

THE TREASURY

OUR MISSION

*Striving towards excellence in service delivery
through continuous improvement and enhancement*

OUR VISION

*To be recognised as a modern organisation
providing Financial services of International
standards*

CORE VALUES

Thinking strategically
Focusing on Results
Working with Unequivocal loyalty and integrity
*Serving customers with sincerity
and Courtesy*
Fostering Teamwork

ACCOUNTANT GENERAL REPORT

Overview

The challenges associated with the unpredictable socio economic environment resulting from the economic difficulties in countries which are our major economic partners require that the Public Financial Management (PFM) framework be kept under constant review.

The Treasury is an active player in the development, consolidation and review of the Public Financial Management (PFM) framework designed to ensure efficiency, economy and accountability at all levels.

The department, with the wide experience and knowledge of the PFM cycle has contributed towards the formulation of appropriate policy decisions by providing up to date and accurate information and advice to the policy makers.

During 2012, the Treasury has been actively involved in a number of projects such as the E-payment, Human Resource Management Integrated Software (HRMIS), Financial Management Review Committee (FMRC), Asset Management and E-budgeting.

The financial statements required to be prepared under the Finance and Audit Act was submitted to the Director of Audit within its statutory period of six months following the close of the financial year.

For the fiscal year 2012, the accounts were closed on 21st March 2013 and all financial statements submitted to the National Audit Office by 22nd April 2013.

Financial Highlights

During the fiscal year under review, the accumulated deficit of the Consolidated Fund was reduced by Rs7,831.1M and stood at Rs56,113.6M as at 31 December 2012. Total public debt amounted to Rs 194,487M compared to Rs185,187M in 2011.

Total revenue amounted to Rs95,680.5M compared to the original estimates of Rs100,548.9M. Revenue from taxes comprised of about 68% of the total revenue.

On the expenditure side, the original estimates and the actual expenditure amounted to Rs101,552.1M and Rs89,101.5M respectively. Public Order and Safety, Health, Education and Social Protection accounted for about 50% of the total government expenditure while debt servicing represented 19%.

The Director of Audit has certified that the accounts show a true and fair view of the financial transactions of the Republic of Mauritius for the year ended 31 December 2012 and comply with the Finance and Audit Act.

Acknowledgements

I take this opportunity to express my gratitude to the Financial Secretary. I would also extend my thanks to the Director of Audit, Senior Chief Executives, Permanent Secretaries, Supervising Officers and the Government Printer for their usual support and co-operation.

I would like to thank all Treasury staff for their hard work and commitment. I also wish to put on record their sustained effort to enable the timely preparation and submission of the statutory financial statements.

J. VALAYTHEN
ACCOUNTANT GENERAL
30TH JULY 2013.

1.0 ABOUT THE TREASURY

The Treasury is a department operating under the aegis of the Ministry of Finance and Economic Development and is managed by the Accountant General.

Operations of the Treasury are conducted within a legal framework, as detailed at section 1.2, *Enabling Legislations*.

The core accountabilities of the Accountant General as stated in Finance and Audit Act and Financial Management Kit are as follows:

1. Annual statements

➤ *Section 19, of the Finance and Audit Act requires that the " Accountant-General shall, within 6 months of the close of every fiscal year, sign and submit to the Director of Audit statements showing fully the financial position of Mauritius on the last day of such fiscal year."*

2. Cash Management

- *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;*
- *Ensuring that proper cash management systems are in place in all ministries/departments for the efficient and effective use of cash resource*

3. Treasury Accounting System (TAS)

- *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.

