



Republic of Mauritius

NATIONAL AUDIT OFFICE

ANNUAL REPORT ON PERFORMANCE

For the Financial Year Ended
30 June 2023

SEPTEMBER 2023

NATIONAL AUDIT OFFICE

Making a Difference
in the Quality
of
Public Sector Governance
and
Service Delivery
for the Value and Benefit of Citizens

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Foreword by Director of Audit

It is with great pleasure that I present the Annual Report on Performance of the National Audit Office (NAO) for the financial year 2022-23, the first one I am submitting since my appointment as Director of Audit on 10 May 2023.



The report, submitted in compliance with the Finance and Audit Act, highlights the activities, achievements, operational and financial performance of NAO and also includes NAO's financial statements, prepared in accordance with the International Public Sector Accounting Standards (IPSASs) and subjected to external independent audit.

As the Supreme Audit Institution of Mauritius, the National Audit Office has always stood at the forefront to provide high-quality audit services geared towards transparency, accountability and good governance. Our mission to provide independent assurance to the National Assembly on the proper use of public resources remains unwavering.

This report depicts the diligent efforts of our dedicated staff who have worked tirelessly to conduct audits across diverse sectors, meticulously scrutinizing public expenditures, evaluating performance, and identifying areas for improvement. Our commitment to excellence has been the driving force behind our endeavours, as we strive to make a difference in the quality of public sector governance and service delivery for the value and benefit of citizens.

The current portfolio of NAO consists of 166 Ministries and Government Departments accounts (including the Rodrigues Regional Assembly), 113 Statutory Bodies, 142 Local Authorities (including Village Councils), 18 Special Funds and some 36 other accounts.

Despite resource and time constraints, NAO fulfilled its statutory obligations and submitted its Report on the accounts of the Government and the Rodrigues Regional Assembly for the financial year 2021-22 to the Minister of Finance, Economic Planning and Development in February 2023, as required under the Finance and Audit Act. The NAO also issued one Performance Audit Report. 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 the financial year 2022-23, NAO issued 282 Audit Reports to Statutory Bodies, Local Authorities and other public sector bodies.

Amendments to The Local Government Act and the Statutory Bodies (Accounts and Audit) Act, have made provisions for NAO to issue consolidated audit reports on the accounts of Local Authorities and Statutory Bodies.

To ensure that NAO staff are fully equipped to cope with the abovementioned challenges in the most efficient and effective manner, our audit approach have been adapted and staff have had to embrace innovation through continuous professional development and training programmes put in place. Officers of NAO have followed regional workshops organised by AFROSAI-E and online webinars organised by international institutions as well as in-house capacity building.

NAO's performance and achievements are the result of teamwork, commitment and professionalism of our staff and I extend my heartfelt gratitude to every member of the National Audit Office for their dedication and perseverance in fulfilling our constitutional mandate.



DR D. PALIGADU
Director of Audit
National Audit Office

27 September 2023

Vision

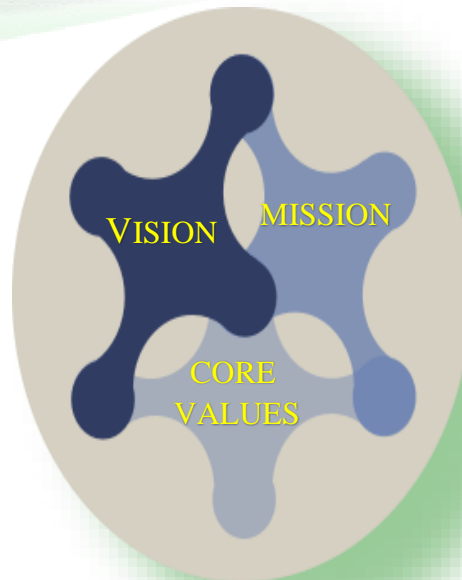
To be recognized as a highly respected professional organisation providing high quality audit services geared towards transparency, accountability and good governance

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

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



Customer Charter

Our Commitments

We shall:

- Maintain our independence
- 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 trust and confidence conferred on us
- Be courteous, polite, helpful and considerate

What We Expect from Our Customers

- Prompt submission of relevant, reliable, complete, clear and accurate documents/information required for audit purposes
- Provision of clean accessible offices and other facilities to our staff during audit
- Cooperation and collaboration

Overview of the National Audit Office

Who We Are

The National Audit Office (NAO) has been established by the Constitution of the Republic of Mauritius. NAO is an independent public body and has at its head, the Director of Audit whose appointment, independence, security of tenure and authority, are laid down in the Constitution. The duties and powers are laid down in the Finance and Audit Act and several other legislations.

In the international forum, NAO is referred to as the **Supreme Audit Institution (SAI)** of Mauritius.

NAO forms an integral part of the governance system of Mauritius, playing an essential role in the accountability framework. The National Assembly is the only authority to appropriate public funds to public sector entities which are, consequently, accountable to the National Assembly for the use of financial resources allocated to them.

It is the role and function of NAO to give independent high-level assurance to the National Assembly as to whether these entities are operating and accounting for their performance in accordance with the purposes intended by the National Assembly.

NAO contributes to the improvement of the proper management of public funds and plays a vital role in the promotion of accountability and transparency in the use of public funds.

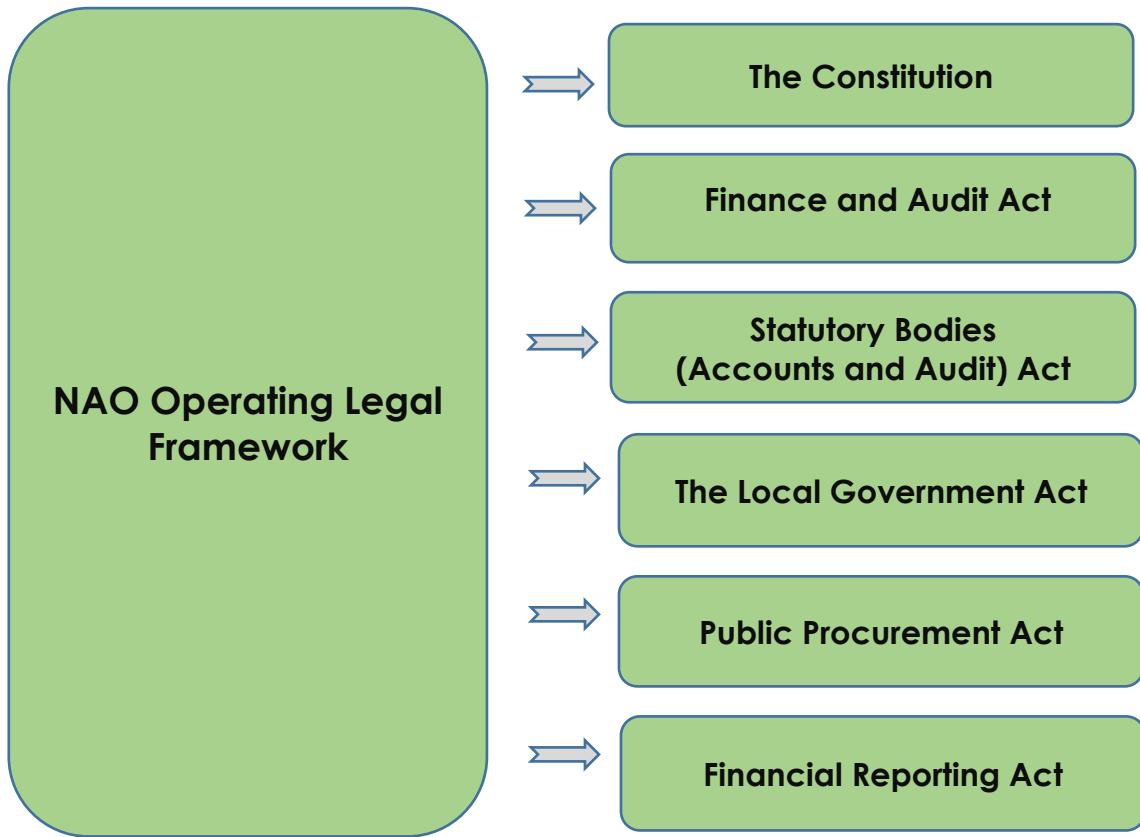
NAO has the statutory authority to examine and report on the Annual Statements of the Republic of Mauritius, the underlying records of all Ministries and Government Departments, as well as the accounts of a large number of other public sector bodies.

NAO is a member of the International Organisation of Supreme Audit Institutions (INTOSAI) which operates as an umbrella organisation for the external government audit community.

NAO adheres to the International Standards of Supreme Audit Institutions (ISSAIs) which are issued, authorised and endorsed by INTOSAI.

NAO operates within regulations pertaining to the Public Sector and has qualified, experienced and committed staff who assist the Director of Audit in the discharge of his duties.

Operating Legal Framework



The main legal framework within which NAO exercises its public sector audit functions is spelt out in The Constitution, the Finance and Audit Act, the Statutory Bodies (Accounts and Audit) Act, The Local Government Act, the Public Procurement Act and the Financial Reporting Act.

Independence

The independence of the Director of Audit is enshrined in the Constitution of the Republic of Mauritius and the Finance and Audit Act through specific provisions for the appointment, removal from office, security of tenure as well as 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**, 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.

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.

Principles are issued by the International Organisation of Supreme Audit Institutions, INTOSAI, as part of the INTOSAI Framework of Professional Pronouncements.

The Lima Declaration (year 1977) on Supreme Audit Institution (SAI) independence was the first INTOSAI document to comprehensively set out the importance of SAI independence, by reminding INTOSAI members that SAIs can only be objective and effective if they are independent from the audited entity and are protected from outside influence.

The Mexico Declaration (year 2007) on SAI independence also elaborates on the topic of SAI independence as laid out in the Lima Declaration. It presents eight core principles, or pillars, of SAI independence.

However, currently, NAO does not meet all the provisions of the **Lima and Mexico Declarations on SAIs independence (Annexes I and II refer)**.

Audit Mandate

The mandate of NAO is established in the Constitution of Mauritius and several legislations. Agreements with several institutions/donor-funded projects also empower the Director of Audit to audit their accounts.

The Director of Audit has the responsibility to audit:

- **All** Ministries and Government Departments
- **All** Commissions of the Rodrigues Regional Assembly
- **All** Local Authorities
- Most Statutory Bodies (currently, 113 out of the 127 Statutory Bodies)
- 18 Special Funds
- Other Bodies and Donor-funded Projects
- A few State-owned Companies

The main legal provisions regarding the mandate of NAO are embodied in:

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.

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.

Section 16(2) provides that the Director of Audit shall not be required to undertake any examination of accounts partaking of the nature of a pre-audit and involving acceptance by him of responsibility which would preclude him from full criticism of any accounting transactions after those transactions have been duly recorded.

Statutory Bodies (Accounts and Audit) Act

As per **Section 5** of the Statutory Bodies (Accounts and Audit) Act, every Board shall for every financial year, 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. This does not apply where the enactment establishing the statutory body provides that the Director of Audit shall audit its financial statements.

As per **Section 8** of the Act, the Director of Audit 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 economically, efficiently and effectively.

Section 8A further provides that the Director of Audit may, where he considers appropriate, send to the Minister to whom responsibility for the subject of finance is assigned a consolidated audit report on the accounts of statutory bodies and the Minister shall cause the report to be laid before the National Assembly.

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 requires the Director of Audit to make a **report to the Council** on the financial statements which have been audited.

The report shall state:

- the work done by him
- the scope and limitations of the audit
- whether he has obtained all information and explanations that he has required
- whether the instructions of the Minister, if any, in regard to the financial statements have been complied with.

The report should also state, whether, in the opinion of the Director of Audit:

- 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 local authority has applied its resources and carried out its operations economically, efficiently and effectively
- 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.

Section 138(6) provides that the Director of Audit may, where he considers appropriate, send a consolidated audit report on the accounts of every local authority to the Minister who shall cause the report to be laid before the National Assembly.

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 to ensure that the Director of Audit and his staff have access to all information necessary for audit.

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.

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; and

- 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.

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; and
 - (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.

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.

