the prospect of establishing the urban mobility plan for the center of Casablanca. The topics of this plan include the limitation of heavy truck traffic inside the city. However, the Board of Directors of the Office did not discuss the content and conclusions of this study in order to prepare a strategic plan for the Office.

On the other hand, the Office did not set up a clear business strategy which aims at setting the business objectives and recruitment of qualified human resources. Moreover, it was noted that there were no basic elements of a marketing policy intended to diversify the turnover, in terms of customers or production modes.

- **Inadequate procedures relating to storage conditions**

The Manual of Procedures adopted by the Office did not address the operation procedures in detail, especially with regard to the storage conditions and controls required to carry out during the operation. It was limited to some indications relating to the entry and exit of goods.

- **Inadequate refrigeration rooms and equipment**

Several inadequacies were noted regarding the refrigeration rooms and equipment. This applies, for example, to the architectural aspects and dimensions of the cold rooms, in addition to the failure to optimally exploit their storage capacity.

[21] Régie Autonome Frigorifique de Casablanca

Similarly, the performance of the refrigeration equipment is impacted by the lack of maintenance operations, which causes water leakage and air condensation on insulation panels as well as energy loss due to the presence of significant quantities of white frost around the evaporators.

- **Inadequate invoicing system**

RAFC accounts keeping and the execution of its revenues and payments are regulated by commercial laws and rules. The tariffs and prices applied are subjected to the deliberations of the Board of Directors and the approval of the official authorities.

Within this framework, it should be noted that tariff provisions were not codified in a single document, in addition to the application of tariffs not approved by the official authority, as well as the inadequacy of the tariff system to the standard system of cold-storage facilities. Moreover, several inadequacies related to the invoicing system were noted, particularly the invoicing of the minimal storage period and of the minimal weight concerning freezing.

D. Delegated management of the controlled disposal site of the Prefecture of Mohammedia and the Province of Benslimane

The management audit of the controlled disposal site for the period 2012-2015 raised several observations chief of which are as follows:

- **Delay in the execution of the investments provided under the delegated management contract**

Within the framework of the delegated management contract, the delegatee was committed to making investments amounting to 32,65 MMAD. However, the investment rate achieved did not exceed 18% as of 31 December 2014.

Indeed, the delegatee carried out only the equivalent of 5.8 MMAD; while the value of fixed assets did not exceed 7,7 MMAD, including 1,9 MMAD that corresponds to returnable assets provided on a purely free basis to the delegatee.

For example, several investments were not carried out, as it is the case of the sorting center, biogas collection works, along with the development of the tracks of the disposal site, leachate processing and the rehabilitation of the disposal site.

- **Inadequate operation of the disposal site**

The investigations conducted on site showed that the delegatee did not respect several contractual provisions relating to the operation of the disposal site, such as the failure to control the nature of waste before their entry with the disposal site. Similarly, the delegated company did not apply the environmental obligations, since it discharged

contaminated rain water in the natural environment and the storage of leachate in uncontrolled basins.

- **Inadequate financial management of the delegated management contract**

The municipality cluster named “Solidarity for Ecology", in its capacity as Delegating Authority did not collect the annual amounts required from member municipalities. Similarly, delays were recorded as regards the discharge of ordinary industrial waste in the disposal site.

In the same vein, the delegatee did not observe the contractual tariffs (price per ton provided under the Specifications) as well as the conditions of dividend distribution. Indeed, 6 MMAD were distributed before even the execution of contractual investments, breaching the investment plan which envisaged a deficit during the first three consecutive years.

- **Inadequate follow-up and control of delegated management**

Under the provisions of Article 63, the delegating authority enjoys general powers relating to the control of the execution of the contract through the follow-up committee and monitoring division. However, it did not activate these two entities, which resulted in inadequacies related to follow-up and control.

E. Delegated management of urban public bus transport services in Casablanca

- **Signature of memoranda of understanding supporting of contractual provisions**

During the period 2004-2015, three memoranda of understanding characterized by inadequacies were signed. For example, the parties resorted to such memoranda of understanding to solve pending problems instead of applying the delegated management agreement, which is likely to create new obligations. Similarly, the signatories of the delegated management agreement were not associates during the signature of these memoranda of understanding**.**

Also, some obligations stipulated under the memoranda of understanding were not respected, which did not allow the achievement of the objectives assigned to them. For example, the financing of the second part of the voluntary departure of the agents of the company did not take place, because of the procedure adopted as regards the management of the appropriations which consists of the preparation of the file at “M’DINA BUS” Company, supporting it with a certificate of acceptance signed by the President of the Delegating Authority before submitting it to the Ministry of Finance.

- **Deficit in the execution of investments**

During the period 2009-2014, “M’DINA BUS” Company invested only 248 MMAD, instead of the stipulated contractual investment, which amounts to 772 MMAD, according to Appendix 4 of the delegated management contract. This situation increases the deficit of total investment to 32% of the program agreed upon since the entry into force of the management delegated contract in 2004.

For example, the bus parking garage, whose construction was planned in 2008 for an amount of 18 MMAD, was not carried out. The Company rents for this purpose two garages for an amount of 6,67 MMAD a year.

In the same vein, the Company did not respect the investment plan relating to the acquisition of new buses, in terms of the budget allocated to these acquisitions, their number and the methods of their acquisition. Indeed, the Company invested for the period indicated an amount of 176,65 MMAD in order to acquire the new buses instead of the amount of 729,54 MMAD stipulated in the agreement.

- **Financing the acquisition of buses through a bank loan**

The operation of acquisition of 135 buses out of the purchased 318 was financed through a banking loan, although the delegated management contract does not provide for such financing method. It should be noted that the recourse to the loan to finance these operations is likely to jeopardize the finance of the company and increase its costs.

- **Excessive use of a used-bus fleet**

The delegated management agreement authorized the delegatee to bring second-hand buses to reinforce the fleet, by using 125 buses in 2004 and 45 buses in 2005, provided that they would be progressively withdrawn from the fleet by 2009.

However, the investigations carried out showed that the acquisition of this type of buses continued up to 2011 at a reference shareholder of “M’DINA BUS” Company. Indeed, 120 second-hand buses were acquired in 2011, for an amount of 40.48 MMAD. While the second-hand bus acquired in 2004 and 2005 reached 650, hence exceeding the number authorized under the agreement.

This situation led to the use of a decayed bus fleet, in circulation as of 1988 in France, which involved, in addition to the deterioration of the quality of services, the increase in the maintenance and repair expenses of these vehicles as well as the worsening of the financial deficit recorded by the Company.

- **Unilateral increase of tariffs by the delegatee**

“M’DINA BUS” Company increased the tariffs applied without the prior approval of the follow-up committee and the delegating authority. It also unilaterally set the methods of subscription, declaration of expenditure and sanction, breaching the provisions of

agreement of the follow-up committee entitled to take this type of decision on a discretionary basis.

Regional Public Finance Court of the Region of the East

The Regional Public Finance Court of the Region of the East conducted, within the framework of its annual program of 2015, six management audit assignments thematically related to co-operation between municipalities, the Autonomous Office for Water and Electricity Distribution of Oujda (RADEEO[22]), the delegated management of the services of cleaning and collection of household waste and the like in the municipalities of “Taourirt” and “Beni drar”. The Regional Court also conducted audit assignments of the management of the local government agencies “Jerrada” and “Leguetiter”. The major observations noted are as follows:

A. Thematic assignment on co-operation between municipalities

This assignment was carried out on the basis of audit assignments of the management of the clusters of municipalities. It aims to evaluate this mode of co-operation between local authorities. The assignment was conducted before the entry into force of Organic Law n°113.14 on the municipalities and the new regional division.

The clusters concerned operate in several fields including the management of the services cleaning and collection of waste, operation of the disposal site, acquisition of the materials for the construction and maintenance of tracks and roadways, in addition to drinking-water supply and the construction and management of a modern slaughterhouse.

The noted observations relate to the institutional legal framework, management of resources and some expenditure, in addition to the performance of assignments and achievement of the set objectives as well as the constraints facing this mode of co-operation.

- **Legal and institutional framework of co-operation**

Through the deliberations of the municipalities affiliated to the clusters, it was noted that the majority of these clusters were created in the absence of a prior study that would clarify the real needs of these municipalities and the importance of the projects to be completed which justify the recourse to this co-operation mode, as well as the means available to mobilize the required financial and material resources and the cost estimates which will be borne by each municipality.

A considerable delay was noted in the effective start of the clusters to perform their missions. The time between the publication of the Decree of the Minister of Interior

[22] Régie autonome de distribution de l’eau et de l’électricité d’Oujda (RADEEO)

approving the establishment of the clusters and the date of approval of the first budget or the rules of procedure or the appointment of delegatees by member municipalities exceeded five years in the case of “Al Iqlae” municipality cluster and four years in the case of “Al Tadamoune” municipality cluster, affiliated to the Province of “Taourirt”.

With regard to execution, some deliberation outcomes of the cluster councils were not implemented. It is the case for example of the deliberation outcomes of “Al Taaoune” Cluster, affiliated to Al Hoceima Province, relating to the conclusion of partnerships and job creation, as well as those of “Attacharouk” Cluster, affiliated to the same Province, which relate to the programming of the surplus for the acquisition of a tractor, the completion of development works and the rehabilitation of rural tracks, along with deliberation outcomes of “Al Ttadamoune” Cluster, affiliated to “Taza” Province.

Other deliberation outcomes seemed vague and drafted in general terms, making their implementation difficult. This is the case, for example, of those of “Al Taazour” Cluster, affiliated to “Taounate” Province, conducted at the meetings held between February 2010 and July 2013.

- **Financial and human resource management**

During the period 2009-2014, the clusters’ financial indicators show the weakness of their own resources. Some municipalities do not pay their contributions to the clusters, which negatively affects the execution of the projects which involve costs for the latter. According to the data of some clusters, the outstanding contributions for the period 2009-2014 amounted to 33,38 MMAD.

Concerning the material and human resources, they were addressed neither in the decisions of approval of the creation of clusters nor during deliberations of member municipalities. In addition, the clusters do not have administrative structures, with an organization and distribution of responsibilities as well as coordination mechanisms that would guarantee their good performance. These clusters also do not have sufficient human resources in terms of manpower and profiles to carry out their administrative and technical missions. Another inadequacy is the lack of interest in continuous training.

In view of the scarce own resources, the measures taken by the clusters to mobilize external assistance are limited to deliberations aiming at requesting assistance from some organizations (State Secretariat in Charge of Water and the Environment, Ministry of Interior and provincial councils to which these clusters are affiliated). Also, it was noted as some agreements concluded with other public agencies were not implemented. A case in point is the partnership agreement with the National Institute of Medicinal and Aromatic Plants, concluded by “Al Khayr” Cluster, affiliated to “Taounate” Province as well as the agreement concluded between “Al Chajara” Cluster, affiliated to “Taza” Province, the Ministry of Agriculture and the Agency for the Promotion and Economic and Social Development of Northern Provinces.

- **Performance of missions and achievement of objectives**

The councils in charge of the management of municipality clusters did not manage to design a strategic vision. Also, some clusters did not achieve their objectives in spite of the considerable period that has elapsed since their inception. Hence, some projects did not see the light of day 17 years after the creation of the clusters concerned. The latter could not meet the requirements to operate properly, especially the mobilization of the necessary financial and material resources and the adoption of a budget conducive to meeting their objective.

For example, the clusters of “Al Tadamoune wa Al Bayaa”, affiliated to “Driouch” Province, and “Al Bayaa Assalima”, affiliated to “Guercif” Province, did not succeed in completing and operating the waste disposal site more than four years after the decision creating the first and three years after creating the second. Similarly, the clusters of “Al Taazour”, affiliated to “Taounate” Province, and “Guersif Al Akhdar”, affiliated to “Guercif” Province, did not succeed in achieving their goals respectively related to the establishment and operation of a modern slaughterhouse and a provincial seedbed, although such clusters had been created 17 and five years ago respectively.

As for the launched projects, it was noted in some cases that there was no added-value of co-operation in the cluster mode in relation to the work of individual municipalities. For example, “Al Ghayt” Cluster, affiliated to “Taounate” Province, contents itself with the acquisition of trucks for the transport of water and its delivery to member municipalities, which are required to assign a driver for this operation. In addition, several clusters did not implement some projects that they had planned.

- **Constraints hindering this mode of co-operation**

The major constraints which hinder this mode of co-operation relate to the absence of harmony between the purpose of the cluster and the financial resources available. Most municipalities’ own financial resources do not enable them to honor their commitments. The operating expenses represent a big part of the total expenditure of some clusters, reaching 76% in some cases.

It was also noticed that the municipalities affiliated to the clusters did not assimilate the scope and objectives of this mode of co-operation so that they could measure their potentials in terms of execution.

B. Autonomous Office for the Distribution of Water and Electricity of Oujda (RADEEO[23])

The observations relate to the application of tax calculation formulas and the contributions provided under the Specifications as well as the assessment of taxes and the contributions relating to infrastructure works of subdivisions with regard to drinking-water and sewerage networks.

- **Application of tax calculation formulas and the contributions stipulated under the Specifications**

The Specifications stipulate tax calculation formulas and contributions such as "contribution to the first establishment of water", "contribution to the extension of the water distribution network" and "contribution to infrastructures". However, the application of these formulas witnessed the following dysfunctions:

- Resort to simplified formulas not provided under the Specifications, due to the failure to update some indicators, referential coefficients and the formulas retained for invoicing taxes and contributions.

- Substitution of the calculation formula of the "contribution to the extension of the water distribution network" provided under the Specifications by a new formula because of problems related to the calculation of the indexing coefficient.

- Limitation of the calculation formula of the "contribution to the first establishment of water" to the single case where the connection works for individual constructions to the water distribution network is completed by the Office, thus omitting the cases where such works are completed by the developer.

- **Assessment of taxes and contributions related to infrastructure works of subdivisions regarding drinking-water and sewerage networks**

The assessment of taxes and contributions related to the infrastructure works of subdivisions regarding drinking-water and sewerage networks comprises errors that can be seen along the following lines:

- Land plots wrongly considered in the category of "economic housing" instead of "the mixed housing", which generated upward overruns in the amounts of some invoices relating to the "contribution to sewerage networks", and downward overruns in the amounts of other invoices relating to the "contribution to water infrastructures". These overruns reached, for a sample of examined files, a total amount of 5,6 MMAD upward and 0,58 MMAD downward.

- Omission of the price adjustment of infrastructure in-situ works of the subdivisions although this revision is stipulated under the agreements concluded with developers,

[23] Régie autonome de distribution de l'eau et de l'électricité d'Oujda (RADEEO)

which generated an overbilling estimated at 1,2 MMAD for 50 subdivisions for the time and effort related to in-situ works of the sewerage network.

- Resort to different methods to determine the overall costs of works relating to the extension of sewerage networks and drinking water network, which is used as a basis for calculation of the contribution of each developer in these works. In some cases, the Office adopts real costs, in others, cost estimates or another cost determined by the application of Office prices to the quantities effectively carried out. This leads to unfairness among the developers in the calculation of their contribution to the works of extension of the networks

- Failure to complete the works of extension of the sewerage network although the Office cashed an amount of 2,2 MMAD for the contributions of the owners of the subdivisions related to such works. On the other hand, the Office completed extension works of a sewerage network at the cost of 5,45 MMAD without requiring the owners of three subdivisions to pay the related contributions estimated at 302.474,25 MAD.

