

**NATIONAL AUDIT OFFICE**



REPUBLIC OF MAURITIUS

**ANNUAL REPORT ON PERFORMANCE  
FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2020**

**OCTOBER 2020**





**NATIONAL AUDIT OFFICE**

**ANNUAL REPORT ON PERFORMANCE**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2020**

October 2020



# NATIONAL AUDIT OFFICE

*Contributing to Strengthening Good  
Governance in the Public Sector*



# Table of Contents

	Page
<b>PART I – About The National Audit Office</b>	
Vision, Mission and Core Values	1
Foreword by Director of Audit	3
About the National Audit Office	
Who We Are?	5
Legal Framework	5
Independence, Mandate	6
Access to Information	9
Submission of Accounts to NAO and Audit Reports	10
Change in Statutory Timelines	12
Affiliations to International Organisations	13
Our Organisation and People	
Organisation Structure	15
Senior Management Team	17
Human Resources	18
Gender Statement	20
Corporate Social Responsibility	20
Learning and Development	
Capacity Development	23
<b>PART II – NAO Audit Activities and Performance</b>	
Our Audit Activities and Performance	
Key Outputs 2019-20 at a Glance	27
Key Actions and Key Performance Indicators	28
Audit Activities - Regularity Audit	29
- Performance Audit	33
Corporate Governance	35
Support to Public Accounts Committee	36
Financial Performance	37
<b>PART III – Way Forward</b>	
Strategic Direction	39
Strengths, Challenges and Opportunities	41

	<b>Page</b>
<b>PART IV – Financial Statements and Reports</b>	
Statement of Responsibilities of the Director of Audit in respect of Financial Statements and Internal Controls	43
Independent Auditors’ Report	45
Financial Statements	49
 <b>Annexes</b>	
<b>I</b> - Processes for Regularity Audit and for Issue of Audit Reports	79
<b>II</b> - Process for Performance Audit	83
<b>IIIA</b> - The Lima Declaration-Independence	85
<b>IIIB</b> - Mexico Declaration on Independence-Principles	87
<b>IV</b> - PEFA 2016 Performance Indicators	89



# **PART I**

## **About**

### **The National Audit Office**



# Vision, Mission and Core Values

## Our Vision

*To be recognized as a highly respected professional organization providing high quality audit services geared towards transparency, accountability and good governance*

## Our Mission

*The National Audit Office is an independent public office set up under the Constitution. We ensure timely production of audit reports and provide independent assurance to the National Assembly on the proper accounting and use of public resources.*

## Our Core Values

*Maintain our independence and political neutrality*

*Observe a high level of professionalism and integrity*

*Show fairness, objectivity and impartiality in our work*

*Ensure confidentiality of materials/ information provided to us*

*Honour the confidence of trust conferred on us*

*We promote good governance in the management of public affairs by enhancing accountability and transparent administration in the public sector.*

*We ensure that money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it.*

*We encourage innovation, teamwork and capacity building*





# Foreword

---

I am pleased to present the Annual Report on Performance of the National Audit Office (NAO) in respect of the financial year 2019-20.

I am submitting this report in compliance with the Finance and Audit Act, which requires every Ministry and Government Department to submit an Annual Report on Performance, not later than 31 October, to the Minister responsible for Finance.

This Annual Report on Performance also fulfils the requirements of the International Standards of Supreme Audit Institutions (ISSAIs), namely, ISSAIs 20 and 21 – “*Principles of Transparency and Accountability*” as well as ISSAI 12 – “*The Value and Benefits of Supreme Audit Institutions – Making a difference to the lives of citizens*”, by showing NAO’s contribution to the strengthening of accountability, transparency and integrity of Government and Public Entities.



The report covers NAO’s activities and performance for the financial year ended 30 June 2020. It includes NAO’s financial statements which have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), together with the external independent auditor’s report thereon.

NAO’s mandate stems from the Constitution which requires the Director of Audit to audit and report on the public accounts of Mauritius and all courts of law and all authorities, except where the law establishing a body corporate provides otherwise. The current portfolio of the NAO consists of 165 Ministries and Government Departments (including RRA), 112 Statutory Bodies, 142 Local Authorities (including Village Councils), 21 Special Funds and some 40 other accounts.

NAO’s Audit Reports on Government and RRA accounts for the financial year 2018-19 were submitted to the Minister of Finance, Economic Planning and Development in February 2020, as required under the Finance and Audit Act. The Reports were laid in the National Assembly in March 2020. During the financial year 2019-20, NAO has also issued four Performance Audit Reports and completed the audit of 267 public sector entities and other accounts.

The unprecedented situation caused by the COVID-19 pandemic has resulted in the disruption of our audit activities during the last quarter of the financial year. NAO could not carry out its audit work as planned. The pandemic has, however, brought with it both challenges and opportunities for most auditing firms across the globe with NAO being no exception. Auditors are advised to leverage technology to enable remote working as much as possible. At the NAO we are encouraging our staff to work from home where physical presence at the premises of audited entities is not required. We have initiated a programme for the provision of IT facilities to our staff that will enable remote access to the NAO audit system and eventually to the computerised systems of audited entities.

To strengthen the governance structure of the NAO, various Committees have been established to deal with administrative and technical issues in an efficient and effective manner. A Standard Operating Procedures Manual is being developed to ensure that NAO policies, rules and procedures are more transparent and are applied consistently.

To ensure that NAO staff are well equipped to meet upcoming challenges, we shall maintain our staff training programmes. Staff will be encouraged to attend online webinars organised by international institutions such as INTOSAI and AFROSAI-E.

NAO's performance and achievements are the result of the teamwork, commitment and professionalism of our staff and I take this opportunity to thank them all for their contribution.

This report will be laid before the National Assembly and will be posted on the NAO website.



**C. ROMOOAH**  
Director of Audit  
National Audit Office

30 October 2020

# About the National Audit Office

---

## I. Who We Are?

The Constitution of the Republic of Mauritius establishes the office of the Director of Audit which is an independent public office. The Director of Audit is the administrative and technical head of the National Audit Office (NAO), which is internationally known as the Supreme Audit Institution (SAI) of Mauritius. NAO is an integral part of the governance system of Mauritius, promoting accountability, transparency and contributing to the improvement in the management of public funds.

NAO has the statutory authority to examine and report on the accounts of all Ministries and Government Departments as well as a large number of public sector bodies. NAO plays an important role in the accountability cycle as it has the responsibility to give independent assurance to the National Assembly and other oversight bodies that these public entities are making use of public resources and accounting for their performance in accordance with the purpose intended by the National Assembly.

The Constitution provides for the appointment, independence, security of tenure of the Director of Audit, as well as for his authority and specific conditions of service. The Director of Audit discharges his legal obligations with the support of qualified, experienced and committed staff.

NAO is affiliated to strong international and regional blocks, including the International Organisation of Supreme Audit Institutions (INTOSAI) which is an autonomous, independent and non-political organisation and which operates as an umbrella organisation for the external government audit community.

## II. NAO Operating Legal Framework

NAO exercises its public-sector audit function in accordance with the following legislations, which provide for the mandate, duties, powers and reporting functions of the Director of Audit.

- The Constitution
- The Finance and Audit Act
- The Statutory Bodies (Accounts and Audit) Act
- The Local Government Act
- The Public Procurement Act
- The Financial Reporting Act

### III. Independence of NAO

For SAIs to undertake their auditing functions objectively and effectively, it is essential that they have the required independence and are protected against outside influence. The Constitution of Mauritius and the Finance and Audit Act make provisions for the independence of the Director of Audit, as well as for his appointment, removal from office, security of tenure and protection from liability against legal proceedings, in the execution of his functions.

#### **The Constitution**

*Section 110 provides for the appointment of a Director of Audit, whose Office shall be a Public Office and who shall be appointed by the Public Service Commission, acting after consultation with the Prime Minister and the Leader of Opposition. Also, provision is made that in the exercise of his functions, the Director of Audit shall not be subject to the direction or control of any person or authority.*

*In terms of Section 93, the Director of Audit may not be removed from office before the legal retirement age except where a tribunal consisting of at least three sitting or former judges of the Supreme Court appointed by the President in accordance with Section 93(4) of the Constitution, recommends that the Director of Audit ought to be removed from office for inability to discharge the functions of his office or for misbehaviour.*

#### **The Finance and Audit Act**

*Section 17A stipulates that no action shall lie against the Office of the Director of Audit, the Director of Audit or any officer of his staff, in respect of any act done or omitted to be done by the Office of the Director of Audit and by the Director of Audit or any officer of his staff during or after his appointment, in the execution in good faith, of its or his functions under the Act. This shall be in addition to and not in derogation of the Public Officers' Protection Act.*

### IV. NAO Audit Mandate

The Director of Audit is responsible for the audit of:

- All Ministries and Government Departments
- All Commissions of the Rodrigues Regional Assembly
- All Local Authorities
- Most Statutory Bodies
- Special Funds



- A few State-owned Companies
- Other Bodies and Donor-funded Projects

The mandate of the Director of Audit is defined in the Constitution of Mauritius as well as in several Acts of law. Also, agreements with several institutions/donor agencies empower the Director of Audit to audit their accounts.

The main legal provisions are given below.

### **The Constitution**

*Section 110(2) 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. In the case of any body corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.*

### **The Finance and Audit Act**

*Section 16 provides that the Director of Audit shall 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 to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it*
- *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*
- *satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively*

*Section 16(1A) requires the Director of Audit to carry out **Performance Audit** and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.*

### **The Statutory Bodies (Accounts and Audit) Act**

*As per **Section 5**, every financial year, every Board shall, with the approval of the Minister to whom the responsibility for the Statutory Body is assigned, appoint an auditor to audit the financial statements of the statutory body, except where the*

*enactment establishing the statutory body provides that the Director of Audit shall audit its financial statements.*

*Section 8 provides that every auditor shall report to the Board whether*

- *he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit*
- *in his opinion, to the best of his information and according to the explanations given to him, the financial statements give a true and fair view of the financial performance of the statutory body for the financial year and of its financial position at the end of the financial year*
- *this Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with*
- *in his opinion, and, as far as could be ascertained from his examination of the financial statements submitted to him, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence*
- *in his opinion, the statutory body has been applying its resources and carrying out its operations fairly and economically.*

### **The Local Government Act**

*Section 136 provides that the approved annual financial statements of every local authority shall be audited by the Director of Audit*

*Section 138 stipulates that the Director of Audit shall make a report to the Council on the financial statements which have been audited and that the report shall state the work done, the scope and limitations of the audit and whether all information and explanations required have been obtained. The report should also state, whether, in his opinion,*

- *any item of account is contrary to law*
- *any loss or deficiency is wholly or partly due to the negligence or misconduct of any person*
- *any sum which ought to have been so brought to account but which, due to wilful default or negligence, has not been brought into account*
- *any failure to recover any rate, fee or other charge in the manner specified in Section 101 of the Act*
- *the financial statements give a true and fair view of the matters to which they relate, and where they do not, the aspects in which they fail to do so, and whether the financial statements have been prepared in accordance with the Accounting Standards approved by the Minister to whom responsibility for the subject of finance is assigned*

- *the instructions of the Minister, if any, in regard to the financial statements have been complied with*

### **The Public Procurement Act**

*Section 42 provides that the auditor of every public body shall state in his annual report whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.*

## V. Access to Information

The Constitution and other legislations make provisions for the Director of Audit and his staff to have access to all information deemed necessary for the performance of audits.

### **The Constitution**

*Section 110(2) provides for the Director of Audit or any other person authorised by him in that behalf to have access to all books, records, reports and other documents relating to accounts to be audited by him.*

### **The Finance and Audit Act**

*Section 17(1) provides that, in the exercise of his duties, the Director of Audit may*

- *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, 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, cause searches to be made in, and extracts to be taken from, any document in the custody of any public officer*
- *lay before the Attorney-General a case in writing as to any question regarding the interpretation of any enactment concerning the powers of the Director of Audit or the discharge of his duties and the Attorney-General shall give a written opinion on such case.*

### **The Statutory Bodies (Accounts and Audit) Act**

*Section 6 provides that*

- (1) *Every auditor shall have access, at all reasonable times, to all the books and accounts of the statutory body, all vouchers in support of them, and all relevant books, papers, and writings in the possession or control of the Board relating to them.*

- (2) *The auditor may require, from all the members of the Board and all officers, agents and employees of the statutory body, such information and explanations as may be necessary for the purpose of the examination or audit.*

### **The Local Government Act**

*Section 137 stipulates that*

- (1) *The Director of Audit shall have access at all reasonable times to all Council minutes, information systems, books and accounts of the Local Authority, all vouchers in support of them, all deeds, contracts and other documents, and all relevant papers and writings in the possession or control of the Local Authority.*
- (2) *The Director of Audit may, orally or in writing, request*
- (a) *any person holding or accountable for any such document referred to in subsection (1), to appear before him at the audit or any adjournment;*
  - (b) *from any member of the Council or any officer or agent of a Local Authority, such information and explanations as may be necessary for the purpose of the audit;*
  - (c) *any person referred to in paragraph (a) to make and sign a declaration as to the correctness of a document.*
- (3) *Any person who wilfully neglects or refuses to comply with any request made under subsection (2) shall commit an offence.*

### **The Public Procurement Regulations**

*Regulation 69 provides that the report and the register of procurement proceedings, as well as the documents generated in the planning and procurement proceedings and implementing procurement contracts, shall be made available for inspection to the Policy Office and the Director of Audit.*

## **VI. Submission of Accounts to NAO and Audit Reports**

The financial statements of the Budgetary Central Government, the Rodrigues Regional Assembly (RRA), Statutory Bodies, Local Authorities and other bodies are submitted to NAO for their audit. At the conclusion of these audits, NAO prepares and issues Audit Reports.

The Constitution and various legislations provide for the statutory timelines to be respected for the submission, audit and certification of the financial statements. These are summarised below.