Right and Obligation to Report

Provisions are made in the Constitution and various legislations for the submission of financial statements by public bodies, namely, the Central Government, the Rodrigues Regional Assembly (RRA), Statutory Bodies, Local Authorities and other bodies, to NAO for audit and certification. A summary of the statutory provisions is given hereunder.

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.

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.

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

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 auditor shall, within 10 months of the end of every financial year, after 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 134A provides that:

- (1) Every local authority shall cause to be prepared an annual report.
- (2) The Annual Report 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.

Section 136 of the Act states that “the Chief Executive of every Local Authority, shall, within four months of the end of every financial year submit the approved annual report to the Director of Audit”.

Section 138 of the Act states that “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”.

Section 139(2) - On receipt of the report of the Director of Audit, in respect of the annual report of a Council which has been audited, the Minister shall, at the earliest available opportunity, lay a copy of the annual report and audited accounts of every Council before the National Assembly.

Section 139(3) - The annual report and audited accounts shall be posted on the website of the Local Authority.

Regional and International Cooperation

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

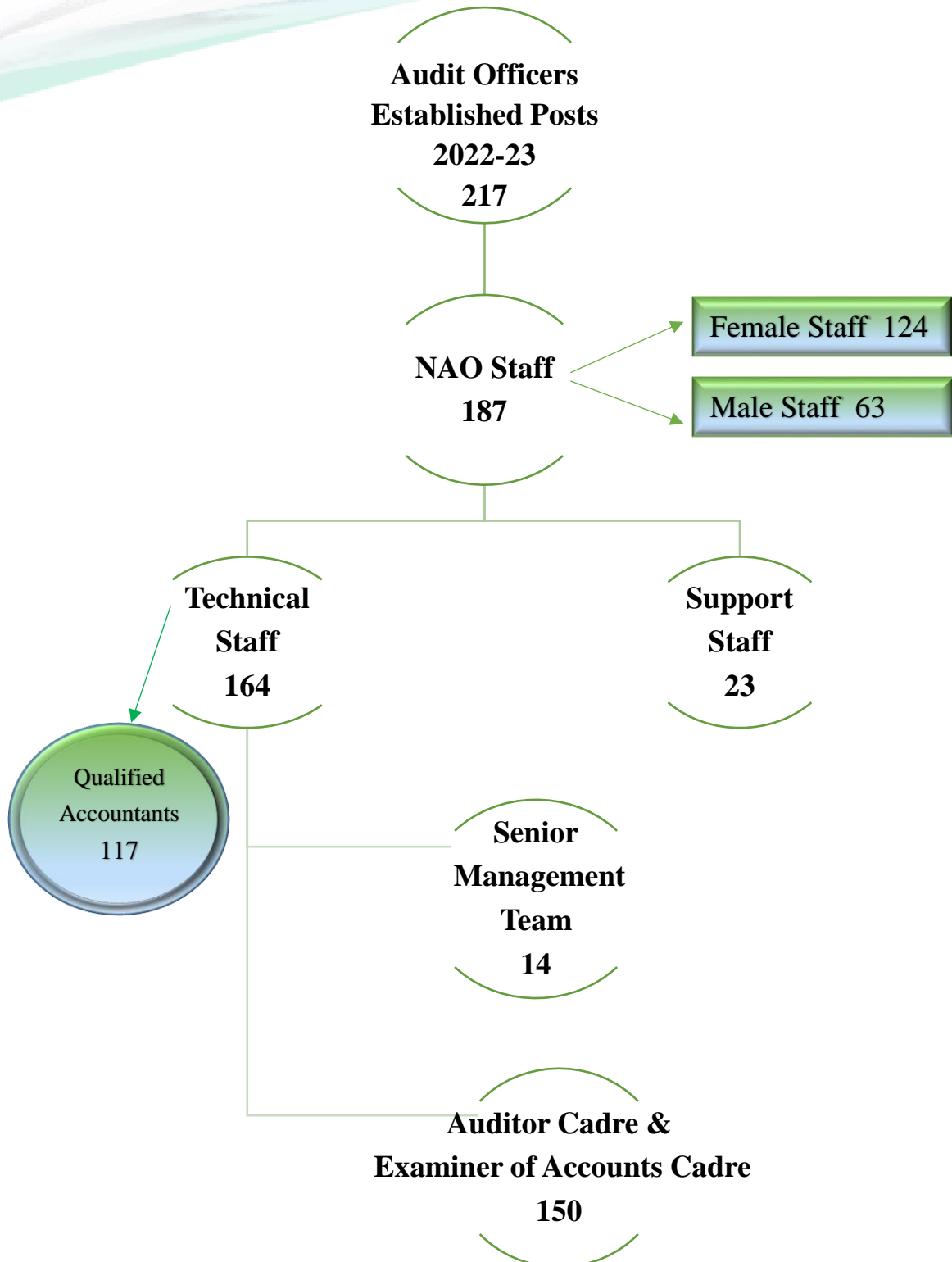
INTOSAI, which is an autonomous, independent and non-political organisation, operates as an umbrella organisation for the external government audit community. It has some 200 members worldwide. INTOSAI provides an institutionalised framework for SAIs to promote development and transfer of knowledge, improve government auditing and enhance professional capacities, standing and influence of member SAIs in their respective countries.

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

The exchange of experience and sharing of knowledge among SAIs members of these international organisations, allow NAO to gain knowledge and insight on new international developments and emerging issues. Furthermore, NAO benefits from opportunities for professional and technical cooperation with the SAIs members.

Human Capital

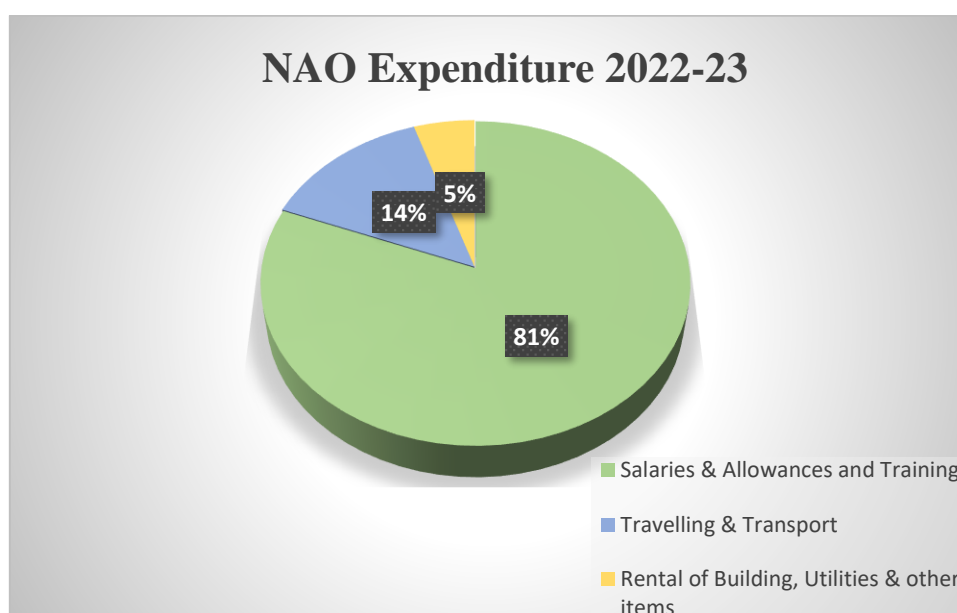
Human Resources



Staff-Related Expenses

Our organisation's most valuable resource is our staff, who contribute to effectively carry out NAO mandate and functions. During the financial year 2022-23, 95 per cent of NAO total expenditure were incurred on staff-related items, of which 81 per cent were on 'Salaries, Allowances and Training', and 14 per cent on 'Travelling and Transport'. The remaining expenditure (5 per cent) was incurred on Rental of building, Utilities and other items.

Training expenses during financial year 2022-23 represented only 0.12 per cent of NAO total expenditure.



Organisation Structure

NAO is headed by the Director of Audit who oversees the administrative and technical activities of NAO. In the discharge of his responsibilities, the Director of Audit is assisted by a Senior Management Team comprising three Deputy Directors of Audit, nine Assistant Directors of Audit and the Head, Examiner of Accounts Cadre. **Annex III** refers.

NAO comprises also the Quality Assurance, Internal Audit and Technical Support Units as well as the Administrative, IT, Finance and Human Resource Units.

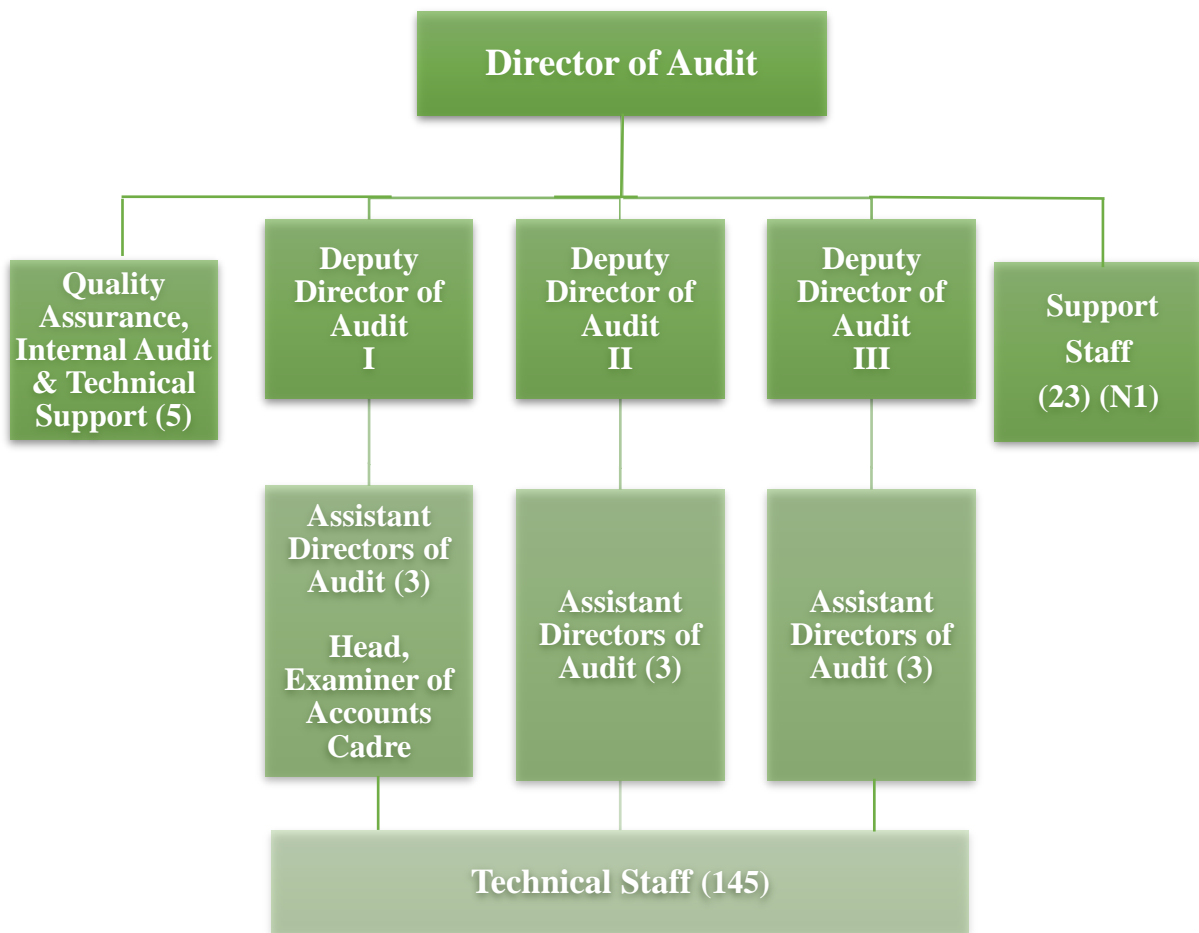
Audit assignments of all accounts, falling within the mandate of NAO, were allocated during 2022-23, to 13 Divisions which were, each, managed by an officer of the Senior Management Team.

Each Division had a portfolio of Regularity Audit assignments comprising Ministries and Government Departments, Statutory Bodies, Local Authorities and Special Funds except one

Division which was responsible for Performance Audit and some Regularity Audit assignments.

