

## REPORT OF THE ACCOUNTANT-GENERAL

### 1.0 OVERVIEW

The Accountant-General is the administrative and technical head of the Treasury, which operates under the aegis of the Ministry of Finance, Economic Planning and Development.

The Finance and Audit Act (Section 19) requires the Accountant-General to prepare annual financial statements presenting fairly the financial transactions and financial position of the Government of the Republic of Mauritius on the last day of every financial year.

Accordingly, the Accountant-General is responsible, amongst others, to:-

- (i) maintain the accounts of government, to prepare annual financial statements and to ensure that accounting systems respond to government's needs for the proper processing, recording and accounting of financial transactions and for financial reporting; and
- (ii) manage the Treasury Accounting System (TAS) which supports government-wide budget execution.

In its quest to improve financial reporting, the Government embarked on the implementation of accrual-based International Public Sector Accounting Standards (IPSAS) as from October 2016 with the main objective to improve transparency, accountability and decision making through the production and publication of internationally benchmarked financial statements.

It is envisaged that the financial statements for the financial year 2022-2023 and onwards will be prepared under full accrual-based IPSAS and to this effect a roadmap for the following financial years has been developed:

- (i) 2020-2021: financial statements for the Budgetary Central Government will be prepared on accrual-based IPSAS;
- (ii) 2021-2022: consolidated financial statements for the General Government will be prepared on accrual-based IPSAS; and
- (iii) 2022-2023 and onwards: a full set of IPSAS consolidated financial statements for the whole of the Public Sector is expected to be prepared.

The accounts for the financial year 2018-2019 were closed on 30 September 2019 and the financial statements were submitted to the Director of Audit within the period prescribed under the Finance and Audit Act. These have been prepared using the Financial Reporting Framework, as stipulated at page 2 in Note 2.1.B(i) to the accounts. This reporting framework is in line with accrual-based IPSAS as compared to Generally Accepted Accounting Principles which was the framework used in previous years.

During the financial year under review, the following actions were taken:

- (i) The TAS was further enhanced after a review to support the Financial Reporting Framework;
- (ii) New returns relating to accrual accounting were designed to collect information to meet IPSAS requirements; and
- (iii) Accounting Policies and Form and Content of the financial statements to be used by the BCG and Public Sector were developed.

Also, enhancement in respect of the financial statements has been as follows:

- (i) Notes on Financial Reporting Framework have been included;
- (ii) The accumulated deficit and adjustments made relating to accrual accounting have been excluded from the Consolidated Fund and are reported separately in the Statement of Financial Position;
- (iii) Equipment and intangible assets acquired, as from 01 July 2018, under recurrent expenditure items have been capitalised; and
- (iv) New notes included relating to:
  - a) Financial risk management;
  - b) Reconciliation of deficit with budgetary result;
  - c) Reconciliation of deficit with net cash flows from operating activities; and
  - d) Reconciliation of budgetary result with net cash flow.

## 2.0 ANNUAL STATEMENTS

The annual financial statements of the Government is made up of the statements as listed in Table 1 below.

*Table 1 – List of Annual Statements*

STATEMENTS	
<b>A</b>	Statement of Financial Position (with notes)
<b>AA</b>	Statement of Financial Performance (Classification of Expenses by Function)
<b>AB</b>	Statement of Financial Performance (Classification of Expenses by Nature)
<b>AC</b>	Statement of Changes in Net Assets or Equity
<b>AD</b>	Statement of Cash Flow
<b>AE</b>	Statement of Comparison of Budget Estimates and Actual Amounts (Classification of Expenses by Function)
<b>AF</b>	Statement of Comparison of Budget Estimates and Actual Amounts (Classification of Expenses by Nature)
<b>B</b>	Abstract Account of Revenue and Expenditure of the Consolidated Fund
<b>D</b>	Statement of Revenue of the Consolidated Fund*
<b>D1</b>	Statement of Expenditure of the Consolidated Fund*
<b>DA</b>	Progress Report on Achievements and Performance
<b>F</b>	Statement of Investments
<b>G</b>	Statement of Advances*
<b>H</b>	Statement of Special Funds deposited with the Accountant-General
<b>I</b>	Statement of Deposits*
<b>J</b>	Statement of Public Sector Debt
<b>L</b>	Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government
<b>M</b>	Statement of all Outstanding Loans financed from Revenue
<b>N</b>	Statement of Arrears of Revenue
<b>O</b>	Statement of Claims Abandoned
<b>P</b>	Statement of Losses charged to Expenditure

*Table 1 continues below.*

<b>Q</b>	Statement of Stores Losses
<b>R</b>	Tabular Summary of Unallocated Stores
<b>U</b>	Statement of Foreign Aid Received
<b>U1</b>	Statement of Cash Aid Received from Foreign Countries

\*These statements are required to be in details.

In the above financial statements:

- (i) Statements A, AA, AB and AC are prepared on an accrual basis;
- (ii) Statements A to AF have been prepared, as far as possible, in compliance with IPSAS;
- (iii) Revenue and expenditure(expenses) are being reported in different statements as follows:
  - a) *Statement of Financial Performance*, showing revenue and expenses by both function and nature;
  - b) *Statement of Comparison of Budget Estimates and Actual Amounts*, showing total actual revenue and expenditure, by both function and nature, compared to Budget Estimates;
  - c) *Abstract Account of Revenue and Expenditure of the Consolidated Fund*, showing revenue by economic categories and expenditure by votes;
  - d) *Detailed Statement of Revenue of the Consolidated Fund*, showing revenue by economic items as per the Budget Estimates;
  - e) *Detailed Statement of Expenditure of the Consolidated Fund*, showing expenditure by votes and economic items as per the Budget Estimates.