- Failure to charge the costs of the extension works of the drinking water network to all the developers that would have benefited from such extension. Indeed, the Office charged the costs of each extension to the first subdivision in each zone, without this contribution being applied to the other beneficiary subdivisions, outside the procedure in force which provides that the labor costs should be distributed over the subdivisions located in the zone benefiting from the extension in proportion to the area of each subdivision in the total area.

- Calculation of “the contribution to the existing drinking water distribution network”, while invoicing to the developers the time and effort for the contribution to the existing network (in-situ works completed by the Office), which is unfounded. These overbillings reached an amount of 111.874,45 MAD (10% of the cost of the existing network) for 19 examined subdivision files.

C. Delegated management of the service of cleaning and collection of household waste

The audit related to the municipalities of “Taourirt” and “Beni drar”. In “Taourirt”, the implementation of delegated management started as of 18 July 2010. The entire amount of the services delivered during the first five years of operation reached 55,26 MMAD. However, the Municipality implemented the termination procedure and the service was operated in a direct management mode as of 8 March 2016.

In “Beni drar”, the contract came into effect on 24 May 2012, the total amount of the services delivered until the end of 2015 reached 9,67 MMAD (net of taxes and deductions).

The audit related to the preliminary works and procedure of awarding the delegated management contract, the implementation and follow-up of execution, as well as the investments and payments made in consideration of the services provided.

- **Lack of an integrated and comprehensive solution for the management of the service**

The two municipalities do not have a clear vision as to the management of the service of cleaning and collection of household waste and the like. Indeed, it was noted that there was no municipal management plan for household waste and the like such as provided under Article 16 of Law n°28.00 on the management of waste and its evacuation.

Similarly, the two municipalities do not have a controlled disposal site which meets the necessary environmental standards. Indeed, in “Taourirt” waste is transported and discharged in an uncontrolled disposal site, while the Municipality of “Beni drar” operates the disposal site belonging to the Municipality of “Oujda” but in the absence of any legal basis.

- **Failure to include in the Specifications some provisions essential for the effectiveness of delegated management**

During the drafting of the Specifications of the management contract delegated to “Taourirt”, some important provisions were omitted such as the number of agents tasked with waste collection and street sweeping, at the beginning and during the execution of the contract, which hinders the control of the performance of the delegatee’s missions within this framework. Also omitted were the clauses relating to the cashing of royalties in consideration of the services provided relating to household waste and the like, provided under Article 28 of the above-mentioned Law n°28.00. This Article stipulates the possibility, for the municipal department, to receive and manage inert waste, agricultural waste, ultimate waste and non-dangerous industrial waste, for a royalty on the services provided.

The contract also does not include provisions on returnable and takeover assets, particularly those concerning the specific accounting treatment of returnable assets. The omission of such provisions is not risk-free, especially since delegating party started the procedure of the contract termination.

- **Modification of evaluation criteria during the bid-opening session**

During the bid assessment meeting concerning the Municipality of “Taourirt”, the members of the commission introduced changes to the coefficients of rating technical files by adding other criteria. These criteria were neither justified nor communicated to the companies that had withdrawn the files of invitation to tender. By these changes, the commission of invitation to tender exceeded its scope of competence which is limited to the evaluation and ranking of bids in line with the criteria stipulated by the consultation regulation. These irregularities generated the disqualification, at the first round, of two tenderers whose financial offers turned out thereafter to be lower than that of the delegatee.

- **Inadequacies in the services provided**

Inadequacies were noted in the services provided by the two delegated companies. In “Taourirt”, according to the reports established by the unit of the follow-up of delegated management, the delegatee does not respect the program of manual sweeping appended to the Specifications which specifies the roadways and districts concerned with this operation and that should be swept daily. The visit to the sites also showed that most roadways are dirty, which was the subject of several reports drawn up by the follow-up unit, but the delegating party did not resort to the application of the penalties stipulated under the contract.

In addition, the delegatee did not cover all the sites by a sufficient number of waste containers. Indeed, the stock-taking conducted by the follow-up unit showed a variation of 503 containers compared to the number stipulated under the investment plan.

At the level of “Beni drar”, several containers are in a decayed state. In some districts not covered by the plan appended to agreement on the distribution of waste containers, the company set up a number of containers following inhabitants’ complaints. However, the Municipality did update this plan to take into account the new districts and to integrate them in the scope of the contract.

- **Inadequacies in the follow-up and control of the implementation of the contract**

In the case of “Taourirt”, the two parties did not set up a follow-up committee for the execution of the delegated management contract. However, this committee, as provided under Article 20,1 of the Specifications and Article 18 of Law n°54.05 on the delegated management of public services, should meet every six months to ensure the quality of the services provided and the respect by the delegatee of contractual commitments and to solve the areas of divergence which could emerge during the execution of works. Similarly, the delegating party did not launch any audit or external control about the execution of the contract as provided under Article 17 Law n°54.05.

Concerning the Municipality of “Beni drar”, the rules of procedure of the follow-up committee were established only more than three years after the beginning of the implementation of the delegated management contract. This committee had met only once since the beginning of the implementation of the contract. Moreover, deficiencies were noted in the achievement of the assignments of the follow-up committee; hence, the delegatee does not apply the decisions and recommendations put forth by this committee. It was also noted that such committee did not prepare a report for first semester after the beginning of implementation, while the reports drawn up thereafter remained formal. The delegatee did not apply the observations and recommendations issued.

- **Delegatee's failure to observe its commitments with regard to the material**

In the Municipality of Taourirt, and under the provisions of Articles 40 and 41 of the Specifications, the delegatee was committed to investing an amount of 17,2 MMAD for the acquisition of material, over four phases until the end of 2015. The first phase relates to the acquisition of the material belonging to the delegating party and provided to the delegatee for the amount of 2,4 MMAD; the second phase relates to acquisition of new material for the amount of 7,4 MMAD at the start of the implementation of the contract. The third and fourth phases relate respectively to acquisition of new material during the period of execution for the amount of 3.46 MMAD and the renewal of this material for the amount of 3,96 MMAD.

However, the delegatee invested only the amount of 7,68 MMAD and did not honor its commitments as regards the renewal of material provided by the delegating party within the agreed timeframes. As for the new material to provide as of the coming into effect of the delegated management contract, the delegatee invested only the amount of 4,88 MMAD out of the planned amount of 7,46 MMAD, or a variation of 2,57 MMAD.

Concerning the third phase, the delegatee did not honor its commitments as regards the investment planned for a total amount of 3,46 MMAD (net of taxes) until the end of the fifth year subsequent to the execution of the contract. The delegatee did not acquire any material; even so, the delegating party did not implement the coercive measures stipulated by the Specifications.

The delay in the acquisition of the material was also noted in the case of the Municipality of "Beni drar". This relates to an official car amounting to 120.000 MAD whose use started only on 2 January 2015, and two motor cycles amounting to 20.000 MAD one of which only was used as of 1 June 2015 instead of prior to 24 August 2012.

- **Failure to implement contractual provisions relating to price adjustment**

During the execution of the two contracts, the adjustment clauses were not implemented. In Taourirt, the municipal technicians evaluated the total arrear that should have been paid by the delegate at 5,77 MMAD (excluding increases relating to the interest on late payment). It should be noted that the delegate requested this adjustment twice, in order to implement the investment plan and renew the material stipulated under the Specifications. The delegate also took legal action in this regard.

- **Failure to apply the sanctions provided under the contract**

The delegated management contract signed by the Municipality of Taourirt stipulated sanctions in the event the delegatee fails to honor its commitments, and set the penalty amount for each infringement. However, in several cases, these penalties were not applied. Their amount reached 7,3 MMAD, resulting from the failure to acquire a set of materials and machines, delay in the acquisition of other materials as well as to present daily reports, along with other penalties resulting from the decayed state of the material and the failure to observe the schedules of waste collection.

In the case of the Municipality of “Beni drar”, it is indicated in the report drafted by the technician in charge of control at the Municipality that several commitments were not upheld by the company. However, the Municipality did not have recourse to the prerogatives available to it, particularly the application of the pecuniary penalties to drive the company to implement the terms of the agreement.

D. Management of assets and procurement of the local authority of “Jerrada”

The audit assignment of the management of the Municipality of “Jerrada” related to the two thematic lines, namely public procurement and municipal assets. The major observations noted are given below:

- **Poor completion rate of the annual forward programs**

During the period 2009-2015, the Municipality concluded 15 contracts for an entire amount of 11,87 MMAD. It was noted that the implementation rate of contracts provided under the annual forward programs was poor. Indeed, in spite of the availability of the appropriations necessary for financing the scheduled projects, the implementation rate ranged between 9% in 2011 and 30% in 2009; and no contract was concluded during 2014 and 2015.

- **Failure to submit the as-built plans of completed works**

In some contracts, the Municipality established the final account statements in the absence of the as-built plans of the works carried out. Consequently, the refund of the performance bond, or release of the banking guarantee that replaces it, took place without observing the provisions provided under the related Special Conditions as well as those provided under Article 16 of the Administrative Specifications for Works (CCAG-T) according to which the refund of retention monies and performance bond, or the release of the guarantees which replace them, is conditioned by the submission of the as-built plans of the works carried out.

- **Change of the nature of works under Contract n°07/2010 without changing its object**

The works provided under Contract n°07/2010 were modified without changing the object of the Contract. The Municipality announced the invitation to tender for the development of “Ibnou Rochd” Square, whereas the works concerned the rebuilding of a rain water drainage canal. According to the Municipality officers, these changes took place following the deteriorations that affected a rain water drainage canal near the Square. Hence, the object of the Contract and the documents presented do not reflect the reality of works completed. This change also affects the principles of transparency and competition.

- **Delay in solving the weekly market issue**

The Provincial Council of “Jerrada”, in its capacity of project owner, conducted the execution of the development works of the weekly market of “Jerrada” within the framework of urban development. The Municipality refused the acceptance of these works on the grounds that its engineering department was not involved in the follow-up of such works and that it did not receive the Specifications of this project. Other inadequacies marred several works especially those relating to the connection with public lighting and drinking-water network, and the failure to complete works relating to the shops, paving and surface course in the market square as well as the infiltration of rain water on the side of the ceiling of the eastern entry. It is because of these imperfections that the provisional acceptance could not take place.

Consequently, the operation of this weekly market and its annexed facilities shows delay, which deprives the Municipality of significant resources especially as it has been closed for six years as from the date of the start of works until the audit assignment date.

E. Municipality of “Leguetiter” (Province of Taourirt)

The audit assignment of the management of the Municipality of “Leguetiter” related to the management of some municipal services, namely “Sidi Chafi” thermal spring, town planning and the revenue office. The major observations noted are as follows:

- **Inadequacies in the lease procedure of “Sidi Chafi” thermal spring and its annexed facilities**

The local authority “Leguetiter” is characterized by its “Sidi Chafi” thermal spring which attracts a number of visitors from various regions. In view of the importance of this spring in the Municipality development, it was the subject of important planning works in 2015.

Before the Municipality made its decision on direct operation as of 8 July 2010, “Sidi Chafi” thermal spring was operated through a lease since 1990s. The procedure systematically led to selecting the same operator. This period witnessed several dysfunctions related to the application of the lease procedure. In spite of the expiry of the lease period, dated 31 December 2009, the operator continued operating the thermal spring without any legal basis and without paying the rent royalties whose total value reached an amount of 223.584,00 MAD for the 14 months of operation (from 1 May 2009 to 1 July 2010). This situation was resolved after the intervention of the police force on 8 July 2010. Since then, the thermal spring has been operated in direct management mode, which made it possible to improve revenues.

Furthermore, during the extraordinary session of 16 June 2015, the Municipal Council approved five Specifications which govern the lease and operation of municipal assets

located at the center of “Sidi Chafi”, namely the café, the thermal spring, the accommodation buildings, the parking area and the shop. These Specifications were drafted in the absence of documents of the property or the ownership of the above-mentioned services, and without an exhaustive knowledge of the various equipment and materials contained in some services or the reception capacities of each of these services in order to take them into account.

- **Problems of collecting the amount of the rent fees of the taxi transport license following the non-observance of the lease procedure**

The Municipality concluded a lease contract for the operation of the taxi transport license during the period from 8 September 2010 to 7 September 2011. This contract was concluded by amicable agreement and without respecting the invitation to tender procedure provided under the Specifications. Similarly, the administrative evaluation committee did not meet to estimate the rent value. In view of the non-observance of this procedure, the Municipality cashed the rent amount of 27.360,00 MAD for the period from 8 September 2010 to 4 June 2012, outside the accounting procedures into force.

It was also noted that in spite of the delay shown in upholding its commitments within the completion periods, particularly the late payment of 27 monthly payments, the Municipality signed a second contract with the same operator on 10 September 2010. The latter suspended the payment of rent royalties as of 30 May 2013 and the Municipality sent the operator a formal notice dated 10 March 2014, which generated arrears. It should be noted also that no new invitation to tender was launched, which deprived the Municipality of possible income estimated, on the basis of rent value agreed upon in the preceding contract at 57.750 MAD.

- **Failure to apply the tax on construction operations**

  The Municipality did not impose the tax on construction operations for the beneficiaries of the authorizations delivered between 2009 and 2015, whose number amounts to 134 authorizations. On the basis of the technical file of these construction authorizations, the covered areas reached approximately 35.461 square meters, and the amounts which were supposed to be collected by the Municipality amount to 745.280 MAD, applying the minimum thresholds of the two taxes, namely 20 MAD for construction operations and 100 MAD for development operations.

Regional Public Finance Court of the Region of Rabat-Salé-Kénitra

Within the framework of its annual program of 2015, the Regional Public Finance Court of the Region of Rabat-Salé-Kénitra conducted seven management audit assignments relating to the Autonomous Office for the Distribution of Water, Electricity and Sewerage of the Province of Kénitra (RAK[24]), as well as the delegated management of the services of cleaning and collection of household waste and the like for the Municipality of Kénitra (Maâmora area). Other management audit assignments were conducted relating to the municipalities of Ameur Seflia, Benmansour, Oum Azza, Sabbah and Ait Bouyahya Hajjama.

The observations noted in RAK relate mainly to the management of drinking water and sewerage, management of the electricity sector and commercial management. With regard to the audit of the delegated management of the services of cleaning and collection of household waste and the like for the Municipality of Kénitra (Maâmora area), the major observations relate to the contractual framework of delegated management, the execution, follow-up and control of the contract, along with the contract financial balance. Concerning the five above-mentioned municipalities, the observations noted are the management of the municipal territory and town planning, the management of municipal infrastructures and projects, the management of quarries and the management of municipal revenues and expenditure.

A. Autonomous Office for the Distribution of Water, Electricity and Sewerage of the Province of Kénitra

1. Drinking-water management

- **Operation of wells involving a pollution risk**

In spite of the imminent pollution risks to which water of some wells is exposed, RAK continues operating them in the absence of any measure likely to limit such risks. Indeed, some wells are not protected from the infiltrations of polluting discharges of some activities practiced in the vicinity. In the absence of perimeters of protection provided under Article 63 of law 10.95 on water, RAK is deprived of its right to secure its water resources against any activity or facility likely to be a source of pollution.

