

NATIONAL AUDIT OFFICE



REPUBLIC OF MAURITIUS

**ACTIVITY AND PERFORMANCE REPORT
FOR THE FINANCIAL YEAR
1 JULY 2016 TO 30 JUNE 2017**

NATIONAL AUDIT OFFICE

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October 2017

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Foreword

On behalf of the National Audit Office (NAO), the Supreme Audit Institution (SAI) of Mauritius, I am pleased to present the NAO Activity and Performance Report 2016-17.

As part of a process for modernizing public financial management system, amendment was made to the Finance and Audit Act in 2015 and as from 2016-17, every Government Ministry/Department is required to submit, not later than 31 October of every year, an Annual Report on its Performance to the Minister responsible for Finance.



NAO has been reporting on its own performance for many years, though it was not mandatory. We have submitted to the National Assembly, our audited Financial Statements since 2000-01 and as from 2006-07, our annual Activity Reports. We consider it important to lead by example and abide by the principles of accountability and transparency in our own governance and practices in order to promote good governance in the management of public affairs, and to enhance accountability and transparent administration in the public sector.

This report includes a summary of NAO's operational and financial performance, activities and achievements as well as our financial statements which are subject to external independent audit. It also meets the requirements of the International Standards for Supreme Audit Institutions (ISSAI) 20 and 21 - Principles of Transparency and Accountability. The report also reflects NAO's contribution to the strengthening of accountability, transparency and integrity of Government and Public Entities as laid out in ISSAI 12 – The Value and Benefits of Supreme Audit Institutions – Making a difference to the lives of citizens.

We fulfilled our mission and mandate by providing independent assurance to the National Assembly on the proper accounting and use of public resources. We submitted the Audit Report for Ministries and Government Departments, as well as four Performance Audit Reports in February 2017. Overall, we completed 85 per cent of planned audits of public entities and issued their respective Audit Reports. In our endeavor to provide high quality audit services, we have facilitated during 2016-17 the continuous professional development of our staff so as to meet major challenges due to increasing complexities and continuous changes in financial reporting and auditing requirements.

NAO's achievements are the result of teamwork, professionalism and commitment of the staff of NAO. I would like to express my appreciation to all of them for the contribution made in the achievements of our goals.

The report will subsequently be laid before the National Assembly and thereafter, will be made available to other stakeholders and to the public on the website of the NAO.

KWEE CHOW TSE YUET CHEONG (MRS)
Director of Audit
National Audit Office
October 2017

The National Audit Office –Who We Are

The office of the Director of Audit is established by the Constitution of the Republic of Mauritius. The Director of Audit is the head of the National Audit Office (NAO), which constitutes the Supreme Audit Institution (SAI) of Mauritius in the international context. The Constitution provides for the appointment of the Director of Audit, her independence, security of tenure, as well as her authority and specific conditions of service.

Section 110 of the Constitution spells out the independence of the Director of Audit, providing that, in the exercise of her functions, the latter shall not be subject to the direction or control of any person or authority. Also, as per Section 93 of the Constitution, the Director of Audit cannot be removed from office before the legal retirement age except for inability to discharge the functions of her office, or for misbehaviour, and even that, only by the President acting on the recommendation of a Tribunal consisting 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 her staff are given protection from liability in the execution, in good faith, of their functions under the Act.

The NAO contributes in improving the public sector performance and accountability through independent reporting to Parliament or the appropriate authorities on the financial statements, operations and activities of Government/Public entities. It operates within regulations pertaining to the Public Sector, and to discharge her duties, the Director of Audit is supported by professional and experienced staff.

Our Audit Mandate

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

The Director of Audit is required to 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 of Private Companies, except in one case, 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.

Main provisions made in the Constitution and other Legislations are:

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 anybody corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.

The Finance and Audit Act, Section 16, provides that the Director of Audit shall satisfy herself 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.

The Director of Audit is also required as per the Act to carry out Performance Audit and 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 shall be audited by the Director of Audit. The Director of Audit shall state in her report to the Council, the work done by her and the scope and limitations of the audit and whether she has obtained all information and explanations that she has required. She is also required to report on

- any item of account which, in her opinion, is contrary to law;
- any loss or deficiency which, in her opinion, is wholly or partly due to the negligence or misconduct of any person;
- any sum which, in her 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 her 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.

Powers of Director of Audit - Access to Information

So as to enable the Director of Audit to discharge her duties, provisions have been made in the Constitution and other legislations to give NAO necessary access to required information.

Main provisions made are:

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

The Finance and Audit Act, Section 17, provides that in the exercise of her duties, the Director of Audit may

- call upon any public officer for any explanations and information which she may require in order to enable him to discharge her duties;
- with the concurrence of the head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on her 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 her 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 her 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.

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

Our Audit Reports

Financial statements for the Republic of Mauritius, the Rodrigues Regional Assembly, Statutory Bodies and Local Authorities are submitted to NAO for audit in accordance with the legal provisions made in the Constitution and various legislations, as detailed below. At the conclusion of the audit of these Government/Public entities, the NAO issues Audit Reports.

Ministries and Government Departments

Section 110 of the Constitution provides that the Director of Audit shall submit her reports to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.

As per the Finance and Audit Act, the Accountant-General is required, within six months of the close of every fiscal year, to sign and submit to the Director of Audit statements presenting fairly the financial transactions and financial position of Government on the last day of such fiscal year. For the Rodrigues Regional Assembly, the Commissioner responsible for the subject of Finance is required, within three months of the close of every fiscal year, to sign and submit to Director of Audit statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.

Section 20 of the Act also requires the Director of Audit to send, within eight months of the close of every fiscal 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 made under Section 20 before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by him presented to the National Assembly.

The Director of Audit may also send a Special Report on any matter incidental to her 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

As per the Local Government Act, the Chief Executive of every Local Authority, shall, within four months of the end of every financial year submit the approved financial statements to the Director of Audit.

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 her report on every Local Authority audited by her. The Local Authority shall consider the report of the Director of Audit at its next ordinary meeting or as soon as practicable thereafter and shall cause the certified financial statements and the report of the Director of Audit to be published in the Government Gazette within 14 days of their receipt by the Local Authority.

What's New?

1. Reporting on Performance by Ministries and Government Departments

The Finance and Audit (Amendment) Act 2015 (Act No. 1 of 2015) was enacted in March 2015 and it provided that, "Every department shall, not later than 31 October in every year, submit to the Minister (*of Finance*) a report on its performance in respect of the previous year and on its strategic direction in respect of the following 3 fiscal years."

Subsequently, in November 2016 the Ministry of Finance and Economic Development issued Circular No. 10 of 2016 of 18 November 2016 detailing the guidelines for the preparation of the Annual Report and outlining its structure. The first submission was stated to be in respect of fiscal year 2016-17.

2. Main Changes in Government and Statutory Bodies Accounting

Measures announced in the Budget Speech 2017-18 have been given legal enforceability by the Finance (Miscellaneous Provisions) Act 2017. The following is a summary of the main changes that will affect Government and Statutory Bodies Accounting.

(A) The Finance and Audit Act

Annual Statements of the Accountant-General

Section 19 of the Finance and Audit Act has been amended requiring the Accountant-General to submit to the Director of Audit statements *presenting fairly the financial transactions and financial position of Government* instead of statements *showing fully the financial position of Mauritius*. As such, the appellations of statements required under Section 19(3) have been changed and additional statements need to be prepared and included in the list of Annual Statements to be submitted to the Director of Audit.

Statement A

Formerly : Statement of assets and liabilities

Now : Statement of financial position, showing the assets and liabilities

Statement AA

Formerly : Statement receipts and payments

Now : Statement of financial performance, showing classification of expenses by function.

The following new statements will have to be prepared, in addition to some 20 existing ones:

- ✓ Statement AB - Statement of financial performance, specifying the nature of the expenses;
- ✓ Statement AC -Statement of changes in net assets or equity;

- ✓ Statement AD –Statement of cash flow, specifying the receipts and payments;
- ✓ Statement AE - Statement of comparison of budget estimates and actual amounts, showing classification of expenses by function;
- ✓ Statement AF- Statement of comparison of budget estimates and actual amounts specifying the nature of expenses.

The Annual Statements to be submitted up to the financial year 2021-22, shall be prepared, as far as possible, in compliance with the International Public Sector Accounting Standards (IPSAS). As from financial year 2022-23 and onwards, the financial statements should be prepared in compliance with IPSAS.

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

Submission of Annual Report

The Annual Report of a Statutory Body for the 18-month period 1 January 2016 to 30 June 2017 and for every subsequent financial years is required to be submitted to the auditor not later than four months after the end of every financial year by 31 October.

Fiscal Risks Emanating from Statutory Bodies

Every Statutory Body will have, in the preparation of the estimates, to ensure that it does not enter into financial obligations in excess of its present and future financial capacity.

Oversight by Parent Ministries

Every Statutory Body will have to mutually agree with its parent Ministry on, and have in place, a yearly performance agreement which shall include key performance indicators on its targeted output.

(C) The Financial Reporting Act

The following 16 Statutory Bodies, classified as Public Interest Entities in the First Schedule to the Financial Reporting Act, that were preparing financial statements in accordance with the International Financial Reporting Standards (IFRS) will have to prepare financial statements in accordance with International Public Sector Accounting Standards (IPSAS) effective from 24 July 2017.

- | | |
|---------------------------------------|-------------------------------------|
| 1. Agricultural Marketing Board | 9. Mauritius Meat Authority |
| 2. Beach Authority | 10. Mauritius Ports Authority |
| 3. Central Electricity Board | 11. National Transport Corporation |
| 4. Central Water Authority | 12. Road Development Authority |
| 5. Gambling Regulatory Authority | 13. Rose Belle Sugar Estate Board |
| 6. Irrigation Authority | 14. State Trading Corporation |
| 7. Mauritius Broadcasting Corporation | 15. Sugar Insurance Fund Board |
| 8. Mauritius Cane Industry Authority | 16. Wastewater Management Authority |

Formerly these 16 Statutory Bodies had to adopt Corporate Governance in accordance with the National Code of Corporate Governance. Now they will have to adopt and also to report on Corporate Governance.

3. New Audit Reporting Standards

ISSAIs reporting standards have been revised and are applicable for financial statements ending on or after 15 December 2016. The format of the audit report has been changed with a reclassification of the various headings and more extensive disclosure of auditor's responsibilities.

There is also a new requirement for auditors to disclose Key Audit Matters in audit reports of listed entities and this may also be applied on a voluntary basis for other audits. The rationale for only requiring the reporting of KAM for listed entities is derived from the material impact that such entities have on markets and economies as a whole. Given that the public sector is a significant participant of any economy and is responsible for maintaining and providing important functions that affect citizens, public sector auditors should also consider reporting KAM for auditees other than listed entities.

Our Vision, Mission and Core Values

Our Vision

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

Our Mission

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

We promote good governance in the management of public affairs by enhancing accountability and transparent administration in the public sector. We ensure that money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it.

We encourage innovation, teamwork and capacity building

Our Core Values

Maintain our independence and political neutrality

Observe a high level of professionalism and integrity

Show fairness, objectivity and impartiality in our work

Ensure confidentiality of materials/information provided to us

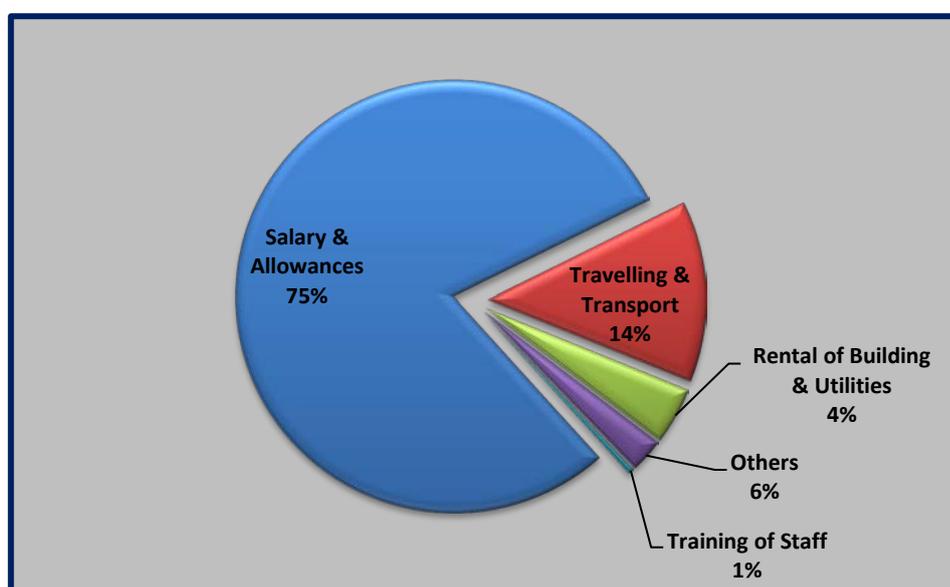
Honour the confidence of trust conferred on us

Organisation Set up and Our People

Human Resources

The Director of Audit heads the NAO Staff which comprised 196 officers, as at 30 June 2017. Expenditure incurred by NAO was mainly related to its personnel. During the year, 75 per cent of NAO total expenditure was incurred on Salaries and Allowances, 14 per cent on Travelling and Transport, one per cent on Training of Staff that is, a total of 90 per cent.