Each officer of the Senior Management Team managed a team of some 12 officers comprising a mix of officers of the Auditor Cadre and the Examiner of Accounts Cadre, who assisted him/her in the discharge of his/her responsibilities.

Organisation Structure (as at 30 June 2023)



N1 – Support staff include Officers of the HR Cadre, Finance Cadre, Office Management Assistants, Management Support Officers, CISD Officers, Driver and Auxiliary officers

Staff Details (as at 30 June 2023)

Grade Position	Est. Posts 2022-23	Funded Posts 2022-23	Officers in Post		
			Male	Female	Total
Senior Management					
Director of Audit	1	1	1	-	1
Deputy Director of Audit	3	3	2	1	3
Assistant Director of Audit	10	9	5	4	9
Head, Examiner of Accounts Cadre	1	1	-	1	1
Auditing Cadres					
<i>Auditor Cadre</i>					
Principal Auditor	13	13	7	4	11
Senior Auditor	21	21	12	9	21
Auditor	48	48	12	36	48
<i>Examiner of Accounts Cadre</i>					
Deputy Head, Examiner of Accounts Cadre	2	1	1	-	1
Chief Examiner of Accounts	18	18	8	9	17
Deputy Chief Examiner of Accounts	17	17	5	12	17
Principal Examiner of Accounts	22	22	1	6	7
Examiner/Senior Examiner of Accounts	61	42	3	25	28
Total – Senior Mngt & Auditing Cadres	217	196	57	107	164
Support Staff					
Assistant Manager, Human Resources	-	1	-	1	1
Principal Financial Operations Officer	-	1	-	1	1
Other Supporting Staff	-	23	6	15	21
Total – Support Staff	-	25	6	17	23
Total	217	221	63	124	187

Staff by Age Group

Age Group	No. of Officers	%
Less than 25 years	1	0.5
25-34 years	39	21.0
35-44 years	46	24.5
45-54 years	56	30.0
55-65 years	45	24.0
Total	187	100.0

Fifty-four per cent of audit staff representing 101 out of a total of 187, were aged 45 and above.

Gender Statement

In line with the policy objectives and strategies set out in the National Gender Policy 2022-2030, the National Audit Office is committed to promote gender equality.

To achieve a gender-oriented welfare at our workplace, NAO has promoted a healthy and collegial working environment, free of any gender discrimination.

NAO ensures that:

- Male and Female officers are treated equally, be it in the distribution of work and responsibilities or participation in all areas of activities.
- Male and Female officers are equally involved in decision-making.
- All officers benefit from equal opportunities to attend training, both locally and overseas.
- Male and female officers are represented in Committees/Meetings.

The staff of NAO for the financial year 2022-23 comprised 63 male officers and 124 female officers. Female officers, thus, represented 66 per cent of NAO total manpower. Moreover, out of 14 members of the Senior Management Team, six were female, that is, 43 per cent.

Appointment, Promotion & Retirement of Staff

During the financial year 2022-23, eight new staff members joined NAO comprising the new Director of Audit, Dr D. Paligadu, two Temporary Examiner of Accounts/Senior Examiner of Accounts, one Assistant Financial Officer, one Assistant Procurement and Supply Officer and three Management Support Officers.

Twenty-one staff of the technical cadres were promoted during the year.

Five senior officers of NAO retired on ground of age, including Mr. C. Romooah, ex-Director of Audit and four Chief Examiners of Accounts, after making valuable contributions to the activities and performance of NAO.

Welfare Activities

It is very important for NAO to strive in achieving a balance between operational performance and social well-being of staff, including concerns for their health, safety, training and development, and their participation in community as well as environmental activities.

NAO's staff is diverse, multicultural and talented. NAO has established core values which serve as a code of conduct for its employees, and motivates them to be good citizens as well as social assets to their local communities. NAO is also committed to support the development of its people.

Since the early 1980s, the staff of NAO has set up its own Fund, presently known as NAO Welfare Fund (NAOWF). During the financial year 2022-23, NAOWF had 160 staff members who made monthly contributions to the Fund. These are used to finance the events organized by NAOWF.

NAOWF organized its Annual End of Year lunch on 14 December 2022. On 1 June 2023, NAO staff were invited to an address by five doctors on the subject of Health and Healthy Eating and Living.

Occupational Safety and Health at NAO

NAO is committed to ensuring compliance with the Occupational Safety and Health Act and other relevant regulations, and maintains a safe and healthy working environment, working conditions, equipment, and systems of work in the workplace and manages safety and health risks to which employees might be exposed at work by implementing control measures identified through risk assessments.

Fire Drill Exercise

A fire drill exercise was carried out on 29 November 2022 in collaboration with the Occupational Safety and Health Department of MEDCOR Ltd. About 60 NAO officers participated in the fire drill.

The main objective of the fire drill was to prepare NAO staff for a real emergency. The drill aimed at ensuring that everyone knows how to exit safely as quickly as possible in case of a fire or other emergencies. The drill also familiarises the building occupants with the sound of the fire alarm and evaluates the effectiveness of the evacuation procedures. The Safety and Health Officer from the Ministry of Public Service and Administrative Reforms also collaborated in the fire drill exercise.

Non-Communicable Disease Screening

A Non-Communicable Disease Screening exercise was carried out on 31 March and 3 April 2023 for the staff of NAO in collaboration with the Ministry of Health and Wellness.

The medical check-ups were carried out at the head office of NAO. About 50 officers participated in the health screening exercise.

The check-ups comprised screening for non-communicable diseases, including diabetes, hypertension and cardiovascular diseases, breast and cervical cancer screening, HIV/AIDS counselling and screening, and talks/counselling on nutrition/healthy lifestyle and on the importance of carrying out daily physical activities.

Capacity Building & Development

Capacity Development

NAO promotes continuous learning and development of its staff. By imparting relevant training and coaching to its staff, NAO enables them to stay relevant within a rapidly changing environment, heading towards digitalisation.

NAO is an ACCA Approved Employer and is committed to providing Continuing Professional Development (CPD) opportunities to its ACCA staff members, to keep them abreast of the latest knowledge/technologies.

As a member of recognised international and regional organisations, namely, INTOSAI, AFROSAI-E and ASOSAI, NAO benefits from training opportunities with these international partners. NAO also takes advantage of numerous online courses/webinars offered by other organisations.

Capacity Development during 2022-23

	Overseas Training		Local Training	Total
	Face to Face	Online Course	Face to Face	
Participants	15	98	409	522
Courses	11	10	17	38

NAO technical staff was given the opportunity to undergo training in a significant number of fields such as Regularity Audit, Performance Audit and Information Technology (IT) Audit.

Details of some of the main training courses followed by NAO staff during the financial year 2022-23 are given at **Annex IV**.

AFROSAI-E Workshop focuses on Financial and Compliance Audit Manuals

A two-week workshop on ‘Financial and Compliance Audit Manuals’ was held as from 22 May 2023 at the Caudan Arts Centre, in Port-Louis. The Event was an initiative of the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E) regrouping representatives of African countries and Mauritian Officials, including NAO staff.

AFROSAI-E plays a facilitating role in the region by sharing information with its members and supporting them towards better execution of their mandates.

The aim of the workshop was to catalyse the implementation of the AFROSAI-E Financial and Compliance Audit Manuals, and make recommendations on how to align the methodologies to NAO’s mandate.

At the opening of the workshop, the Director of Audit, Dr D. Paligadu, expressed his gratitude to AFROSAI-E for organising the workshop in Mauritius. He stated that the workshop would provide an important platform for members of SAIs to share their experience and expertise, and come up with innovative solutions to challenges faced by auditors.

The following topics were covered during the workshop:

1. Financial Audit Manual (FAM)

- Changes in Standards
- Developments in INTOSAI Framework of Professional Pronouncement (IFPP)
- Audit process under FAM, namely Prerequisite, Pre-Engagement, Understanding the Entity, Risk Assessment & Response and Performing the Audit.



Director of Audit and Resource Persons/Facilitators

2. Group Audits

3. Root Cause Analysis

4. Compliance Audit Manual (CAM)

- Identification of Subject Matter
- Introduction, Evaluation & Concluding

5. Combined Audits



Participants from AFROSAI-E and SAI Mauritius

SAI20 SUMMIT in Goa India



Delegates at SAI20 SUMMIT

Supreme Audit Institutions (SAIs) have one common goal which is to make a difference in the lives of citizens through the delivery of high-quality audit services. Pursuing this goal requires the continuous improvement of the knowledge base of the different audit areas through cooperation and collaboration among SAIs. SAI20 is an important platform where SAIs can engage and discuss on subjects of common interest and respond effectively to issues facing them.

The Government of India and the Comptroller and Auditor General (CAG) of India invited the National Audit Office of Mauritius (NAO) as Guest SAI to the SAI20 Summit, held in Goa India from 12 to 14 June 2023. The Director of Audit, Dr D. Paligadu and J. Dodah, Assistant Director of Audit attended the Summit. SAIs from G20 countries, Guest and Invited SAIs, and International/National Organisations such as World Bank and USAID, amongst others, participated in the Summit.

For the 2023 Summit, the Comptroller and Auditor General of India, Shri Girish Chandra Murmu, proposed the collaboration of the G20 SAIs on two priority areas – *Blue Economy* and *Responsible Artificial Intelligence*. Both compendiums were released during the Summit.

NAO contributed to the compendium on Blue Economy by sharing its experience in the area. A summary of NAO's Performance Audit report published in 2018 and titled: "*Moving Towards Sustainable Artisanal Fishery in Mauritius*" was included in the compendium on Blue Economy.

The Director of Audit had fruitful discussions during bilateral meetings with several heads of SAIs, including the CAG of India, about potential future cooperation and collaboration.



Director of Audit and CAG India

Audit Activities & Performance

NAO Audit Portfolio 2022-23

NAO was responsible for the audit of 475 public sector entities/accounts during the financial year 2022-23.



*One vote item considered as an account

Key Deliverables and Performance Indicators 2022-23

NAO Key Deliverables, Key Performance Indicators and Targets for the year 2022-23, as well as our Achievements as at 30 June 2023, are given in table below.

