NATIONAL AUDIT OFFICE

Activity and Performance Report for the Financial Year 2014

July 2015

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Foreword

On behalf of the National Audit Office (NAO) which is the Supreme Audit Institution (SAI) of Mauritius, I am pleased to present this Activity and Performance Report for the year 2014. This report is prepared annually in accordance with the principles of transparency and accountability as per requirements of the International Standards for Supreme Audit Institutions (ISSAI) 20 and 21.

Our mission is to provide independent assurance to the National Assembly on the proper accounting and use of public resources and to promote good governance in the public sector. As such, it is important for us to lead by example and abide by the principles of transparency and accountability in our own governance and practices. Thus, this report provides to our stakeholders information on our own operational and financial performance, activities and achievements in 2014.

During 2014, we have continued to focus on improving the quality of our audit in line with our vision to become a centre of excellence in the provision of high quality audit services. We have also facilitated the continuous professional development of our staff, particularly in the domain of latest auditing techniques.

We have submitted the Annual Audit Report for 2013 for Ministries and Government Departments on 28 July 2014, that is, one month earlier than the statutory date limit of end of August 2014. We have also completed 90 per cent of planned audits for other entities, which include mainly Statutory Bodies, Local Authorities and Special Funds.

We have continued our cooperation with other countries in the region in sharing knowledge and enhancing audit effectiveness. We have participated and contributed to several workshops organized by African Organisation of English Speaking SAIs (AFROSAI-E). I also chaired the Board of Auditors appointed for the audit of Southern African Development Community (SADC) for financial year 2013-14.

The performance achievements detailed in this Report are a result of teamwork, professionalism and commitment of all officers and staff of NAO. I would like to extend my thanks to each member of the NAO for the contribution made in the achievements of our goals.

Kwee Chow Tse Yuet Cheong (Mrs)
Director of Audit
National Audit Office

31 July 2015

About The National Audit Office

Our History

The National Audit Office (NAO) has a long history of being at the centre of public accountability that goes back to the beginning of the 20th century. At the beginning of the British rule, the accounts of Mauritius were under the scrutiny of the Imperial Audit.

Over the years, NAO has been known under different appellations. From 1912 to 1954, the Office was known as the Colonial Audit Department, and became subject to the direction of the British Colonial Audit Department, which had a Central Office in London. In 1955, the appellation was changed to Audit Department, and in 2000, the Department was renamed Government Audit Office. Since 2003, we are known under the present appellation of National Audit Office.

In 1956, the incumbent Principal Auditor was promoted to Director of Audit. Since then, the Office is headed by a Director of Audit. From 1956 to 1978, all the Directors of Audit were expatriates on contracts. As from June 1978, we have Mauritian nationals serving as established officers. With the independence of Mauritius in 1968, we became an independent body within the Government service.

The National Audit Office and the Director of Audit

The Constitution of the Republic of Mauritius establishes the office of the Director of Audit, nowadays known as the National Audit Office. NAO is headed by the Director of Audit, and in the international context, NAO is known as the Supreme Audit Institution (SAI) of Mauritius. The Constitution provides for the appointment of a Director of Audit, his independence, authority and specific conditions of service, as well as security of tenure.

The independence of the Director of Audit is spelt out at Section 110 of the Constitution, which provides 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. Section 93 also provides that the Director of Audit cannot be removed from office before the legal retirement age except for misconduct or inability to discharge the function of his office, and even, that only by the President, acting on the recommendation of a Tribunal which shall consist of at least three persons who are holding or have held office as a judge of the Supreme Court.

Through provisions of the Finance and Audit Act, the Director of Audit and his staff are given protection from liability. Section 17A stipulates that, in addition to and not in derogation of the Public Officers' Protection Act, 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.

The role of the NAO is to improve the public sector performance and accountability through independent reporting to the National Assembly or the appropriate authorities on the financial statements, operations and activities of Government/Public entities.

To discharge her duties, the Director of Audit is supported by a cohort of professional and experienced staff. The NAO operates within regulations pertaining to the Public Sector.

Our Audit Mandate

The mandate of the Director of Audit is primarily defined in the Constitution of Mauritius. Additional provisions are made in various legislations, namely, the Finance and Audit Act, the Local Government Act, the Statutory Bodies (Accounts and Audit) Act and the Public Procurement Act. Agreements with several institutions/donor-funded projects also empower the Director of Audit to audit their accounts.

The following are audited by the Director of Audit:

- **All** Ministries and Government Departments
- **All** Commissions of the Rodrigues Regional Assembly
- **All** Local Authorities
- Most Statutory Bodies
- Special Funds
- Other Bodies and Donor-funded Projects

The mandate of the Director of Audit does not extend to the audit of the Central and Public Sector banks, Statutory Corporations, whose enactments do not provide for audit by the Director of Audit, unless their Boards decide otherwise and Private Companies where Government has substantial interests in the form of shares, equity participation and other forms of interests. The Director of Audit also does not audit all institutions where Government provides security for loans contracted, bank overdrafts taken or credit facilities obtained. There are some 40 such Bodies.

The main provisions made in the Constitution and other legislations regarding the mandate of the Director of Audit are given below:

- ***The Constitution,*** *Section 110, 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. Also, in the case of any body corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.*

- ***The Finance and Audit Act*** *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.*

  Performance Audit *is also included in the mandate of NAO since 2008 when amendments were made to the Finance and Audit Act. The Director of Audit is required to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.*

- ***The Statutory Bodies (Accounts and Audit) Act*** *provides that every auditor shall report to the Board whether*

  - *he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit;*
  - *in his opinion, to the best of his information and according to the explanations given to him, the financial statements give a true and fair view of the financial performance of the statutory body for the financial year and of its financial position at the end of the financial year;*
  - *this Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;*

- *in his opinion, and, as far as could be ascertained from his examination of the financial statements submitted to him, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;*
- *in his opinion, the statutory body has been applying its resources and carrying out its operations fairly and economically.*

➢ ***The Local Government Act*** *provides that the approved annual financial statements of every local authority, which are to be submitted within four months of the end of every financial year, shall be audited by the Director of Audit.*

The Director of Audit shall state in his report to the Council, the work done by him and the scope and limitations of the audit and whether he has obtained all information and explanations that he has required. He is also required to report on

- *any item of account which, in his opinion, is contrary to law*
- *any loss or deficiency which, in his opinion, is wholly or partly due to the negligence or misconduct of any person*
- *any sum which, in his opinion, 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;*
- *whether, in his opinion, 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;*
- *whether the instructions of the Minister, if any, in regard to the financial statements have been complied with.*

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

Power of Access to Information

To enable the Director of Audit to discharge her duties, legal provisions have been made so as to give NAO necessary access to required information.

Hereunder are the main provisions made in the Constitution and other legislations:

- ***The Constitution*** *provides at Section 110 that the Director of Audit or any other person authorised by him in that behalf shall have access to all books, records, reports and other documents relating to accounts to be audited by him.*

- ***The Finance and Audit Act,*** *provides that in the exercise of his duties, the Director of Audit may*

    - *call upon any public officer for any explanations and information which he may require in order to enable him to discharge his duties*

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

    - *without payment of any fee, cause searches to be made in, and extracts to be taken from, any document in the custody of any public officer*

    - *lay before the Attorney-General a case in writing as to any question regarding the interpretation of any enactment concerning the powers of the Director of Audit or the discharge of his duties and the Attorney-General shall give a written opinion on such case.*

- ***The Statutory Bodies (Accounts and Audit) Act*** *provides that 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.*

    The auditor may also 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*** *provides that 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.*

    The Director of Audit may also request, orally or in writing, *(a) any person holding or accountable for any such document referred to above, 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.

Any person who wilfully neglects or refuses to comply with any such request shall commit an offence.

Our Audit Reports

Statements showing fully the financial position of Mauritius on the last day of the financial year are to be submitted by the Accountant-General to the Director of Audit, within six months of the close of every financial year. For the Rodrigues Regional Assembly, the Commissioner is to submit the statements within three months of the close of every financial year. Statutory Bodies and Local Authorities are required to submit their financial statements for audit within four months after the end of the financial year. At the conclusion of the audit of these Government/Public entities, the NAO issues Audit Reports.

Legal Provisions made in the Constitution, the Finance and Audit Act, the Statutory Bodies (Accounts and Audit) Act, and the Local Government Act are as follows:

- ***Ministries and Government Departments.*** Section 110 of the Constitution provides that the Director of Audit shall submit his reports to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.

  The Finance and Audit Act requires the Director of Audit to send, within eight months of the close of every financial year, copies of the statements for Mauritius and the Rodrigues Regional Assembly, together with a certificate of audit and a report upon the examination and audit of these accounts to the Minister responsible for the subject of Finance. On receipt of the statements and reports, the latter is required as soon as possible to lay these documents before the National Assembly.

  Where the Minister fails, within a reasonable time, to lay any report 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.

  Also, 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.

- ***Statutory Bodies.*** The Statutory Bodies (Accounts and Audit) Act provides that the auditor shall within six months of the date of receipt of the annual report of the Statutory

Body, including the financial statements, submit the annual report and his Audit Report to the Board, which shall, not later than one month from the date of receipt furnish to the Minister to whom responsibility for the Statutory Body concerned is assigned such reports and financial statements. The Minister shall, at the earliest available opportunity lay a copy of the Annual Report and audited accounts of the Statutory Body before the National Assembly.

- ***Local Authorities.*** The Local Government Act provides that the Director of Audit shall address to the Minister to whom responsibility for the subject of local government is assigned and to the Local Authority concerned, a copy of the certified financial statements and his report on every Local Authority audited by him. The Local Authority shall consider the report of the Director of Audit at its next ordinary meeting or as soon as practicable thereafter and shall cause the certified financial statements and the report of the Director of Audit to be published in the Gazette within 14 days of their receipt by the Local Authority.

Vision

To be recognised as a centre of excellence in the provision of high quality audit and value added services

Mission

NAO is an independent public office set up under the Constitution. We provide independent assurance to the National Assembly on the proper accounting and use of public resources and we help clients to improve their financial management.

Earning the respect of our stakeholders, we promote good governance by enhancing accountability and transparent administration in the public sector and we encourage social responsibility.