- Budgetary Central Government and RRA

**The Constitution**

*Section 110(3) provides that the Director of Audit shall submit his reports to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.*

**The Finance and Audit Act**

*Section 19 provides that the Accountant-General shall within six months of the close of every fiscal year, sign and submit to the Director of Audit statements presenting fairly the financial transactions and financial position of Government on the last day of such fiscal year.*

*For the Rodrigues Regional Assembly, the Commissioner responsible for the subject of Finance is required to sign and submit to the Director of Audit, within three months of the close of every fiscal year, the statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.*

*Section 20 provides that the Director of Audit shall send, within eight months of the close of every fiscal year, to the Minister (responsible for the subject of Finance) copies of the statements submitted, together with a certificate of audit and a report upon the examination and audit of all accounts relating to public money, stamps, securities, stores and other property of Government and of the Regional Assembly relating to the Island of Rodrigues and the Minister shall as soon as possible thereafter lay these documents before the National Assembly.*

*Section 17(2): The Director of Audit may, if it appears to him to be desirable, send a Special Report on any matter incidental to his powers and duties under the Finance and Audit Act to the Speaker of the National Assembly to be by him presented to the National Assembly.*

*Section 17(3) provides that where the Minister fails, within a reasonable time, to lay any report made under Section 20 before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by him presented to the National Assembly.*

- Statutory Bodies

**The Statutory Bodies (Accounts and Audit) Act**

*Section 7 provides that the chief executive officer of every statutory body shall, not later than three months after the end of every financial year, submit to the Board for approval the annual report in respect of that year.*

*After approval by the Board, the chief executive officer shall, not later than four months after the end of every financial year, submit the annual report to the auditor.*

*The Director of Audit shall, within six months of the date of receipt of the annual report, submit the annual report and his audit report to the Board.*

*Section 9 provides that, on receipt of the annual report including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister to whom responsibility for the Statutory Body is assigned, such reports and financial statements.*

*The latter shall, at the earliest available opportunity, lay a copy of the annual report and audited accounts of every statutory body before the National Assembly.*

- **Local Authorities**

**The Local Government Act**

*Section 136 states that the Chief Executive of every Local Authority, shall, within four months of the end of every financial year submit the approved financial statements to the Director of Audit.*

*As per Section 138, the Director of Audit shall address to the Minister (to whom responsibility for the subject of Local Government is assigned) and to the Local Authority concerned, a copy of the certified financial statements and his report on every Local Authority audited by him.*

*Sections 138 & 139: The Local Authority shall consider the report of the Director of Audit at its next ordinary meeting or as soon as practicable thereafter and shall cause the certified financial statements and the report of the Director of Audit to be published in the Government Gazette within 14 days of their receipt by the Local Authority.*

## Change in Statutory Timelines for Statutory Bodies

The pandemic COVID-19 affected the world of work and negatively impacted the work of NAO. The audit of public sector entities could not be completed as planned by NAO and as a result, the statutory timeline provided in the Statutory Bodies (Accounts and Audit) Act for the issue of Audit Reports on the accounts of Statutory Bodies by the Director of Audit could not be met.

Provision for revised timelines for the submission of Audit Reports by NAO was therefore made under the Statutory Bodies (Accounts and Audit) (Extension of Time during COVID-19 Period) Regulations 2020. These Regulations were made under section 10 of the Statutory Bodies (Accounts and Audit) Act and gazetted in July 2020 (Government Notice No 146 of 2020).

They provide that:

*Where, pursuant to section 7(3) of the Statutory Bodies (Accounts and Audit) Act, the time period of 6 months expires during*

- (a) the period starting on 23 March 2020 and ending on 1 June 2020, the annual report and the audit report may, notwithstanding the time period imposed, be submitted not later than 3 months after 1 June 2020; or*
- (b) the period starting on 2 June 2020 and ending on 1 July 2020, the annual report and audit report may, notwithstanding the time period imposed, be submitted not later than 3 months after 1 July 2020.*

## Affiliations to International Organisations

NAO is affiliated to the International Organisation of Supreme Audit Institutions (INTOSAI) and to its regional working groups, namely, the African Organisation of Supreme Audit Institutions (AFROSAD), the English Speaking subgroup of AFROSAD (AFROSAD-E) and the Asian Organisation of Supreme Audit Institutions (ASOSAI).

INTOSAI is the professional organisation of Supreme Audit Institutions (SAIs) in countries that belong to the United Nations or its specialised agencies. It is an autonomous, independent and non-political organisation, which operates as an umbrella organisation for the external government audit community, with some 200 members all over the world.

It provides an institutionalised framework for SAIs to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries.

The International Standards of Supreme Audit Institutions (ISSAI) state the founding principles, the basic prerequisites for the proper functioning and professional conduct of SAIs, the fundamental principles in auditing of public entities and auditing guidelines. These professional standards and best practice guidelines for public sector auditors are officially authorised and endorsed by INTOSAI.

NAO has opportunities for professional and technical cooperation by being affiliated to these international bodies. Exchanges of experience and sharing of knowledge among SAIs members enable NAO to gain knowledge and insight on new international developments and emerging issues.



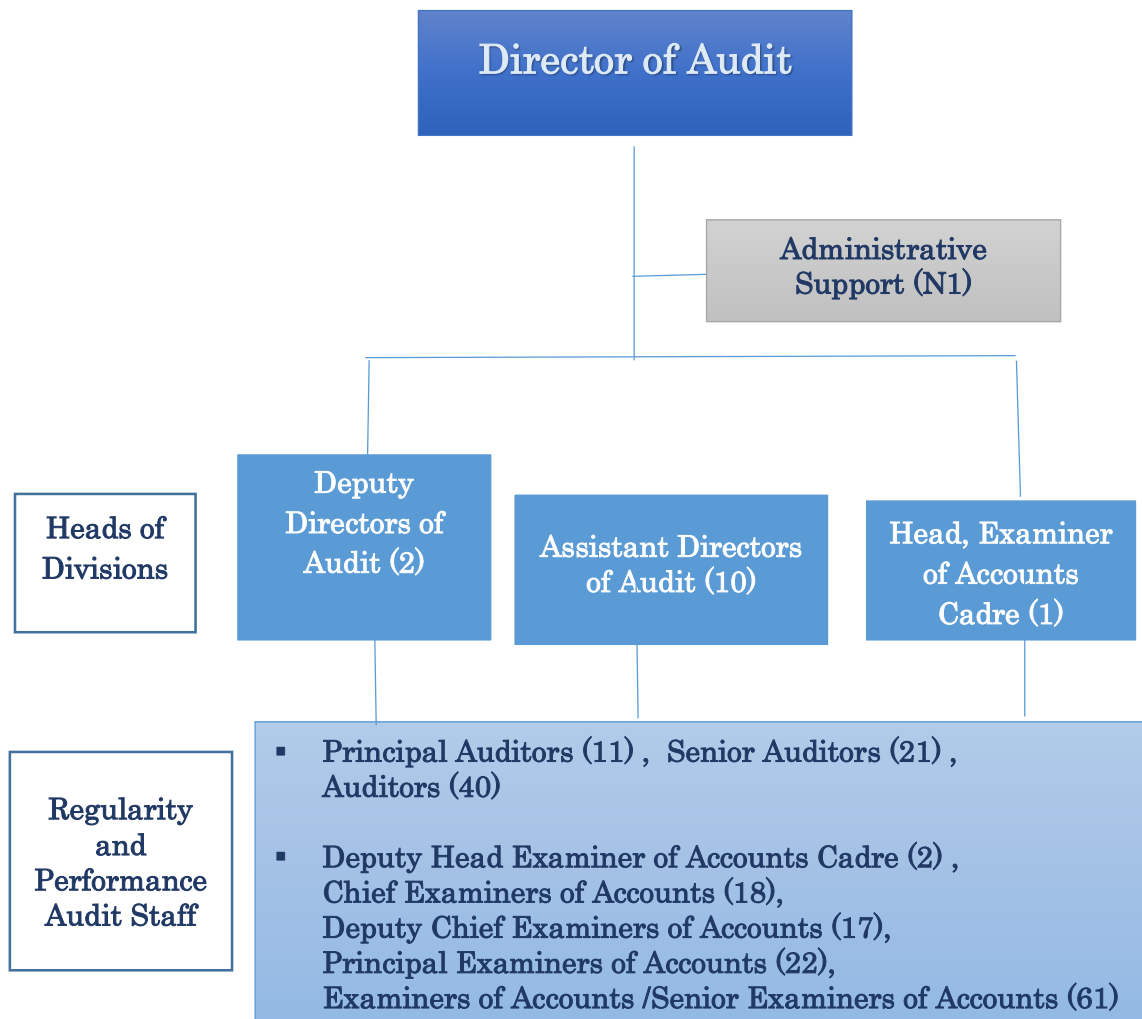


# Our Organisation and People

## Organisation Structure

The Director of Audit is the administrative and technical head of the NAO. He is assisted by a senior management team (Heads of Divisions) comprising two Deputy Directors of Audit, 10 Assistant Directors of Audit and one Head, Examiner of Accounts Cadre, who oversee the 13 Divisions of the NAO. Each Head of Division is assisted by officers of the Auditing Grades, namely, the Auditor Cadre and the Examiner of Accounts Cadre, in the discharge of his/her responsibilities. Other Units contributing to the good running of NAO are the Administrative, Support, IT, Finance and the Human Resource (HR) Units.

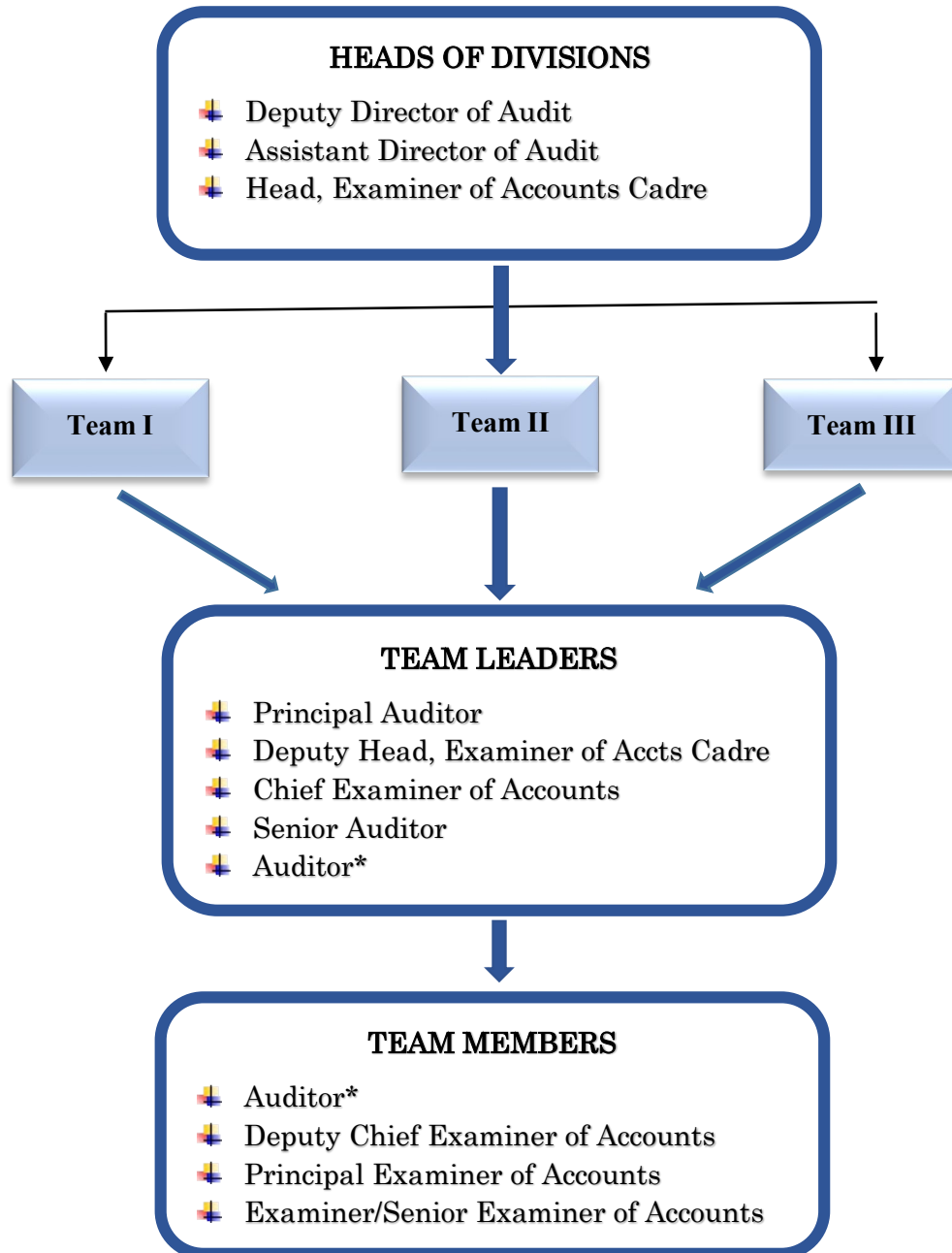
The Organisation Structure of NAO is illustrated below.



**Note 1** - Support staff include: Officers of the HR Cadre, Officers of the Finance Cadre, Office Management Assistants, Management Support Officers and CISD Officers

## Structure of a Division

The structure of a Division is depicted below.



*\* An Auditor may also be called upon to lead a team*

## Senior Management Team (2019-20)

### DIRECTOR OF AUDIT

ROMOOAH Charanjivsingh, FCCA, MSc, LLB – since August 2019

TSE YUET CHEONG Kwee Chow (Mrs), FCCA – retired July 2019

### DEPUTY DIRECTORS OF AUDIT

CHAN HON SEN Chan Quet Shung, FCCA

REETUN Khemraj, FCCA, MBA, CISA

### ASSISTANT DIRECTORS OF AUDIT

CHUNG CHUN LAM Leung Fee Lan (Mrs), FCCA

ABDOOL GAFFOOR Ahmad, FCCA, MBA

RAMKISHORE Deodutt, FCCA

DODAH Toolsee, FCCA

APPASAMY Lutchmanen, FCCA, MBA

WONG CHOW MING Man Lan (Mrs), FCCA

DULLOO Bibi Naseem (Mrs), FCCA, MBA

MAMODE ALLY Mahmud Yousouf, FCCA

### ASSISTANT DIRECTORS OF AUDIT (Assigned Duties)

GHOORAH Bhargvee (Miss), FCCA

HOOBAYEKHAN-AGOWUN Mariam B. (Mrs), FCCA

### HEAD, EXAMINER OF ACCOUNTS CADRE

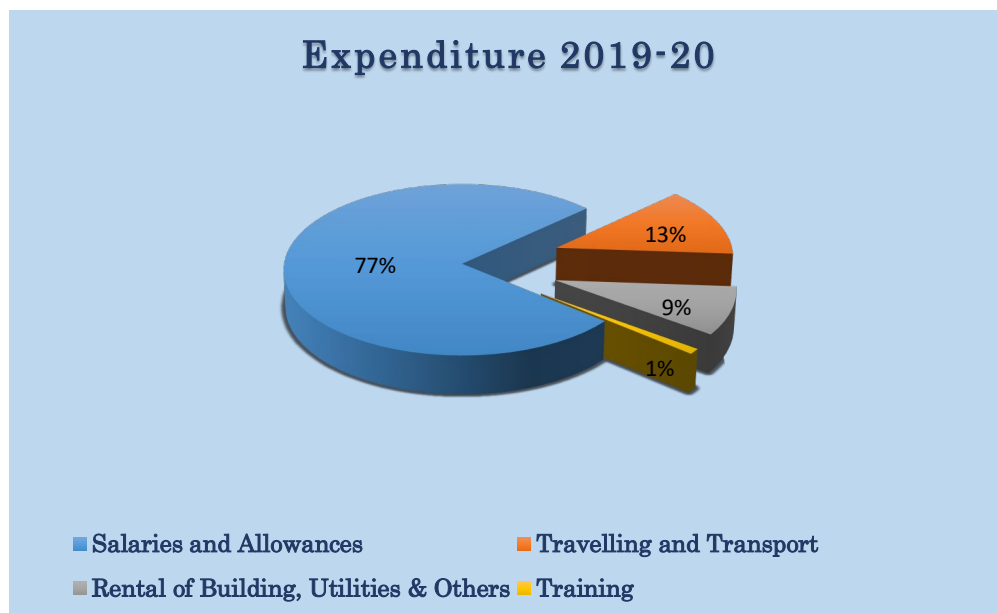
MOHUN Parbhaotee (Mrs)

## Human Resources

- As at 30 June 2020, 171 audit officers (out of an establishment of 206) were in post and consisted of
  - ✓ 14 officers\* of the Senior Management Team
  - ✓ 157 officers\* of the Auditing Grades, namely, the Auditor Cadre and the Examiner of Accounts Cadre
- Additionally, 21 officers of the Administrative and Other Grades were posted at the NAO
- 123 of these officers\* are qualified Accountants.
- 115 officers, that is 60 per cent, of our staff were of the female gender.

