

**NATIONAL AUDIT OFFICE**



REPUBLIC OF MAURITIUS

**ANNUAL REPORT ON PERFORMANCE  
FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2021**

**OCTOBER 2021**



# NATIONAL AUDIT OFFICE

## *Contributing to Strengthening Good Governance in the Public Sector*



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# PART I

## About The National Audit Office





# Foreword by the Director of Audit

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I am pleased to submit the Annual Report on Performance of the National Audit Office (NAO) for the financial year 2020-21.

The report highlights the activities, achievements, operational and financial performance of NAO and includes NAO's financial statements, prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and subjected to external independent audit. It also reflects NAO's contribution to the strengthening of accountability and transparency of Government and Public Entities.



The report is submitted in compliance with the Finance and Audit Act. Furthermore, it meets the requirements of the standards established by the International Organisation of Supreme Audit Institutions (INTOSAI), namely, INTOSAI-P – 20 – “*Principles of Transparency and Accountability*” and INTOSAI-P - 12 - “*The Value and Benefits of Supreme Audit Institutions – Making a difference to the lives of citizens*”.

The year under review has been very busy and challenging. NAO's audit activities were, once again, disrupted by the COVID-19 pandemic such that we could not carry out our audit work as planned. We had to face and tackle additional challenges, resulting from this unprecedented situation, in order to meet our statutory obligations. Adapting to the new working environment in the country, NAO applied remote auditing techniques by making maximum use of ICT tools and encouraged staff to work from home, whenever possible.

Despite resource and time constraints, we fulfilled our statutory obligations and provided independent assurance to the National Assembly on the proper accounting and use of public resources. We submitted our Audit Reports on Government and RRA accounts for the financial year 2019-20 in February 2021, that is, within the required statutory time frame. We also issued three Performance Audit Reports. These reports were laid in the National Assembly and made available to our stakeholders and the public at large through our website. In addition, during year 2020-21, NAO issued 196 Audit Reports to Statutory Bodies, Local Authorities and other public sector bodies.

Various Committees have been set up at NAO to strengthen our governance structure and to deal with administrative and technical issues in a more efficient and effective manner. In our quest to keep up to date and adapt to the changing environment and also to provide high quality audit services, NAO's existing policies and procedures are constantly reviewed.

In order to keep abreast with international audit standards and best practices and also to ensure that our officers are well equipped to meet upcoming challenges, we pursued the capacity development of NAO officers. Staff was given the opportunity to participate in numerous online/webinars training programmes, organised by local and international institutions.

The achievements and performance of NAO is the result of the commitment, collective effort and professionalism of our staff. I take this opportunity to express my appreciation to all of them for their contribution and unflinching support to me.



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

28 October 2021

# 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**

Promoting good governance in the public sector through the delivery of high quality audit services and providing 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



# About the National Audit Office

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## Introduction

The National Audit Office (NAO), known internationally as the Supreme Audit Institution (SAI) of the Republic of Mauritius, is an integral part of the governance system of Mauritius, playing an essential role in the process of accountability.

In the system of financial control and accountability of Mauritius, the Legislature (National Assembly) is the only authority to appropriate public funds to public sector agencies who are therefore accountable to the National Assembly for the use of public resources and powers conferred on them.

NAO gives independent assurance to the National Assembly that the agencies are operating and accounting for their performance in accordance with the purpose intended by the National Assembly. We also promote accountability, transparency and contribute to the improvement in the management of public funds.

The Constitution of Mauritius establishes the office of the Director of Audit, who is the head of the NAO, an independent public office. NAO has the statutory authority to examine and report on the accounts of all Ministries and Government Departments, all Local Authorities as well as a large number of other public sector bodies.

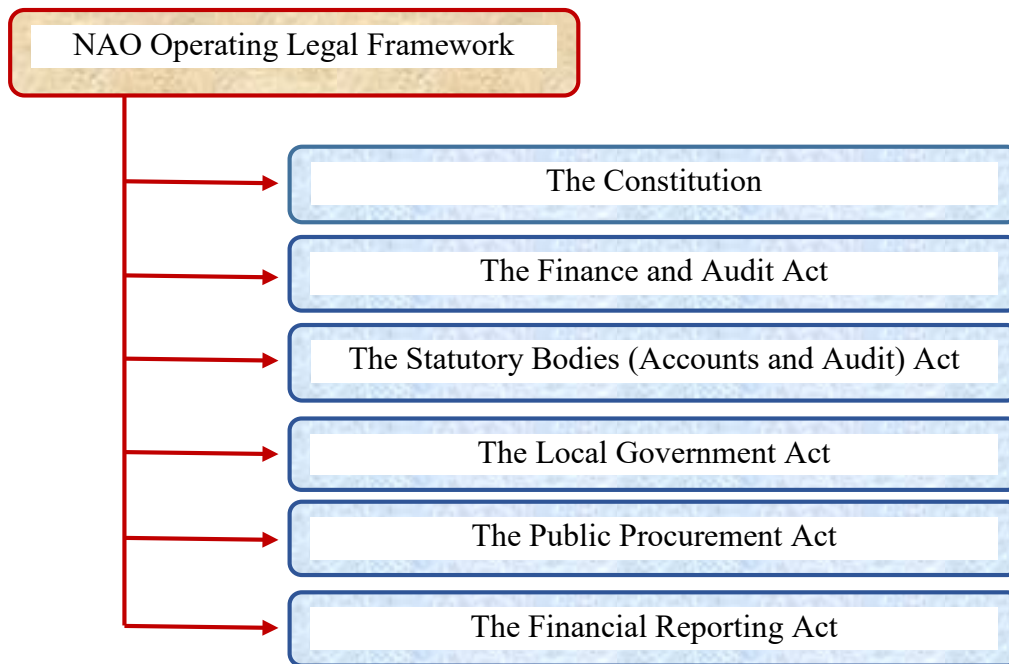
The Director of Audit discharges his legal obligations with the support of qualified, experienced and committed staff. NAO operates within regulations pertaining to the Public Sector and is affiliated to international and regional blocks, including the International Organisation of Supreme Audit Institutions (INTOSAI), which is an autonomous, independent and non-political organisation operating as an umbrella organisation for the external government audit community.

## Operating Legal Framework

NAO operates within a legal framework which comprises the Constitution and several laws of Mauritius.

The Constitution provides for the appointment of the Director of Audit, his independence, security of tenure, mandate as well as his authority and specific conditions of service.

Additional provisions are made in other legislations regarding, inter alia, the audit mandate, duties, powers and reporting functions of the Director of Audit.



## Independence of NAO

Legal provisions have to be laid down for SAIs to have the functional and organizational independence they require to accomplish their tasks. It is indispensable that SAIs have the required independence and are protected against outside influence so that they undertake their auditing functions objectively and effectively.

Specific provisions are made in the Constitution of Mauritius and in the Finance and Audit Act to ensure the independence of the Director of Audit, namely, for his appointment, removal from office, security of tenure and protection from liability against legal proceedings, in the execution of his functions.

### ❖ The Constitution

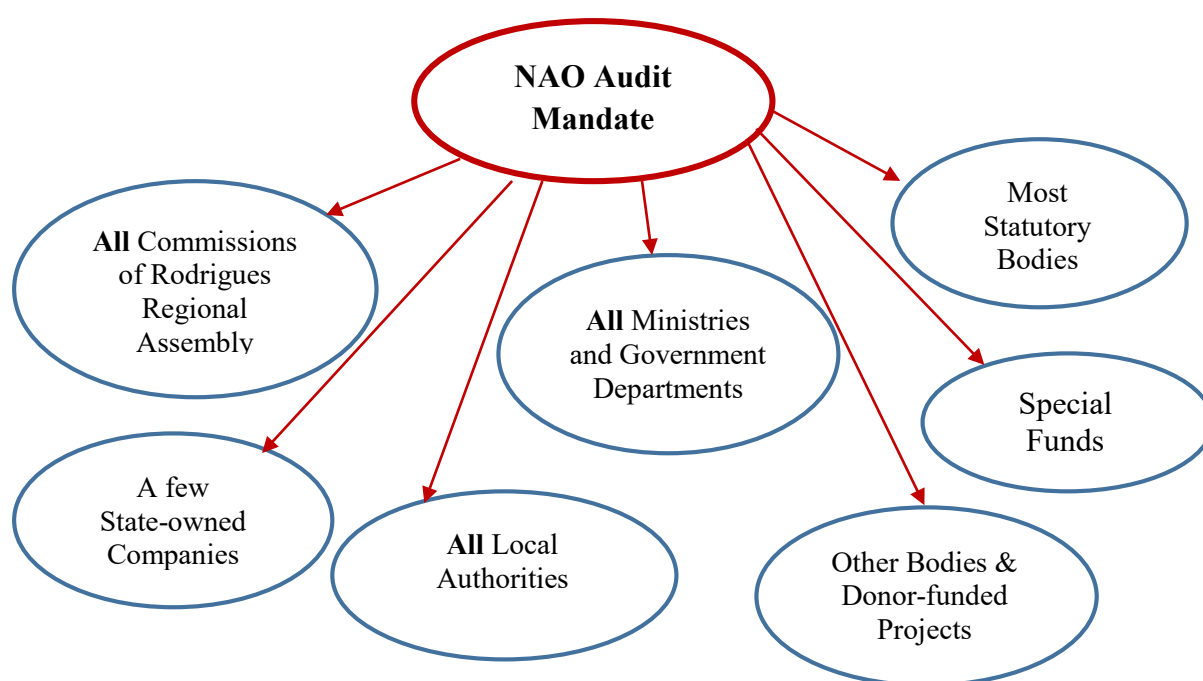
Section 110 of the Constitution provides for the appointment of a Director of Audit, whose Office shall be a Public Office and who shall be appointed by the Public Service Commission, acting after consultation with the Prime Minister and the Leader of Opposition. Provision is also made that in the exercise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

As per Section 93 of the Constitution, 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 of the Finance and Audit Act provides 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.

## NAO Audit Mandate



The Constitution of Mauritius as well as several legislations define the mandate of the NAO. NAO also audit the accounts of several institutions/donor-funded agencies through agreements with the latter.

The main legal provisions regarding the mandate of NAO are as follows:

## ❖ The Constitution

Section 110(2) of the Constitution provides that the public accounts of Mauritius and of all Courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit. 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 of the Finance and Audit Act 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) of the Act 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 of the Statutory Bodies (Accounts and Audit) Act, 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 of the Act 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 of the Local Government Act provides that the approved annual financial statements of every local authority shall be audited by the Director of Audit

Section 138 of the Act 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 of the Public Procurement Act 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.

## Access to Information

Provisions are made in the Constitution and other legislations 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) of the Constitution 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) of the Finance and Audit Act 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 of the Statutory Bodies (Accounts and Audit) Act 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 of the Local Government Act provides 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.

## Submission of Accounts and Audit Reports

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

Statutory provisions for the submission, audit and certification of the financial statements of these public bodies are defined in the Constitution and various legislations. A summary is given below.

### • Budgetary Central Government and RRA

#### ❖ The Constitution

Section 110(3) of the Constitution 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 of the Finance and Audit Act 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 of the Act 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) provides that 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.

Also, 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 of the Statutory Bodies (Accounts and Audit) Act 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 of the Act 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 of the Local Government Act 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 of the Act, 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.

## Changes brought by the Finance (Miscellaneous Provisions) Act 2021

The Finance (Miscellaneous Provisions) Act 2021 has brought amendments to some 90 Acts, of which are the Local Government Act and the Statutory Bodies (Accounts and Audit) Act.

