

REPORT OF THE ACCOUNTANT-GENERAL

1.0 OVERVIEW

Section 19 of the Finance and Audit Act (FAA) requires the Accountant-General to prepare annual financial statements of the Government of the Republic of Mauritius. Furthermore, these financial statements should present fairly the financial transactions during the year and the financial position as on the last day of every financial year.

In order to fulfill the above responsibilities, the Accountant-General has to ensure that:

1. Accounting systems in place, including Chart of Accounts, respond to the needs of the Government and function effectively; and
2. The Treasury Accounting System comprehensively supports Government wide budget execution for proper accounts to be kept and maintained.

The above responsibilities were discharged as required and the accounts for the financial year (FY) 2019-2020 were closed on 30 September 2020 with the financial statements submitted to the Director of Audit within the period prescribed by FAA.

In line with the strategy of the Government to adopt accrual-based IPSAS, significant progress has been made on this front during this financial year, be it in relation to first time recognition of items, enhancements to existing items or improvements regarding disclosure requirements. The main ones are listed hereunder:

A. Items recognised for the first time

- (i) Employee Benefits Obligation which includes defined pension plan and other benefits such as passage, sick leave and vacation leave; and
- (ii) Receivables from Non-Exchange Transaction (excluding corporate taxes).

B. Enhancements to existing items

- (i) Valuation of the following categories of assets and liabilities has been refined as follows:
 - Government debt (except for silver retirement/savings bond) has been recognised at amortised cost instead of historical cost;

- Roads and bridges have been stated at deemed cost instead of historical cost; and
 - Investments (Quoted Investments, Unquoted Investments, Equity Participation) have been measured at fair value instead of cost.
- (ii) Assets under construction and assets under development have been identified separately and on which no depreciation/ amortisation has been charged;
- (iii) Non-financial assets now include donated assets; and
- (iv) Assets and liabilities are now presented under the heading current/non-current in the Statement of Financial Position.

C. Improvements to disclosure notes

- (i) Disclosure of fair presentation;
- (ii) Disclosure of budgetary basis;
- (iii) Disclosure of critical accounting judgements and key sources of estimation uncertainty;
- (iv) Disclosure of sensitivity analysis for risks in relation to debt instruments;
- (v) A reconciliation between opening and closing balance of total borrowings, including the non-cash increase in public debt; and
- (vi) Disclosure of non-cash transactions.

Going forward, it is expected that the roadmap underpinning the implementation of accrual-based IPSAS to be adhered to with the following milestones:

- (i) financial statements for the Budgetary Central Government to be fully compliant with accrual-based IPSAS as from the FY 2020-2021;
- (ii) consolidated financial statements for the General Government will be prepared on accrual-based IPSAS for FY 2021-2022; and
- (iii) consolidated financial statements for the Public Sector is expected to be prepared for FY 2022-2023 and onwards.

2.0 ANNUAL STATEMENTS

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

Table 1 – List of Annual Statements

| STATEMENTS | |
|------------|---|
| A | Statement of Financial Position |
| AA | Statement of Financial Performance (Classification of Expenses by Function) |
| AB | Statement of Financial Performance (Classification of Expenses by Nature) |
| AC | Statement of Changes in Net Assets or Equity |
| AD | Statement of Cash Flow |
| AE | Statement of Comparison of Budget Estimates and Actual Amounts (Classification of Expenses by Function) |
| AF | Statement of Comparison of Budget Estimates and Actual Amounts (Classification of Expenses by Nature) |
| | Notes to the Accounts |
| B | Abstract Account of Revenue and Expenditure of the Consolidated Fund |
| D | Statement of Revenue of the Consolidated Fund* |
| D1 | Statement of Expenditure of the Consolidated Fund* |
| DA | Progress Report on Achievements and Performance |
| F | Statement of Investments |
| G | Statement of Advances* |
| H | Statement of Special Funds deposited with the Accountant-General |
| I | 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 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 |

Table 1 continues below.

| | |
|-----------|---|
| Q | Statement of Stores Losses |
| R | Tabular Summary of Unallocated Stores |
| U | Statement of Foreign Aid Received |
| U1 | 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 Director of Audit has certified that, the Annual Statements for FY 2019-2020 give a true and fair view of the financial position of the Government of the Republic of Mauritius as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the 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.