4. Project Financial Management

- *Ensuring that projects financed by loans and grants are properly recorded and accounted for.*
- *Preparing project annual financial statements for submission to the Director of Audit within prescribed time frame*
- *Preparing project financial statements including interim and final for submission to Development Partners;*
- *Submission of audited financial statements with Management letter response to Development Partners.*

5. Public Service Benefits

- *Maintaining a register of Government pensioners and ensuring the payment of retirement benefits and monthly pensions on a timely basis;*
- *Processing applications from public officers in respect of advances for the purchase of motorcars / motorcycles / autocycles;*
- *Processing applications for passage benefits and ensuring timely payment of such benefits to eligible officers*

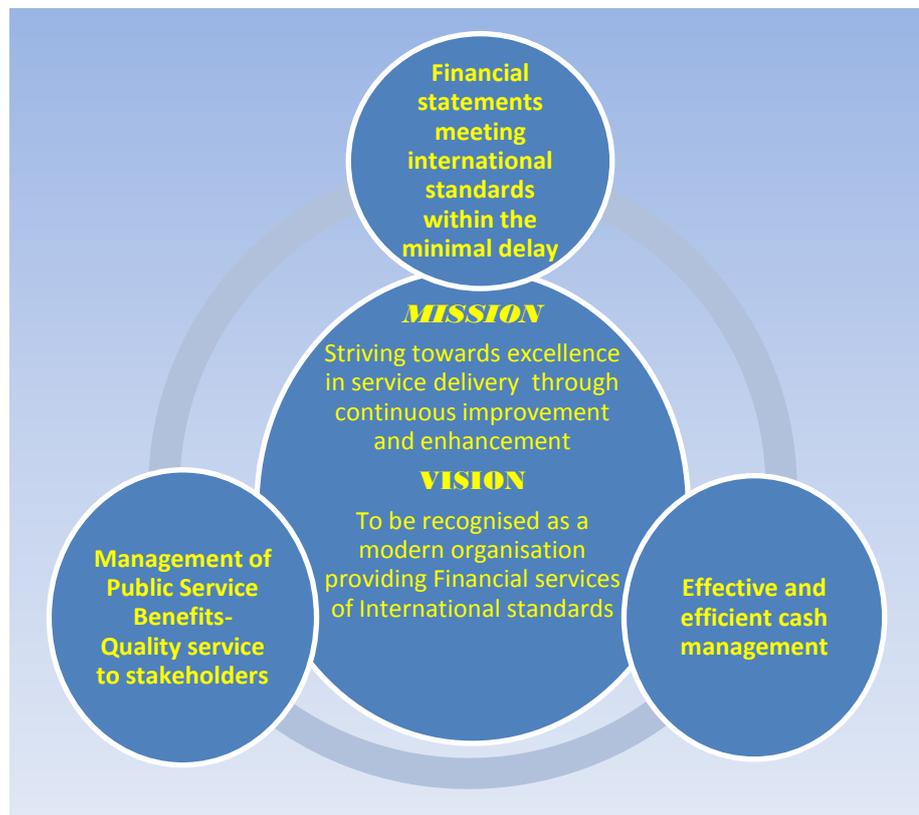
Details in respect of the services provided by the Treasury are given at **section 1.3**.

1.1 Strategic Orientation, Mission and Vision

Over the years, the role of the Treasury has changed drastically from the traditional one of being the Payment agent of the Government to that of a strategic partner providing an array of services to internal stakeholders-Ministry/Departments and general public at large.

The Organization in the long term will position itself as one offering high quality services with the increase use of information technology for operational efficiency.

The Strategic orientation together with the core values at the Treasury is reflected below:



CORE VALUES

Thinking strategically
Focusing on **R**esults
Working with **U**nequivocal loyalty and integrity
Serving customers with sincerity and courtesy
Fostering **T**eamwork

Strategic Objectives of the Treasury:

- i. Participate further in Strategic Policy advice to stakeholders;
- ii. Present financial statements and other reports of International Standards;
- iii. Consolidate the regulatory and risk Management Framework;
- iv. Streamline and enhance revenue management services.
- v. Modernise the payment/disbursement mechanism.