In addition, RAK did not carry out the constructions necessary to protect its installations of water catchments exposed to animal waste and the intrusion of birds and rodents, which constitutes a risk for the produced water quality.

[24] Régie Autonome de Distribution de l'Eau, de l'Electricité et de l'Assainissement liquide de la province de Kenitra (RAK)

- **Weak frequency of cleaning and disinfecting tanks**

RAK does not regularly conduct the cleaning and disinfection of its tanks. Indeed, in accordance with the provisions of some international standards, such as the Public Health Code in France which stipulates that the storage tanks should be cleaned at least once a year, RAK carries out the cleaning and disinfection of its tanks at a reduced frequency. A case in point is the elevated tank of 1000 m^3 of Al Wafaa Hydraulic Complex which was cleaned and disinfected in December 2015, or 5 years and 7 months after the last cleaning which had been conducted in April 2010. Also, after the last cleaning carried out in January 2011, the elevated tank of 1000 m^3 of Ouled Oujih Hydraulic Complex was not cleaned and disinfected again until December 2015, or after 4 years and 10 months.

- **Direct injection of water of some wells in the distribution network**

It was noted that the water extracted from some wells is injected directly into the distribution network without passing through the tanks, which is likely to degrade the network condition and negatively influence water quality. Indeed, the direct injection of the water of these wells in the distribution network does not allow a decantation of suspended solids and does not leave sufficient time for chlorine-water treatment before reaching the consumer.

- **Lack of a network rehabilitation program**

RAK does not establish an intervention program for the rehabilitation of the network by granting priority to the sectors that witness much leakage and the excessively outdated pipelines. Facing this situation, RAK is limited to the requests of the agents in charge of maintenance and repair operations to change the pipelines, in the absence of any pre-established program or preventive intervention.

Hence, RAK is not based on reliable data in its decision making in this regard, although it has an information system rich in data on the characteristics of the various pipelines such as nature, age, dimensions, as well as the number and type of repairs that have been conducted.

- **Delay in the intervention for the repair of leakage**

Although it has an information system dedicated to the recording and processing of the complaints arising from various sources, RAK does not intervene within reasonable timeframes for the repair of the leakage noted. The average duration of RAK's intervention for water leakage repairs reached 2 days, 11 hours and 30 minutes in 2012 as against 1 day and 6 hours in 2015. The late intervention of RAK for leakage repairs is mainly due to the lack of an effective procedure for the processing of complaints.

Hence, the delay in leakage repairs led to the loss of significant water quantities, which results in the decline of the performance of the drinking water network.

- **Inadequate management of the automation and remote management system**

RAK concluded with a telephone operator subscription contracts for GSM Data cards reserved for the automaton and remote management system. However, although the operation of this system depends on the GSM network coverage, these subscription contracts do not contain any clause ensuring a satisfactory level of remote transmission of the relevant data.

Moreover, the poor project steering and the inadequate training level from which RAK agents and executives benefited resulted in a weak control of the system both in maintenance and in operation. Consequently, the system was suspended whereas its installation cost 5.610.998,40 MAD.

2. Sewerage management

- **Lack of a program for the upgrade of network engineering structures and reinforcement of pumping stations capacities**

It was noted that RAK does not have a program for the reinforcement of the capacity of waste water pumping stations, which would keep up with the accelerated process of urbanization and population increase. Indeed, some of these stations can no longer handle the quantities of waste water, and they became discharge points quasi-permanently.

Moreover, RAK does not have a pre-established program for t preventive maintenance of the network and the engineering structures of the sewerage system. The entire set of RAK's interventions were carried out due to incidents.

- **Proliferation of the discharge points of the Merja of Fouarate**

It was noted that there are eleven (11) waste water discharge points in the Merja of Fouarat without any prior treatment. Indeed, while some discharge points are not permanent, owing to the fact that they are the consequence of the overrun of the capacities of the pumps or the breakdowns which they witness, other points were designed by RAK for waste water discharge in a permanent way.

The proliferation of the waste water discharge points without any prior treatment led to the pollution of Merja of Fouarat, the multiplication of harmful insects, the worsening of odor nuisance and groundwater pollution, which constitutes a risk for public health.

- **Inadequacies of the operations of cleaning the network and pumping stations**

The pumping stations undergo cleaning operations only once a year as a maximum, whereas they are not equipped with desanders. The weak frequency of clearing these stations results in the corrosion of their equipment and the recurrence of breakdowns, which weakens their pumping capacity and involves excessive consumption of electrical energy.

In addition, although the entire set of the basins of RAK intervention zone witness recurring overflow and clogging incidents of the network, the cleaning works relating to the sewerage network remain limited. Indeed, the clogging of the network leads to a decreased flow rate and the increase in duration in waste water retention in the network, which results in the development of gases and odor nuisances.

- **Lack of control of the discharge of industrial facilities**

Contrary to the provisions of Article 13 of the Specifications for the operation of sewerage services, and although the industrial area is characterized by smell pollution and frequent clogging of the network, RAK has never conducted the analysis of industrial waste water to check the conformity of the discharge in the network sewers to the prescribed standards.

Moreover, in spite of the overruns of the acceptable maximum values in the chemical oxygen demand (COD), biological oxygen demand (BOD) and the content of the discharge of suspended solids (SS), RAK did not take any measures to identify, among the production facilities, those whose effluents are not in conformity with the standards in force, and to apply, if required, the coercive measures provided under the Specifications. It should be noted, within this framework, that Article 21 of the technical regulation of the Specifications sewerage management stipulates the immediate suspension of the authorizations of disposal site in the event the parameters fail to conform to the acceptable maximum values.

3. Electricity distribution sector

- **Lack of alternatives in the event of scheduled long outages**

For programmed outages because of the works of extension or maintenance of the network, with reference to the thresholds fixed by the European standard EN 50160 (2010) qualifying the outages lasting over more than three minutes as long power cuts, it is noted that the duration of outages is generally long. Indeed, all programmed outages due to works having taken place between 2010 and 2014 (or 322 outages), largely exceed the three minutes threshold.

In spite of the recurrence and the scheduled long power outages, RAK does not have alternatives to ensure the continuity of power supply to customers especially low-voltage customers.

- **Failure to control the electric energy waste of transformers**

RAK does not manage to control energy loss related to transformers' condition. Indeed, in the absence of a program for the adjustment of transformers' power to adapt the load to the values prescribed by the standards in force, the stations of RAK's network witness significant electric energy loss.

It was noted, in this framework, that 51% of the transformers have a power demand less than 20% of the installed capacity, contrary to what is prescribed by the international standards in this regard.

- **Lack of an update of the network cartography**

RAK's information system does not enable it to better manage the electricity distribution network. Indeed, the computerized network cartography does not make it possible for RAK to recognize the characteristics of the various components of the network and the various interventions carried out, which makes it difficult to develop the implementation plans of the works.

In addition, the lack of a database on the characteristics of the network components does not make it possible for RAK to rely on relevant elements for decision making in the choice and the programming of investment plans.

- **Completion of works in the absence of the application of the standards required by the Special Conditions**

Although the Special Conditions of the contracts relating to works of extension, renewal and standardization of networks require the respect of some standards, it was noted that these are not provided to the team tasked with the follow-up of contracts, which does not enable them to ensure their implementation during the execution of such contracts.

- **Lack of a preset program of the maintenance of the network and meters**

The Office does not have a preset maintenance program. Maintenance operations are characterized by the prevalence of curative interventions, particularly following the winter and summer measures, on the one hand, and during the urgent management of breakdowns on the other hand.

Moreover, although low voltage constitutes the most important component of RAK electric network in terms of the number of users, equipment and power facilities, the maintenance operations are limited to a small section of the network.

In addition, RAK does not have any pre-established program for the maintenance and change of decayed meters. It conducts the maintenance of meters only during the operation of calibration following customers' complaints or during meter reading.

4. Commercial management

- **Application of different unit prices for the same services invoiced during the same year**

The unit prices applied to the services and works completed by RAK on behalf of its customers vary significantly. It was noted that data entry staff have the rights of access to modification allowing them, during the preparation of invoices, to manually enter prices which differ from those provided by the database of the commercial management system, which does not make it possible for RAK to exploit the data relating to the prices of the various facilities with a view to performing the missions entrusted to the Office while controlling the costs of various services.

- **Inadequacies in the management of the granted payment facilities**

RAK as well grants easy terms to the developers and applicants to connection works as well as the customers having difficulties in the payment of consumption invoices.

This practice generated the failure to collect the due amount of 656.069,00 MAD for works of connection to the power network, and 327.750,00 MAD for works of connection to the drinking water network, over the period 2009-2014.

- **Application of tariffs reserved for domestic-use customers to commercial-use customers**

RAK applies to commercial-use customers tariffs reserved for domestic-use customers. Indeed, it was noted that 418 subscribers with business activities benefit from electric power at the price set for domestic-use subscribers. This practice, which is not in conformity with the regulations of the Specifications, involves a shortfall corresponding to the difference between the tariff applied to commercial-use customers and the one applied to domestic-use customers.

- **Under invoicing of sewerage fees for the customers with a preferential tariff**

For the invoicing of sewerage fees for the customers with a preferential rate, RAK is limited to the consumed quantities of drinking water and does not take into account the quantities of water extracted from wells and discharged into the sewerage network, disregarding Article 7 of Section III of Tariff Conditions for the sewerage service of the Specifications for sewerage management.

B. Delegated management of the service of the collection of household waste and the like and cleaning in the Municipality of Kénitra (Maâmora area)

- **Failure to incorporate a company whose sole purpose is delegated management**

It was noted that the delegated company implemented the contract of delegated management without respecting the provisions of Article 25 of Law n°54-05 on delegated management of public services. This Article stipulates that any delegatee should be a registered company governed by Moroccan law, whose sole purpose is the management of public services as defined in the delegation contract.

Indeed, “S” Company ensures the management of several contracts of delegated management of solid waste in several cities including Kénitra by the same moral person. The accounting documents do not make it possible to have a clear picture of the delegated management given that they integrate the accounts of several contracts.

- **Failure to conclude an addendum to increase the number of sectors inside the service perimeter**

The Municipality did resort to the conclusion of an addendum to extend the number of sectors inside the service perimeter so that the collection of household waste and the like and cleaning cover the new districts.

This situation did not make it possible to better specify the obligations of the delegatee in these sectors and had a negative effect on the service quality in the absence of manual and mechanical sweeping and caused the accumulation of sand and refuse in all major streets of these areas.

- **Conclusion of service contracts with third parties by the delegatee without the approval of the delegating authority**

The delegatee ensures the collection of waste and its evacuation to the disposal site of Kénitra for other parties, on the basis of service contracts with remuneration. These contracts are concluded in the absence of the authorization of the delegating authority, violating the regulations of the Specifications.

- **Non-observance of the schedule of establishing the investment plan and failure to apply the related penalties**

The reconciliation of the investment plan with the dates of the purchase of material and the service dates, provided by the delegatee, revealed that the chronogram of the initiation of investments and the operation resources did not respect the commitments

stipulated under Article 41 of the Specifications which provided for a two-month deadline to provide the material.

The average delay reached 99 days for nineteen vehicles concerned with such reconciliation. The accumulated delays did not give rise to the application by the Municipality of late penalties of initiating investments. The amount of the penalties not applied reached 892.109,5 MAD.

- **Inadequacies of the operations of washing waste containers**

The analysis of daily reports relating to 2015 showed that the rate of washing waste containers does not allow achieving the objective set in the contract, namely one washing per month and per container.

The washing rate recorded an average of 30% during 2015 with a minimum of 3% in July, because of the use a tank-truck for washing road ways and public squares in summer. The failure to wash waste containers did not give rise to the application of the penalties fixed at 100 MAD per day per unwashed container. The full number of unwashed waste containers subjected to penalty by the delegating party does not exceed 102 waste containers over the entire period 2009-2015.

Moreover, it was noted that the tank-truck does not respect the route used by the collection truck, which does not allow the washing of containers right after they are emptied. Moreover, this operation is limited, in general, outside the waste containers and in some cases, it is accompanied by discharging leachate directly in the sewers, knowing that delegatee uses an acid detergent which can impact the environment.

- **Inadequate service in the areas lately integrated in the delegated management perimeter**

The visit on site showed the inadequate services in the areas recently integrated in the perimeter of delegated management (Addoha, Bir Rami and the extension of the districts of Hdada and Maghreb Arabi), with an excessive recourse to bins without the conditions of use of this containerization mode being met (inaccessibility, great concentration of the population). Moreover, it was observed that there were numerous black spots in these districts.

It should be noted that the failure to conclude an addendum to increase the number of the areas concerned with the service, in order to integrate the service of collection of household waste and the like and cleaning, resulted in the implementation of only the services of collection of household waste (remunerated according to tonnage).

- **Irregular meetings of the follow-up committee**

The Specifications provide for the setting up of a follow-up committee in charge of the good execution of services and the respect of contractual clauses. This committee should meet at least once every six months.

The documents provided by delegating party showed that this committee held its first meeting only in March 2013, or four years after the entry into force of the contract. The total number of meetings over all the period of the contract is four (March 2013, March 2014, March 2015, October 2015). Moreover, the powers of the committee and its operating process were not defined, by the delegating party, in the rules of procedure which fix these powers and this procedure.

- **Inadequate personnel tasked with control and poor resources and working tools**

The Municipality has five controllers that ensure the control of the services of collection as well as manual and mechanical sweeping simultaneously for twelve areas. The inadequate staff in charge of control led to some areas being insufficiently controlled (Oulad Oujih and Oulad Mbark) and others rarely controlled (Doha, Hddada, Bir rami and Maghreb Arabi).

C. Management audit of local governments

Management audit of the municipalities of Sebbah, Oum Azza, Ameur Seflia, Benmansour and Ait Bouyahya Lhajama covered several topics relating to the construction and maintenance of roads and rural tracks, projects of public fountains and town planning. The major observations noted are as follows:

- **Inadequate engineering structures and quality of completed works**

Within the framework of the execution of tracks and roads (Contracts numbers 1/2008, 3/2011 and 5/2014), the Municipality of Ameur Seflia was limited to the construction of side ditches only on some sections of the tracks. This situation led to the poor resistance of tracks and roads to rain water run-off and some of them were submerged in mud.

In the case of the Municipality of Ait Bouyahya Lhajama, the two tracks carried out within the framework of Contract 01/2014, recorded inadequacies inherent in the low height of the gabions. This generated the risk of the deterioration of tracks because of their recurring submersion in rain water.

- **Failure to determine work sites and technical specifications**

The Municipality of Oum Azza completed works of connection to the drinking water network within the framework of Contract 1/201 without the prior determination of the

work sites. The specific requirement was limited in the general terms “drinking water supply to the douars of the Municipality of Oum Azza” without specifying the actual sites of works.

In addition, the Municipality of Ait Bouyahya Lhajama carried out water points through purchase orders without the prior determination of the implementation sites, their scope, technical specifications, completion date and in the absence of guarantee conditions.

