INTRODUCTION

1. The National Audit Office is the external auditor of central government. Organisations responsible for external audit of government activities are referred to as Supreme Audit Institutions (SAIs). External audit refers to an audit carried out by a body that is external to, and independent of, the organisation being audited, the purpose being to give an opinion and report on the organisation’s accounts and financial statements, the legality and regularity of its operations, and its financial and management procedures and performance. I also assess whether value for money is being achieved by ministries and government departments in their implementation of government policies.

The National Audit Office

The National Audit Office (NAO) is the SAI of the Republic of Mauritius. The public office of the Director of Audit has been established by the Constitution.

Mandate of the Director of Audit

Section 110 of the Constitution provides the Director of Audit with the mandate to audit and report on the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government.

The same Section of the Constitution also provides that in the exercise of my functions, I shall not be subjected to the direction and control of any person or authority. This ensures the independence of the Director of Audit. Basic principle states that the objectivity of the auditor must be beyond question. That objectivity can only be assured if the auditor is seen to be independent.

Section 16 of the Finance and Audit Act requires the Director of Audit to satisfy himself that:

- All reasonable precautions have been and are taken to safeguard the collection of public money;
- All laws, directions or instructions relating to public money have been and are duly observed;
- All money appropriated or otherwise disbursed is applied for the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it; and
- Adequate directions or instructions exist for the guidance of public officers entrusted with duties and functions connected with finance or storekeeping and that such directions or instructions have been and are duly observed.
Audit Methodology

At the core of the external audit function is the responsibility to ensure accountability of public funds. To discharge this responsibility NAO’s approach to audit involves the following:

- Planning the audit to obtain relevant information in the most efficient manner, and to determine the audit procedures to be employed.
- Evaluation and testing of the accounting and internal control systems.
- Testing of control to ensure that procedures have been applied and that the relevant laws and regulations have been complied with. Included is the testing of the validity, completeness and accuracy of the accounts.
- Reporting the audit findings based on the audit procedures performed.

The NAO is a member of the International Organisation of Supreme Audit Institutions (INTOSAI). The INTOSAI acts like any other professional organisation and has formulated auditing standards, to which the SAIs subscribe. The NAO conducts its audit in accordance with the INTOSAI standards on Auditing. Compliance with these standards enhances the auditor's credibility, objectivity, professionalism and independence.

Accounting Officer’s Responsibility

It is the Accounting Officer’s responsibility to maintain proper financial systems. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting practices. The responsibilities of management also include:

- ensuring that public funds are only used to the extent and for the purpose intended by the National Assembly; and
- the safe custody of assets and stores.

This Report to the National Assembly summarises the results of the audit work undertaken by the NAO over the past twelve months, from 1 July 2005 to 30 June 2006 and highlights key issues arising from it. Audit findings are discussed with the management of the entities being audited. In addition, Accounting Officers are given the opportunity to comment on the “true and fair” view of those audit findings, which my Senior Officers and myself deemed to be of significance and of a nature to be brought to the attention of the National Assembly. The comments received by 14 November 2006 have been included in the Report.

Issues raised in the 2004-05 Audit Report have been reviewed and updated. Those cases which were still unsatisfactory as of end October 2006 have been included again in this Report. Conversely, where remedial actions have been taken, these paragraphs have not been brought forward.
Acknowledgement

I wish to record my appreciation and to express my thanks to all the staff and Divisional Heads of the NAO for their continual support, and commitment. They have collectively performed their duties with professional skill and dedication. This is highly appreciated. I would also like to sincerely acknowledge the cooperation and collaboration of all my colleagues, Accounting Officers, the Accountant General, the Government Printer and all their staff.

R. Jugurnath
Director of Audit

4 December 2006.