Details of officers in post, grade-wise and gender-wise as at 30 June 2020 are given in the following Table.

Expenditure incurred by NAO is mainly related to its personnel. For the financial year 2019-20, it represented some 91 per cent of total expenditure. This included 78 per cent on Salaries, Allowances and Training of staff and 13 per cent on Travelling and Transport.



## NAO Staff as at 30 June 2020

Grade Position	Est. Posts 2019-20	Funded Posts 2019-20	Officers in Post		
			Male	Female	Total
<b>Senior Management</b>					
Director of Audit	1	1	1	-	1
Deputy Director of Audit	2	2	2	-	2
Assistant Director of Audit	10	10	5	*5	10
Head, Examiner of Accounts Cadre	1	1	-	1	1
<b>Auditing Grades</b>					
<i>Auditor Cadre</i>					
Principal Auditor	11	11	7	2	9
Senior Auditor	21	21	14	7	21
Auditor	40	40	13	24	37
<i>Examiner of Accounts Cadre</i>					
Deputy Head, Examiner of Accounts Cadre	2	2	-	-	-
Chief Examiner of Accounts	18	18	10	8	18
Deputy Chief Examiner of Accounts	17	17	9	8	17
Principal Examiner of Accounts	22	22	4	18	22
Examiner/Senior Examiner of Accounts	61	55	6	27	33
<i>Total – Senior Mngt &amp; Auditing Grades</i>	<b>206</b>	<b>200</b>	<b>71</b>	<b>100</b>	<b>171</b>
<b>Administrative Grades</b>					
Assistant Manager, Human Resources	-	-	-	1	#1
Principal Financial Operations Officer	-	1	-	1	1
Other Supporting Staff	-	18	6	13	#19
<i>Total - Administrative &amp; Other Grades</i>	-	<b>19</b>	<b>6</b>	<b>15</b>	<b>21</b>
<b>Total</b>	<b>206</b>	<b>219</b>	<b>77</b>	<b>115</b>	<b>192</b>

\*Includes two Officers assigned duties in the position

# Include posts funded at Ministry of Public Service, Administrative and Institutional Reforms

## Gender Statement

The National Audit Office recognises the predominant role of women as agents of development and also shares the opinion that gender equality and women empowerment are critical factors for overall economic, social and political progress.

This office is continuously pursuing its efforts to foster a working environment free from any gender discrimination whereby all the staff of the NAO, benefit from equal opportunities, enjoy the same rights and participate equitably in decision making at all levels.

NAO recruitment and promotion processes are carried out by the Public Service Commission, similar to other Ministries and Government Departments. NAO staffing, for the financial year 2019-20, indicated that there was no discrimination against women. Out of 192 officers in post at this office, there was a mix of 77 male and 115 female working without any disparity at all levels. Officers of the female gender represented 60 per cent of NAO total manpower. Furthermore, six of the 14 members of Senior Management Team were female.

Male and female staff are treated equally, be it in the distribution of work and responsibilities or in the selection of officers to participate in capacity building programmes.

## Corporate Social Responsibility

NAO recognises the importance of achieving a balance between operational performance and social well-being of our people. NAO's Corporate Social Responsibility (CSR) policies include concern for the health, safety, training and development of its staff, their participation in community activities, as well as care for the environment.

NAO has established core values which provide a code of conduct to its employees who are diverse, multi-cultural and talented people. We encourage them to be good citizens and become social assets to their local communities. We are committed to help in the development of our staff.

NAO does not have a budget for CSR since we operate within regulations pertaining to the public sector. However, since the early 1980s, staff of NAO have set up its own Fund known as the NAO Welfare Fund (NAOWF). Presently, NAOWF has some 160 members and monthly contributions made by the staff members are used to finance events organised by the Fund.

## NAO Welfare Fund Activities

Activities are organised at least twice a year by the NAOWF, namely, an annual End of Year gathering (lunch/ dinner) and outings for its members and their families. On special occasions such as wedding, child birth and retirement, gifts or cash vouchers are offered to members of the NAOWF. Also, a funeral wreath is presented to all NAO staff who have lost their close ones.



NAOWF organised the following activities during the year 2019-20:

### ➤ Sending off on Staff Retirement

Mrs K.C. Tse Yuet Cheong retired from office in July 2019 after holding the position of Director of Audit since November 2013 and a fruitful 39 years' of service to the NAO. Also, in October 2019, Mr D. Jeebun, Office Auxiliary/Senior Office Auxiliary retired after some 40 years in service.

Staff of NAO gathered at the office of the NAO, on both occasions, for the sendoff of their colleagues. NAOWF and NAO staff seized this opportunity to thank the two officers for their valuable contributions as well as to wish them a Happy Retirement.

### ➤ Outing at Ebony Forest, Chamarel

In August 2019, all staff members were invited to participate in an outing at the Ebony Forest at Chamarel. Almost half of the staff participated. They and their family members were provided with packed lunch as well as free transport. All participants were fully satisfied with the activities planned on that day.

### ➤ End of Year Lunch

The NAOWF organized its End of year Lunch on 11 December 2019. This annual event was held at 'La Vallee Des Couleurs' Restaurant, situated in the natural and immensely beautiful southern part of the island. The whole of NAO staff was invited to participate and they were offered free transport on this occasion.



## **PART II**

# **NAO Audit Activities and Performance**



# Learning and Development

---

## Capacity Development

Capacity Development focuses on furthering an organisation's ability to do new things and improving what it currently does in a more efficient and effective way. NAO believes in the continuous development of its staff members, as they are its most important asset, and strives to improve its performance by imparting continuous, relevant training and coaching to its staff so that it continues to stay relevant within a rapidly changing environment.

In line with Government's commitment to bring transformational change in the civil service to render it more responsible and responsive, NAO has the corporate responsibility to ensure sustained performance and productivity through training and development of its human resources.

As an ACCA Approved Employer, NAO is committed to provide Continuing Professional Development (CPD) opportunities to its ACCA staff members, in order to keep them up to date with the latest skills and knowledge as well as enable them to meet their annual CPD requirements. NAO has the status of ACCA Approved Employer since 2006 and is subject to regular monitoring that ensures that it continues to meet the standards of the Approved Employer Programme.

NAO has worked out a comprehensive CPD Plan which includes pertinent topics such as IT Audit, Project Management, Blockchain Technology, Anti-money laundering Framework, Fraud and Irregularities and Performance Audit. Keeping up to date with latest developments and enhancing knowledge of audit staff enables NAO to fulfill its mandate and improve the efficiency and the quality of its audit.

During financial year 2019-20, expenditure incurred by NAO on staff training totalled Rs 1,511,862. This excludes sponsored training which could not be quantified in the absence of information on this non-monetary assistance to NAO. Training was carried out both locally and overseas, giving all NAO staff the opportunity to develop. Due to Covid-19, some workshops planned for the last quarter of 2019-20 could not be carried out but instead, staff had the opportunity to attend Webinars.

***Overseas Training.*** Seventeen NAO officers of the auditing grades had the opportunity to attend workshops/seminars overseas. These workshops/seminars, ranging for periods from a few days to some five weeks, were fully or partly sponsored by various overseas organisations, namely, SAI China, SAI Sweden, the Indian Technical and Economic Cooperation (ITEC), the Malaysian Technical Cooperation Programme (MTCP) and AFROSAI-E.

***Local Training.*** Several local workshops were attended by NAO staff during the year. NAO organized a workshop locally in collaboration with foreign expert resource persons from AFROSAI-E. All NAO technical staff including Senior Management, was thus able to participate in the training sessions.

The main training sessions attended by NAO staff are given in the following Table.

Course Title	Organising Body	Period	Staff Attending
<b>Overseas Training</b>			
1. Performance Audit	MTCP	19 to 30 Aug 2019	1
2. IT Audit	MTCP	19 to 30 Aug 2019	2
3. Audit in IT Environment	ITEC/SCAAP India	09 Sept to 14 Oct 2019	2
4. Study Visit at NAO Sweden	SAI Sweden	30 Sept to 04 Oct 2019	2
5. Audit Seminar for African English-speaking Countries	SAI China	14 to 23 Oct 2019	2
6. AFROSAI-E 14th Technical Update	AFROSAI-E S.Africa	28 to 31 Oct 2019	2
7. AFROSAI -E Technical Update - Performance Audit	AFROSAI-E S.Africa	28 to 31 Oct 2019	1
8. Performance Audit	ITEC/SCAAP India	18 Nov to 13 Dec 2019	1
9. Audit of State Owned Enterprises	ITEC/SCAAP India	14 Oct to 08 Nov 2019	2
10. Audit of E-Government	ITEC/SCAAP India	06 to 31 Jan 2020	2
<b>Local Training</b>			
1. Presentation on Blockchain Beyond Bitcoin	NAO	Aug 2019 (1/2 day)	25
2. Introductory Course on Blockchain for Financial Services Professionals	ACCA Mauritius	Aug 2019 (1/2 day)	8
3. Data Protection Today - Breaking the Iceberg	Data Protection Office	Jan 2020 (1 day)	1
4. Managing Performance in Public Sector	Mauritius Civil Service College	Feb 2020 (1 day)	44
5. Workshop on Performance Audit	NAO/ AFROSAI-E	March 2020 (1 day)	170
6. Workshop on Performance Audit for PA auditors	NAO/ AFROSAI-E	March 2020 (2 days)	12
7. Training Programme on : Advanced Excel	Mauritius Civil Service College	June 2020 (2 days)	15

## Workshop on Data Analysis for Performance Auditors



NAO organised an intensive three day workshop on Performance Audit from 9 to 11 March 2020 with the support of AFROSAI-E. All the technical staff of NAO attended the workshop on the first day. The following two days were earmarked for officers of the Performance Audit Unit.

The aim of the workshop was to provide Performance Auditors with a framework for knowledge in data collection and data analysis both quantitative and qualitative for use in performance audit and produce high quality reports. The impact of the framework is to carry out audits that use more advanced methods and present new analytical insights. The workshop included an assessment on analytical insights in performance audit reports. The participants to the workshop analysed and assessed quantitative and qualitative data in case studies to provide further analytical insights.

It was the first time that AFROSAI-E organised the workshop using the e-learning platform. All the Performance Auditors received a certificate of Achievement from AFROSAI-E.

## Audit Seminar for African English Speaking Countries

Two senior officers of NAO were nominated to attend the Audit Seminar for English-Speaking African Supreme Audit Institutions in the People's Republic of China from 14 to 23 October 2019.



The topics covered during the Seminar included Chinese Government Auditing Theory, Environmental Audit and Poverty Alleviation Audit. Visits were made to the Beijing Daxing International Airport and the Great Wall. For a better understanding of the poverty alleviation in China, the Guizhou Province was visited by participants to have an insight of its Industrial and Education Programme for Poverty Alleviation.

## **PART II**

# **NAO Audit Activities and Performance**



# Our Audit Activities and Performance

---

## NAO Key Outputs 2019-20 at a Glance



## Key Actions and Key Performance Indicators 2019-20

NAO's Key Actions and Key Performance Indicators targeted for year 2019-20 and our achievements as at 30 June 2020 are given in table below.

Key Action	Key Performance Indicator	Target 2019-20	Achievements as at 30 June 2020
Submission of the Annual Audit Report on Government Accounts for the year 2018-19 for tabling before the National Assembly	Submission of Audit Report within statutory date limit	February 2020	Annual Audit Report on Government Accounts submitted in February 2020 and tabled before the National Assembly in March 2020
Audit and certification of financial statements within 6 months of submission by Statutory Bodies and other bodies	% of financial statements audited and certified within 6 months of submission	≥ 90%	53% (N1)
Issue of Performance Audit Reports on extent Government bodies are applying their resources and carrying out their operations economically, efficiently and effectively	Number of Performance Audit Reports issued	5	4 Performance Audit Reports issued (N2)

**N1** - 86 financial statements (FS) for 2018-19 were submitted within statutory date limit i.e. by 31 October 2019. Audit of 80% (69) of these FS were completed, of which 53% (46) were certified within 6 months. Target was not achieved mainly due to:

- (i) need for significant number of auditees to amend FS following audit findings; and
- (ii) delays in submission of approved amended FS to NAO.

It is to be noted that 135 other FS were certified in 2019-20, most of which related to accounting periods prior to 2018-19.

**N2** – Of these reports issued, one was tabled before the National Assembly on 30 June 2020 and the three others on 18 August 2020. The fifth Performance Audit Report was issued in July 2020 and tabled before the National Assembly on 18 August 2020.

## Audit Activities

The main activity of NAO is Auditing. In order to fulfill its audit mandate and provide assurance to the National Assembly on the proper accounting and use of public resources, NAO carries out two main types of audits, namely,

### I. Regularity Audit

### II. Performance Audit

**Regularity Audit** involves the:

- Examination and evaluation of financial records and expression of opinions on financial statements
- Audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations
- Audit of internal control and internal audit functions
- Reporting of any other matters arising from or relating to the audit that the Supreme Audit Institution considers should be disclosed

The main activities carried out by NAO during a Regularity Audit as well as the process followed by NAO before the issue of the Audit Report are given at Annex I.

**Performance Audit** is an independent, objective and reliable examination of whether Government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness. It seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement. It also contributes to accountability and transparency by assisting those charged with governance and oversight responsibilities to improve performance and affording Parliament, taxpayers and other providers of finance an insight into the management and outcomes of different Government activities.

The different stages and processes for a Performance Audit are described at Annex II.

## I. Regularity Audit during 2019-20

During the financial year 2019-20, NAO was responsible for the audit of the accounts of 480 Entities/Divisions, comprising Ministries and Government Departments, the Rodrigues Regional Assembly (RRA), all Local Authorities, most Statutory Bodies, Special Funds, Other Bodies and some Donor-Funded Projects, as well as a few State Owned Companies. Details of NAO portfolio are given in the Table below.