We have committed ourselves to be people-oriented. We provide our staff with an environment that stimulates diversity, innovation, teamwork, continuous learning and improvement.

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

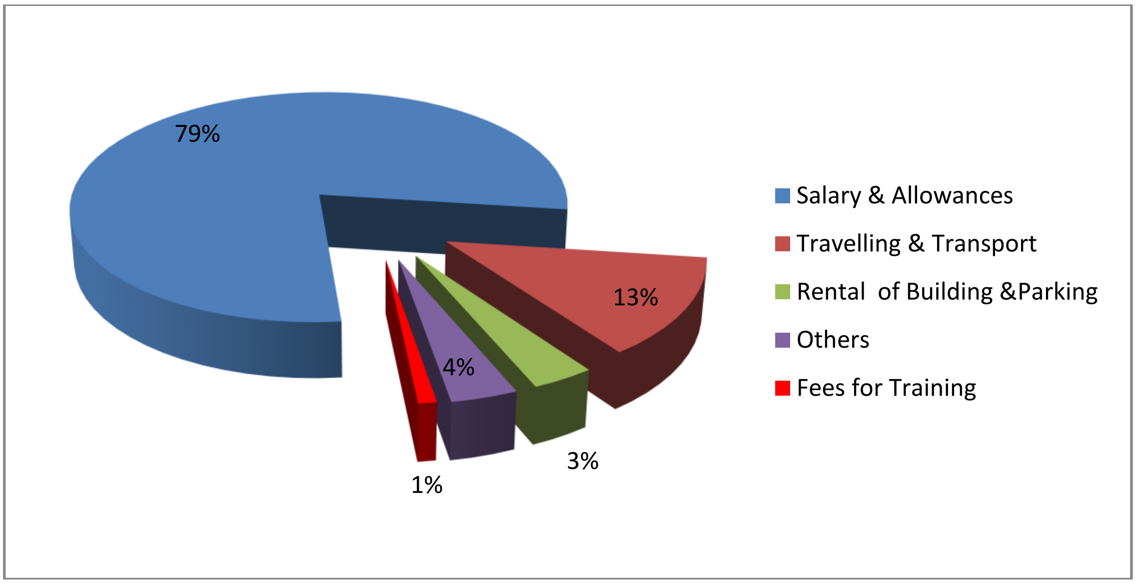
Honour the confidence of trust conferred on us

Be courteous, tolerant and respectful

Our People

Human Resources

For 2014, 92 per cent of the total expenditure of the National Audit Office were incurred on its manpower. 79 per cent were spent on Salaries and 13 per cent on Travelling and Transport.



As at 31 December 2014, the NAO had a staffing of 178 Officers. NAO staff headed by the Director of Audit, comprised 159 Officers of the Auditing grades and 18 Officers of the Administrative grades.

The number of female staff totalled 96, representing some 54 per cent of NAO total staffing. Included are the Director of Audit and four female Officers who are part of the NAO Senior Management Team.

Details of Officers in post, grade-wise and gender-wise, are given at Table 1.

Table 1 Staffing as at 31 December 2014

Grade Position	Officers in Post		
	Male	**Female**	**Total**
Senior Management			
Director of Audit	-	1	1
Deputy Director of Audit	1	*1	2
Assistant Director of Audit	7	3	**10
Head, Examiner of Accounts Cadre	***1		1
Auditing Grades			
Auditor Cadre			
Principal Auditor	5	2	7
Senior Auditor	11	7	18
Auditor	15	13	28
Examiner of Accounts Cadre			
Deputy Head, Examiner of Accounts Cadre	-	***1	1
Chief Examiner of Accounts	7	9	16
Deputy Chief Examiner of Accounts	10	7	17
Principal Examiner of Accounts	5	12	17
Examiner of Accounts/ Senior Examiner of Accounts	11	31	42
Total Staff – Auditing Grades	***73***	***87***	***160***
Administrative Staff			
Assistant Manager, Human Resources		1	1
Financial Officer/ Senior Financial Officer	1	-	1
Other supporting staff	8	8	16
Total Administrative Staff	**9**	**9**	**18**
Total Staff	**82**	**96**	**178**

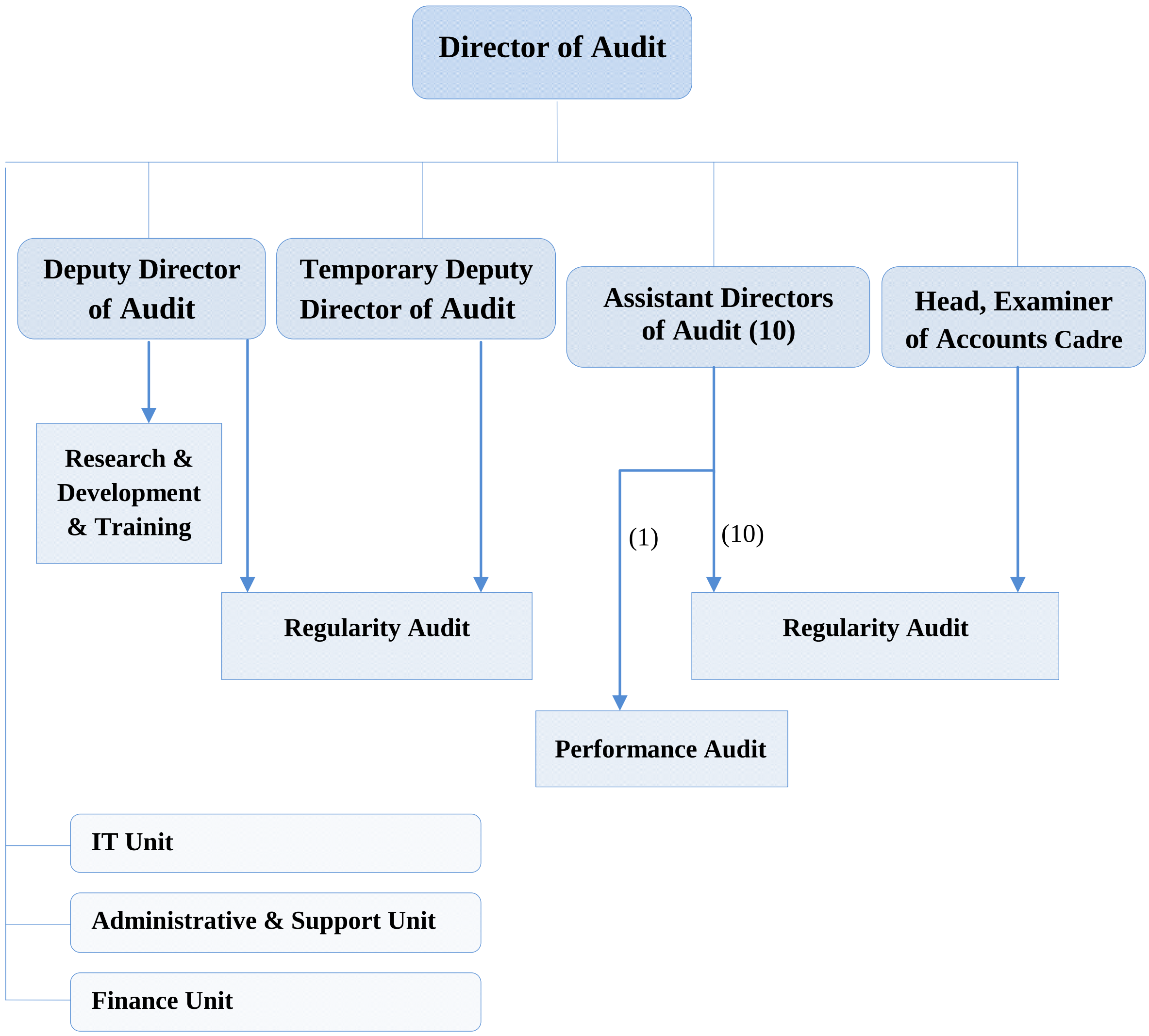
*Temporary Deputy Director of Audit
**Includes 3 Officers assigned duties as Assistant Director of Audit
***Assigned duties

Organisation Structure

The core activity of the NAO, auditing, is distributed among 13 Divisions. The Divisions are headed by the Senior Management Team, namely, two Deputy Directors of Audit, ten Assistant Directors of Audit and the Head, Examiner of Accounts Cadre.

Twelve Divisions have each a portfolio of mixed Regularity Audit assignments consisting of Ministries and Government Departments, Statutory Bodies, Local Authorities and Special Funds. One Division is responsible for Performance Audit and some Regularity Audits. The Deputy Directors also deputise the Director of Audit and assist her in the management of the NAO. Below is NAO Organisation Structure.