### **3.0 AUDIT CERTIFICATE**

The Finance and Audit Act requires the Director of Audit to submit to the Minister copies of statements, together with a certificate of audit and a report on all accounts of the Government within the period prescribed in the Section 20(1) of the Act. The Act also requires the Minister to lay those documents before the National Assembly.

The Director of Audit has certified that, the Annual Statements give a true and fair view of the financial position of the Government of the Republic of Mauritius as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Finance and Audit Act, and the accounting basis as disclosed in Note 2.1.B(i) to the accounts.

#### 4.0 FINANCIAL SUMMARY

The table hereunder gives a summary of the key elements reported in the financial statements for the financial year ended 30 June 2019 which are further analysed at Section 5.0.

*Table 2 – Financial Summary*

	30 June 2019 Rs'M	30 June 2018 Rs'M
<b>Statement of Financial Performance</b>		
Revenue	108,265.1	105,824.6
Expenses	119,439.8	115,177.6
<b>Abstract Account of Revenue and Expenditure of the Consolidated Fund</b>		
Revenue	136,132.4	134,697.0
Expenditure	147,154.4	135,932.9
<b>Statement of Financial Position</b>		
Net Assets/Equity:		
Consolidated Fund	28,320.9	27,772.3
Reserve (Assets)	299,025.3	299,025.3
Accumulated Deficit	(195,532.6)	(184,258.7)
Special Funds	2,225.4	4,344.7
Government Debt	280,774.0	261,514.4
Loans to Public Enterprises and Other Bodies*	10,616.3	9,973.7
Investments	30,707.2	23,410.9
<b>Statement of Public Sector Debt</b>		
Total Public Sector Debt	320,654.5	300,162.9

\*This is included under Loans and Advances in the Statement of Financial Position.

## 5.0 FINANCIAL ANALYSIS

The financial statements, as stated above, have been prepared as per the Financial Reporting Framework which is, as far as possible, in compliance with IPSAS. However, some statements (as per Section 19(3) of the Finance and Audit Act) are still being prepared on a cash basis except for “cost of borrowings” and “carry-over of capital expenditure”.

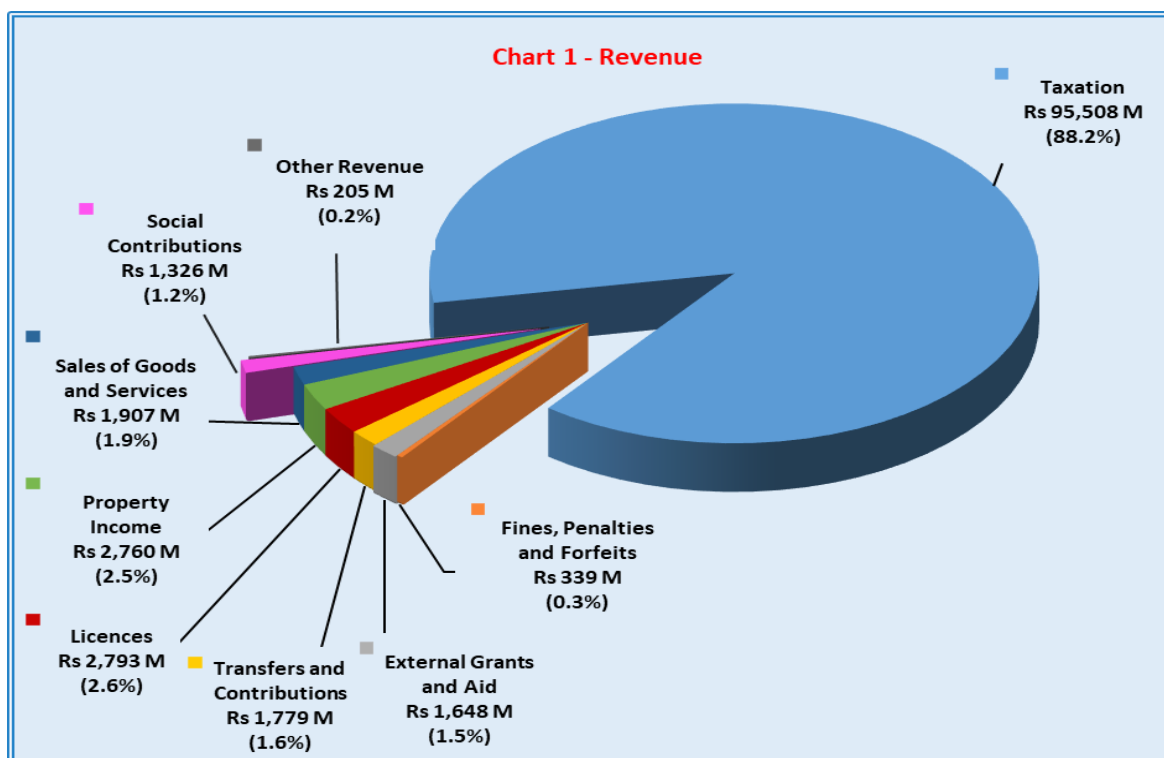
Section 5.1 relates to revenue and expenses as per the Statement of Financial Performance (Statements AA and AB) and Section 5.2 relates to revenue and expenditure of the Consolidated Fund (Statements AE, AF, B, D and D1) which is accounted for on a cash basis except for “cost of borrowings” and “carry-over of capital expenditure”.