NAO Expenditure 2016-17



NAO staff consisted of

- ✓ 13 officers in the Senior Management Team
- ✓ 164 officers of the Auditing Grades, namely, 'Auditor Cadre' and 'Examiner of Accounts Cadre'
- ✓ 19 officers of the Administrative Grades
- ✓ 107 officers of the Auditing Grades (60 per cent) are qualified accountants, and the remaining officers are partly qualified or degree holders
- ✓ 114 officers of the female gender, representing 58 per cent

Details of officers in post, grade-wise and gender-wise are given below.

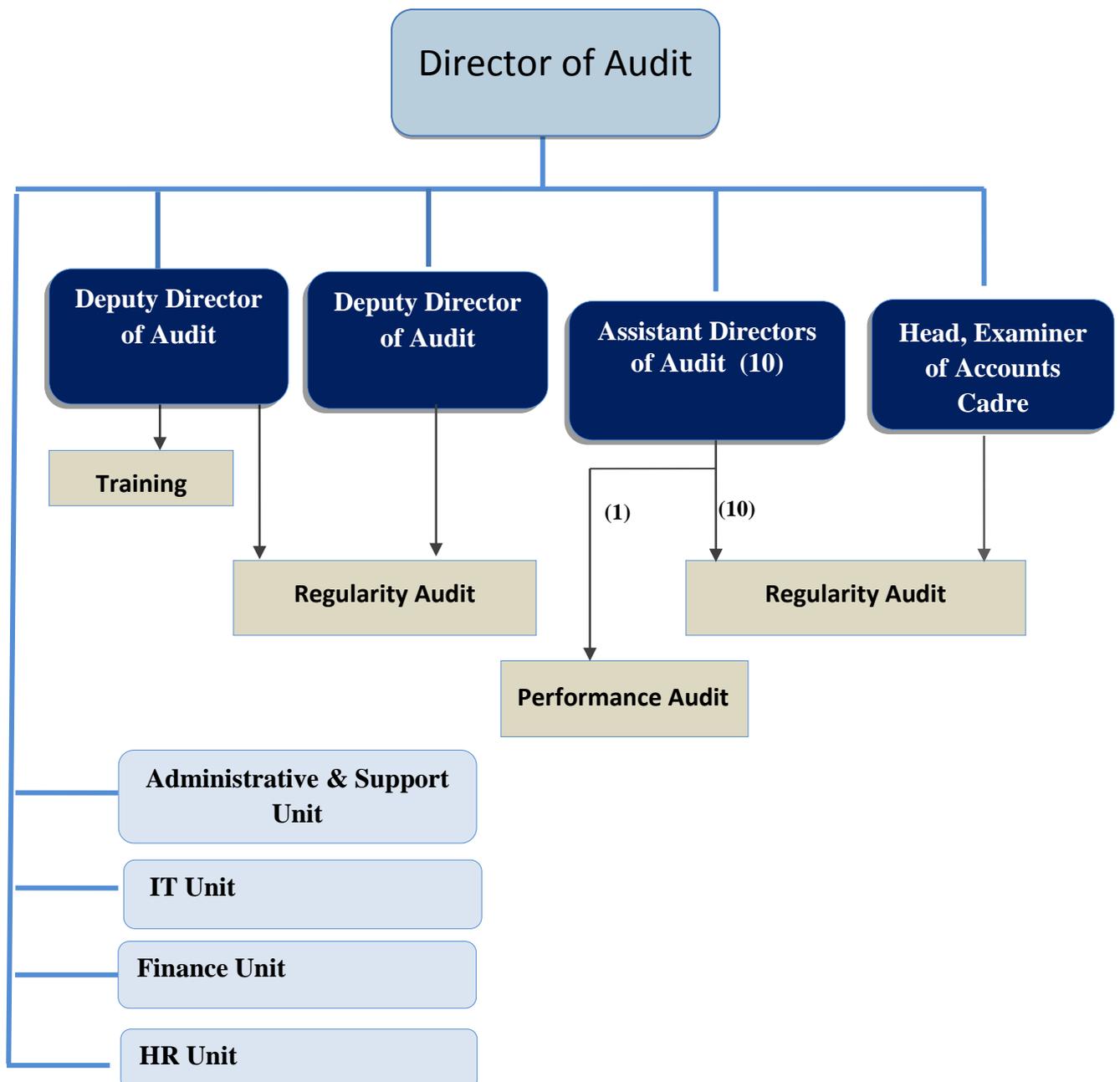
NAO Staff as at 30 June 2017

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	*6	3	9
Head, Examiner of Accounts Cadre	1	-	1
Auditing Grades			
<i>Auditor Cadre</i>			
Principal Auditor	*6	4	10
Senior Auditor	14	6	20
Auditor	11	19	30
<i>Examiner of Accounts Cadre</i>			
Deputy Head, Examiner of Accounts Cadre	-	1	1
Chief Examiner of Accounts	6	6	12
Deputy Chief Examiner of Accounts	11	6	17
Principal Examiner of Accounts	7	15	22
Examiner of Accounts/ Senior Examiner of Accounts	11	41	52
Total Staff – Senior Management & Auditing Grades	74	103	177
Administrative Grades			
Assistant Manager, Human Resources	-	1	1
Principal Financial Operations Officer	1	-	1
Other supporting staff	7	10	17
Total Administrative Staff	8	11	19
Total Staff	82	114	196

*Include one Officer assigned duties/acting in the position

Organisation Structure

NAO's primary activity is auditing and audit assignments of the entities falling under the mandate of the NAO are distributed among 13 Divisions. Each Division is managed by either a Deputy Director, an Assistant Director or 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 Regularity Audit assignments. Four Units also contribute to the good running of the NAO activities, namely, the Administrative and Support Unit, the IT Unit, the Finance Unit and the HR Unit.



Senior Management Team

DIRECTOR OF AUDIT

TSE YUET CHEONG Kwee Chow (Mrs), FCCA

in present post since November 2013

DEPUTY DIRECTOR OF AUDIT

CHAN MOO LUN Kim Chow (Mrs), FCCA

in present post since July 2014

DEPUTY DIRECTOR OF AUDIT (ASSIGNED DUTIES)

CHAN HON SEN Chan Quet Shung, FCCA

since April 2017

ASSISTANT DIRECTORS OF AUDIT

REETUN Khemraj, FCCA, MBA

in present post since July 2001

CHUNG CHUN LAM Leung Fee Lan (Mrs), FCCA

in present post since July 2003

ABDOOL GAFFOOR Ahmad, FCCA, MBA

in present post since July 2003

RAMKISHORE Deodutt, FCCA

in present post since July 2003

DODAH Toolsee, FCCA

in present post since July 2004

APPASAMY Lutchmanen, FCCA, MBA

in present post since July 2004

WONG CHOW MING Man Lan (Mrs), FCCA

in present post since February 2015

DULLOO Bibi Naseem (Mrs), FCCA, MBA

in present post since February 2015

ASSISTANT DIRECTOR OF AUDIT (ASSIGNED DUTIES)

MAMODE ALLY Mahmad Yousouf, FCCA

since November 2013

HEAD, EXAMINER OF ACCOUNTS CADRE

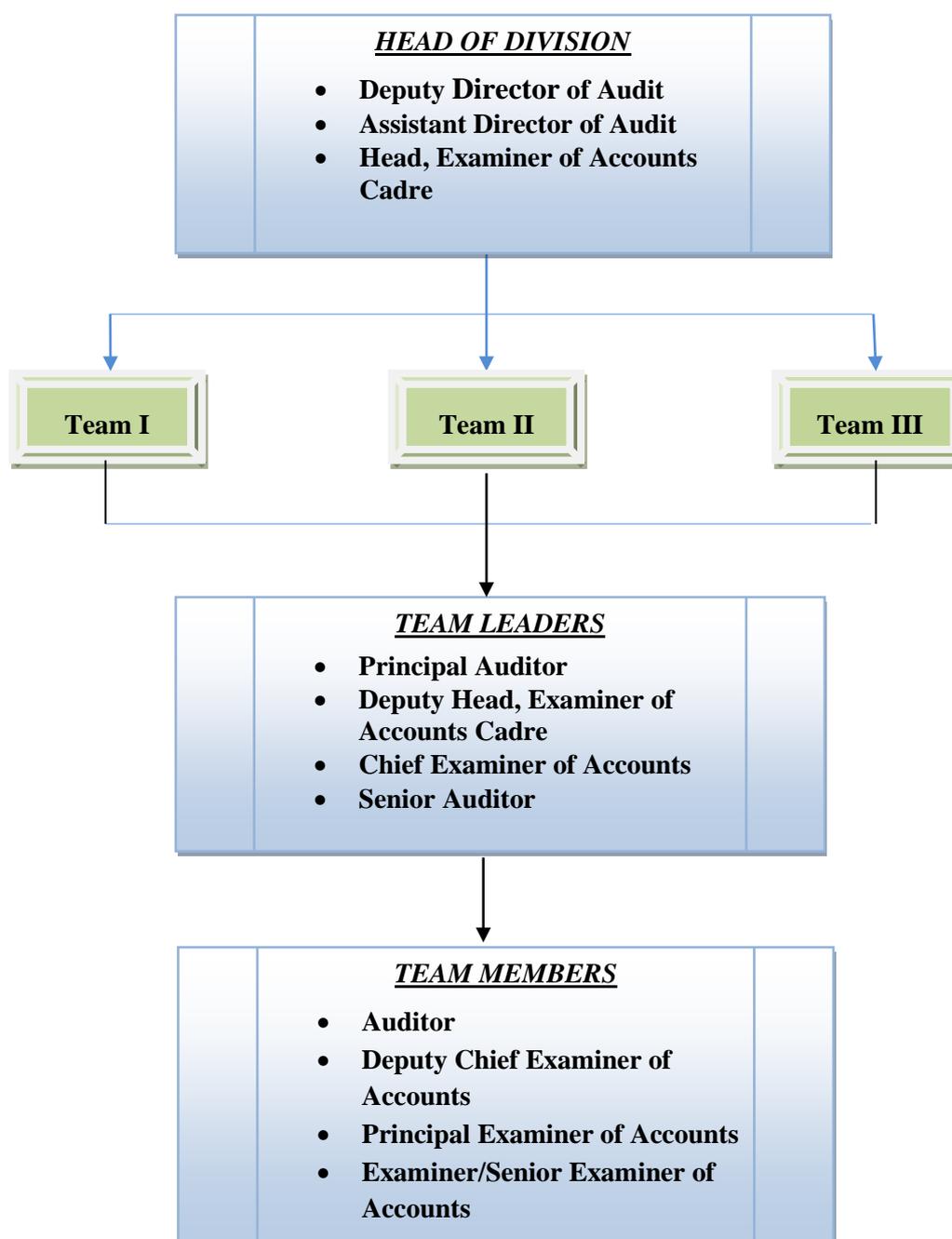
DOORGAKANT Lockraz

in present post since January 2015

Structure of a Division

NAO Senior Management Team, namely, the Deputy Directors of Audit, the Assistant Directors of Audit and the Head, Examiner of Accounts Cadre, are, each, responsible for a Division. As Head of Divisions, they, each, manage a team of officers of the Auditing Grades, from both the Auditor Cadre and the Examiner of Accounts Cadre. These officers assist them in the discharge of their respective portfolio, comprising primarily of audit assignments of Ministries and Government Departments, Statutory Bodies, Local Authorities and Special Funds. The Figure below depicts the structure of a Division.