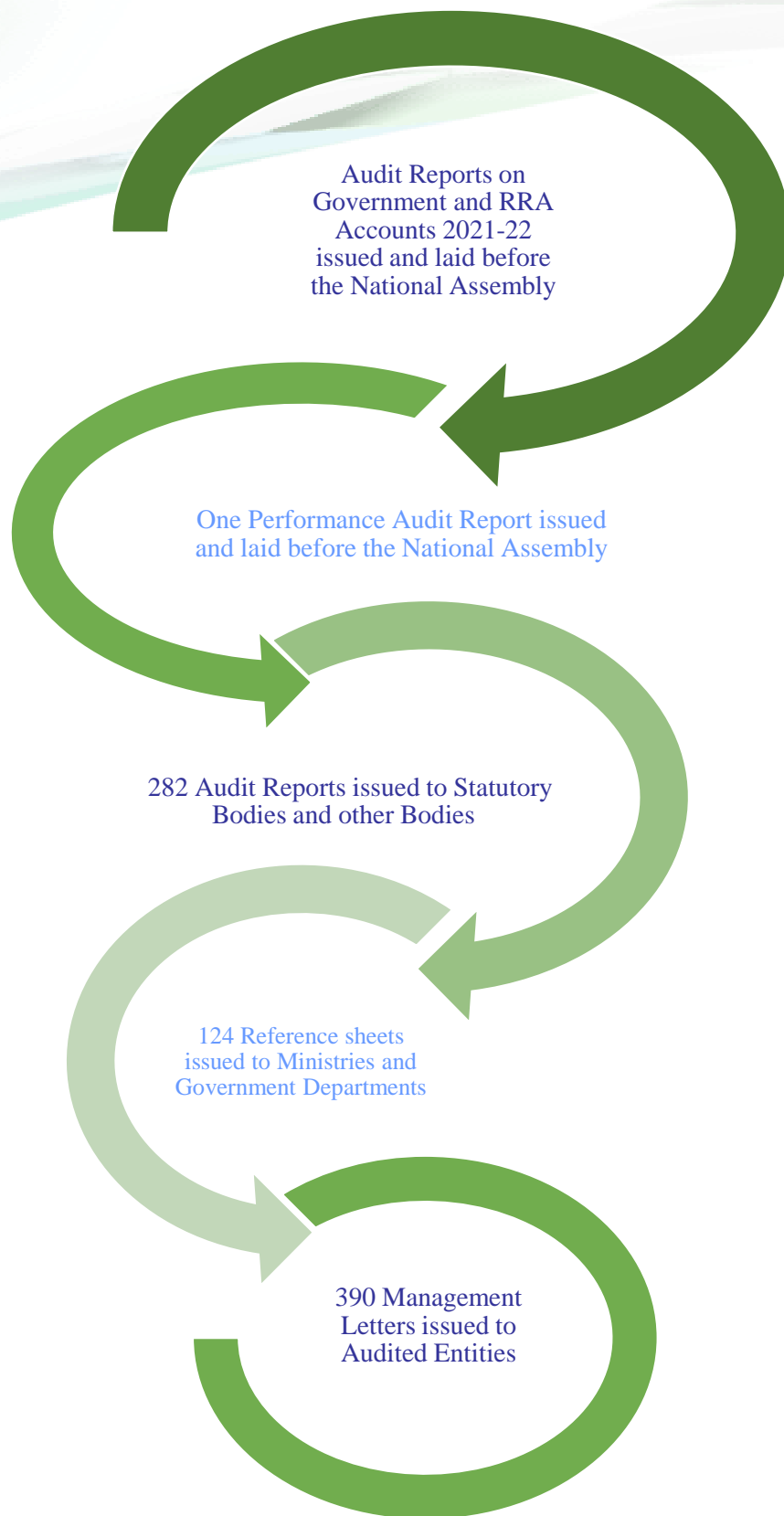
Main Service	Key Performance Indicator	Target 2022-23	Achievements as at 30 June 2023
Audit of the Accounts of the Government and other public bodies to provide independent assurance to the National Assembly on the proper accounting and use of public resources	Annual Audit Reports on the accounts of the Government and the Rodrigues Regional Assembly (RRA) are submitted before end of February	End of February 2023	Audit Report on the Accounts of Government and RRA submitted in February 2023 and tabled before the National Assembly in March 2023
	Percentage of financial statements of Statutory Bodies (SBs) & Local Authorities (LAs) certified within 6 months	90%	78% (N1)
	Percentage of financial statements planned for audit in 2022-23 certified during the financial year (N2)	90%	68%
Conduct of Performance Audits to evaluate whether audited entity is carrying out its operations and making use of its resources in an economical, efficient and effective manner	Number of Performance Audit Reports issued	3	1

N1 – Figure relates to SBs’ and LAs’ financial statements 2021-22 submitted within statutory date limit and certified within 6 months of receipt.

The target of 90% was achieved for Statutory Bodies. However, the overall KPI was not met as significant number of amendments had to be made in the financial statements of most of the Local Authorities and they did not submit amended financial statements on time to enable us to issue reports within statutory deadline.

N2 – Represents financial statements of SBs, LAs, Special Funds, Other Bodies & State-Owned Companies.

NAO Key Outputs 2022-23



Types of Audits carried out by NAO

NAO provides assurance to the National Assembly on the proper accounting and use of public resources and fulfils its audit mandate by carrying out, mainly, two types of audits, namely, Regularity Audit and Performance Audit.

Regularity Audit involves the:

- ✓ Examination and evaluation of financial records and expression of opinions on financial statements.
- ✓ Audit of accounting 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.

In conjunction with the audit of financial statements and also as part of Performance Audits, NAO carries out Compliance Audit. Results are reported under the “Other Legal and Regulatory Requirements” section of the Financial Audit report and in Performance Audit reports.

Services not provided by NAO

NAO does not provide the following services:

- Preparation of financial statements for customers
- Consultancy services
- Fraud investigation, although these may come to light in the course of audit
- Corruption investigation

Regularity Audit

Audit Approach

NAO conducts audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) except for the audit of State-Owned Companies assigned to the Director of Audit, which are carried out in accordance with the International Standards of Auditing.

We adopt a risk-based approach in the audit of Ministries/Departments including Rodrigues Regional Assembly, and other Public Sector Bodies including Statutory Bodies and Local Authorities.

The audit starts with the planning process which requires an understanding of the entity to be audited and its environment in order to identify risks. This is followed by an assessment of those risks which involves considering a number of factors, namely, the nature of the risks, relevant internal controls and the required level of audit assurance.

We use sampling methods to select transactions and balances for testing. We look for reasonable assurance as it is not cost effective to seek absolute certainty. Audit sampling enables us to obtain and evaluate audit evidence about some characteristics of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn.

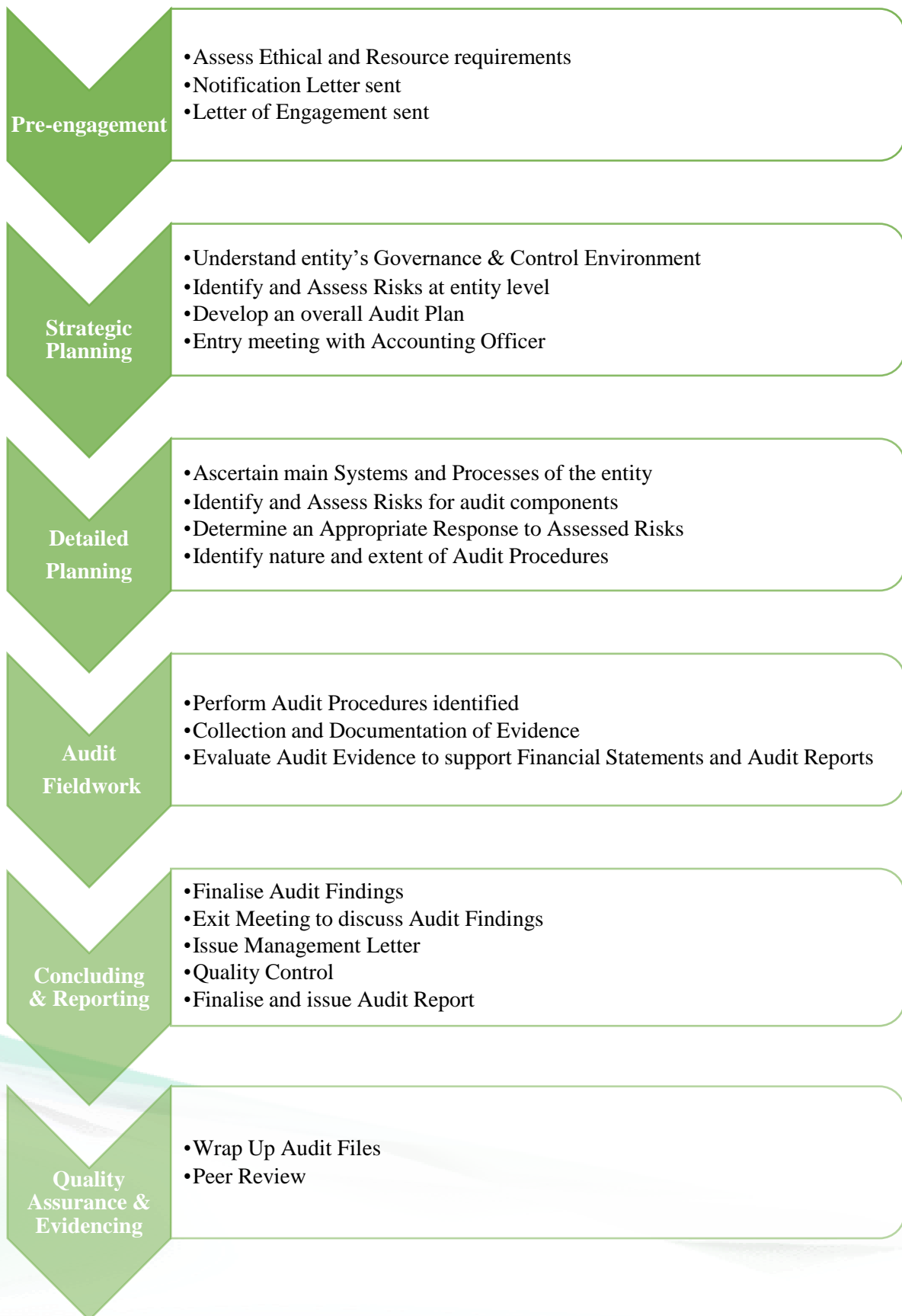
During the audit, we design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

An exit meeting is held with the auditee/client to discuss the audit findings at the end of an audit and thereafter a Management Letter is issued.

For the audit of other Public Bodies including Statutory Bodies and Local Authorities, our objective is also to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error.

More details of our audit process are given in the following figure.

Regularity Audit Process



Current Reporting Practices

Audit Report – Government and Rodrigues Regional Assembly

An Audit Report is issued annually by NAO, upon the examination and audit of the accounts of Government (Ministries and Government Departments) and the Rodrigues Regional Assembly. In accordance with Section 20 of the Finance and Audit Act, the report is submitted to the Minister responsible for the subject of finance, to be laid in the National Assembly.

At the conclusion of an audit, an exit meeting is held with the auditee/client to discuss the audit findings. Then, a Management Letter is sent to the auditee/client giving the latter the opportunity to give his explanations/comments in writing on matters raised therein.

NAO, thereafter, identifies audit findings which are considered significant and of a nature to be brought to the attention of the National Assembly and communicates them to the respective Ministry/Department through “Reference Sheets”. The Accounting Officers 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. A summary of the comments of the audited entity are also included in the Audit Report, where appropriate.

Reports are also issued by NAO, on Performance Audits carried out in accordance with Section 16 of the Finance and Audit Act. These reports are submitted to the Minister responsible for the subject of finance, to be laid in the National Assembly.

Audit Report - Statutory Bodies, Special Funds and Local Authorities

NAO issues an Audit Report upon the examination and audit of the annual report/financial statements of each Statutory Body (SB), Special Fund (SF), and Local Authority (LA) falling under its mandate.

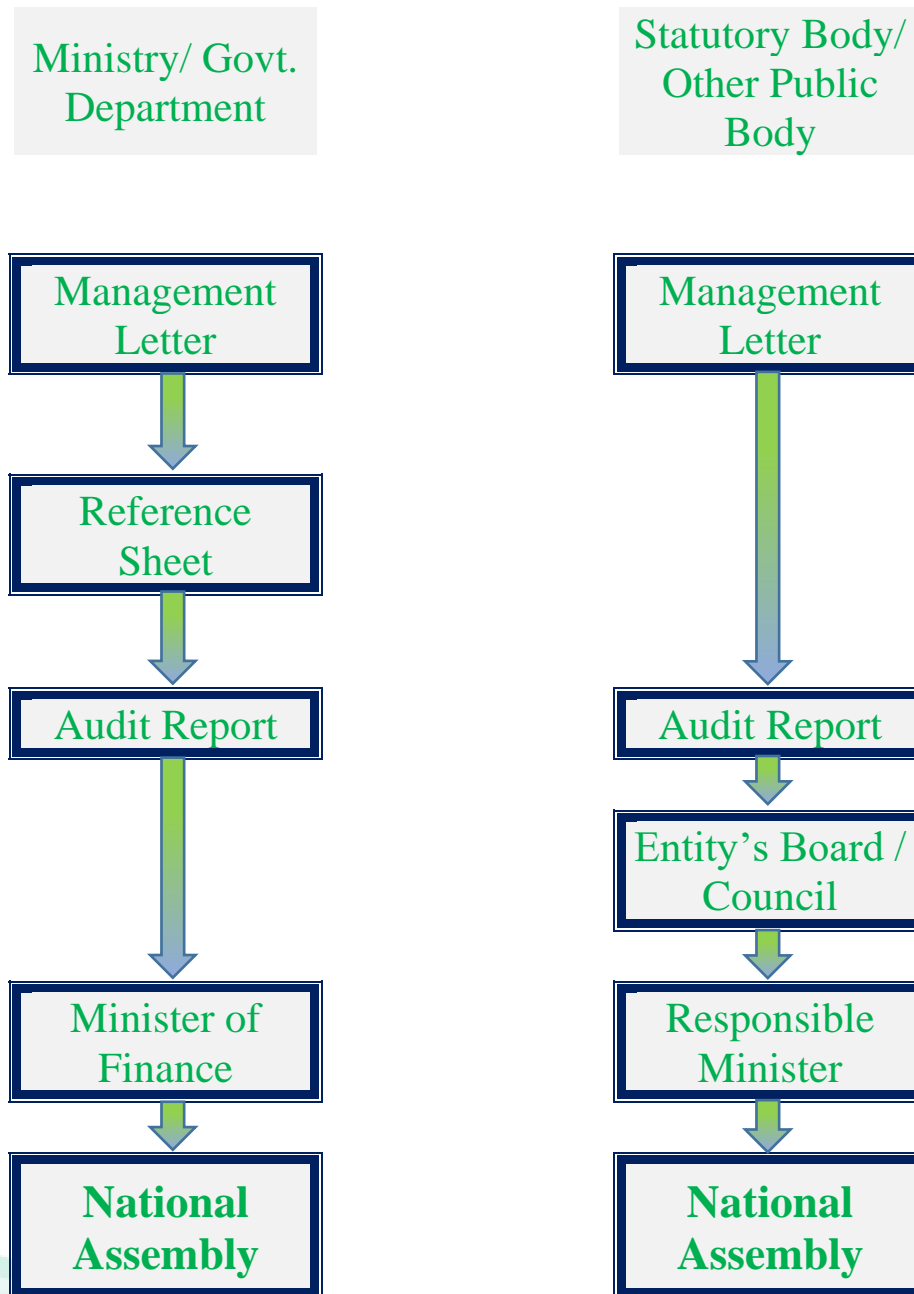
The report is submitted to the Board of the SB or the management committee of the SF, as the case may be, in accordance with the Statutory Bodies (Accounts and Audit) Act or the relevant SF Regulations, respectively. For LA, the Audit Report is submitted to the Council and the Minister (responsible for Local Government) in accordance with the Local Government Act.

