

**ANNUAL REPORT OF THE ACCOUNTANT-GENERAL FOR THE FISCAL YEAR ENDED  
31 DECEMBER 2011**

## **1.0 EXECUTIVE SUMMARY**

### **1.1 INTRODUCTION**

The Accountant General is required under the Finance and Audit Act to submit Annual Statements to the Director of Audit. The accounts of the Government for the fiscal year ended 31 December 2011 were closed on 28 May 2012, and the Annual Statements were submitted within the statutory date limit.

### **1.2 SUMMARY OF FINANCIAL HIGHLIGHTS**

The accumulated deficit of the Consolidated Fund was reduced by Rs11,600.2M during the fiscal year under review and stood at Rs63,944.6M as at year-end.

For the fiscal year 2011, actual revenue and expenditure amounted to Rs87,653.1M and R87,816.2M respectively, compared to original estimates of Rs155,845M and Rs93,441.9M.

Revenue from taxes accounted for about 68% of the total revenue.

On the expenditure side, Public Order and Safety, Health, Education and Social Protection accounted for 48% of the total expenditure, while debt servicing represented 16%.

The total public debt as at 31 December 2011 amounted to Rs185,187M compared to Rs172,814.3M last year.

### **1.3 GOVERNMENT ACCOUNTS**

The Treasury issued a discussion paper in October 2011 on the development of a new accounting framework with a view to revamp Government accounting and reporting practices. The discussion paper is in line with the recommendations of the Director of Audit 2010 Report for moving towards accrual accounting and adoption of International Public Sector Accounting Standards (IPSAS).

A new statement, Statement of Comparison of Budget and Actual amount has been prepared in compliance with “Financial Reporting under Cash Basis IPSAS”.

This year Government investments have been recognized as assets in the Statement of Assets and Liabilities.

## **2.0 TREASURY ACTIVITIES AND PERFORMANCE**

### **2.1 OVERVIEW OF THE TREASURY**

The Treasury, a department operating under the aegis of the Ministry of Finance and Economic Development, is administered by the Accountant-General. The statutory duties of the Accountant-General are laid down in various legislation and regulations. The Finance and Audit Act specifically requires the Accountant-General to sign and submit to the Director of Audit, within 6 months of the close of every fiscal year, annual statements showing fully the financial position of the Republic of Mauritius on the last day of such fiscal year.

The other responsibilities of the Accountant General laid down in the Financial Management Kit include:-

- 1) ensuring the adequacy and reliability of the central computerized Treasury Accounting System (TAS) for the processing and recording of Government transactions and for the preparation of financial and non-financial reports including performance reports;*
- 2) managing government’s cash flows, in particular determining government’s cash requirements and ensuring that sufficient funds are available to meet the payment obligations of government as they fall due;*
- 3) ensuring that proper cash management systems are in place in all ministries/departments for the efficient and effective use of cash resources;*
- 4) advising Accounting Officers on accounting and financial matters, and*
- 5) In relation to public service benefits:*
  - i. maintaining a register of Government pensioners and ensuring the payment of retirement benefits and monthly pensions on a timely basis;*

- ii. *processing applications from public officers in respect of advances for the purchase of motorcars / motorcycles / autocycles;*
- iii. *processing applications for passage benefits and ensuring timely payment of such benefits to eligible officers.*

## **2.2 GOVERNMENT ACCOUNTS AND ANNUAL STATEMENTS**

The accounts were closed on 28 May 2012. The annual statements as required under Section 19(3) of the Finance and Audit Act were submitted to the Director of Audit on 28 May 2012.

## **2.3 PUBLIC SERVICE BENEFITS**

Public Service benefits are processed and paid centrally by the Treasury. The three main categories of benefits currently paid are:

- I. Motor Car and Motor Cycle Advances;
- II. Passage Benefits; and
- III. Retirement Benefits.