Structure of a Division



Audit Activities and Performance

Strategic Direction

In our endeavor to be recognised as a highly respected professional organization providing high quality audit services, our main focus has been the improvement of the quality of audit services and contributing to enhance good governance in the public sector. We have ensured that all NAO staff adhere to our core values, of which the most important ones are independence, professionalism, integrity, objectivity and impartiality.

We have successfully fulfilled our mandate in providing independent assurance to the National Assembly on the proper accounting and 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 18-month period ending 30 June 2016 was submitted to the Minister responsible for Finance in February 2017, within the statutory date limit, to be laid before the National Assembly. Four Performance Audit Reports on Government Ministries and Departments were also issued and laid in before the National Assembly in March 2017. 81 per cent of financial statements submitted by Statutory Bodies were audited and certified within six months of submission.

The increasing complexities and volume of transactions of the public bodies we audit, as well as the continuous changes in financial reporting and auditing requirements were the major challenges we had to face in delivering our services in a timely manner while continuing to improve audit quality. To meet these challenges, we followed the International Standards of Supreme Audit Institutions (ISSAI) and constantly review our audit approach as per the Guidelines from International Organisation of SAI (INTOSAI) and AFROSAI-E. We also had AFROSAI-E Quality Assurance support visit in August 2016 in order to enhance NAO quality control systems, procedures and working methodologies.

We endeavour to keep abreast of latest developments in auditing, accounting and other related issues by recurrently undertaking capacity building as well as encouraging knowledge sharing. We consider our staff as our most important asset and have therefore strived to provide them with a pleasant working environment and facilitate their continuous learning and development.

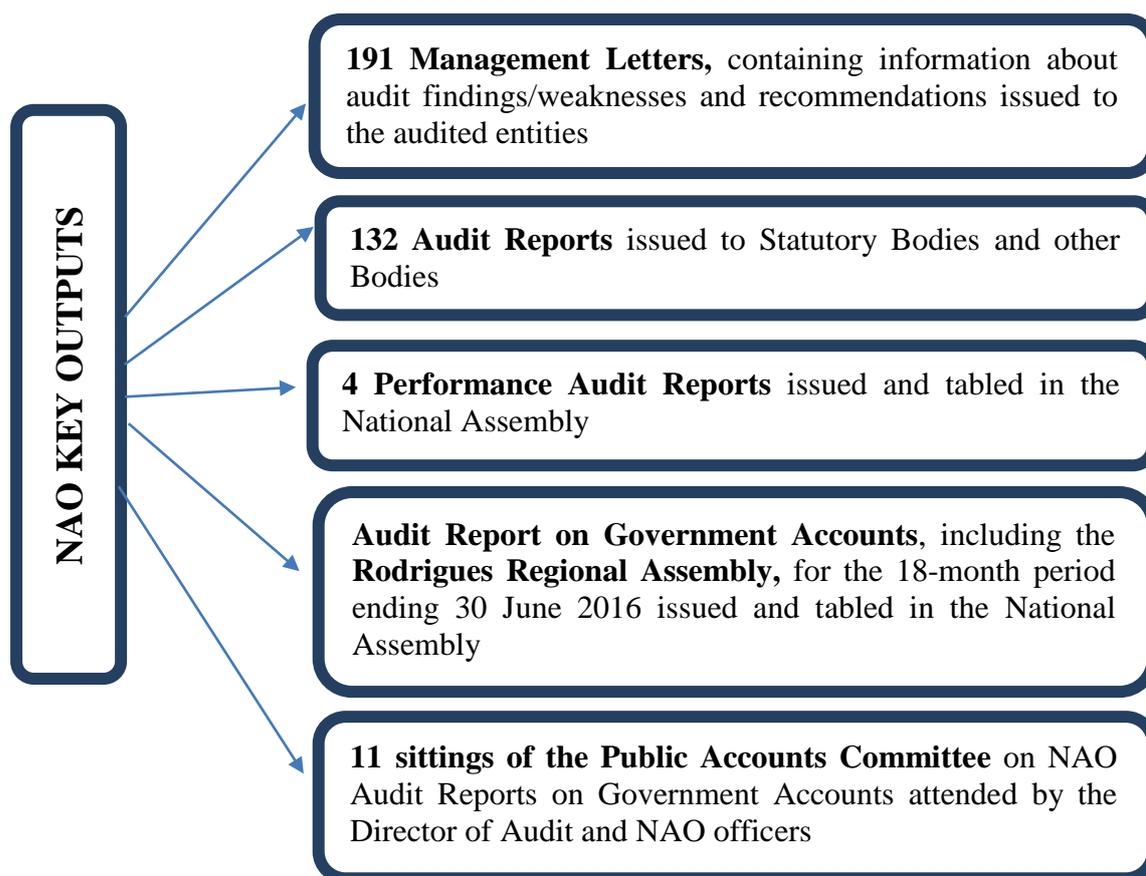
NAO Audit Activities

To fulfill our audit mandate and to provide assurance to the National Assembly on the accounting and use of public resources, two main types of audits are undertaken by the NAO, namely,

- ✓ **Regularity Audit**
- ✓ **Performance Audit**

NAO Key Outputs

During period July 2016 to June 2017, the key outputs of NAO relating to audit activities, were:



NAO Key Actions and Key Performance Indicators 2016-17

The status of NAO Key Actions and Key Performance Indicators (KPIs) as included in the Budget 2016-17 are given in the Table below.

Table 1 – NAO Key Actions and KPIs

Key Action	Key Performance Indicator	Target 2016/17	Achievements as at 30 June 2017
Submission of a consolidated Audit Report on Government Accounts for an 18-month period (Jan 2015 to June 2016) for tabling before the National Assembly	Submission of consolidated Audit Report	February 2017	Consolidated Audit Report submitted in February 2017 and tabled before National Assembly in March 2017
Audit and certification of financial statements within 6 months of submission by Statutory Bodies and other bodies	Percentage of financial statements audited and certified within six months of submission.		81 %
Issue of Performance Audit Reports assessing efficiency, effectiveness and value for money of Government bodies	Number of Performance Audit Reports issued	5	4 Reports issued in February 2017 and tabled before the National Assembly on 27 March 2017

Achievements as at 30 June 2017 were slightly below targeted output, however

- *Percentage of financial statements audited and certified **within six months of submission***: A further six per cent of the financial statements were certified within the following two months on receipt of the amended financial statements
- *Number of Performance Audit Reports issued*: The fifth report is being finalized. Four other Performance Reports are in progress.
- NAO overall audit coverage in respect of planned audits was 85 per cent as detailed in Table 3 below.

Regularity Audit

Regularity audit includes:

- The examination and evaluation of financial records and expression of opinions on financial statements
- The audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations
- The 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 audits the accounts of all Ministries and Government Departments including the Rodrigues Regional Assembly, all Local Authorities, most Statutory Bodies, Special Funds, Other Bodies and some Donor-Funded Projects

Most Ministries have more than one Division and in general, each Division comprises a number of units which NAO has the responsibility to audit. For instance, the Education Division of the Ministry of Education and Human Resources has four Zones and each Zone has 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 (including Village Council) or Other Bodies has been considered as one unit.

The audit portfolio of the NAO for the year ended 30 June 2017 was 1,768 units as shown in Table 2.

Table 2 - Number of Units of Auditable Entities

	<i>No of Entities</i>	<i>No of Units</i>
Ministries and Government Departments	142	1,320
Rodrigues Regional Assembly	12	150
Statutory Bodies	105	105
Local Authorities (including Village Councils)	143	143
Special Funds	23	23
Other Bodies	21	21
International Donor Agencies	6	6
Total	452	1,768

Regularity Audit Process

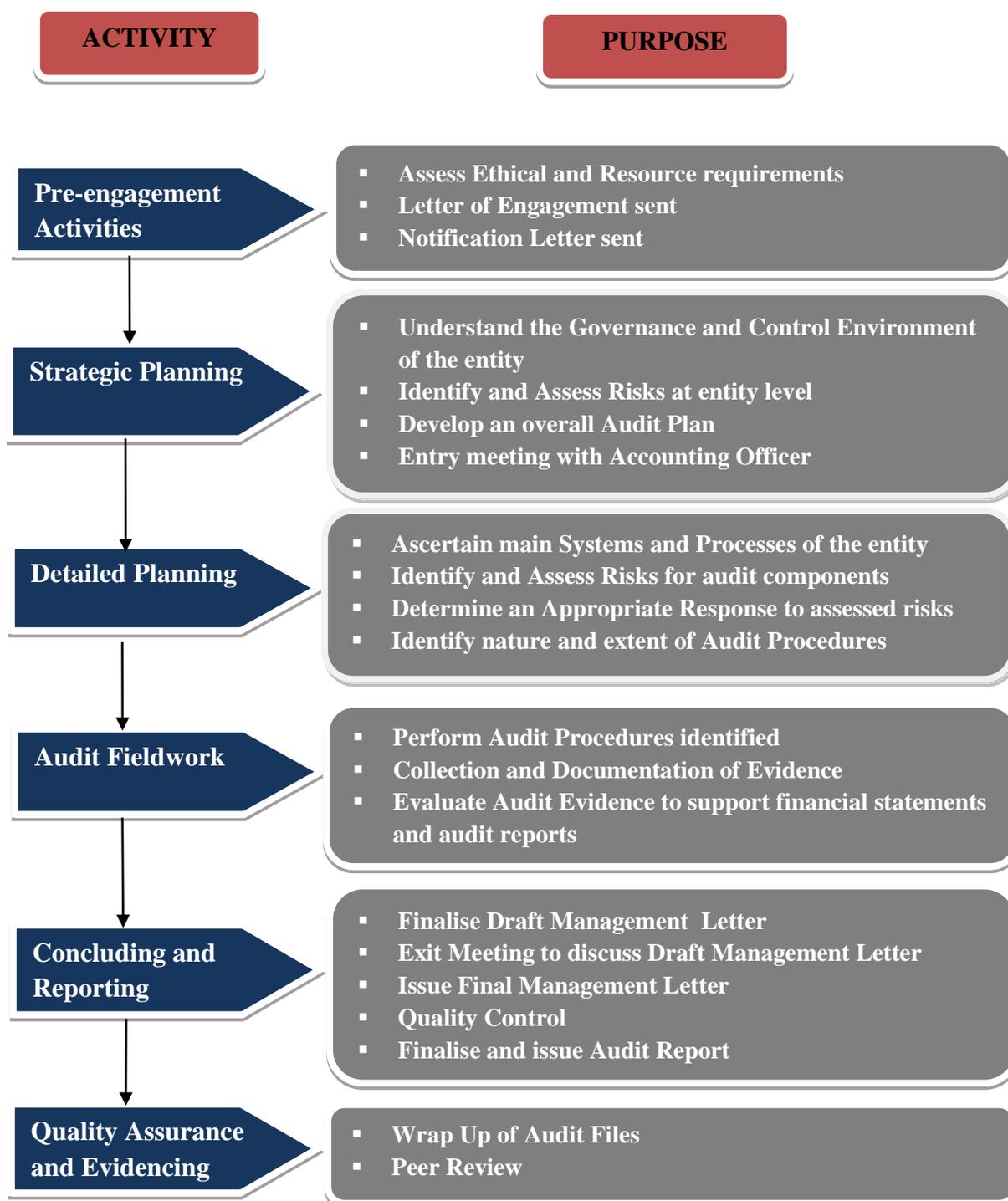
At the beginning of the year, an annual audit plan is prepared laying out the planned schedule of each audit to be performed during the year. A risk-based approach is adopted in identifying units to be audited, as well as conducting individual audits.

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/client. A final Management Letter is then issued, and the auditee/client is given the opportunity to comment on the matters raised therein.

The figure, hereunder, depicts the main activities carried out during an audit and their purpose.

Regularity Audit Process



The audits of Ministries and Government Departments and of the Rodrigues Regional Assembly were conducted during the period September to December 2016 and the audit report was issued in February 2017. As the audits covered an exceptional transitional period of 18 months from January 2015 to June 2016, in most cases, interim audits were carried out during early 2016.

