INTRODUCTION

1. Good public sector governance requires that the Government be held accountable to the stakeholders for the proper use and stewardship of public resources, and that there are effective checks and balances for monitoring the Government’s performance. The Director of Audit, as the external auditor of the Government, has a duty to report to the National Assembly on the financial propriety of the Government’s accounts, as well as the economy, efficiency and effectiveness of its performance.

The National Audit Office (NAO) has been in existence for 40 years now and has, to date, been fulfilling its mandate every year throughout all these years. Yet from the comments heard from various sources and the letters and correspondences received at the Office, both signed and anonymous, it transpires that many of our stakeholders are not aware of the mandate, role, duties and powers of the Director of Audit. What is surprising is the fact that many civil servants are ignorant as well. For some years now quite a number of them (and the number is growing), including high officials, are refusing to provide my Officers the information, records and other documents requested for audit purposes. Some of them provide the information with considerable delay, with some lame excuses for the delay. Cases also exist where it is only after the audit has been completed and the audit staff have left the site, that I am informed that the information are supposedly now available.

In the light of above, for the benefits of all stakeholders, I am giving below a brief history of Government Auditing in Mauritius and the mandate, role, duties and powers of the Director of Audit. I would request Accounting Officers to draw the attention of all their staff on these matters.

Brief History of Government Auditing

The practice of Auditing in Mauritius can be traced to the early period of the British Rule when the Accounts of Mauritius were under the scrutiny of Imperial Audit. In 1871, because the Crown Agents Accounts had become so voluminous the Imperial Audit ceased their audit and handed them over to the Audit Office in Mauritius. Annual Audit reports were then addressed to the Director of Colonial Audit in England till 1967, when the Colony of Mauritius was given more autonomy for its day-to-day administration. NAO emerged in its present form since 1968 when Mauritius became independent.

Legal Status of NAO

The legal status of auditing in the Republic of Mauritius is explicitly written in the Constitution. Section 110 of the Constitution of the Republic of Mauritius provides that there shall be a Director of Audit, whose office shall be a public office.
Audit Mandate

The same section of the Constitution provides that the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit.

Section 16 of the Finance and Audit Act, as amended, gives the Director of Audit the authority to carry out Performance Audit.

Section 20 of the Finance and Audit Act requires the Director of Audit to send to the Minister to whom the responsibility for the subject of Finance is assigned, within eight months of the close of every fiscal year, a certificate of audit on the statements submitted by Accountant General under Section 19 of the Act and a report upon his examination and audit of all accounts relating to public money, stamps, securities, stores and other property of the Government, and the Minister shall as soon as possible thereafter lay those documents before the Assembly.

Duties and Responsibilities of the Director of Audit

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.

Powers of the Director of Audit

Section 110 of the Constitution of the Republic of Mauritius provides that:

- In the exercise of his functions under this Constitution, the Director of Audit shall not be subject to the direction or control of any other person or authority.
- The Director of Audit or any person authorised by him in that behalf shall have access to all books, records, reports and other documents relating to those accounts.

Section 17 of the Finance and Audit Act provides the Director of Audit with the following powers in the exercise of his duties:
➢ To call upon any public officer for any explanations and information which he may require in order to enable him to discharge his duties.

➢ With the concurrence of the head of any Ministry or Department, to authorise an officer of that Ministry or Department to conduct on his behalf any inquiry, examination or audit and such officer shall report thereon to the Director of Audit.

➢ Without payment of any fee to cause searches to be made in, and extracts to be taken from any document in the custody of any public officer.

➢ If it appears to him to be desirable, send a special report on any matter incidental to his powers and duties under this Act to the Speaker of the Assembly to be by him presented to the Assembly.

➢ Where the Minister fails, within a reasonable time, to lay any report made under Section 20 before the Assembly, the Director of Audit shall send such report to the Speaker of the Assembly to be by him presented to the Assembly.

Audit Methodology

In the course of an audit, I am required to form opinions on the efficiency of works and services that come under my review and to report cases where, in my opinion, there have occurred material waste, extravagance or lack of proper economy. 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 together with appropriate recommendations.

The International Organisation of Supreme Audit Institutions’ (INTOSAI) Auditing Standards are used as guidelines in the conduct of the audit.

Reporting

Throughout the auditing process, audit findings are, as far as possible discussed with the management of the entities being audited. Following the discussion and having the concurrence of management, a Management Letter is issued. This consists of a formal, detailed report to the management of the audited organisation of NAO’s findings, conclusions, recommendations and audit opinions where appropriate.
After the end of the fiscal year, with my senior officers, I then discuss those matters that I
deem to be of significance and of a nature to be brought to the attention of the National
Assembly. These matters are brought to the attention of the respective Accounting Officers
for their comments on the truth and fairness of my comments. Following their responses, I
report, in my Annual Audit Report, those matters that I still consider need to be brought to
the attention of the National Assembly together with, as far as possible, the comments of the
Accounting Officers.

Last year I mentioned that issues raised in the previous Audit Report had been reviewed and
updated. Those cases, which were still unsatisfactory, had been included again in the present
Report. Conversely, where remedial actions had been taken, these paragraphs had not been
reported. Yet, as in past years, I kept hearing that Government and Accounting Officers do
not take any remedial actions on my comments and recommendations. And ironically
sometimes I hear this comment from those (including high officials in the Civil Service) who
have not even bothered to read my Audit Reports. As a result, this year, I have included some
of the positive actions taken by Accounting Officers, which we have noted during our audit
of the accounts under review.

**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
NAO over the past twelve months from 1 July 2007 to 30 June 2008. The comments received
from Accounting Officers by 31 October 2008 have been considered and a summary, where
appropriate, is included in the Report.

**Acknowledgement**

I wish to place on record my gratitude and to express my heartfelt thanks to all the staff and
Divisional Heads of NAO for their continual support, commitment and valuable contribution.
They have collectively performed their duties willingly with professional skill and dedication
despite working in a not enviable environment. This is highly appreciated. I would also like to
sincerely acknowledge the cooperation and collaboration of my colleagues, Accounting
Officers, the Accountant General, the Government Printer, and all their staff.

**DR R. JUGURNATH**

**Director of Audit**

13 November 2008