1.2 Enabling Legislations

The Treasury complies with the following Acts, Regulations and Instructions:

- ❖ The Constitution, sections 103 to 110;
- ❖ The Finance and Audit Act;
- ❖ The Public Debt Management Act;
- ❖ The Procurement Act.
- ❖ The Financial Management Manual (FMM) / Financial Management (FM) Kit
- ❖ Regulations and Financial Instructions under the Finance and Audit Act;
- ❖ Treasury and Ministry of Finance and Economic Development circulars

1.3 Core services

The Treasury provides the following core services through a number of sections:

Table 1- Core Services

Section	Service delivered	Pledge by Treasury
Accounting and Reporting		
	Preparation and Submission of Financial Statements of the Government to the auditors.	Within the statutory period of Six months from close of fiscal year.
Cash Management Unit		
	Management of Government Cash Flows in local and foreign currencies.	Daily
	Payment of claims/salaries/others in both local and foreign currencies.	Within Five working Days
	Investment of surplus funds	Daily at the best possible rate
	Accounting for Debt	Immediate
	Disbursement, Accounting and Reporting for on-lent loans	Immediate
Treasury Accounting System		
	Maintenance of TAS Training of TAS Users	Daily Regular training on upgrading or availability of a new feature as and when required
Project Financial Management		
	Accounting and Reporting for project transactions. Application for withdrawal request from development partners Managing designated Bank Accounts	Within the Time frame set by development partners

Section	Service delivered	Pledge by Treasury												
Public Service Benefits														
Car Loan	<p>Loan to Public Officers for the purchase of vehicle.</p> <p>Details in respect of the level of activity are provided in the table below:</p> <p>Outstanding Balance of motor car/motor cycle advances at year end stood at Rs1, 138.6M.</p> <table border="1"> <thead> <tr> <th>Advances</th> <th>No. Officers</th> <th>Loan Granted (Rs'M)</th> </tr> </thead> <tbody> <tr> <td>Motor Cycle</td> <td>135</td> <td>8.5</td> </tr> <tr> <td>Motor Car</td> <td>469</td> <td>253.0</td> </tr> <tr> <td>Total</td> <td>604</td> <td>261.5</td> </tr> </tbody> </table>	Advances	No. Officers	Loan Granted (Rs'M)	Motor Cycle	135	8.5	Motor Car	469	253.0	Total	604	261.5	Disbursement within a week of receipt of application provided application is complete.
	Advances	No. Officers	Loan Granted (Rs'M)											
	Motor Cycle	135	8.5											
	Motor Car	469	253.0											
	Total	604	261.5											
Passage Benefits	<p>Processing and payment for travel cost, hotel accommodation and payment of examination fees.</p> <p>During the year 2012, 13,641 applications for passage benefits were processed and total disbursements amounted to some to Rs398.9M</p> <table border="1"> <thead> <tr> <th>Passage Benefits</th> <th>No. of Cases</th> <th>Amount (Rs'M)</th> </tr> </thead> <tbody> <tr> <td>Passage Cost</td> <td>6,370</td> <td>70.7</td> </tr> <tr> <td>Cash in Lieu of Passages</td> <td>7,271</td> <td>328.2</td> </tr> <tr> <td>TOTAL</td> <td>13,641</td> <td>398.9</td> </tr> </tbody> </table>	Passage Benefits	No. of Cases	Amount (Rs'M)	Passage Cost	6,370	70.7	Cash in Lieu of Passages	7,271	328.2	TOTAL	13,641	398.9	Within Seven days of Receipt of application
	Passage Benefits	No. of Cases	Amount (Rs'M)											
	Passage Cost	6,370	70.7											
	Cash in Lieu of Passages	7,271	328.2											
TOTAL	13,641	398.9												