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

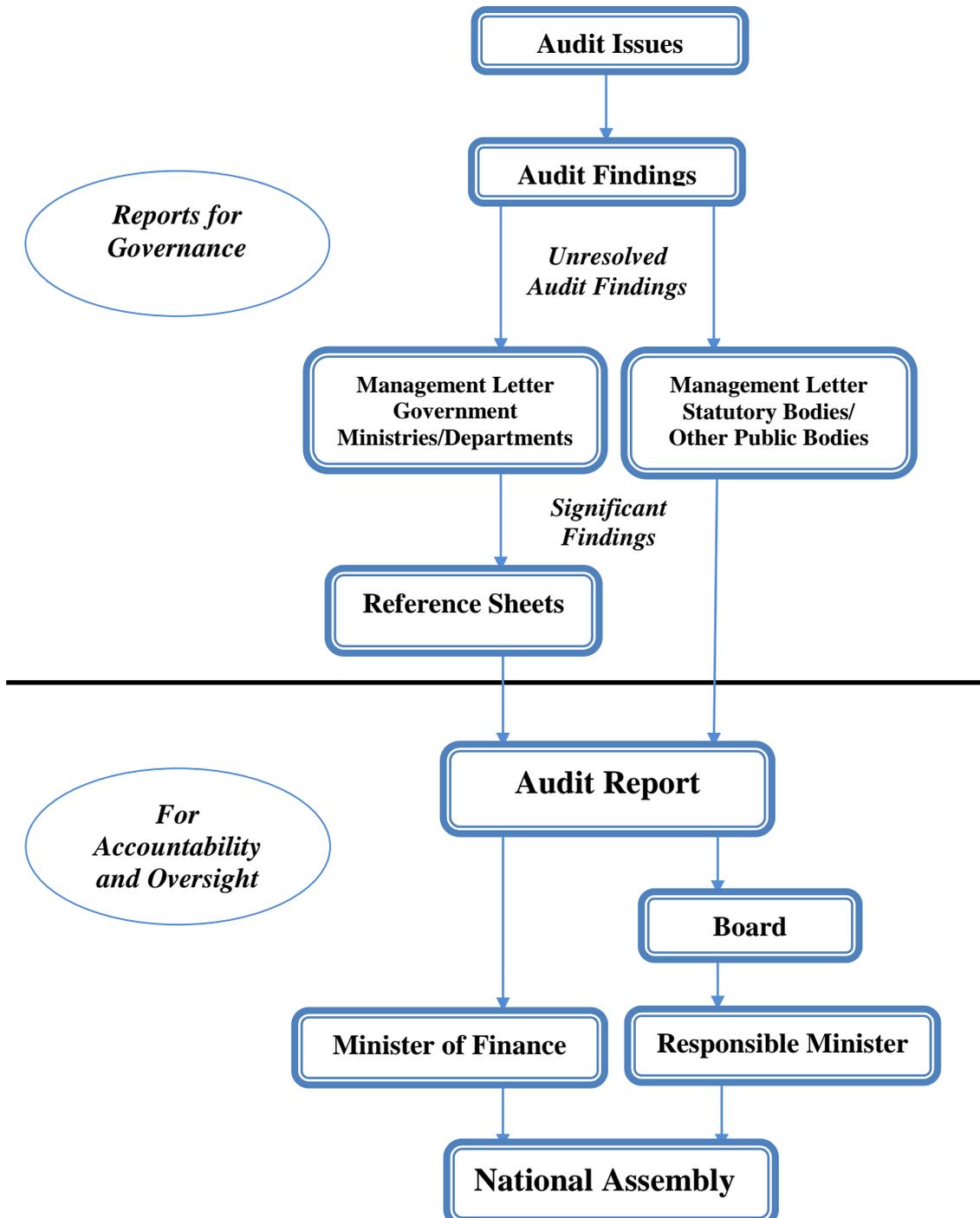
Audit Report Process

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 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 Annual Audit Report. A summary of the comments of the management of the audited entity is also included, as far as possible. The NAO Annual Audit Report is then submitted to the Minister responsible for the subject of Finance within statutory deadline to be laid in the National Assembly.

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 need to be brought to the attention of users. An audit is considered complete when the Audit Report is issued.

The following Figure illustrates the process from identifying audit issues during audit to the issue of the Audit Report by NAO and its submission to the National Assembly.

Audit Report Process



Audit Coverage

NAO completed all the planned audits of 142 Ministries and Government Departments as well as 12 Commissions in Rodrigues. Thus the percentage completion for these entities was 100 per cent.

The risk based approach implies focus of audit efforts on higher risk areas. Thus, the extent to which the various units of the Ministries and Departments have been covered depends on their materiality. Larger units are generally subjected to more extensive audit than smaller units. Where appropriate, audit visits to some small units are effected on a rotation basis.

For Statutory Bodies, the percentage completion was 86 per cent. 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 below. The Financial Statements audited during the financial year under review related to year 2015 and to previous financial years.

The percentage completion for Special Funds, Other Bodies and International Donor Agencies was 88, 91 and 100 per cent respectively.

The overall performance for financial year ended 30 June 2017 was satisfactorily on target. Details of the number of audits planned and completed during this period are shown in Table 3 below.

Constraints

The major constraints towards achieving a higher audit coverage were:

- A significant proportion of financial statements had to be amended prior to certification causing an increase in the time spent on the audits. Often extensive amendments were required indicating a lack of due diligence in the preparation of the accounts. In many cases, the financial statements had to be amended on several occasions due to repeated discrepancies. During the year under review, 97 financial Statements of 54 Statutory Bodies, six Local Authorities, eight Special Funds, eight Other Bodies and three International Donor Agencies were subject to amendments.
- Late submission of financial statements by auditees.
- Increase in the volume of transactions and in the complexity of the operation of audited entities.
- Constant change in financial reporting and auditing requirements
- Staff constraints, which prevent a more frequent coverage of small units.

- As of 30 June 2017, 27 Statutory Bodies, 91 Local Authorities, eight Special Funds, 10 Other Bodies and two International Donor Agencies Projects did not submit their financial statements for 2015 or for 18 month period ended 30 June 2016.
- 154 Financial Statements relating to previous financial years (see Table 3) were audited during financial year ended 30 June 2017.

Table 3 - Audits Planned and Completed during year 2016-17

	No of Planned Audits (A)	No of Audits completed relating to previous FYs (B)	No of FS not received for 2015 or 18-month period to 30.06.16 (C)	Revised Audit Plan (D): (A+B-C)	No of Audits Completed (E)	Completion % (E/D)
Ministries/ Government Departments	142	N/A	N/A	142	142	100
Rodrigues Regional Assembly	12	N/A	N/A	12	12	100
Statutory Bodies	102*	23	27	98	84	86
Local Authorities	143	118	91	170	119	70
Special Funds	23	10	8	25	22	88
Other Bodies	20*	1	10	11	10	91
International Donor Agencies	6	2	2	6	6	100
Total	448	154	138	464	395	85

Note: * - Entities whose FS already certified in previous year/ new Audit not included
 FS- Financial Statements
 FY- Financial Year
 N/A- Not Applicable

Audit of the Rodrigues Regional Assembly

The Rodrigues Regional Assembly (RRA) has been established by the RRA Act. By virtue of the RRA Act, the accounts of RRA are public accounts of Mauritius and as such, the Director of Audit is the Auditor of the RRA. The Finance and Audit Act conveys the authority for the Director of Audit to audit and report upon examination of all accounts relating to the RRA.

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

The RRA has the responsibility to maintain proper financial systems. In accordance with the Finance and Audit Act, the Commissioner, responsible for the subject of finance, is required to sign and submit to the Director of Audit, within three months of the close of every financial year, annual financial statements, showing fully the financial position of the Island of Rodrigues on the last day of such financial year.

Following amendments in the Finance and Audit Act, the Ministry of Finance and Economic Development, in September 2015, required that the RRA's financial statements be prepared and submitted in respect of the 12 month period 1 January to 31 December 2015, and for the six month period 1 January to 30 June 2016.

An Assistant Director of Audit is responsible for the audit of the accounts of the RRA. The financial statements of the RRA for the six month period 1 January to 30 June 2016 were submitted to the National Audit Office on 28 September 2016. Five officers of NAO were in Rodrigues from 4 to 28 September 2016 to carry out the audit, since NAO does not have an office in Rodrigues. The audit was conducted on a risk based approach and the focus was on financial statements, capital projects and other specific issues.

In April 2017, an interim audit was carried out during a period of three weeks by a team of three NAO officers, in respect of RRA's financial statements for the year ended 30 June 2017. In September 2017, six officers proceeded to Rodrigues for the final audit.

Audit of Mauritius Diplomatic Missions

Mauritius has 20 Diplomatic Missions/Consulates abroad which fall under the responsibility of the Ministry of Foreign Affairs, Regional Integration and International Trade. Their mission is to provide consular services and assistance to the Mauritian Diaspora and Nationals abroad.

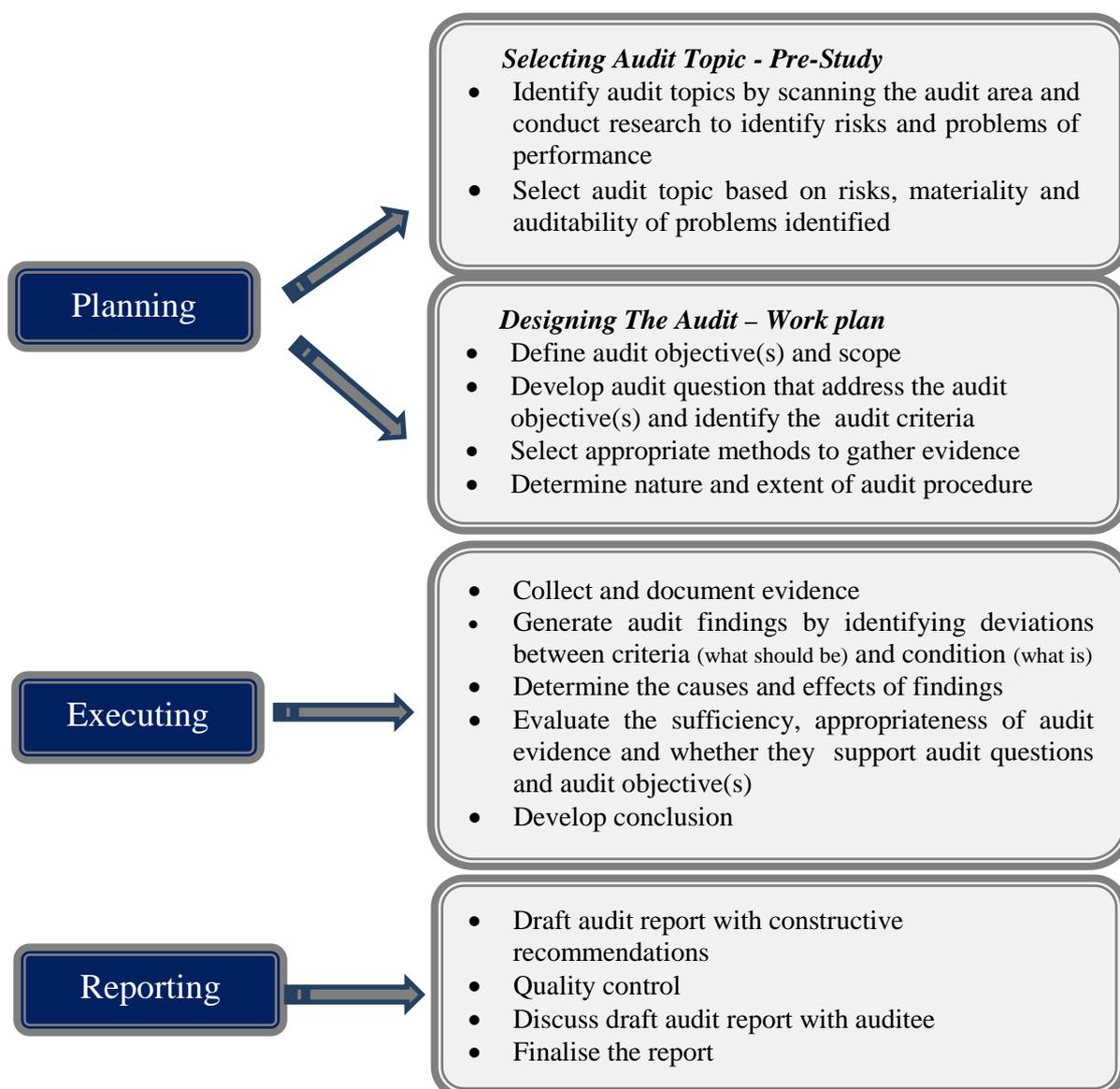
Audit of these overseas offices of the Mauritius Diplomatic Missions and Consulates are carried out by NAO on a rotational basis. In June 2017, an Assistant Director of Audit went to the Mauritius High Commission of Canberra, Australia for one week in order to carry out the audit assignment.