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 2020 which are further analysed at Section 5.0.

Table 2 – Financial Summary

| | 30 June 2020 | 30 June 2019 |
|---|--------------|------------------|
| | Rs'M | Restated Rs'M |
| Statement of Financial Performance * | | |
| Revenue | 122,458.5 | 107,744.7 |
| Expenses | 156,432.9 | 124,160.3 |
| Statement of Comparison of Budget Estimates and Actual Amounts * | | |
| Revenue | 236,323.4 | 198,735.0 |
| Expenses | 243,547.8 | 202,270.0 |
| Statement of Financial Position | | |
| Net Assets/Equity: | | |
| Consolidated Fund | 61,289.6 | 29,626.4 |
| Accumulated Surplus | 119,793.8 | 187,304.0 |
| Special Funds | 13,042.5 | 2,225.4 |
| Government Debt | 339,810.0 | 282,038.9 |
| Loans to Public Enterprises and Other Bodies** | 11,476.0 | 10,616.3 |
| Investments | 104,350.6 | 104,113.3 |
| Statement of Public Sector Debt | | |
| Total Public Sector Debt | 381,796.2 | 320,654.5 |

*Refer to Section 5.0 paragraph 2.

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

5.0 FINANCIAL ANALYSIS

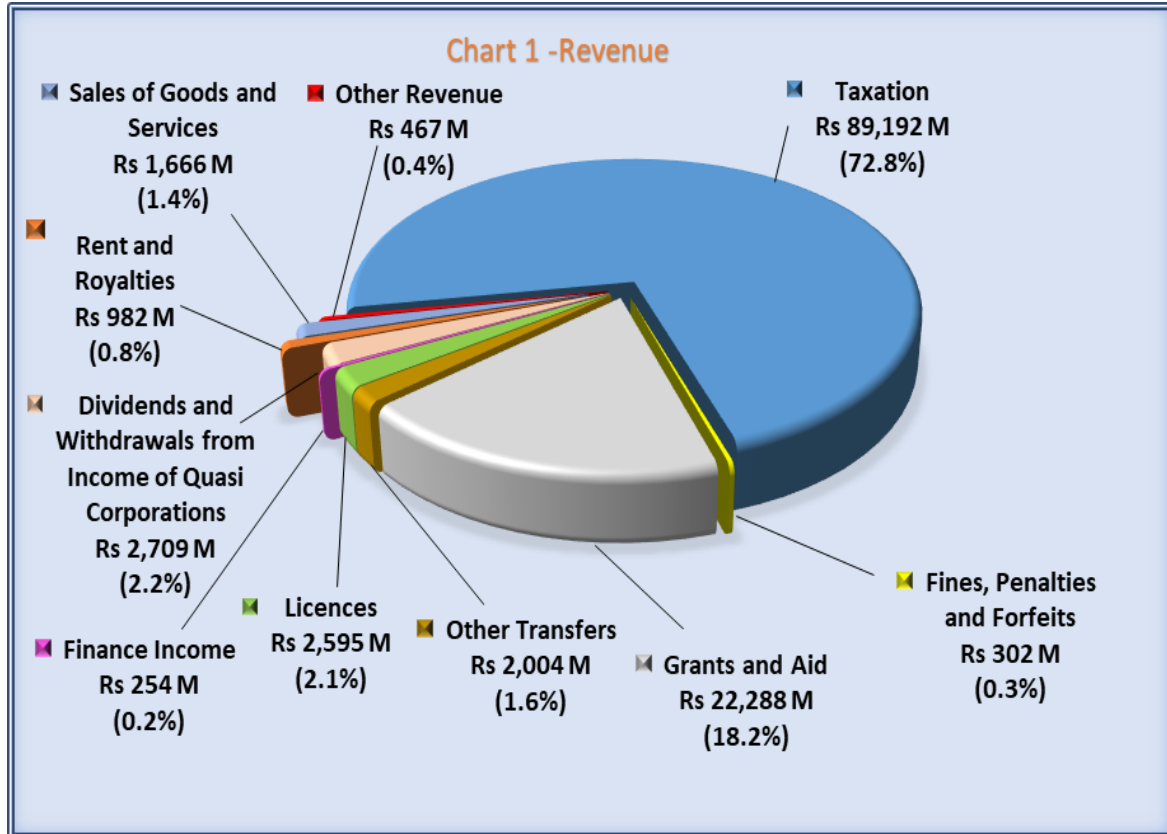
The financial statements, as stated above, have been prepared as per the Financial Reporting Framework which is, as far as possible, in compliance with IPSAS. However, some statements (as per Section 19(3) of the Finance and Audit Act) are still being prepared on a cash basis except for “*cost of borrowings*”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