## Accounts Audited by NAO

Categories of Entities	Number of Accounts
Ministries and Government Departments	153
Rodrigues Regional Assembly	12
Statutory Bodies	112
Local Authorities (including Village Councils)	142
Special Funds	21
Other Bodies and Donor-Funded Projects	34
State Owned Companies	6
<b>Total</b>	<b>480</b>

Most Ministries have several Divisions, many of which comprise a number of Units, which NAO has the responsibility to audit. For instance, the Ministry of Education and Human Resources, Tertiary Education and Scientific Research has several Zones, each comprising a number of Primary and Secondary Schools. Other examples are the Ministry of Agro Industry and Food Security, the Ministry of Public Infrastructure and Land Transport and the Ministry of Health and Quality of Life.

NAO carried out the audits of Ministries and Government Departments as well as the RRA mainly during the period July to December 2019. The Annual Audit Report on Government Accounts was submitted by NAO to the Minister, responsible for the subject of Finance, in February 2020, within statutory requirements, and laid in the National Assembly in March 2020.

The audits of Statutory Bodies and Local Authorities are carried out after the receipt of their approved Annual Reports. These bodies are required by law to submit their Annual Report, including their financial statements, for audit within four months of the end of the financial year. NAO is required by law to issue the Audit Reports for Statutory Bodies within six months of the date of receipt of their Annual Reports.

## Audit Coverage

NAO focuses its audit efforts on higher risk areas by applying a risk based approach. Audit coverage of the various units of Ministries and Government Departments, therefore, depends on their materiality. Larger units are usually subject to more extensive audit than smaller units. Audit visits to some small units are effected on a rotational basis, where appropriate.

Our overall performance for the financial year ended 30 June 2020 was satisfactory. NAO completed the audit of all the Ministries and Government Departments as well



as all Commissions of RRA, which was planned. Thus, the percentage completion for these entities was 100 per cent.

The percentage completion for other public bodies ranged from 55 to 78 per cent. The audit of these bodies is considered complete when the Audit Report is issued. Most of the cases of non-completion is explained by the fact that, although the audit assignments were completed, audit reports could not be issued as response to the Management Letters or amended accounts had not yet been received.

Details of audits planned and completed during the year under review are shown in the following Table. The Financial Statements audited related to the financial year ending 30 June 2019 and to previous financial years.

### Audits Planned and Completed during 2019-20

	Planned Audits – FS 2018-19 (A)	Audits completed relating to prior FYs (B)	FS not received for period 2018-19 (C)	Revised Audit Plan (D): (A+B-C)	Audits Completed (E)	Completion % (E/D)
<b>Ministries/ Government Departments</b>	121	N/A	N/A	121	121	100
<b>Rodrigues Regional Assembly</b>	12	N/A	N/A	12	12	100
<b>Statutory Bodies</b>	112	56	39	129	71	55
<b>Local Authorities</b>	142	142	41	243	142	58
<b>Special Funds</b>	21	10	11	20	15	75
<b>Other Bodies and Donor-Funded Projects</b>	34	24	17	41	32	78
<b>State Owned Companies</b>	6	7	1	12	7	58
<b>TOTAL</b>	<b>448</b>	<b>239</b>	<b>109</b>	<b>578</b>	<b>400</b>	<b>69</b>

*Note: FS- Financial Statements; FY- Financial Year; N/A- Not Applicable*

## Audit of Rodrigues Regional Assembly

The Rodrigues Regional Assembly (RRA) has been established under the RRA Act, and the Director of Audit is the Auditor of the RRA by virtue of Section 48 of the Act.

The functions of the RRA are carried out by the Executive Council. The Island Chief Executive is the administrative head and is responsible for the efficient administration of the functions of the Executive Council. Seven Commissions, each one under the responsibility of a Commissioner, have been set up. Each Commission is under the administrative responsibility of one or more Departmental Heads.

The annual statements of the RRA for the year ended 30 June 2019 were submitted to NAO on 30 September 2019, in accordance with the Finance and Audit Act. Five officers of NAO were in Rodrigues in September/October 2019 for the audit exercise. The audit was conducted on a risk-based approach. The Head, Examiner of Accounts Cadre, who was responsible for the audit, also proceeded to Rodrigues to carry out site visits of projects examined and to discuss major audit findings with the Island Chief Executive and the Departmental Heads.

The audited annual statements together with the Report of the Director of Audit were submitted to the Minister responsible for the subject of finance, in February 2020 as required by the Finance and Audit Act.

## Major Constraints

The following main constraints impacted on our Audit performance:

- Increase in the complexity and volume of transactions of audited entities.
- Continuous changes in financial reporting and auditing requirements.
- In many cases, amendments had to be made several times to the financial statements due to repeated discrepancies and in others, extensive amendments were required, indicating a lack of due diligence on the part of the auditees in the preparation of the accounts submitted for audit.
- Late submission of financial statements by auditees.
- Staff shortage prevented a higher coverage.
- As of 30 June 2020, 39 Statutory Bodies, 41 Local Authorities, 11 Special Funds, 17 Other Bodies and Donor-Funded Agencies and one State Owned Company had not submitted their financial statements for the financial year ended 30 June 2019.

## II. Performance Audit during 2019-20

The Director of Audit is required under the Finance and Audit Act to carry out Performance Audit and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively. Performance Audit is conducted in accordance with the requirements of the NAO Performance Audit Manual which is based on International Standards of Supreme Audit Institutions.

### Performance Audit Steering Committee

A Performance Audit Steering Committee (PASC), chaired by the Director of Audit and comprising five members, was set up during the year to provide overall direction and to support the development of Performance Auditing at NAO. The PASC has approved the plans for the pre-study of four new Performance Audit topics selected for 2020-21.

### Performance Audit Reports

In 2019-20, NAO issued the following four Performance Audit Reports:

- Managing Arrears of Revenue
- Moving Towards E-Government through ICT-Enabled Projects
- Environment Protection - Ensuring Proper Disposal of Hazardous Wastes
- Food Production - Are Agricultural State Lands Optimally Utilised?

### References to NAO Reports at International Level

In a report entitled “Auditing the SDGs: Progress to 2030” published in March 2020, ACCA explored how SAIs examine the challenges presented by the SDGs (United Nations Sustainable Development Goals -17 interconnected social, economic, environmental and institutional targets to be achieved by 2030) to government decision-making and their ability to hold governments to account on this ambitious agenda matters. The report outlined the cooperative audit on coastal and marine environments in Africa initiated by AFROSAI-E involving six SAIs including NAO Mauritius. It also referred to the 2018 Performance Audit Report of NAO entitled “*Moving Towards Sustainable Artisanal Fishery in Mauritius*” to illustrate how SAIs select audit topics that are relevant and are of importance to the citizens.

### Challenges facing Performance Audit

- The current mandate to carry out Performance Audit is limited to Ministries, Departments and Divisions
- Major stakeholders are not fully aware of the value and benefits of Performance Auditing

- Data and its availability at audited entities do not always facilitate extraction and analysis.
- Difficulties in attracting sufficient resources to ensure sustainability of the Performance Audit Unit.

## Best Performance Audit Report 2018 - AFROSAI-E Prize



NAO's Performance Audit Report entitled "*Moving Towards Sustainable Artisanal Fishery in Mauritius*", was awarded the prize for the Best Performance Audit Report 2018 within the AFROSAI-E region. This award bears testimony of NAO's move towards high quality audit services and professionalism in producing Performance Audit Reports.

This Prize, which was launched with the support of the Swedish National Audit Office, aimed at recognising SAIs efforts within the AFROSAI-E region to produce Performance Audit Reports of high quality, timeliness and professionalism, and also to benchmark good practices in Performance Audits. The Reports submitted by participating SAIs were assessed by an international jury of four members from, namely, SAI Netherlands, SAI United Kingdom, SAI Norway and SAI Sweden (Chair).

As part of the award, two NAO Officers, members of the winning team, effected a study visit to the Swedish National Audit Office in October 2019. They presented the winning Report and had the opportunity to discuss with their peers in Sweden as well as to visit institutions and agencies that connect to their areas of audit. The experience and knowledge gained on themes relating to policy evaluation, data analysis and capacity building in Performance Audit were subsequently shared with colleagues of NAO.

Also, in October 2019, one of the two NAO Officers gave a presentation of the Report at the AFROSAI-E 14th Technical Update in South Africa, which was attended by some 180 participants and included Auditor-Generals of several SAIs of the AFROSAI-E region. The presentation highlighted how the design of the audit embedded part of Sustainable Development Goal 14 as one of its assessment criteria and examination of government interventions to sustain artisanal fishery across three dimensions. The

session was interactive with questions from the audience relating to response of the auditee to the Report and follow up on the implementation of the recommendations.

## Corporate Governance

NAO is totally committed to the core values of Good Governance, which embodies integrity, transparency and accountability. It is of vital importance that NAO is perceived as a trustworthy institution inspiring confidence and credibility.

### Code of Ethics

NAO Code of Ethics comprises a customised version of the International Code of Ethics for auditors in the Public Sector established by the INTOSAI as well as the Code of Ethics for Public Officers issued by the Ministry of Public Service, Administrative and Institutional Reforms.

All officers of NAO have signed the Code of Ethics declarations. In addition, for every audit assignment undertaken, the Code of Ethics Declaration Work Paper is signed by the team members working on the assignment. NAO officers are always encouraged to adhere to these codes.

### Risk Management

A major challenge facing all SAIs is to consistently deliver timely and high quality audits which are embedded in their strategic objectives. The quality of audit performed by SAIs and the timeliness of audit reports have a direct impact on their reputation and credibility; as guardian of accountability and transparency in the public sector.

With that in view, SAIs have to establish internal control structures and systems that include management of risks to provide reasonable assurance regarding the achievement of their objectives.

Risk management process consists of setting up of objectives linked to SAI's mission, risks identification, assessment and responses, design of control activities according to risks responses and monitoring and review of control activities.

The main risks that NAO has to prevent in the conduct of its operations are:

- a) Issue of audit reports after statutory date limits;
- b) Issue of inappropriate audit reports.

To mitigate the above risks, NAO has taken the following measures:

- Setting up of monitoring tools including key performance indicators to ensure that audit is completed on time and reports are issued as scheduled.

- Continuous training of staff to ensure that they are kept abreast of latest developments.
- Implementation of quality control procedures throughout the audit process.
- Establishment of a Quality Assurance Unit to carry out quality control checks to ensure compliance with professional standards and applicable legal and regulatory requirements.
- Continuous review of audit methodology to ensure audit is carried out in the most efficient and effective manner.
- Setting up of Technical Committees to deal with complex technical issues.

## Quality Assurance

The NAO has developed a Quality Assurance Policy and put in place quality control systems and procedures.

The objective is to ensure that audit work carried out by NAO produces results of high value for the benefit of stakeholders and for the country as a whole.

A Quality Assurance Committee has been established to coordinate quality assurance operations at the NAO and a Quality Assurance Unit (QAU) has been set up to carry out quality control checks.

The major challenge for the forthcoming year is to strengthen the QAU in terms of both technical and human resources for:

- the conduct of more quality reviews
- improved quality control throughout the audit process as well as ensuring compliance with international standards and best practices in auditing
- corrective measures taken on any limitations identified.

## Support to Public Accounts Committee

The Public Accounts Committee (PAC) is a sessional Select Committee appointed under the Standing Orders and Rules of the National Assembly. The Committee consists of a Chairman appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

The PAC is a key stakeholder of NAO's Audit Reports. The Committee's main function is to examine the audited accounts of the Republic of Mauritius for each financial year and such other accounts laid before the National Assembly as the Assembly may refer to the Committee, together with the Reports of the Director of Audit thereon.

Representing Parliament, the Committee is to satisfy itself that public money is spent for the purposes authorised by the National Assembly. It has the power to send for Government officials, records and to take evidence, in the exercise of its duties.

NAO sustained its support to the PAC in the discharge of its duties. During the financial year 2019-20, sessions held by the PAC, examining NAO's Audit Reports on Ministries and Government Departments, were attended by the Director of Audit and/or his representatives as well as by other NAO officers who might be of assistance to the Committee on matters under examination.

The PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly. In September 2019, the PAC laid its report covering NAO's Annual Reports for the 18-month period ended 30 June 2016 and for the financial year ended 30 June 2017.

## Financial Performance

For the financial year ended 30 June 2020, the total revenue of NAO which comprised Appropriation from the Consolidated Fund, Audit Fees and Deferred Income amounted to Rs 186.6 million.

Revenue from Consolidated Fund, which represented 90 per cent of the total revenue, stood at Rs 168.8 million in financial year 2019-20. Initially, a provision from estimates of Rs 164 million was made for the financial year under NAO's Vote in the Government Budget. The purpose of this provision was mainly to meet the organisation's recurrent and capital expenditure. By the end of the financial year, an amount of Rs 7.8 million remained unutilised.

An additional amount of Rs 14.1 million pertaining to expenses related to sick leave and vacation leave, passage benefits, training abroad as well as salaries of two supporting staff, were met from other Votes.

Audit Fees which are charged to Statutory Bodies, Local Authorities, Special Funds and Other Bodies are credited to the Consolidated Fund. Ministries and Government Departments are not charged for any fees for the audit of their accounts. In the financial year 2019-20, there have not been any significant changes in fees charged or in the number of audited entities. Audit Fees decreased from Rs 21.1 million in 2018-19 to Rs 16.5 million in 2019-20. The variation was mainly due to the pandemic COVID-19 which negatively impacted on the completion of the audit of several entities.

Expenditure for the financial year 2019-20 amounted to Rs 186.6 million as compared to Rs 186.3 million in 2018-19. The three main items of expenditure related to staff costs, audit fees payable to Consolidated Fund and rent and utilities which amounted to Rs 159.2 million, Rs 16.5 million and Rs 6 million respectively. They represented 97 per cent of the total expenditure.



## Financial Position

There was an increase of Rs 1.8 million with respect to the Total Assets which stood at Rs 120.1 million as at 30 June 2020 as compared to Rs 118.3 million as at 30 June 2019. Also, total liabilities which were Rs 113.5 million as at 30 June 2019 have increased to Rs 115.8 million. Capital grants received from Government to finance payments of fixed assets are released to the Income Statement based on the depreciation charge for the year. The balance of Capital grant is shown in the Statement of Financial Position. This has decreased from Rs 4.8 million as at 30 June 2019 to Rs 4.3 million as at 30 June 2020.

# PART III

## Way Forward



# Way Forward

---

## Strategic Direction

The National Audit Office will strive to reinforce its role as one of the main pillars of the country's governance system by providing high quality audit services geared towards promoting a culture of accountability and transparency. To achieve this, we have set three main goals.

## Strategic Goals

**Goal 1: Maximising the value of NAO as a Supreme Audit Institution by strengthening its independence**

Independence of the SAI is crucial to retain and build citizens' trust and confidence in the institution's ability to ensure public sector transparency and accountability.

As per the Lima Declaration of Guidelines on Auditing Precepts (the Lima Declaration) and ISSAI 10 - Mexico Declaration on SAI Independence, for SAIs to carry out their public audit function objectively and effectively, they must be independent of the audited entity and be protected against outside influence. Currently, NAO does not meet all the provisions of the Lima and Mexico Declarations on SAIs independence (Annexes IIIA and IIIB).