Organisation Structure of NAO

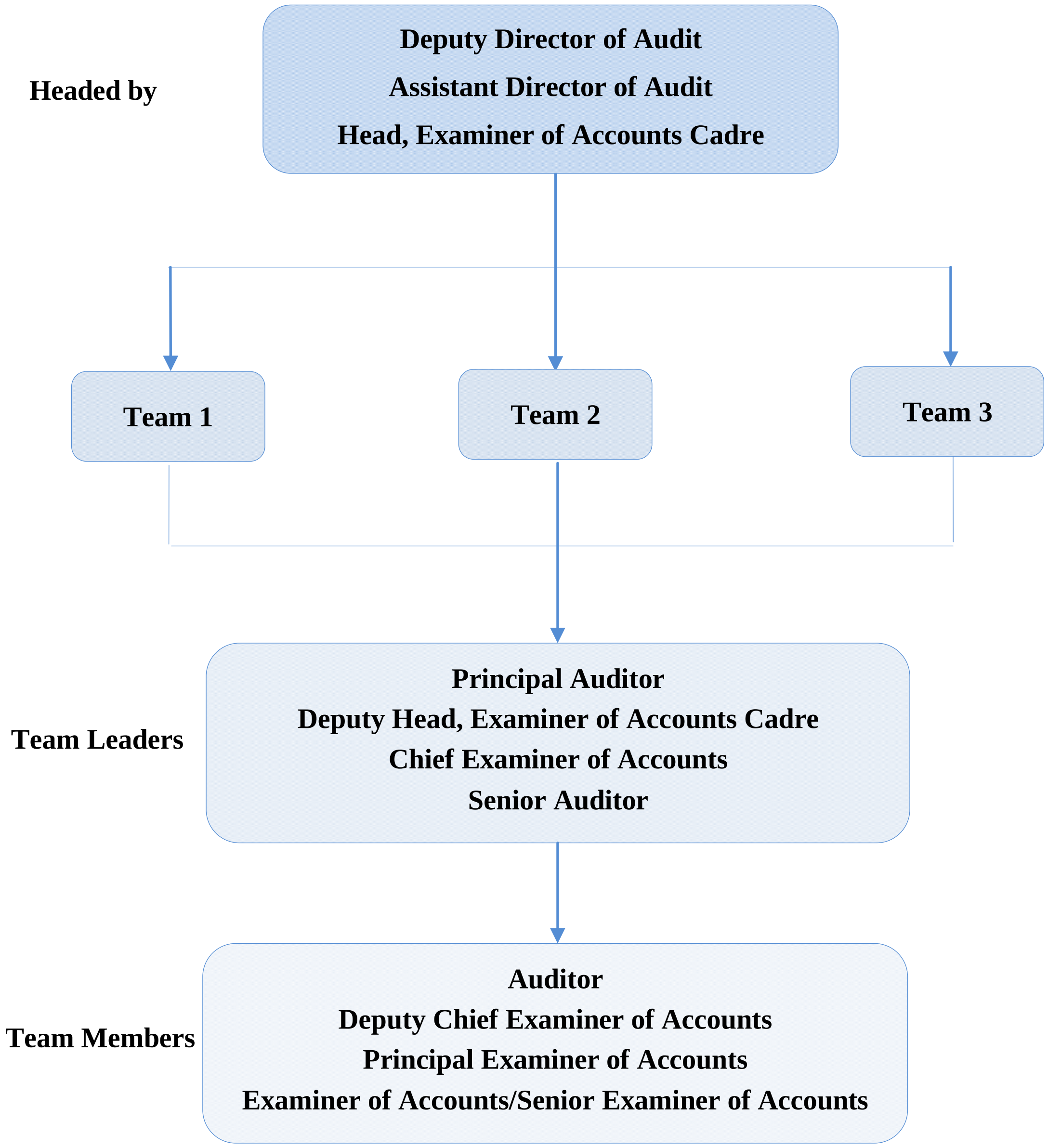


Also contributing to the good running of the NAO activities are three Units, namely, the IT Unit, the Administrative and Support Unit and the Finance Unit. They assist in the IT, administrative, finance and other matters of the NAO.

Structure of a Division

Each Head of Division manages some 11 Officers of the auditing grades, from both the Auditor Cadre and the Examiner of Accounts Cadre. These Officers assist them in the discharge of the audit assignments allocated to them. Figure below shows the structure of a Division.

Structure of a Division



Senior Management Team

Director of Audit

Mrs Kwee Chow TSE YUET CHEONG, *FCCA*
in present post since November 2013

Deputy Director of Audit

Mr Pawan Kumar NAPAUL, *FCCA*
in present post since July 2001

Temporary Deputy Director of Audit

Mrs Kim Chow CHAN MOO LUN, *FCCA*
in present post since July 2014

Assistant Director of Audit

Mr Chan Quet Shung CHAN HON SEN, *FCCA*
in present post since July 2001

Mr Khemraj REETUN, *FCCA, MBA*
in present post since July 2001

Mrs Leung Fee Lan CHUNG CHUN LAM, *FCCA*
in present post since July 2003

Mr Ahmad ABDOOL GAFFOOR, *FCCA, MBA*
in present post since July 2003

Mr Deodutt RAMKISHORE, *FCCA*
in present post since July 2003

Mr Toolsee DODAH, *FCCA*
in present post since July 2004

Mr Lutchmanen APPASAMY, *FCCA, MBA*
in present post since July 2004

Temporary Assistant Director of Audit

Mrs Man Lan WONG CHOW MING, *FCCA*
in present post since February 2015

Mrs Bibi Naseem DULLOO, *FCCA, MBA*
in present post since February 2015

Acting Assistant Director of Audit

Mr Mahmad Yousouf MAMODE ALLY, *FCCA*
acting since November 2013

Head, Examiner of Accounts Cadre

Mr Lockraz DOORGAKANT
in present post since January 2015

Audit Activities and Performance

Strategic Direction

In line with our vision to be recognized as a centre of excellence in the provision of high quality audit services, we have continued to focus on improving the quality of audit services and contributing to enhance good governance in the public sector. Our staff is our most important asset and we have strived to provide them with a pleasant working environment and facilitate their continuous learning and development. We have ensured that all our staff adhere to our core values, of which the most important are independence, integrity, objectivity and confidentiality.

We have successfully fulfilled our mandate in respect of provision of independent assurance to the National Assembly on the proper use of public resources. The Annual Audit Report of the Director of Audit on the accounts of Government of Mauritius and Rodrigues Regional Assembly for the financial year 2013 was submitted to the Minister responsible for Finance in July 2014, within the statutory date limit, to be laid before the National Assembly. 90 per cent of financial statements submitted by Statutory Bodies and Local Authorities were audited and certified within six months of submission, and four Performance Audit Reports were issued.

Our main contributions in the region were the assumption of the chair of Southern African Development Community (SADC) Board of Auditors for financial year 2013-14 and the organisation and hosting of the African Organization of English Speaking Supreme Audit Institutions (AFROSAI-E) training programme on Performance Audit.

In delivering our services, our major challenge is to cope with the increasing complexities and volume of transactions of our clients and constant change in financial reporting and auditing requirements, while continuing to improve audit quality. To meet these challenges, we follow the International Standards of Supreme Audit Institutions (ISSAI) and constantly review our audit approach as per Guidelines from International Organisation of SAI (INTOSAI) and AFROSAI-E. We also undertake capacity building in Risk Based Audit, Performance Audit and Information Technology (IT) Audit. We endeavor to keep abreast with latest developments in auditing, accounting and other related issues, and encourage knowledge sharing.

Audit Activities

In order to provide assurance to the National Assembly on the accounting and use of public funds and to fulfill its mandate effectively, two main types of audits are undertaken by the National Audit Office, namely, Regularity Audit and Performance Audit.

The total staffdays available in 2014 to carry out all the activities of NAO was 28,620. Of these, 24,460 staffdays were available for Regularity Audit, 1,930 staffdays for Performance Audit and 2,230 staffdays for training and other activities.

Regularity Audit

Regularity audit includes:

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

Regularity Audit Portfolio

The NAO is responsible for the audit of the accounts of all Ministries and Government Departments, the Rodrigues Regional Assembly, all Local Authorities, most Statutory Bodies, Special Funds, Other Bodies and Donor-Funded Projects. The financial year-end for these public sector entities was 31 December in 2014.

Most Ministries had more than one Division and in general, each Division comprised a number of units which NAO had the responsibility to audit. For instance, the Education Division of the Ministry of Education and Human Resources had four Zones and each Zone had a number of primary and secondary schools under its responsibility. Each Zone is considered as a large unit while each school is counted as a small unit. On the other hand, each Statutory Body, Local Authority or Other entity has been considered as one unit.

The audit portfolio of the NAO for 2014 was 1,648 units as shown in Table 2.

Table 2 Number of Auditable Units in Year 2014

	No. of Units		
	Large	***Small***	***Total***
Ministries including their Departments, Divisions & Units	220	990	1,210
Rodrigues Regional Assembly	44	96	140
Statutory Bodies	54	50	104
Local Authorities	12	131	143
Special Funds	2	22	24
Other Bodies	4	13	17
International Donor Agencies	0	10	10
Total	**336**	**1,312**	**1,648**

Reporting Deadlines

The Accountant-General is required to submit to the Director of Audit, statements showing fully the financial position of Mauritius, within six months after the end of the financial year, that is, by the end of June. For the Rodrigues Regional Assembly, the Commissioner is to submit the statements within three months of the close of every financial year. The Director of Audit is to send, within eight months of the close of every financial year, a certificate of audit and a report upon the examination and audit of these accounts, together with copies of the statements submitted, to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.

The audits of Ministries and Government Departments and of the Rodrigues Regional Assembly are carried out as from November and are completed in April/May after the year-end. Thereafter, Management Letters and the Audit Reports are issued by NAO by July/August.

The audits of Statutory Bodies, Local Authorities and Special Funds are undertaken only after receipt of their approved Financial Statements by NAO. Statutory Bodies and Local Authorities are required to prepare Financial Statements and submit same for audit within four months after the end of the financial year, that is, by the end of April. Audit Reports for Statutory Bodies are issued within six months of the date of receipt of the Financial Statements.

The Audit Process

A risk-based approach is adopted in identifying units to be audited, as well as conducting individual audits. An annual audit plan is made at the beginning of the year and the plan lays out the planned schedule of each audit to be performed during the year. Each individual audit starts with the planning process, which first requires an understanding of the entity to be audited and its environment, in order to identify risks that may result in material misstatement of the financial report. This is followed by an assessment of those risks, which involves considering a number of factors, such as the nature of the risks, relevant internal controls and the required level of audit assurance. Appropriate audit responses to those risks are then designed in order to obtain sufficient appropriate audit evidence on which to conclude. The audit work carried out, as well as audit findings are documented.