Section	Service delivered	Pledge by Treasury																		
Retirement Benefits	<p>Processing and payment of Pension, Gratuity and other retirement benefits</p> <p>Retirement benefits/gratuities for 27,098 beneficiaries were processed in 2012.</p> <p>Disbursement amount Rs 4,215M</p>	Payment within Five working days provided all documents are submitted within the set time frame																		
	<table border="1"> <thead> <tr> <th>Retirement Benefits</th> <th>No. of Beneficiaries</th> <th>Amount (Rs'M)</th> </tr> </thead> <tbody> <tr> <td>National Assembly Retiring Allowances</td> <td>103</td> <td>59.3</td> </tr> <tr> <td>Pensions</td> <td>25,349</td> <td>3,430.0</td> </tr> <tr> <td>Compassionate Allowances</td> <td>56</td> <td>3.3</td> </tr> <tr> <td>Retiring/ Contract/ Death Gratuities</td> <td>1,590</td> <td>722.4</td> </tr> <tr> <td>Total</td> <td>27,098</td> <td>4,215.0</td> </tr> </tbody> </table>		Retirement Benefits	No. of Beneficiaries	Amount (Rs'M)	National Assembly Retiring Allowances	103	59.3	Pensions	25,349	3,430.0	Compassionate Allowances	56	3.3	Retiring/ Contract/ Death Gratuities	1,590	722.4	Total	27,098	4,215.0
	Retirement Benefits		No. of Beneficiaries	Amount (Rs'M)																
	National Assembly Retiring Allowances		103	59.3																
	Pensions		25,349	3,430.0																
	Compassionate Allowances		56	3.3																
	Retiring/ Contract/ Death Gratuities		1,590	722.4																
Total	27,098	4,215.0																		

The Treasury works in extensive collaboration with all stakeholders to meet requirements.

2.0 DEVELOPMENTS IN PUBLIC FINANCIAL MANAGEMENT

2.1 FINANCIAL MANAGEMENT REVIEW COMMITTEE (FMRC)

To ensure that the current PFM framework reflects the need of diverse stakeholders and in line with government objectives for efficiency at all levels, the Financial Management Review Committee has been set up.

The role of the committee, led by the Treasury, is to review the existing Public financial Management framework and to make recommendations to further improve accountability and transparency in the public service.

2.2 ANNUAL REPORT

Following the discussion paper issued in October 2011, a working group under the chairmanship of the Accountant General was constituted to provide further guidance on the preparation of an Annual Report by Ministries/Department wherein emphasis will be laid on performance and achievement of set objectives. The timeline was reviewed and will be implemented on a pilot basis for the year 2013.

2.3 APPLICATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

Consultations with key stakeholders have been initiated to further consolidate the Accounting framework. Additional disclosure requirements have been worked out which include:

- i. Reason for significant variances between estimates and actual;
- ii. Undrawn external assistance;
- iii. Additional items reflected as asset and liabilities

The framework is currently being established to gather the necessary information for disclosure.

2.4 E-PROJECTS

Achieving operational efficiency is one of the prime aims of reform initiatives undertaken by the Government.

The Treasury is actively participating in a number of projects currently being implemented to enhance public financial management thus offering high quality services to all stakeholders. These projects include:

- i. **E-Payment Project** - To improve the general business climate, an e payment gateway is being developed and a Steering Committee, under the chairmanship of the Accountant General, comprising representatives of the Central Informatics Bureau, Government online centre,

Ministry of Finance have been working for the development. The system is expected to be operational in the second semester of 2013.

- ii. **Human Resource Management Information System -**
The acquisition/development of an integrated human resource Management system to provide timely and accurate information on the human capital of the Civil Service with a view to enhance the whole human resource management process.
- iii. **E-Budgeting -** The shift from traditional paper based budget formulation system to an electronic media which will enhance the whole budgeting process- Budget formulation, execution and monitoring.
- iv. **Asset Management Module-** Electronic system for better management of the assets of the government.
- v. **Computerisation of the Pension and Passage Section -**
Enhancing a system which manages the payment of public service benefits to be in line with new requirements thereby reducing service delivery time.
- vi. **Cheque Truncation System -** The Treasury has joined the new cheque truncation system whereby there is no physical exchange of Cheques and the Bulk clearing settlement system to reduce electronic transfer costs, implemented by the Bank of Mauritius.
- vii. **Mauritius E-Registry and E-Judiciary Project -** These projects provide an electronic platform for the whole process of registration of documents by the Registrar General Department and court case management by the Judiciary.