5.1 REVENUE AND EXPENSES AS PER THE FINANCIAL REPORTING FRAMEWORK

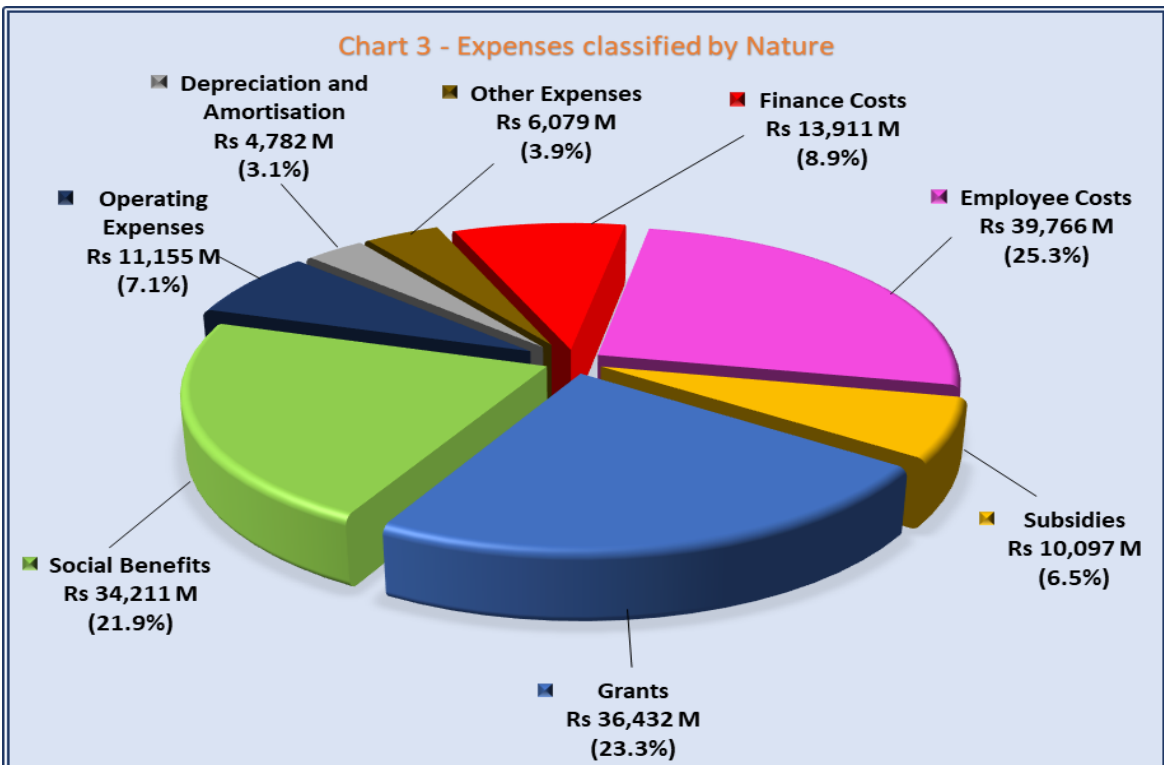
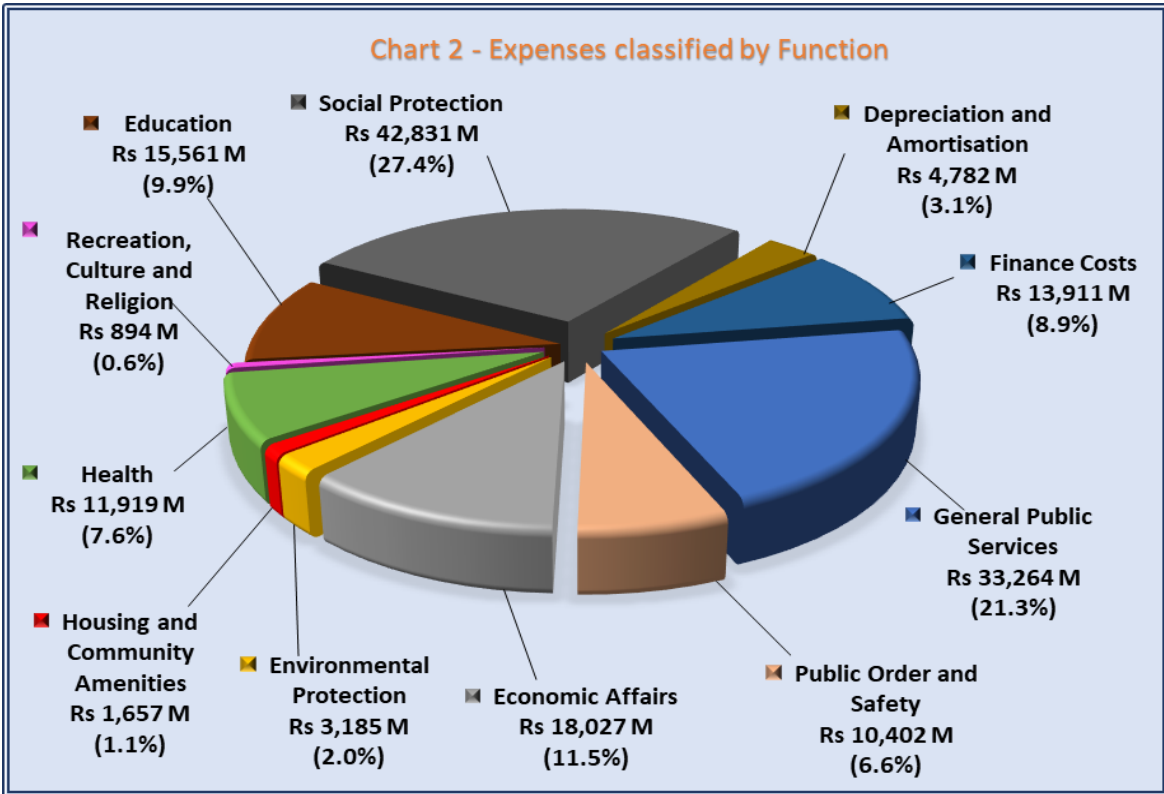
5.1.1 REVENUE