### ***Local Government Act***

Section 134A of the Local Government Act provided that every Local Authority shall, not later than 31 October in every year, submit to the Minister a report on its performance in respect of the previous financial year and on its strategic direction in respect of the following 3 financial years and forward a copy of the report to the Minister to whom responsibility for the subject of finance is assigned. This section has been repealed and replaced by the following:

*Every local authority shall cause to be prepared an annual report which shall consist of:*

- a. the financial statements in respect of the financial year to which the report relates;*
- b. a report on the performance of the local authority in respect of the previous financial year;*
- c. a corporate governance report in accordance with the National Code of Corporate Governance; and*
- d. the strategic direction of the local authority in respect of the next 3 financial years.*

Further, the Director of Audit shall, after receipt of the approved annual report, submit, within 10 months of the close of every financial year, the annual report and the audit report to the Minister and to the local authority.

This Section shall come into operation in respect of the annual report as from the financial year ending 30 June 2022.

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

Section 7, subsection (3) of the Statutory Bodies (Accounts and Audit) Act provided that the auditor shall, within 6 months of the date of receipt of the annual report pursuant to subsection (2), submit the annual report and his audit report to the Board. This has been replaced by the following:

*The auditor shall, within 10 months of the end of every financial year, after receipt of the annual report pursuant to subsection (2), submit the annual report and his audit report to the Board.*

This section shall come into operation in respect of the annual report as from the financial year ended 30 June 2021.

## Affiliations to International Organisations

INTOSAI (International Organisation of Supreme Audit Institutions) 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.

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

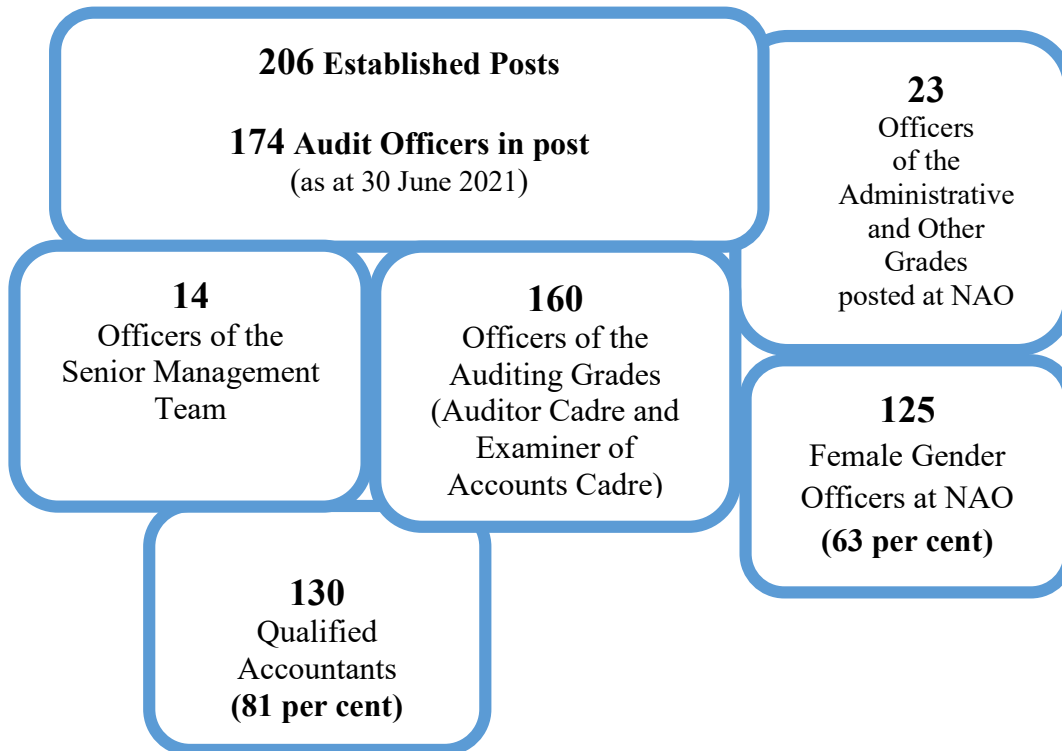
INTOSAI provides an institutionalised framework for SAIs to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries.

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

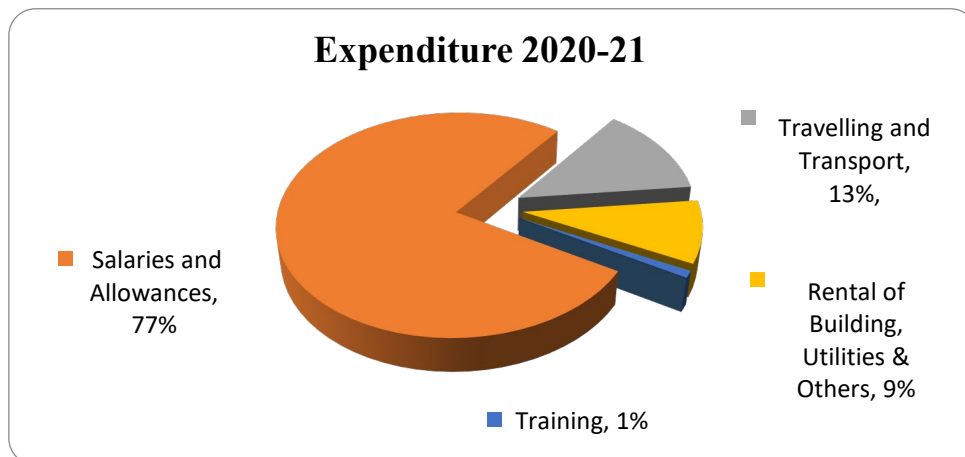
Affiliation to these international bodies gives NAO opportunities for professional and technical cooperation. Also, NAO gains knowledge and insight on new international developments and emerging issues through exchanges of experience and sharing of knowledge with other SAIs members.

# Our Organisation and People

## Human Resources



NAO's expenditure is mainly related to its personnel. For the financial year 2020-21, some 91 per cent of the total expenditure incurred by NAO were on Salaries, Allowances and Training of staff (78 per cent) and on Travelling and Transport (13 per cent).



## Staff Details (as at 30 June 2021)

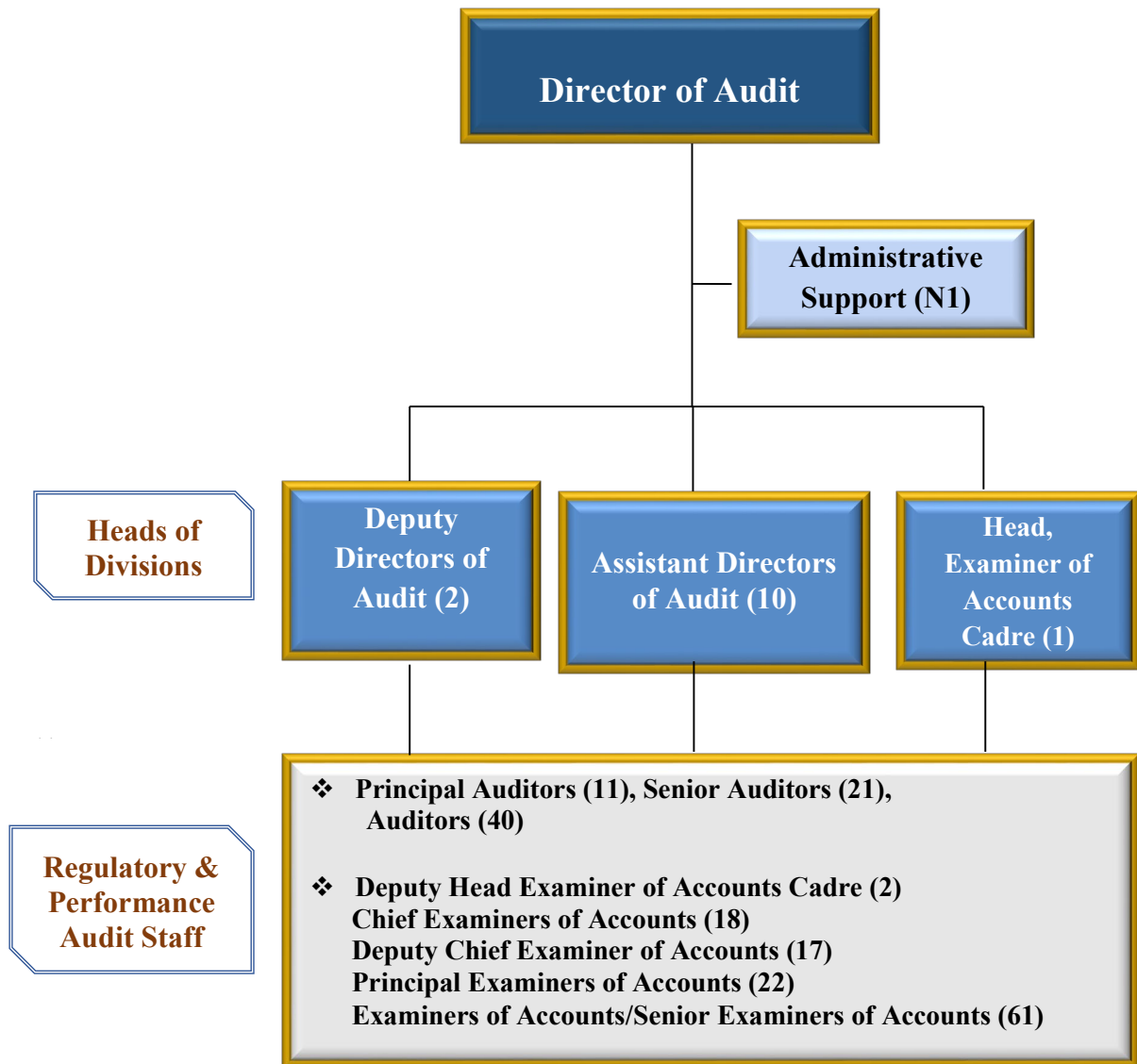
Grade Position	Est. Posts 2020-21	Funded Posts 2020-21	Officers in Post		
			Male	Female	Total
<b>Senior Management</b>					
Director of Audit	1	1	1	-	1
Deputy Director of Audit	2	2	1	*1	2
Assistant Director of Audit	10	10	6	*4	10
Head, Examiner of Accounts Cadre	1	1	-	1	1
<b>Auditing Grades</b>					
<i>Auditor Cadre</i>					
Principal Auditor	11	11	*9	2	11
Senior Auditor	21	21	*12	*9	21
Auditor	40	40	11	22	33
<i>Examiner of Accounts Cadre</i>					
Deputy Head, Examiner of Accounts Cadre	2	1	1	-	1
Chief Examiner of Accounts	18	18	*9	9	18
Deputy Chief Examiner of Accounts	17	17	7	*10	17
Principal Examiner of Accounts	22	22	4	*17	21
Examiner/Senior Examiner of Accounts	61	42	5	33	38
<b>Total – Senior Mngt &amp; Auditing Grades</b>	<b>206</b>	<b>186</b>	<b>66</b>	<b>108</b>	<b>174</b>
<b>Administrative Grades</b>					
Assistant Manager, Human Resources	-	-	-	1	#1
Principal Financial Operations Officer	-	1	-	1	#1
Other Supporting Staff	-	21	6	15	#21
<b>Total - Administrative &amp; Other Grades</b>	<b>-</b>	<b>22</b>	<b>6</b>	<b>17</b>	<b>23</b>
<b>Total</b>	<b>206</b>	<b>208</b>	<b>72</b>	<b>125</b>	<b>197</b>

\* Include officers Assigned Duties

# Include posts funded at the Ministry of Public Service, Administrative and Institutional Reforms and at the Ministry of Finance, Economic Planning and Development