3.0 FINANCIAL HIGHLIGHTS

3.1 Summary of Financial Highlights

Table 2- Summary of Financial Highlights

	2011		2012		VARIANCES	
	ACTUAL	BUDGET	ACTUAL	BUDGET- ACTUAL 2012	ACTUAL 2011-2012	
	R S M					
REVENUE	87,653.1	100,548.9	95,680.5	(4,868.4)	8027.4	
EXPENDITURE	87,816.2	101,552.1	89,101.5	12,450.6	(1,285.3)	
CONSOLIDATED FUND- DEFICIT	63,944.6	-	56,113.5	-	7,831.1	
DEBT	185,187	-	194,486.9	-	9,299	

3.2 Financial Analysis

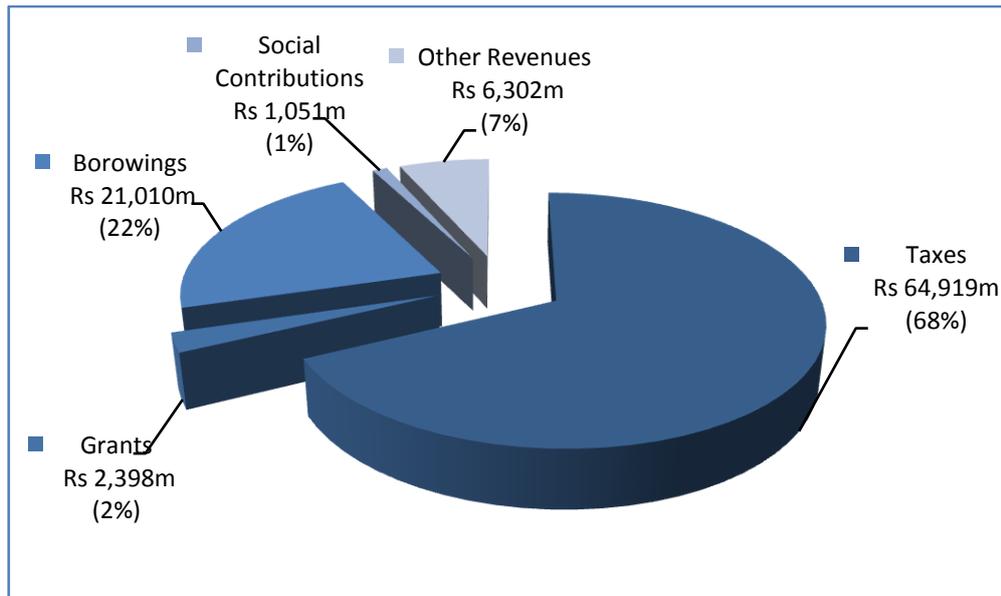
3.2.1 REVENUE AND EXPENDITURE

During the year under review, actual revenue and actual expenditure amounted to Rs95,680.5M and Rs89,101.5M respectively. Detailed statements of revenue and expenditure are included in this report (Statement D and Statement D1).