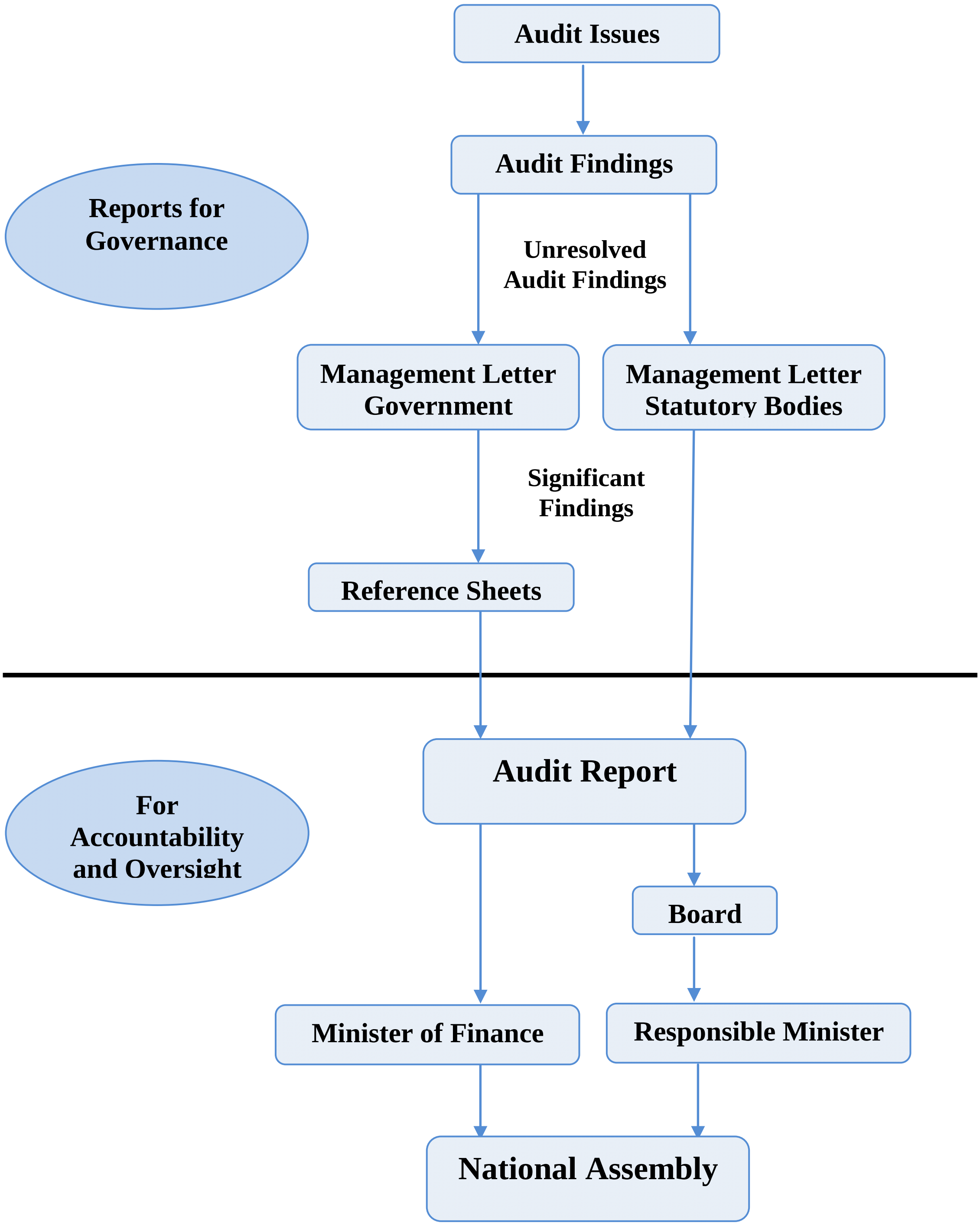
At the end of an audit, the audit findings are consolidated in a draft Management Letter and they are discussed at an exit meeting with the auditee. A final Management Letter is then issued, and the auditee is given the opportunity to comment on the matters raised therein.

For Ministries and Government Departments, audit findings, deemed to be of significance and of a nature to be brought to the attention of the National Assembly, are then communicated to the respective Accounting Officers through “Reference Sheets”. The latter is given the opportunity to comment on the truth and fairness of these audit findings before their inclusion in the NAO Annual Audit Report with, as far as possible, a summary of the comments of the management of the audited entity.

For Statutory Bodies, following response to the Management Letter by the audited entity, an Audit Report is issued to the Board. The Audit Report gives our opinion on whether the financial statements show a true and fair view of the financial position and performance of the audited entity, and may also include matters of such importance that they need to be brought to the attention of users. An audit is considered complete when the Audit Report is issued.

Figure below depicts the process audit issues go through before inclusion in the Audit Report.

Audit Report Process



Output of the NAO for 2014

During 2014, NAO prepared and issued

- 304 Management Letters to the audited entities
- 206 Audit Reports to Statutory Bodies and other Bodies
- The Annual Audit Report on Government Accounts, including Rodrigues Regional Assembly, for 2013
- Four Performance Audit Reports

For Ministries and their units, including Rodrigues, the percentage completion was 100 per cent for large units and 92 per cent for small units. NAO had planned to audit 112 out of the 264 large units and had actually audited all of them. For small units, 210 out of 1086 were planned and 193 were actually completed. However, the audits of the Head Office of all Ministries were duly completed.

The risk based approach implies focus of audit efforts on higher risk areas. The small units generally have low annual financial expenditure and the audit risk is low. They are therefore audited on a rotation basis, which presently is every five year in most cases. The large units with low risk are also audited on a rotation basis but with higher frequency. Thus in 2014, a higher percentage of large units have been audited compared to small units.

For Statutory Bodies, the percentage completion was 77 per cent for large units and 93 per cent for small ones. In a few cases, the audit of the Statutory Bodies was completed, but response to Management Letters was not yet received. These have, therefore, been considered not completed in Table 3. The Financial Statements audited during 2014 related to both 2013 and to previous financial years.

The overall performance for 2014 was satisfactorily on target.

Constraints

The main constraints towards achieving a higher audit coverage were as follows:-

- Increase in the volume of transactions
- The increasing complexity of the operation of audited entitites, resulting in delays in completion of audit assignments.
- Staff constraints, which prevent a more frequent coverage of small units.
- Late submission of financial statements by auditees.
- As of 31 December 2014, 21 Statutory Bodies, 8 Special Funds and 6 Other Bodies did not submit their financial statements for 2013.

- 117 Financial Statements relating to previous financial years (see Table 3) were audited in 2014.

- The Financial Statements of 55 Statutory Bodies, five Local Authorities, five Special Funds and five Other Bodies had to be amended following audit causing an increase in the time spent on the audit. Out of these, amended Financial Statements for 14 Statutory Bodies, three Local Authorities, one Special Fund and one Other Body could not be certified as at 31 December 2014 since they were submitted late in 2014 or in 2015.

The number of audits planned and completed for the financial year 2014 is shown in Table 3.

Table 3 Audits Planned and Completed in 2014

	Size of Units	No of Planned Audits	No of Audits completed relating to previous FYs	No of FS not received for 2013	Revised Audit Plan	No of Audits Completed	Completion %
Ministries/ Departments/ Divisions/ Units	Large	100	N/A	N/A	100	100	100
	Small	190	N/A	N/A	190	175	92
Rodrigues Regional Assembly	Large	12	N/A	N/A	12	12	100
	Small	20	N/A	N/A	20	18	90
Statutory Bodies	Large	56	29	7	78	60	77
	Small	46	50	14	82	76	93
Local Authorities	Large	12	7	-	19	8	42
	Small	131	-	92	39	39	100
Special Funds	Large	2	4	1	5	4	80
	Small	23	12	7	28	27	96
Other Bodies	Large	2	0	0	2	1	50
	Small	12	7	6	14	12	86
International Donor Agencies	Small	10	8	0	18	18	100
Overall	**Large**	**184**	**40**	**8**	**216**	**185**	**86**
	Small	**432**	**77**	**119**	**391**	**365**	**93**
	Total	**616**	**117**	**127**	**607**	**550**	**90**

Note: FS- Financial Statements
FY-Financial Year

Audit of the Rodrigues Regional Assembly

The Director of Audit is mandated to audit the accounts of the Rodrigues Regional Assembly (RRA). Statements showing the overall financial position of the RRA are to be submitted to the NAO by the Chief Commissioners' Office within three months of the close of the financial year end which is 31 December. Seven Commissions, including the Chief Commissioner's Office and the Deputy Chief Commissioner's Office have been set up under the RRA Act to discharge the functions of the RRA.

The Island Chief Executive is responsible for the administration of all the functions of the Executive Council and all the staff of the RRA fall under his administrative control. Each Commission is responsible for a number of Programmes as set out in the Programme Based Budget of RRA. The Departmental Head of each Commission who is the Accounting Officer has the responsibility to execute the Executive Councils' decisions.

Since NAO does not have an office in Rodrigues, a team of five to six NAO officers are sent to Rodrigues each year to carry out the audit assignment. The audit of the RRA for the financial year 2013 was performed in March 2014 under the responsibility of a Head of Division, the Deputy Head, Examiner of Accounts Cadre. The team was in Rodrigues for some five weeks. The audit was conducted on a risk based assessment, focusing on financial statements, capital projects and other specific Programmes.

Audit of Mauritius Diplomatic Missions

Mauritius has 19 Diplomatic Missions/Consulates abroad to provide consular services and assistance to the Mauritian Diaspora and Nationals abroad. They fall under the responsibility of the Ministry of Foreign Affairs, Regional Integration and International Trade. NAO carries out audit visit to these overseas offices of the Diplomatic Missions and Consulates on a rotational basis. During 2014, two Assistant Directors of Audit, went to Brussels, Belgium and to Kuala Lumpur, Malaysia, in November and December 2014, respectively, for the audit assignments for one week.

Performance Audit

Performance auditing is concerned with the audit of economy, efficiency and effectiveness and embraces:

- audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;
- audit of the efficiency of utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and
- audit of the effectiveness of performance in relation to achievement of the objectiveness of the audited entity, and audit of the actual impact of activities compared with the intended impact'.

Four Performance Audit Reports were laid before the National Assembly on 22 December 2014.

As part of the AFROSAI-E 3-module training course on Performance Audit carried out during 2014, four teams have each started a Performance Audit assignment under the new methodology. These four Reports are now being finalised for submission to the Minister of Finance and Economic Development to be laid before the National Assembly.

The conduct of Performance Audits is taking longer time than expected because data and other relevant information required for the audit are not readily available at the different Ministries/Departments.

Information Technology (IT) Audit

An IT audit is the examination and evaluation of an organisation's IT infrastructure, policies and procedures. IT audit determines whether IT Controls protect the organisation's assets, ensure data integrity and are aligned with the organisation's overall goal.

During 2014, an IT Audit was carried on the IT system for the payment of benefits of the Ministry of Social Security, National Solidarity and Reforms Institutions. The objective was to review the extent of reliability of the Ministry's Information Systems in conjunction with the efficient and effective use of IT to manage the determination and payments of benefits.