## NAO Organisation Structure (as at 30 June 2021)



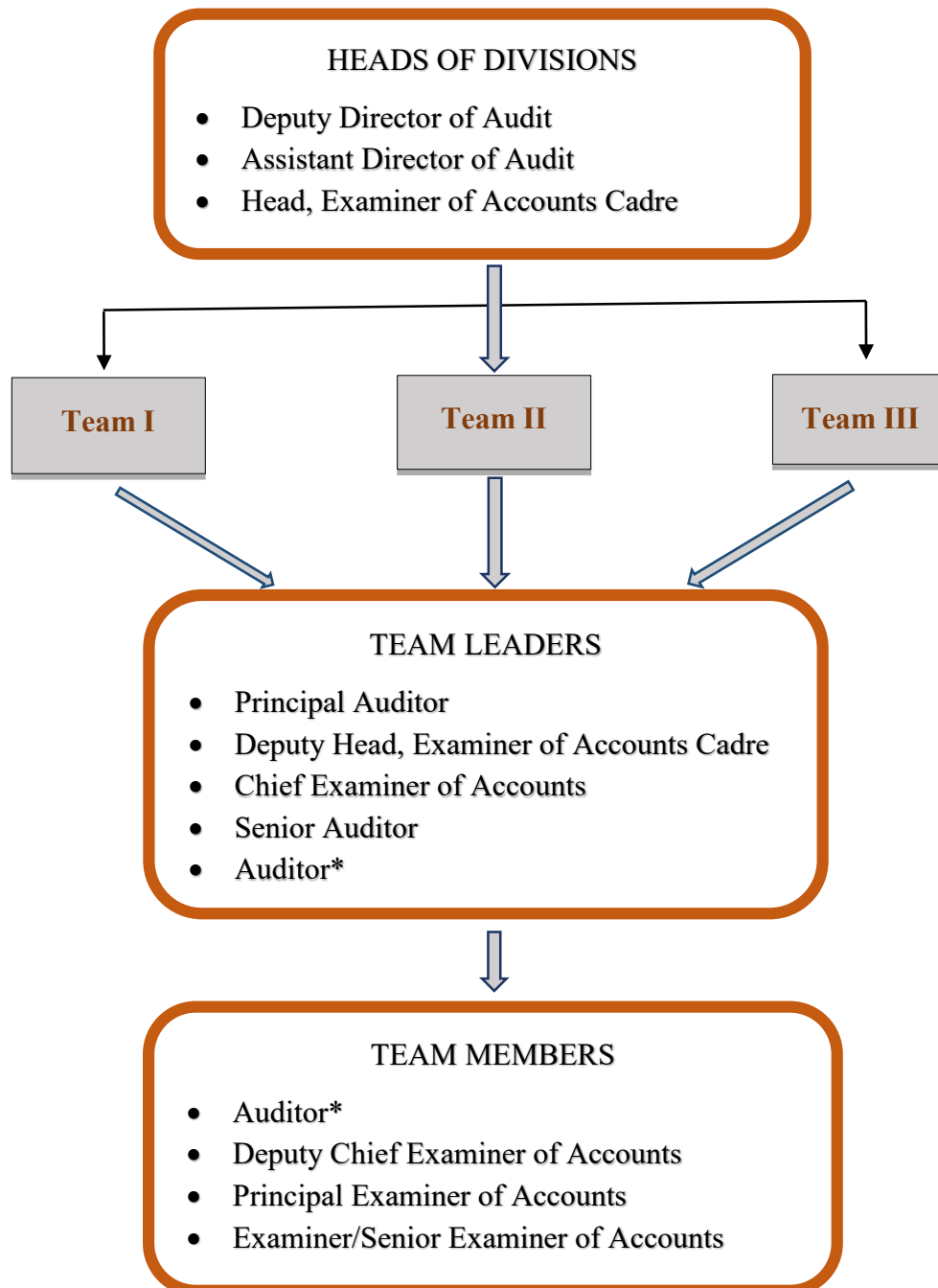
**N1 - Support staff include: Officers of the HR Cadre, Officers of the Finance Cadre, Office Management Assistants, Management Support Officers and CISD Officers**

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.

## Structure of a Division

The figure hereunder, shows the structure of a Division at NAO.



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

## NAO Senior Management Team (as at 30 June 2021)

NAME AND DESIGNATION	CONTACT DETAILS
<b>Mr. Charanjivsingh ROMOOAH, FCCA, MSc, LLB</b> Director of Audit	Tel: (230) 2122096/97 (Thro' CS) Fax: 2110880 Email: <a href="mailto:cromooah@govmu.org">cromooah@govmu.org</a>
<b>Mr. Chan Quet Shung CHAN HON SEN, FCCA</b> Deputy Director of Audit (Retired in Feb. 2021)	Tel: (230) 2122096/97 Ext 224 Email: <a href="mailto:cqschan-hon-sen@govmu.org">cqschan-hon-sen@govmu.org</a>
<b>Mr. Khemraj REETUN, FCCA, MBA, CISA</b> Deputy Director of Audit	Tel: (230) 2122096/97 Ext 226 Email: <a href="mailto:kreetun@govmu.org">kreetun@govmu.org</a>
<b>Mrs Leung Fee Lan CHUNG CHUN LAM, FCCA</b> Deputy Director of Audit (Assigned duties Feb 2021)	Tel: (230) 2122096/97 Ext 229 Email: <a href="mailto:mchung-chun-lam@govmu.org">mchung-chun-lam@govmu.org</a>
<b>Mr. Ahmad ABDOOL GAFFOOR, FCCA, MBA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 231 Email: <a href="mailto:aabdool-gaffoor@govmu.org">aabdool-gaffoor@govmu.org</a>
<b>Mr. Deodutt RAMKISHORE, FCCA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 227 Email: <a href="mailto:dramkishore@govmu.org">dramkishore@govmu.org</a>
<b>Mr. Toolsee DODAH, FCCA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 240 Email: <a href="mailto:tdodah@govmu.org">tdodah@govmu.org</a>
<b>Mr. Lutchmanen APPASAMY, FCCA, MBA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 244 Email: <a href="mailto:lappasamy@govmu.org">lappasamy@govmu.org</a>
<b>Mrs Man Lan WONG CHOW MING, FCCA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 225 Email: <a href="mailto:mwong-chow-ming@govmu.org">mwong-chow-ming@govmu.org</a>
<b>Mrs Bibi Naseem DULLOO, FCCA, MBA</b> Assistant Director of Audit	Tel: (230) 2122096/97 Ext 232 Email: <a href="mailto:ndulloo@govmu.org">ndulloo@govmu.org</a>
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<b>Mrs Parbhaotee MOHUN</b> Head, Examiner of Accounts Cadre	Tel: (230) 2122096/97 Ext 237 Email: <a href="mailto:pmohun@govmu.org">pmohun@govmu.org</a>
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## NAO New Staff Members

During the first semester of year 2021, 12 newly appointed Examiner of Accounts/Senior Examiner of Accounts joined the NAO. Also, for the first time, four Interns under the Service To Mauritius (STM) Programme joined the NAO personnel. Due to COVID-19 pandemic, induction course by NAO for the new staff members was slightly delayed. It was conducted in July 2021.



## Gender Statement

NAO 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. Our office is continuously pursuing its efforts to foster a working environment free from any gender discrimination whereby all the staff of 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 2020-21, indicated that there was no discrimination against women. Officers of the female gender represented 63 per cent of NAO total manpower. Out of 197 officers in post at this office, there was a mix of 72 male and 125 female working without any disparity at all levels. Furthermore, six of the 14 members of Senior Management Team were female, that is, 43 per cent.

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

Achieving a balance between operational performance and social well-being of staff is very important to NAO. The Corporate Social Responsibility (CSR) policies of NAO 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 encourages its staff to be good citizens and to become social assets to their local communities. NAO has established core values which provide a code of conduct to its employees who are diverse, multi-cultural and talented people. We are committed to help in the development of our staff.

NAO operates within regulations pertaining to the public sector and as such do not have a budget for CSR. Since the early 1980s, the staff of NAO has, however, set up its own Fund, known as the NAO Welfare Fund (NAOWF). The NAOWF has, at present, some 160 members. Monthly contributions made by the staff members are used to finance the events organised by the Fund.

## NAO Welfare Fund Activities

The NAOWF generally organises activities at least twice a year. These include 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.

During the year 2020-21, the NAOWF organized the following activities:

- The sendoff of two Officers, namely, one Chief Examiner of Accounts and one Deputy Director of Audit. On both occasions, staff of NAO was invited to bid farewell to these two Officers. The sendoff ceremonies were organized at the NAO's Head Office. On both occasions, the Director of Audit and a few staff members who have worked in close collaboration with the retirees addressed the floor and wished them a happy retirement, highlighting their valuable contributions at the NAO.
- An annual end-of-year lunch on Wednesday 20 December 2020 at The Ravenalla Attitude Hotel at Balaclava in the North of the island. Members were offered an "All Inclusive Day Package" with the privilege to spend some nice time at the hotel from 10 am to around 5 pm. Some 150 members attended the event. Members were also allowed access to hotel facilities, sports, entertainment and dance floor with the resident DJ from 14h00 to 16h30. They were also served afternoon coffee break with snacks at the hotel's Pool Bar. The NAOWF provided free transport to all members from their homes and back. Vans were hired to pick them up from different parts of the island.

Unfortunately, no other outdoor activities could be organized in 2021 due to the COVID 19 pandemic.



# Learning and Development

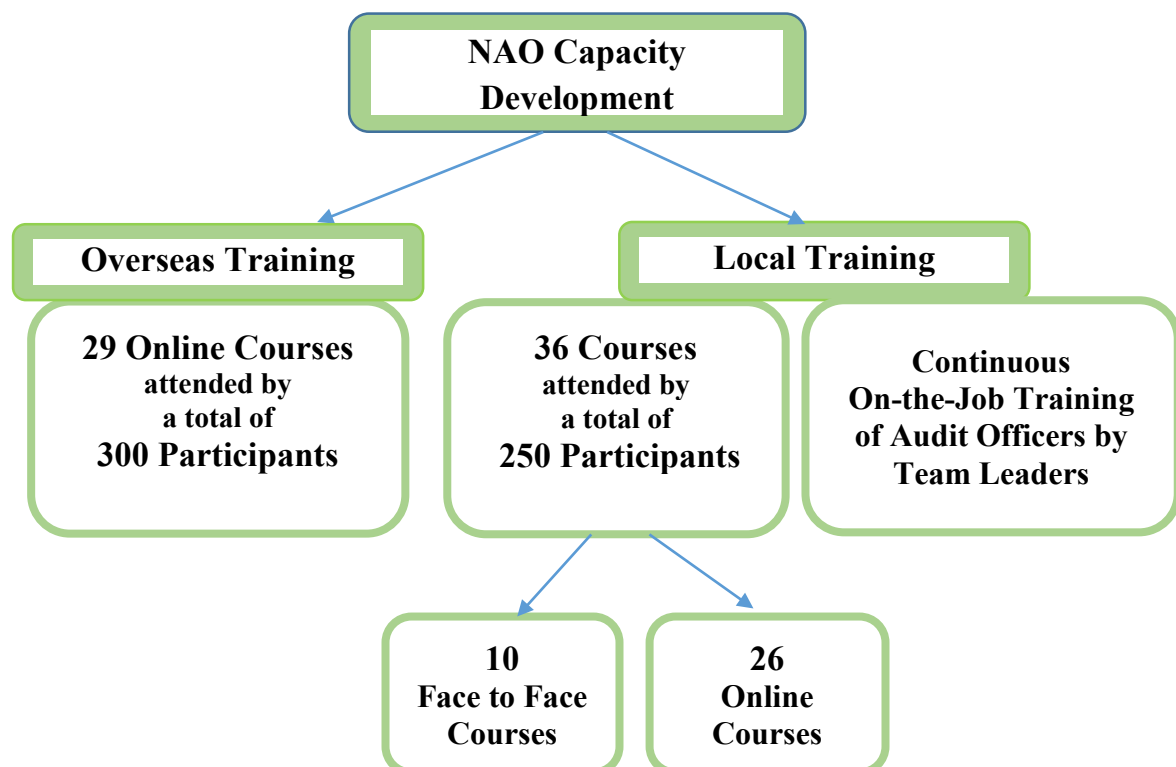
## Capacity Development

We aim at promoting good governance in the public sector by providing high quality audit services.