Performance Audit

The Finance and Audit Act provides for the Director of Audit to carry out Performance Audit and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively. Performance Auditing is an independent, objective and reliable examination of whether Government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance Auditing seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement.

During the financial year 2016-17, the NAO Performance Audit Manual has been finalized based on latest AFROSAI-E Template Performance Audit Manual. Also, provision for electronic working papers for Performance Audit was made in the audit management software used by NAO. In February 2017, four Performance Audit Reports were issued and subsequently laid before the National Assembly.

Performance Audit Process



Information Technology Audit

Follow up Audit at a Statutory Body

A follow up of the previous IT audit was conducted at a Statutory Body during September 2016 in accordance with the International Organisation of Supreme Audit Institutions Standards (ISSAIs) and COBIT guidelines.

The objective of the audit was to determine whether the Statutory Body had taken necessary measures to ensure that its information systems were safeguarding assets, maintaining data integrity, and operating effectively to achieve the organization's goals or objectives.

IT Control Assessment

During the planning stage of financial audits of entities which have important IT systems, we conducted an assessment of their IT Control. The assessment covered the following areas:

- Information Technology Governance
- IT Security Management
- Program Change Management
- IT Environmental Controls
- IT Service Continuity
- Logical Access Control

Assistance to the Public Accounts Committee

The Director of Audit and her representatives assist the Public Accounts Committee (PAC) in the discharge of its duties. The PAC is a sessional Select Committee appointed under the Standing Orders and Rules of the National Assembly and consists of a Chairman appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

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

The PAC is to satisfy itself that public money is spent for the purposes authorised by the National Assembly and it has the power, in the exercise of its duties, to send for Government officials, records and to take evidence. Thereafter, the PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly.

Eleven sessions of the PAC were held during the period July 2016 to June 2017 to examine the Reports of the Director of Audit on Government Ministries and Departments. These sessions were attended by the Director of Audit and/or her representatives as well as by NAO officers who might be of assistance to the Committee on matters under examination.

Also, the Rodrigues Regional Assembly (RRA) Standing Orders and Rules provide for the setting up of a Public Accounts Committee which shall examine the audited accounts showing the appropriation of the sums granted by the RRA to meet public expenditure, together with the Director of Audit's report thereon. In April 2016, NAO officers attended sessions held in Rodrigues during six days.

Corporate Governance

We consider it to be of fundamental importance that NAO be perceived as a trustworthy institution inspiring confidence and credibility.

Code of Ethics

Code of Ethics declarations are signed by all our staff at the start of each year and for all audit assignments. Our Code of Ethics comprises a customised version of the International Code of Ethics for auditors in the Public Sector established by the INTOSAI as well as the Code of Ethics for Public Officers issued by the Ministry of Civil Service Affairs and Administrative Reforms.

Quality Assurance

Quality Assurance activities are considered important by NAO in the delivery of its mandate, in an efficient and effective manner. NAO has set up a Quality Assurance Unit to provide assurance that we are conducting our audits in accordance with international accounting and auditing standards (ISAs/ISSAIs) and that we issue Audit Reports that are appropriate. Reports following reviews carried out both by our internal QA Unit and by external reviewers help NAO to take necessary corrective measures.

AFROSAI-E Support Visit

NAO received a Quality Assurance Support Visit from AFROSAI-E in August 2016. The international auditing community has been emphasizing on the importance of Quality Assurance activities of SAIs, giving them support in order to enhance quality control systems, procedures and working methods. Through these visits, the extent to which SAIs comply with international standards are continuously reviewed and is an important component of good corporate governance practices.

NAO's Institutional Issues and NAO's Regularity Audit as well as, for the first time, Performance Audit working papers were reviewed during this support visit by a team consisting of five members from SAI Tanzania, SAI South Africa and AFROSAI-E Secretariat. They concluded that, in spite of certain limitations, the NAO had made significant improvements since the previous review.

NAO Participation to International Awards by AFROSAI-E

Regularity Audit

NAO (SAI Mauritius) received the AWARD OF RECOGNITION *for staying relevant in changing times by implementing exemplary operational changes in their approach to implementing Regularity Audit Methodologies*. This award was delivered by AFROSAI-E at its 11th Technical Update meeting held in South Africa in November 2016.

This recognition is the result of NAO's continuous efforts and commitment to the application of the AFROSAI-E Regularity Audit Methodologies, which provide an audit approach in accordance with the ISSAIs, during our audits, in line with our endeavour to be a highly respected organization providing high quality audit services.

Performance Audit

The NAO nominated one of its Performance Reports issued during year 2016-17, namely “Moving Towards Renewable Energy – Solar Water Heater Grant Scheme” to participate in the Prize for the Best Performance Audit Report in the AFROSAI-E region in 2016.

The purpose of the Prize is to promote the development of Performance Audit within AFROSAI-E region by sharing experiences and benchmarking good practices in Performance Audit, but also highlight the efforts made by Performance Auditors. Each SAI within AFROSAI-E was invited to nominate two reports.

Seven nominated Performance Audit Reports from four SAIs passed the formal scrutiny by AFROSAI-E Secretariat, including the NAO Performance Audit Report. These reports were assessed by an international jury of four members, one from each of the Supreme Audit Institutions of Netherlands, Norway, United Kingdom and Sweden.

The Jury commented that the NAO Performance Audit Report was a good one, the very strong findings stood out, the recommendations made were clearly connected to the findings and it was of clear value to Parliament. The Jury also recommended a few possible areas of development for future reports.

Risk Management at NAO

The NAO has a senior management team which meets regularly to discuss important issues including organizational risks. It also has finance, administrative, human resources and IT support units which cater for financial and operational risks. All these units are guided by the respective regulations in force in the public sector in following sound internal control and management practices.

Our budget is derived from the Annual Estimates of the Government approved by the National assembly. The officer in charge of the Finance Section, under the supervision of the Director of Audit, ensures that we comply with Financial Instructions for effective financial management and control in the public service.

The main risk faced by the NAO in its audit operations is failure to give appropriate and timely audit opinions. The risk is mitigated by conducting our audits in accordance with ISSAIs, training and development of our staff and quality control throughout the audit process. We are also subject to periodic peer review by AFROSAI-E, the latest having been held in August 2016.

Way Forward

We shall endeavor to increase our cooperation with international audit organisations like INTOSAI and AFROSAI-E, especially in respect of emerging issues like audit of Sustainable Development Goals and Big Data Analytics.

We are planning to implement and train our staff on the new approach/methodologies developed recently by AFROSAI-E for Environmental Audit.

We are currently participating in a joint audit with six African countries on Coastal Management under the guidance of AFROSAI-E. We intend to continue carrying out joint audits with other AFROSAI-E countries in other sectors, particularly relating to Sustainable Development Goals.

We recognize the need of enhancing our IT Audit Capacity to fulfill our audit responsibilities in the face of increasing importance and complexities of our clients' IT systems. We hope to be able to carry out more IT Audits in the future.

We also plan to strengthen our Quality Assurance Unit so as to perform more regular quality reviews.

We expect that, with the increasing size and complexities of capital projects, the importance of using the services of experts like Engineers and Architects to provide evidence in support of our audit work will increase.

Financial Performance

The total Revenue of the NAO for the financial year ended 30 June 2017 amounted to Rs 176.2 million and comprised Appropriation from the Consolidated Fund of Rs 160.4 million, Deferred Income of Rs 1.4 million and Audit Fees of Rs 14.4 million.

Appropriation from the Consolidated Fund of Rs 160.4 million consisted of the total provisions of Rs 157.8 million made for financial year under the National Audit Office's Vote in the Government Budget to meet NAO's expenses, additional funds amounting to Rs 10 million provided under other Votes in respect of passage benefits, refund of leaves, salary of two supporting staff and Mission and Training expenses less an unutilized amount of Rs 6.5 million, capital expenses of Rs 1.4 million and other minor adjustments. The total for the current 12-month period represented some 74 per cent of the corresponding figure of Rs 217.6 million for the previous 18-month period.

Audit fees are charged to Local Authorities, Statutory Bodies, some Special Funds and Other Bodies upon issue of Audit Reports and they are credited to the Consolidated Fund. Ministries and Government Departments are not charged any fees for the audit of their accounts. Audit fees decreased from Rs 20.2 million for the 18-month period ended 30 June 2016 to Rs 14.4 million for the financial year 2016-17. There have not been significant changes in fees charged or number of auditees concerned. Variations are due to the difference in the length of the accounting periods and timings of issue of audit certificates.

Our expenses were totally borne by Government. The total expenditure for the financial year ended 30 June 2017 amounted to Rs 176.2 million and included mainly staff costs of Rs 149.7 million, Audit Fees payable to the Consolidated Fund amounting to Rs 14.4 million and Rent and Utilities of Rs 6.1 million. There had been a decrease of Rs 63.9 million compared to the total expenditure of Rs 240.1 million for the previous period. The decrease is mainly attributed to the current period being of 12 month compared to the previous 18-month period, slightly mitigated by the increase in Staff Costs due to new recruits, increments, promotions and full application of the Pay Research Bureau's Report of 2016.

Financial Position

NAO's financial position as of 30 June 2017 showed a decrease of Rs 3.7 million in Total Assets compared with the position as of 30 June 2016. This was mainly due to decrease in receivables in respect of Staff Car Loan of Rs 3.9 million and Passage Benefits of Rs 1.6 million partly offset by increase in Sick Leave Receivable of Rs 0.8 million and other Receivables of Rs 0.6 million. It should be noted that assets such as PPE, Inventories and Car Loan Receivable result from application of contributions received from Government and the matching elements in the accounts are the Capital Grants or liabilities payable to Government. On the other hand, other Assets such as Long Term Receivables and Other Receivables represent amount receivable from Government to finance staff benefits obligations and other liabilities.

Learning and Development

Capacity Building

NAO, as a professional organization, considers its staff as its most important asset. So as to fulfill our mandate and meet a challenging public spending environment, we believe it is essential that we invest in the continuous learning and development of our staff. Staff training was carried out both locally and overseas and related mainly to auditing issues.

Though we were limited by the available budget, we have strived our best to enhance staff capacity, ensuring that all staff had the opportunity to develop. Total expenditure incurred by NAO on staff training, during financial year 2016-17, amounted to Rs 1,774,160, excluding sponsored training which we could not quantify in the absence of necessary information on this non-monetary assistance to NAO.

Overseas training were fully or partly sponsored by various overseas organisations, namely, the AFROSAI-E, the Government of the 'People's Republic of China', the Indian Technical and Economic Cooperation (ITEC) and the Japan International Cooperation Agency (JICA). 18 NAO officers went abroad for training for periods ranging from one to four weeks.

Also, NAO organised during 2016-17, five in-house workshops, in collaboration with local and foreign expert resource persons. These local workshops enabled NAO to involve a greater number of officers, and in some cases, all staff from Senior Management and Auditing Grades, in the training sessions.

Tables 4 and 5 give details of the main overseas and local training, respectively, attended by NAO staff.

There is need to highlight that one NAO staff was awarded, for the first time, a fully sponsored ***Master Degree of Auditing (MAud) Program*** in China and is following the study program since October 2016. In 2016, the National Audit Office of the Republic of China (CNAO) entrusted the Nanjing Audit University of China to initiate the MAud Program, a two-year study program. This study program which is sponsored by a Chinese Government Scholarship, is open to SAIs around the world with the aim, inter alia, to sustain and promote the professional competencies of Auditors through continuous learning and knowledge sharing as well as to contribute to the better play of the role of national audit in promoting national governance and economic and social development.