- **Lack of coordination with the National Office of Electricity and Drinking Water**

The two municipalities of Oum Azza and Ait Bouyahya Lhajama carried out construction projects of public water points without any coordination with the National Office of Electricity and Drinking Water.

This coordination should have taken place before the programming and implementation of the projects in order to obtain the data on the trajectory of the major water pipelines and determine the adequate sites for the construction of the fountains, take into account the technical constraints relating to the connection operations and ensure the conformity of water points and their equipment to the standard diagram prepared by this Office.

- **Inadequate control of town planning operations**

The number of sworn agents tasked with conducting controls remains insufficient. For example, the Municipality of Oum Azza has only one sworn agent in charge of, in addition to the execution of other tasks, noting the recorded infringements.

As for the Municipality of Benmansour, although it has two sworn agents in charge of drafting official reports relating to town planning infringements, only one agent ensures this mission in parallel with the follow-up of the projects at the level of the technical department whereas the other agent is serving in another administration.

Regional Public Finance Court of the Region of Tangier-Tétouan-Al Hoceima

In 2015, the Regional Public Finance Court of the Region of Tangier-Tétouan-Al Hoceima carried out nine (9) audit assignments relating to the accounting and financial management of the Independent Inter-municipal Water and electricity Office of Larache Province, the generated revenues of three (3) local government agencies (Tétouan, Chefchaoun and Martil), the town planning of three other local government agencies (Oued Laou, Assilah and Al Bahraouiyine), as well as the management audit of the two local government agencies of Hjar Nhal and Tizgane.

The following are the key observations of these audit assignments:

A. Accounting and financial management of the Independent Inter-municipal Office of Water and Electricity of Larache Province (RADEEL)

RADEEL is governed by the provisions of Decree No. 2.64.394 of September 29th, 1964 relating to municipal entities. Its turnover reached 351,74 MMAD in 2014. The accounting and financial management audit assignment of this agency covered the 2011-2014 fiscal years and made it possible to note the following:

- **Governance and financial information**

The major inadequacies at the level of governance include the delay noted during the nomination of the entire members of the board of directors, the low frequency of the meetings of the steering and audit committees and data inaccuracy. In addition, and contrary to what is recommended by the Moroccan Code of Good Governance in Public Corporations, charters or rules of procedure governing the work of the board of directors are missing.

- **Internal control system**

This concerns mainly the lack of a handbook of accounting procedures, the deficiency in the data processing of the accounting transactions and the non-observance of the principle of intangibility of accounting records. Moreover, the computing system of the Authority suffers from inadequacies related to the management of the rights of access, the lack of a handbook of data-processing procedures, an inter-application data processing interface and incidents registry.

- **Financial management**

The financial management of the Authority suffers from the accumulation of unrecovered debts and failure to observe the prescribed deadlines for the settlement of the balances due to suppliers, thus exposing the Authority to the risk of incurring interest on arrears. Moreover, some bank accounts were opened without the authorization of the Ministry of Economy and Finance.

- **Accounting management**

The accounting management of the Authority suffers from the absence of a system of cost accounting and the inability to justify the values of the tangible fixed assets registered in the accounts via physical inventorying. It should be pointed out that the net amount of the tangible fixed assets in 2014 rose to 531 MMAD, representing 53% of the total of the balance sheet (996 MMAD). Moreover, the Authority does not respect the accounting policy of financial specialization, particularly with regard to the pricing of “low voltage” power consumption.

Concerning the management of purchases, and on the basis of a sample of 70 purchase orders, the Authority could not justify the recourse to competition for 17

purchase orders totaling 1,46 MMAD. Also, and on the basis of another sample of 47 purchase orders, it was noted that 22 of these, in the total amount of 1,58 MMAD, reveal false accounting entries.

B. Management of the revenues of the municipalities of Tétouan, Martil and Chefchaouen

The Regional Public Finance Court carried out three audit assignments of the management of the revenues of the municipalities of Tétouan, Martil and Chefchaouen, which were subject to several grievances related to governance, the census of open urban land and the management of the revenues of municipal heritage. The following key observations have been noted:

- **Lack of a strategic vision**

The management of the generated revenues of the municipalities of Tétouan and Chefchaouen does not fall within the purview of a strategic vision. Hence, the official reports of the meetings of the two town councils show that the role of the latter is confined to budget voting, administrative accounts and the approval of the Set Specifications of some revenue-generating services. In addition, the municipal plans of development approved by the two town councils did not cover the management of the revenues.

- **Inadequate human and material resources**

There exist only nine civil servants in the urban municipality of Martil to oversee the tax base, census, liquidation and revenue collection. The municipality of Chefchaouen witnesses the same problem, as the number of its civil servants and revenue collectors declined from 46 in 2004 to 21 in 2014.

Moreover, the logistics (offices, computers and means of transport) suffer from deficiency and, accordingly, inhibit good revenue management.

- **Computer software inadequacy**

During 2012, the urban municipality of Tétouan purchased from the same supplier three computer software packages used in the management of revenues. However, there does not exist any interface between the software which could guarantee convergence, harmonization and control of the exactitude of data related to taxation follow-up. In addition, these three software programs authorize the use of the same national identity number for two different taxable people, which calls into question the reliability of the entire set of data.

- **Inadequacy in determining the tax base of open urban land**

The non-taxation of some urban land parcels in the municipalities of Tétouan and Martil led to a loss of revenue in the amount of 53,40 MMAD between 1 January 2008 and 31 December 2014.

Similarly, both municipalities did not proceed to the imposition of the debtors not having obtained the compliance certificate or the license to live within three years, as from January first of the year which follows that of obtaining the authorization to parcel out or to build. The shortfall due to this omission is evaluated to 46 MMAD as of 31 December 2014.

- **Failure to claim the residents' contributions to the infrastructure and development of public ways**

The municipality of Martil has never levied taxation as part of the residents' contributions towards installation and development of public ways. As for the municipality of Tétouan, these contributions remain contingent upon individual cases wherein residence permit have been granted to some property developers despite the high costs of operating and developing public ways in which the budget of the two municipalities is used to fund them.

- **Failure to take full account of the persons liable to pay tax on beverage outlets**

The municipality of Chefchaouen does not regularly take full account of beverage outlets. Moreover, the names of some persons authorized to operate cafés do not appear in the database of those who are liable to pay tax on the sale of beverage outlets.

- **Failure to control the use of municipal public property**

The municipality of Martil fails to monitor all year around municipal public space, which is occupied by cafés, and it does not levy tax on the use of municipal public property by movable and immovable business activities related to a trade, an industry or a profession, as in the case of glass canopies, windows, floodlights, as well as hanging merchandise displayed in front of shops.

In the same context, a billboard company authorized to use municipal public property in Martil installed in June 2013 eight new billboards without notifying, prior to that, the relevant entities in the municipality. In fact, these entities do not have the necessary data to enable them to ensure the aforementioned company's compliance with the granted authorizations, particularly in what concerns the turnover and the annual electricity consumption of these billboards.

C. Town-planning management of the municipalities of Assislah, Oued Laou and Bahraouienne

A number of observations were made regarding the management of the municipalities of Assilah, Oued Laou and Bahraouienne in terms of urban planning, administrative organization, the management of application files for building permits, the creation of residential buildings and their approval, and the execution of the duties of the administrative police force.

- **Delay in the processing of urban planning documents and their approval**

The period required for the implementation of the municipality of Oued Laou's development plan, and its modification in the case of the municipality of Assilah, starting from the study phase decree to the publication of the relevant alignment decrees thereto, exceeded four years. Moreover, the decree of alignment relating to the municipality of Al Bahraouienne's development plan has not yet been published, though the project of this plan was sent to the competent administrative authorities in 2004.

Low completion rates by the municipalities in terms of facilities and ancillaries preset in the town-planning documents in force

The concerned municipalities did not accomplish the tasks incumbent on them in terms of equipment and ancillaries although several years have elapsed since the date of approval of the equipment work of the concerned housing development. Though a period of twelve years has elapsed, in the case of the municipality of Oued Laou, and four in that of Assilah, since the adoption of each of them of its development plan, the completion rate of the equipment and the ancillaries stipulated in the town-planning documents in question, such as public ways, pedestrian passageways, public places, green areas and carparks, remains weak. Moreover, several building permits were delivered for land parcels designated for the realization of the abovementioned equipment and ancillaries.

- **Authorization of construction operations in violation of legal provisions and town-planning documents**

It emerged that some building permits were delivered without cognizance of the legal provisions and without taking into account the provisions of the town-planning documents, especially with regard to the assignments of the various zones according to their main purposes of use (maritime boundaries, strategic reserves, wadis, cemeteries, roadway systems, green areas, construction exclusion zones and reserved public-equipment zones). Additionally, the rules of land use and construction, particularly as regards the maximum surface area and the authorized number of floors were not observed.

- **Failure to submit construction authorizations to the competent administrative and technical authorities or to take their opinions into account**

Some construction projects were authorized without seeking the opinion of the competent urban agencies or in spite of their contrary opinion due to nonconformity. Also, some building permits were delivered in the absence of the approbation of civil protection, the provincial services in charge of equipment and public works or the technical departments in charge of management of the water, electricity and wastewater distribution networks and those concerned with the management of telecommunications.

- **Authorizations of illegal land parceling or construction**

Certificates authorizing the sale of or the purchase of real estate were issued although, according to the development plan in force, the land was situated in constructible zones. In fact, the municipality should not have issued such authorizations in the absence of the required legal conditions. Moreover, building permits were delivered though the land parcels intended for construction originated in illegal parceling operations.

The issuance of such administrative certificates and authorizations could obviously contribute to the proliferation of insalubrious housing and impact negatively the allotted urban style recommended in the town-planning documents in force.

- **Granting tax exemptions to property developers in the absence of the requirements**

Despite the fact that some property developers did not fulfill their obligations vis-à-vis the social housing program, whether this concerned the five-year completion deadline of these projects or the number of residential units to be built, it was noted that the municipality of Assilah did not require these promoters to pay the taxes they were no longer exempted from, such as those levied on open urban land or those on construction operations.

- **Granting of Provisional acceptance for housing developments despite the unexecuted ancillaries and equipment envisaged in the set Specifications**

Certificates of Provisional acceptance of housing developments were issued to housing developers before completing the entire ancillaries and equipment envisaged in the set specifications, or the works and modifications underscored in the recommendations of the ad hoc technical commission, such as the construction of green areas, fire hydrants and other equipment and ancillaries.

- **Granting of Provisional acceptance for the construction of a number of residential buildings without convocation of the competent commission**

The municipality of Assilah granted Provisional acceptance for the building work of a number of residential buildings without convening the competent commission as stipulated in the provisions of Article 24 of Law No. 25-90 relating to housing development, residential construction and land partitioning. The municipality did not either ensure of the respect of the conformity of the construction works to the set specifications, while confining its role in the drafting of two reports by two of the municipality's civil servants attesting the completion of work and equipment and their conformity with the urban landscape.

- **Granting of final approval for the construction of a number of residential buildings without convocation of the competent commission**

Contrary to the provisions of the abovementioned Article 27 of Law No. 25-90, the competent commission was not convened to proceed to the granting of final approval of the project and to ensure that its achievement is carried out within the codes of practice of the roadway system and the various networks of housing development.

Moreover, the municipality did not invite the concerned housing developers to repair the noted defects before a period of one year elapsed starting from the date of the drafting of the report of provisional approval.

- **Failure to undertake the necessary measures for the handing-over of the equipment and ancillaries of the housing developments to the municipal public property**

The municipalities did not activate the legal procedures in order to register the ways, carparks, public places, green spaces and gardens as municipal public property, registering them by name on the original land deed of the housing development. This situation infringed the provisions of Article 29 of the abovementioned Law.

- **Granting of residence permit in the absence of the required equipment and ancillaries and without seeking the opinion of the concerned authorities**

The municipality of Assilah granted residence permit relating to projects for the setting up of a number of residential buildings in spite of the failure to put in place the required equipment, such as the roadway system, and in the absence of the opinion of the commission which grants provisional approvals or that of all its members in accordance with the laws in force.

- **Inadequacy in the application of law-enforcement procedures to deal with town-planning infringements**

Inadequacies were noted regarding the activation of law-enforcement procedures to deal with town-planning infringements. This particularly concerned the delays of the municipal services in taking note of the perpetrated construction infringements and in the issuance of the orders to interrupt the works. Likewise, the municipalities did not report the town-planning infringements to the Wali or the governor as they were recorded, nor did they lodge a complaint with the office of the competent Crown Prosecutor with a view to launching the legal proceedings while informing the concerned Wali or governor. Also, the demolition procedure described in Article 68 of Law No. 12-90 in relation to town planning was not activated.

Regional Public Finance Court of the Region of Souss-Massa

The Regional Public Finance Court of the Region of Souss-Massa carried out, under its 2015 annual program, ten management audit assignments. They concerned the management task conferred upon the inter-municipality bus transport service of the province of Tiznit and nine other municipalities. The major observations noted during these audit assignments are as follows:

A. Delegated management of the inter-municipal bus transport service of the Province of Tiznit

The provincial council of Tiznit concluded a contract to delegate the management of the inter-municipal bus transport service to the "Lux Transports-Tiznit" company for a period of ten years. This Contract came into effect on the first of September 2014 after being approved by the Official Authority on January 6th, 2014. The contractual network is composed of sixteen (16) bus lines covering the various municipalities of the province.

- **Launching the operation right before the contract came into effect**

The Delegatee began the operation of the inter-municipal bus transport service at the level of the province of Tiznit before the delegated management Contract came into effect, and this was carried out simply by virtue of an authorization issued by the governor on September 13th, 2013. This situation represents an infringement upon the provisions of Article 6 of the delegated management Contract.

It should be noted that the commencement of the Contract is subject to two conditions: the approval of the Contract by the Official Authority and the settlement of the security deposit by the Delegatee as required by Article 42 of the Contract.

The delegated management Contract was approved by the Official Authority on January 6th, 2014. Moreover, the Delegatee surrendered the security deposit to the provincial council of Tiznit, being the Delegating Authority, on February 21st, 2014, which means that the Delegatee operated the bus service from September 13th, 2013 to February 21st, 2014 before the Contract came into effect.

- **Personal and joint-liability deposit subscription by the Delegatee for the profit of the Delegating Authority below the contractual amount**

Article 42 of the Delegated management contract imposes on the Delegatee the issuance, for the benefit of the Delegating Authority, of a guarantee which cannot be lower than 2,5% of the annual net of tax turnover amount on the basis of tax declaration.

The amount of the personal and joint-liability deposit paid out by the Delegatee to the provincial council of Tiznit is about 52.000,00 MAD. However, appendix 2 of the Contract indicates that the estimated net of tax turnover during the first year of delegated management is 20,80 MMAD, which carries the amount of the guarantee to be issued by the Delegatee to 519.975,00 MAD.

- **Payment default on operation royalty by the Delegatee for the benefit of the Delegating Authority**

In accordance with Article 39 of the delegated management Contract, the Delegatee is held to pay the Delegating Authority a yearly royalty of about 0,5% of the annual net of tax turnover. However, it was noted that the Delegatee had never settled this royalty amount since the coming into effect of the Contract on September 1st, 2014.