3.2.1.1 ANALYSIS OF TOTAL REVENUE

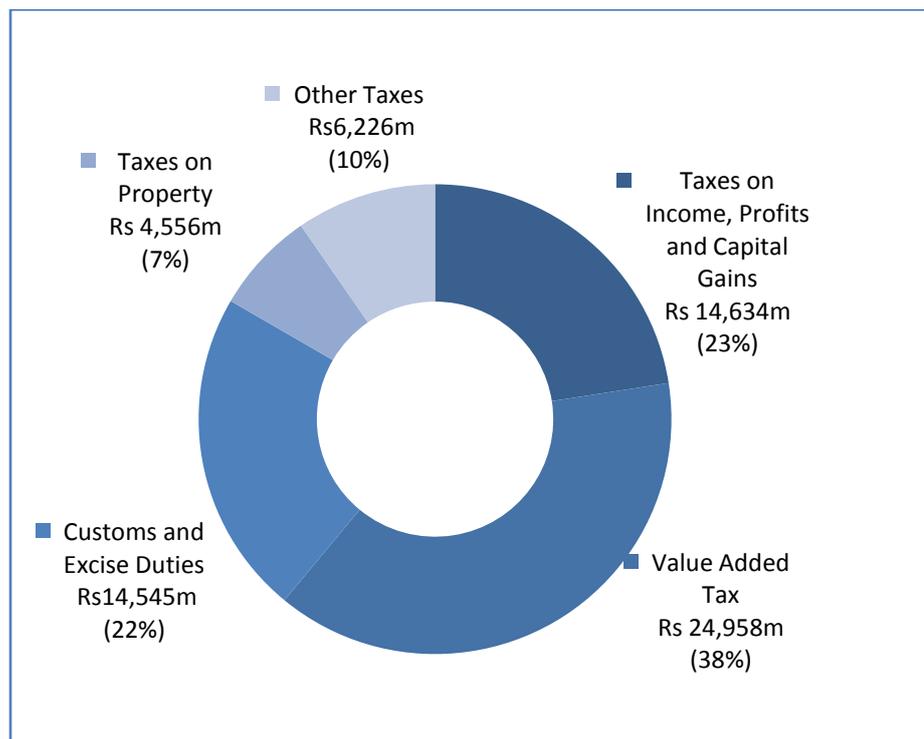
The total revenue Rs95,680.5M collected during the fiscal year 2012 is illustrated in chart 1 below:

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 Rs59,180.3M in 2011 to Rs64,919.2M in 2012, an increase of around 9.7%. Details of taxes collected are analyzed in chart 2 below:

Chart 2- Analysis of taxes collected

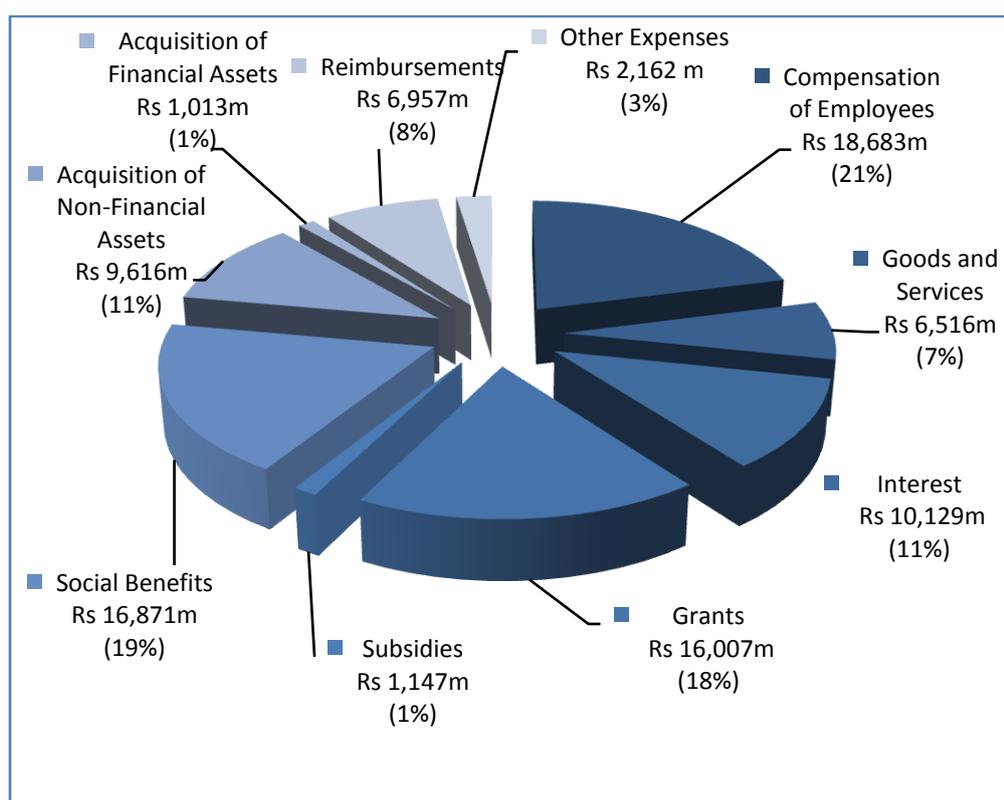


Value added tax constitutes the main source of tax representing 38% of the total tax collected.