A reconciliation note between the revenue and expenses reported under Sections 5.1 and 5.2 is provided at page 20 in Note 17 of the Statement of Financial Position.

## 5.1 REVENUE AND EXPENSES AS PER THE FINANCIAL REPORTING FRAMEWORK

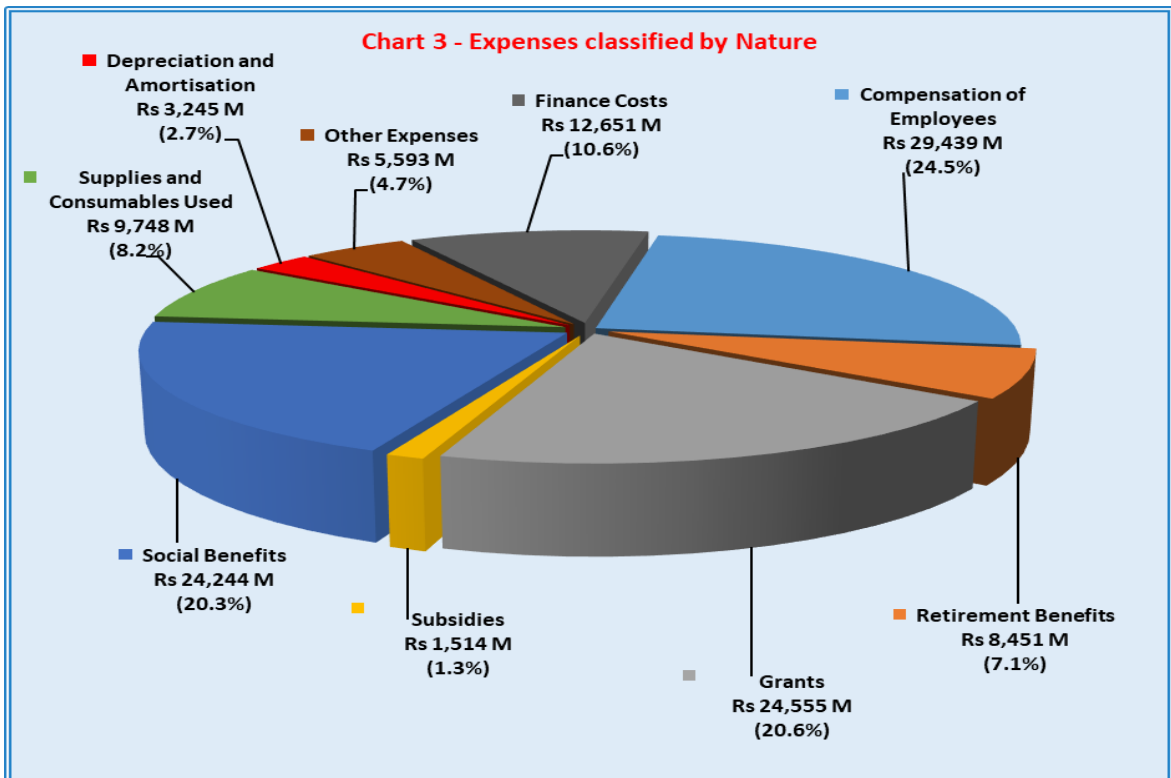
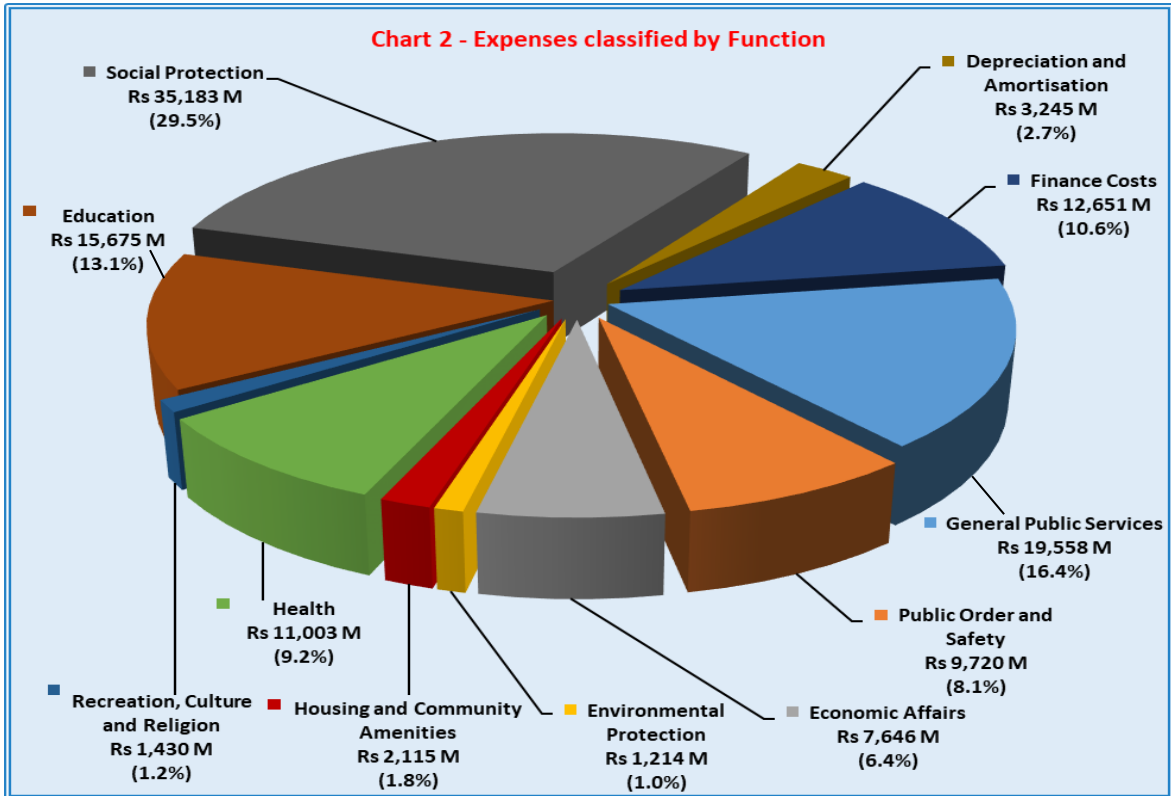
### 5.1.1 REVENUE