According to the Delegatee's accounting records, particularly the income and charges accounts, relating to 2014 and 2015, it turned out that the total amount of the royalty due to the Delegating Authority amounted to 133.042,64 MAD

- **Delegatee's failure to renew annual bank guarantee**

The Delegatee did not carry out the renewal of the bank guarantee relating to the years 2015 and 2016. For this reason, the third paragraph of Article 42 of the Contract stipulates the annual renewal of the bank guarantee thirty days prior to its expiry, and the notification of the Delegating Authority of this renewal within the same time limit.

According to the 2014 income and charges account, the achieved turnover amounted to 24.550.091,23 MAD. Consequently, the amount of the guarantee which was to be disbursed before January 21st, 2015 for the same year was around 613.752,28 MAD. This amount should likewise reach 474.412,20 MAD for the year 2016.

- **Modification of contractual bus service lines without recourse to procedures provided under the agreement of delegated management and its annexes**

The Delegatee introduced modifications into the contractual bus service lines without resorting to the procedures provided under the agreement and its annexes. The major observations noted in this respect are as follows:

- The length of line n°1 consisting of 40 km was shortened to 15 km, and that of n°13 to 10 km;

- Line n°4 was extended to the municipality of “Tioughza” in the province of “Sidi Ifni”, which increased the distance covered to 56 km instead of 25 km;

- The itinerary of line n°5 was modified to serve alternatively the municipalities of “Igherm” and “Ain Ouled Jerrar”, the latter not being envisaged in the contractual perimeter;

- Line n°7 was cancelled and integrated instead into line n°8, thus depriving the municipality of “Sidi Hmad Oumoussa” of the bus transport service;

- The itinerary of line n°9 was modified to serve the municipality of “Sidi Abdeljabbar”, which was not envisaged in the contractual perimeter;

- Line n°20 was created to integrate lines n°10 and n°11, and the number of buses to equip these two (2) lines was reduced from ten (10) to four (4);

- Line n°12 was cancelled;

- Line n°17 was created to serve the municipality of “Massa” in the province of Chtouka-Ait Baha, thus exceeding the contractual perimeter;

- Lines n°18 and n°19 were created to serve the province of Sidi Ifni, which was not envisaged in the contractual perimeter.

- **Failure to observe the applicable contractual fares in some lines**

Being limited to the only lines whose itineraries did not undergo modifications, as in the cases of lines n°2, 6 and 8, it was noted that the Delegatee did not respect the contractual fares related thereto. In fact, it was observed that:

- The Delegatee did not apply the minimum fare fixed at three (3) and four (4) MAD for the three lines;

- The maximum fare applied in the case of line n°2 connecting the municipalities of "Tiznit" and "Rasmouka" was re-examined and raised to six (6) MAD instead of the contractual fare fixed at five (5) MAD;

- Likewise, the fare applied in line n°8 connecting "Tiznit" to "Tighmi" increased to twelve (12) MAD, compared to the contractual fare fixed at ten (10) MAD.

➢ **Determining the fares on new lines by the delegate without referring to the Delegating Authority**

The Delegatee determined fares for the newly created lines n°17, 18, 19 and 20 without seeking the approval of the Delegating Authority, and this is contrary to Article 36 of the agreement which states that the new fares could only be applied after obtaining the agreement of the Delegating Authority and the approval of the Official Authority.

➢ **Failure to insure the bus fleet and the related installations against fire hazards**

By consulting the insurance policy against fire hazards subscribed to between October 17th, 2015 and October 16th, 2016, it was revealed that only the administrative building and its contents were covered for a global value not exceeding 300.000,00 MAD against a net annual premium of 472,00 MAD.

However, it should be noted that, in accordance with Article 34 of the Contract, the Delegatee must insure the bus fleet against fire hazards, and the policy should equally cover the related installations, such as depots, garages, buildings and the repair and maintenance workshops. The installations and the equipment of the provincial transport network might be exposed to fire hazards and similar risks; consequently, they should have been insured against these risks.

➢ **Completion rate of contractual investment plan**

The Delegatee committed to carry out, for the designated ten-year (10) period of delegated management, an investment program extended over two quinquennial periods. Its total value of 47,7 MMAD includes 39,5 MMAD intended for the acquisition of buses, 6,7 MMAD for infrastructure, 01 MMAD for operation means and other than the fleet, and 0,5 MMAD for installations and any other equipment. The total amount of the investment envisaged for the first quinquennial period is around 46,7 MMAD.

➢ **Contractual fleet**

- **Conclusion of leasing contracts for the acquisition of the bus fleet by the parent company instead of the Delegatee**

The company, which was created under the terms of Article 25 of Law No. 54-05 to be delegated the management of the inter-municipal bus transport service in the province of Tiznit, did not directly conclude the leasing contracts relating to the financing of the

acquisition of the bus fleet. The contracts in question were concluded by the parent company.

This situation is contrary to the provisions of appendix 2 of the Delegated management contract which stipulates that the Delegatee finance the acquisition of the bus fleet using the leasing formula. This will not likely make it possible for the Delegating Authority to take possession of the bus fleet park at the end of the Contract, since the fleet is not the Delegatee's property.

- **Bearing the costs by the delegatee of a monthly lease different from the contractual one**

Delegatee concluded on January 2nd, 2014, with the parent company, a leasing agreement for buses held by the latter under the terms of the abovementioned leasing contracts. The monthly rent was fixed at 20.000 MAD for each bus. However, it was noted that the rent amount paid out to the parent company rose to 30.000 MAD.

- **Infrastructure and network equipment**
- **Bus shelter equipment defects at the bus stops defined by the municipal Road Traffic Decree**

Article 3 of the municipal decree regulating road traffic in the town of Tiznit designated 22 stops to be equipped with bus shelters. However, the onsite inspection showed that the number of bus shelters the Delegatee equipped, in conformity with that decree, did not exceed twelve (12) or a rate of 54,55%.

- **Delegatee's failure to build a bus depot in conformity with prescribed standards and professional practices**

In accordance with the forward investment program, the Delegatee committed to allocate funds to the tune of 1,50 MMAD for the acquisition of a plot intended for the construction of depots and garages for the bus fleet, as well as buildings and repair and maintenance workshops. According to Article 10 of the delegated management Agreement, these constitute returnable assets which must return to the Delegating Authority at the end of the delegated management Contract.

The delegate, however, did not proceed to acquire the said plot. The buses were parked in a depot that was put at their disposal courtesy of an individual, but which did not respect the prescribed standards and professional practices in force.

- **Inadequacy in the implementation of the monitoring assignment for the execution of the delegated management Contract assigned to the Delegating Authority**

Inadequacies were noted in the follow-up implementation process of the delegated management Contract on the part of the Delegating Authority. The major observations noted in this regard can be outlined as follows:

- Deficiency in the conclusion of agreements with the local government agencies concerned with the provinces which are served by the newly created bus lines;
- Lack of an up-to-date statement issued by the Delegating Authority on actually operated lines, which points out to the deficiency in the effective follow-up implementation process of the transport service in the contractual perimeter;
- Lack of evaluation by the Delegating Authority of the implementation conditions of the transport service in order to determine the reasons having led to the significant modifications in the contractual lines and which could affect public service quality;
- Absence of any measure by the Delegating Authority to reinstate the school transport service, despite the importance of this service and the multiple complaints submitted to their offices;
- Lack of an inventory of the entire assets operated by the Delegating Authority within the framework of the delegated management contract, comprising in particular returnable and receivable assets.

➢ **Failure to set up the implementation follow-up committee of the delegated management Contract**

In order to ensure an effective implementation follow-up of the delegated management Contract, Article 47 provides for the constitution of a follow-up committee consisting of members representing the Delegating Authority, the Delegatee and the Official Authority. This committee particularly aims to:

- Give its opinion and to put forward recommendations and orientations on the inherent aspects of the examination of procurement opportunities, contracts and agreements to be entered into, directly or indirectly, with the Delegatee's shareholders or their subsidiary companies or participations, and the examination of agreements and contracts object of ancillary services;

- Decide on several aspects such as the flow diagram of lines, any matter appertaining to tariffing, the extension or layout of the bus service network and the creation of new lines inside the perimeter.

However, it was noted that the Delegating Authority did not establish this committee yet, which does not make it possible to examine some issues, particularly the decisions taken unilaterally by the Delegatee to modify the contractual lines.

➢ **Failure to determine the tasks of the permanent monitoring service**

Under the terms of Article 46 of the agreement of delegated management and the governor's Decree No. 88 dated October 2nd, 2014, a permanent monitoring service

for the execution of the delegated management contract of the transport service in the province of Tiznite was created. The entity in charge of this service was designated by decree of the Minister of Interior on April 9th, 2015. However, the Delegating Authority did not establish the rules of procedure for this service in order to determine its powers. This situation is contrary to the provisions of the referred to Article 46 and the second paragraph of Article 18 of Law No. 54-05 relating to the delegated management of public services.

B. Management of municipal projects

- **Provisional acceptance of works by the municipality of Imi Mquourn in spite of the discordance between as-built drawings and effectively executed works**

The control of the works completed in the framework of project 04/2012 relating to the construction of municipal roadways in the municipality of Imi mquourn over a 5,761 km length, and the comparison between the as-built drawings and the effectively carried out works showed that the length of the roadway leading to douar “Ait moussa” is lower by 150 m than the length envisaged in the project and stated in the as-built drawings in comparison with what was effectively been carried out.

- **Inadequate management of the Argan Cooperative Project in the municipality of Bigoudine**

The female cooperative project for the extraction of argan oil encountered several obstacles. In fact, the project started up with the construction of the headquarters of the cooperative in douar “Tassademt” in 2010 at a cost of 109.968,00 MAD financed within the framework of the special account “Human Development Local Initiative”. At the beginning, the municipality concluded an agreement with “M” Cooperative to launch the project.

However, the difficulties encountered during the constitution of “M” Cooperative led to its substitution by “R” Cooperative. In 2014, the equipment necessary for the extraction of argan oil was acquired within the framework of project 06/2013 for the amount of 153.840,00 MAD. Then, an argan nutcracker was acquired for 72.000,00 MAD. All this equipment was placed at the disposal of the abovementioned cooperative. However, all this investment ended up being unused because of the difficulties encountered by the female members to reach the headquarters of the cooperative located at 6 Km from douar “Tinbezzit” where they reside; and, consequently, the headquarters remained unexploited since their construction.

- **Failure of the municipality of Belfaa to apply the procedure envisaged in the case of abnormally low tenders**

The comparison between the prices suggested by the holder of project 01/2011 and those listed in the cost estimate made by the contracting authority revealed that eight (8) price offers were abnormally low compared to the estimated prices, with differences ranging from 33% to 80%.

In spite of this wide difference, the tender opening commission did not ask the tenderer to justify the abnormally low prices, which is contrary to the provisions of Article 40 of Decree No. 2.06.388 relating to public tenders.

- **Payment by the municipality of Arazane of costs relating to work projects beyond prescribed time limits**

The municipality of Arazane emitted payment orders to settle the costs of tender projects which exceeded by 75 days the prescribed time limit provided under Decree No. 2.03.703 relating to the terms of payment and default interest. It was also observed that several payment orders concerning previous statements were settled beyond the prescribed time of 90 days from the date of the rendered service, which is in contradiction with the first Article of the abovementioned decree No. 2.03.703.

As an example, the payment order of statement n°4 relating to project No. 03/2013 was issued on October 27th, 2015, while the certification of the rendered service took place on December 16th, 2013. The same observation relates to projects No .07/2013 and 02/2014 for which payment orders were issued on December 16th, 2015 and July 21st, 2015, whereas the related statements were established on December 30th, 2014 and October 3rd, 2014, respectively.

- **Failure to observe the contractual provisions relating to the water tank built within the framework of project 02/INDH/2008**

Under the terms of the 2nd chapter of the Special Conditions on technical work description, the contractor is required to carry out tank and network pressure tests, and to sterilize the pipelines and the tank according to the conditions envisaged in the project. However, it was noted that the official records attesting the execution of these operations according to the standards prescribed by the municipal specifications applied to the pipelines of drinking water supply were lacking. All these operations should be set out in official records which document all the relevant information, including the outcomes of the tests and the decisions taken as a result. These official records should be signed by the administration and the contractor.

With regards to the sterilization of the pipelines and the tank, no reference was made in the Special Conditions to the standards and technical requirements which should be observed under the terms of the municipal specifications referred to above, such as the duration of the sterilization, the standards of concentration to be respected and the

test of the effectiveness of the sterilization process through the biological inspection of samples.

C. Management of municipal resources

- **Failure of the municipality of Anzi to collect tax on open urban land**

In 2007, the municipality of Anzi was set up in a delimited center under the terms of Decree No. 2.07-1169 delimiting the urban perimeter of the center of Anzi. This enabled it to collect tax on open land in accordance with Article 39 of Law No. 47-06 relating to the taxation system of local government agencies at the rate fixed in the first Article of the tax Decree No. 01/2008 of June 10th, 2008. However the municipality did not recover this tax under the pretext of the expiry of the validity period of the development plan of the municipality on February 1st, 1993. It did not either carry out the annual census of the land parcels subject to this tax, which is contrary to Article 49 of the abovementioned Law No. 47-06.

- **Failure of the municipality "Nihit" to collect tax on construction projects**

Following the onsite visit, it was noted that construction projects were set up on the regional roadsides n°109 and the provincial roads n°1716 crossing the municipality of Nihit without obtaining the required construction preauthorization and without paying the relevant tax. This represents an infringement upon the regulations of Article 40 of Law No. 12-90 relating to town planning and Article 20 of Law No. 47-06 relating to the local tax system, since these construction projects were carried out on land situated less than one kilometer from the two classified roads referred to above.

- **Tax assessment error on construction projects**

Contrary to the provisions of Article 53 of Law No. 47-06 relating to the taxation system of local government agencies, the municipality of Adar carried out a tax assessment on the basis of the surface of the plot object of the construction authorization without taking into account the upper floors and without subtracting from the acreage the uncovered areas such as the staircases and the patio. This error in the tax assessment generated financial losses for the municipality.

As an example, three construction authorizations were issued in 2004 against only 7.600,00 MAD instead of the amount of 11.240,00 MAD which should have been paid, thus depriving the municipality's funds of 3.640,00 MAD.

D. Management of municipal assets

- **Failure to revise real estate rent value in the municipality of Bigoudine**

The municipality of Bigoudine has been renting since September 17th, 1999 the terrace of its headquarters, consisting of a surface area of 48 m2, to a telecommunications company for the establishment of mobile telephony equipment for 5.000,00 MAD. However, the municipality has never revised the rent in question despite the long period that has elapsed since the conclusion of the leasing agreement.

- **Renewal of lease contracts with some tenants of municipal property who defaulted on rent**

The president of the municipality of Arbiaa Ait Ahmed proceeded to the renewal of lease contracts of municipal residences for the benefit of civil servants who reside in them but without requiring the latter to settle the rent dues under the terms of the old lease contracts. This situation resulted in an increase in outstanding dues reaching 16.950,00 MAD by March 31st, 2016.