Table 4 - Overseas Training

	Course Title	Organised by	Staff Attending	Duration
1.	Auditing in IT Environment	ITEC/SCAAP India	1	12 September to 07 October 2016
2.	Seminar on Project Auditing Management	Govt of the People's Republic of China	5	14 October to 02 November 2016
3.	Technical Update AFROSAI-E	AFROSAI-E South Africa	1	01-04 November 2016
4.	Environment Audit	ITEC/ SCAAP India	1	13 February to 10 March 2017
5.	Follow up workshop- Financial Audit	AFROSAI-E South Africa	1	27-29 March 2017
6.	Audit Seminar for SAIs along the Belt and Road	Govt of the People's Republic of China	6	05 -14 June 2017
7.	Seminar on Reform of Government Organisations	Govt of the People's Republic of China	2	08 -19 June 2017
8.	Government Audit on Public Construction Works	Board of Audit of Japan/JICA	2	18 June -08 July 2017

Table 5 - Local Training

	Course Title	Organised by	Staff Attending	Month	Duration
1.	Supervision and Review (Regularity Audit) Workshop	NAO/ AFROSAI-E	36	August 2016	3 days
2.	Training on e-Procurement system	PPO	23	March 2017	10 half days
3.	Sustainability and Integrated Reporting	MMA	3	March 2017	3 days
4.	Overview of Audit Methodology	NAO/Deloitte	178	June 2017	1 day
5.	Overview of Audit Methodology (TeamLeaders)	NAO/Deloitte	68	June 2017	1 day
6.	Management Development Programme	NAO/ AFROSAI-E	178	June 2017	2 days
7.	Management Development Programme (Team Leaders)	NAO/ AFROSAI-E	80	June 2017	3 days

Workshop on Supervision and Review for Regularity Audit

NAO in collaboration with AFROSAI-E conducted a three-day workshop on “Supervision and Review (Regularity Audit)” in August 2016. Three technical experts from AFROSAI-E acted as facilitators for the workshop, which was attended by 36 senior staff of the NAO.

During the three days, special focus was made on issues that would enhance the supervisory and reviewing capabilities of senior officers and ensure that audits comply with international standards. Emphasis was also laid on the improvement of the quality of audits by appropriate supervision and review techniques. Issues discussed and agreed upon included

- The roles of each audit staff in the audit process
- The number of review levels for each audit
- Risks identification
- The range of sampling to be used
- Basis for classification of audits as “small”
- Extent of use of substantive analytical procedures, and
- The need for reporting on “Key Audit Matters” (ISSAI 1701) for certain audits.

Workshop on Audit Methodology

A two day workshop on Audit Methodology was conducted by Deloitte for NAO staff on 13 and 14 June 2017. All NAO Technical staff attended the first day while on the second day 68 senior staff participated in the workshop. During the first session, the trainers presented a walk through over the audit approach from Pre-planning to Concluding and Reporting phases. In the second session, there was discussion on the engagement assurance process, including audit of complex areas, audit work review, compliance, quality assurance and new auditor’s report.

The workshop served as a refresher of the essential requirements of auditing standards in respect of the audit process. It was an opportunity for us to have an insight of the audit approach in the public sector and to discuss about areas of potential improvements. Our senior staff was also made aware of the form and contents of the new audit report required by the International Auditing Standard for audit of financial statements ending on or after 15 December 2016.

Management Development Programme for NAO

At the request of NAO, AFROSAI-E organized a Management Development Programme (MDP) in Mauritius for NAO staff. The MDP is a series of capacity building programme of the AFROSA-E held in various countries to help SAIs enhance their overall management capacities in order to improve implementation of development initiatives enabling SAIs to reach their desired levels of development. For the NAO, this implies moving further in our mission to provide high quality audit and value added services.

The Programme in this case comprised a five-day workshop beginning with an overview on capacity building framework for the NAO and also covered Emotional Intelligence and Coaching for Performance. The event was held in June 2017 at Gymkhana Club, Vacoas and all NAO staff attended the part on Emotional Intelligence which lasted for two days, while some 80 senior staff attended the whole Programme.

Our managers play an important role in guiding and leading the team members towards achieving organizational goals and objectives. The aim of the workshop was to equip them with management skills, knowledge and attitude necessary to empower and develop staff, to maintain morale whilst also maximizing performance, work across boundaries, engaging others, working as teams and sharing ideas on problem solving situations.

Emotional Intelligence - Leadership for Results



The changes now affecting the workplace involve a radical shift in the ways we interact socially and interpersonally. Creating an atmosphere conducive to enable one to adapt to all types of emotions and characters is nowadays critical to the success of any organization. Thus, the module on Emotional Intelligence was included in the Programme for the benefit of the NAO and its staff.

The module was interactive and there was discussion about how staff can benefit from paying attention to their emotions and the feelings of others. There were group exercises which helped staff to understand the actions emotionally intelligent people take to be self-aware, manage their reactions, understand social dynamics, and manage relationships.

The end-result expected of the Emotional Intelligence training was to help staff in becoming good leaders, who can inspire and influence other people to do more, produce more and perform more.

Coaching for Performance

The module on Coaching for Performance aimed to provide team leaders with a thorough understanding of the principles of good coaching so as to equip and guide them and eventually the people they lead to be the best that they can be, in order to deliver great results for the organization. The participants learned about the different steps in the coaching process and their importance. These included preparing for coaching, connecting with the coachees, establishing session goals, actual coaching and agreeing specific actions and criteria for success.

The participants were able to explore key concepts and frameworks and undertake a series of engaging activities and got the opportunity to practice, applying an adaptable and flexible approach to each coaching situation. They got the chance to try out their new skills in a safe environment and come away with not only a process for having successful conversations with those they lead, but also a deeper understanding of the impact of words, emotions and body language in a coaching situation.

Conclusion of Workshop

On the last day of the workshop, the participants were given opportunities to apply what they had learned during the workshop by preparing individual/team Action Plans, that they can implement meaningfully, in their areas of responsibilities, so that they can not only make a difference to their professional life, but also contribute to the NAO's efforts in attaining the committed goals.

The workshop provided for sharing and discussing management challenges within the environment of the NAO. Further, the workshop helped the managers identify gaps in their managerial capabilities and challenged them to pioneer their own personal development together with the NAO.



Corporate Social Responsibility

NAO realises the importance of achieving a balance between operational performance and social well-being of our people. We are committed to help in the development of the staff of NAO, who are diverse, multi-cultural and talented people. 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.

Since the early 1980s, the NAO staff have set up its own fund known as the NAO Welfare Fund (NAOWF). Monthly contributions are made by staff members and this is used to finance events organized by NAOWF.

Activities by the NAO Welfare Fund

The Welfare Fund hosted several activities during the year 2016-17. We had an outing at La Vanille Crocodile Park in August 2016 where parents were joined by their children on holiday. Everyone enjoyed the creatures on display there and the tour was concluded by a visit at the amusement park where the kids had fun.

At the end of winter, we had a nature trail at Le Morne area where participants were able to view the spectacular landscape while taking stock of the historical significance of the site; the walk there presented some difficulty compared to previous trails and participants were able, later on, to relax at a nearby seaside resort.

The year 2016 ended with what has now become a tradition over time, our end of year lunch. The venue was a Club in Vacoas, set in beautiful green scenery. The 130 or so staff, together with other non-Fund members enjoyed the buffet-lunch and were entertained by live acoustic music before dancing to the tune of playback records.

Members and friends were convened to yet another nature walk in April 2017. This was an opportunity to discover, in the woods, a few rare endemic species.

The Fund is planning to carry out some activities on the social front and is also considering a few options such as contributions to a scheme targeting poor families.



Financial Statements and Reports

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

The National Audit Office (NAO) has prepared financial statements for the year ended 30 June 2017, which give a true and fair view of its financial position and its financial performance. In preparing those financial statements, management is required to:

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

The Director of Audit confirms that she has complied with the above requirements in preparing the financial statements for the year ended 30 June 2017.

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
30 October 2017

Independent Auditors' Report

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

6th Floor, Newton Tower
Sir William Newton Street
Port Louis, Mauritius

Tel. : (230) 211 6535, 211 0021, 211 7484
Fax : (230) 211 6964

E-Mail : moorestephens@intnet.mu
Website : www.moorestephens.mu

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **National Audit Office**, which comprise statement of financial position at 30 June 2017, 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 explanatory notes, as set on pages 56 to 80.

In our opinion, these financial statements give a true and fair view of the financial position of the **National Audit Office** as at 30 June 2017 and of its financial performance its changes in equity and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

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

Basis for opinion

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

Other Information

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

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

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

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

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on the Audit of Financial Statements (continued)

Directors' Responsibility for the Financial Statements

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

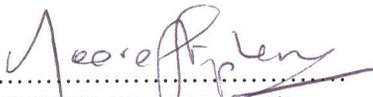
The Director of Audit is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement,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

Report on Other Legal and Regulatory Requirements

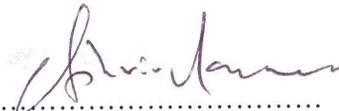
We have no relationship with or interests in the National Audit Office other than in our capacity as auditors.

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

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



MOORE STEPHENS
Chartered Accountants



Ashvin Mawven, ACA
Licensed by FRC

DATE: **31 OCT 2017**

National Audit Office

Financial Statements

For the financial year ended 30 June 2017

**National Audit Office
Financial Statements
For the financial year ended 30 June 2017**

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**National Audit Office
Statement of Outturn**

for the financial year ended 30 June 2017

	Revised Budget	Actual Expenditure
	Rs	Rs
Salaries and allowances	122,288,000	117,687,461
Travelling and transport	22,865,000	21,605,961
Overtime	325,000	307,598
Staff welfare	35,000	35,000
Cost of utilities	1,313,000	1,236,390
Fuel and oil	25,000	17,592
Rental of building	4,385,000	4,352,209
Rental of parking	505,000	469,800
Equipment and furniture	1,215,000	1,196,263
Office sundries	151,000	118,130
Maintenance	1,050,000	766,146
Printing and stationery	575,000	572,224
Books and publications	220,000	200,619
Fees for training and consultants	1,566,000	1,487,120
Refund of subscription fees	783,000	768,745
Inspection and audit fees	98,000	97,750
Uniforms	25,000	22,300
Accommodation costs	20,000	6,000
Membership fees	356,000	342,347
Total	157,800,000	151,289,655

Outturn for the financial year ended 30 June 2017 has been presented on a cash basis. Reasons for variances between budgets and outturns are explained on page 63.

National Audit Office
Statement of Income Payable to the Consolidated Fund
for the financial year ended 30 June 2017

	Budget	Outturn
	Rs	Rs
Audit fees payable to the Consolidated fund	15,500,000	14,348,909
Audit fees due at 1 July 2016	-	(2,260,000)
Audit fees due at 30 June 2017	-	2,320,000
Audit fees received during the period	15,500,000	14,408,909

National Audit Office
Statement of Financial Position
at 30 June 2017

		30 June 2017	30 June 2016
	Notes	Rs	Rs
ASSETS			
Current assets			
Short term car loans receivable	8	5,781,595	6,125,211
Trade receivables	6	2,320,000	2,260,000
Other receivables	7	5,252,386	3,494,614
Inventories		159,362	68,026
		13,513,343	11,947,851
Non-current assets			
Car loans receivable	8	14,533,213	18,072,875
Long term receivables	9	45,767,078	47,683,769
Property, plant and equipment	10	5,086,790	4,885,820
Intangible assets	11	5,607	65,703
		65,392,688	70,708,167
Total assets		78,906,031	82,656,018
LIABILITIES			
Current liabilities			
Short term car loans payable	8	5,781,595	6,125,211
Trade and other payables	12	7,731,748	5,822,640
		13,513,343	11,947,851
Non-current liabilities			
Car loans payable	8	14,533,213	18,072,875
Sick leave obligations	13	37,641,512	37,946,484
Passage benefit obligations	13	8,125,566	9,737,285
		60,300,291	65,756,644
Total liabilities		73,813,634	77,704,495
NET ASSETS		5,092,397	4,951,523
EQUITY			
Capital Grant	14	5,092,397	4,951,523
		5,092,397	4,951,523

Approved on 30 October 2017

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Mrs K.C.Tse Yuet Cheong
Director of Audit

The notes on pages 65 to 80 form an integral part of these financial statements.