The composition of revenue of Rs 122,458.5 M is illustrated in chart 1 below:



5.1.2 EXPENSES

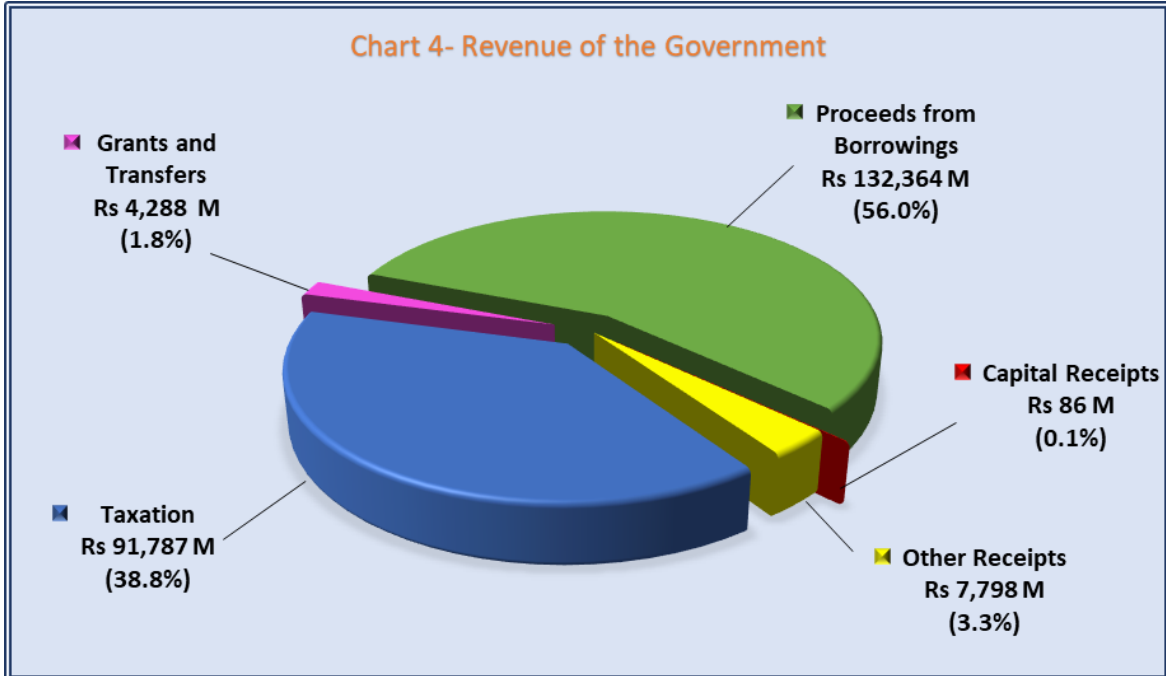
The expenses amounting to Rs 156,432.9 M is reported by both function and nature (economic categories), and is illustrated in chart 2 and chart 3 below:



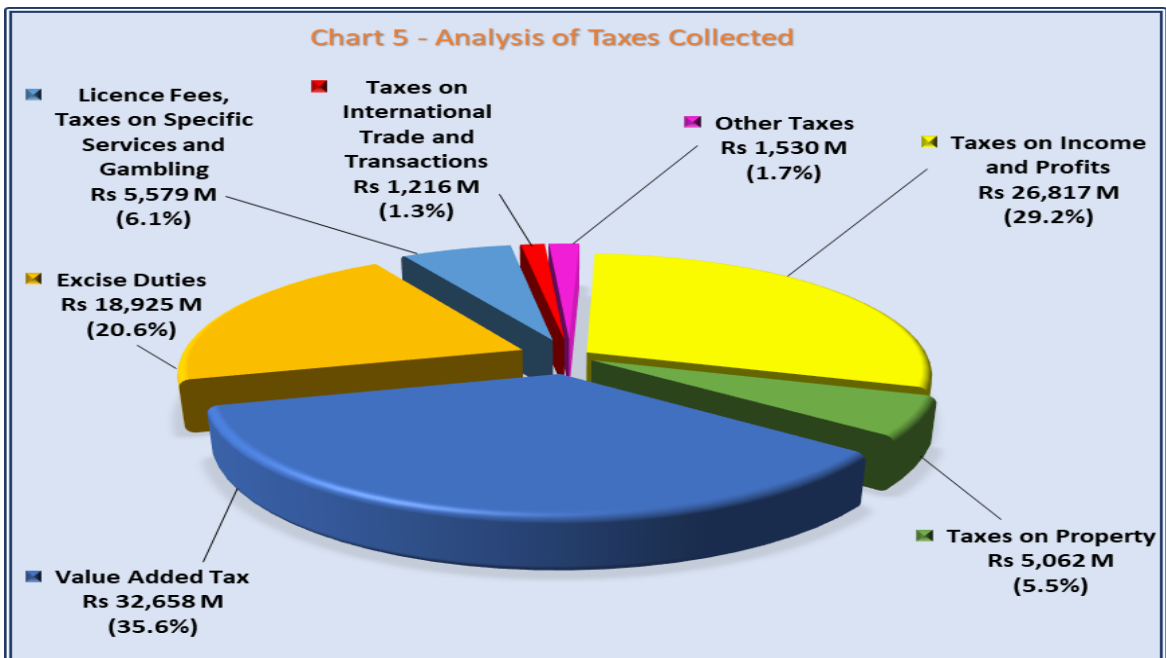
5.2 REVENUE AND EXPENDITURE AS PER BUDGET ESTIMATES

5.2.1 REVENUE

The revenue of the Government amounting to Rs 236,323.4 M is made up of recurrent and capital revenues. A breakdown of the amount collected during the financial year 2019-2020 is illustrated in chart 4 below:



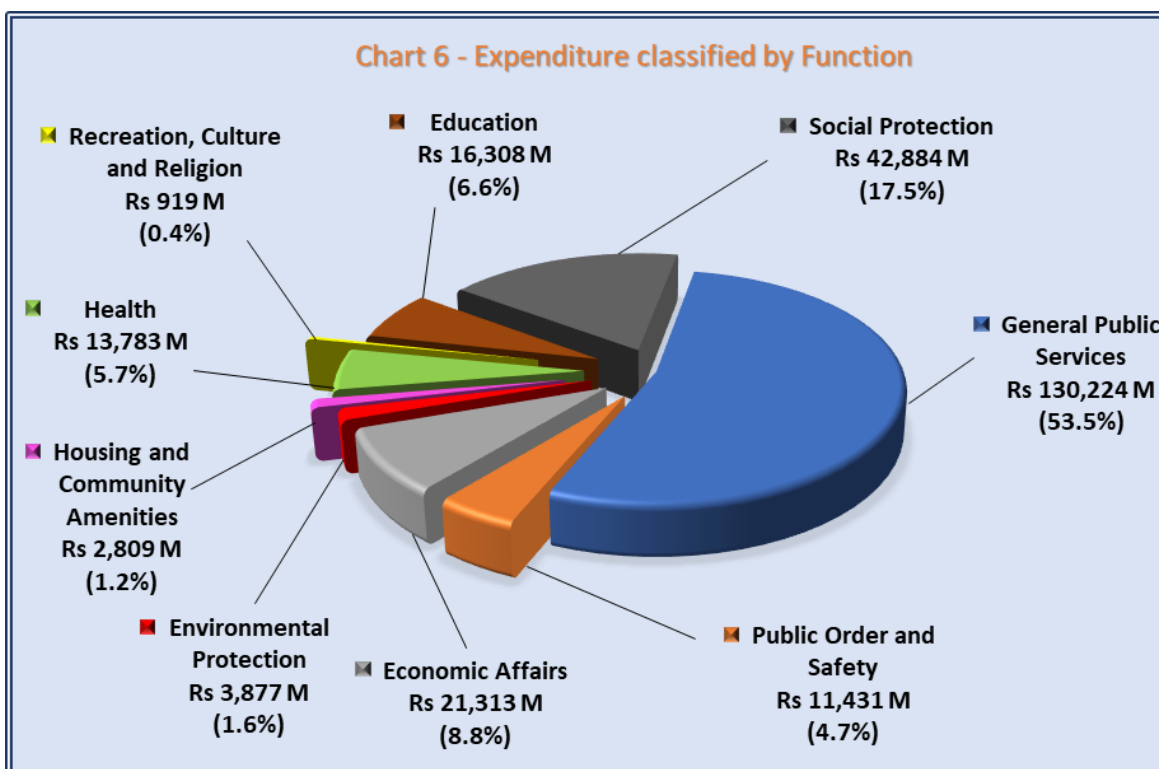
The tax collected (amounting to Rs 91,787.2 M) as shown in the chart above is analysed in the chart 5 below:



5.2.2 EXPENDITURE

The expenditure of the Government for the financial year 2019–2020 amounting to Rs 243,547.8 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”.