## **2.4 MOTOR CAR & MOTOR CYCLE ADVANCES**

During the fiscal year under review, a total amount of Rs 241.9M was advanced to 625 officers as detailed below:

*Table 1 - Details of Advances to Public officers*

<b>Advances</b>	<b>No. of Officers</b>	<b>Loan Granted (Rs'M)</b>
<b>Motor Cycle</b>	<b>166</b>	<b>12.1</b>
<b>Motor Car</b>	<b>459</b>	<b>229.8</b>
<b>Total</b>	<b>625</b>	<b>241.9</b>

The total outstanding balance of motor car/motor cycle advances stood at Rs 1,151.9M as at 31 December 2011.

## 2.5 PASSAGE BENEFITS

For the year ended 31 December 2011, some 7,651 applications for passage benefits were processed in respect of eligible government employees, involving a total expenditure of Rs348.6M as follows:

*Table 2- Details of Passage benefits to Public officers*

<b>Passage Benefits</b>	<b>No. of Cases</b>	<b>Amount (Rs'M)</b>
<b>Passage Cost</b>	<b>1,274</b>	<b>65.4</b>
<b>Cash in Lieu of Passages</b>	<b>6,377</b>	<b>283.2</b>
<b>TOTAL</b>	<b>7,651</b>	<b>348.6</b>

## 2.6 RETIREMENT BENEFITS

Retirement benefits/gratuities and other allowances are payable to retired government employees, heirs of deceased public officers/deceased pensioners, officers on contract, former members of the National Assembly and Ministers' Drivers and Constituencies Clerks.

During the year under review, retirement benefits/gratuities for 27,282 beneficiaries were processed involving a total disbursement of Rs 4,187.7M as detailed below:

*Table 3 - Details of retirement benefits*

<b>Retirement Benefits</b>	<b>No. of Beneficiaries</b>	<b>Amount (Rs'M)</b>
<b>National Assembly Retiring Allowances</b>	<b>105</b>	<b>60.4</b>
<b>Pensions</b>	<b>25,077</b>	<b>3,226.3</b>
<b>Compassionate Allowances</b>	<b>64</b>	<b>3.5</b>
<b>Retiring/Contract/Death Gratuities</b>	<b>2,036</b>	<b>897.5</b>
<b>Total</b>	<b>27,282</b>	<b>4,187.7</b>

## **2.7 NEW ACCOUNTING FRAMEWORK**

### **2.7.1 DISCUSSION PAPER ON DEVELOPMENT OF A NEW ACCOUNTING FRAMEWORK**

In the context of reviewing the existing accounting and reporting systems of central Government, the Treasury issued in October 2011 a discussion paper on “Development of a New Accounting Framework” covering the following key areas:

- (i) redefinition of the statutory responsibilities of the Accountant General to prepare and submit a set of financial statements as well as an annual report;
- (ii) further recognition of assets and liabilities to provide a better picture of the financial position of the government;
- (iii) preparation of a set of financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) or an adaptation thereof, and
- (iv) preparation of an annual report by each Ministry/Department to foster accountability and to enable proper performance audit.

The discussion paper sets out a general approach for the implementation of an action plan spanned over a period of five years.

### **2.7.2 APPLICATION OF IPSAS**

International Public Sector Accounting Standards (**IPSASs**) are a set of accounting standards issued by the International Public Sector Accounting Standards Board (IPSASB), an independent organ of IFAC (International Federation of Accountants). The standards are meant to be good practice for use by public sector entities in the preparation of financial statements.

The Statement of Receipts and Payments, (Statement AA) prepared under Section 19 of the Finance and Audit Act complies with “Financial Reporting under cash basis IPSAS”.

Furthermore, a statement of Comparison of Budget and Actual Amount (Statement AB) is also prepared in compliance with the standard. The expenditure is classified by functions of government, based on United Nations Classification of Functions of Government (COFOG).