As a professional organisation and having the above objective in mind, NAO strives to promote the continuous learning and development of its staff since we believe that the most important asset of our organisation is our people. Therefore, we strongly consider that it is worth investing in our staff by imparting continuous and relevant training and coaching so that they continue to stay relevant within a rapidly changing environment, heading towards digitalisation.

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 knowledge/technologies.

Also, as a member of recognised international and regional blocks, NAO will strengthen its collaboration with international partners and leverage on training opportunities. NAO has, and will continue, to take advantage of the numerous online courses/webinars dispensed by various organisations.



Further, a Capacity Development Committee has been set up at NAO with a view to identifying potentials for capacity development for all grades of officers at the NAO. Selections of topics/themes as well as selection of attendees/participants are carried out by the Committee on the basis of clearly documented internal procedures.

Up to now, our staff has always been given opportunities to undergo both overseas and local trainings in a significant number of fields such as Performance Audit, Project Management, Accounting and Auditing standards (refresher and updates), Procurement, Information Technology, and Anti Money Laundering Framework.

During the financial year 2020-21, due to the Covid-19 pandemic, training sessions organised by overseas bodies were held remotely via online sessions/webinars. Staff were also given the opportunity to attend local training sessions, both face-to-face and online. Details of some of the training sessions are given hereunder.

## Overseas Training

### Examples of Overseas Training Sessions held during 2020-21

Course Title	Organising Body	Period	No. of Participants
1. Anti Money Laundering/Combating Financing of Terrorism Obligations - Risks and Typologies	Mauritius Institute of Professional Accountants (MIPA)	08 Aug 20	15
2. Virtual Regional Event providing insights on IFRS Standards	MIPA /FRC	09 Sep 20	83
3. Impact of COVID-19 on the economy and the accountancy profession	MIPA/ICAEW	17 Sep 20	9
4. Virtual Meeting of the OECD Auditors Alliance - "Audit Innovation in the time of Crisis"	AFROSAI-E	23 Sep 20	7
5. Working Group on Information System Audit and Management (WGISAM) - Supporting a remote Audit office	AFROSAI-E	28 Sept to 01 Oct 20	39
6. SAI's Role in Responding to Crises and Disasters	ASOSAI	26-28 Jan 21	4
7. ITWGe -Seminar -SAI exploring the world of Artificial Intelligence	EUROSAI	11 May 21	9
8. Regional Workshop Announcement IT Audit Champions	AFROSAI-E	12 May 21	10



## Virtual Regional Event providing Insights on IFRS Standards

In September 2020, all the technical staff of NAO was invited to attend a one-day virtual conference on International Financial Reporting Standards (IFRS), organised by the Mauritius Institute of Professional Accountants (MIPA) in collaboration with the Financial Reporting Council (FRC) of Mauritius. The presentations were delivered by representatives of the International Accounting Standards Board (IASB) and a private consulting firm.

The conference aimed at providing relevant stakeholders in Africa with a knowledge of IFRS Standards to enable them to discharge their duties more effectively in view of the increasing number of financial statements being prepared in accordance with IFRS. Participants were given an understanding of recently issued new IFRS and the implementation challenges of these recent changes. The main topics covered during the event included the following:

- IFRS 9 Financial Instruments: Classification and Measurement
- IFRS 9 Impairment: measuring Expected Credit Losses
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Application of IFRS Standards in 2020 – impact of COVID-19

## Local Training

### Examples of Local Training Sessions during 2020-21

Course Title	Organising Body	Period	No. of Participants
1. Training Programme on Statutory Interpretation	Civil Service College Mauritius (CSCM)	11 & 13 Aug 20	12
2. Quickbooks for Beginners Training	Quick Focus	15 & 16 Sept 20	3
3. Awareness Session on Anti Money Laundering/Combating Financing of Terrorism	NAO in collaboration with CSCM	07 Oct 20	138
4. Online Basic Communication Skills: Intrapersonal Communication and Interpersonal Communication Skills	CSCM/Ministry of Public Service and Administrative Reforms	Self-paced & Flexible	26
5. Public Responsibility in Good Governance	CSCM	09 May 21	2
6. Procurement: Evaluation & Bid Committee	CSCM	03 June 21	3

## Local Training Programme on Statutory Interpretation

All Heads of Divisions of NAO attended a two full-day Training Programme on Statutory Interpretation in August 2020. The training course was organised by the Civil Service College Mauritius and presented by a highly qualified resource person.

The main objectives of the course was to enhance the skills of participants in the interpretation of statutes. Some of the topics covered during the training programme included an Introduction to the Mauritian Legal System, Sources of Law in Mauritius and Canons of Interpretation of Statutory Law. The course also covered the Interpretation of specific Acts and Case Law review on statutory interpretation.

## Awareness in Anti-Money Laundering and Combating Financing of Terrorism

NAO organized a training course on “Awareness in Anti-Money Laundering and Combatting Financing of Terrorism (AML/CFT) in October 2020, in collaboration with the Civil Service College Mauritius. All the technical staff of NAO attended the face to face one full-day training course.

In view of the increasing number of cases relating to Money Laundering (ML) reported yearly, the aim of the course was for participants to learn how to detect and prevent ML as it has an adverse effect on the socio-economic life of the society.

The main objectives of the training were for participants to understand:

- The Concepts of Money Laundering (ML), Terrorist Financing (TF) and Proliferation and the Techniques of ML as well as their negative impact both at Social and Economic Levels
- The Legal and Institutional Framework of Mauritius in relation to Combatting Financial Crime and the impacts upon the participant’s work in terms of procedures and responsibilities
- The role of the Financial Task Force (FATF) in developing international standards for effective AML/CFT

# PART II

## Audit Activities and Performance



# Audit Activities and Performance

## NAO Reports to the National Assembly



## Key Actions and Key Performance Indicators 2020-21

The Table shows the Key Actions, Key Performance Indicators and Targets of NAO for the year 2020-21, as well as our actual achievements as at 30 June 2021.

Key Action	Key Performance Indicator	Target 2020-21	Achievements as at 30 June 2021
Submission of the Annual Audit Reports on the Accounts of Government and RRA for the year 2019-20 for tabling before the National Assembly	Submission of Audit Reports within statutory date limit	February 2021	Audit Reports on the Accounts of Government and of the RRA submitted in February 2021 and tabled before the National Assembly in March 2021
Audit and certification of financial statements within 6 months of submission by Statutory Bodies and other bodies	Percentage of financial statements audited and certified within 6 months of submission	90%	60% (N1)
Issue of Performance Audit Reports on extent Government bodies are carrying out their operations economically, efficiently and effectively	Number of Performance Audit Reports issued	5	3 (N2)

N1 - Completion of audit and certification of Financial Statements 2019-20 (scheduled during the period February to April 2021) were delayed as many Statutory/other Bodies were either closed or not fully operational during the COVID-19 period from 10 March to 30 April 2021.

N2 - Two reports are planned for issue before the end of the year.

## NAO Key Outputs 2020-21



## NAO Audit Activities

Regularity Audit and Performance Audit are the two main types of audits which NAO undertakes to fulfil its audit mandate and to provide assurance to the National Assembly on the proper accounting and use of public resources.

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

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 and whether there is room for improvement. 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.

### I. Regularity Audit

#### How We proceed

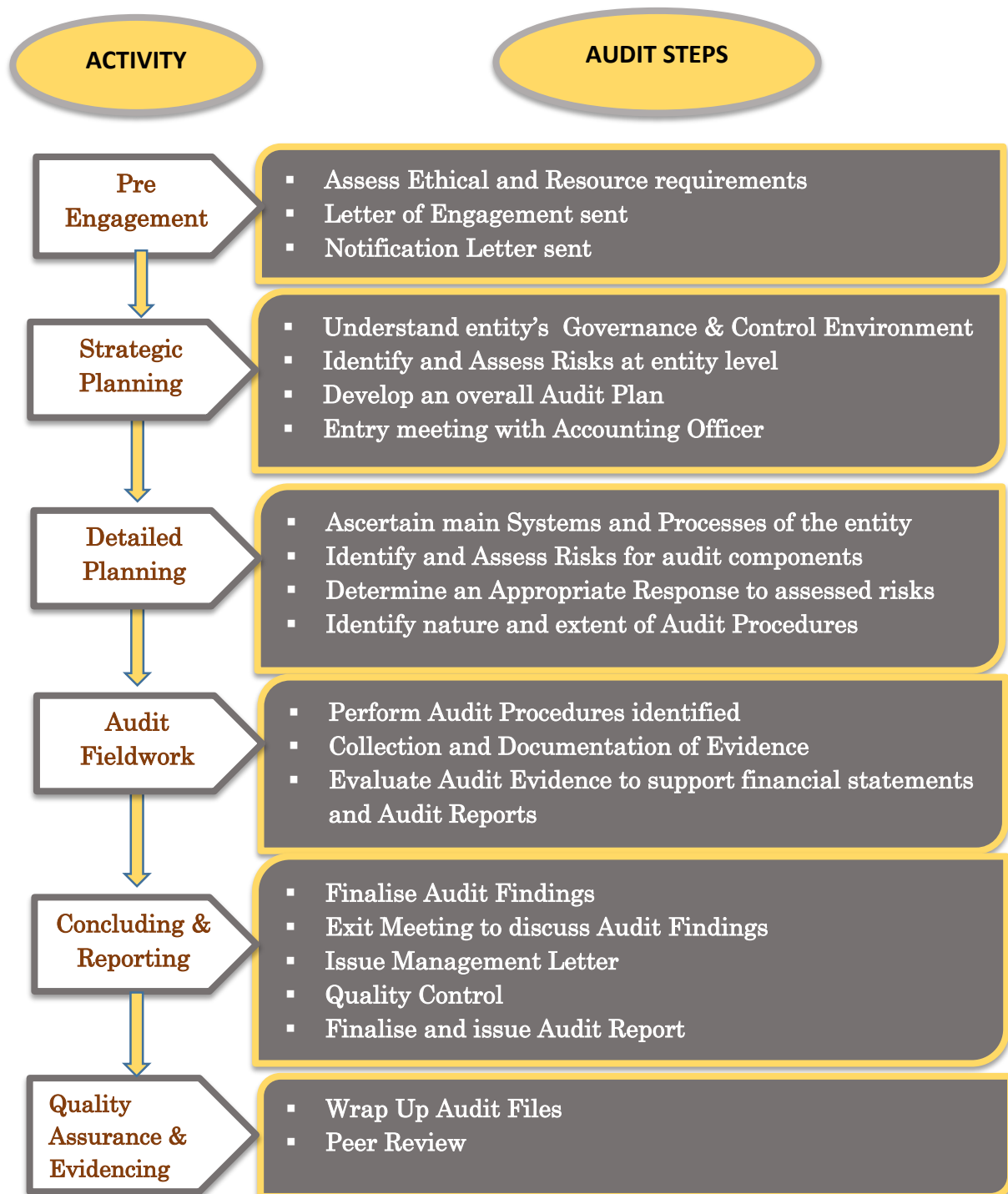
At the start of the year, NAO prepares an annual audit plan which sets out the schedule of all audit assignments planned to be carried out during the year. NAO applies a risk-based approach for the identification of the units to be audited, as well as for the conduct of individual audits.