The composition of revenue of Rs 108,265.1 M is illustrated in chart 1 below:



### 5.1.2 EXPENSES

The expenses amounting to Rs 119,439.8 M is reported by both function and nature (economic categories), and is illustrated in chart 2 and chart 3 below:

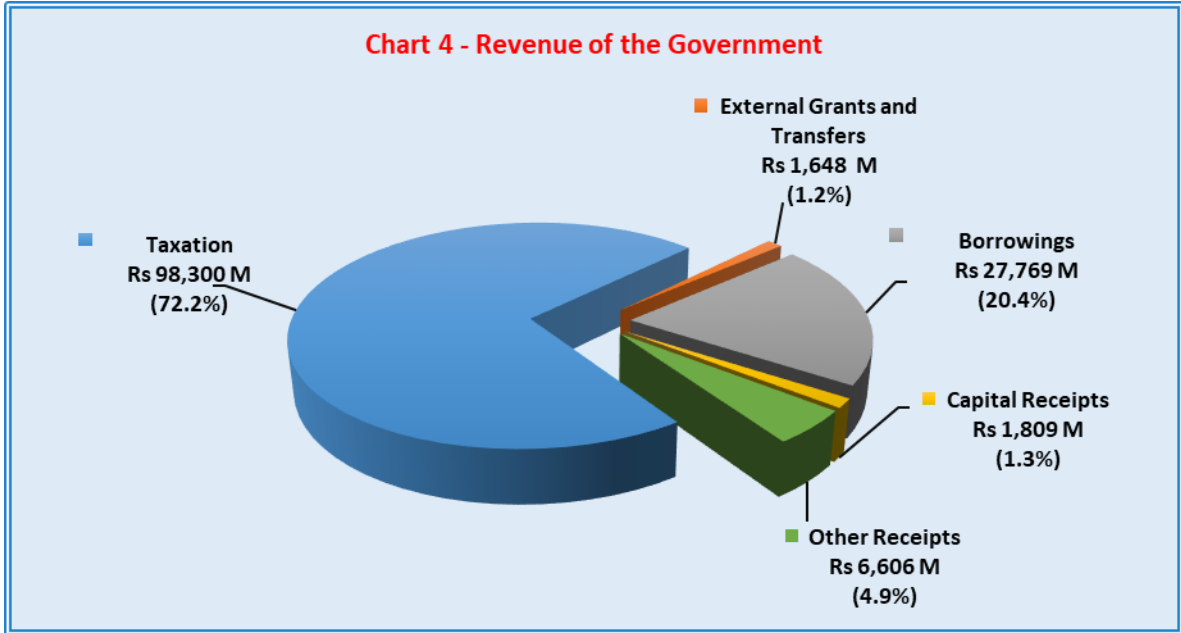




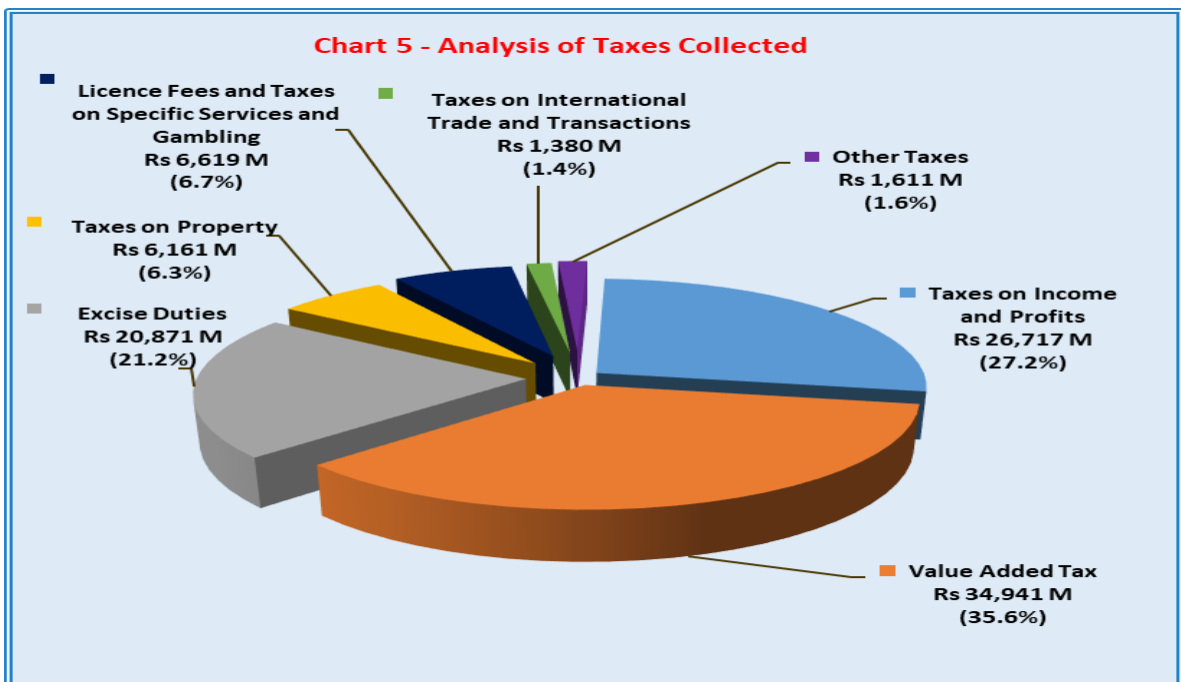
## 5.2 REVENUE AND EXPENDITURE OF THE CONSOLIDATED FUND

### 5.2.1 REVENUE

The revenue of the Government Rs 136,132.4 M is made up of recurrent and capital revenues. A breakdown of the