A new performance indicator, "**Supreme Audit Institution (SAI) Independence**", was introduced in PEFA 2016 Framework for assessing public financial management under **Pillar 7: External Scrutiny and Audit** to assess the independence of the SAI from the executive. PEFA 2016 replaces PEFA 2011 as the framework to be applied for all new PEFA assessments. Currently, NAO does not meet all the requirements for an A rating under that indicator on SAI independence (Annex IV).

**We shall engage with the authorities for the review of existing legislations and policies to a view to strengthening NAO's independence according to the precepts of the Lima and Mexico Declarations on SAIs independence**

**Goal 2: Promoting good governance in the public sector by providing high quality audit services**

Audit quality is paramount to building public trust and is of utmost importance to strong public financial management. This is achieved by ensuring that NAO has the

right people, the right systems and a commitment to excellence and continuous improvement.

*“A high quality external audit is an essential requirement for creating transparency in the use of public funds. Key elements of the quality of actual external audit comprise the scope/coverage of the audit, adherence to appropriate auditing standards, focus on significant and systemic PFM issues in its report, and performance of the full range of financial audit such as the reliability of financial statements, regularity of transactions and the functioning of internal control and procurement systems.”*

*(Extract from PEFA Report 2015 on Mauritius)*

**We shall**

- **Implement a sustainable and performance oriented training and continuous development plan.**
- **Engage strategically with the wider international SAI community in the interest of NAO capacity development.**
- **Develop and maintain expertise in the various fields of public sector auditing.**
- **Develop and maintain a robust and consistent system of quality control that is geared towards continuous monitoring of audit work and improvement.**

**Goal 3: Becoming a model institution by adopting highest standards of management**

As the Supreme Audit Institution of the Republic of Mauritius, NAO has to be a model organisation that leads by example and be a place where one feels great to work.

**We shall**

- **Organise and govern NAO in ways that promote economical, efficient and effective working practices.**
- **Promote a culture of excellence by implementing a performance management system that is geared towards developing staff commitment to strong work ethics.**

# Situational Analysis

## Strengths

- NAO's mandate stems from the Constitution.
- Strong legal framework that establishes the powers and responsibilities of the Director of Audit and guarantees the operational independence of NAO.
- NAO is well respected as an independent institution.
- As a member of strong international and regional blocks, including the International Organisation of Supreme Audit Institutions (INTOSAI), NAO is committed to the highest standards of quality.
- Staff is qualified, experienced, committed and trained.

## Challenges

- NAO as well as public sector bodies will have to adapt to the new working environment in the country as a result of the Covid-19 pandemic.
- The audit of programmes and expenditures relating to the Covid-19 pandemic might necessitate a shift from the conventional audit approach.
- NAO's financial and human resources are determined by its auditees, which limits both its independence and operational capacity.
- Constant need to review audit approach and methodology due to emerging risks arising from regular changes in technological, legal and business environment in which auditees operate.
- Need to develop expertise in specialised fields such as IT Audit, Capital Projects Audit, Environmental Audit and Performance Audit.
- Failure by public sector bodies to submit financial statements for audit within statutory deadlines, leading to backlogs and impacting negatively on NAO's work calendar and capacity to meet deadlines.
- Inability to retain experienced staff on contract/consultancy basis.
- Growing expectations of stakeholders.

## Opportunities

- Economic downturn forecasts as well as sanitary challenges triggered by the Covid-19 pandemic will force the NAO to become more innovative and discover more efficient ways to fulfil its mandate.
- To maintain a high standard of services, NAO will have to strengthen its collaboration with international partners and leverage on training opportunities to ensure that staff keep abreast of international developments in the field of auditing and accounting.

# **PART IV**

## **Financial Statements and Reports**





## Statement of Responsibilities of the Director of Audit in respect of the Financial Statements and Internal Controls

The National Audit Office (NAO) has prepared financial statements for the year ended 30 June 2020, which give a true and fair view of its financial position and its financial performance. In preparing those financial statements, management is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that NAO will continue in business.

The Director of Audit confirms that he has complied with the above requirements in preparing the financial statements for the year ended 30 June 2020.

The Director of Audit is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NAO and to enable management to ensure that the financial statements comply with applicable accounting standards.

The Director of Audit is also responsible for safeguarding the assets of NAO, and hence, for taking reasonable steps for the prevention and detection of fraud and any irregularities.

The Director of Audit acknowledges his responsibility for the setting up of adequate system of internal controls and for the setting up of appropriate policies to provide reasonable assurance that the control objectives have been attained. The activities of NAO are closely monitored by its management. Procedures and policies established in the public sector are consistently applied. Management has the relevant experience and skills to ensure proper running of the NAO as a Supreme Audit Institution. There is no history of fraud and irregularities.

The internal control procedures put in place at NAO include the following:

- Proper segregation of duties whereby the different functions in process are crosschecked and verified;
- Adequate supervision of duties performed by staff members;
- Ensure that the assets of the NAO are properly safeguarded;
- Ensure compliance with relevant laws, rules and regulations.



**C. ROMOOAH**  
Director of Audit

7 October 2020



## **INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF AUDIT NATIONAL AUDIT OFFICE**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of **National Audit Office** (NAO), which comprise the statement of financial position as at 30 June 2020, the statement of outturn, the statement of financial performance, the statement of income payable to the Consolidated Fund, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 77.

In our opinion, these financial statements give a true and fair view of the financial position of the **National Audit Office** as at 30 June 2020, its financial performance, its changes in equity and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

In all material respects, the income and expenditures have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other Information***

The directors are responsible for the other information. The other information comprises the Activity and Performance Report or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF AUDIT  
NATIONAL AUDIT OFFICE  
(continued)**

**Report on the Audit of the Financial Statements (continued)**

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Audit Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Audit Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the National Audit Office to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF AUDIT  
NATIONAL AUDIT OFFICE (continued)**

**Report on the Audit of the Financial Statements (continued)**

*Auditors' responsibilities for the audit of the financial statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Director's Responsibility for the Financial Statements*

- The Director of Audit is under no statutory obligation to prepare financial statements for the National Audit Office. However, these financial statements have been prepared in terms of the requirements of International Standards for Supreme Audit Institutions (ISSAI) 20 and 21 - Principles of transparency and accountability and by applying International Public Sector Accounting Standards.
- The Director of Audit is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Report on Other Legal and Regulatory Requirements*

We have no relationship with or interests in the National Audit Office other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the National Audit Office as far as it appears from our examination of those records.



**MOORE (MAURITIUS)**  
Chartered Accountants



**Lekhraj Rampertaub, FCCA**  
Signing Partner  
Licensed by FRC

Port Louis  
Republic of Mauritius

Date: **26 OCT 2020**

1000 1000 1000



# **National Audit Office**

## **Financial Statements**

for the financial year ended 30 June 2020





**National Audit Office  
Financial Statements  
For the financial year ended 30 June 2020**

**Table of Contents**

<b>Statement of Outturn</b>	<b>52</b>
<b>Statement showing Income Payable to the Consolidated Fund</b>	<b>53</b>
<b>Statement of Financial Position</b>	<b>54</b>
<b>Statement of Financial Performance</b>	<b>55</b>
<b>Statement of Changes in Equity</b>	<b>56</b>
<b>Cash Flow Statement</b>	<b>57</b>
<b>Statement of Budgeted, Actual and Accrual Based Amounts</b>	<b>58</b>
<b>Statement showing Reasons for Variances between Original and Revised Budget</b>	<b>59</b>
<b>Statement showing Reconciliation of Cash Flows with Statement of Financial Performance</b>	<b>60</b>
<b>Notes to the Financial Statements</b>	<b>61</b>

**National Audit Office  
Statement of Outturn**

*for the financial year ended 30 June 2020*

	<b>Revised Budget Rs</b>	<b>Actual Expenditure Rs</b>
Salaries and allowances	126,359,000	122,646,141
Travelling and transport	23,000,000	22,712,703
Overtime	467,000	440,294
Staff welfare	35,000	35,000
Cost of utilities	1,280,000	918,348
Fuel and oil	35,000	17,741
Rental of building	4,660,000	4,657,611
Rental of parking	505,000	446,321
Equipment and furniture	2,285,000	1,192,379
Office sundries	333,000	325,703
Maintenance	1,060,000	771,850
Printing and stationery	500,000	499,817
Books and publications	210,000	174,665
Fees for training and consultants	1,525,000	271,840
Refund of subscription fees	1,100,000	551,982
Inspection and audit fees	125,000	97,750
Uniforms	25,000	15,495
Accommodation costs	40,000	-
Membership fees	456,000	443,610
<b>Total</b>	<b>164,000,000</b>	<b>156,219,250</b>

Outturn for the financial year ended 30 June 2020 has been presented on a cash basis. Reasons for variances between budgets and outturns are explained on page 59.


**National Audit Office**  
**Statement of Income Payable to the Consolidated Fund**  
*for the financial year ended 30 June 2020*

	<b>Budget</b>	<b>Outturn</b>
	<b>Rs</b>	<b>Rs</b>
Audit fees received during the year	16,500,000	16,678,291
Audit fees due at 1 July 2019	-	(3,507,500)
Audit fees due at 30 June 2020	-	3,350,000
<b>Audit fees payable to the Consolidated Fund</b>	<b>16,500,000</b>	<b>16,520,791</b>

**National Audit Office**  
**Statement of Financial Position**  
*at 30 June 2020*

		30 June 2020	30 June 2019
	Notes	Rs	Rs
<b>ASSETS</b>			
<b>Current assets</b>			
Short term car loans receivable	8	5,440,296	5,263,097
Trade receivables	6	3,350,000	3,507,500
Other receivables	7	3,596,163	3,353,540
Inventories		215,689	175,892
		<u>12,602,148</u>	<u>12,300,029</u>
<b>Non-current assets</b>			
Car loans receivable	8	11,638,925	14,292,958
Long term receivables	9	91,522,506	86,930,662
Property, plant and equipment	10	4,164,738	4,806,314
Intangible assets	11	195,788	19,119
		<u>107,521,957</u>	<u>106,049,053</u>
<b>Total assets</b>		<u>120,124,105</u>	<u>118,349,082</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term car loans payable	8	5,440,296	5,263,097
Trade and other payables	12	7,161,852	7,036,932
		<u>12,602,148</u>	<u>12,300,029</u>
<b>Non-current liabilities</b>			
Car loans payable	8	11,638,925	14,292,958
Sick leave obligations	5(f),9	42,196,178	41,001,687
Passage benefit obligations	5(f),9	9,800,826	9,541,722
Vacation leave obligations	5(f),9,13	39,525,502	36,387,253
		<u>103,161,431</u>	<u>101,223,620</u>
<b>Total liabilities</b>		<u>115,763,579</u>	<u>113,523,649</u>
<b>NET ASSETS</b>		<u>4,360,526</u>	<u>4,825,433</u>
<b>EQUITY</b>			
Capital Grant	14	4,360,526	4,825,433
		<u>4,360,526</u>	<u>4,825,433</u>

Approved on 07 October 2020

  
 .....  
**C. ROMOOAH**  
**Director of Audit**

*The notes on pages 61 to 77 form an integral part of these financial statements.*

**National Audit Office**  
**Statement of Financial Performance**  
*for the financial year ended 30 June 2020*

	Notes	Year ended 30 June 2020 Rs	Year ended 30 June 2019 Rs
<b>Revenue</b>			
Appropriation from Consolidated Fund	15	168,815,047	163,635,965
Audit fees receivable	16	16,520,791	21,132,500
Deferred income		1,308,257	1,497,594
<b>Total Revenue</b>		<b>186,644,095</b>	<b>186,266,059</b>
<b>Expenses</b>			
Audit fees Payable to Consolidated Fund	16	16,520,791	21,132,500
Staff costs	17	159,169,950	153,838,582
Training	18	1,511,862	1,108,009
Mission abroad		-	657,661
Rent and utilities	19	6,019,318	5,890,927
IT expenses		577,606	739,508
Supplies and consumables		1,121,248	1,049,572
Subscriptions to international organisations		415,063	351,706
Depreciation and Amortisation		1,308,257	1,497,594
<b>Total Expenses</b>		<b>186,644,095</b>	<b>186,266,059</b>
<b>Surplus/Deficit for the period</b>		<b>-</b>	<b>-</b>

*The notes on pages 61 to 77 form an integral part of these financial statements.*

**National Audit Office**  
**Statement of Changes in Equity**  
*for the financial year ended 30 June 2020*

	<b>Year ended 30 June 2020</b>	<b>Year ended 30 June 2019</b>
	<b>Rs</b>	<b>Rs</b>
Opening balance	4,825,433	5,156,473
Capital Grant	1,499,599	1,224,765
Deferred income	(1,308,256)	(1,497,594)
Disposal of Motor Vehicle	(656,250)	(58,211)
<b>Closing balance</b>	<b>4,360,526</b>	<b>4,825,433</b>

*The notes on pages 61 to 77 form an integral part of these financial statements.*

**National Audit Office**  
**Cash Flow Statement**  
*for the financial year ended 30 June 2020*

	Year ended 30 June 2020 Rs	Year ended 30 June 2019 Rs
<b>Operating activities</b>		
Surplus/Deficit for the period	-	-
<b>Adjustments for:</b>		
Deferred income	(1,308,256)	(1,497,594)
Depreciation	1,305,525	1,492,994
Amortisation	2,731	4,600
Change in trade and other receivables	(85,124)	(2,595,558)
Change in inventories	(39,796)	(58,693)
Change in trade and other payables	124,920	2,654,251
Change in long term receivables	(4,591,844)	(3,933,735)
Change in sick leaves, vacation leaves and passage benefit obligations	4,591,844	3,933,735
<b>Cash flow generated from/ (used in) operating activities</b>	<b>-</b>	<b>-</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,499,600)	(1,181,660)
Proceeds from sale of equipment	-	-
Car loans granted to staff	(3,193,321)	(6,403,500)
Loans refunded to Accountant General	(5,670,155)	(6,859,725)
<b>Cash used in investing activities</b>	<b>(10,363,076)</b>	<b>(14,444,885)</b>
<b>Financing activities</b>		
Funds received for purchase of property, plant and equipment	1,499,600	1,181,660
Loans from Accountant General	3,193,321	6,403,500
Loans repaid	5,670,155	6,859,725
<b>Cash generated from financing activities</b>	<b>10,363,076</b>	<b>14,444,885</b>
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

**Notes**

***Cash and Cash Equivalent***

The NAO does not operate any bank accounts. Revenues are remitted to the Accountant General and all payments are effected by the latter. The cash and cash equivalent was nil at year ends.