The Director of Audit being the Chair of the Board of Auditors of the Southern African Development Community (SADC) for the year 2013-14, three Officers of the NAO were involved both in the Financial and IT Audit of the organisation.

Audit of SADC for the year 2013-14

The Council of Ministers of SADC at its Meeting in Lilongwe, Malawi in August 2013 appointed Mauritius as the Chairperson of the SADC Board of Auditors for the year 2013-14 in accordance with the Rotation Policy for External Audit. Other Board members were Namibia and Mozambique.

The SADC Board of Auditors for financial year 2013-14 was chaired by the Director of Audit, Head of SAI Mauritius. As Chairperson, she administered and coordinated the audit of the SADC. Three senior Officers of the NAO were also involved in the audit as Team Leader and members of the SADC Board of Auditors.

The planning for the audit started in early March 2014 and the audit at SADC Headquarters in Botswana was carried out during the months of May and June 2014. The Report to Management and the Audit Opinion were signed at the SADC Secretariat Headquarters on 17 July 2014. The Council adopted the report in August 2014 and commended the Auditors General of Mauritius (Chairperson), Namibia and Mozambique for their contributions towards SADC.

To address concerns raised in the Auditor's Report, the Council of Ministers established a Task Force comprising the Troika, a Member of the Board of Auditors and the Chair of the Finance Sub Committee. The Task Force including the outgoing Team Leader has been meeting since October 2014.

The Chairmanship of the SADC Board of Auditors was handed over by Mauritius to Namibia during an official ceremony held in Namibia, in November 2014.

Financial Performance

Revenue for the NAO comprises audit fees charged to Local Authorities, Statutory Bodies, Special Funds and Other Bodies and it is credited to the Consolidated Fund and disclosed in the Statement of Income Payable to the Consolidated Fund. Audit fees for the year 2014 amounted to Rs 15.8 million. Ministries and Government Departments are not charged any fees for the audit of their accounts.

Our expenses are totally borne by Government. Provisions of Rs 133.9 million were made in 2014 under the National Audit Office's Vote in the Government Budget, approved by the National Assembly, and accounted as Government Grants. Additional funds amounting to Rs 8.3 million were also provided under other Votes in respect of passage benefits, refund of sick leave, annual bonus and capital and other expenditure. Total grants thus amounted to Rs 142.2 million.

Of the total provisions, Rs 2.4 million were incurred for capital expenses, Rs 0.3 million for commitments of last year and Rs 4.2 million were unutilized resulting in a net recurrent grant of Rs 135.3 million. This net grant along with Rs 1.4 million apportioned from deferred income made up the total income of Rs 136.7 million.

The total expenditure for 2014 amounted to Rs 136.7 million and included mainly staff costs of Rs 125.4 million and Rent and Utilities of Rs 6.2 million. There has been a decrease of Rs 1.3 million compared to the total expenditure of Rs 138.0 million in 2013. The decrease is mainly attributed to the fact that exceptionally in 2013, the NAO spent Rs 1.7 million in hosting the 10th Annual Meeting of the African Organisation of English speaking Supreme Audit Institutions (AFROSAI-e).

Financial Position

NAO's financial position as of 31 December 2014 showed an increase of Rs 5.8 million in Total Assets. This was mainly due to increase in receivables in respect of bank sick leaves of Rs 1.4 million and staff car loan of Rs 3.8 million. It should be noted that all assets represent contributions by Government and are thus also shown as liabilities or Capital Grants.

Learning and Development

Capacity Building

As a professional organisation, we believe in the training and development of our staff. In a challenging public spending environment we continuously invest in our people so as to enhance their capacity and ensure that they have the opportunity to develop.

Total expenditure incurred by NAO during 2014 on staff training amounted to some Rs 1.4 million. Training was carried out both locally and overseas, and related mainly to auditing and accounting issues. Overseas training were fully or partly sponsored by various overseas organisations, and in the absence of necessary information, we could not quantify this non monetary assistance to NAO.

During 2014, a total of 15 NAO Officers went abroad to attend seminars, workshops and courses. These were organized by the African Organization of English Speaking Supreme Audit Institutions (AFROSAI-E), the Indian Technical and Economic Cooperation (ITEC), the Malaysian Technical Cooperation Programme (MTCP) and INTOSAI Development Initiative (IDI). Cost, involved in the training of five of these Officers, was fully met from sponsorship. Table 4 gives details of these overseas training.

NAO staff also attended 14 training sessions held locally during 2014. Training organised by NAO was delivered by in-house, as well as foreign resource persons. Details are at Table 5.

Highlights in capacity building are:

- Workshops on IT Audit and on International Public Sector Accounting Standards (IPSAS) organised by NAO in September and November 2014, respectively, and conducted by foreign experts. All Audit Staff attended the training sessions.

- Performance Audit Workshops hosted and organised by NAO in collaboration with AFROSAI-E, in March and October 2014 at Hennessy Park, Ebene. The first session was of a duration of two weeks and the second for one week.

- Four Officers attended three training courses, each of a duration of some 25 days, under the ITEC Programme in India.

Table 4 Overseas Workshops Attended by Staff during 2014

	Course Title	Organised by	Staff Attending	Duration
1.	Performance Audit	MTCP Malaysia	1	16 to 27 June
2.	Training of Champions for SAI/ PAC Relations	AFROSAI-E South Africa	1	23 to 25 July
3.	Management Development Programme for Senior Managers	AFROSAI-E South Africa	2	25 to 29 August
4.	Audit of Public Debt and other Fiscal Governance Related Matters	AFROSAI-E South Africa	1	18 to 22 August
5.	IT Audit	MTCP Malaysia	1	18 to 29 August
6.	Auditing in an IT Environment	ITEC India	1	4 to 29 August
7.	Audit of Public Sector Enterprises	ITEC India	2	15 Sept to 10 October
8.	Audit of E- Governance	ITEC India	1	24 Nov to 19 December
9.	Global Programme on IT Audit	IDI Poland	3	8 to 12 December
10.	Workshop on Technical Update	AFROSAI-E South Africa	2	12 to 14 November
	TOTAL		**15**	

MTCP : Malaysian Technical Cooperation Programme

ITEC : Indian Technical and Economic Cooperation

IDI : INTOSAI Development Initiative

Table 5 Local Training of Staff during 2014

	Course Title	Organized by	Staff Attending	Month	Duration
1.	Risk Management Challenges in Mauritius and Region	External	2	January	1 day
2.	Ergonomics and Safe use of Computers	Min of Civil Service Affairs	2	January	1 day
3.	IS Audit	NAO	40	April	1 day
4.	Digital Service Adoption Framing the Right Ecosystem	Ministry ICT	4	April	0.5 day
5.	Leading your Company, Leading your Workforce	NPCC	6	April	1 day
6.	IT Project Management	NAO	44	May	0.5 day
7.	Suicide Prevention, Stress Management and Positive Living	Min. of Social Security	2	June	1 day
8.	IPSAS	Min of Local Government	5	July	2 days
9.	Training course for Temporary Examiner of Accounts	NAO	15	August	5 days
10.	The Future of Digital Banking and Payments	Ministry ICT	2	September	1 day
11.	IT Audit	NAO	All staff	September	2 days
12.	IPSAS	NAO	All staff	November	2 days
13.	Performance Audit	AFROSAI-E & NAO	10	March & October	15 days
14	Habits of Highly Effective People	NAO	All staff	November	1 day

AFROSAI-E Workshop on Performance Audit in Mauritius

The NAO conducts Performance Audit in accordance with the AFROSAI-E methodology and has, therefore, adopted AFROSAI-E Performance Audit Manual since 2012. In this context, during 2014, a Regional Course on Performance Audit was organised by AFROSAI-E in Mauritius in collaboration with NAO.

The objective of this course was to enhance the theoretical understanding of the staff of NAO and other SAIs in the region so as to enable them to carry out Performance Audits. The AFROSAI-E 3-module Performance Audit Course comprises the Basic Module, Pre-Study Module and the Main Study Module. The Basic Module was conducted in-house by the different SAIs, and for NAO it was in November 2013.

In March and October 2014, respectively, the Pre-Study and Main Study Modules of the Course were conducted in Mauritius. A total of 28 participants from seven SAIs from Africa, including 10 from NAO Mauritius attended the ten days' and five days' Courses, respectively. Six Facilitators were involved in the workshop, namely, two Senior Officers of NAO and four foreign experts from AFROSAI-E and Canadian Comprehensive Auditing Foundation.

At the end of the course, a test was carried out to assess the knowledge of the participants. All participants were successful and received Diplomas. Certificate of Achievement were also issued to all the Facilitators.

Workshop on IT Audit

The increasing use and reliance on Information Technology (IT) in the operations of Government/ Public Bodies has accordingly enhanced the importance of IT Audits. In view of the complexity of IT Audit exercise, there is need to enhance staff capacity in that field.

The NAO organized a two day workshop on IT Audit on 29 and 30 September 2014 at the Mauritius Examinations Syndicate (MES). The workshop was delivered by Dr *K. Rama SUBRAMANIAM KUNJIDAPADAM,* IT Consultant from Abu Dhabi. The workshop covered a wide range of topics including Risk Based IT Auditing, Audit of IT Controls and Network Infrastructure Security.

Workshop on IPSAS

Our statutory responsibilities include audit of accounts of public bodies, most of which are required to comply with International Public Sector Accounting Standards (IPSAS) and some with International Financial Reporting Standards (IFRS).

It is therefore important for our staff to keep up to date with latest developments in these standards. With this objective, the NAO organised a two day workshop on IPSAS and IFRS for all its staff on 4 and 5 November 2014 at Ebene. The workshop was conducted by *Mr Bruce MACKENZIE* and *Mr Blaise COLYVAS* from W Consulting. It covered recent changes in IPSAS as well as developments in IFRS.

Workshop on The Seven Habits of Highly Effective People

The NAO organised on 12 November 2014, a workshop on "The Seven Habits of Highly Effective People", at the BPML Cyber Tower 1 Conference Hall, Ebene. The workshop was conducted by Mr *Cyril CHEE KIM LING*, Director, Franklin Covey- Mauritius.