In the Audit Report, the Director of Audit expresses an opinion on whether the financial statements show a true and fair view of the financial position, financial performance and cash flows of the entity, in accordance with the relevant accounting framework. He also expresses an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

All audit findings are reported in a Management Letter (ML) addressed to management, prior to the issue of the Audit Report. The ML includes shortcomings relating to the financial statements as well as findings on the economy, efficiency and effectiveness of operations. The audited entity is given the opportunity to comment on matters raised in the ML and, if necessary, to amend the financial statements before the issue of the Audit Report.

Process for Issue of Audit Report

The process for the issue of the Audit Report by NAO is illustrated hereunder.



Audit Coverage during 2022-23 - Regularity Audit

During the financial year 2022-23, NAO was responsible for the audit of 475 Entities/Accounts, as detailed below.

The audits of Ministries and Government Departments were mostly carried out during the period July 2022 to January 2023. Out of the 133 accounts of Ministries and Government Departments planned for audit in 2022-23, 132 audits had been completed, representing an achievement of some 99 per cent. As for the Rodrigues Regional Assembly, all of the 8 accounts planned for audit in 2022-23 were completed (100%).

The audits of Statutory Bodies, Local Authorities and Special Funds are carried out by NAO upon the receipt of the approved Annual Report/Financial Statements. Statutory Bodies and Local Authorities are required by law to submit their Annual Report/Financial Statements for audit within four months of the end of the financial year to which they relate.

Categories of Entities	Number of Accounts
Ministries and Government Departments	154
Rodrigues Regional Assembly	12
Statutory Bodies	113
Local Authorities (Including Village Councils)	142
Special Funds	18
Other Bodies and Donor-Funded Projects	30
State Owned Companies	6
Total	475

Details of audit coverage during 2022-23, in respect of Statutory Bodies, Local Authorities, Special Funds, Other Bodies and State-Owned Companies are given in the following table:

Audits Planned and Certified during 2022-23

Entities	FS to be Audited/ Certified @ 01 July 2022	FS Received in 2022-23		FS Available for Audit	FS Planned for Audit during 2022-23	FS Certified during 2022-23	% Certified over Planned
		FS 2021-22	FS Previous Years				
Statutory Bodies	80	*76	31	187	140	115	82
Local Authorities	239	83	17	339	203	112	55
Special Funds	9	15	8	32	26	18	69
Other Bodies & Donor- Funded Projects	44	19	11	74	37	31	84
State Owned Companies	5	5	1	11	7	6	86
Total	377	198	68	643	413	282	68

Note: FS- Financial Statements

* Out of the 113 Statutory Bodies audited by NAO, 76 submitted their financial statements in respect of the financial year 2021-22 during the period July 2022 to June 2023. Fifty-eight of the 76 financial statements were submitted to NAO within statutory date limit, of which 55, representing some 95 per cent, were certified within six months.

Audit of the Accounts of Rodrigues Regional Assembly

The Rodrigues Regional Assembly (RRA) has been established under the RRA Act, and the Director of Audit is the Auditor of RRA by virtue of Section 48 of the Act. The functions of 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 under the responsibility of a Commissioner, have been set up. Each Commission is under the administrative responsibility of one or more Departmental Head(s).

Every year a team comprising five to six officers of NAO proceeds to Rodrigues in August/September to carry out the audit exercise.

The audit was conducted on a risk-based approach. The major findings were discussed with the Island Chief Executive and the Departmental Heads.

During the period July 2022 to June 2023, 25 Management Letters were issued. Significant audit findings were reported in 24 Reference Sheets and were included in the Report of the Director of Audit along with a summary of the explanations of the respective Departmental Head.

Performance Audit

Under the Finance and Audit Act, the Director of Audit is mandated to carry out Performance Audit and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.

Performance Audit Steering Committee

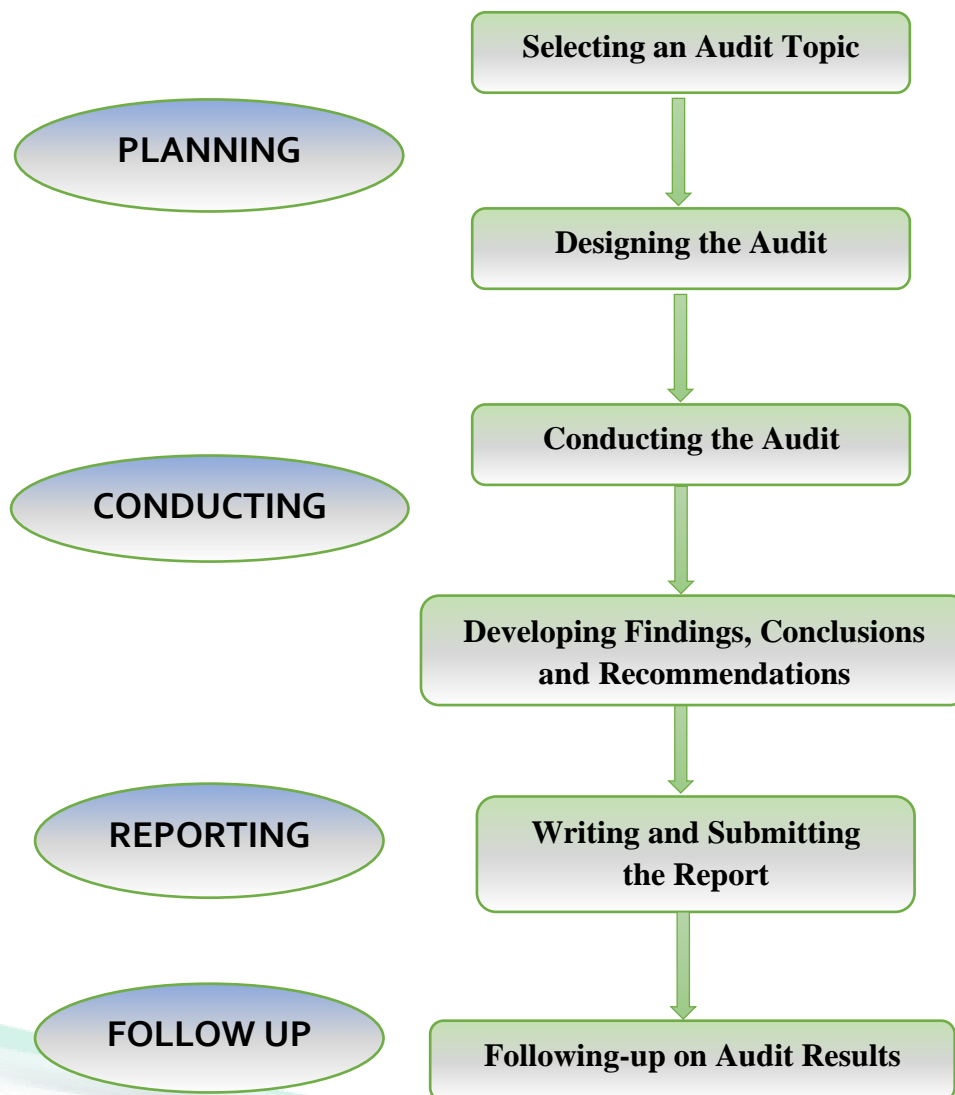
A Performance Audit Steering Committee (PASC), chaired by the Director of Audit and comprising five members approved pre-study memos and work plans of Performance Audit topics selected. During 2022-23, the PASC reviewed and approved one Performance Audit Report, prior to its submission to the Minister responsible for the subject of finance.

Challenges facing Performance Auditing

- The mandate to carry out Performance Audit does not include Statutory Bodies, Local Authorities and Special 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.

- Lack of readiness of NAO in carrying out Performance Audits in areas related to all aspects of sustainable development, given the broad scope of Sustainable Development Goals and audit of Blue economy and Climate change.
- Lack of systems in place with sufficient and reliable data to track the progress of the Sustainable Development Goals' implementation.
- Responses from auditees are generally not timely.

Performance Auditing Process



Audit Reports on Government and RRA Accounts – Key Issues raised

NAO submitted its Audit Reports on the accounts of **Government** and the **Rodrigues Regional Assembly** for the financial year 2021-22, in February 2023. The reports were tabled in the National Assembly in March 2023.

The key issues highlighted in the Audit Report for **Government** were:

- Non-Compliance with applicable Laws.
- Lapses in Procurement Management.
- Deficiencies in Project Management.
- Lapses in Contract Administration.
- Weaknesses in Expenditure Control.
- Issues in Revenue Management.
- Deficiencies in Asset Management.
- Inadequate Management Information Systems.

For the **Rodrigues Regional Assembly**, the key issues highlighted in the Audit Report were:

- No plan for implementation of accrual-based International Public Sector Accounting Standards (IPSAS).
- Weaknesses in Expenditure Control.
- Issues in Revenue Management.
- Non-compliance with Legislations.
- Deficiencies in Asset Management.
- Deficiencies in Project Management.

Performance Audit Report

NAO also submitted one Performance Audit Report to the Minister responsible for the subject of finance on 28 April 2023. The subject matter covered by the report was “*Enhancing the Effectiveness of the Interventions related to Drug Demand and Harm Reduction*”. The Report was tabled in the National Assembly on 27 June 2023.

Impact of NAO Audit Reports

NAO makes recommendations in its reports, on how Government can obtain value for money, achieve better efficiency and improve its services.

As required by the International Standards for Supreme Audit Institutions (ISSAIs), Supreme Audit Institutions (SAIs) should report on follow-up measures taken by audited entities with respect to their findings and recommendations. The follow-up mechanism is intended to:

- Enable the SAI to report on the results of its follow-up actions appropriately to the legislature, executive, stakeholders and the public;
- Encourage the audited entity to take relevant corrective actions; and
- Demonstrate the value and benefit of the SAI and the impact of the audit report.

During the financial year 2022-23, NAO carried out a follow up of matters raised in its previous years' Audit Reports. Based on NAO findings and/or management response, the status of actions taken has been categorised as:

- i. Whether necessary actions have been taken and the matter has been resolved.
- ii. Whether management has taken necessary actions at its end but is awaiting for other outcomes, advice or decisions in pursuit to wholly resolve the issues.
- iii. Whether management has initiated some actions at its end to resolve the audit issues.
- iv. No appropriate action has been taken by management to address shortcomings reported.
- v. Whether there are actions yet to be completed at Ministry/Department level.