National Audit Office
Statement of Financial Performance
for the financial year ended 30 June 2017

		Year ended 30 June 2017	18-month period ended 30 June 2016
	Notes	Rs	Rs
Revenue			
Appropriation from Consolidated Fund	15	160,403,491	217,612,736
Audit fees receivable	16	14,408,909	20,161,790
Deferred income		1,401,109	2,314,064
Total Revenue		176,213,509	240,088,590
Expenses			
Audit fees Payable to Consolidated Fund	16	14,408,909	20,161,790
Staff costs	17	149,744,305	204,132,598
Training	18	1,774,160	942,120
Mission abroad	19	1,122,195	829,062
Rent and utilities	20	6,090,672	9,289,160
IT expenses		295,673	648,049
Supplies and consumables		1,034,139	1,133,273
Subscriptions to international organisations		342,347	638,474
Depreciation and amortisation		1,401,109	2,314,064
Total Expenses		176,213,509	240,088,590
Surplus/Deficit for the period		-	-

The notes on pages 65 to 80 form an integral part of these financial statements.

National Audit Office
Statement of Changes in Equity
for the financial year ended 30 June 2017

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Opening balance	4,951,523	5,850,723
Capital Grant	1,553,383	1,949,864
Deferred income	(1,401,109)	(2,314,064)
Disposal of Equipment	(11,400)	(535,000)
Closing balance	5,092,397	4,951,523

The notes on pages 65 to 80 form an integral part of these financial statements.

National Audit Office
Statement of Cash Flows
for the financial year ended 30 June 2017

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Operating activities		
Surplus/Deficit for the period	-	-
Adjustments for:		
Deferred income	(1,401,109)	(2,314,064)
Depreciation	1,341,013	2,070,312
Amortisation	60,096	243,752
Change in trade and other receivables	(1,817,772)	(832,649)
Change in inventories	(91,336)	(1,247)
Change in trade and other payables	1,909,108	833,896
Change in long term receivables	(1,916,691)	(6,808,178)
Change in sick leaves and passage benefit obligations	1,916,691	6,808,178
Cash flow generated from/ (used in) operating activities	-	-
Investing activities		
Purchase of property, plant and equipment	(1,553,383)	(1,919,074)
Proceeds from sale of equipment	1,000	-
Car loans granted to staff	(4,719,600)	(12,792,800)
Loans refunded to Accountant General	(8,602,878)	(9,718,602)
Cash used in investing activities	(14,874,861)	(24,430,476)
Financing activities		
Funds received for purchase of property, plant and equipment	1,553,383	1,919,074
Proceeds from sale of equipment remitted to Accountant General	(1,000)	-
Loans from Accountant General	4,719,600	12,792,800
Loans repaid	8,602,878	9,718,602
Cash generated from financing activities	14,874,861	24,430,476
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

Notes

Cash and Cash Equivalent

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

The notes on pages 65 to 80 form an integral part of these financial statements.

National Audit Office
Statement of Budgeted, Actual Cash and Accrual Based Amounts
for the financial year ended 30 June 2017

	Original Budget Rs	Revised Budget Rs	Actual Received / Paid Rs	Financial Statements Rs
Revenue				
Audit fees	15,500,000	15,500,000	14,348,909	14,408,909
Expenditure				
Salaries and allowances	122,388,000	122,288,000	117,687,461	126,362,239
Travelling and transport	22,865,000	22,865,000	21,605,961	22,217,816
Overtime	225,000	325,000	307,598	338,205
Staff welfare	35,000	35,000	35,000	35,000
Cost of utilities	1,543,000	1,313,000	1,236,390	1,268,663
Fuel and oil	50,000	25,000	17,592	22,158
Rental of building	4,385,000	4,385,000	4,352,209	4,352,209
Rental of parking	505,000	505,000	469,800	469,800
Equipment and furniture	865,000	1,215,000	1,196,263	5,100
Office sundries	85,000	151,000	118,130	127,905
Maintenance	1,050,000	1,050,000	766,146	368,263
Printing and stationery	350,000	575,000	572,224	480,888
Books and publications	220,000	220,000	200,619	221,749
Fees for training and consultants	1,735,000	1,566,000	1,487,120	1,774,159
Refund of subscription	958,000	783,000	768,745	768,745
Inspection and audit fees	165,000	98,000	97,750	97,750
Mission abroad	-	-	-	1,122,195
Uniforms	25,000	25,000	22,300	22,300
Accommodation costs	20,000	20,000	6,000	6,000
Membership fees	331,000	356,000	342,347	342,347
Total Recurrent Expenditure	157,800,000	157,800,000	151,289,655	160,403,491
Depreciation and amortisation	-	-	-	1,401,109
Audit fees payable to Consolidated Fund	-	-	-	14,408,909
Total Expenditure as per Financial Statements				176,213,509
Expenditure Capitalised				
Computer Equipment	-	-	-	1,104,878
Furniture and fittings	-	-	-	88,135
Office equipment	-	-	-	360,370
Expenditure	157,800,000	157,800,000	151,289,655	177,766,892

National Audit Office
Statement showing reasons for variances between Original and Revised Budget
for the financial year ended 30 June 2017

Expenditure	Original Budget	Revised Budget	Variations	
	<u>Rs</u>	<u>Rs</u>	<u>Rs</u>	
Salaries and allowances	122,388,000	122,288,000	100,000	Note 1
Travelling and transport	22,865,000	22,865,000	-	
Overtime	225,000	325,000	(100,000)	Note 2
Staff welfare	35,000	35,000	-	
Cost of utilities	1,543,000	1,313,000	230,000	Note 3
Fuel and oil	50,000	25,000	25,000	Note 4
Rental of building	4,385,000	4,385,000	-	
Rental of parking	505,000	505,000	-	
Equipment and furniture	865,000	1,215,000	(350,000)	Note 5
Office sundries	85,000	151,000	(66,000)	Note 6
Maintenance	1,050,000	1,050,000	-	
Printing and stationery	350,000	575,000	(225,000)	Note 7
Books and publications	220,000	220,000	-	
Fees for training and consultants	1,735,000	1,566,000	169,000	Note 8
Refund of subscription	958,000	783,000	175,000	Note 9
Inspection and audit fees	165,000	98,000	67,000	Note 10
Uniforms	25,000	25,000	-	
Accommodation costs	20,000	20,000	-	
Membership fees	331,000	356,000	(25,000)	Note 11
Total	157,800,000	157,800,000	-	

- Note 1 Vacant posts not filled
Note 2 Overtime costs in connection with Audit Report 2016
Note 3 Lower telephone and electricity charges
Note 4 Lower consumption of fuel
Note 5 Purchase of photocopy machine not provided
Note 6 Increase in postage of letters
Note 7 Additional stationery requirements
Note 8 Lower training costs
Note 9 Lower foreign exchange rates
Note 10 Lower audit fees
Note 11 Increase in membership fee

National Audit Office
Statement showing Reconciliation of Cash Flows with Statement of Financial Performance
for the financial year ended 30 June 2017

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Actual Recurrent Expenditure as per statement of Outturn	151,289,655	206,231,319
Commitment for the year	810,831	254,544
Retention Money	-	30,820
Adjustment inventories-Last period	68,026	-
Loss on disposal of equipment	4,700	-
Non-budgeted items paid		
Sick leave annual payment-Supporting Staff	-	76,090
Salary of supporting staff	1,167,009	1,457,250
Mission and Training Abroad	1,407,085	624,121
Audit Fees payable to Consolidated Fund	14,408,909	20,161,790
Provisions and other benefits		
Sick Leave and Vacation Leave	2,935,773	5,232,378
Passage Benefits obligations	4,493,832	6,025,303
Non-cash items		
Depreciation & amortisation	1,401,109	2,314,064
	177,986,929	242,407,679
Commitment of last period	-	(208,225)
Prepayment	(198,947)	(161,000)
Adjustment Inventories- this period	(159,362)	-
Additions to PPE and Intangible Assets financed from revenue	(1,415,111)	(1,949,864)
Expenditure as per Statement of Financial Performance	176,213,509	240,088,590

Notes to the Accounts

for the financial year ended 30 June 2017

Note 1. Reporting entity

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

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

Note 2. Basis of Preparation

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

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

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

The preparation of financial statements in conformity with IPSAS and generally accepted accounting principles (GAAP) 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.

Due to the change in financial period from calendar year to period from July to June as from January 2015, the previous financial statements were prepared for the 18-month period from January 2015 to June

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 2. Basis of Preparation (continued)

2016. Consequently, the current financial statements are for period July 2016 to June 2017 while the comparative figures are for the 18-month period from January 2015 to June 2016.

Note 3. Adoption of IPSAS

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods beginning after 1 July 2016 or later periods but which have not been early adopted. These new standards, amendments and interpretations are either not relevant to the NAO's operations or are not expected to have a material effect on the accounting policies and disclosures.

Note 4. Measurement Base

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

Note 5. Significant Accounting Policies

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

(a) Revenue Recognition

Income

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

Government Grant

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

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

Audit Fees

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

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

(b) Accrual accounting under IPSAS

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

(c) Trade and other receivables

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

(d) Leased assets

NAO does not have any assets held under finance lease.

(e) Foreign currency transactions

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

(f) Employee entitlements

Employee entitlements to salaries, pension costs, and other benefits are recognized when they are earned. Employees are allowed to accumulate sick leaves not taken at the end of each calendar year up to a maximum of 110 days, in a Sick Leave bank as at 30 June 2017. The balance of bank Sick Leave is valued at the end of the financial year and is recognised as Long Term payables. To the extent that claims for payments of Passage Benefits have been received and it is foreseen that staff would retire within one year, the amounts so payables for Passage Benefits and sick leaves are transferred to Trade and other payables under Current Liabilities.

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant 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 at a rate defined by their last salary. However, the contributions of employees joining the service as from 1 January 2013 are transferred to a defined contribution pension scheme operated by an insurance company. No specific pension fund is operated by Government and also individual accounts are not kept. On this basis no provision is made for the estimated liability for retirement benefits of employees.

Civil Service Family Protection Scheme

This scheme is established by the Civil Service Family Protection Scheme Act. 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 Report 2016 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.

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

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

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

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

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

Depreciation

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

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

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

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

(h) Intangible assets

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

(h) Intangible assets (continued)

Amortisation

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

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

(i) Financial instruments

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

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

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

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

(j) Inventories

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

(k) Capital Grant

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

(l) Statement of Cash Flows

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

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

(m) Operating Lease Obligations

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

NAO 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 the five year period January 2008 to December 2012 with a monthly rental of 283,500 excluding service charges and Value Added Tax. The lease payments are still being made on same terms pending finalisation of negotiations regarding conditions for lease after December 2012. The all-inclusive monthly amount paid during financial year 2016-17 amounted to Rs 362,684.

(n) Taxation

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

(o) Provisions and Contingent Liabilities

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

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

(p) Risk Management Policies

Financial risks

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

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

Credit risk

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

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

Currency risk

NAO is not exposed to any currency risk.

Interest rate risk

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

(q) Reclassifications

Certain reclassifications have been made to the financial statements for the financial year ended 30 June 2017 to conform to the current period presentation. The reclassifications had no effect on the previously reported surplus/deficit.

(r) Events after the reporting period

There were no major events after the reporting period which may have a material effect on the financial statements as at 30 June 2017.

(s) Employee Disclosure

As at 30 June 2017, NAO had 196 full-time employees, out of which 19 are non-technical staff.

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 5. Significant Accounting Policies (continued)

(t) Key Management Personnel

The key personnel of NAO include the Director of Audit, Deputy Directors, Assistant Directors and a Head of Examiner who are responsible for operating the various activities of the organisation. They are remunerated by NAO. The aggregate remuneration of key management personnel was Rs 22.8 million for the financial year ended 30 June 2017.

Employee Benefits accrued in respect of accumulated sick leave and passage benefit to the key management personnel amounted to Rs 5.7 million and Rs 1.5 million as at 30 June 2017 respectively. During the financial year ended 30 June 2017, total passage benefits paid to key personnel amounted to Rs 1.1 million.

(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 20.3 million as at 30 June 2017 against Rs 24.2 million at 30 June 2016.

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 reporting date.