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. Audit procedures identified are then carried out and audit evidence as well as audit findings are documented.



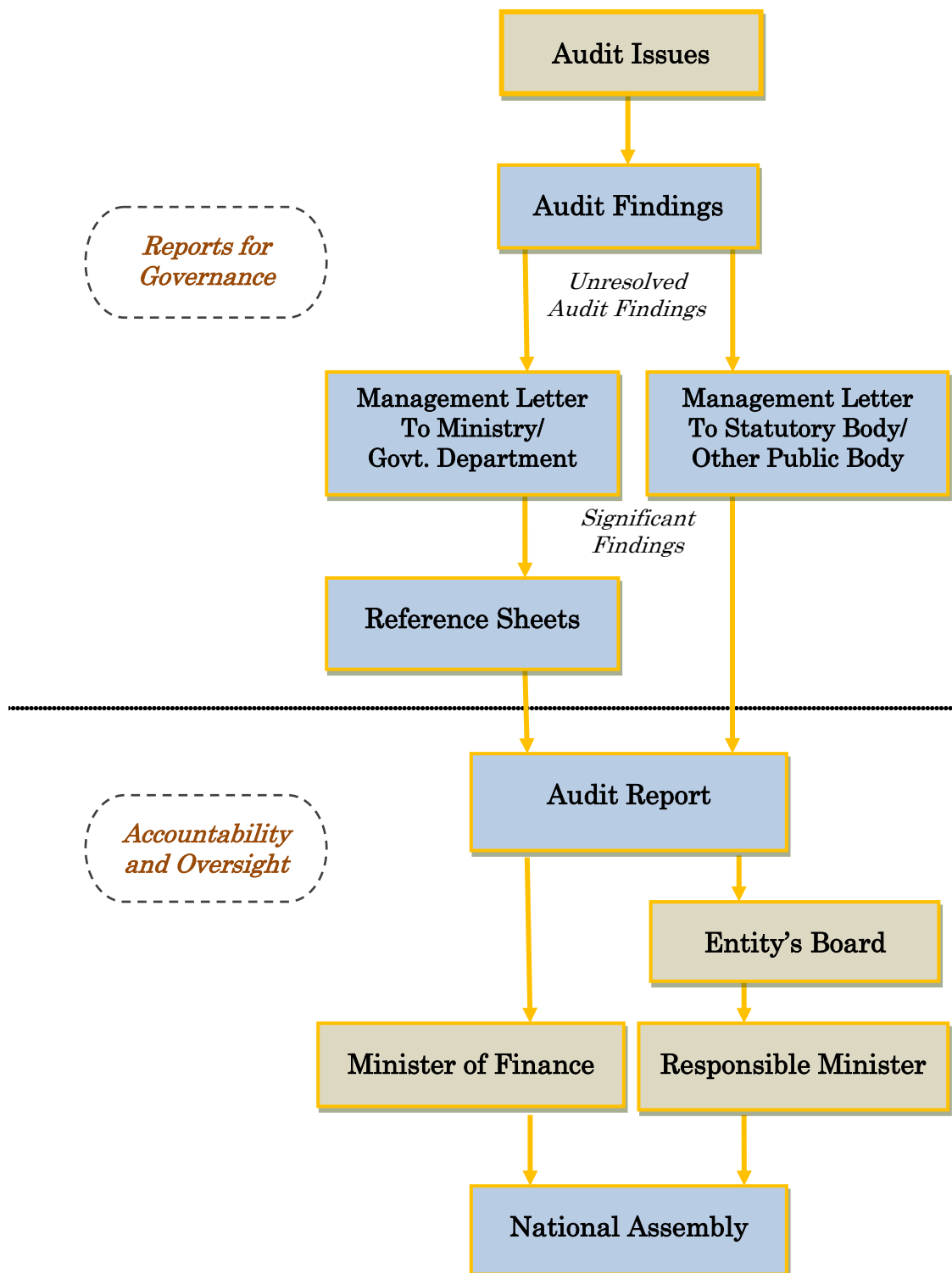
At the conclusion of an audit, an exit meeting is held with the auditee/client so as to discuss the audit findings. The Management Letter is then finalised and sent to the auditee/client giving the latter the opportunity to give his explanations/comments in writing on matters raised therein, before NAO issues the Audit Report.

## 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.



The audit findings which are considered significant and of a nature to be brought to the attention of the National Assembly are identified by NAO at the completion of the audit of Ministries and Government Departments. “Reference Sheets” regarding the selected findings are issued to the respective Accounting Officers. They have the opportunity to give their comments on the truth and fairness of these audit findings before their inclusion in NAO’s Annual Audit Report together with a summary of the comments given by the audited entity, as far as possible. Thereafter, NAO submits its Annual Audit Report, within statutory deadline, to the Minister responsible for the subject of finance to be laid in the National Assembly.

For Statutory and Other Bodies, NAO issues an Audit Report to the respective Board, following response received to the Management Letter. 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 whether the organisation has complied with other legal regulatory requirements. The report may also include matters of such importance that need to be brought to the attention of users.

### Regularity Audit during 2020-21

During the financial year 2020-21, NAO was responsible for the audit of 476 Entities/Accounts, details of which are shown in the following table. Ministries and Government Departments, consist of several Divisions, many of which comprise a number of Units, which NAO has the responsibility to audit. For example, 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 Health and Quality of Life, the Ministry of Agro Industry and Food Security, the Ministry of Public Infrastructure and Land Transport.

### Accounts Audited by NAO

Categories of Entities	No. of Accounts
Ministries and Government Departments	149
Rodrigues Regional Assembly	12
Statutory Bodies	114
Local Authorities (include 130 Village Councils)	142
Special Funds	24
Other Bodies and International Donor-Funded Projects	29
State Owned Companies	6
<b>Total</b>	<b>476</b>

The audits of Ministries and Government Departments, and of the Rodrigues Regional Assembly (RRA) were mostly carried out during the period July 2020 to January 2021. In February 2021, NAO submitted the Audit Reports on the accounts of Government and the accounts of RRA to the Minister, responsible for the subject of Finance, thus meeting its statutory obligation. The reports were laid in the National Assembly in March 2021. As for the audits of Statutory Bodies and Local Authorities, they are carried out by NAO upon the receipt of the approved Annual Report/ Financial statements. These Bodies are required by law to submit their Annual Report/Financial statements, for audit within four months of the end of the financial year.

## Audit Approach and Coverage

The Table below gives details of audits planned and completed during 2020-21. Financial statements audited related to the financial year ending 30 June 2020 and also to previous financial years.

Audits Planned and Completed during 2020-21

	Planned Audits – FS 2019-20 (A)	Audits completed relating to prior FYs (B)	FS not received for period 2019-20 (C)	Revised Audit Plan (D): (A+B-C)	Audits Completed (E)	Completion % (E/D)
Ministries and Government Departments	102	N/A	N/A	102	98	96
Rodrigues Regional Assembly	9	N/A	N/A	9	9	100
Statutory Bodies	114	90	38	166	125	75
Local Authorities	142	20	125	37	20	54
Special Funds	24	14	12	26	20	77
Other Bodies & Donor-Funded Projects	29	16	14	31	24	77
State Owned Companies	6	4	3	7	7	100
<b>TOTAL</b>	<b>426</b>	<b>144</b>	<b>192</b>	<b>378</b>	<b>303</b>	<b>80</b>

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

NAO adopts a Risk-Based approach for its audits. Thus, audit coverage of the various divisions/units of Ministries and Government Departments depends on their materiality and significance. We direct our audit efforts on higher risk areas, such that larger units are usually subject to more extensive examination. Due to resource constraints, the audit of smaller units is effected on a rotational basis, where appropriate.

For the financial year ended 30 June 2021, the percentage completion of the planned audits of Ministries and Government Departments; and Commissions of RRA, was 96 and 100 per cent respectively. For the audit of other public bodies, the percentage completion ranged from 54 to 100 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.

## Audit of Rodrigues Regional Assembly

The Rodrigues Regional Assembly (RRA) has been established by the RRA Act. The Director of Audit is the Auditor of the RRA by virtue of Section 48 of the RRA 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 Commissioner, responsible for the subject of finance, is required under the Finance and Audit Act, to sign and submit to the Director of Audit, within three months of the close of every fiscal year, annual statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year. The annual statements of the RRA for the year ended 30 June 2020 were submitted to NAO on 30 September 2020.

Six officers of NAO were in Rodrigues in September/October 2020 for periods ranging from four to seven weeks for the audit exercise. The audit was conducted on a risk-based approach and focused on the examination of the annual statements, accountability and oversight mechanism, non-compliance with legislations, management of financial assistance granted to the needy, investments and project management. The Assistant Director of Audit, responsible for the audit, proceeded to Rodrigues for one week to carry out site visits of projects examined and to discuss major audit findings with the Island Chief Executive and the Departmental Heads.

Following the audit, 25 Management Letters were issued and significant audit findings were reported in 17 Reference Sheets. These were included in NAO's Report along with a summary of the explanations of the respective Departmental Head. The audited annual statements together with the Report of the Director of Audit were submitted to the Minister responsible for the subject of finance, on 24 February 2021.

## Main Constraints

During 2020-21, NAO had to face the following main constraints in the conduct of its audits:

- Continuous changes in financial reporting and auditing requirements.
- Increase in the complexity and volume of transactions of audited entities.
- Human Resource shortage limiting a higher audit coverage.
- Financial statements submitted to NAO had, in many cases, to be amended several times due to repeated discrepancies and in other cases, extensive amendments were required, indicating a lack of commitment in their preparation.
- Late submission of financial statements by auditees.

## II. Performance Audit

The Director of Audit is mandated under the Finance and Audit Act to carry out Performance Audit (PA) 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 Steering Committee

A Performance Audit Steering Committee (PASC), chaired by the Director of Audit and comprising five members, was set up to provide overall direction and to support the development of PA at NAO. The PASC approved four pre-study memos and work plans of PA topics selected. It also reviewed and approved two PA Reports, prior to their submission to the Minister responsible for the subject of finance.