Regularity Audit - Ministries and Government Departments

The follow up audit showed that, as at February 2023, implementation of our recommendations for 317 issues, by the relevant Ministries and Government Departments were as follows:

▪ Resolved Issues	: 27% (85 issues)
▪ Issues not yet resolved despite action taken	: 10% (31 issues)
▪ Action by other stakeholders awaited	: 2% (7 issues)
▪ Action yet to be completed at Ministry/Department level	: 50% (160 issues)
▪ No action taken	: 10% (32 issues)
▪ Issues closed/ No further action envisaged at Ministry/Department level	: 1% (2 issues)

Regularity Audit - Rodrigues Regional Assembly

Out of 138 issues highlighted in the Audit Report for the Rodrigues Regional Assembly, implementation of our recommendations, as at February 2023, by the RRA were as follows:

- Resolved issues : 28% (39 issues)
- Issues unresolved despite action taken : 7% (10 issues)
- No further action taken : 14% (20 issues)
- Action not yet initiated : 50% (68 issues)
- Action by other stakeholders awaited : 1% (1 issue)

Performance Audit Reports

Follow up audit of three Performance Audit reports issued in February 2018, February 2019 and June 2020 respectively, showed that, as at February 2023, the status of implementation of 26 recommendations made by NAO were as follows:

- Implemented : 46% (12 issues)
- Partially Implemented: 46% (12 issues)
- Not Implemented : 8% (2 issues)

Corporate Governance

NAO follows the principles of good governance which includes ethical practices, risk management, transparency and accountability, as it is important that the office be perceived as a trustworthy institution, inspiring confidence and credibility.

Code of Ethics

Officers of NAO have signed the Code of Ethics declarations which consist 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.

In addition, officers working on every assignment are required to sign the Code of Ethics Declaration Work Paper.

NAO officers are required to adhere to these ethical codes.

Risk Management

A robust control system, comprising effective internal control, risk management and audit, is fundamental to good governance.

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

In carrying out its mandate, NAO is exposed to various risks which could adversely affect the achievement of its objectives. In conducting our audit operations, the main risks that NAO is subject to, is the issuance of inappropriate Audit Reports or the Audit Reports being issued after statutory time limits.

NAO has taken the following measures to mitigate these risks:

- Implementation of quality control procedures throughout the audit processes.
- Establishment of a Quality Assurance Unit (QAU) to carry out quality control checks and reviews to ensure compliance with professional standards, and applicable legal and regularity requirements.
- Continuous review of audit methodology to ensure audit is carried out in the most efficient and effective manner.
- Continuous training of audit 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 audit reports are issued as scheduled.

NAO recognises risk management as an integral part of its operations and is committed to the development of an effective risk management framework. The Director of Audit has approved a risk management policy in June 2023. The Policy is to assist NAO in integrating risk management into significant activities and functions. The Policy articulates NAO's commitment to establish and maintain an effective and efficient system of risk management which will promote a risk enabled culture that contributes to the achievement of the institution's objectives.

Quality Assurance

Quality Assurance (QA) is the process that provides independent assurance to the Director of Audit that the system of quality management at NAO is working effectively and that NAO is issuing appropriate Audit Reports.

The objective of NAO is to design, implement and operate a system of quality management for audits that provides it with reasonable assurance that:

- a) NAO and its personnel fulfil their responsibilities in accordance with professional standards, and applicable legal and regulatory requirements, and conduct audit engagements in accordance with audit standards and requirements; and
- b) Reports issued by NAO are appropriate in the circumstances.

NAO has set up a Quality Assurance Unit (QAU) since the financial year 2020-21 to achieve the above objective. During the financial year 2022-23, the QAU has been strengthened with the appointment of an Engagement Quality Reviewer, in line with *ISQM 2 - Engagement Quality Reviews*. Further, the Unit consists of four senior officers with wide experience in audit and accounting.

Quality Assurance Review (QAR) was conducted on the audit of Statutory Bodies, Local Authorities and Public Interest Entities during the period July 2022 to June 2023.

Support to the Public Accounts Committee

During the year 2022-23, NAO sustained its support to the Public Accounts Committee (PAC), a sessional Select Committee appointed under the Standing Orders and Rules of the National Assembly. The Committee, which represents Parliament, is a main stakeholder of NAO's Audit Reports.

The main function of 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 Committee 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.

During the year 2022-23, the PAC held several briefing sessions as well as examination sessions on the reports of the Director of Audit on Ministries and Government Departments. Eighteen PAC sessions were attended by the Director of Audit and/or his representatives and other NAO officers, who might be of assistance to the PAC on matters under examination.

The PAC also visited Rodrigues from 20 to 24 July 2022 in regard to matters reported in the reports of the Director of Audit for the financial years ended 30 June 2018 and 2019. Three officers of NAO accompanied the PAC members and had working sessions and carried out site visits.

Financial Performance

The National Audit Office derives its funds from the Consolidated Fund, to meet its recurrent and capital expenditure. Provisions made under the Vote of the National Audit Office in the Government budget for the financial year 2022-23 amounted to Rs 193 million. Expenditure incurred amounted to Rs 188 million, representing 97.4 per cent of the allocated budget. Of this amount, Rs 175.6 million related to the payment of salaries, allowances, travelling and transport and other employee related cost.

Provisions of Rs 10.5 million were also made in the Financial Statements of the NAO for the year ended 30 June 2023 for the payment of passage benefits, sick leave and vacation leave earned for staff.

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

There has been continuous increase in the collection of audit fees over the past three financial years, from Rs 16.6 million in 2019-20 to Rs 27.8 million in 2022-23.

Financial Position

Total assets as at 30 June 2023 amounted to Rs 138.9 million as compared to Rs 133.9 million (restated figure) as at 30 June 2022, representing an increase of some 3.7 per cent. This increase was mainly attributed to an increase in '*Receivables from Government*' of some Rs 2.8 million in respect of employee benefits, such as passage benefits, sick leave and vacation leave.

Total liabilities have also increased by some 2.3 per cent in the financial year 2022-23, from Rs 124.3 million (restated figure) in 2021-22 to Rs 127.1 million in 2022-23. This figure comprises, amongst others, passage benefits, sick leave and vacation leave payable to our staff to the tune of Rs 126.9 million.

Contributed capital is the residual interest in assets, represented by the carrying value of Property, Plant and Equipment and Intangible Assets as at 30 June 2023 and trade receivables outstanding at year end. There has been an increase of Rs 2.2 million in 2022-23 as compared to 2021-22, that is from Rs 9.6 million (restated figure) as at 30 June 2022 to Rs 11.8 million as at 30 June 2023.

Way Forward

The National Audit Office will strive, for the next three years (2023-2026) to meet three strategic goals, in line with our vision to be recognized as a highly respected professional organisation providing high quality audit services geared towards transparency, accountability, and good governance:

- I. To further enhance the image, credibility and impact of NAO.
- II. To further enhance the quality and standard of NAO audit services, and increase confidence in NAO Reports.
- III. To be a model organisation, with effective governance practices, that leads by example and promotes economical, efficient, and effective working practices as well as timely decision-making.

To this end, NAO has developed the following strategies:

Goal I

- Strengthen the independence of NAO
- Enhance communication with our stakeholders
- Strengthen NAO oversight on Public Bodies

Goal II

- Improve our audit coverage and ensure timely issue of audit reports
- Ensure audits carried out by NAO comply with International Standards of Supreme Audit Institutions (ISSAIs) and meet legal requirements
- Enhance the quality and effectiveness of Performance Audits carried out by NAO
- Ensure effective follow up of our Audit Observations and Recommendations
- Ensure NAO has the required human resources to fulfil its mission efficiently and effectively.

Goal III

- Ensure transparent management, regulatory compliance, and financial management at NAO
- Promote a strong control environment at NAO
- Ensure that NAO staff adhere to Codes of Ethics and to highest standards of professional conduct
- Ensure that NAO staff operate in a conducive environment

Moreover, NAO will strive to be an IT based model audit organisation. In this regard, NAO will work towards using Artificial Intelligence for more efficient and effective auditing.

NAO will also move towards full Compliance Audit and full IT Audit as well as SDG Audit, of public bodies, in the future.

NAO will develop and strengthen international cooperation with different SAIs worldwide so as to enhance benefits from capacity building opportunities and knowledge sharing.

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 2023, 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 2023.

The Director of Audit is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of 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 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 NAO are properly safeguarded.
- Ensure compliance with relevant laws, rules and regulations.



DR D. PALIGADU
Director of Audit

7 September 2023



**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 statements of financial position as at 30 June 2023, and the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement and the statement of comparison of budget and actual 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 55 - 72.

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 2023, its financial performance, its changes in net assets/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 *Auditor's Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the NAO in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for professional Accountants ("IESBA Code")*, and we have fulfilled our ethical responsibilities in accordance with the (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 of Audit 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.

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.



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

Report on the Audit of the Financial Statements (continued)

Auditors' responsibilities for the audit of the financial statements (Continued)

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

- Identify and assess the risk 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 of Audit.
- 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the National Audit Office to cease to continue as a going concern.
- 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 achieve 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 Responsibilities 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 statement 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.

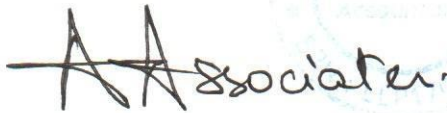


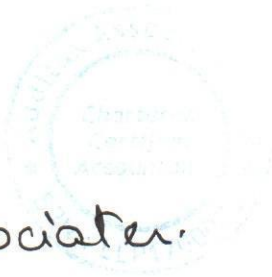
**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF AUDIT
NATIONAL AUDIT OFFICE**

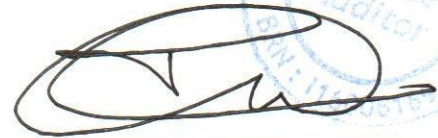
Report on the Audit of the Financial Statements (continued)

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.









Auditax Associates
Registered Audit Firm from FRC
Block B Level 8 Astor Court
Georges Guibert Street
Port Louis.

IPPILI APPIAH Dharmaraj
Licensed Auditor

Date: 13.09.2023



National Audit Office

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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National Audit Office
Statement of Financial Position
as at 30 June 2023

	Notes	30 June 2023 Rs	30 June 2022 Rs Restated
ASSETS			
Current Assets			
Trade Receivables	16	4,385,000	3,405,000
Other Receivables	17	214,099	189,183
Prepayment	17(a)	292,948	266,755
Employee Benefits-Short Term Receivables	19	8,499,643	8,455,390
Inventories	18	258,260	233,395
		13,649,950	12,549,723
Non-Current Assets			
Employee Benefits-Long Term Receivables	19	118,431,373	115,712,182
Property, Plant & Equipment	15	6,094,552	5,305,128
Intangible Assets	15	750,700	379,778
		125,276,625	121,397,088
Total Assets		138,926,575	133,946,811
LIABILITIES			
Current Liabilities			
Other Payables	20	214,099	189,183
Short Term Employee Benefits	19	8,499,643	8,455,390
		8,713,742	8,644,573
Non-Current Liabilities			
Long Term Employee Benefits	19	118,431,373	115,712,182
		118,431,373	115,712,182
Total Liabilities		127,145,115	124,356,755
NET ASSETS		11,781,460	9,590,056
NET ASSETS / EQUITY			
Contributed Capital	21	11,781,460	9,590,056

Approved on 7 September 2023



DR. D. PALIGADU
Director of Audit

The notes on pages 61 to 72 form an integral part of these financial statements.

National Audit Office
Statement of Financial Performance
for the financial year ended 30 June 2023

	Notes	30 June 2023 Rs	30 June 2022 Rs Restated
Revenue			
Revenue from Non-Exchange Transactions			
Appropriation from Consolidated Fund	6	188,108,793	179,495,119
Other Receivables	6(a)	10,605,491	12,690,197
Revenue from Exchange Transactions			
Audit Fees	7	28,802,065	25,992,500
Profit on disposal of assets	7(a)	8,899	-
Total Revenue		227,525,248	218,177,816
Expenses			
Employee Costs	8	186,109,962	181,282,222
Rental of space	9	6,523,911	6,522,461
Utilities Cost	10	1,094,415	1,044,996
Repairs & Maintenance	11	385,319	528,262
Printing & Stationaries	12	1,033,773	777,270
Membership fee	13	545,902	499,252
Professional fee	14	250,000	250,000
Loss on disposal of assets	7(a)	14,292	-
Depreciation and Amortisation	15	1,584,917	1,663,880
Total Expenses		197,542,491	192,568,343
Operating Surplus/(Deficit) for the year		29,982,757	25,609,473
Fees remittable to Consolidated Fund		(28,802,065)	(25,992,500)
Surplus/(Deficit) for the year		1,180,692	(383,027)

The notes on pages 61 to 72 form an integral part of these financial statements.