### **2.7.3 FROM CASH BASIS TO ACCRUAL BASIS**

In 2008-2009 there was a shift from full cash basis to modified cash in the preparation of Government Accounts. This was a stepping stone towards the gradual adoption of the accrual basis of accounting for government transactions.

The adoption of accrual basis accounting is generally viewed to be better suited for accountability, transparency and decision making. It also provides a better insight of the financial position of Government.

### **2.7.4 RECOGNITION OF ASSETS AND LIABILITIES**

Recognition of assets and liabilities in annual statements is a key reporting characteristic, especially for ensuring that the accounts of an entity reflect a true and fair view of its financial position.

Non-current assets and loans raised by government, except treasury bills and treasury notes, are presently accounted as revenue expenditure and recurrent revenue respectively.

In the 2011 accounts, Government investments have been recognized as assets in the Statement of Assets and Liabilities.

It is envisaged to gradually recognize the remaining assets and liabilities in the annual statements.

### 3.0 FINANCIAL HIGHLIGHTS

#### 3.1 CONSOLIDATED FUND

The Finance and Audit Act requires government revenues to be credited to the Consolidated Fund, and for expenditure incurred on the authority of warrants issued by the Minister of Finance and Economic Development, to be charged to the fund.

During the year under review, actual revenue and actual expenditure amounted to Rs87,653.1M and Rs87,816.2M respectively.

The accumulated deficit of the Fund as at 31 December 2011 stood at Rs63,944.6M compared to Rs75,544.8M as at 31 December 2010. The reduction in deficit was mainly due to capitalization of investments held by Government.

Detailed statements of revenue and expenditure are included in this report (Statement D and Statement D1).

##### 3.1.1 INVESTMENTS

The total value of investment held by Government as at 31 December 2011 is categorized in the table below:

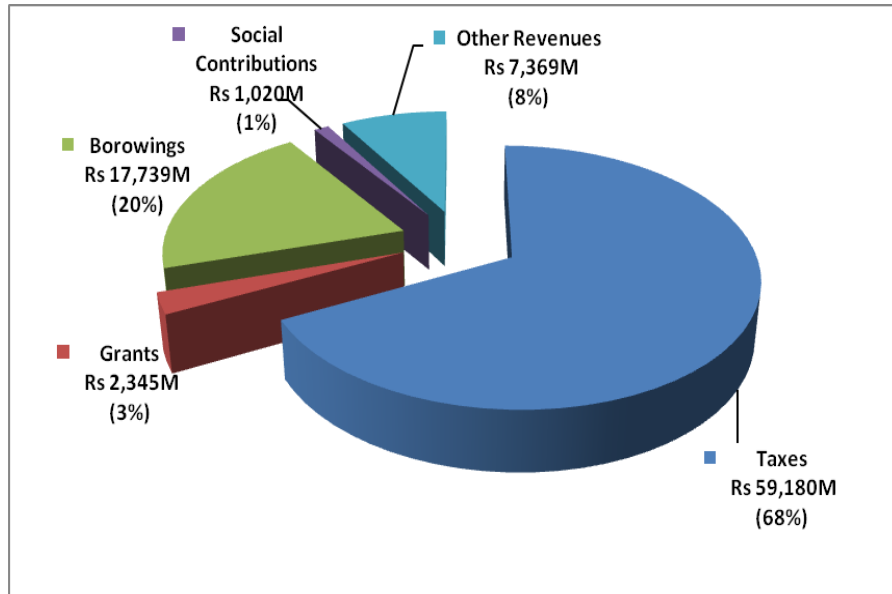
*Table 4- Details of Investments held by Government*

<b>Description</b>	<b>Nominal Value (Rs'M)</b>	<b>Cost Price (Rs'M)</b>
<b>Quoted Shares</b>	<b>115.3</b>	<b>144.9</b>
<b>Units</b>	<b>192.0</b>	<b>75.8</b>
<b>Unquoted Shares</b>	<b>7,819.1</b>	<b>7,813.4</b>
<b>Equity Participation</b>	<b>3,950.9</b>	<b>3,950.9</b>
<b>Total</b>	<b>12,077.3</b>	<b>11,985</b>