### Performance Audit Reports

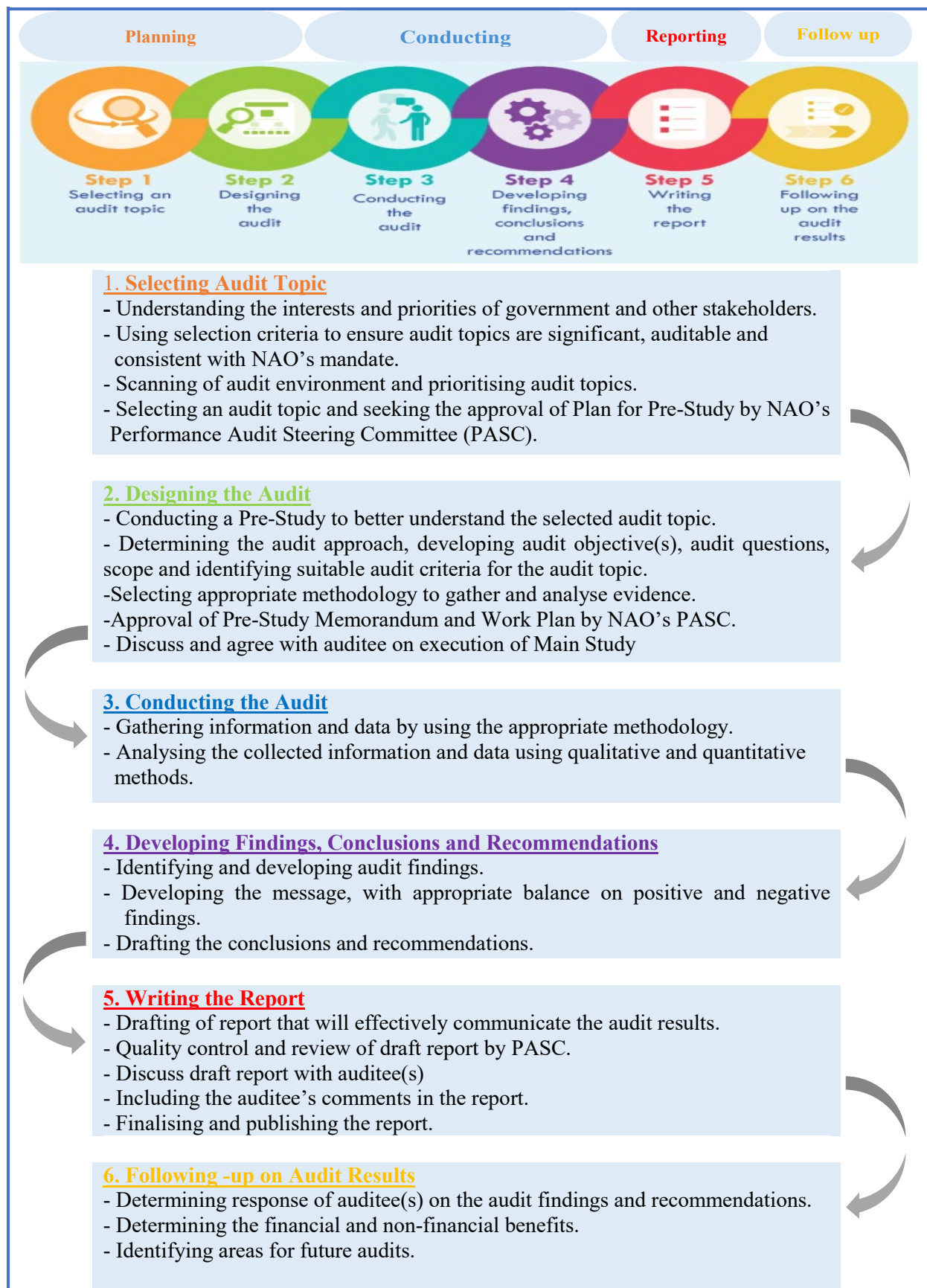
In 2020-21, NAO issued the following three PA Reports, which were tabled before the National Assembly. Two additional PA Reports are currently being finalised.

- Ensuring Safe Disposal of Wastewater`
- Enhancing Road Safety in Mauritius
- Provision of Social Housing

### How We proceed

We conduct PA in accordance with the requirements of the NAO Performance Audit Manual which is based on International Standards of Supreme Audit Institutions. The phases and main steps of the PA Process at the NAO are described in the following figure.

## Performance Auditing Process



## Auditing United Nations 2030 Agenda for Sustainable Development Goals

In 2015, the Republic of Mauritius took the commitment to implement the UN 2030 Agenda for Sustainable Development Goals (SDGs) following its adoption. SAIs, in line with their mandates and priorities, can, through their audits, make valuable contributions to the national efforts on the implementation of the Agenda specifically by tracking progress and identifying opportunities for improvement.

With respect to SDGs implementation, the Performance Audit Steering Committee, amongst others, considers relevant SDG targets in selecting performance audit topics. The topics are selected for audit based on a thorough analysis of the targets, their significance, risk to implementation, auditability and the impact that the audit is likely to have in contributing to the implementation of the SDGs.

During 2020-21, two Performance Audit reports relating to particular SDG and targets were produced

- Enhancing Road Safety in Mauritius deals with *SDG 3 - Ensure healthy lives and promote well-being for all at all ages*” and *Target 6 - Death rate due to road traffic injuries*”.
- Provision of Social Housing deals with *SDG 11 - Make cities inclusive, safe, resilient and sustainable & Target 1- Safe & affordable Housing*

The findings and recommendations of the Reports were promptly considered by relevant stakeholders leading to the initiation of a series of actions to address the performance gaps.

## Challenges facing Performance Auditing

- The mandate to carry out Performance Audit does not include Statutory Bodies, Local Authorities and Funds.
- Major stakeholders are not fully aware of the value and benefits of Performance Auditing
- Data is not always available in appropriate formats and in a timely and sufficient manner. This renders data extraction and analysis difficult.
- Difficulties in attracting sufficient resources to ensure sustainability of the Performance Audit Unit.



## Corporate Governance

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

### Code of Ethics

All officers of NAO have signed the Code of Ethics declarations which consists of

- A customised version of INTOSAI International Code of Ethics for auditors in the Public Sector; and
- The Code of Ethics for Public Officers issued by the Ministry of Public Service, Administrative and Institutional Reforms.

Also, for every audit assignment undertaken by NAO, officers working on the assignments are required to sign the Code of Ethics Declaration Work Paper.

NAO officers are always encouraged to adhere to these codes.

### Risk Management

As guardian of accountability and transparency in the public sector, the quality of audit performed by SAIs and the timeliness of audit reports have a direct impact on their reputation and credibility. Thus, the major challenge that all SAIs have to face is to consistently deliver timely and high quality audits which are embedded in their strategic objectives. 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
- Monitoring and review of control activities.

In the conduct of our audit operations, the main risks that NAO has to prevent are the issue of inappropriate Audit Reports and the issue of Audit Reports after statutory date limits.

NAO has taken the following measures to mitigate these risks:

- 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.
- Continuous training of staff to ensure that they are kept abreast of latest developments.
- Setting up of Technical Committees to deal with complex technical issues.
- Setting up of monitoring mechanisms, including key performance indicators, to ensure that audit is completed on time and reports are issued as scheduled.

## Quality Assurance

The Quality Assurance Committee (QAC) coordinates quality assurance operations at the NAO and ensures that audit work carried out by NAO is of high quality, for the benefit of stakeholders and for the country as a whole. Quality control checks are carried out by the Quality Assurance Unit (QAU).

The existing Regularity Audit Manual (RAM) methodology was reviewed and modified by the QAC to adapt to changing user's requirements and updates. Checklists were simplified following the review of certain project files.

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

- adoption of modified RAM methodology.
- the review of more project files in terms of quality control.
- ensuring corrective action taken on weaknesses identified to improve quality control throughout the audit process.
- ensuring compliance with new accounting/auditing standards.
- implementing the revised ISQM 1 and ISA 220, as well as the new ISQM 2.

## NAO Self-Assessment based on the Supreme Audit Institutions Performance Measurement Framework of INTOSAI

NAO has adopted the Supreme Audit Institutions Performance Measurement Framework (SAI PMF) of the INTOSAI since September 2020.

The objectives of the assessment are to:

- Benchmark the NAOs performance against the ISSAIs;
- Establish and implement a baseline of the NAOs performance against which future improvement can be measured; and
- Provide the basis for preparing/updating a comprehensive strategic development plan for future capacity building and institutional strengthening.

As a responsible organisation, NAO is looking forward to identify gaps based on international practices where it can enhance its capacity building process and improve the quality and standards of its deliverables.

The main assessment approaches of the INTOSAI SAI PMF assessment are:

- a Self-Assessment by the SAI;
- a Peer Assessment by another SAI or INTOSAI body;
- an External Assessment by consultants, donors, external auditors or other experts; or
- a Hybrid Assessment combining any of the other approaches.

A Strategic Management Committee (SMC) has been set up at NAO to steer the SAI PMF assessment project and to oversee its implementation and progress. As an advocate of good governance, NAO has opted for the methodology based on Self-Assessment. The period covered by this assessment is from financial year 2019-20 to date. The assessment exercise is presently being undertaken by two NAO officers under the supervision of a Deputy Director of Audit and is intended to be completed by end of October 2021.

The SMC is regularly informed of the outcomes and findings, exceptions, gaps, opportunities and other remarks of each SAI PMF domain covered and the way forward. NAO staff will also be informed of the outcomes of the Assessment.

## **NAO supporting the Public Accounts Committee**

During the year 2020-21, NAO attended 20 sessions held by the Public Accounts Committee (PAC), giving its continual support to the PAC in the discharge of its duties. The Director of Audit accompanied by other NAO officers who might be of assistance to the Committee on matters under examination, attended the PAC sessions during which NAO's Audit Reports on Ministries and Government Departments were examined.

The main function of the PAC 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. The Committee is to satisfy itself that public money is spent for the purposes

authorised by the National Assembly. In the exercise of its duties, the PAC has the power to send for Government officials, records and to take evidence.

The PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly. In November 2020, the PAC submitted its report covering the examination of Government Accounts for financial years 2017-18 and 2018-19.

## Financial Performance

Provisions made under the vote of the National Audit Office in the Government budget for the financial year 2020-21 amounted to Rs 157.4 million. The amount used therefrom to finance recurrent and capital expenditure amounted to Rs 153.5 million, representing 97.5 per cent of the budget. Of this amount, Rs 140 million related to the payment of salaries, allowances and travelling and transport.

Additionally, expenditure to the tune of Rs 5 million, in respect of salary of supporting staff and payment of passage benefits, sick and vacation leave to retired officers, were met from other Votes.

Provisions of Rs 11.4 million were also made for the payment of passage benefits, sick leave and vacation leave earned for staff.

*“ Increase in number of audits completed lead  
to rise in audit fees collected by 54 % “*

Audit Fees are collected by NAO from Statutory Bodies, Local Authorities, Special Funds and Other Bodies and are credited to the Consolidated Fund. No audit fees are charged for the audit of Ministries and Government Departments.

During the financial year 2020-21, there has been a significant increase of 54 per cent in the collection of audit fees, from Rs 16.5 million in 2019-20 to Rs 25.4 million in 2020-21. This performance was mainly due to the increase in the number of audits of Statutory Bodies carried out by the NAO compared to the previous year.

## Financial Position

Total assets which stood at Rs 120.1 million as at 30 June 2020 has increased to Rs 136.5 million as at 30 June 2021, representing an increase of 14 per cent. These assets include ‘Receivables from Government’ in respect of passage benefits, sick leave and vacation leave to the tune of Rs 110 million. Included therein were amounts of Rs 15.8 million and Rs 3.4 million for car loan receivable from staff of the NAO and audit fees receivable from our auditees, respectively.

Total liabilities have also increased by 13 per cent in the financial year 2020-21, from Rs 115.8 million to Rs 130.4 million. This figure comprises, amongst others, passage benefits, sick leave and vacation leave payable to our staff to the tune of Rs 110 million.

Contributed capital represents the carrying value of Property, Plant and Equipment and intangible assets as at 30 June 2021. This has increased from Rs 4.4 million as at 30 June 2020 to Rs 6.1 million as at 30 June 2021.



# PART III

## Way Forward





# Way Forward

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## Strategic Direction

The National Audit Office will strive, for the next 3 years (2021-2024), to:

I. Strengthen the independence of the Office to become a model Supreme Audit Institution in the region and to contribute in enhancing the value of the country's financial system.

- ✓ We shall engage with the authorities for the review of existing legislations and policies with a view to strengthening NAO's independence according to the precepts of the Lima and Mexico Declarations on SAIs independence. (Annex I and Annex II refer.)

II. Continuously improve the quality of audit services provided to enhance accountability and transparency in the public sector through the delivery of timely and high quality audit reports.

This will give all stakeholders and the public at large, comfort on the use of public funds and will contribute in inspiring public trust, which is essential for a strong public financial management.

✓ 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.