amount collected during the financial year 2018-2019 is illustrated in chart 4 below:



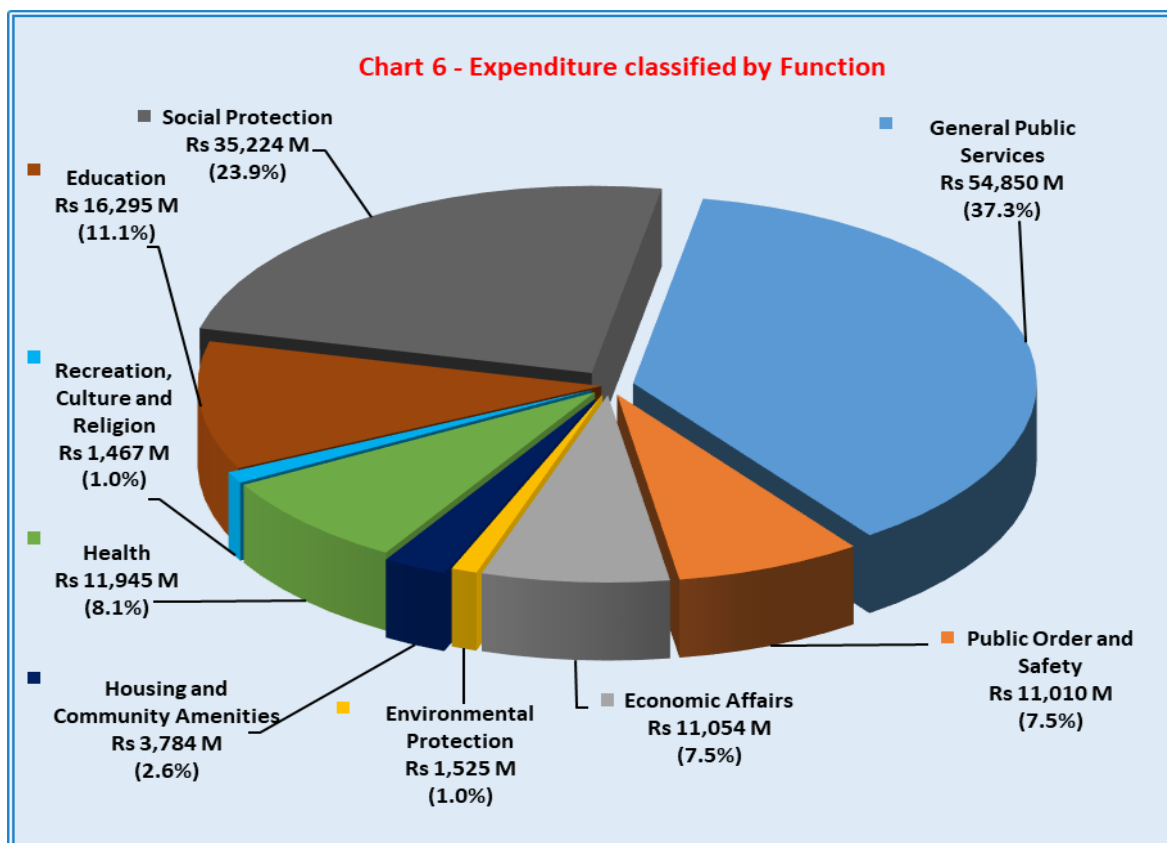
The tax collected (amounting to Rs 98,300.3 M) as shown in the chart above is analysed in the chart 5 below:



## 5.2.2 EXPENDITURE

The expenditure of the Government for the financial year 2018–2019 amounting to Rs 147,154.4 M is analysed by Function and by Nature in charts 6 and 7 respectively. The analysis is on cash basis except for “cost of borrowings” and “carry-over of capital expenditure”.