The Seven Habits help people working in organizations to change the fundamental way they approach their jobs, relationships, and even problems and opportunities by:

- Breaking common ineffective behaviours and tendencies;
- Creating high levels of trust; and
- Developing strong interdependent relationship

Once people see and think differently, they act differently and these actions produce superior results. We have been apprised how the seven habits can benefit us and increase our effectiveness in dealing with challenges facing us in today's business environment.

Corporate Social Responsibility

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

The employees of the NAO are diverse, multi-cultural and talented people and the NAO is committed to help in their development. NAO has established core values which provide a code of conduct for our staff members. The NAO encourages all its staff members to be good citizens and strive to become social assets to their local communities.

The NAO operates within regulations pertaining to the public sector and like all Government Bodies, it does not have a budget for corporate social responsibility. In this respect, the NAO staff has set up, since the early 1980s, its own fund known as the NAO Welfare Fund.

The NAO Welfare Fund

The objects of the NAO Welfare Fund are to carry out activities to promote the welfare of its members and their families. The Fund is administered by a Managing Committee, composed of nine members to be elected each year at the Annual General Meeting. The monthly subscription fees of each member constitute the revenue of the Fund.

Over the years, the Fund has organized various social and welfare activities to promote wellness and help staff members to achieve balance.

In December, the Fund hosted an evening with supper and refreshments at a hotel resort on the west coast. A majority of staff was thus able to share some good moments outside the office with fellow colleagues in this festive season. The end of year function has become a regular feature.

Conscious of its social role, the Fund also organised a charitable visit to an orphanage in Quatre Bornes. Representatives of the Fund presented some commodities to the residents who were mostly children under 10 years old. The children were very pleased with the gifts and expressed their gratitude for the kind attention given to them. The members of the Fund felt great satisfaction in contributing to the welfare of the children

Financial Statements and Reports

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

The National Audit Office (NAO) has prepared financial statements for financial year 2014 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; and
- 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 she has complied with the above requirements in preparing the financial statements for financial year 2014.

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

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

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

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

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

Kwee Chow Tse Yuet Cheong (Mrs)

Director of Audit

Independent Auditors' Report

KPMG

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INDEPENDENT AUDITORS' REPORT – NATIONAL AUDIT OFFICE

Report on the Financial Statements

We have audited the financial statements of National Audit Office (the "Company"), which comprise the statement of financial position at 31 December 2014, the statement of outturn, the statement of financial performance, the statement of income payable to the Consolidated Fund, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 70.

Responsibility of the Director of Audit for the Financial Statements

The Director of Audit is under no statutory obligation to prepare financial statements for the National Audit Office. However, these financial statements have been prepared in terms of the requirements of International Standards for Supreme Audit Institutions (ISSAI) 20 and 21 - Principles of transparency and accountability and by applying International Public Sector Accounting Standards.

The Director of Audit is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We report our opinion as to whether the financial statements properly present the financial performance, financial position and cash flows of the National Audit Office, and whether in all material respects the financial performance, financial position and cash flows have been applied to the purposes intended by The National Assembly and conform to the authorities which govern them.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the National Audit Office preparation and fair presentation of the financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director of Audit, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT – NATIONAL AUDIT OFFICE (CONTINUED)

Report on the Financial Statements (continued)

Opinion

In our opinion,

- the financial statements properly present the financial performance, financial position 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.

Other matter

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.

KPMG
Ebène, Mauritius

Subhas Purgus
Licensed by FRC

Date: 30 July 2015

National Audit Office

Financial Statements

For the Financial Year Ended 31 December 2014

8 July 2015

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Statement of Outturn

for the financial year ended 31 December 2014

	Programme I - Statutory and Regularity Audit		Programme II- Performance Audit		**Total**	
	Revised Budget	**Actual Expenditure**	**Revised Budget**	**Actual Expenditure**	**Revised Budget**	**Actual Expenditure**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Salaries and Allowances	91,969,000	89,976,090	10,155,000	10,096,682	102,124,000	100,072,772
Travelling and transport	16,725,000	15,770,602	2,150,000	2,125,018	18,875,000	17,895,620
Overtime	205,000	189,458	-	-	205,000	189,458
Cost of utilities	1,560,000	1,389,613	10,000	10,000	1,570,000	1,399,613
Rental of Building	4,355,000	4,352,209	-	-	4,355,000	4,352,209
Rental of parking	465,000	461,600	30,000	20,000	495,000	481,600
Equipment and Furniture	940,000	928,600	-	-	940,000	928,600
Maintenance	900,000	619,963	-	-	900,000	619,963
Printing and Stationery	320,000	291,855	25,000	22,849	345,000	314,704
Books and Publication	210,000	174,473	15,000	12,620	225,000	187,093
Fees for training and consultants	1,395,000	1,182,148	200,000	171,069	1,595,000	1,353,217
Refund of Subscription Fees	582,000	580,346	108,000	105,648	690,000	685,994
Membership fees	375,000	273,365	-	-	375,000	273,365
Mission Abroad	900,000	705,043	-	-	900,000	705,043
Sundry Expenses (less than Rs 100,000)	250,000	209,596	15,000	15,000	265,000	224,596
Total	**121,151,000**	**117,104,961**	**12,708,000**	**12,578,886**	**133,859,000**	**129,683,847**

Outturn for the financial year 2014 has been presented on a cash basis. Reasons for variances between budgets and outturns are explained on page 53.

Statement of Income Payable to the Consolidated Fund

for the financial year ended 31 December 2014

	Budget Rs	Outturn Rs
Audit fees payable to the Consolidated fund	10,500,000	15,779,214
Audit fees due at 1 January 2014	-	2,187,500
Audit fees due at 31 December 2014	-	(1,630,000)
Audit fees received during 2014	**10,500,000**	**16,336,714**

Statement of Financial Performance

for the financial year ended 31 December 2014

	Note	Year ended 31 December 2014 Rs	Year ended 31 December 2013 Rs
Revenue			
Appropriation from Consolidated Fund	15	**135,247,441**	136,259,498
Deferred income		**1,426,640**	1,738,864
Total Revenue		**136,674,081**	137,998,362
Expenses			
Staff costs	16	**125,416,471**	125,601,653
Training	17	**1,364,617**	172,690
Mission Abroad	18	**705,043**	1,204,477
Rent and utilities	19	**6,217,563**	6,208,462
Miscellaneous Expenses		**-**	1,719,069
IT expenses		**424,463**	157,662
Supplies and Consumables		**845,919**	875,392
Subscriptions to International Organisations		**273,365**	320,093
Depreciation and Amortisation		**1,426,640**	1,738,864
Total Expenses		**136,674,081**	137,998,362
Surplus/Deficit for the period		-	-

The notes to the accounts from page 55 to 70 form part of the financial statement.

Statement of Financial Position

at 31 December 2014

	Note	Year ended 31 December 2014	Year ended 31 December 2013
ASSETS		**Rs**	**Rs**
Current assets			
Short term car loans	8	**4,710,198**	3,824,723
Trade receivables	6	**1,630,000**	2,187,500
Other receivables	7	**3,291,965**	2,839,957
Inventories		**66,779**	39,404
		9,698,942	8,891,584
Non-current assets			
Car loan receivables	8	**16,413,690**	13,477,929
Long term receivables	9	**40,875,591**	38,430,899
Property, plant and equipment	10	**5,541,268**	5,810,512
Intangible assets	11	**309,455**	471,956
		63,140,004	58,191,296
Total assets		**72,838,946**	67,082,880
LIABILITIES			
Current liabilities			
Short term car loans	8	**4,710,198**	3,824,723
Trade and other payables	12	**4,988,744**	5,066,862
		9,698,942	8,891,585
Non-current liabilities			
Car loan payables	8	**16,413,690**	13,477,929
Sick leave obligations	13	**33,701,234**	32,254,523
Passage benefit obligations	13	**7,174,357**	6,176,376
		57,289,281	51,908,828
Total liabilities		**66,988,223**	60,800,413
NET ASSETS		**5,850,723**	6,282,467
EQUITY			
Capital Grant	14	**5,850,723**	6,282,467
		5,850,723	6,282,467

………………………………

Mrs K.C.Tse Yuet Cheong

Director of Audit **Date: 8 July 2015**

The notes to the accounts from page 55 to 70 form part of the financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2014

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	**Rs**
Opening balance	**6,282,467**	6,849,117
Capital Grant	**2,417,396**	1,172,214
Deferred Income	**(1,426,640)**	(1,738,864)
Transfer of Motor vehicles	**(1,422,500)**	
Closing Balance	**5,850,723**	6,282,467

The notes to the accounts from page 55 to 70 form part of the financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2014

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	
Operating activities		
Surplus/Deficit for the period	**-**	-
Adjustments for:		
Deferred income	**(1,426,640)**	(1,738,864)
Depreciation	**1,264,139**	1,576,363
Amortisation	**162,501**	162,501
Change in trade and other receivables	**105,492**	(18,854)
Change in Inventories	**(27,375)**	74,708
Change in trade and other payables	**(78,117)**	(55,854)
Change in long term receivables	**(2,444,692)**	(7,246,470)
Change in Sick leaves and Passage benefit obligations	**2,444,692**	7,246,470
Cash flow used in operating activities	**-**	-
Investing activities		
Purchase of property, plant and equipment	**(2,417,396)**	(1,172,214)
Car Loans Granted to Staff	**(8,272,800)**	(11,520,400)
Loans Refunded to Accountant General	**(4,451,564)**	(4,377,557)
Cash used in investing activities	**(15,141,760)**	(17,070,171)
Financing activities		
Funds received for purchase of Non-Current Assets	**2,417,396**	1,172,214
Loans from Accountant General	**8,272,800**	11,520,400
Loans Repaid	**4,451,564**	4,377,557
Cash generated from financing activities	**15,141,760**	17,070,171
Change in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

Notes to Statement of Cash flows

Cash and Cash Equivalent

The cash and cash equivalent balance was nil as of 31 December 2013 and 2014.

Property, Plant and Equipment

During the financial year ended 31 December 2014, the NAO acquired Property, Plant and Equipment with aggregate cost of Rs 2,417,396 by means of Capital Grant from Government.
Cash payments of Rs 2,417,396 were made to acquire Property, Plant and Equipment.

The notes to the accounts from page 55 to 70 form part of the financial statements.