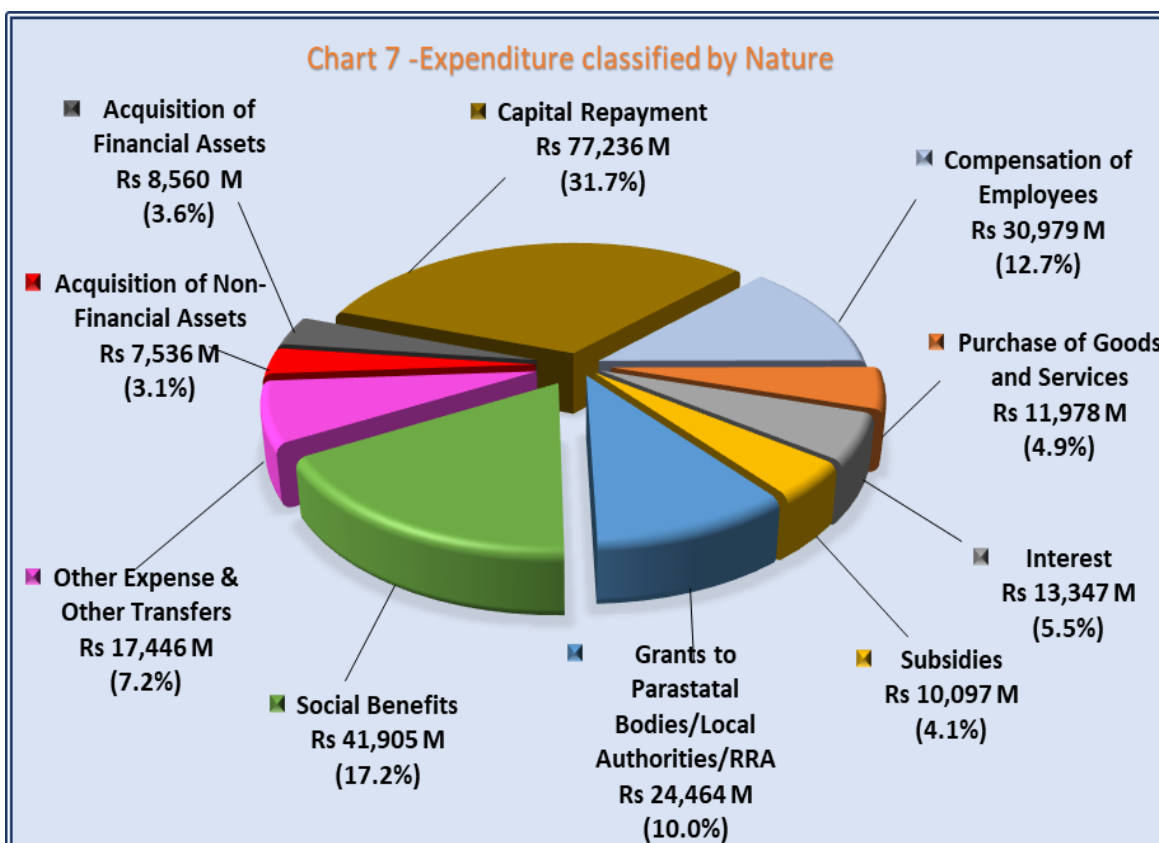
A EXPENDITURE BY FUNCTION



- *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* represents interests paid 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 transfers to Special Funds, insurance, compensation arising out of government liability, other current transfers and miscellaneous expenses.

5.3 NET ASSETS/EQUITY

The net assets/equity is the net position of the Government after deducting all its liabilities from its assets at the end of each financial year and is made up of the following:

- Consolidated Fund;
- Accumulated Surplus; 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 2019-2020, the Consolidated Fund has been accounted for as per its statutory definition. The balance of the Consolidated Fund stood at Rs 61,289.6 M as at 30 June 2020 compared to Rs 29,626.4 M (restated) as at 30 June 2019.

5.3.2 ACCUMULATED SURPLUS

The accumulated surplus of the Budgetary Central Government of Mauritius as at 30 June 2020 stood at Rs 119,793.8 M after making adjustments relating to accrual accounting.

5.3.3 SPECIAL FUNDS

The total amount of Special Funds deposited with the Accountant-General as at 30 June 2020 was Rs 13,042.5 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 2020 stood at Rs 381,796.2 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 |
|------------------------------------|------------------|----------------------------------|
| Budgetary Central Government (BCG) | 348,477.4 * | 91.27 |
| Extra Budgetary Units | 217.0 | 0.06 |
| Public Corporations | 38,536.2 | 10.09 |
| Consolidation Adjustments | (5,434.4) ** | (1.42) |
| Total Public Sector Debt | 381,796.2 | 100.00 |

* BCG includes IMF SDR Allocations amounting to Rs 5,375.0 M.

** Consolidation adjustments represents Government Securities held by Non-Financial Public Sector Entities and Domestic loan from SIC Development Co. Ltd.