National Audit Office
Statement of Changes in Net Assets/Equity
for the financial year ended 30 June 2023

	Contributed Capital
	Rs
Balance at 1 st July 2021	6,067,933
Surplus/(Deficit) for the year	(383,027)
Movement in Contributed Capital	3,905,150
Balance at 30th June 2022 (Restated)	9,590,056
Balance at 1 st July 2022	9,590,056
Surplus/(Deficit) for the year	1,180,692
Movement in Contributed Capital	1,010,712
Balance at 30th June 2023	11,781,460

The notes on pages 61 to 72 form an integral part of these financial statements

National Audit Office**Cash flow Statement***for the financial year ended 30 June 2023*

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs Restated
Operating Activities		
Surplus / (Deficit) for the year	1,180,692	(383,027)
Non – Cash Movements:		
Loss on Disposal of Assets	5,393	-
Refund to Consolidated Fund	4,909,299	1,404,881
Depreciation and Amortisation	1,584,917	1,663,870
Adjustments icw inventories/prepayments and audit fees receivable	1,031,058	(206,759)
(Increase)/ Decrease in Trade and Other Receivables and prepayments	(1,031,109)	273,243
(Increase)/ Decrease in Inventories	(24,865)	(7,138)
Increase/ (Decrease) in Payables	24,916	(59,336)
Increase in Employee Benefits - Receivable	(2,763,445)	(13,844,788)
Increase in Employee Benefits - Payable	2,763,445	13,844,788
Net Cash Flows from Operating Activities	7,680,301	2,685,734
Investing Activities		
Purchase of Property, Plant and Equipment	(2,771,002)	(1,280,853)
Unutilised Appropriation	(4,909,299)	(1,404,881)
Audit Fees to Consolidated Fund	(27,822,065)	(26,027,500)
Proceeds from Disposal payable to Consolidated Fund	(20,334)	-
Net Cash Flows from Investing Activities	(35,522,700)	(28,713,234)
Financing Activities		
Proceeds from Disposal	20,334	-
Audit Fees Received	27,822,065	26,027,500
Net Cash flows from Financing Activities	27,842,399	26,027,500
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 Equivalents

The NAO does not operate any bank account. Revenues are remitted to the Accountant General and all payments are effected by the latter. The Cash and Cash Equivalents were nil at year end.

The notes on pages 61 to 72 form an integral part of these financial statements

National Audit Office
Statement of Comparison of Budget and Actual Amounts
for the year ended 30 June 2023

	Original Budget	Revised Budget	Actual Received/ Paid	Variance Actual vs Revised	Financial Statements	Notes
	Rs	Rs	Rs	Rs	Rs	
Income						
Appropriation from Consolidated Fund	193,000,000	193,000,000	188,090,701	(4,909,299)	188,108,793	A
Other Receivables	-	-	-	-	10,605,491	B
Audit fees	30,000,000	30,000,000	27,822,065	(2,177,935)	28,802,065	C
Profit on disposal	-	-	-	-	8,899	D
	223,000,000	223,000,000	215,912,766	(7,087,234)	227,525,248	
Expenditure						
Employee and related Costs	179,970,000	179,865,000	175,603,329	(4,261,671)	186,109,962	E
Cost of utilities	1,250,000	1,250,000	1,069,499	(180,501)	1,094,415	F
Rental of spaces	6,575,000	6,575,000	6,523,911	(51,089)	6,523,911	G
Repairs and Maintenance	961,000	731,000	385,319	(345,681)	385,319	H
Printing and stationery	794,000	1,089,000	1,052,083	(36,917)	1,033,773	I
Professional fee	150,000	125,000	125,000	-	250,000	J
Membership fee	600,000	600,000	572,094	(27,906)	545,902	K
Total Recurrent Expenditure	190,300,000	190,235,000	185,331,235	(4,903,766)	195,943,282	
Depreciation and amortisation	-	-	-	-	1,584,917	
Loss on disposal of assets	-	-	-	-	14,292	
Total Expenditure as per FS	190,300,000	190,235,000	185,331,235	(4,903,766)	197,542,491	
Expenditure Capitalised						
PPE & Intangible assets	2,700,000	2,765,000	2,759,466	(5,533)	2,771,001	
Total Expenditure Budget	193,000,000	193,000,000	188,090,701	(4,909,299)	200,313,492	

Note A:

The original and revised budget allocation stood at Rs 193,000,000. At the end of the financial year, the actual amount spent was Rs 188,090,701. This means that the actual amount received was less by Rs 4,909,299, which lapsed at the close of the financial year.

Note B:

The sum of Rs 10,605,491 mainly comprise of the monetary value of sick leave, vacation leave and passage benefits earned during the year 2022-23, payable by Government.

Note C:

The original and revised budgets for the audit fees were Rs 30,000,000 each. However, the actual amount received was Rs 27,822,065, falling short by Rs 2,177,935 compared to the budget disclosed in the financial statements.

Note D:

No budget allocation was made for the profit from the disposal of assets, as this item was unanticipated and thus not included in the original financial planning. However, it is disclosed in the year-end financial statements, indicating a source of income that had not been forecasted.

National Audit Office
Statement of Comparison of Budget and Actual
for the year ended 30 June 2023

Note E:

The original budget for yearly Employee and related Costs was Rs 179,970,000, revised to Rs 179,865,000. The actual amount spent was Rs 175,603,329. The accrued amount of Rs 186,109,962 include a sum of some Rs 10 million for passage benefits, vacation leave and sick leave earned during 2022-23.

Note F:

The original and revised budgets for yearly Utilities Costs were Rs 1,250,000. The actual amount spent was Rs 1,069,499 lower than budgeted due to energy-saving measures implemented by the office.

Note G:

The original and revised rental budgets were Rs 6,575,000. Actual spending was Rs 6,523,911 matching the financial statements and aligning with the contract.

Note H:

Original budget for Repairs & maintenance cost was Rs 961,000 revised to Rs 731,000. Actual spending was Rs 385,319 matching financial statements, due to established control procedures.

Note I:

Original budget for printing costs was Rs 794,000 revised to Rs 1,089,000. Actual spending was Rs 1,052,083 due to increase in purchase of stock items.

Note J:

The original budget for external audit costs was Rs 150,000 revised down to Rs 125,000. The actual amount spent was Rs 125,000 and an amount of Rs 125,000 was accrued for financial year 2022-23.

Note K:

Original budget and revised budget for membership fee were Rs 600,000. Actual spending was Rs 572,094 higher than disclosed in financial statements. This is crucial for maintaining international standards in operations.

Note 1. Reporting Entity

According to Section 110 of the Constitution of the Republic of Mauritius, the Director of Audit is to be appointed to a public role. The Government has designated the National Audit Office (NAO) as the entity responsible for auditing the financial statements of its Ministries and Departments on the Legislature's behalf. The Director of Audit serves as the NAO's head, as outlined in the Constitution.

The Finance and Audit Act elaborates on the constitutional roles and responsibilities of the Director of Audit, including how public money is managed and overseen. In addition to scrutinising the financial accounts of Government Ministries and Departments, the NAO also audit the financial statements of all Local Authorities, the majority of Statutory Bodies, Special Funds, the Rodrigues Regional Assembly, projects funded by foreign entities, and other organizations.

The financial statements of the NAO have been prepared in line with key principles of good governance, namely accountability and transparency.

Note 2. Basis of Preparation

The financial statements of the NAO have been prepared in accordance with International Public Sector Accounting Standards (IPSASs), as set forth by the International Public Sector Accounting Standards Board (IPSASB).

The financial statements have been prepared based on the assumption that NAO will continue to operate and accounting principles have been consistently applied throughout the given timeframe. These statements rely on historical costs, except where noted otherwise. Some figures from previous periods have been adjusted and reorganized for better comparison.

Complying with IPSAS involves making estimates and assumptions that influence the stated values of assets and liabilities as of the financial statements date as well as the reported revenues and expenditures for the period in question.

When implementing the NAO's accounting policies, outlined in Note 5, the management team must make judgements, estimates, and assumptions regarding the values of assets and liabilities that are not easily verified through other means. These estimates and assumptions draw upon past experiences and other relevant factors.

Note 3. Adoption of IPSAS

New accounting standards, revisions, and interpretations that are obligatory for accounting periods starting after 1 July 2022, have been released. However, these updates are either not applicable to the NAO's activities or are not anticipated to significantly impact its accounting practices and disclosures.

Note 4. Measurement Base

In preparing the financial statements, the accepted accounting principles for evaluating and reporting financial performance, cash flows, and overall financial standing are adhered to. These principles are applied on an accrual basis and utilise historical cost for measurement.

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.

Appropriation from Consolidated Fund

The NAO obtains the funding required for its operations from the Consolidated Fund through the Annual Estimates and the corresponding Appropriation Act.

Audit Fees

Revenue generated from audit fees is recorded once the audit is finalised and is subject to billing.

(b) Trade and Other Receivables

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

(c) Leased Assets

NAO does not have any assets held under finance lease.

(d) Employee Entitlements

Employee remuneration and associated benefits are recognized when earned. As of 30 June 2023, employees can roll over unused sick leave into a Sick Leave bank, up to a maximum accumulation of 110 days. The bank balance of this Sick Leave is assessed at the close of the financial year and categorized under Long-Term Payables in the Statement of Financial Position. Any unused sick leave days that exceed the 110-day limit are partially reimbursed to employees at year-end and this expenditure is recognized in the Statement of Financial Performance. Due to Covid-19 pandemic, unused sick leave earned in 2020 was not reimbursed to Officers and is accrued.

Note 5. Significant Accounting Policies (continued)

Therefore, a maximum of 16 days from such unutilised leave was added to the sick leave banks of qualifying Officers. The monetary worth corresponding to these days has been evaluated using the officers' salary levels at the end of the financial year in June 2023.

When it is anticipated that employees will retire within the forthcoming year, the financial obligation for their sick leaves is reclassified to 'Short Term Employee Benefits' under the 'Current Liabilities' section of the Statement of Financial Position.

An accounting provision is established for the anticipated liability related to Passage Benefits. The value of these Passage Benefits for each staff member is calculated at the financial year-end and is classified under Long-Term Payables. For the current accounting period, an amount of Rs 2.5 million was shifted from Long-Term Liabilities to Short-Term Liabilities to accommodate expected payouts of Passage Benefits in the subsequent financial year.

Other Post-Employment Benefits Provision for accrued Vacation Leaves

Employees at the NAO have the ability to accrue vacation leave, capped at a maximum of 210 days based on their years of service. Such entitlements are recognized progressively as employees provide service that increase their vacation leave balance. The financial obligation associated with unused vacation leave that accumulates by the end of the financial year is estimated and classified under Long-Term Payables.

Retirement benefits

Officers of the NAO are eligible for a retirement pension in line with the Pension Act. The pension system is now contributory, and all civil servant pensions are disbursed from the Consolidated Fund on a pay-as-you-go basis, calculated based on their final salary. For employees who joined the service starting 1 January 2013, their contributions are channelled into a defined contribution pension plan managed by an insurance firm. Consequently, no accounting provision is set aside for the anticipated retirement benefit liabilities for these employees.

Civil Service Family Protection Scheme

Established under the Civil Service Family Protection Scheme Act, this scheme outlines the specifics of its administration, mandatory contributions, and pension disbursements. Any public officer appointed before 1 January 2013 is required to contribute to the scheme at a rate delineated in the First Schedule, either until they reach the age of 65 or exit public service. Nonetheless, those who were in service as of 30 June 2008 have the option to cease contributions upon turning 60. Upon the death of a contributing member, pensions are granted to the surviving spouse and children at rates prescribed by the Act.