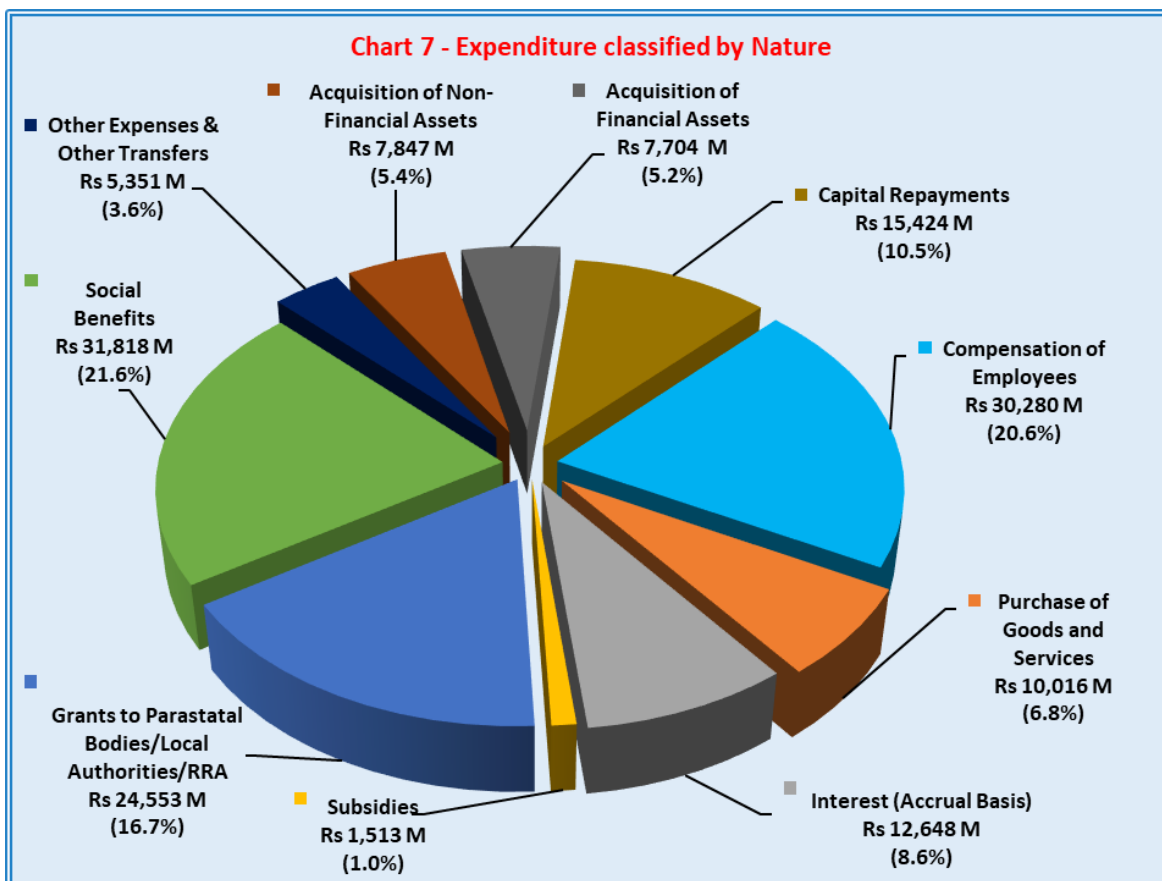
### A EXPENDITURE BY FUNCTION



- *General Public Services* relates to administration of executive and legislative organs, administration of financial and fiscal affairs and services, and administration of external affairs and services.
- *Public Order & Safety* relates to public order and safety services provided by Government through police services, fire protection services, law courts and prisons.
- *Economic Affairs* includes expenditure incurred in respect of general economic, commercial, labour affairs and agriculture, tourism, construction and transport.
- *Environmental Protection* relates to services in respect of waste and waste water management and environmental protection.
- *Housing and Community Amenities* relates to activities in respect of housing and community development and provision of amenities such as water supply.
- *Health* covers activities relates to hospital and public health services.
- *Recreation, Culture and Religion* relates to services provided for recreational, sporting, cultural and religious services.

- *Education* relates to expenditures in connection with provision of pre-primary, primary, secondary, tertiary education and others.
- *Social Protection* includes support and facilities provided to the disabled persons, old age, children and family of social exclusion.

## B EXPENDITURE BY NATURE (ECONOMIC CATEGORIES)



- *Compensation of Employees* is made up of salaries and allowances paid to employees.
- *Purchase of Goods and Services* includes cost of utilities, fuel and oil, rent, office expenses, maintenance costs and management charges.
- *Interest (Accrual Basis)* represents interests paid and accrued for the year on internal and external debts.
- *Subsidies* represents incentives given by the Government in the form of financial aid or support with the aim of promoting economic and social policy.
- *Grants to Parastatal Bodies/ Local Authorities/ RRA* are donations and contributions to foreign governments and international organisations, current and capital transfers to international organisations, other general government units and private enterprises.
- *Social Benefits* includes basic retirement pension, social aid and other recurrent expenses.
- *Acquisition of Non-Financial Assets* represents expenditure incurred on the construction and upgrading of buildings, roads & infrastructures, acquisition of plant and equipment and acquisition of land.
- *Acquisition of Financial Assets* includes loans made to statutory bodies, local authorities and other bodies for specific projects, subscription to IMF organisation and equity participation.