*The notes on pages 61 to 77 form an integral part of these financial statements.*



**National Audit Office**  
**Statement of Budgeted, Actual and Accrual Based Amounts**  
*for the financial year ended 30 June 2020*

	<b>Original Budget Rs</b>	<b>Revised Budget Rs</b>	<b>Actual Received / Paid Rs</b>	<b>Financial Statements Rs</b>
<b>Revenue</b>				
Audit fees	16,500,000	16,500,000	16,678,291	16,520,791
<b>Expenditure</b>				
Salaries and allowances	126,932,000	126,359,000	122,646,141	135,414,476
Travelling and transport	23,000,000	23,000,000	22,712,703	22,712,703
Overtime	350,000	467,000	440,294	440,294
Staff welfare	35,000	35,000	35,000	35,000
Cost of utilities	1,280,000	1,280,000	918,348	919,386
Fuel and oil	35,000	35,000	17,741	17,741
Rental of building	4,385,000	4,660,000	4,657,611	4,657,611
Rental of parking	505,000	505,000	446,321	442,321
Equipment and furniture	2,300,000	2,285,000	1,192,379	-
Office sundries	185,000	333,000	325,703	322,477
Maintenance	1,060,000	1,060,000	771,850	660,216
Printing and stationery	500,000	500,000	499,817	436,457
Books and publications	210,000	210,000	174,665	164,213
Fees for training and consultants	1,525,000	1,525,000	271,840	1,511,862
Refund of subscription	1,100,000	1,100,000	551,982	551,982
Inspection and audit fees	125,000	125,000	97,750	97,750
Uniforms	25,000	25,000	15,495	15,495
Accommodation costs	40,000	40,000	-	-
Membership fees	408,000	456,000	443,610	415,063
<b>Total Recurrent Expenditure</b>	<b>164,000,000</b>	<b>164,000,000</b>	<b>156,219,250</b>	<b>168,815,047</b>
Depreciation and Amortisation	-	-	-	1,308,257
Audit fees payable to Consolidated Fund	-	-	-	16,520,791
<b>Total Expenditure as per Financial Statements</b>				<b>186,644,095</b>
<b>Expenditure Capitalised</b>				
Computer Equipment	-	-	-	465,545
Furniture and fittings	-	-	-	345,401
Office equipment	-	-	-	509,254
<b>Expenditure</b>	<b>164,000,000</b>	<b>164,000,000</b>	<b>156,219,250</b>	<b>187,964,295</b>

**National Audit Office**  
**Statement showing reasons for variances between Original and Revised Budget**  
*for the financial year ended 30 June 2020*

Expenditure	Original Budget	Revised Budget	Variations	Note 1
	Rs	Rs	Rs	
Salaries and allowances	126,932,000	126,359,000	573,000	
Travelling and transport	23,000,000	23,000,000	-	
Overtime	350,000	467,000	(117,000)	Note 2
Staff welfare	35,000	35,000	-	
Cost of utilities	1,280,000	1,280,000	-	
Fuel and oil	35,000	35,000	-	
Rental of Building	4,385,000	4,660,000	(275,000)	Note 3
Rental of parking	505,000	505,000	-	
Equipment and furniture	2,300,000	2,285,000	15,000	
Office sundries	185,000	333,000	(148,000)	Note 4
Maintenance	1,060,000	1,060,000	-	
Printing and stationery	500,000	500,000	-	
Books and Publications	210,000	210,000	-	
Fees for training and consultants	1,525,000	1,525,000	-	
Refund of subscription	1,100,000	1,100,000	-	
Inspection and audit fees	125,000	125,000	-	
Uniforms	25,000	25,000	-	
Accommodation costs	40,000	40,000	-	
Membership fees	408,000	456,000	(48,000)	Note 5
<b>Total</b>	<b>164,000,000</b>	<b>164,000,000</b>	<b>-</b>	

Note 1 The revised budget is the result of reallocations between vote items. The actual amounts were always less than and in most cases close to the revised budget. Thus, the reasons mentioned below also apply to differences between original budget and actual amounts.

Note 2 Overtime costs paid to CISD officers

Note 3 Revision of monthly rental value

Note 4 Unanticipated purchase of sanitary items due to Covid-19

Note 5 Increase in subscription fees and fluctuations in exchange rates

**National Audit Office**  
**Statement showing Reconciliation of Cash Flows with Statement of Financial Performance**  
*for the financial year ended 30 June 2020*

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Actual Recurrent Expenditure as per Statement of Outturn	156,219,250	155,118,766
Commitment for the year	87,017	182,913
Prepayment for last year	517,772	428,651
Adjustment inventories-Last year	175,892	117,199
Loss on disposal of equipment	-	58,210
<b>Non-budgeted items paid</b>		
Salary of supporting staff	1,496,074	1,146,235
Mission and Training Abroad	1,240,022	718,772
Audit Fees payable to Consolidated Fund	16,520,791	21,132,500
<b>Provisions and other benefits</b>		
Sick Leave and Vacation Leave	6,632,684	3,537,909
Passage Benefits obligations	4,723,886	4,396,990
<b>Non-cash items</b>		
Depreciation & Amortisation	1,308,256	1,497,594
	<b>188,921,644</b>	<b>188,335,739</b>
Prepayment	(476,856)	(517,772)
Commitment for last year	(182,913)	(194,356)
Retention Money for last year	(41,055)	-
Adjustment Inventories- this year	(215,689)	(175,892)
Additions to PPE and Intangible Assets financed from revenue	(1,361,036)	(1,181,660)
<b>Expenditure as per Statement of Financial Performance</b>	<b>186,644,095</b>	<b>186,266,059</b>

## **Notes to the Financial Statements**

*for the financial year ended 30 June 2020*

### **Note 1. Reporting entity**

Section 110 of the Constitution of the Republic of Mauritius provides for the appointment of a Director of Audit whose office is a public office. The institution that Government has mandated to carry out the examination of the accounts of the Ministries and Departments on behalf of the Legislature is known as the National Audit Office (NAO) and the Director of Audit is the constitutional head of that Office. The Finance and Audit Act further amplifies the constitutional powers and duties of the Director of Audit, as well as the method of control and management of public funds. Besides Government Ministries and Departments, NAO is also responsible for the audit of the accounts of all Local Authorities, most of the Statutory Bodies, Special Funds, the Rodrigues Regional Assembly, foreign-funded projects and other bodies.

The financial statements of the NAO have been prepared in a spirit of adherence to the good governance principles of accountability and transparency.

### **Note 2. Basis of Preparation**

The financial statements of NAO have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) which is a Board of the International Federation of Accountants (IFAC).

Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) of the International Accounting Standards Board (IASB) are applied.

The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period. They have been prepared on the historical cost basis.

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

In the application of the NAO's accounting policies, which are described in Note 5, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the estimate affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Estimates include, but are not limited to fair valuation of inventories, accounts receivables, accrued charges, contingent assets and liabilities, and degree of impairment of property, plant and equipment.

The financial statements are presented in Mauritian Rupees.

## **Notes to the Financial Statements**

*for the financial year ended 30 June 2020*

### **Note 3. Adoption of IPSAS**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods beginning after 1 July 2019 or later periods but which have not been early adopted. These new standards, amendments and interpretations are either not relevant to the NAO's operations or are not expected to have a material effect on the accounting policies and disclosures.

### **Note 4. Measurement Base**

The accounting principles recognized as appropriate for the measurement and reporting of the financial performance, cash flows, and financial position on an accrual basis using historical cost are followed in the preparation of the financial statements.

### **Note 5. Significant Accounting Policies**

The following specific accounting policies that materially affect the measurement of financial performance and the financial position are applied:

#### **(a) Revenue Recognition**

##### *Income*

Income is measured at the fair value of the consideration received.

##### *Government Grant*

The revenue necessary to finance the expenditure of NAO is derived from the Consolidated Fund by means of the Annual Estimates and the corresponding Appropriation Act. Government recurrent grant is recognized to the extent that expenditure has been incurred.

Government grant received to finance expenditure on property, plant and equipment is recognized as a deferred income in the Statement of Financial Position and is released to the Statement of Performance over the expected useful life of the assets.

##### *Audit Fees*

Revenue from audit fees is recognized when the audit has been completed and is on a billable basis. All the audit fees collected for the audit of financial statements of statutory and non-statutory bodies, Special Funds and local authorities, and from other assurance work are credited directly to the Consolidated Fund. NAO does not charge any fees for the audit of accounts of Government Ministries and Departments.

## **Notes to the Financial Statements**

*for the financial year ended 30 June 2020*

### **Note 5. Significant Accounting Policies (continued)**

#### **(b) Accrual accounting under IPSAS**

Accrual accounting under IPSAS does not necessarily require the matching of revenue to related expenses. The cash flows arising from contributions and the related expenses take place in current and future accounting periods.

#### **(c) Trade and other receivables**

Trade and other receivables are recorded at their fair value after providing for doubtful and unrecoverable debts.

#### **(d) Leased assets**

NAO does not have any assets held under finance lease.

#### **(e) Foreign currency transactions**

Transactions in foreign currencies are translated to Mauritian rupee at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date and gains or losses on translation are recognised in the Statement of Financial Performance.

#### **(f) Employee entitlements**

Employee entitlements to salaries, pension costs, and other benefits are recognized when they are earned. Employees are allowed to accumulate sick leaves not taken at the end of each calendar year up to a maximum of 110 days, in a Sick Leave bank as at 30 June 2020. The balance of bank Sick Leave is valued at the end of the financial year and is recognised as Long Term payables. To the extent that claims for payments of Passage Benefits have been received and it is foreseen that staff would retire within one year, the amounts so payable for Passage Benefits and sick leaves are transferred to Trade and other payables under Current Liabilities.

Beyond the ceiling of 110 days, officers are refunded part of the annual entitlement of sick leaves not taken at the end of every calendar year and this is expensed to the Statement of Financial Performance.

A provision is made for the estimated liability for Passage Benefits. The Passage Benefits for each staff are valued at year end and are included as long term payables. For the current period, based on past experience we transferred an amount of Rs 2.5 million from long term liabilities to short term liabilities to provide for any forthcoming payments of passage benefits in the next financial year. The annual increase in passage benefits, representing amount earned for each eligible officer during the financial year, is expensed to the Statement of Financial Performance.

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 5. Significant Accounting Policies (continued)

#### (f) Employee entitlements (continued)

##### *Other Post-Employment Benefits*

##### *Provision for accrued Vacation Leaves*

NAO employees are entitled to accumulate vacation leave up to a maximum of 210 days depending on their length of service. These are recognised as and when the employees render service that increases their entitlement to Vacation Leave. The expected cost of accumulating vacation leave is measured as the additional amount that the NAO expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### *Retirement benefits*

Officers of the NAO are entitled to a grant of pension on their retirement from the public service, in accordance with the Pension Act. The pension is now contributory and all pensions of civil servants are paid out of the Consolidated Fund on a pay-as-you-go basis at a rate defined by their last salary. However, the contributions of employees joining the service as from 1 January 2013 are transferred to a defined contribution pension scheme operated by an insurance company. No specific pension fund is operated by Government, and, also individual accounts are not kept. On this basis, no provision is made for the estimated liability for retirement benefits of employees.

##### *Civil Service Family Protection Scheme*

This scheme is established by the Civil Service Family Protection Scheme Act, which lays down detailed provisions regarding administration of the scheme, contributions to be made and pensions to be paid. In brief, every public officer appointed before 1 January 2013 shall, from the date of his appointment, make a contribution to the Scheme at the rate specified in the First Schedule, until he attains the age of 65 or until he ceases to be a public officer. However, a public officer in post as at 30 June 2008 may, while in service, opt to cease to contribute to the Scheme on reaching the age of 60. On the death of the contributor, his surviving spouse and children are granted a pension at the rate specified in the Act. The pension granted to the surviving spouse ceases on his/her death or remarriage.

The payment of the pensions is calculated and paid as and when they accrue from the Consolidated Fund. Consequently, no provision has been made for the estimated liability for this pension to employees.

#### (g) Property, plant and equipment (PPE)

##### *Recognition and measurement*

Property, Plant and Equipment are stated at historical cost or revalued amount less accumulated depreciation and any impairment losses. PPE are depreciated (as outlined below) at rates estimated to recognise the consumption of economic benefits of the property, plant and equipment over their useful lives.

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 5. Significant Accounting Policies (continued)

#### (g) Property, plant and equipment (PPE) (continued)

Where the carrying amount of an asset is greater than its estimated recoverable service amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable service amount which is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the Statement of Financial Performance.

Impairment reviews are undertaken annually for all assets that, in our opinion, need to be revalued.

#### *Depreciation*

Depreciation is calculated on a straight-line basis to recognise the consumption of economic benefits of an asset over its useful life. Depreciation methods, useful lives and residual values are reviewed at each reporting date. Full depreciation is provided for assets purchased during the financial period except for the last semester.

The estimated useful lives of property and equipment are as follows:

Computer equipment	5 years
Motor vehicles	8 years
Furniture and fittings	10 years
Office Equipment	5 years

Cost of software for operating system and office tools when acquired with computers are included in the hardware costs and depreciated as for any computer equipment.

#### (h) Intangible assets

Intangible assets, consisting mainly of computer software licenses, are recorded at cost less any accumulated amortisation. Costs incurred for maintaining computer software are expensed to the Statement of Financial Performance.

Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price and its value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the Statement of Financial Performance.



## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 5. Significant Accounting Policies (continued)

#### (h) Intangible assets (continued)

##### *Amortisation*

Amortisation is calculated on a straight-line basis to recognise the consumption of economic benefits of an asset over its useful life. The estimated useful lives of Software licenses is eight years

Licenses paid annually for maintenance of software are charged to the Statement of Financial Performance in the year they are incurred.

#### (i) Financial instruments

Financial instruments are recognised when NAO becomes a party to the contractual provisions of the instrument until such time when the rights to receive cash flows from those assets have expired or have been transferred and the NAO has transferred substantially all the risks and rewards of ownership.

NAO uses only non-derivative financial instruments as part of its normal operations. These financial instruments include accounts receivable and accounts payable.

All financial instruments are recognised in the statement of financial position at their fair values.

Gains or losses arising from changes in the fair value of financial instruments are included within the statement of financial performance in the period in which they arise.

#### (j) Inventories

Inventories are stated at the lower of cost and current replacement cost. Costs comprise all costs that have been incurred in bringing the inventories to their present location and condition. Current replacement cost represents the cost the entity would incur to acquire the assets on the reporting date.

#### (k) Capital Grant

Capital Grant received to finance acquisition of property, plant and equipment is recognized as deferred income and is released to the Statement of Financial Performance over the useful lives of the assets.

#### (l) Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method.

## **Notes to the Financial Statements**

*for the financial year ended 30 June 2020*

### **Note 5. Significant Accounting Policies (continued)**

#### **(m) Operating Lease Obligations**

Leases where substantially all the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments of rent made under operating leases are charged in the Statement of Financial Performance on a straight-line basis over the term of the lease.

NAO is occupying office space at the Air Mauritius Centre under a lease agreement signed with Mauritius Estate Development Corporation (MEDCOR) Limited. The all-inclusive monthly amount paid during financial year 2019-20 amounted to Rs 388,134.

#### **(n) Taxation**

No provision has been made in the financial statements for income tax and value added tax on audit fees, on the basis that the NAO, as a Government department, is exempted.