3.2.1.2 ANALYSIS OF TOTAL EXPENDITURE

The total expenditure for the year 2012 amounted to Rs89,101.5M and is analyzed by economic categories in Chart 3 below:

Chart 3- Expenditure classified by Economic Categories



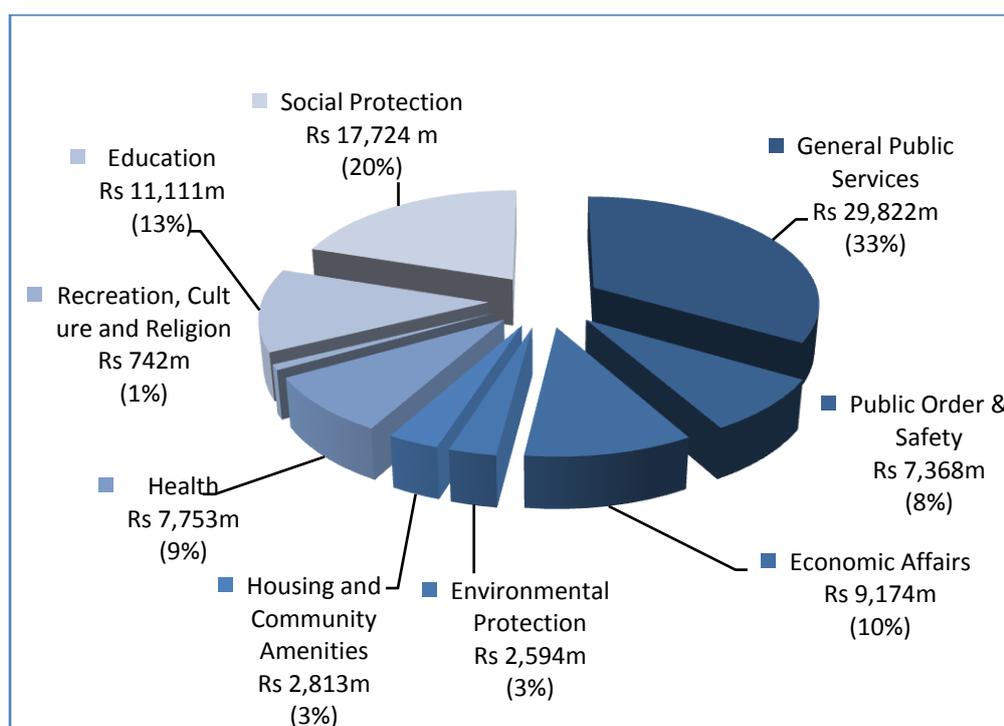
Compensation to employees, grants, social benefits and debt servicing accounted for around 80% of total expenditure.

3.2.1.3 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 50% of the total government expenditure. Economic affairs which include expenditure incurred in respect of agriculture, tourism, construction and transport represent 10%, environmental Protection 3% and housing community amenities 3%. The expenditure for General Public services amount to 33% of which around 57% relates to debt servicing. This is illustrated in chart 4 below:

Chart 4- Functional Classifications of Government Expenditure



3.2 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.

The accumulated deficit of the Fund as at 31 December 2012 stood at Rs56,113.6M compared to Rs63,944.6M as at 31 December 2011.