### 3.1.2 ANALYSIS OF TOTAL REVENUE

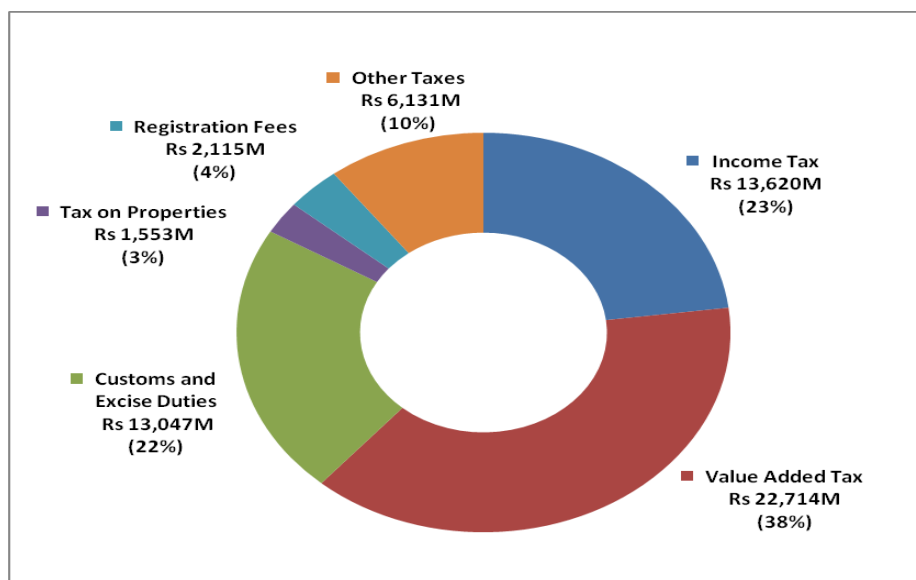
The total revenue Rs87,653.1M collected during the fiscal year 2011 is illustrated in chart 1 below:

*Chart 1- Sources of Government Revenue*



The major source of Government revenue is from taxes and accounts for about 68% of the total revenue. The amount of taxes collected has increased from Rs55,209.1M in 2010 to Rs59,180.3M in 2011, an increase of around 7.2%. Details of taxes collected are analyzed in chart 2 below:

*Chart 2- Analysis of taxes collected*



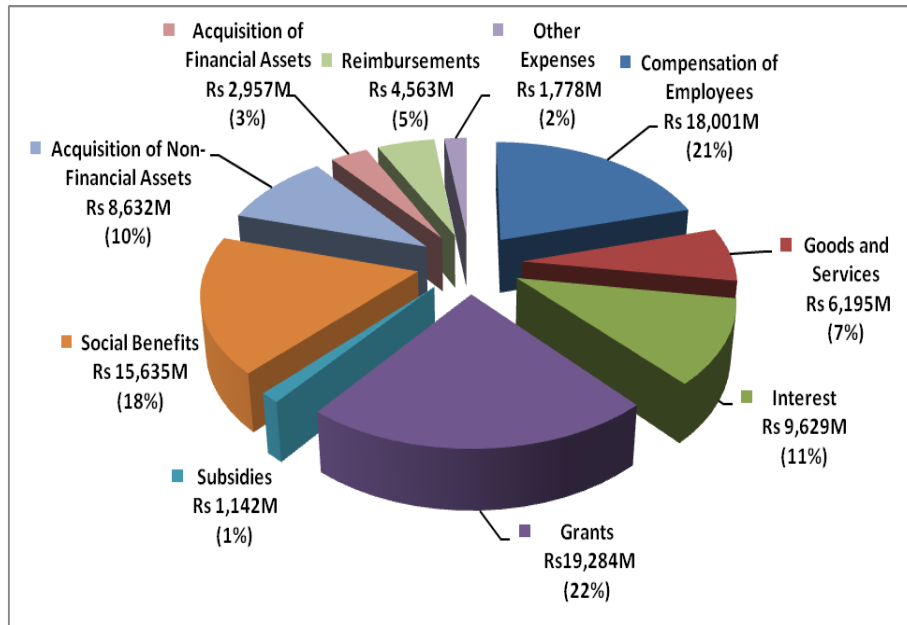
Value added tax constitutes the main source of tax representing 38% of the total tax collected.