III. Pursue its quest to become a model institution by adopting highest standards of management.

As a Supreme Audit Institution, NAO has to be a model organization 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.
- Leverage on information and communication technology to enable remote auditing and work from home

## Current Situation and Challenges

### Strengths

- Strong legal framework that establishes the powers and responsibilities of the Director of Audit and guarantees the operational independence of NAO.
- As a member of recognised 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's financial and human resources are determined by its auditees, which limits both its independence and operational capacity.
- Retention of qualified staff is becoming difficult.
- The Quality Assurance Unit and the Research and Development Unit are not being able to operate properly as recommended by INTOSAI and AFROSAI-E guidelines because of lack of supervisory staff.
- Due to resource constraints, it is not possible to carry out the audit of all Government units every year. Accounts of small Government units will have to be audited on a rotation basis.
- The volume of transactions and the complexity and associated risks of audit have increased drastically due to regular changes in technological, legal and business environment in which auditees operate. Also, all public sector bodies, including Central Government, have shifted to accrual IPSAS in the preparation of their financial statements.
- NAO will have to adapt to the new working environment in the country as a result of the Covid-19 pandemic. It has to move towards remote auditing and work from home by making maximum use of ICT tools.

- 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.
- The poor quality of the annual financial and performance reports submitted by many of our auditees has a negative impact on the time frame and quality of our audits because additional work is needed to respond to the risks posed by misstatements.
- Increased risk of cyber-attacks and new technologies - With cyber-attacks on the rise globally, we recognise the potential for data breaches and we need to take steps to protect our information from such threats.

## Opportunities

- **Keeping pace with Technologies** - The emergence of new technologies such as cloud computing, robotic process automation, has the potential to change the auditing landscape. These technologies present opportunities for the Government and the NAO. We need to analyse the environment for these new technologies to ensure that we are ready for them and to minimise disruption. We need to increase the use of tools for working remotely and to enhance this new capability.
- **Collaboration** - 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.

NAO has, and will continue to take advantage of the numerous online courses/webinars, dispensed by various organisations to which we are affiliated or with which we are working in close collaboration.



# 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 2021, 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 2021.

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

30 September 2021





## **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 2021, the statement of financial performance, the statement of changes in equity, the cash flow statement and the statement of budgeted, actual and accrual based amounts for the year then ended, and the notes to the financial statements including a summary of significant accounting policies, as set out on pages 66 to 87.

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 2021, 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 NAO 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 director is 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 director.
- 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 director 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*

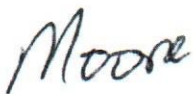
- The Director of Audit is under no statutory obligation to prepare financial statements for the National Audit Office. However, these financial statements have been prepared in terms of the requirements of International Standards for Supreme Audit Institutions (INTOSAI- P20) - Principles of transparency 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*

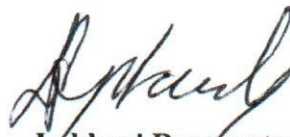
We have no relationship with or interests in the National Audit Office other than in our capacity as auditors.

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**  
Chartered Accountants



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

Port Louis  
Republic of Mauritius

Date: 29 OCT 2021





# **National Audit Office**

## **Financial Statements**

For the financial year ended 30 June 2021



**National Audit Office  
Financial Statements  
For the financial year ended 30 June 2021**

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**National Audit Office**  
**Statement of Financial Position**  
*as at 30 June 2021*

	Notes	30 June 2021 Rs	30 June 2020 Rs
<b>ASSETS</b>			
<b>Current assets</b>			
Short term car loans receivable	8	4,737,970	5,440,296
Trade receivables	6	3,440,000	3,350,000
Other receivables	7	7,402,473	3,596,163
Inventories		226,257	215,689
		<b>15,806,700</b>	<b>12,602,148</b>
<b>Non-current assets</b>			
Car loans receivable	8	11,136,136	11,638,925
Long term receivables	9	103,489,491	91,522,506
Property, plant and equipment	10	5,874,302	4,164,738
Intangible assets	11	193,630	195,788
		<b>120,693,559</b>	<b>107,521,957</b>
<b>Total assets</b>		<b>136,500,259</b>	<b>120,124,105</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term car loans payable	8	4,737,970	5,440,296
Trade and other payables	12	11,068,730	7,161,852
		<b>15,806,700</b>	<b>12,602,148</b>
<b>Non-current liabilities</b>			
Car loans payable	8	11,136,136	11,638,925
Sick Leave 2020 Payable		5,496,590	-
Sick leave obligations	9	41,435,282	42,196,178
Passage benefits obligations	9	13,455,314	9,800,826
Vacation leave obligations	9	43,102,304	39,525,502
		<b>114,625,626</b>	<b>103,161,431</b>
<b>Total liabilities</b>		<b>130,432,326</b>	<b>115,763,579</b>
<b>NET ASSETS</b>		<b>6,067,933</b>	<b>4,360,526</b>
<b>EQUITY</b>			
Contributed Capital	14	<b>6,067,933</b>	<b>4,360,526</b>

Approved on 30 September 2021

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

*The notes on pages 73 to 87 form an integral part of these financial statements.*



**National Audit Office**  
**Statement of Financial Performance**  
*for the financial year ended 30 June 2021*

		Year ended 30 June 2021	Year ended 30 June 2020
	Notes	Rs	Rs
<b>Revenue</b>			
Appropriation from Consolidated Fund	15	169,898,445	170,314,646
Audit fees receivable	16	25,373,393	16,520,791
<b>Total Revenue</b>		<b>195,271,838</b>	<b>186,835,437</b>
<b>Expenses</b>			
Audit fees Payable to Consolidated Fund	16	25,373,393	16,520,791
Staff costs	17	157,414,031	159,169,950
Training	18	305,278	1,511,862
Rent and utilities	19	7,214,352	6,019,318
IT expenses		484,282	577,606
Supplies and consumables		947,636	1,121,248
Subscriptions to international organisations		459,648	415,063
Disposal of Assets		49,913	656,250
Depreciation and Amortisation		1,315,898	1,308,257
<b>Total Expenses</b>		<b>193,564,431</b>	<b>187,300,345</b>
<b>Surplus/(Deficit) for the year</b>		<b>1,707,407</b>	<b>(464,908)</b>

*The notes on pages 73 to 87 form an integral part of these financial statements*

**National Audit Office**  
**Statement of Changes in Equity**  
*for the financial year ended 30 June 2021*

	<b>Year ended</b>	<b>Year ended</b>
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Rs</b>	<b>Rs</b>
Balance at 01 July 2020	<b>4,360,526</b>	<b>4,825,433</b>
Surplus/(Deficit) for the year	<b>1,707,407</b>	<b>(464,908)</b>
<b>Balance at 30 June 2021</b>	<b>6,067,933</b>	<b>4,360,526</b>

*The notes on pages 73 to 87 form an integral part of these financial statements*

**National Audit Office**  
**Cash Flow Statement**  
*for the financial year ended 30 June 2021*

	Year ended 30 June 2021 Rs	Year ended 30 June 2020 Rs
<b>Operating activities</b>		
Surplus/(Deficit) for the year	1,707,407	(464,908)
<b>Adjustments for:</b>		
Disposal of Assets	49,913	656,250
Fund for purchase of PPE	(3,073,218)	(1,499,599)
Depreciation	1,287,450	1,305,525
Amortisation	28,448	2,731
Change in trade and other receivables	(3,896,310)	(85,124)
Change in inventories	(10,569)	(39,796)
Change in trade and other payables	3,906,879	124,920
Change in long term receivables	(11,966,985)	(4,591,844)
Change in sick leaves, vacation leaves and passage benefit obligations	11,966,985	4,591,844
<b>Cash flow generated from/ (used in) operating activities</b>	<b>-</b>	<b>-</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3,073,218)	(1,499,600)
Proceeds from sale of equipment	(26,500)	-
Car loans granted to staff	(4,760,995)	(3,193,321)
Loans refunded to Accountant General	(5,966,110)	(5,670,155)
<b>Cash used in investing activities</b>	<b>(13,826,823)</b>	<b>(10,363,076)</b>
<b>Financing activities</b>		
Funds received for purchase of property, plant and equipment	3,073,218	1,499,600
Proceeds from disposal payable to Consolidated Fund	26,500	-
Loans from Accountant General	4,760,995	3,193,321
Loans repaid	5,966,110	5,670,155
<b>Cash generated from financing activities</b>	<b>13,826,823</b>	<b>10,363,076</b>
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

**Note**

**Cash and Cash Equivalent**

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

*The notes on pages 73 to 87 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 2021*

	<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	20,925,000	25,283,393	25,373,393
<b>Expenditure</b>				
Salaries and allowances	120,700,000	119,269,000	117,221,434	133,643,670
Travelling and transport	23,000,000	23,000,000	22,391,614	22,391,614
Overtime	208,000	228,000	222,884	222,884
Staff welfare	35,000	35,000	35,000	35,000
Cost of utilities	1,220,000	1,287,000	1,074,750	1,109,122
Fuel and oil	25,000	25,000	7,399	7,399
Rental of building	6,161,000	5,751,000	5,649,142	5,649,142
Rental of parking	475,000	475,000	456,088	456,088
Equipment and furniture	1,100,000	3,105,000	3,040,155	-
Office sundries	175,000	192,000	186,507	180,182
Maintenance	935,000	935,000	600,059	621,000
Printing and stationery	400,000	432,000	431,437	342,667
Books and publications	167,000	167,000	153,755	144,210
Fees for training and consultants	1,025,000	725,000	287,278	305,278
Refund of subscription	1,100,000	1,100,000	1,097,223	1,097,223
Inspection and audit fees	125,000	125,000	125,000	125,000
Uniforms	25,000	25,000	23,640	23,640
Accommodation costs	40,000	40,000	11,460	11,460
Membership fees	484,000	484,000	475,685	459,648
<b>Total Recurrent Expenditure</b>	<b>157,400,000</b>	<b>157,400,000</b>	<b>153,490,510</b>	<b>166,825,227</b>
Disposal of Assets	-	-	-	49,913
Depreciation and Amortisation	-	-	-	1,315,898
Audit fees payable to Consolidated Fund	-	-	-	25,373,393
<b>Total Expenditure as per Financial Statements</b>				<b>193,564,431</b>
<b>Expenditure Capitalised</b>				
Computer Equipment	-	-	-	2,670,440
Furniture and fittings	-	-	-	329,000
Office equipment	-	-	-	47,488
Intangible Asset	-	-	-	26,290
<b>Expenditure</b>	<b>157,400,000</b>	<b>157,400,000</b>	<b>153,490,510</b>	<b>196,637,649</b>

**National Audit Office**  
**Statement showing reasons for variances between Original and Revised Budget**  
*For the financial year ended 30 June 2021*

<b>Expenditure</b>	<b>Original Budget Rs</b>	<b>Revised Budget Rs</b>	<b>Variations Rs</b>	
Salaries and Allowances	120,700,000	119,269,000	1,431,000	
Travelling and Transport	23,000,000	23,000,000	-	
Overtime	208,000	228,000	(20,000)	Note 2
Staff Welfare	35,000	35,000	-	
Cost of Utilities	1,220,000	1,287,000	(67,000)	Note 3
Fuel and Oil	25,000	25,000	-	
Rental of Building	6,161,000	5,751,000	410,000	Note 4
Rental of Parking	475,000	475,000	-	
Equipment and Furniture	1,100,000	3,105,000	(2,005,000)	Note 5
Office Sundries	175,000	192,000	(17,000)	Note 6
Maintenance	935,000	935,000	-	
Printing and Stationery	400,000	432,000	(32,000)	Note 7
Books and Publications	167,000	167,000	-	
Fees for Training and Consultants	1,025,000	725,000	300,000	Note 8
Refund of Subscription Fees	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	484,000	484,000	-	
<b>Total</b>	<b>157,400,000</b>	<b>157,400,000</b>	-	Note 1

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

Note 2 The increase in overtime costs was attributed to a large extent to the relocation of office (HR & Finance) to ground floor of Air Mauritius Building

Note 3 Increase due to upgrading of internet facility on 14th floor, Air Mauritius Building.