Note 7. Other Receivables

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Bank Sick Leaves Short Term	1,644,754	548,250
Passage Benefits	2,500,000	2,500,000
Debtors -Sundries	810,831	254,544
Prepayment	198,947	161,000
Retention Money	97,854	30,820
	5,252,386	3,494,614

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 8. Car Loans Receivable/ Payable

NAO staff was granted car loans, via the Accountant General, as per conditions stipulated in the applicable PRB reports. Outstanding capital on car loans was disclosed in the financial statements as at 30 June 2017 along with last year's comparatives. Interest and loan capital amount refunded are immediately repaid to the Accountant General.

Car Loans Receivable/ Payable	Year ended 30	18-month
	June 2017	period ended 30 June 2016
	Rs	Rs
Opening balance	24,198,086	21,123,888
Loan granted during the period	4,719,600	12,792,800
Refunds received during the period	(8,602,878)	(9,718,602)
Closing balance	20,314,808	24,198,086
Analysed as follows:		
Current	5,781,595	6,125,211
Non-current	14,533,213	18,072,875
	20,314,808	24,198,086

Note 9. Long term receivables

	Year ended 30	18-month
	June 2017	period ended 30 June 2016
	Rs	Rs
Bank Sick Leaves	37,641,512	37,946,484
Passage Benefit -Long Term	8,125,566	9,737,285
	45,767,078	47,683,769

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 10. Property, Plant and Equipment

	Computer Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Total	Computer Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Total
	<i>Year ended 30 June 2017</i>					<i>18-month period ended 30 June 2016</i>				
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Opening NBV	2,809,929	1,533,750	379,619	162,522	4,885,820	2,573,856	2,485,000	241,632	240,780	5,541,268
Additions	1,104,878	-	88,135	360,370	1,553,383	1,675,264	-	238,480	36,150	1,949,894
Disposal	-	-	-	(11,400)	(11,400)	(30)	(535,000)	-	-	(535,030)
Depreciation	(925,045)	(277,500)	(51,287)	(87,181)	(1,341,013)	(1,439,161)	(416,250)	(100,493)	(114,408)	(2,070,312)
Closing NBV	2,989,762	1,256,250	416,467	424,311	5,086,790	2,809,929	1,533,750	379,619	162,522	4,885,820
Cost	12,733,852	2,220,000	822,691	1,070,049	16,846,592	11,900,549	2,220,000	734,556	732,479	15,587,584
Accumulated Depreciation	(9,744,090)	(963,750)	(406,224)	(645,738)	(11,759,802)	(9,090,620)	(686,250)	(354,937)	(569,957)	(10,701,764)
NBV	2,989,762	1,256,250	416,467	424,311	5,086,790	2,809,929	1,533,750	379,619	162,522	4,885,820

Note: Depreciation of Office Equipment amounting to Rs 87,181 includes impairment of Rs 5,700 relating to a mobile phone which became unserviceable in October 2016.

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 11. Intangible Assets

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Opening NBV	65,703	309,455
Additions	-	-
Disposal	-	-
Depreciation	(60,096)	(243,752)
Closing NBV	5,607	65,703
Cost	4,577,740	4,577,740
Accumulated Depreciation	(4,572,133)	(4,512,037)
Net Book Value	5,607	65,703

Note 12. Trade and other payables

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

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Audit fee payable to Consolidated Fund	2,320,000	2,260,000
Travelling and transport	611,855	51,690
Telephone	37,663	18,951
Electricity	-	71,408
Maintenance of Vehicles	14,921	-
Office Sundries	9,775	-
Publications	21,130	17,450
Fuel and oil	4,566	1,362
Fees for training	2,150	-
Salaries and allowances	30,608	27,294
Sick leaves short term	1,644,754	548,250
Passage benefits	2,500,000	2,500,000
Advance for purchase of inventories	159,362	68,026
Contribution to National Savings Fund	78,163	66,389
Prepayment	198,947	161,000
Retention money	97,854	30,820
	7,731,748	5,822,640

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 13. Non-current liabilities

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Bank Sick Leaves	37,641,512	37,946,484
Passage Benefit -Long Term	8,125,566	9,737,285
	45,767,078	47,683,769

Note 14. Capital Grants

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

	Rs	Rs
Opening Balance	4,951,523	5,850,723
Capital Grant	1,553,383	1,949,864
Deferred Income	(1,401,109)	(2,314,064)
Disposal	(11,400)	(535,000)
Closing Balance	5,092,397	4,951,523

Note 15. Revenue from Consolidated Fund

	Rs	Rs
Provision from estimates	157,800,000	209,400,000
Sick leave and Vacation Leave	2,935,773	5,232,378
Passage benefits	4,493,832	6,025,303
Capital Expenditure incurred by Ministry of Finance and Economic Dev.	-	-
Salary of supporting staff	1,167,009	1,533,347
Commitments for the year	810,831	254,544
Financing of loss on disposal	4,700	-
Retention money	-	30,820
Mission and training abroad	1,407,085	624,121
Adjustment advance inventories-last period	68,026	-
	168,687,256	223,100,513
Less:		
Capital expenditure out of recurrent	1,415,110	1,949,864
Commitments of last year	-	208,225
Provision from Estimates returned to Consolidated Funds	6,510,346	3,168,688
Adjustment for inventories	159,362	-
Prepayment	198,947	161,000
	8,283,765	5,487,777
	160,403,491	217,612,736

Notes to the Financial Statements

for the financial year ended 30 June 2017

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

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

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Audit fees received during period	14,348,909	19,531,790
Audit Fees due beginning of period	(2,260,000)	(1,630,000)
Audit Fees due end of period	2,320,000	2,260,000
	14,408,909	20,161,790

Note 17. Staff Costs

The monthly average salary, bonus and allowances and Travelling and Transport for the financial year ended 30 June 2017 amounted to Rs 12.5 million compared to Rs 11.3 million for the 18-month period ended 30 June 2016.

The increase is attributable mainly to increase in salaries and allowances as from 1 January 2016 following the PRB 2016 Report and new recruits.

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Salaries, bonus and Allowances	121,868,406	166,412,434
Provision for Passage Benefits	4,493,832	6,025,303
Travelling and Transport	22,217,817	29,645,164
Overtime	338,205	350,744
Staff Welfare	35,000	35,000
Uniform	22,300	19,535
Annual subscription to professional bodies for employees	768,745	1,644,418
	149,744,305	204,132,598

Notes to the Financial Statements

for the financial year ended 30 June 2017

Note 18. Training

Training costs include amount spent both on local and overseas training of staff. Eighteen officers attended eight workshops and seminar overseas, six of which were fully sponsored by ITEC, China and JICA. In the absence of necessary information, we could not measure this monetary assistance to us. The total cost incurred by the NAO on overseas training amounted to Rs 284,889.

Note 19. Missions abroad

During the financial year ended 30 June 2017, five NAO officers went abroad to attend official missions. One of these officers was assigned to audit the accounts of Mauritian Embassies abroad. NAO incurred total expenditure of Rs 1,122,195.

Note 20. Rent and utilities

	Year ended 30 June 2017	18-month period ended 30 June 2016
	Rs	Rs
Rent of building	4,352,209	6,528,312
Electricity charges	917,907	1,462,515
Telephone	350,756	565,783
Rental of parking slot	469,800	732,550
	6,090,672	9,289,160

Note 21. Reconciliation of Original Budget and Revised Budget

Basically, expenditure is approved in annual Government Budget. The original budget for the financial year ended 30 June 2017 amounted to Rs 157.8 million. Reallocations were made between budget items, but the total revised budget remained the same.

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

Notes to the Financial Statements

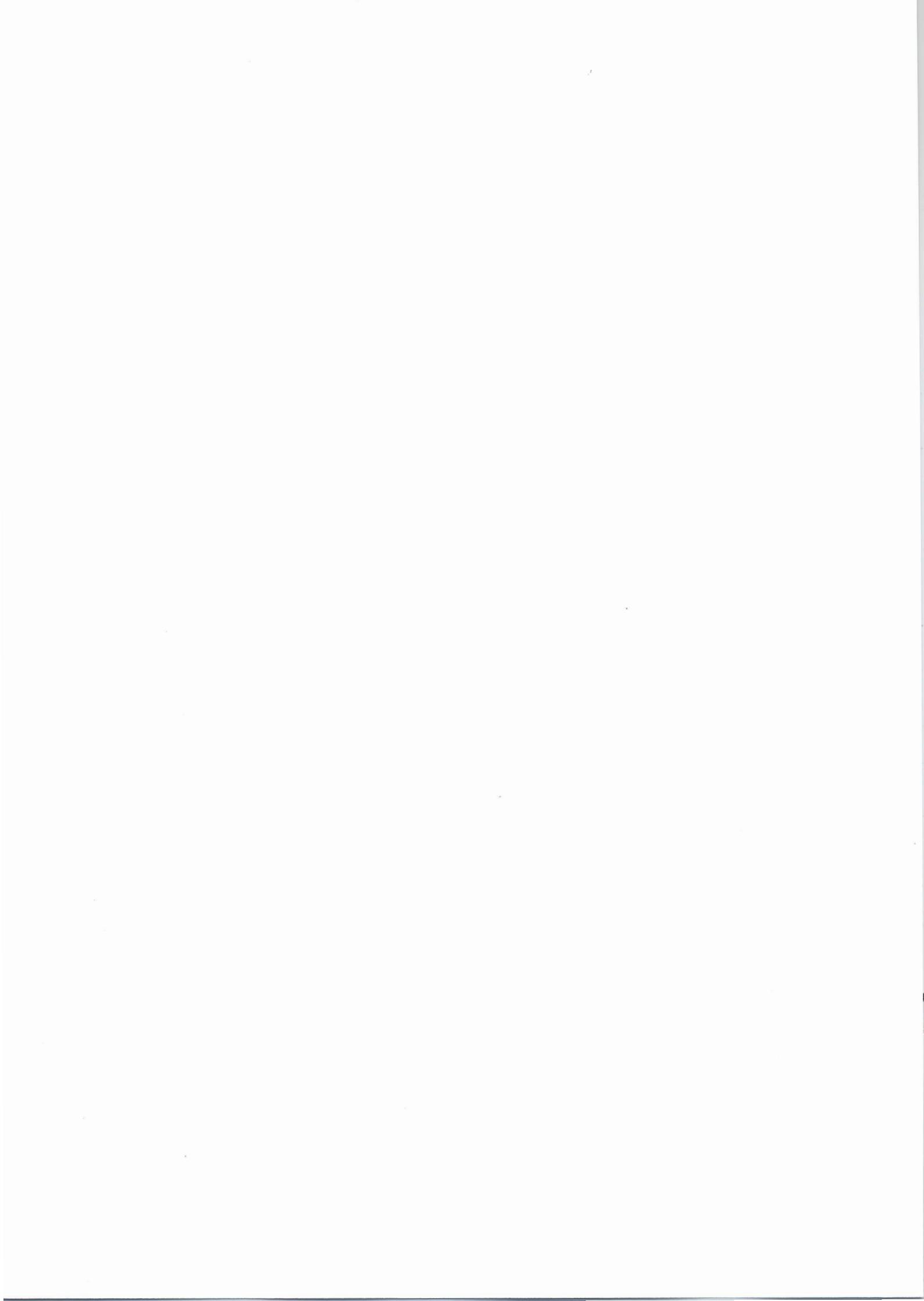
for the financial year ended 30 June 2017

Note 22. Reconciliation of budgetary results and results after IPSAS adjustments for the period

The Statement of Budgeted, Actual Cash and Accrual Based Amounts at page 62 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 and expenses are accounted on a cash basis. In accrual accounting, revenue and expenses only includes amounts corresponding to amounts accruing to the period. The difference is treated as payables and receivables.
- b) In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting this expense is capitalised and depreciated/ amortised over the useful lives of the assets. These capital expenditures and associated depreciation are recorded at their net value as assets in the Statement of Financial Position. Depreciation/ amortisation expense is recorded in the Statement of Financial Performance.
- c) In budget accounting, expenditure for employee benefits is accounted for on a pay as you go basis as is the case for payments of pensions on retirement. In accrual accounting, the expense is estimated by an actuary in accordance with a methodology set out in accounting standards. Basically, the pension and post-employment benefits obligation is to be reported in the Statement of Financial Position. In the absence of a professional valuation and necessary facts and figures, we have not done any accounting estimates for the NAO pension liabilities.
- d) In budget accounting, audit fees are recorded during the financial year ended 30 June 2017 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.



National Audit Office

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