3.3 PUBLIC SECTOR DEBT

The public sector debt outstanding as at 31 December 2012 stood at Rs194,487M(**Statement J**) and is summarized in the table below:

Table 3-Public Sector Debt

Public Sector Debt	Amount Rs'M	% of Total Public Sector Debt
Government Debt	172,182.8	88.53%
Agencies- Extra Budgetary Units	105.0	0.05%
Local Government Debt	1.5	0.001%
Public Enterprise Debt	22,197.7	11.42%
Total Public Sector Debt	194,487.0	100%

3.3.1 GOVERNMENT DEBT

As of 31 December 2012, Government Debt stood at Rs172,182.8M details of which are provided below:

Table 4- Central Government Debt at Nominal Value

Government	Internal Rs'(M)	External Rs'(M)	Total Rs'(M)
Long Term	69,563.8	31,153.2	100,717.0
Medium Term	40,156.6	-	40,156.6
Short Term	31,309.2	-	31,309.2
Total	141,029.6	31,153.2	172,182.8

3.3.2 DEBT SERVICING

The cost of servicing public debt during the year amounted to Rs17,121.0M and was as follows:

Table 5- Details of Debt Servicing

Debt Servicing	Amount Rs'(M)	Total Amount Rs'(M)
Interest		
External Debt	502.1	
Internal Debt	9,627.20	10,129.3
Capital Repayments		
External Debt	888.0	
Internal Debt	6,068.60	6,956.6
Management/Service Charges		35.1
Total		17,121.0

3.4 LOANS TO STATUTORY BODIES, LOCAL AUTHORITIES & OTHER BODIES

Loans totaling Rs1,012.8M were made to statutory bodies, local authorities and other bodies during the year under review. Capital and interest reimbursement during the period amounted to Rs876.2M and Rs442.5M respectively. The balance of such loans outstanding as of 31 December 2012 was Rs 7,534.2M.

3.5 INVESTMENTS

The total value of investment held by Government as at 31 December 2012 is categorized in the table below:

Table 6- Details of Investments held by Government

Description	Nominal Value (Rs'M)	Cost Price (Rs'M)
Quoted Shares	115.3	144.9
Units	194.7	75.8
Unquoted Shares	8,892.7	8,713.8
Equity Participation	3,971.7	3,971.7
Total	13,174.4	12,906.2

3.6 SPECIAL FUNDS

The total amount of Special Funds deposited with the Accountant-General as at 31 December 2012 was Rs9, 248.3M (Statement H).

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:-

Table 7 - Annual Statements

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
U	Statement of Foreign Aid Received
U(1)	Statement of Cash Aid Received from Foreign Countries



NATIONAL AUDIT OFFICE

AUDIT CERTIFICATE OF THE DIRECTOR OF AUDIT ON THE FINANCIAL STATEMENTS OF THE REPUBLIC OF MAURITIUS

I have audited the financial statements of the Republic of Mauritius for the year ended 31 December 2012 as required by the Constitution of Mauritius and the Finance and Audit Act

Responsibility of the Accountant General

The Finance and Audit Act requires the Accountant-General to sign and submit to the Director of Audit, statements referred to in Section 19(3), within the period prescribed in Section 19(1) of the Act.

Responsibility of the Director of Audit

It is my responsibility to form an independent opinion, based on my audit, on the statements and to submit copies of these statements together with a certificate of audit and a report to the Minister responsible for finance, who shall as soon as possible thereafter lay those documents before the National Assembly.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). An audit includes an examination of the accounts relating to public money, property and other assets of the Republic of Mauritius. It also includes an assessment to satisfy myself that revenue is properly collected and safeguarded by reasonable precautions, that money provided by the National Assembly is used as the National Assembly intended and that financial and accounting instructions are adequate and effective.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statements are free from material misstatements. I believe that the audit provides a reasonable basis for my opinion.

Opinion

Except for matters referred to in my Report of 15 July 2013, in my opinion, the attached financial statements have been properly drawn up so as to show a true and fair view of the financial transactions of the Republic of Mauritius for the year ended 31 December 2012 and comply with the Finance and Audit Act.

Dr R. JUGURNATH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre,
Port Louis
REPUBLIC OF MAURITIUS

15 July 2013