### 3.1.3 ANALYSIS OF TOTAL EXPENDITURE

The total expenditure for the year 2011 amounted to Rs87,816.2M and is analyzed by economic categories in Chart 3 below:

*Chart 3- Expenditure classified by Economic Categories*



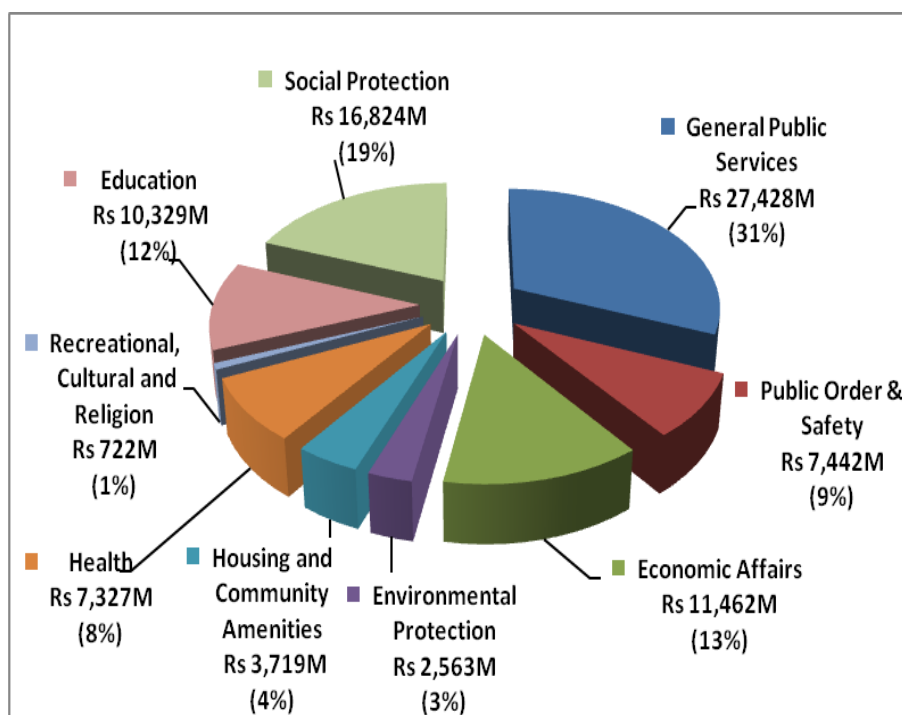
Compensation to employees, grants, social benefits and debt servicing accounted for around 80% of total expenditure. The remaining 20% was spent on acquisition of assets, goods and services and subsidies.

### 3.1.4 GOVERNMENT EXPENDITURE BY FUNCTION

Government expenditure classified by function is included as Statement AB in the set of annual statements. This statement provides information on cash inflows/outflows by function as required by Cash Basis IPSAS.

Public Order and Safety, Health, Education and Social Protection account for 48% of the total government expenditure. Economic affairs which include expenditure incurred in respect of agriculture, tourism, construction and transport represent 13%, environmental Protection 3% and housing community amenities 4%. The expenditure for General Public services amount to 31% of which around 50% relates to debt servicing. This is illustrated in chart 4 below:

Chart 4- Functional Classifications of Government Expenditure



### 3.2 SPECIAL FUNDS

The total amount of Special Funds deposited with the Accountant-General as at 31 December 2011 was Rs9,890.4M (Statement H).