Statement of Budgeted, Actual Cash and Actual Based Amounts
for the financial year ended 31 December 2014

	Original Budget Rs	Revised Budget Rs	Actual Received / Paid Rs	Financial Statements Rs
Revenue				
Audit fees	10,500,000	10,500,000	16,336,714	15,779,214
Expenditure				
Salaries , Allowances and Passage Benefits	102,204,000	102,124,000	100,072,772	106,719,244
Travelling and transport	18,850,000	18,875,000	17,895,620	17,751,792
Overtime	150,000	205,000	189,458	189,458
Staff welfare	50,000	50,000	50,000	50,000
Cost of utilities	1,595,000	1,570,000	1,399,613	1,383,754
Fuel and Oil	55,000	55,000	32,967	36,826
Rental of Building	4,355,000	4,355,000	4,352,209	4,352,209
Rental of parking	495,000	495,000	481,600	481,600
Equipment and Furniture	825,000	940,000	928,600	19,389
Office Sundries	85,000	90,000	87,146	87,146
Maintenance	900,000	900,000	619,963	619,963
Printing and Stationery	300,000	345,000	314,704	287,330
Books and publication	225,000	225,000	187,093	185,228
Fees for training and consultants	1,710,000	1,595,000	1,353,217	1,364,617
Refund of Subscription Fees	695,000	690,000	685,994	685,994
Inspection and Audit Fees	35,000	35,000	34,500	34,500
Uniforms	35,000	20,000	19,983	19,983
Accomodation Costs	20,000	15,000	-	-
Membership fees	375,000	375,000	273,365	273,365
Mission Abroad	900,000	900,000	705,043	705,043
Total Recurrent Expenditure	**133,859,000**	**133,859,000**	**129,683,847**	**135,247,441**
Total Expenditure Capitalised				
Computers and Laptops	-	-	-	772,420
Furniture	-	-	-	136,790
Office equipment	-	-	-	8,186
Total expenditure	**133,859,000**	**133,859,000**	**129,683,847**	**136,164,837**

Statement Showing reasons for variances between Original and Revised Budget
for the financial year ended 31 December 2014

Expenditure	Original Budget	Revised Budget	Variations	Comments
	Rs	Rs	Rs	
Salaries and Allowances	102,204,000	102,124,000	(80,000)	Vacant posts not filled
Travelling and transport	18,850,000	18,875,000	25,000	
Overtime	150,000	205,000	55,000	HRMIS Project
Staff welfare	50,000	50,000	-	
Cost of utilities	1,595,000	1,570,000	(25,000)	
Fuel and Oil	55,000	55,000	-	
Rental of Building	4,355,000	4,355,000	-	
Rental of parking	495,000	495,000	-	
Equipment and Furniture	825,000	940,000	115,000	New acquisition
Office Sundries	85,000	90,000	5,000	
Maintenance	900,000	900,000	-	
Printing and Stationery	300,000	345,000	45,000	Additional stationeries
Books and publication	225,000	225,000	-	
Fees for training and consultants	1,710,000	1,595,000	(115,000)	
Refund of Subscription Fees	695,000	690,000	(5,000)	
Inspection and Audit Fees	35,000	35,000	-	
Uniforms	35,000	20,000	(15,000)	
Accomodation Costs	20,000	15,000	(5,000)	
Membership fees	375,000	375,000	-	
Mission Abroad	900,000	900,000	-	
Total	**133,859,000**	**133,859,000**	**-**	

Statement showing Reconciliation of Actual Cash Flows with Financial Statements
for the financial year ended 31 December 2014

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	**Rs**
Actual Recurrent Expenditure as per statement of Outturn	**129,683,847**	124,677,578
Commitment for the year	**208,225**	339,957
Advance- inventories-December last year	**39,404**	114,112
Non-budgeted items paid		
Sick leave annual payment-Supporting Staff	**-**	27,047
Fees paid by other Ministries to NAO-staff	**197,705**	548,201
Salary of supporting staff	**520,541**	483,470
Provisions		
Sick Leave provision	**2,266,351**	7,893,142
Passage Benefits obligations	**3,655,500**	3,657,636
Non-cash items		
Depreciation & Amortisation	**1,426,640**	1,738,864
	137,998,213	139,480,007
Commitment of last year-December	**(339,957)**	(270,026)
Inventories- December this year	**(66,779)**	(39,404)
Additions to PPE & Intangible Assets	**(917,396)**	(1,172,214)
Expenditure as per statement of Financial Performance	**136,674,081**	137,998,363

Notes to the Accounts

for the financial year ended 31 December 2014

Note 1. Reporting entity

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

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

Note 2. Basis of Preparation

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

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

The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period. They have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

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

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

The financial statements are presented in Mauritian Rupees.

Note 3. Adoption of IPSAS

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 January 2014 or later periods but which have not been early adopted. These new standards, amendments and interpretations are either not relevant to the NAO's operations or are not expected to have a material effect on the accounting policies and disclosures.

Note 4. Measurement Base

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

Note 5. Accounting Policies

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

(a) Revenue Recognition

Income

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

Government Grant

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

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

Audit Fees

Revenue from audit fees is recognized when the audit has been completed and is on a billable basis. All the audit fees collected for the audit of financial statements of statutory and non statutory bodies, Special Funds and local authorities, and from other assurance work are credited directly to the Consolidated Fund. NAO makes no charge for the audit of accounts of Government Ministries and Departments.

Note 5. Accounting Policies (continued)

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

(c) Trade and Other Receivables

Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts.

(d) Leased assets

NAO does not have any finance lease.

(e) Foreign currency transactions

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

(f) Employee Entitlements

Employee entitlements to salaries, pension costs, and other benefits are recognized when they are earned. Employees are allowed to accumulate sick leaves not taken at the end of each calendar year up to a maximum of 110 days, in a Sick Leave bank as at 31 December 2014. The balance of bank Sick Leave is valued at the end of the financial year and is recognised as Long Term payables. Beyond this ceiling of 110 days, officers are refunded part of the annual entitlement of sick leaves not taken at the end of every calendar year and is expensed to the Statement of Financial Performance.

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

Note 5. Accounting Policies (continued)

(f) Employee Entitlements (continued)

Other Post Employment Benefits

✓ Provision for accrued Vacation Leaves

No provision is made for the estimated liability for vacation leave as employee benefits for accumulated vacation leave can only be cashed in some cases.

✓ Retirement benefits

NAO is a pensionable office. As such officers of the NAO are entitled to a grant of pension on their retirement from the public service, in accordance with the Pension Act. The pension is now contributory and all pensions of civil servants are paid out of the Consolidated Fund on a pay-as-you-go basis. No specific pension fund is operated by Government and also individual accounts are not kept. On this basis no provision is made for the estimated liability for retirement benefits of employees.

✓ Civil Service family protection scheme

This scheme is established by the Civil Service Family Protection Scheme Act. Under this Act every public officer shall, from the date of his appointment, make a contribution to the Scheme at the rate specified in the Schedule, until he attains the age of 60 or optionally up to 65 years as provided in the PRB Report 2008 and still maintained in PRB 2013 or until he ceases to be a public officer. On the death of the contributor, his surviving spouse and children are granted a pension at the rate specified in the Act. The pension granted ceases on the death of the surviving spouse or remarriage.

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

(g) Property, plant and equipment (PPE)

Recognition and measurement

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

Note 5. Accounting Policies (continued)

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

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

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

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

Depreciation

Depreciation is calculated on a straight-line basis to recognise the consumption of economic benefits of an asset over its useful life. Depreciation methods, useful lives and residual values are reviewed at each reporting date. A full year's depreciation is provided for assets purchased between 1 January and 30 June of each year and no depreciation provided for those assets purchased between 1 July and 31 December.

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

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

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

(h) Intangible Assets

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

Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price or 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.

Note 5. Accounting Policies (continued)

(h) Intangible Assets (continued)

Amortisation

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

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

(i) Financial Instruments

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

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

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

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

(j) Inventories

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

(k) Capital Grant

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

(l) Statement of Cash Flows

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

Note 5. Accounting Policies (continued)

(m) Operating Lease Obligations

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

NAO entered into a five year operating lease for office space at Air Mauritius Centre in July 1998, with the lease taking effect from July 1998 that was extended to 2009. A new contract was signed in 2009 for a further five years with a monthly rental of Rs 361,790. Operating lease payments for the financial year ending December 31, 2014 totalled Rs 4,352,209. Obligations payable after balance sheet date on non-cancellable operating leases are as follows:

	Amount Rs
Less than One Year	4,352,209
Later than one Year and not more than Five Years	19,696,492
Later than Five Years (*)	30,692,914
Total Operating Lease Obligations	54,741,615

* It is assumed that the NAO would renew its operating lease agreement with Air Mauritius Ltd five years after to continue to stay in its present premises in Port Louis.

(n) Taxation

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

(o) Provisions and Contingent Liabilities

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

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

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

Note 5. Accounting Policies (continued)

(p) Risk Management Policies

Financial risks

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

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

Credit risk

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

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

Currency risk

NAO is not exposed to any currency risk.

Interest rate risk

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

(q) Reclassifications

Certain reclassifications have been made to the financial statements for the financial year ended 31 December 2014 to conform to the current period presentation. The reclassifications had no effect on the previously reported surplus.

(r) Events after the Statement of Financial Position date

There were no major events after the Statement of Financial Position date.

(s) Employee Disclosure.

As at December 31, 2014, NAO had 178 full-time employees, out of which 18 are non-technical staff.

Note 5. Accounting Policies (continued)

(t) Key Management Personnel

The key personnel of NAO includes the Director of Audit, Deputy Directors, Assistant Directors and a Head of Examiner who are responsible for operating the various activities of the organisation. They are remunerated by NAO. The aggregate remuneration of key management personnel was Rs 13.3 million for the financial year 2014.

Employee Benefits accrued for accumulated sick leave and passage benefit to the key management personnel amounted to Rs 5.1 million and Rs 1.1 million as at 31 December 2014 respectively. During the financial year ended 31 December 2014, Passage benefits were only paid to six key personnel and the former Director of Audit for a total amount of Rs 652,908.

(u) Related Parties

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

All eligible officers at NAO are granted duty free facilities and loans for purchase of a car as prescribed in the PRB reports. Total car loans balances due by NAO officers stood at Rs 21.1 million at 31 December 2014 against Rs 17.3 million last year.