- *Capital Repayments* comprises of loan repayments to foreign governments and lending agencies and redemption of securities issued.
- *Other Expenses & Other Transfers* consists mainly of insurance, compensation arising out of government liability, other current transfers and miscellaneous expenses.

### 5.3 NET ASSETS/EQUITY

In the financial statements 2017-2018, Net Assets/Equity comprised of only Consolidated Fund and Special Funds. As already stated above, the financial statements 2018-2019 shows the Consolidated Fund excluding accumulated deficit and adjustments made relating to accrual accounting. As such, the net assets/equity are made up of:

- Consolidated Fund;
- Reserve (Assets);
- Accumulated Deficit; and
- Special Funds.

#### 5.3.1 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, Economic Planning and Development, to be charged to the Fund.

In the financial statements 2018-2019, the Consolidated Fund has been accounted for as per its statutory definition. The balance of the Consolidated Fund stood at Rs 28,320.9 M as at 30 June 2019 compared to Rs 27,772.3 M (restated) as at 30 June 2018.

#### 5.3.2 RESERVE (ASSETS)

This reserve represents the value of non-purchased State Lands as at 30 June 2019 and stood at Rs 299,025.3 M.

#### 5.3.3 ACCUMULATED DEFICIT

The accumulated deficit of the Budgetary Central Government of Mauritius as at 30 June 2019, after making adjustments relating to accrual accounting, stood at Rs 195,532.6 M.

#### 5.3.4 SPECIAL FUNDS

The total amount of Special Funds deposited with the Accountant-General as at 30 June 2019 was Rs 2,225.4 M, details of which are provided in the Statement of Special Funds (Statement H) included in this report.

## 5.4 PUBLIC SECTOR DEBT

The public sector debt outstanding as at 30 June 2019 stood at Rs 320,654.5 M as per Statement of Public Sector Debt (Statement J) and is analysed in the Table 3 below:

*Table 3 - Analysis of Public Sector Debt*

Public Sector Debt	Amount Rs'M	% of Total Public Sector Debt
Government Debt	289,534.2*	88.88
Less Consolidation Adjustment	(4,544.7)	
Extra Budgetary Units	69.7	0.02
Public Corporations	35,595.3	11.10
<b>Total Public Sector Debt</b>	<b>320,654.5</b>	<b>100.00</b>

\* An amount of Rs 4,544.7 in relation to Government Securities held by Non-Financial Public Sector Entities has been deducted from Government Debt. Government Debt also includes IMF SDR Allocations amounting to Rs 4,762.2 M.

### 5.4.1 GOVERNMENT DEBT

As at 30 June 2019, Government Debt, excluding IMF SDR Allocations (Rs 4,762.2 M), stood at Rs 284,772.0 M, details of which are provided in Table 4 below:

*Table 4 - Government Debt*

Government Debt	Internal	External	Total
	Rs'M	Rs'M	Rs'M
Long Term	161,580.1	35,476.8	197,056.9
Medium Term	56,106.2	8.8	56,115.0
Short Term	31,589.8	10.3	31,600.1
<b>Total (Nominal Value)</b>	<b>249,276.1</b>	<b>35,495.9</b>	<b>284,772.0</b>
<b>Total (at Cost excluding premium) *</b>	<b>245,115.9</b>	<b>35,494.2</b>	<b>280,610.1</b>

\*Government Debt (including premium) has been recognised at cost in the Statement of Financial Position and amounted to Rs 280,774.0 M as at 30 June 2019.

## 5.4.2 GOVERNMENT DEBT SERVICING

Expenditure on government debt servicing during the year amounted to Rs 28,074.8 M and was made up of the following:

*Table 5 - Government Debt Servicing*

Government Debt Servicing	Amount	Total Amount
	Rs'M	Rs'M
<b>Interest:</b>		
External Debt	710.7	
Internal Debt	11,936.9	12,647.6
<b>Capital Repayments:</b>		
External Debt	4,067.2	
Internal Debt	11,356.5	15,423.7
<b>Management/Service Charges</b>		3.5
<b>Total</b>		<b>28,074.8</b>

## 5.5 LOANS TO PUBLIC ENTERPRISES & OTHER BODIES

Loans totalling Rs 796.8 M were made to statutory bodies, local authorities and other bodies during the year under review. Capital reimbursements and interests received from borrowers during the year amounted to Rs 97.9 M and Rs 67.1 M respectively. The balance of such loans outstanding as at 30 June 2019 was Rs 10,616.2 M, details of which are provided in the Statement of Outstanding Loans (Statement M) included in this report.