- **Failure of the municipality of Belfaa to activate the expropriation procedure for public utility**

The town council of Belfaâ proceeded to the construction of a slaughterhouse and its annexes on land belonging to a private entity without acquiring it either through an amicable agreement or expropriation due to public utility in accordance with Law No. 7-81 relating to expropriation due to utility public, which was deemed by the court as an irrefutable fact requiring the compensation of the prejudiced complainant. This compensation cost the municipality 446.400,00 MAD, which it settled by payment order n°115 of April 2nd, 2013.

Moreover, in spite of the payment of this compensation, the municipality of Belfaa could not secure the transfer of the property because the transfer request was denied by the Administrative Court of Agadir. This decision was justified by the fact that even if the municipality had not paid the amount it owed in compensation for the assault case, this did not grant it the right to appropriate the land as long as it did not launch the expropriation procedure; and, consequently, by overriding the expropriation procedure, in accordance with the provisions of Law No. 7-81, the municipality incurred additional financial costs.

- **Inadequacies in the operation of municipal public property**

The municipality of Adar owns 94 commercial premises and eight (8) stands spread over the two weekly markets of “Tnine adar” and “Jemâat ouzoune”. The inspection of the files of these premises and the related decisions of temporary occupancy made it possible to note the following observations:

- The commercial premises were rented on the basis of lease contracts, whereas this concerns public property located in the enclosure of weekly markets, which by virtue of being so falls within the scope of public property;

- The temporary occupancy decisions go back to 1996 and 1998, and in spite of the expiry of the period of temporary occupancy fixed in 6 years, the municipality did not proceed to renew them and increase the royalty of temporary occupancy. It should be recalled that Article 7 of the Royal Decree dated December 24th, 1918 relating to the temporary occupancy of public property laid down the possibility of stipulating in the decision of temporary occupancy of public property a review of the occupancy royalty at the end of a period to be determined in the occupancy decisions but which should not exceed five years;

- The onsite audit assignment made it possible to note that some occupants of the buildings located at the two weekly markets falling within the jurisdiction of the municipality had built floors on these premises, which constitutes a violation of the stipulations of the Set Specifications and the decisions regarding temporary occupancy which require respect of the standard plan established by the municipality. No measure was taken by the municipality against the contraveners.

E. Town planning and land development

- **Failure to renew the town planning document**

The development plan of the rural agglomerations, which constitutes the document of town planning in force at the level of the municipality of Anezi, expired on February 1st, 1993. Though a period of twenty years has elapsed since the expiration date, the municipality did not proceed to the renewal of this document.

- **Use of land development authorizations for new construction projects**

During the period 2011-2015, the municipality of Imi Mkourne issued 144 land development authorizations without the competent services proceeding to an onsite inspection to ensure the executed works were in conformity with those specified in the authorization.

The visit to the site made it possible to note that several authorizations issued for the construction of acroteria, against a flat fee of one hundred (100) MAD as tax on land development, actually concerned the construction of new houses which required a construction authorization, in addition to the payment of the outstanding tax amounts on construction projects.

F. Management of the municipal slaughterhouse of Imi Mkourne

The visit made to the slaughterhouse of the municipality of Imi Mkourne located at the market of “Tlat Idaoumoumne” made it possible to note the following observations:

- **Lack of the conditions of hygiene in the slaughterhouse**

The onsite visit showed that this slaughterhouse is composed of a room equipped with roofing sheets and metallic doors in the form of rusted grids. The lack of hygiene was manifest. The slaughtering residues and waste were hurriedly disposed of in a dry well in the proximity of the slaughterhouse, thus resulting in all kinds of pollution (waste, wastewater, etc.). This situation puts in danger the immediate surroundings and the inhabitants’ health.

The operation of this slaughterhouse is in infringement of the provisions of Decree No. 2.10.437 of September 6th, 2011 appertaining to the application of some provisions of Law No. 28-07 relating to food safety regulations, particularly the provisions of the second and third titles concerning hygiene-based approval and the conditions securing the quality and assurance of the healthiness of primary commodities, foodstuff and animal feed, respectively.

- **Lack of connection to electricity and drinking water networks in the slaughterhouse**

The municipality did not proceed to connect the slaughterhouse to the power and drinking water networks. The slaughterhouse is supplied with one water tank on the day of the weekly market in the absence of hygienic standards. Similarly, there is no cold storage room in the slaughterhouse because of the lack of connection to the network of electricity.

- **Lack of veterinary inspection**

According to the declarations of the director of municipal services and the revenue officer, slaughtering and meat processing are not subject to any veterinary inspection, which represents a danger to the consumers.

It should be stressed that no health certificates are issued by veterinary services and relayed to municipal services, as stipulated by the first Article of the joint decree of the Minister of Interior and the Ministry of Agriculture and Fisheries No. 3466-12 of December 4th, 2012 laying down the conditions of displaying and selling meat emanating from slaughterhouses. Hence, the failure to subject livestock before they are slaughtered and their meat to sanitary inspection constitutes an infringement of the provisions of the first Article of Decree No. 1.75.291 of October 8th, 1977 enacting measures relating to sanitary and quality inspection of livestock and animal foodstuff or its derivatives, as well as the provisions of Articles 1 and 2 of Decree ° 2.98.617 of January 17th, 1999 appertaining to the application of the abovementioned decree.

The supporting documents of the slaughterhouse revenue showed that the number of livestock heads brought in for slaughtering without any prior sanitary inspection, reached 1283 in 2014 alone.

G. Management of drinking water services in the municipality of Imi Mkourne

The drinking water distribution service is part of the vital services for the population, and constitutes an important source of revenue for the municipal budget. The revenue generated from the operation of this service actually reached 2.223.118, 87 MAD over the period 2011-2015.

The management of this service is entrusted to the ONEE “water sector” covering a network of 18 douars. While in the case of the center of Imi Imoukrne and douar “Bolamn” the municipality manages this service through direct control, for the other douars, the municipality signed contracts with local associations against the payment of operation royalties to the municipality calculated on the basis of consumption in pursuance of the rate fixed in the tax decree.

The water networks managed by the municipality and the associations are supplied from two municipal wells and water is pumped onto tanks spread over the territory of the municipality before being distributed among the different beneficiary douars.

Some observations have been noted regarding the management of this service:

- **Failure to set up a system to monitor the quantity of consumed water**

The municipality does not have any means to determine the quantities actually consumed at the level of the networks managed by the associations. The municipality did not in fact proceed to the installation of meters to measure the water quantities actually consumed by the associations to determine the applicable royalties. The municipality did not have an updated database for subscriptions to various networks. Moreover, the associations do not submit subscription and cancellation applications for prior approval by the municipality, which is contrary to the provisions of the agreements signed by the municipality and the associations.

It was noted that some subscribers to the service proceeded unilaterally to change the meters without prior notification of the municipal services or the officers of the managing associations, which further complicates the process of controlling the consumed quantities.

Consequently, the municipality is incapable of determining the water quantities actually consumed by the users and those declared by the associations. What makes it difficult to determine the exact revenue generated as a result of the operation of this service.

- **Absence of subscription contract for some beneficiaries of the water distribution service**

The municipality does not recover the royalties related to the consumption of water by some users although the latter are not given any payment exemption. The municipality did not proceed to the determination of the water quantity consumed by the abovementioned, which represents an inadequacy in the control of the tax base of this royalty.

These revenues indirectly help cover the expenditure relating to the management and maintenance of the network and its maintenance, which should in theory be equitably supported by all the users. This is why the failure to recover this royalty from all the users and to impose penalties and surcharges for payment delays, if necessary, jeopardize the principle of equity vis-à-vis public charges and is likely to undermine public service.

- **Lack of follow-up on the infrastructure status of the water distribution network managed by the associations**

The examination of the agreements concluded with the associations in charge of the management of the water service made it possible to observe that the latter are not required to communicate the plans of the various components of the water distribution network of the douars. In the absence of these plans, the municipality will encounter difficulties to ensure the continuity of this service in the event its agreements with the associations are cancelled.

- **Accumulation of outstanding fees incurred by the service beneficiaries for the connection to the drinking water network**

It was noted that the municipality does not levy penalties for royalty payment defaults or delays on the part of recalcitrant subscribers in accordance with the stipulations of the subscriptions contracts and the agreements signed with associations. Consequently, the outstanding amount to be recovered for the year 2015 reached 41.891,20 MAD.

H. Management of the agreement for the generalization of access to drinking water in the Douars of Anfid falling within the jurisdiction of the municipality of Nihit

- **Failure to consider the provisions which may potentially lead to the implementation of the agreement**

The municipality of Nihit concluded on December 4th, 2012 an agreement with the ONEE (National Office of Electricity and Drinking Water) and the association “I.M.M.S.C” related to the generalization of access to drinking water of seven Douars

in the area of Anfid within the framework of the program PAGER. The Agreement designated the financial obligations of each part as follows:

- The participation of the ONEE amounts to 2.683.200,00 MAD, or 80% of the total amount of the Agreement;
- The participation of the municipality of Nihit amounts to 1.396.293,00 MAD, or 15% of the total amount of the Agreement;
- The participation of the association "I.M.M.S.C" amounts to 167.700,00 MAD, or 5% of the amount of installing the network to provide households with drinking water.

Pursuant to its obligations, and in addition to two pumping and draining stations for the pressurization and the distribution of water, the ONEE built two water tanks. The municipality, in its turn, paid out the amount of 1.396.293,00 MAD to fulfil its conventional obligations. However, the association did not honor its commitments which consist in carrying out the individual connections of the households, thus causing the termination of the project.

Within the framework of its responsibility to provide drinking water as a local public service, as stipulated in the terms of Article 13 of Organic Law No. 113-14, the municipality should have taken the necessary measures to carry out this project and ensure the development objectives assigned to it were met, especially after having made a financial commitment which is considerable in comparison with its annual financial resources.

Regional Public Finance Court of the Region of Laâyoune-Sakia El Hamra

Within the framework of its 2015 annual program, the Regional Public Finance Court of the Region of Laâyoune-Sakia El Hamra carried out four audit assignments of the delegated management of the collection of domestic and similar waste and cleaning in the municipality of Laâyoune and three local government agencies.

A. Delegated management of cleaning services in the city of Laâyoune

- **Lack of a municipal management plan of domestic and similar waste**

The municipality of Laâyoune did not set up a municipal plan for the management of domestic and similar waste as envisaged in Articles 16 and 17 of Law No. 28-00 relating to the management and removal of waste.

- **Failure to assess the cost of the management of the cleaning service**

The municipality of Laâyoune did not assess the cost of cleaning services before signing the delegated management contract. This estimation would have made it possible for the municipality to better control and negotiate the offers submitted by the competing companies.

- **Failure to justify the low financial bid of the beneficiary company of the delegated management contract**

The attribution of the delegated management contract was subject to competition among three companies which submitted bids amounting to 14,55 MMAD, 23,27 MMAD and 30,07 MMAD, respectively.

The adjudication of the financial tenders of these three companies revealed that the offer of the first company was lower by 38% than that of the second and 52% than that of the third company. This variation was not taken into consideration by the tenders committee, and the company was not invited to justify its offer and its reliability was not ascertained, nor were the technical and financial commissions, as envisaged in Article 18 of the Agreement, designated.

- **Failure to observe the provisions regulating VAT**

The Agreement provided that VAT is calculated after the writing-off of the residual value of the municipal material ceded to the Delegatee, which is likely to reduce the amount of the turnover achieved by the Delegatee and, consequently, reduce the VAT amount. This calculation mode contravenes the provisions of Article 96 of the General Tax Code.

- **Failure to establish a delegated management company in Laâyoune**

The Delegatee did not proceed to the creation of a company whose sole purpose is to manage waste collection and cleaning services in the city of Laâyoune, as defined in the provisions of the delegated management contract. It limited its management services through the parent company headquartered in Rabat, which contravenes Article 25 of Law 54-05 relating to delegated management.

The failure to create a company devoted to delegated management negatively impacted several aspects of delegated management, particularly:

- The inability of the municipality to control the human and material resources placed at the disposal of the service, since the service owner does not enjoy legal personality status;

- The delay in decision-making relating to service management, since the main decisions are taken at the headquarters in Rabat, as is the case of purchasing the spare parts of vehicles, which causes delays in their repair and, consequently, in the normal functioning of the service.

- **Failure to achieve part of the planned investments**

The Delegatee committed to bring 17 vehicles and 8 motorbikes for an amount of 7,50 MMAD. However, the onsite visit revealed that the company did not honor its commitments since it brought only three packer trucks, a truck for major works, an official car and a motor bicycle.

It should be noted that the unachieved investment amount reached 1,66 MMAD, or the equivalent of 22% of the amount intended for vehicles and machinery. However, the municipality did not proceed to impose penalties as provided in Article 60 of the Agreement which requires the Delegatee to honor his commitments.

- **Failure to address the problem of black spots**

In accordance with Article 25 of the Agreement, the Delegatee is required to eliminate black spots and dumpsites and to create a special taskforce in charge of collecting waste and cleaning public places and wasteland.

However, the onsite visit revealed the existence of several black spots because of the lack of waste containers or their deterioration, in addition to the existence of waste containers' collection points with an insufficient capacity, which gives rise to dumpsites.

- **Failure to fulfill commitments relating to manual sweeping**

The failure to carry out the service of manual sweeping on several sites (roadways, places and markets) was the object of several letters of warning addressed to the Delegatee on the basis of the reports made by the municipality's cleaning services. In fact, more than 30 reports were made between 2013 and 2015 to emphasize the failure to fulfill contractual commitments relating to manual sweeping. The Delegatee, nonetheless, did not proceed to levy penalties as provided in the delegated management contract.

- **Issuance of technical reports that do not respect the contractual provisions**

The annual technical reports issued by the Delegatee do not comprise the entire set of elements provided in Article 31 of the Agreement. As an example of the list of swept roadways, these concern the quantities of collected waste, the number of installed containers and dustbins, renewed and deteriorated, the major operations carried out (public awareness campaigns, unscheduled emergency operations, etc.), as well as the encountered technical problems.

In spite of these inadequacies, the Delegating authority never required the Delegatee to comply with the requirements of the Agreement with regards to the drawing up of these reports.

- **Invocation of inadequate reasons for the conclusion of a supplementary agreement**

The conclusion of the supplementary agreement n°1 was based on the increase in the quantity of domestic and similar waste by 40% compared to the initial forecasts. However, according to the accounting records, (attachments and calculations), it proves that the actually collected quantities during the 2nd and 3rd years of operation exceeded by less than 16% those laid down in the Agreement.

Similarly, the districts concerned with the supplementary agreement (Moulay Rachid, Alwakala, 25 mars and wifaq) existed before the launching of the invitation to tender and their servicing is provided in the plans annexed to the Agreement concluded in November 2012, stipulating the installation of waste containers, the assignment of the type of waste collection vehicles, the designation of the collection itinerary, mechanical sweeping, etc.

In the same context, the supplementary agreement provided the reinforcement of mechanical sweeping through the acquisition of an additional mechanical sweeper. However, it was noted that the service of mechanical sweeping did not satisfy the requirements of the technical offer. In fact, the frequency relates to only one roadway among the ten objects of this service.