Note 5. Significant Accounting Policies (continued)

(e) Property, Plant and Equipment

Recognition and measurement

Property, Plant and Equipment (PPE) 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 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 PPE 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.

(f) 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.

Note 5. Significant Accounting Policies (continued)

Amortisation

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

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

(g) 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.

(h) 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.

(i) Contributed Capital

Contributed Capital is the residual interest in the assets of the entity after deducting all its liabilities.

(j) Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method.

Note 5. Significant Accounting Policies (continued)

(k) Operating Lease – Rental of Buildings

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 2022-23 amounted to Rs 433,147. Additionally, office space was also rented since January 2021 and all-inclusive monthly rental amounted to Rs 70,000.

(l) 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.

(m) 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.

(n) Risk Management Policies

Financial risks

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 security to support financial instruments and other receivables it holds due to the low risk associated with the realisation of these instruments.

Currency risk

NAO is not exposed to any currency risk.

Note 5. Significant Accounting Policies (continued)

Interest rate risk

NAO is not exposed to any interest rate risk on car loans disbursed to staff by the Accountant General as it is borne by the Government.

(o) 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 2023.

(p) Employee Disclosure

As at 30 June 2023, NAO had 187 full-time employees, out of which 23 were non-technical staff.

(q) Key Management Personnel

The key management team of the NAO comprises the Director of Audit, Deputy Directors, Assistant Directors, and the Head of Examiner of Accounts Cadre, who collectively oversee the organisation's diverse functions. Their remuneration totalled Rs 26.5 million for the financial year ending on 30 June 2023.

As of 30 June 2023 the total obligations for vacation leave and passage benefits accrued for key management team were Rs 9.5 million and Rs 3.4 million, respectively. During the financial year ending 30 June 2023 passage benefits disbursed to key management team amounted to Rs 962,703.

(r) Related Parties

Within the context of these financial statements, entities deemed to be related parties to the NAO include other Government Ministries, Departments, and Parastatal Bodies capable of exerting direct or indirect control over the NAO, or significantly influencing its financial and operational decisions, and vice versa. Such related parties could be either individuals or other organisational entities. Transactions with related parties were executed under market-based terms and conditions.

All qualifying Officers of NAO are entitled to duty-free facilities and car loans as specified in the PRB reports. The outstanding car loan balance was Rs 21.9 million as of 30 June 2023, compared to Rs 16.4 million on 30 June 2022.

Note 6. Appropriation from Consolidated Fund

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs
Budgeted Amount	193,000,000	172,500,000
Additional Appropriation	-	8,400,000
Appropriation lapsed	(4,909,297)	(1,404,881)
Departmental Warrant	18,090	-
Appropriation received from Consolidated Fund	188,108,793	179,495,119

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Notes to the Financial Statements
for the year ended 30 June 2023

Funding for NAO is appropriated by the National Assembly to cover its operating expenses, which include salaries, utilities, office supplies, and equipment, etc.

Note 6(a). Other Receivables	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Receivable – Sick/Vacation Leave and Passage Benefits	10,506,633	12,452,764
Fees for audit services	125,000	125,000
Adjustments icw prepayments/accruals and inventories	(26,142)	112,433
	10,605,491	12,690,197

Note 7. Audit Fee	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Invoices issued to clients	28,802,065	25,922,500

The NAO issues invoices for audit services to all Local Authorities, the majority of Statutory Bodies and Other Bodies.

Note 7(a). Profit/ (Loss) on Disposal of Assets

This represents gain/loss on the sale of assets to staff at the time of their retirement.

Note 8. Employee Costs	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Basic Pay	156,087,985	154,983,366
Payroll related allowances	30,021,977	26,298,856
	186,109,962	181,282,222

Employee costs include basic pay of Rs 156,087,985 and related costs of Rs 30,021,977 which in total represents an increase of 2.7% compared to 2022 figures. This increase could be attributed to various factors, such as annual salary increments and the hiring of additional staff, amongst others.

Note 9. Rental of Space	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Rental of Building spaces	6,037,770	6,037,770
Rental of Parking slots	486,141	484,691
	6,523,911	6,522,461

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The NAO rents spaces for its operations, with expenditures recorded as per the terms outlined in signed contracts.

Note 10. Utilities Cost	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Cost for the year	1,094,415	1,044,996

Utilities cost encompasses electricity and telephone expenses.

Note 11. Repairs & Maintenance	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Maintenance Cost	358,797	518,380
Fuel and oil cost	26,522	9,882
	385,319	528,262

Note 12. Printing & Stationeries	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Office Supplies	313,050	208,406
Printing cost	521,163	329,224
Books and Publications	199,560	239,640
	1,033,773	777,270

Note 13. Membership Fees	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Affiliations to International institutions	545,902	499,252

Membership fees relate to NAO's affiliation with international institutions.

Note 14. Professional Fees	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Audit fees	250,000	250,000

Professional fees refer to audit services for the audit of the financial statements of NAO by an independent audit firm. It includes an accrued amount of Rs 125,000.

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Notes to the Financial Statements
for the year ended 30 June 2023

Note 15. Property, Plant and Equipment

Cost / Valuation	Computer Equipment Rs	Motor Vehicles Rs	Furniture & Fittings Rs	Office Equipment Rs	Total Rs
As at 1 July 2022	14,827,008	720,000	1,883,657	1,833,982	19,264,647
Additions	2,091,115	-	225,884	27,813	2,344,812
Disposal	(41,055)	-	-	(15,525)	(56,580)
As at 30 June 2023	16,877,068	720,000	2,109,541	1,846,270	21,552,879
Depreciation					
As at 1 July 2022	10,945,413	720,000	883,704	1,410,403	13,959,520
Charge for the year	1,235,182	-	157,105	137,363	1,529,650
Disposal	(24,633)	-	-	(6,210)	(30,843)
As at 30 June 2023	12,155,962	720,000	1,040,809	1,541,556	15,458,327
Net Book Value					
As at 30 June 2023	4,721,106	-	1,068,732	304,714	6,094,552
As at 30 June 2022	3,881,596	-	999,953	423,579	5,305,128

Intangible Assets

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs
Balance at 1 July	379,778	193,630
Additions	426,190	214,590
Amortisation	(55,267)	(28,442)
Net Book Value	750,700	379,778
Cost at 1 July	5,446,054	5,019,870
Accumulated Amortisation	(4,695,354)	(4,640,092)
	750,700	379,778

Note 16. Trade Receivables

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs
Balance as at 1 st July	3,405,000	3,440,000
Sales – Invoices Issued during the year	29,072,115	25,992,500
Remitted to Consolidated Fund	(27,822,065)	(26,027,500)
Adjustments – Prior year Sales Invoice	(270,050)	-
Balance as at 30 June	4,385,000	3,405,000

The trade receivables in the NAO's Statement of Financial Position represent the unpaid fees for audit services.

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Notes to the Financial Statements
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Note 17. Other Receivables	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Fees-External Auditor	125,000	125,000
Utilities	89,099	64,183
	214,099	189,183

Note 17(a). Prepayments refers to deferred payments for membership fees that relate to the financial year 2023-24.

Note 18. Inventories	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Value of inventories	258,260	233,395

The “Inventories” line item on the Statement of Financial Position reflects the stock on hand as of 30 June 2023, valued at cost price.

Note 19. Employee Benefits – Assets/Liabilities	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Bank Sick Leaves	53,853,601	52,753,412
Sick Leaves 2020 Entitlement	6,159,209	5,915,169
Vacation Leaves	48,877,736	47,253,713
Passage Benefits	18,040,470	18,245,277
Balance at 30 June	126,931,016	124,167,571

Short Term

Sick Leaves	5,999,643	5,955,390
Passage Benefits	2,500,000	2,500,000
	8,499,643	8,455,390

Long Term

Bank Sick Leaves	47,853,958	46,798,022
Sick Leave 2020 Entitlement	6,159,209	5,915,169
Vacation Leaves	48,877,736	47,253,713
Passage Benefits	15,540,470	15,745,277
	118,431,373	115,712,181

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The employee benefits comprise of short-term and long-term benefits payable to NAO Officers. The arrangement is in line with conditions stipulated in the applicable PRB Reports.

Note 20. Other Payables <i>(Accruals)</i>	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Fees – External Auditor	125,000	125,000
Utilities	89,099	64,183
	214,099	189,183

The "Other Payables" line item on the Statement of Financial Position typically reflects accruals related to invoices received during the year that have yet to be paid. These accrued liabilities are financial obligations that arise in the course of business but have not been settled by the end of the accounting period.

Note 21. Contributed Capital	Year ended 30 June 2023	Year ended 30 June 2022
	Rs	Rs
Balance as at 1 July	9,590,056	6,067,933
Surplus/(Deficit) for the year	1,180,692	(383,027)
Movement in Contributed Capital*	1,010,712	3,905,150
Balance as at 30 June	11,781,460	9,590,056

***Movement in Contributed Capital**

Inventories	24,866	233,395
Prepayments	26,191	266,755
Audit Fees Receivable	980,000	3,405,000
Adjustment	(20,345)	-
	1,010,712	3,905,150

Contributed Capital is the residual interest in the assets of the entity after deducting all its liabilities. Net Assets/Equity comprises of Contributed Capital which means future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity.

Note 22. Car Loans

As of 30 June 2023, the outstanding balance of car loan provided to Officers of the NAO amounted to Rs 21,896,203. Since the responsibility and benefits associated with the loan rest solely with the employees, and NAO holds no accountability for any defaults, the loan is not reflected in the financial statements.

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

Senior Management Team (as at 30 June 2023)

Director of Audit

PALIGADU Dr. Dharamraj
PhD, FCCA, MBA

Deputy Director of Audit

REETUN Khemraj (Mr.)
FCCA, MBA, CISA

CHUNG CHUN LAM Leung Fee Lan (Mrs.)
FCCA

ABDOOL GAFFOOR Ahmad (Mr.)
FCCA, MBA

Assistant Director of Audit

RAMKISHORE Deodutt (Mr.)
FCCA

DODAH Toolsee (Mr.)
FCCA

APPASAMY Lutchmanen (Mr.)
FCCA, MBA

WONG CHOW MING Man Lan (Mrs.)
FCCA

DULLOO B. Naseem (Mrs.)
FCCA, MBA

MAMODE ALLY Mahmud Y. (Mr.)
FCCA

HOOBAYEKHAN-AGOWUN Mariam B. (Mrs.)
FCCA

GHOORAH Bhargvee (Miss)
FCCA

DODAH Juihendranath (Mr.)
FCCA

Head, Examiner of Accounts Cadre

MOHUN Parbhaotee (Mrs.)

Main Training Courses during 2022-23

	Course Title	Organising Body	Participants	Period
Local Courses				
1.	Effective use of modified RAM	NAO	150	03 Nov 2022
2.	Using Team Mate	NAO	39	28 Sept 2022
3.	Thematic Audit - Computerisation in Ministries/Departments	NAO	24	16 Sept 2022
4.	FAM and CAM Senior Management Sub Regional Workshop	AFROSAI-E in collaboration with NAO	25	22 May to 02 June 2023
International Courses				
5.	2023 INTOSAI/T Moderators Training	AFROSAI-E	1	15 to 17 Feb 2023
6.	Invitation to participate in coordinated SDG Audits, March – October 2023	AFROSAI-E	2	13 to 17 March 2023
7.	Auditing in IT Environment	ITEC	2	13 Feb to 10 Mar 2023
8.	Regional Workshop on Monitoring, Evaluation, Reporting & Learning	AFROSAI-E	1	15 to 17 Nov 2022
9.	Government Audit on Public Construction Works	Japan	1	28 Jun to 22 Jul 2023
10.	Data Analytics in Audit	AFROSAI-E (webinar)	24	26 Jul to 16 Aug 2022
11.	Webinar on the long term impact of COVID-19	INTOSAI/ EUROSAI	13	24 April 2023
12.	Auditing sustainability reporting in the public sector	ACCA (webinar)	16	02 Dec 2022
13.	Professional integrity - Ensuring accountability in the Public Sector	ACCA (webinar)	16	02 Dec 2022

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National Audit Office

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