### 3.3 PUBLIC SECTOR DEBT

The public sector debt outstanding as at 31 December 2011 stood at Rs185,187M (**Statement J**) and is summarized in the table below:

Table 5-Public Sector Debt

Public Sector Debt	Amount Rs'M	% of Total Public Sector Debt
Government Debt	164,187.9	88.66%
Agencies- Extra Budgetary Units	105.0	0.06%
Local Government Debt	2.5	0.002%
Public Enterprise Debt	20,891.6	11.28%
<b>Total Public Sector Debt</b>	<b>185,187.0</b>	<b>100%</b>

### 3.3.1 GOVERNMENT DEBT

As of 31 December 2011, Government Debt stood at Rs164,187.9M details of which are provided below:

*Table 6- Central Government Debt at Nominal Value*

<b>Government</b>	<b>Internal Rs'(M)</b>	<b>External Rs'(M)</b>	<b>Total Rs'(M)</b>
<b>Long Term</b>	<b>58,529.1</b>	<b>26,708.6</b>	<b>85,237.7</b>
<b>Medium Term</b>	<b>42,611.1</b>	<b>-</b>	<b>42,611.1</b>
<b>Short Term</b>	<b>36,339.1</b>	<b>-</b>	<b>36,339.1</b>
<b>Total</b>	<b>137,479.3</b>	<b>26,708.6</b>	<b>164,187.9</b>

### 3.3.2 DEBT SERVICING

The cost of servicing public debt during the year amounted to Rs14,277M and was as follows:

*Table 7- Details of debt servicing*

<b>Debt Servicing</b>	<b>Amount Rs'(M)</b>	<b>Amount Rs'(M)</b>
<b>Interest</b>		
<b>External Debt</b>	408	
<b>Internal Debt</b>	9,290.3	<b>9,698.3</b>
<b>Capital Repayments</b>		
<b>External Debt</b>	768.2	
<b>Internal Debt</b>	3,794.8	<b>4,563.0</b>
<b>Management/Service Charges</b>		<b>15.7</b>
<b>Total</b>		<b>14,277.0</b>

### **3.4 LOANS TO STATUTORY BODIES, LOCAL AUTHORITIES & OTHER BODIES**

Loans totaling Rs 2913.9M were made to statutory bodies, local authorities and other bodies during the year under review. Capital and interest reimbursement during the period amounted to Rs 704.6M and Rs 217.1M respectively. The balance of such loans outstanding as of 31 December 2011 was Rs 7,138.2M.

## **4.0 ANNUAL STATEMENTS**

This report includes the following statements which are required to be submitted to the Director of Audit under the Finance and Audit Act:-

- A** Statement of Assets and Liabilities.
- AA** Statement of Receipts and Payments
- AB** Statement of Comparison of Budget and Actual Amounts by Functions
- B** Abstract Account of Revenue and Expenditure of the Consolidated Fund
- D** Detailed Statement of Revenue of the Consolidated Fund
- D(1)** Detailed Statement of Expenditure by Programmes and Sub-programmes of the Consolidated Fund
- DD** Progress Report on Performance in Respect of Outcomes Achieved and Outputs Delivered
- F** Statement of Investments
- G** Detailed Statement of Advances
- H** Statement of Special Funds deposited with Accountant-General
- I** Detailed Statement of Deposits
- J** Statement of Public Sector Debt
- L** Statement of Contingent Liabilities, including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by the Government
- M** Statement of all Outstanding Loans financed from Revenue
- N** Statement of Arrears of Revenue
- O** Statement of Claims Abandoned
- P** Statement of Losses charged to Expenditure
- Q** Statement of Stores Losses
- R** Tabular Summary of Unallocated Stores – Ministry of Public Infrastructure
- U** Statement of Foreign Aid Received
- U(1)** Statement of Cash Aid Received from Foreign Countries