- **Inconsistency of the financial package of the supplementary agreement**

The cost of domestic waste collection increased from 216 to 241 MAD per ton and the daily flat charge for the cleaning service rose from 11.727 to 13.537 MAD. Thus, the total amount of the contract increased from 14,55 to 21,55 MMAD, or a rate of 48%.

These additional costs cover the reinforcement of the human and material resources (2,50 MMAD), the increase planned in the collected annual tonnage (4,06 MMAD) and the levying of VAT (432.000, 00 MAD). It thus proves that the financial package of the supplementary agreement includes charges which were foreseeable during the conclusion of the first contract, as is the case in the increase in the quantity of collected waste. Moreover, the cost of reinforcement of the human and material resources comprises all the costs generated as a result of the increase planned in the quantities of collected waste and the widening of the sweeping perimeter.

B. Planning and administrative organization of local government agencies

- **Inadequacy in the execution of the municipal development plan (2011-2016)**

The noted inadequacies can be summarized as follows:

- Delay in the preparation of the municipal development plan;

- Projects exceeding the capacities of the municipality in the absence of partnership agreements for their funding;
- Inadequacy in the identification of the needs, capacities and funding sources;
- Relinquishment of a number of projects for financial reasons.

➢ **Failure to take prior measures relating to the preparation of the municipal action plan (2016-2021)**

The audited municipalities did not undertake the preliminary steps to prepare their action plans under the terms of Article 78 of Organic Law No. 113-14 relating to municipalities, which envisaged the first year following the election of the town council as a maximum deadline. This is stipulated after the identification of their needs, capacities and priorities, as well as the evaluation of the resources and expenditures.

➢ **Duty overlapping and incompatible tasks**

Some municipal civil servants perform incompatible tasks in view of the standards of internal audit. As an example, the head of the department of financial affairs and personnel at the municipality of Hagounia undertake the simultaneous tasks of accountancy, staff management (administrative and financial), management of expenditure (supplies and furniture), management of the fleet of vehicles and works at the same time as acting assistant manager. Hence, he carries out within the framework of the management of expenditure the duties of identifying the needs, dealing with the suppliers, preparing the purchase orders, receiving the supplies, issuing money orders and managing the inventory of the delivered products. This infringes upon the rules of internal audit.

This is also the case of the assistant manager of the municipality of Foum El ouedi who undertakes all the tasks of the revenue department (taxation base, liquidation and collection).

➢ **Lack of description of tasks and duties allocated to civil servants**

The audited municipalities do not have cards which define the tasks and fields of duty of each civil servant or employee within the framework of the responsibilities allotted to them. This situation contravenes Article 271 of the organic law indicated above, which insists on the need to define the duties and to avoid the performance of incompatible tasks, and to establish procedure guides.

➢ **Inadequacy in the management of municipal assets**

The major observations noted in this regard concern the lack of a service dedicated to the management of municipal assets and of a specialist in this field, failure to endorse and update the registers of goods, failure to register the real estate assets of the municipalities, mishandling of the inventory registers by keeping them with the person in charge of accountancy instead of the one in charge of store services, as well as

failure to produce the acquisition references of the goods (the reference numbers of the invoices and purchase or contract orders).

C. Management of municipal revenue

The revenue of the audited municipalities is characterized by weaknesses in own resources. It is primarily based on government transfers, particularly the VAT allocation which represents more than 96% of the revenue of these municipalities.

In this area, the Regional Public Finance Court noted several observations chief among which were those relating to failure to collect revenue, whether this concerns municipal taxes or municipal assets. Similarly, some inadequacies were noted with regard to necessary diligence for the development of taxability and the lack of sworn agents commissioned to carry out the audits envisaged in Article 149 of Law 47-06 relating to the taxation of local government agencies.

- **Failure to levy tax on construction projects for all construction authorizations**

The municipality of Smara issued 1448 construction authorizations during the years 2013, 2014 and 2015. However, it collected tax from only 1119 construction projects permits. In fact, it did not levy the relevant tax on 329 authorizations issued for the period 2013-2015.

- **Inadequacy in tax management on the extraction of quarry products**

In this regard, it was noted that the lack of files related to the exploitation of quarry products, the failure of the operators to organize the quarries, in addition to the deficiency in setting up the control and follow-up mechanisms envisaged in the provisions of Article 149 of Law 47-06.

- **Failure to collect rent on commercial premises and to enter it as a receivable amount**

The municipality of Smara owns 49 stores (shops for the sale of fish, meat, vegetables and other commodities). These buildings were rented by tenders dated June 26-28, 2012 and June 4th, 2014. However, the municipality does not proceed to the recovery of the related rents and does not enter the corresponding amounts as outstanding and receivable.

- **Failure to collect rent on the public swimming pool of Smara**

The municipality of Smara owns a public swimming pool built on a land of 4721 m^2 including a covered surface area of 402 m^2. It was rented on September 3rd, 2012 for 1.000,00 MAD per month. However, though three years and seven months had elapsed since it was rented, the municipality had never collected the value of the rent.

Moreover, the renting procedure of the swimming pool was fraught with the following inadequacies:

- The swimming pool was rented out through restricted tender, which limited the competition;
- The monthly rent was assigned a value lower than the one established by the assessment commission and considered as the lower limit of rent according to Article 4 of the Set Specifications relating to the renting of the public swimming pool;
- The unrecovered products were not entered as outstanding and receivable amounts;
- The fixed tariff is different from the one envisaged in the tax decree.

D. Management of the car fleet

- **Inadequate management of the car fleet**

The management of the car fleet is fraught with several inadequacies, chief among which are:

- Lack of a service dedicated to the management of the car fleet;
- Lack of a logbook for each vehicle in order to record fuel consumption and the mechanical condition of the vehicle after use;
- Lack of a maintenance record card for each vehicle;
- Failure to establish follow-up registers for fuel consumption.

- **Acquisition of unneeded vehicles**

The municipality of Smara has acquired, for more than three years now, four trucks which it has hardly ever used. These trucks remained parked in the municipal car park where they were exposed to antiquation.

- **Failure to repair or withdraw some municipal vehicles**

The audited municipalities own several vehicles which have been out of order for several years, without proceeding to either repair them or withdraw them before their market value diminishes. It should be stressed that the municipality of Smara gave up repairing vehicles in spite of the good mechanical condition of some of them.

E. Construction of a monitored disposal site in the municipality of Smara

This project falls within the framework of an agreement concluded between the municipality of Smara, on the one hand, and the Ministry for Interior and the Government Secretariat for Water and the Environment, on the other hand. It aims to build and exploit a monitored disposal site in Smara at a cost of 64 MMAD (including 04 MMAD for the restructuring of the old dump). Several observations have been noted regarding this project, chiefly the:

- **Cancellation of the tender invitation without any clear reason**

The tender commission proposed at its meeting of August 5th, 2013 the cancellation of the tender invitation concerning the construction of a monitored disposal site in the town of Smara without specifying the causes of the cancellation.

It should be noted that, within this framework, the conditions of cancellation provided for in Article 46 of Decree 2.06.388 of February 5th, 2007 setting the conditions and the forms of public procurement and contracting, as well as some rules relating to their management and control (effective on the date of bid opening), were not met and the municipality relaunched the bid under the same initial conditions.

Also, the commission did not declare the unsuccessful bid, which at any rate cannot take place since none of the cases cited in Article 42 of the abovementioned decree has been audited in this case.

On the other hand, the cancellation of the tender invitation in this manner can have consequences on the sincerity of the procedures of competition launched by the municipality, and may discourage the companies from bidding for projects emanating from the municipality because of the latter's failure to justify the cancellation. For this reason, only four companies entered the second tender invitation.

- **The outsourcing the major package of the contract relating to the electrification of the monitored disposal site and the construction of a peripheral track**

The company holding the project outsourced the electrification work to another one without the latter being approved by ONEE. This outsourcing concerned the major lot of the project and more than 50% of its amount, which contravenes the provisions of Article 158 of the decree of government contracts.

Moreover, it was noted that no written contract relating to outsourcing was submitted to the municipality. Similarly, the project owner did not proceed to the verification of the second company's fulfillment of the necessary technical requirements.

In spite of this situation, the municipality did not take the necessary measures. It, however, allowed the aforementioned company to carry out its work and to take part in the management of the project (signature of a statement on the building site).

Regional Public Finance Court of the Region of Marrakech-Safi

The Regional Public Finance Court of the Region of Marrakech-Safi carried out, during 2015, eight (8) management audit assignments. These missions related to the following local government agencies: Ait Abbass, Bouzmour, Ghmate, Oulad Hassoun, Oulad Mtaa and Sidi Abdellah, as well as the two autonomous water and power supply authorities in Marrakech and Tadla. The following major observations were noted:

A. Management of the local governments

The following are some of the key observations noted in this regard:

- **Inadequacy in the preparation and execution of the municipal development plan**

- Inadequacy in the elaboration of the municipal development plan in terms of incongruity between the results of the participative diagnosis and the programmed projects, as well as the lack of a temporal and financial perspective for the implementation of the projects;

- Low level of achievement of the projects envisaged in the Municipal Development plan;

- Low level of self-financing of the municipalities and dependence on external financing from unachieved projects;

- Failure to observe the development actions envisaged in the Municipal Development Plan.

- **Inadequacy in administrative management**

- Absence in some municipalities of an organization chart approved by the Official Authority;

- Failure to establish registers relating to issued purchase orders and follow-up of receipts and issues of physical stock;

- Failure to draw up reports on disposed of out-of-order material and equipment and the absence of an annual update of stocks to bring out the actual stocks;

- **Inadequacy in the management of municipal revenues**

- Regulation of some municipal revenues;

- Lack of a service dedicated to taxability;

- Lack of implementation of essential measures in the event of tax payment defaulting;

- Failure to issue tax payment orders;

- Failure to collect taxes related to the exploitation of taxis and parking;
- Failure to levy royalties on the temporary use of municipal forestland;
- Failure to collect rent on municipality-owned property;
- Inadequacy of the rental value of municipality-owned property and failure to reassess it;
- Lack of order in the exploitation quarries;
- Lack of authorization issued by the Hydraulic Basin Agency for the exploitation of quarries;
- Failure to levy automatic taxation on quarrying;
- Attribution of quarrying exploitation rights to associations in the absence of an agreement or authorization;
- Failure to review the declarations relating to the quarrying exploitation tax;
- Weakness of the turnovers declared by tax liable entities on the sale of beverage outlets, and lack of the municipal right to audit;
- Failure to impose penalties on delay in submitting, or failure to file, for taxation purposes the declaration of incorporation related to the sale of beverage outlets and to hotel occupancy;
- Lack of a census of tax liable entities with regards to imposition on the sale of beverage outlets and hotel occupancy;
- Acceptance of the municipal services of low evaluated property declarations for the purpose of property taxation;
- Failure to levy building tax upon issuing building authorizations.

➢ **Inadequacy in expenditure management**

- Failure to observe the rules of competition and access to public procurement;
- Failure to observe the rules of engagement of public expenditure;
- Documentation of rendered service and liquidation of expenditure issued by the municipal president instead of the head of the relevant department;
- Documentation of rendered service made by incompetent people;
- Contradiction between the stoppage and resumption dates of the service orders addressed to the contractor and the technical department on the one hand, and the official reports data of the building site, on the other ;

- Issuance of official reports of provisional acceptance before actual acceptance of work to avoid levying penalties on payment delay;

- Achievement of the technical studies after the procurement process for the execution of the related work contract;

- Approval of work for the execution of contracts related to the supply of douars with drinking water without conducting the laboratory tests envisaged in the Set Specifications;

- Management of the drinking water distribution service by associations in the absence of a contractual framework;

- Lack of generalization of the conclusion of agreements by the municipalities with all subsidy recipient associations, and lack of submission on the part of the recipient associations of accounts justifying the use of the received funds.

➢ **Inadequacy in the management of municipal assets**

- Erroneous registration of some private municipal assets in the register of public municipal assets;

- Lack of data updating on private municipal assets listed in the register of goods;

- Exploitation of private municipal property by rural municipalities through temporary occupation although Article 3 of Law 30-89 stipulates that rural municipalities are not authorized to collect royalties on the temporary occupation of municipal public property;

- Collection of the rent dues on some commercial shops without establishing a contract, which prevents the process of reassessing the royalty and the protection of the rights of the municipalities in the event of payment defaulting;

- Deficiency in the value of the royalty on the rent of commercial shops and lack of reassessment of its amount;

- Failure to take action for the protection of private municipal property because of the lack of topographic studies necessary to delimit it, the inadequate measures taken for the financial conservation, as well as the lack of budgets for the consolidation of the property tax base;

- Construction on land parcels not belonging to the municipality without consolidation of the property tax base.

B. Management of the Autonomous Office of Water and Electricity Supply of Marrakech (RADEEMA)

The Regional Public Finance Court raised several observations relating to the management of the RADEEMA, and the key ones are:

- **Evaluation of the strategic investment orientation**

- Delay in the approval of the studies of the Master Plan of Liquid Waste Treatment, low percentage in the achievement of its projects and that of unscheduled projects the Master Plan of Liquid Waste Treatment;

- Delay in the audit process of government contracts whose value exceeds 5 MMAD;

- Delay in the installation of an integrated risk management system;

- Absence of a cost accounting system.

- **Evaluation of the internal audit system relating to the management of investment projects**

- Failure in the achievement of the missions entrusted to the management board and the audit committee;

- Delay in the establishment and implementation of the strategic and investment committee;

- Gaps in the setting up of a risk cartography;

- Lack of a written procedure allowing the definition of the estimated cost of projects;

- Deposit of funds in private banking institutions in the absence of the authorization of the Ministry of Economy and Finance;

- Financial use of cash surplus without the authorization of the Official Authority.

- **General observations on investment projects**

- Contradiction between the service orders and the effective execution of work;

- Payment for the preparation works and finalization of the building sites in the absence of legal stipulations;

- Delay in notification of contract approval;

- Failure to submit invoices justifying the acquisition of materials and products.

- **Inadequacies in the implementation of bundled and structuring projects of reinforcement and extension of the pipes**

- Documentation of rendered work service before its execution by the contractor;

- Provisional acceptance of the contract before the completion of work;
- Final approval of the contract before the end of work;
- Failure to levy delay penalties upon submission of the technical studies document;
- Error in the settlement of the amounts paid out to the contractor;
- Achievement of work before the approval of plan execution;
- Issuance of service order for works before lodging the final contract guarantee;
- Execution of works on public roadway property in the absence of the authorization of the Ministry of Equipment and Transport;
- Failure to trigger competitive tendering and publicity following the procurement process for the negotiated contract;
- Lack of an administrative, financial and technical file issued by the technical department before launching the procurement process for a negotiated contract;
- Documentation of service rendered by the contractor in spite of the cessation of the projects under their responsibility;
- Conclusion of a negotiated contract for the adjustment of prior services.

➢ **Inadequacies in the implementation of the sewerage network rehabilitation project**

- Failure to specify the cost of works on the basis of updated referential prices;
- Unjustified approval of excessive prices;
- Errors as regards assessment of the amounts paid to the contractor;
- Start of drilling works before the end of the expertise relating to the residence units facing the danger of collapse.
- Contradiction in the data of interim accounts and building site statements.