#### **(o) Provisions and Contingent Liabilities**

Provisions are made for future liabilities and charges where NAO has a present legal or constructive obligation as a result of past events and it is probable that NAO will be required to settle the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of NAO.

## **Notes to the Financial Statements**

*for the financial year ended 30 June 2020*

### **Note 5. Significant Accounting Policies (continued)**

#### **(p) Risk Management Policies**

##### ***Financial risks***

NAO continues to develop risk management policies. The NAO, as a public sector entity, is not much exposed to financial risks.

NAO does not use significant derivative financial instruments to hedge risk exposures.

##### ***Credit risk***

In the normal course of business, NAO incurs credit risk from trade receivables. NAO manages its exposure to credit risk by an effective debtors reporting system and maintaining credit control procedures over trade receivables.

NAO does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

##### ***Currency risk***

NAO is not exposed to any currency risk.

##### ***Interest rate risk***

NAO is not exposed to any interest rate risk on car loans to staff as it is borne by the Government. The interest rate risk associated with car loans to staff is considered to be minimal.

#### **(q) Events after the reporting period**

There were no major events after the reporting period which may have a material effect on the financial statements as at 30 June 2020.

#### **(r) Employee Disclosure**

As at 30 June 2020, NAO had 192 full-time employees, out of which 22 are non-technical staff.

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2020*

**Note 5. Significant Accounting Policies (continued)**

**(s) Key Management Personnel**

The key personnel of NAO include the Director of Audit, Deputy Directors, Assistant Directors and a Head of Examiner who are responsible for operating the various activities of the organisation. They are remunerated by NAO. The aggregate remuneration of key management personnel was Rs 23.2 million for the financial year ended 30 June 2020.

Employee Benefits accrued in respect of accumulated sick leave, vacation leave and passage benefit to the key management personnel amounted to Rs 6.7 million, 7.2 million and Rs 2.8 million as at 30 June 2020 respectively. During the financial year ended 30 June 2020, total passage benefits paid to key personnel amounted to Rs 0.3 million.

**(t) Related Parties**

For the purpose of these financial statements, parties which are considered to be related to the NAO are other Government Ministries/ Departments and parastatal bodies if they have the ability, directly or indirectly, to control the NAO or exercise significant influence over the financial and operating decision making, or vice versa. Related parties may be individuals or other entities. Related party transactions were carried out at commercial terms and conditions.

All eligible officers at NAO are granted duty free facilities and loans for purchase of a car as prescribed in the PRB reports. Total car loans balances due by NAO officers stood at Rs 17.1 million as at 30 June 2020 against Rs 19.6 million at 30 June 2019.

There were no other loans to key management personnel which were not available to other categories of staff. There was no other remuneration or compensation to key management personnel.

**Notes to the Financial Statements**  
for the financial year ended 30 June 2020

**Note 6. Trade Receivables**

Trade receivables represent audit fees claimed and outstanding at the reporting date.

**Note 7. Other Receivables**

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Bank Sick Leaves Short Term	532,290	111,800
Passage Benefits	2,500,000	2,500,000
Debtors -Sundries	87,017	182,913
Prepayment	476,856	517,772
Retention Money	-	41,055
	<u>3,596,163</u>	<u>3,353,540</u>

**Note 8. Car Loans Receivable/ Payable**

NAO staff was granted car loans, via the Accountant General, as per conditions stipulated in the applicable PRB reports. Outstanding capital on car loans was disclosed in the financial statements as at 30 June 2020 along with last year's comparatives. Interest and loan capital amount refunded are immediately repaid to the Accountant General.

<b>Car Loans Receivable/ Payable</b>	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Opening balance	19,556,055	20,359,598
Loan granted during the year	3,193,321	6,403,500
Refunds received during the year	(5,670,155)	(7,207,043)
<b>Closing balance</b>	<u>17,079,221</u>	<u>19,556,055</u>

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2020*

**Analysed as follows:**

Current	5,440,296	5,263,097
Non-current	11,638,925	14,292,958
	<u>17,079,221</u>	<u>19,556,055</u>

**Note 9. Long term receivables**

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Bank Sick Leaves	42,196,177	41,001,687
Vacation Leaves	39,525,502	36,387,253
Passage Benefit -Long Term	9,800,826	9,541,722
	<u>91,522,505</u>	<u>86,930,662</u>

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 10. Property, Plant and Equipment

	Computer Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Total	Computer Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Total
	<i>Year ended 30 June 2020</i>					<i>Year ended 30 June 2019</i>				
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Opening NBV	3,187,682	701,250	594,743	322,639	4,806,314	3,338,268	978,750	400,699	415,037	5,132,754
Additions	465,545	-	345,401	509,254	1,320,200	932,880	-	263,050	28,835	1,224,765
Disposal	-	(656,250)	-	-	(656,250)	(49,944)	-	(7,074)	(1,192)	(58,210)
Depreciation	(1,057,569)	(45,000)	(92,660)	(110,297)	(1,305,526)	(1,033,522)	(277,500)	(61,932)	(120,041)	(1,492,995)
Closing NBV	<b>2,595,658</b>	-	<b>847,484</b>	<b>721,596</b>	<b>4,164,738</b>	3,187,682	701,250	594,743	322,639	4,806,314
Cost	11,327,970	720,000	1,461,473	1,733,349	15,242,792	10,862,425	2,220,000	1,116,072	1,224,095	15,422,592
Accumulated Depreciation	(8,732,312)	(720,000)	(613,989)	(1,011,753)	(11,078,054)	(7,674,743)	(1,518,750)	(521,329)	(901,456)	(10,616,278)
NBV	<b>2,595,658</b>	-	<b>847,484</b>	<b>721,596</b>	<b>4,164,738</b>	3,187,682	701,250	594,743	322,639	4,806,314

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 11. Intangible Assets

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Opening NBV	19,119	23,719
Additions	179,400	-
Amortisation	(2,731)	(4,600)
<b>Closing NBV</b>	<b>195,788</b>	<b>19,119</b>
Cost	4,778,990	4,599,590
Accumulated Amortisation	(4,583,203)	(4,580,471)
<b>Net Book Value</b>	<b>195,788</b>	<b>19,119</b>

### Note 12. Trade and other payables

The 'Audit fee payable to Consolidated Fund' represents audit fees that have already been claimed to auditees and, as a revenue to Government, is payable on its receipts, to the Accountant General. Sick Leave short term represents amount payable on retirement of officers. Passage Benefits are released upon application from officers or on retirement. The other payables mostly relate to expenses for which invoices were received from suppliers but not yet settled and obligations to suppliers for services performed not yet invoiced.

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Audit fee payable to Consolidated Fund	3,350,000	3,507,500
Telephone	19,821	14,073
Electricity	51,326	56,036
Office Sundries	6,325	2,800
Publications	9,545	21,695
Rental of Parking	-	4,000
National Savings Fund	-	2,200
Sick leaves short term	532,290	111,800
Passage benefits	2,500,000	2,500,000
Advance for purchase of inventories	215,689	175,892
Contribution to National Savings Fund	-	82,109
Prepayment	476,856	517,772
Retention money	-	41,055
	<b>7,161,852</b>	<b>7,036,932</b>



## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 13. Non-current liabilities

Vacation Leave Obligations have been classified as long term since most of the accumulated leaves are taken prior to retirement and the amount to be taken within one year cannot be reliably estimated.

### Note 14. Capital Grants

Capital grants were grants received from Government to finance payments of fixed assets. The capital grants are released to Income Statement based on depreciation charge for the period.

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Opening Balance	4,825,433	5,156,473
Capital Grant	1,499,599	1,224,765
Deferred Income	(1,308,256)	(1,497,594)
Disposal	(656,250)	(58,211)
<b>Closing Balance</b>	<b>4,360,526</b>	<b>4,825,433</b>

### Note 15. Revenue from Consolidated Fund

	Rs	Rs
Provision from estimates	164,000,000	163,500,000
Sick leave and Vacation Leave	6,632,684	3,537,909
Passage benefits	4,723,886	4,396,990
Salary of supporting staff	1,496,074	1,146,235
Commitments for the year	87,017	182,913
Financing of loss on disposal	-	58,210
Prepayment for last year	517,772	428,651
Mission and training abroad	1,240,022	718,772
Inventory last period	175,892	117,199
	<b>178,873,347</b>	<b>174,086,879</b>
Less:		
Capital expenditure out of recurrent	1,361,036	1,181,660
Commitments of last year	182,914	194,356
Provision from Estimates returned to Consolidated Funds	7,780,749	8,381,234
Adjustment for inventories	215,689	175,892
Retention Money last year	41,055	-
Prepayment	476,857	517,772
	<b>10,058,300</b>	<b>10,450,914</b>
	<b>168,815,047</b>	<b>163,635,965</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 16. Audit Fees Receivable and audit fees payable to the Consolidated Fund

The Audit fees receivable and Audit Fees Payable to the Consolidated Fund have been accounted in the Statement of Financial Performance.

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Audit Fees received during period	16,678,291	18,455,000
Audit Fees due beginning of period	(3,507,500)	(830,000)
Audit Fees due end of period	3,350,000	3,507,500
	<u>16,520,791</u>	<u>21,132,500</u>

### Note 17. Staff Costs

The monthly average staff cost for the financial year ended 30 June 2020 amounted to some Rs 13.2 million compared to the amount of Rs 12.8 million for last year.

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Salaries, bonus and Allowances	130,690,590	125,156,180
Provision for Passage Benefits	4,723,886	4,396,989
Travelling and Transport	22,712,703	22,837,975
Overtime	440,294	441,438
Staff Welfare	35,000	35,000
Uniform	15,495	25,000
Annual subscription to professional bodies for employees	551,982	946,000
	<u>159,169,950</u>	<u>153,838,582</u>

## Notes to the Financial Statements

for the financial year ended 30 June 2020

### Note 18. Training

17 Officers attended workshops/seminars overseas, which were fully/partly sponsored by various organisations. The amounts spent by NAO in that respect totalled Rs 216,252. In addition, Rs 1,023,770 were paid to 26 Officers as out of pocket allowance for attending workshops/seminars held overseas in previous years but for which approval was obtained from the relevant authority during 2019-20. As regards local training, the amount spent was Rs 271,840.

### Note 19. Rent and Utilities

	Year ended 30 June 2020	Year ended 30 June 2019
	Rs	Rs
Rent of building	4,657,611	4,352,209
Electricity charges	637,074	829,472
Telephone	282,312	286,364
Rental of parking slots	442,321	422,882
	<u>6,019,318</u>	<u>5,890,927</u>

### Note 20. Reconciliation of Original Budget and Revised Budget

NAO expenditure is approved in annual Government Budget. The original budget for the financial year ended 30 June 2020 amounted to Rs 164 million. Reallocations were made between budget items, but the total revised budget remained the same.

Non-budgetary expenses include external assistance obtained and payments effected out of votes of the Ministry of Finance and Economic Development that include Leave payments (on retirement of officers) and Car Loans granted to staff.

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2020*

**Note 21. Reconciliation of budgetary results and results after IPSAS adjustments for the period**

The Statement of Budgeted, Actual and Accrual Based Amounts at page 58 shows the budgetary results reconciled with the results after IPSAS adjustments for the year as reported in the financial statements. IPSAS adjustments are accounting entries required to conform to IPSAS and are not part of the NAO's budgetary reporting. These adjustments principally concern accrual accounting relating to expenses and revenues, property, plant and equipment and related amortization, depreciation and impairment together with provisions deemed necessary.

In order to reconcile the budget outturn results to the results after IPSAS adjustments for the period, differences between budget accounting and accrual accounting need to be taken into account. The most significant of these differences are the following:

- a) In budget accounting, revenue and expenses are accounted on a cash basis. In accrual accounting, revenue and expenses include amounts corresponding to amounts accruing to the period. The difference is treated as payables and receivables.
- b) In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting this expense is capitalised and depreciated/ amortised over the useful lives of the assets. These capital expenditures and associated depreciation are recorded at their net value as assets in the Statement of Financial Position. Depreciation/ amortisation expense is recorded in the Statement of Financial Performance.
- c) In budget accounting, expenditure for employee benefits is accounted for on a pay as you go basis as is the case for payments of pensions on retirement. In accrual accounting, the expense is estimated by an actuary in accordance with a methodology set out in accounting standards. Basically, the pension and post-employment benefits obligation is to be reported in the Statement of Financial Position. In the absence of a professional valuation and necessary facts and figures, we have not done any accounting estimates for the NAO pension liabilities.
- d) In budget accounting, audit fees for the financial year ended 30 June 2020 are recorded on a cash basis. In accrual accounting these audit fees are recorded as revenue when the client is billed and adjusted by provisions for bad debts.



# Annexes



### Process for Regularity Audit

NAO prepares an annual audit plan at the beginning of the year, setting out the schedule of all audit assignments which are planned to be carried out during the year. NAO applies a risk-based approach for the identification of the units to be audited, as well as for the conduct of individual audits.

Each individual audit consists of several phases. The audit starts with the Planning phase, whereby risks that may result in material misstatement of the financial report are identified through an understanding of the entity to be audited as well as its control environment.