## 5.6 INVESTMENTS

The total value of investments, at cost, held by government as at 30 June 2019 stood at Rs 30,707.2 M as shown in the Table 6 below:

*Table 6 - Breakdown of Investments held by Government*

Description	Nominal Value Rs'M	Cost Price Rs'M
Quoted Shares	235.2	140.3
Unquoted Shares	22,427.8	24,389.4
Equity Participation	5,258.4	5,258.4
Other Investments *	919.1	919.1
<b>Total</b>	<b>28,840.5</b>	<b>30,707.2</b>

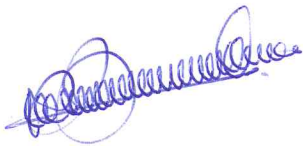
\* Other Investments represents deposits with banks and includes an amount of Rs 320 M which pertains to Special Funds.

Details of investments are given in the Statement of Investments (Statement F) included in this report.

## **6.0 ACKNOWLEDGEMENT**

I take this opportunity to express my gratitude to the Financial Secretary, the Director of Audit and Heads of Ministries and Departments for their continued support and collaboration.

I am also thankful to all the staff of the Treasury for their hard work and commitment. I wish to put on record their sustained efforts to enable the timely preparation and submission of the statutory financial statements.



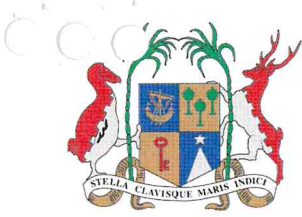
**S.D. RAMDEEN**

**Ag. Accountant-General**

**09 June 2020**



**AUDIT  
CERTIFICATE**



# NATIONAL AUDIT OFFICE

## CERTIFICATE OF THE DIRECTOR OF AUDIT ON THE ANNUAL STATEMENTS OF GOVERNMENT

### Report on the Audit of the Annual Statements

#### Opinion

I have audited the Annual Statements of the Government of the Republic of Mauritius, submitted in accordance with Section 19(1) of the Finance and Audit Act, which comprise the statement of financial position as at 30 June 2019, and the statement of financial performance, the statement of changes in net assets or equity, the cash flow statement and the statement of comparison of budget estimates and actual amounts for the year then ended, other Statements as required under Section 19(3) of the Act, and notes to the accounts, including a summary of significant accounting policies.

In my opinion, the accompanying Annual Statements give a true and fair view of the financial position of the Government of the Republic of Mauritius as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Section 19(3A)(a) of the Finance and Audit Act, and the accounting basis as disclosed in Note 2.1.B(i) to the accounts.

#### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Statements* Section of my report. I am independent of the Ministries and Government Departments in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the Annual Statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of Matter

I draw attention to:

- (i) The Loan figure of Rs 10.6 billion at Note 4 to the Accounts, which represents outstanding loans to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals as at 30 June 2019. Loans due but not yet paid to Government have reached some Rs 1.5 billion.

- (ii) The Investment figure of Rs 30.7 billion, as disclosed in the Statement of Financial Position, which represents investments in Quoted and Unquoted Shares, Equity Participation and Other Investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. A sum Rs 186 million was received as dividends during financial year 2018-19, representing a return of 0.8 per cent of investments in Shares. Investments of Rs 22.2 billion have not yielded any return since acquisition.
- (iii) Note 7(e) to the Accounts, wherein it is disclosed that Infrastructure, Plant and Equipment represents cost of these assets acquired as from specified dates.

My opinion is not modified in respect of the above matters.

### **Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the Annual Statements of the current period. These matters were addressed in the context of my audit of the Annual Statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no Key Audit Matters to communicate in my report.

### **Responsibilities of the Accountant General and Those Charged with Governance for the Annual Statements**

The Accountant General is responsible for the preparation and fair presentation of these Annual Statements in accordance with Section 19(3A)(a) of the Finance and Audit Act, and the accounting basis as disclosed in Note 2.1.B(i) to the accounts, and for such internal control necessary to enable the preparation of Annual Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process in Ministries and Government Departments.

### **Auditor's Responsibilities for the Audit of the Annual Statements**

My objectives are to obtain reasonable assurance about whether the Annual Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs 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 Annual Statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Annual 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

my 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 controls.

- 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 Ministries' and Government Departments' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Annual Statements, including the disclosures, and whether the Annual Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Annual Statements of the current period and are therefore the Key Audit Matters. I describe these matters in my auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

### ***Management's Responsibility for Compliance***

Management is responsible for controlling expenditure on any service in respect of which public funds have been appropriated and for collecting revenue and paying that revenue into public funds, as well as putting in place a sound system of internal control designed to provide reasonable assurance regarding, amongst others the effectiveness and efficiency of operations, the safeguarding of assets and data, the prevention of fraud and irregularities, and the compliance with applicable laws, regulations and instructions, policies and established procedures.

### *Auditor's Responsibility*

In addition to my responsibility to express an opinion on the Annual Statements described above, I am required under Section 16 of the Finance and Audit Act to satisfy myself that:

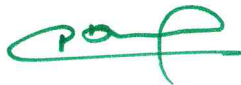
- (a) all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) all laws, directions or instructions relating to public money have been and are duly observed;
- (c) all money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it;
- (d) 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; and
- (e) satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### *Finance and Audit Act*

I have obtained all information and explanations I have required for the purpose of my audit.

Based on my examination of the records of Ministries and Government Departments, except for the matters mentioned in my Report for the financial year 2018-19, nothing has come to my attention that indicates that the financial management principles laid down at Section 16 of the Finance and Audit Act, described under the 'Auditor's Responsibility' Section, have not been adhered to.



**C. ROMOOAH**  
Director of Audit

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24 February 2020