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

Note 6. Trade Receivables

Trade receivables represent audit fees claimed and outstanding at the date of the Statement of Financial position.

Note 7. Other Receivables

	Year ended 31 December 2014	**Year ended 31 December 2013**
	Rs	**Rs**
Bank Sick Leaves Short Term	**583,740**	**-**
Passage Benefits	**2,500,000**	2,500,000
Debtors –Sundries	**208,225**	339,957
	3,291,965	2,839,957

Notes to the Accounts

for the financial year ended 31 December 2014

Note 8. Car Loan Receivables

Car Loans Receivables	**Year ended 31 December 2014**	**Year ended 31 December 2013**
	Rs	**Rs**
Opening Balance	**17,302,652**	10,159,809
Loan Granted during the Year	**8,272,800**	11,520,400
Refunds	**(4,451,564)**	(4,377,557)
Closing balance	**21,123,888**	17,302,652

Analysed as follows:

Short Term	**4,710,198**	3,824,723
Long term	**16,413,690**	13,477,929
	21,123,888	17,302,625

Note 9. Long term receivables

	Year ended 31 December 2014	**Year ended 31 December 2013**
	Rs	**Rs**
Bank Sick Leaves	**33,701,234**	32,254,523
Passage Benefit -Long Term	**7,174,357**	6,176,376
	40,875,591	38,430,899

Notes to the Accounts
for the financial year ended 31 December 2014

Note 10. Property, Plant and Equipment

	Year ended 31 December 2014					*Year ended 31 December 2013*				
	Computer Equipment	**Motor Vehicles**	**Furniture and Fittings**	**Office Equipment**	**Total**	*Computer Equipment*	*Motor Vehicles*	*Furniture and Fittings*	*Office Equipment*	*Total*
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	Rs	Rs	Rs	Rs	*Rs*
Opening NBV	**2,600,138**	**2,765,000**	**143,186**	**302,188**	**5,810,512**	2,637,840	3,300,000	173,664	103,157	6,214,661
Additions	**772,420**	**1,500,000**	**136,790**	**8,186**	**2,417,396**	857,464	-	5,450	309,300	1,172,214
Disposal	**-**	**(1,422,500)**	**-**	**-**	**(1,422,500)**	-	-	-	-	-
Depreciation	**(798,702)**	**(357,500)**	**(38,344)**	**(69,594)**	**(1,264,140)**	(895,166)	(535,000)	(35,928)	(110,269)	(1,576,363)
Closing NBV	**2,573,856**	**2,485,000**	**241,632**	**240,780**	**5,541,268**	2,600,138	2,765,000	143,186	302,188	5,810,512
Cost	**12,543,472**	**3,290,000**	**496,076**	**696,330**	**17,025,878**	11,771,052	4,280,000	359,286	688,144	17,098,482
Accumulated Depreciation	**(9,969,616)**	**(805,000)**	**(254,444)**	**(455,550)**	**(11,484,610)**	(9,170,914)	(1,515,000)	(216,100)	(385,956)	(11,287,970)
NBV	**2,573,856**	**2,485,000**	**241,632**	**240,780**	**5,541,268**	2,600,138	2,765,000	143,186	302,188	5,810,512

Notes to the Accounts
for the financial year ended 31 December 2014

Note 11. Intangible Assets

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	**Rs**
Opening NBV	**471,956**	634,457
Additions	**-**	-
Disposal	**-**	-
Depreciation	**(162,501)**	(162,501)
Closing NBV	**309,455**	471,956
Cost	**4,577,740**	4,577,740
Accumulated Depreciation	**(4,268,285)**	(4,105,784)
Net Book Value	**309,455**	471,956

Note 12. Trade and other payables

The ‘Audit fee payable to Consolidated Fund represents audit fees that have already been claimed to auditees and, as a revenue to Government, is payable on its receipts, to the Accountant General. Suppliers and accrued charges include invoices received from suppliers not yet settled and obligations to suppliers for services performed not yet invoiced. Sick Leave short term represents amount payable on retirement of officers and Passage Benefits are released upon application from officers.

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	**Rs**
Audit fee payable to Consolidated Fund	**1,630,000**	2,187,500
Travelling and transport	**22,300**	166,128
Telephone	**16,738**	13,849
Electricity	**79,023**	89,587
Publications	**8,065**	9,930
Fuel and oil	**6,022**	2,163
Fees for training	**11,400**	-
Sick Leaves Short Term	**583,740**	-
Passage benefits	**2,500,000**	2,500,000
Advance for purchase of inventories	**66,779**	39,404
Contribution to National Savings Fund	**64,677**	58,301
	4,988,744	5,066,862

Notes to the Accounts

for the financial year ended 31 December 2014

Note 13. Non-current liabilities

The non-current liabilities include Sick Leave and Passage Benefits accrued to staff as provided in the PRB Report as referred to in Note 5(f) “Employee entitlements” above. To the extent that claims for payments of Passage Benefits have been received and it is foreseen that staff would retire, the amounts so payables for Passage Benefits and sick leaves are transferred to Trade and other payables under Current Liabilities.

Note 14. Capital Grants

	Year ended 31 December 2014	**Year ended 31 December 2013**
	Rs	**Rs**
Opening balance	**6,282,467**	6,849,117
Capital Grant	**2,417,396**	1,172,214
Deferred Income	**(1,426,640)**	(1,738,864)
Transfer of Motor vehicles	**(1,422,500)**	-
Closing Balance	**5,850,723**	6,282,467

Note 15. Revenue from Consolidated Fund

	Year ended 31 December 2014	**Year ended 31 December 2013**
	Rs	**Rs**
Provision from estimates	**133,859,000**	120,312,000
Contingencies Fund	**-**	5,615,000
Sick leaves	**2,266,351**	7,893,142
Passage benefits	**3,655,500**	3,657,636
Capital Expenditure incurred by Ministry of Finance and Economic Development	**1,500,000**	-
Salary of supporting staff	**520,540**	510,517
Commitments for the year	**208,225**	339,957
Income from other Ministries	**197,705**	548,201
Advance Inventories-last year	**39,404**	114,112
	142,246,725	138,990,565
Less:		
Capital expenditure out of recurrent	**2,417,396**	1,172,214
Commitments of last year	**339,957**	270,026
Provision from Estimates returned to Consolidated Funds	**4,175,152**	-
Provision returned to Contingency Fund	**-**	1,249,423
Inventories- December 2014	**66,779**	39,404
	6,999,284	2,731,067
	135,247,441	136,259,498

Note 16. Staff Costs

The monthly average salary, bonus and allowances and Travelling and Transport for the financial year ended 31 December 2014 amounted to Rs 10.1 million and was same as last financial year ended 31 December 2013.

	Year ended 31 December 2014	**Year ended 31 December 2013**
	Rs	**Rs**
Salaries, Bonus and allowances	**103,063,744**	**104,115,031**
Passage benefits	**3,655,500**	**3,657,636**
Travelling and transport	**17,751,792**	**16,939,416**
Overtime	**189,458**	**149,090**
Staff welfare	**50,000**	**50,000**
Uniform	**19,983**	**17,628**
Annual subscription to professional bodies	**685,994**	**672,852**
	125,416,471	**125,601,653**

Note 17. Training

Training costs include amount spent on local and overseas training of staff. 15 officers attended ten workshops and seminars overseas for a total cost of Rs 302,165. In addition, AFROSAI-E, ITEC and other overseas organisations sponsored partly and fully the costs of overseas training of ten officers and five officers respectively. In the absence of necessary information, we could not measure this non-monetary assistance to us.

Note 18. Missions Abroad

During the financial year 2014, seven NAO officers went abroad to attend official missions. Two of these officers were assigned to audit the accounts of Mauritian Embassies abroad. NAO incurred expenditure of some Rs 700,000.

Notes to the Accounts
for the financial year ended 31 December 2014

Note 19. Rent & Utilities

	Year ended 31 December 2014	Year ended 31 December 2013
	Rs	**Rs**
Rent of Building	**4,352,209**	4,352,209
Electricity Charges	**1,022,783**	1,011,734
Telephone	**360,971**	354,619
Rental of Parking Slot	**481,600**	489,900
	6,217,563	6,208,462

Note 20. Reconciliation of Original Budget and Revised Budget

Basically, expenditure is approved in annual Government Budget. The original budget for the financial year 2014 amounted to Rs 133.9 million and no additional funds were needed during the financial year.

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

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

The Statement of Comparison of Budgeted and Actual Amounts at page 52 shows the budgetary results reconciled with the results after IPSAS adjustments for the period as reported in the financial statements. IPSAS adjustments are accounting entries required to conform to IPSAS and are not Part of the NAO's budgetary reporting. These adjustments principally concern accrual accounting relating to expenses and revenues, property, plant and equipment and related amortization, depreciation and impairment together with provisions deemed necessary.

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

a) In budget accounting, revenue is required to cover all committed expenditures. In accrual accounting, revenue and expenses only includes amounts corresponding to amounts accruing to the period. The difference is treated as deferred revenue or expenses in accrual accounting.

b) In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting this expense is capitalised and depreciated over the useful lives of the assets. These capital expenditures and associated depreciation are recorded at their net value as assets in the Statement of Financial Position. Depreciation expense is recorded in the Statement of Financial Performance.

c) In budget accounting, expenditure for employee benefits is accounted for on a pay as you go basis as is the case for payments of pensions on retirement. In accrual accounting, the expense is estimated by an actuary in accordance with a methodology set out in accounting standards. Basically, the pension and post-employment benefits obligation is to be reported in the Statement of Financial Position. In the absence of a professional valuation and necessary facts and figures, we have not done any accounting estimates for the NAO pension liabilities.

d) In budget accounting, audit fees are recorded during the financial year 2014 on a cash basis. In accrual accounting these audit fees are recorded as revenue when the client is billed and adjusted by provisions for bad debts.

Note 22. Segment information

Segment information is based on the principal activities and sources of financing of the NAO. Both Programmes I and II of the Budget are financed by Government. Whenever possible, accrual adjustments are allocated to revenues and expenses by segment. Owing to the nature of the activities of the NAO, its assets and liabilities are jointly used by the segments, and are not separately disclosed.