5.4.1 GOVERNMENT DEBT

As at 30 June 2020, the total Debt of BCG, excluding IMF SDR Allocations (Rs 5,375.0 M), stood at Rs 343,102.4 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 | 195,248.4 | 38,232.4 | 233,480.8 |
| Medium Term | 63,177.8 | 47.2 | 63,225.0 |
| Short Term | 46,362.6 | 34.0 | 46,396.6 |
| Total (Nominal Value) | 304,788.8 | 38,313.6 | 343,102.4 |
| Total (at Amortised Cost) | 306,192.2 | 33,617.8 | 339,810.0 |

5.4.2 GOVERNMENT DEBT SERVICING

Expenditure on government debt servicing during the year amounted to Rs 36,617.5 M and was made up of the following:

Table 5 - Government Debt Servicing

| Government Debt Servicing | Amount | Total Amount |
|----------------------------|----------|-----------------|
| | Rs'M | Rs'M |
| Interest: | | |
| External Debt | 637.6 | |
| Internal Debt | 12,727.6 | 13,365.2 |
| Capital Repayments: | | |
| External Debt | 10,875.1 | |
| Internal Debt | 12,352.9 | 23,228.0 |
| Management/Service Charges | | 24.3 |
| Total | | 36,617.5 |

5.5 LOANS TO PUBLIC ENTERPRISES & OTHER BODIES

Loans totalling Rs 731.1 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 86.3 M and Rs 76.3 M respectively. The balance of such loans outstanding as at 30 June 2020 was Rs 11,476.0 M, details of which are provided in the Statement of Outstanding Loans financed from Revenue (Statement M) included in this report.

5.6 INVESTMENTS

The fair value of investments, held by Government as at 30 June 2020 stood at Rs 104,350.6 M as detailed in the Table 6 below:

Table 6 - Breakdown of Investments held by Government

| Description | Fair Value Rs'M | Cost Price Rs'M |
|----------------------|--------------------|--------------------|
| Quoted Shares | 628.4 | 140.3 |
| Unquoted Shares | 56,413.8 | 32,101.5 |
| Equity Participation | 46,393.7 | 6,105.2 |
| Other Investments * | 914.7 | 914.7 |
| Total | 104,350.6 | 39,261.7 |

* 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

During the latter part of the financial year 2019-2020, Mauritius witnessed the ravaging effect of COVID-19, an unprecedented event that forced a complete lockdown of the country and during which the Government had to come up with instant mechanisms to ensure that the welfare of the population is cared for. The Treasury, being the payment centre of the Government, as such, continued its operation, albeit not fully, during these dire times to manage the smooth transfer of funds pertaining to COVID-19 pandemic and also to meet the Government's normal payment obligations.

I am thus extremely thankful to the staff of the Treasury who showed commitment and dedication throughout the year and despite the confinement period, worked hard to achieve, amongst others, the successful closure of the financial year and the timely preparation and submission of the financial statements.

My warm appreciation goes to the Financial Secretary for his unflinching support and guidance during the year on all strategic matters.

I also take this opportunity to extend my gratitude to the Director of Audit and all Senior Chief Executives, Permanent Secretaries, other Accounting Officers and their staffs for their contribution in this endeavour.



S.D. RAMDEEN

Accountant-General

19 May 2021

**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 2020, and the statement of financial performance, the statement of changes in net assets or equity, the statement of cash flows 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 2020, 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 Rs11.5 billion at Note 6 to the Accounts, which represents balance of loans to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals as at 30 June 2020. Included in this figure is a sum of Rs 1.9 billion, representing amounts due as at 30 June 2020 but not yet paid as at that date.

- (ii) The Investment figure of Rs104.4 billion, as disclosed at Note 7 to the Accounts, which represents the fair value of investments in Quoted and Unquoted Shares, Equity Participation and Other Investments. The fair values of Unquoted Shares and Equity Participation were based on the Net Asset figures as per the latest audited financial statements of investees.

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 Responsibility 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 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 am also required to state whether the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

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

In a few instances, access to records and information has been denied on the ground that they were in the custody of relevant authorities for investigations. In one case, a Department invoked a confidentiality clause in a contract to limit access to records and information to NAO Officers.

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

Based on my examination of the accounts and records of Ministries and Government Departments, except for the matters mentioned in my Report for the financial year 2019-20, nothing has come to my attention that causes me to believe that the financial management principles laid down at Section 16 of the Finance and Audit Act have, in all material respects, not been adhered to.

Public Procurement Act

In my opinion, except for the matters mentioned in my Report for the financial year 2019-20, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.



C. ROMOOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
Port Louis

22 February 2021