➢ **Inadequacies in the implementation of the projects carried out within the framework of the National Initiative for Human Development**

- Management of the sewerage services for the benefit of some municipalities without any legal basis;
- Invoicing sewerage services in the absence of such services;
- Poor execution of the agreement concluded between the National Initiative for Human development and the Program of Cities without Slums.

- **Inadequacy in the evaluation of the environmental impact on investment plans in the field of sewerage**

- Lack of generalizing access to sewerage services;
- Environmental problems related to mud draining;
- Lack of enhancing the value of mud;
- Delay in the elimination of the black spots and the points of evacuation of waste water in the environment.

- **Failures in the control and management of industrial waste water**

- Failure in the follow-up and control of industrial waste water;
- Lack of facilities dedicated to the prior treatment of industrial water;
- Failure to impose on the industrial companies mechanisms of separation of grease and hydrocarbons;
- Drainage of worn industrial water to the valley of Tensift without authorization.

C. Management of the Autonomous Office of Water and Electricity Distribution of Tadla (RADEET[25])

- **Strategic programs of R.D.E.E.T for the years 2010 to 2014**

- Poor completion rate of investments, which did not exceed 50% during the period 2010-2014. Also, the budgetary achievements by line for 2014 did not exceed the rate of 42,67%;
- Failure to connect some districts of Beni Mellal to the sewerage network (Ouled Ayad, Douar Jghou, El Gaichia, Tifrit, Harboulia, Lamfadal and Rahili), where sewerage is ensured by septic tanks;
- Poor commercial performance of drinking water below the normal level fixed at 75%. Also, the leakage repair rate is poor, since almost 40% of produced or bought water is lost;
- Low completion rate of the investment plans relating to drinking water projects, for 2010 - 2014, owing to the fact that 46% of the budgeted amount is not translated into investment plans.

[25] Régie Autonome de Distribution d'Eau et d'Electricité de Tadla (RADEET)

- **Organization structure and internal control system**

- Failure to update the manual of procedures and organization structure to deal with the requirements and constraints related to the generalization of internal control;

- Poor coordination among the Office sections because of the lack of control points relating them. In this regard, the section in charge of the follow-up of the completion of works does not submit, in the absence of a cartography department, to the department of studies and planning a copy of the as-built plan so that it can compare the executed works presented on such plans with the planned works presented on the base-line and execution plans;

- Failure to update the master plans for drinking water and sewerage networks, which generates additional expenses borne by the Office;

- Delay in the audit assignment for the entire set of the contracts exceeding 5.000.000 MAD;

- Failure to produce the as-built plans required by the Specifications of works contracts.

- **Investment plans related to drinking water and sewerage network**

- Development and approval of the total attachments of some contracts of excavation works, extension, renewal and maintenance of the drinking water network without checking the veracity of works attached thereto;

- Exemption of some contractors of the tests required by the Special Conditions, which make it possible to control the repairs of roadways within the framework of excavation works, extension, renewal and maintenance of the drinking water network;

- Payment by the Office of the services whose prices are not provided under Contract 311/E/2014 relating to excavation, extension, renewal and maintenance works of the drinking water network in the center of Kasbat Tadla as well as the acceptance of non-conforming works and others not provided under such contract;

- Non-observance of the plans carried out by the study object of Contract n° A/152/10, which gave rise to delays in the execution of works;

- Failure to carry out planned septic tanks in the district of Ouled Ayad and the execution of some modifications on the layouts of pipelines without prior studies;

- Acceptance of the services establishing a cost accounting system agreed upon with the engineering department before issuing the order to proceed with the works;

- Deficiency noted in the training on the use of the integrated management information system and failure to install in the various sections of the Office.

Regional Public Finance Court of the Region of Fès-Meknès

Within the framework of its annual program of 2015, the Regional Public Finance Court of Fès-Meknès carried out six (6) audit assignments, related to the municipal slaughterhouses of Meknès, El Hajeb and Sefrou, as well as the management of the municipalities of Ait Ishak, Sidi Abdellah El khiat and Meknès.

A. Management of slaughterhouses

Several inadequacies were noted as regards the compliance of the specifications and standards of health security and the rules of hygiene. In this respect, the major observations noted are as follows:

- **Organization and operation of municipal slaughterhouses**

The management of the services at the slaughterhouses of Meknès, El Hajeb and Sefrou is ensured directly, with the human and material resources specific to each municipality. It should be stressed that these slaughterhouses are old constructions with slaughter rooms, stables, sale halls, seizure rooms, stores, buildings for cleaning and tripe pickling, maintenance premises and wards.

However, the examination of the facilities and management methods indicates some inadequacies such as the lack of measures conducive to organizing works and clarifying responsibilities, which negatively influences the quality of services and the operations of collection of slaughter taxes. Also noted was the failure to allocate sufficient human resources for the management of these components.

- **Buildings and equipment**

The current situation of slaughterhouses no longer meets the standards recognized at the international scale, because of the following:

- Inadequate locations, generally in residential zones, thus causing harm related to liquid and solid discharges and nauseous odors;

- Lack of an appropriate device for the treatment of slaughter liquid and solid discharges, which, without being treated, flow directly in sewerage networks and public space;

- Non-observance of health and hygiene standards of the slaughter room, stipulated under Article 32 of Decree n° 2.10.473.

- Lack of physical separation between the buildings arranged for the various slaughter operations, which causes interference between dirty clean operations;

- Non-observance of the principle of continuous handling without possibilities of return, during the various consecutive phases of preparation of meat. This causes the contamination and pollution at the various stages of the chain;

- Seriously outdated buildings and equipment of the municipal slaughterhouse of Meknès: cracks on the walls and floor of the rooms of slaughter as well as those of the reception of animals. Also, inadequacies were noted in the protection of buildings against the intrusion of strangers, leakage and frequent interruptions of water, the deterioration of the sewerage network, as well as the failure to control water and electricity consumption.

- Failure to regularize the property situation of the slaughterhouse of El Hajeb, which does not have health authorization and approval;

- The municipal slaughterhouse of Sefrou is not secured, and the room used for ante-mortem examination is unsuitable.

- **Slaughter operations**

The major observations noted as regards the management of the three slaughterhouses are given below:

- Failure to keep administrative files relating to wholesale butchers;

- Failure to implement ante-mortem examination;

- Lack of the means of destroying the meat and offal unsuitable for consumption (incinerator or another means, besides their sprinkling with chemicals or their discharge in the disposal site);

- Failure to reinforce the provisions on the emergency slaughter of sick or injured animals.

- Lack of an effective system relating to the identification and follow-up of the history of the animals admitted to the slaughterhouse in accordance with the provisions of Article 80 of Decree 2.10.473 referred to above;

- Lack of procedures based on the principle of “Hazard Analysis and Critical Control Points (HACCP);

- Lack of control and medical monitoring of the slaughterhouse workers.

- Entry of animals to the slaughterhouse without having any identification document;

- Failure to record the operation of ante-mortem examination;

The Regional Court noted, in the slaughterhouse of Meknès, the abstention of the veterinary doctor to inspect the prepared meat, though essential to guarantee their healthiness. This is due to the lack of suitable conditions to conduct the examination by the veterinary doctor, because of the disorganization observed in the slaughterhouse during the “postmortem” examination, and the pressure exerted by the wholesale butchers on the veterinary doctor.

Similarly, inadequacies were noted in the sanitary and hygiene conditions, namely:

- Lack a self-control program relating to the general hygiene condition;

- Lack of a program for the fight against rodents or other external polluting factors;

- Lack of a room for storing hygiene products separate from the places provided for meat handling and storage;

- Lack of a room reserved for storing skins;

- Failure to subject machines and equipment to cleaning and sterilization;

- Failure of the slaughterhouse workers to wear work uniforms and the lack of minimal work and hygiene conditions;

- Some wholesalers cut meat in the absence of health approval. They conduct boning and throw the remainders in an area inside the slaughterhouse. Also, meat is transported in unclean bags.

In the municipal slaughterhouse of El Hajeb, it was noted that workers were not introduced to the appropriate practices of the different operations of meat preparation

In the municipal slaughterhouse of Sefrou, there was no health and hygiene control program for the slaughterhouse agents, no program introducing good practices, and no program of self-control for the general hygiene situation of the slaughterhouse, as can be seen along the following lines:

- The floor is not covered with non-skid products and it is difficult to clean;

- Non-observance of the height required for hanging carcasses, which exposes them to pollution through contact with the floor;

- The material used in the evisceration and cleaning of tripe does not guarantee a minimum of hygiene and health safety;

- Lack of laboratory tests supplementing ante-mortem and post-mortem examinations, as well as microbiological controls, conducted periodically.

- **Operations of meat refrigeration and drying**

The cold stores allow drying the meat in order to preserve it at a temperature between two and four degrees centigrade, immediately after its preparation for a 24-hour period. Within this framework, the Regional Public Finance Court noted the following:

- Lack of suitable conditions of meat refrigeration and drying in the municipal slaughterhouse of Meknès, because of the lack of maintenance of the warehouse in addition to insufficient capacity (five rooms);

- Failure to dry all the meat produced in the slaughterhouse, in spite of the importance of this operation to ensure quality.

- Failure to operate the only cold room of the municipal slaughterhouse of El Hajeb, under that pretext that it is not equipped with an electric generator, hence the direct delivery to butchers;

Concerning the two cold rooms available to the municipal slaughterhouse of Sefrou to store and dry meat, the Regional Public Finance Court noted that they do not operate properly, owing to the fact that they are not separated from the uncooled premises, and are not equipped with a calibrated device, which continuously measures the actual temperature and moisture. This is also due to the inadequacy of their capacity to cool meat in peak periods and the failure to clean it regularly, in addition to their accessibility to unauthorized individuals.

- **Operations of meat transport**

The service of meat transport in the municipality of Meknès is operated based on a non-updated concession contract, concluded in 1996, under which the operator is committed to transporting meat to butchers' shops in consideration of deducting a remuneration of 5% of the amounts cashed for the benefit of the municipality. However, the provisions of such contract involve gaps, as it is the case of the control exerted by the municipality as regards the respect of the quality of the service provided and the conditions of tax collection.

In the slaughterhouse of the municipality of El Hajeb, the Regional Court noted the lack of meat transport service, because of the lack of vehicles equipped for this purpose. Butchers use personnel means which do not meet hygiene and refrigeration conditions.

In the same vein, in the slaughterhouse of Sefrou, meat and offal are transported by a small vehicle not allowing the operation of this service within reasonable timeframes.

- **Slaughter tax management**

The observations below were noted with regard to the definition of the base and assessment of the relevant taxes at the slaughterhouse of Sefrou:

- Lack of measures targeting the improvement of the slaughterhouse's revenues;

- Failure to submit slaughter tax collection receipts to regulatory control;

- The lack of the control of collection operations;

- Lack of copies of the supporting documents relating to the assessment of slaughter taxes;

- Lack of a documented framework as regards the assessment of slaughter taxes;

- Inadequate keeping of the register relating to slaughter taxes.

In the same vein, observations were noted as regards the failure to collect some fees and taxes such as:

- Fees for the occupation of some buildings used for tripe pickling in the slaughterhouse of Meknès;

- Tax on the confiscated products unsuitable for consumption, in the slaughterhouses of Meknès and Sefrou;

- Exceptional slaughter tax (outside regular schedules), stipulated under Article 14 of the Tax Decree of the municipality of Sefrou, as well as the rights of occupation of the municipal buildings operated for the conservation of skin.

B. Management of local authorities

The Regional Public Finance Court of Fès-Meknès noted several observations related to the management of the municipalities of Ait Ishak, of Sidi Abdellah Al Khayat and Mekess.

- **Lack of objective standards for granting subsidies**

During the period 2010-2013, the municipality of Ait Ishak subsidized more than 30 associations operating inside and outside its territory, for an amount of approximately 1,49 MMAD.

However, these subsidies were granted in the absence of a contractual framework especially for the those whose amount exceeds 50.000,00 MAD, through the conclusion of partnership agreement making it possible to set the objectives and the use of the received funds, pursuant to the provisions of the circular of the Prime Minister n° 07/2003 dated 27 June 2003.

Similarly, the municipality does not respect some provisions of the texts regulating the granting of subsidies to associations. This relates, for example, to the provisions on the prior production of the annual budget before receiving subsidies, pursuant to the provisions of Articles 1 and 2 of the Decree of the Minister of Finance of 31 January

1959 on the conditions of financial and accounting organization of the associations periodically subsidized by a municipality. It is the case also of the submission of accounts by associations which periodically benefit from assistance amounting to more than 10.000,00 MAD, pursuant to the provisions of Article 32 (a) (2) of Dahir n° 1.58.376 of 15 November 1958 regulating the right of association.

- **Inadequacies in the management of investment plans**

The analysis of a sample of contracts concluded during the period 2010-2013 by the municipality of Ait Ishak, relating to the works of rural tracks, roads, drainage system, urban development and construction of bridges, made it possible to note the following observations:

- Variation between the quantitative and qualitative elements related to completed works and those having served as a basis for establishing account statements and making payments;

- Resort to the increase in the volume of the works of building tracks in some douars of the municipality, hence breaching the requirements of Article 52 of the General Administrative Specifications (C.C.A.G) relating to contracts;

- Acceptance of the works of some contracts in the absence of the tests of conformity to the contractual technical specifications, which companies are held to produce to justify the conformity of their work to the technical specifications set in the Special Conditions (C.P.S) of the contracts concluded;

- Failure to require contractors to produce the as-built plans of the constructions completed and definitively delivered, in accordance with Article 16 of the General Administrative Specifications (C.C.A.G) relating to the contracts of works, which stipulates that the refund of the performance bond and the payment of the guarantee are dependent on the production by the contractor of the plans referred to above.

Furthermore, the municipality of Mekess often resort to purchase orders to carry out its projects, without fixing the completion periods and consulting the suppliers and contractors, and in the absence of accuracy in the preparation of the technical specifications of projects.

- **Inadequate management of some services and facilities**

The municipality of Sidi Abdellah El Khyat does not collect household waste, especially in the douars of Aît Hssaîn and “Talghza”. Also, the municipality does not benefit from the coverage of telecommunication networks, which influences the normal operation of administrative tasks, as it is the case for the use of the services of Integrated Expenditure Management (IEM) and the site of government contracts as well as the remote service (Computer Application) relating to civil status, which requires connection to the Internet.

Moreover, the creation of the weekly market was carried out in the absence of a feasibility study, since it did not manage to attract a sufficient number of customers. Also, the engineering structures and facilities of the souk underwent degradations (slaughterhouse, administrative buildings and the space for sale of cereals). The same observation was noted for the football field carried out within the framework of the National Initiative for Human Development which witnessed degradations as well because of the lack of maintenance by the municipality.

- **Inadequate management of vehicles and fuel**

The municipality of Mekes does not conduct the follow-up of fuel consumption. Indeed, cars and vehicles are supplied through fuel tanks placed at the municipality, while other vehicles are supplied through fuel stations. Also, the municipality does not keep any monitoring sheets of vehicle repairs.

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