Note 4 Savings due to revision of monthly rental for the Ground Floor, Air Mauritius Building.

Note 5 Increase due to purchase of Laptops and PCs; and furniture icw relocation of Finance and HR Section to ground floor.

Note 6 Increase due to rise in the number of letters which have been franked during the Financial Year for postage and general rise in prices of goods purchased.

Note 7 Increase due to increase in purchase of stock items.

Note 8 Due to confinement, face to face training could not be carried out.

**National Audit Office**  
**Statement showing Reconciliation of Cash Flows with Statement of**  
**Financial Performance**  
*for the financial year ended 30 June 2021*

	Year ended 30 June 2021	Year ended 30 June 2020
	Rs	Rs
Actual Recurrent Expenditure	153,490,510	156,219,250
Commitment for the year	123,519	87,017
Prepayment for last year	476,856	517,772
Adjustment inventories-Last year	215,689	175,892
<b>Non-budgeted items paid</b>		
Salary of supporting staff	1,999,929	1,496,074
Mission and Training Abroad	-	1,240,022
Audit Fees payable to Consolidated Fund	25,373,393	16,520,791
<b>Provisions and other benefits</b>		
Sick Leave and Vacation Leave	9,820,666	6,632,684
Passage Benefits obligations	4,601,641	4,723,886
<b>Non-cash items</b>		
Adjustment- Capital out of Recurrent	-	138,563
Depreciation & Amortization	1,315,898	1,308,256
Disposal of Assets	49,913	656,250
	<b>197,468,014</b>	<b>189,716,457</b>
Prepayment	(445,662)	(476,856)
Adjustment- Capital out of Recurrent	(71,429)	-
Commitment for last year	(87,017)	(182,913)
Retention Money for last year	-	(41,055)
Adjustment Inventories- this year	(226,257)	(215,689)
Additions to PPE and Intangible Assets financed from revenue	(3,073,218)	(1,499,599)
<b>Expenditure as per Statement of Financial Performance</b>	<b>193,564,431</b>	<b>187,300,345</b>

**National Audit Office**  
**Notes to the Financial Statements**  
*for the financial year ended 30 June 2021*

**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).

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.

Certain comparative figures have been reclassified and restated accordingly.

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 2021*

### **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 2020 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.

##### *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 2021

### 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 2021. The balance of bank Sick Leave is valued at the end of the financial year and is recognised as Long Term payables. 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.

In the context of Covid-19 pandemic which impacted negatively on public finance, Government decided that, exceptionally, there would be no cash refund for unutilised sick leave for the year 2020. To that extent up to a maximum of 16 days, of such leave has been accumulated in the bank of sick leave of eligible officers.

When it is foreseen, that staff would retire within one year, the amount payable for sick leaves are transferred to Trade and other payables under Current Liabilities.

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 2021

### 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. Contributions of employees joining the service as from 1 January 2013 are transferred to a defined contribution pension scheme operated by an insurance company. 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. 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.

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2021*

**(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.

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.

*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 2021*

*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 are 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) Contributed Capital**

Contributed Capital represented by the carrying value of PPE as at 30 June 2021.

**(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 2021*

**(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 2020-21 amounted to Rs 433,147. Additionally, office space was also rented since January 2021 from Foreign Plus Ltd and all-inclusive monthly rental amounted Rs 70,000.

**(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.

**(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 debtor 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.

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2021*

***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 2021.

**(r) Employee Disclosure**

As at 30 June 2021, NAO had 197 full-time employees, out of which 23 are non-technical staff.

**(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 million for the financial year ended 30 June 2021.

Employee Benefits accrued in respect of vacation leave and passage benefit to the key management personnel amounted to 7.1 million and Rs 3.5 million as at 30 June 2021 respectively. During the financial year ended 30 June 2021, total passage benefits paid to key personnel amounted to Rs 0.7 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 15.9 million as at 30 June 2021 against Rs 17.1 million at 30 June 2020.

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 2021

**Note 6. Trade Receivables**

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

**Note 7. Other Receivables**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Rs</b>	<b>Rs</b>
Bank Sick Leaves Short Term	4,333,292	532,290
Passage Benefits	2,500,000	2,500,000
Debtors -Sundries	123,519	87,017
Prepayment	445,662	476,856
	<u>7,402,473</u>	<u>3,596,163</u>

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

NAO officers are 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 2021 along with last year's comparatives. Interest and loan capital amount refunded by staff are immediately repaid to the Accountant General.

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Rs</b>	<b>Rs</b>
Opening balance	17,079,221	19,556,055
Loan granted during the year	4,760,995	3,193,321
Refunds received during the year	(5,966,110)	(5,670,155)
<b>Closing balance</b>	<u>15,874,106</u>	<u>17,079,221</u>

Classified as follows:

Current	4,737,970	5,440,296
Non-current	11,136,136	11,638,925
	<u>15,874,106</u>	<u>17,079,221</u>

**Notes to the Financial Statements**  
*for the financial year ended 30 June 2021*

**Note 9. Long Term Receivables/Payables**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Rs</b>	<b>Rs</b>
Bank Sick Leaves	<b>41,435,283</b>	<b>42,196,177</b>
Sick Leave 2020 Entitlement	<b>5,496,590</b>	<b>-</b>
Vacation Leaves	<b>43,102,304</b>	<b>39,525,502</b>
Passage Benefit -Long Term	<b>13,455,314</b>	<b>9,800,826</b>
	<b>103,489,491</b>	<b>91,522,505</b>



**Notes to the Financial Statements***for the financial year ended 30 June 2021***Note 10. Property, Plant and Equipment**

	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Furniture and Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
<b><i>Cost/Valuation</i></b>					
As at 01 July 2020	11,327,970	720,000	1,461,473	1,733,349	15,242,792
Additions	2,670,440	-	329,000	47,488	3,046,928
Disposal	(66,094)	-	-	(25,242)	(91,336)
As at 30 June 2021	<u>13,932,316</u>	<u>720,000</u>	<u>1,790,473</u>	<u>1,755,595</u>	<u>18,198,384</u>
<b><i>Accumulated Depreciation</i></b>					
As at 01 July 2020	8,732,312	720,000	613,989	1,011,753	11,078,054
Charge for the year	963,925	-	118,147	205,378	1,287,450
Depreciation on Disposal	(36,319)	-	-	(5,103)	(41,422)
As at 30 June 2021	<u>9,659,918</u>	<u>720,000</u>	<u>732,136</u>	<u>1,212,028</u>	<u>12,324,082</u>
<b><i>Carrying Value</i></b>					
As at 30 June 2021	4,272,398	-	1,058,337	543,567	5,874,302
As at 30 June 2020	2,595,658	-	847,484	721,596	4,164,738

## Notes to the Financial Statements

for the financial year ended 30 June 2021

### Note 11. Intangible Assets

	30 June 2021	30 June 2020
	Rs	Rs
Balance at 01 July 2020	195,788	19,119
Additions	26,290	179,400
Depreciation	(28,448)	(2,731)
<b>Carrying Value at 30 June 2021</b>	<b>193,630</b>	<b>195,788</b>
Cost at 01 July 2020	4,805,280	4,778,990
Accumulated Depreciation	(4,611,650)	(4,583,202)
<b>Carrying Value at 30 June 2021</b>	<b>193,630</b>	<b>195,788</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 applications 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.

	30 June 21	30 June 20
	Rs	Rs
Audit fee payable to Consolidated Fund	3,440,000	3,350,000
Telephone	36,215	19,821
Electricity	69,304	51,326
Office Sundries	-	6,325
Publications	-	9,545
Training	18,000	-
Sick leaves short term	4,333,292	532,290
Passage benefits	2,500,000	2,500,000
Advance for purchase of inventories	226,257	215,689
Contribution to National Savings Fund	-	-
Prepayment	445,662	476,856
	<b>11,068,730</b>	<b>7,161,852</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2021

### 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. Contributed Capital

	30 June 2021	30 June 2020
	Rs	Rs
Balance at 01 July 2020	4,360,526	4,825,433
Surplus/(Deficit) for the year	1,707,407	(464,908)
<b>Balance at 30 June 2021</b>	<b>6,067,933</b>	<b>4,360,526</b>

### Note 15. Revenue from Consolidated Fund

	Year ended 30 June 2021	Year ended 30 June 2020
	Rs	Rs
Provision from estimates	157,400,000	164,000,000
Income from Disposal	26,500	-
Sick leave and Vacation Leave	6,849,919	6,632,684
Passage benefits	4,601,641	4,723,886
Salary of supporting staff	1,999,929	1,496,074
Sick Leave, Passage & VL Revenue	2,970,747	-
Commitments for the year	123,519	87,017
Financing of loss on disposal	-	-
Prepayment- last year	476,856	517,772
Mission and training abroad	-	1,240,022
Adjustment- Capital out of Recurrent	-	138,563
Inventory- last year	215,689	175,892
	<b>174,664,800</b>	<b>179,011,910</b>
Less:		
Adjustment- Capital out of Recurrent	71,429	-
Commitments of last year	87,017	182,914
Provision from Disposal payable to Consolidated Fund	26,500	-
Provision from Estimates returned to Consolidated Funds	3,909,490	7,780,749
Adjustment for inventories	226,257	215,689
Retention Money- last year	-	41,055
Prepayment (financed)	445,662	476,857
	<b>4,766,355</b>	<b>8,697,264</b>
	<b>169,898,445</b>	<b>170,314,646</b>

**Notes to the Financial Statements**  
for the financial year ended 30 June 2021

**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 2021	Year ended 30 June 2020
	Rs	Rs
Audit fees receivable at 01 July 2020	(3,350,000)	(3,507,500)
Audit fees received during the year	25,283,393	16,678,291
Audit fees receivable at 30 June 2021	3,440,000	3,350,000
	<u>25,373,393</u>	<u>16,520,791</u>

**Note 17. Staff Costs**

The monthly average staff cost for the financial year ended 30 June 2021 amounted to some Rs 13.1 million compared to the amount of Rs 13.2 million for last year.

	Year ended 30 June 2021	Year ended 30 June 2020
	Rs	Rs
Salaries, bonus and Allowances	129,042,029	130,690,590
Provision for Passage Benefits	4,601,641	4,723,886
Travelling and Transport	22,391,614	22,712,703
Overtime	222,884	440,294
Staff Welfare	35,000	35,000
Uniform	23,640	15,495
Annual subscription to professional bodies for employees	1,097,223	551,982
	<u>157,414,031</u>	<u>159,169,950</u>

## Notes to the Financial Statements

for the financial year ended 30 June 2021

### Note 18. Training

202 Officers attended overseas training/webinars through online mode organized by different organizations. Moreover, 259 officers attended local training/webinars either online or face to face. Total costs incurred in that respect was Rs 305,278.

### Note 19. Rent and Utilities

	Year ended 30 June 2021	Year ended 30 June 2020
	Rs	Rs
Rent of building	5,649,142	4,657,611
Electricity charges	626,988	637,074
Telephone	482,134	282,312
Rental of parking slots	456,088	442,321
	<u>7,214,352</u>	<u>6,019,318</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 2021 amounted to Rs 157.4 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, Economic Planning and Development that include Leave payments (on retirement of officers) and Car Loans granted to staff.



# Annexes





### INTOSAI-P 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.



### INTOSAI-P 10 - Mexico Declaration on SAI Independence

#### 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





**National Audit Office**

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