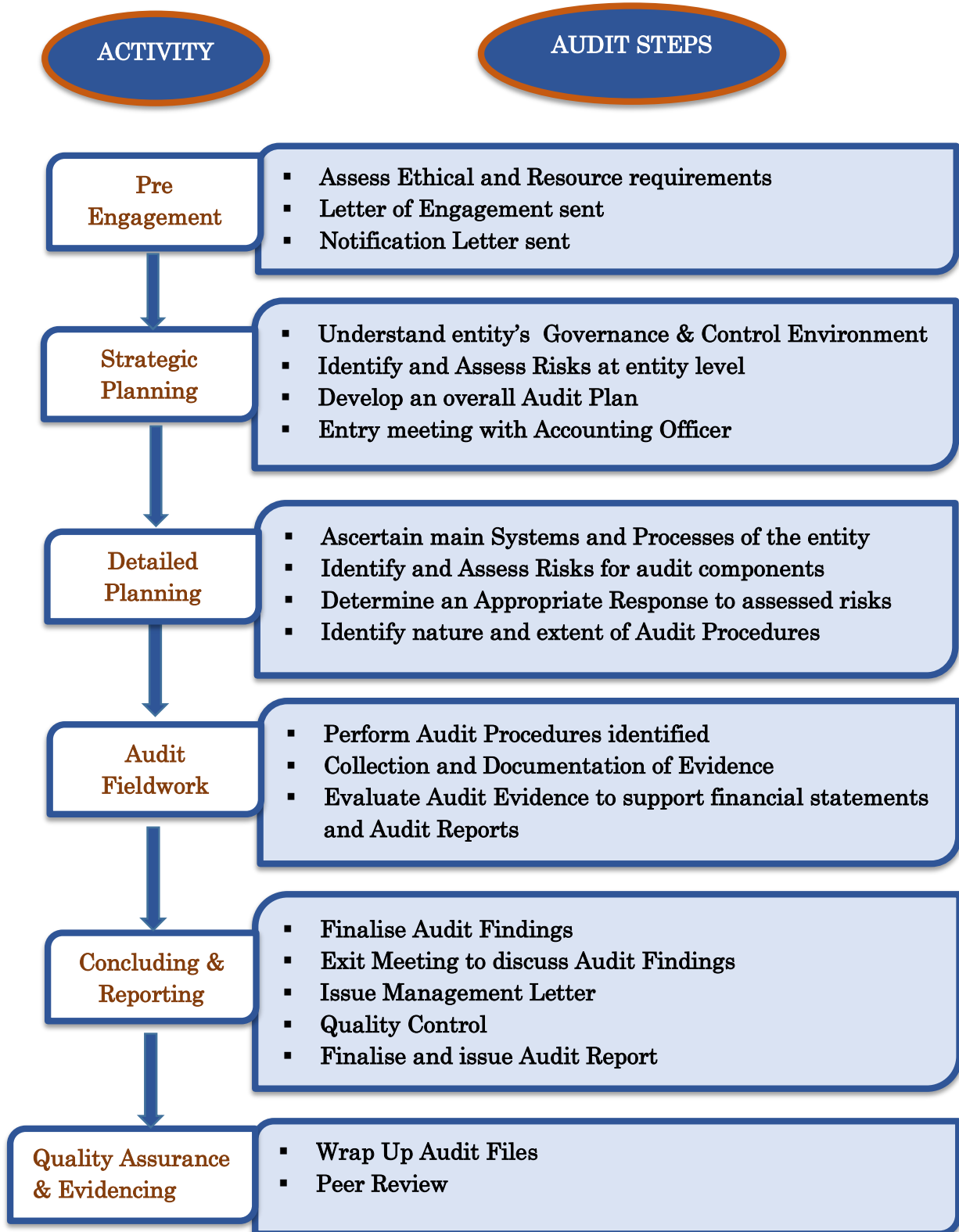
The next phase is an assessment of the identified risks by taking into consideration, inter alia, the nature of the risks, the relevant internal controls and the level of audit assurance required. This is followed by the determination of appropriate audit responses to the assessed risks in order to obtain sufficient appropriate audit evidence on which to conclude.

Thereafter, audit procedures identified are carried out and audit evidence as well as audit findings are documented. At the conclusion of an audit, the audit findings are discussed with the auditee/client at an exit meeting. The Management Letter is subsequently finalised and sent to the auditee/client. The latter is given the opportunity to give his explanations/comments in writing on matters raised therein before the issue of the audit Report by NAO.

The main activities carried out during an audit and the respective steps involved are shown in the following figure.

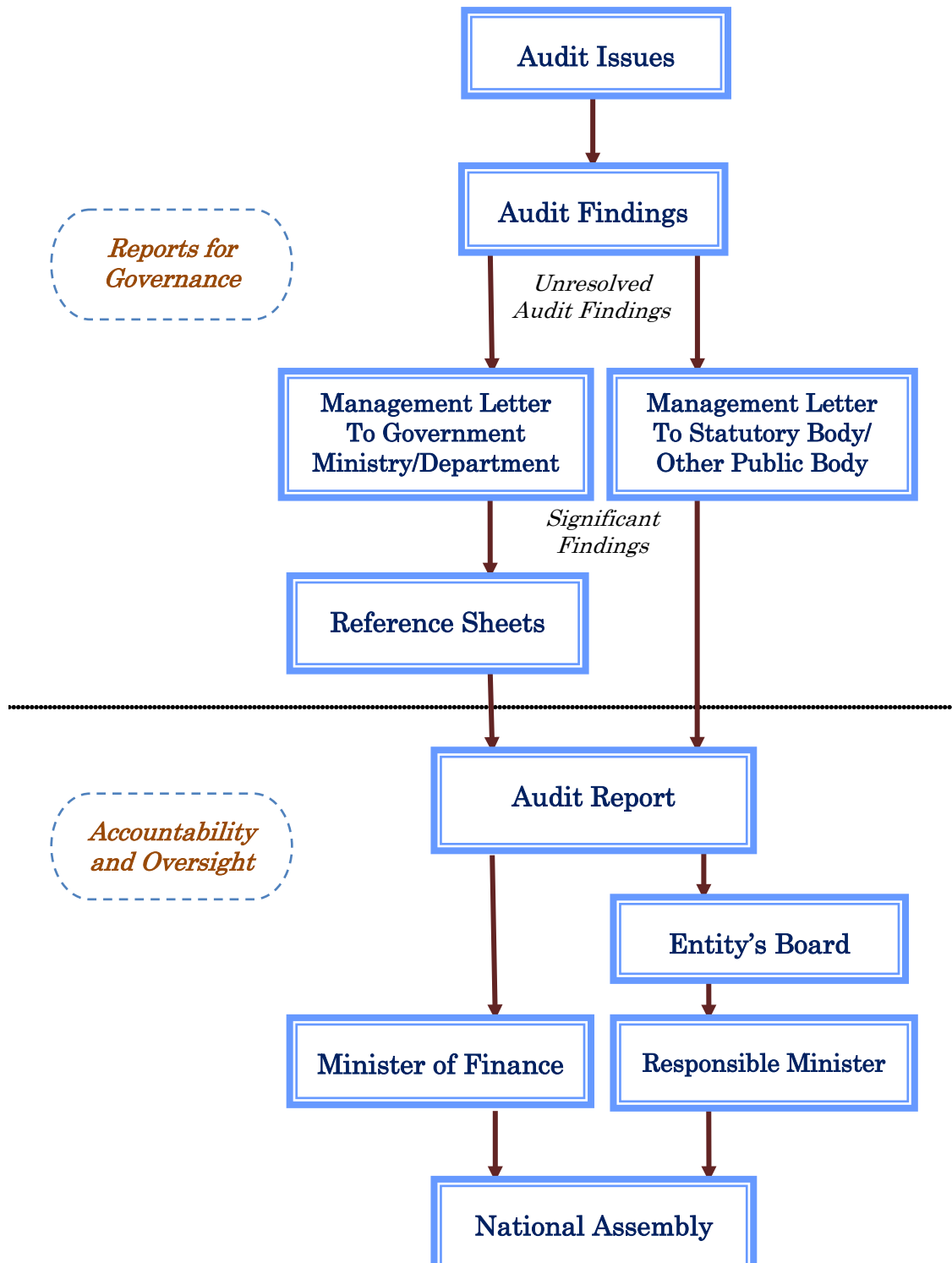


## Process for Regularity Audit



## Process for Issue of Audit Report

The process for the issue of the Audit Report by NAO is illustrated in the Figure below. It starts with the identification of audit issues during the audit up to the submission of the Report to the National Assembly.



### ***Ministries and Government Departments***

At the completion of the audit of Ministries and Government Departments by NAO, the audit findings which are considered to be significant and of a nature to be brought to the attention of the National Assembly are identified. These selected findings are issued as “Reference Sheets” to the respective Accounting Officers, who are thus given the opportunity to give their comments on the truth and fairness of these audit findings before NAO includes them in its Annual Audit Report. A summary of the comments/explanations given by the audited entity is, as far as possible, also included.

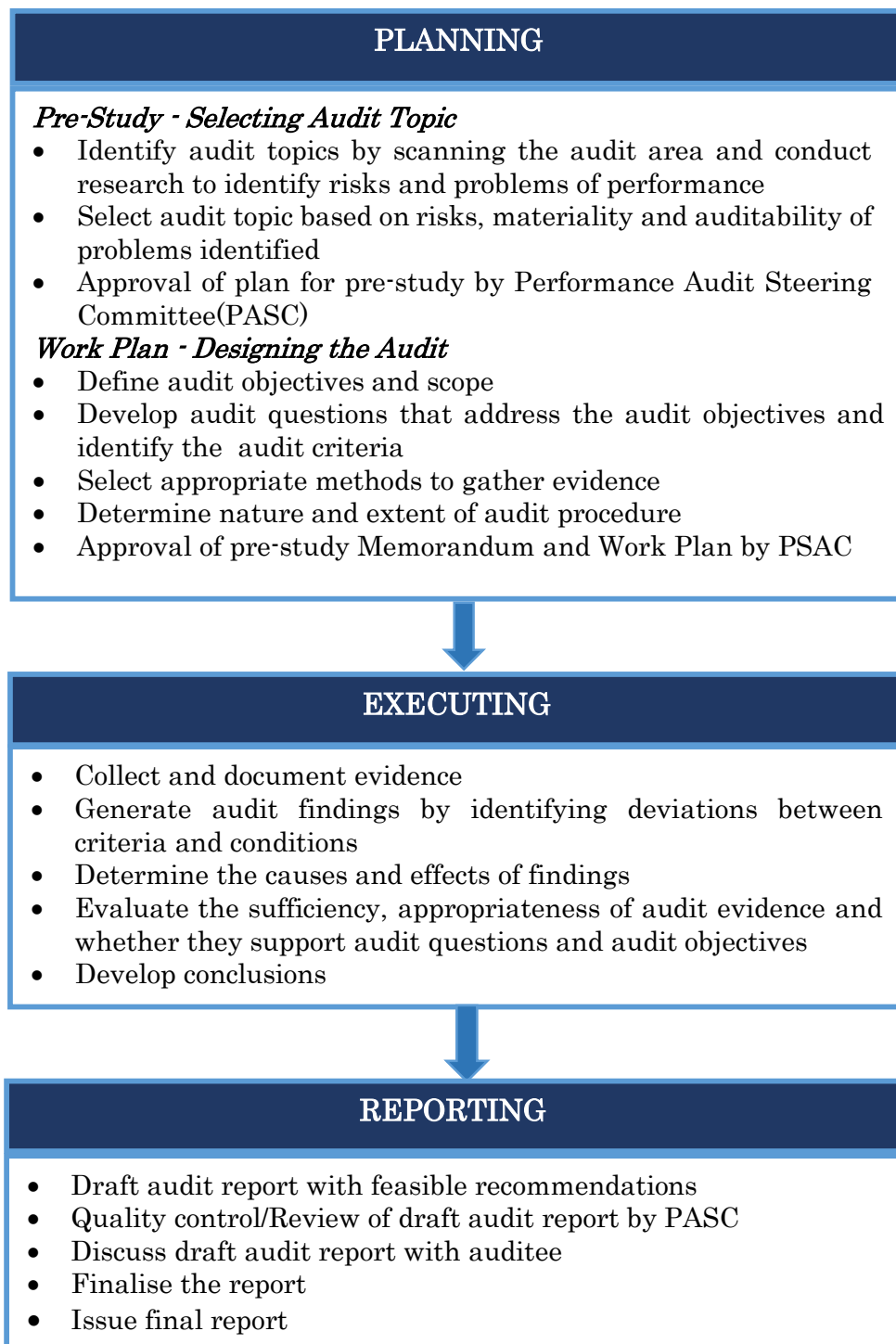
Thereafter, NAO’s Annual Audit Report is submitted, within statutory deadline, to the Minister responsible for the subject of finance to be laid in the National Assembly.

### ***Statutory and Other Bodies***

Following response by the audited entity to NAO’s Management Letter, an Audit Report is issued by NAO to the respective Board. The Audit Report gives an opinion on whether the financial statements show a true and fair view of the financial position and performance of the audited entity, and may also include matters of such importance that need to be brought to the attention of users.

### Process for Performance Audit

The main stages and processes for Performance Audit are described in the figure below.





### ISSAI 1 - The Lima Declaration

#### II. Independence

##### Section 5. Independence of Supreme Audit Institutions

1. Supreme Audit Institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.
2. Although state institutions cannot be absolutely independent because they are part of the state as a whole, Supreme Audit Institutions shall have the functional and organisational independence required to accomplish their tasks.
3. The establishment of Supreme Audit Institutions and the necessary degree of their independence shall be laid down in the Constitution; details may be set out in legislation. In particular, adequate legal protection by a supreme court against any interference with a Supreme Audit Institution's independence and audit mandate shall be guaranteed.

##### Section 6. Independence of the members and officials of Supreme Audit Institutions

1. The independence of Supreme Audit Institutions is inseparably linked to the independence of its members. Members are defined as those persons who have to make the decisions for the Supreme Audit Institution and are answerable for these decisions to third parties, that is, the members of a decision-making collegiate body or the head of a monocratically organised Supreme Audit Institution.
2. The independence of the members, shall be guaranteed by the Constitution. In particular, the procedures for removal from office also shall be embodied in the Constitution and may not impair the independence of the members. The method of appointment and removal of members depends on the constitutional structure of each country.
3. In their professional careers, audit staff of Supreme Audit Institutions must not be influenced by the audited organisations and must not be dependent on such organisations.

##### Section 7. Financial Independence of Supreme Audit Institutions

1. Supreme Audit Institutions shall be provided with the financial means to enable them to accomplish their tasks.
2. If required, Supreme Audit Institutions shall be entitled to apply directly for the necessary financial means to the public body deciding on the national budget.
3. Supreme Audit Institutions shall be entitled to use the funds allotted to them under a separate budget heading as they see fit.



## Annex IIIB

### ISSAI 10 - Mexico Declaration on Independence Principles

#### Principle 1

The existence of an appropriate and effective constitutional/statutory/legal framework and of *de facto* application provisions of this framework

#### Principle 2

The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties

#### Principle 3

A sufficiently broad mandate and full discretion, in the discharge of SAI functions

#### Principle 4

Unrestricted access to information

#### Principle 5

The right and obligation to report on their work

#### Principle 6

The freedom to decide the content and timing of audit reports and to publish and disseminate them

#### Principle 7

The existence of effective follow-up mechanisms on SAI recommendations

#### Principle 8

Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources





## PEFA 2016 Performance Indicators

### PILLAR SEVEN: External scrutiny and audit

#### Dimension 30.4 Supreme Audit Institution (SAI) Independence

*Dimension 30.4 assesses the independence of the SAI from the executive. Independence is essential for an effective and credible system of financial accountability, and should be laid down in the constitution or comparable legal framework. In practice, independence is demonstrated by the arrangements for the appointment (and removal) of the Head of the SAI and members of collegial Institutions, noninterference in the planning and implementation of the SAI's audit work, and in the approval and disbursement procedures for the SAI's budget. The SAI's mandate should cover every central government activity and enable the SAI to carry out a full range of audit activities, specifically financial, compliance and performance audits. The SAI should have unrestricted access to documents, records and information.*

#### **SCORES AND MINIMUM REQUIREMENTS**

**A** - The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information.

**B** - *The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, and the approval and execution of the SAI's budget. The SAI has unrestricted and timely access to records, documentation and information for **most** audited entities.*

**C** - The SAI operates independently from the executive with respect to the procedures for appointment and removal of the Head of the SAI as well as the execution of the SAI's budget. The SAI has unrestricted and timely access to the **majority** of the requested records, documentation and information.

**D** - Performance is less than required for a C score.

*(Source: PEFA 2016)*





**National Audit Office**

Air Mauritius Building, John Kennedy Street, Port Louis, Mauritius  
Tel: (230) 212 2096 Fax: (230) 211 0880 Web: <http://nao.govmu.org>

Designed & Printed by the Government Printing Department