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TECHNICAL ASSISTANCE REPORT—TOWARDS ACCRUAL ACCOUNTING AND THE ADOPTION OF INTERNATIONAL STANDARDS

This Technical Assistance report on Mauritius was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed on March 2017.

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Mauritius

Towards Accrual Accounting and the Adoption of International Standards

Peter Murphy and Abdul Mudabbir Khan

Technical Assistance Report | March 2017

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Mauritius

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ACRONYMS

AFS	Regional Technical Assistance Center for Southern Africa - AFRITAC South
AG	Accountant General
AO	Accounting Officer
BCG	Budgetary Central Government
CF	Consolidated Fund
CFS	Consolidated Financial Statements
CG	Central Government
FAD	Fiscal Affairs Department
GFSM	Government Finance Statistics Manual (2014)
GG	General Government
GoM	Government of Mauritius
GPFS	General Purpose Financial Statements
ICT	Information and communication technology
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	IPSAS Board
ISAAI	International Standards of Supreme Audit Institutions
LTX	Long-Term Expert
MDA	Ministry, Department, and Agency
MoFED	Ministry of Finance and Economic Development
MR	Mauritius Rupee
MRA	Mauritius Revenue Authority
NAO	National Audit Office
PAC	Pubic Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPP	Public Private Partnerships
STX	Short-Term Expert
TAS	Treasury Accounting System
TWG	Technical Working Group

PREFACE

A technical assistance mission from AFRITAC South (AFS)[1] visited Port Louis, Mauritius during the period October 4–24, 2016. The mission team comprised Peter Murphy (PFM Advisor, AFRITAC South) and Abdul Khan (FAD expert).

The mission met with Mr. D. Manraj, the Financial Secretary; Mrs. K. Tse Yuet Cheong, Auditor General; Mr. P. Yip, the Deputy Financial Secretary; Mr. S. Romooah, the Accountant General (AG); Mr. R Chellapermal, Deputy Financial Secretary; Mr. Anandsing Acharuz, Budget Directorate; and other senior officers of the Ministry of Finance and Economic Development (MoFED), the Treasury and the National Audit Office. The mission also met with the Public Accounts Committee of Parliament and officials of a number of ministries, departments, agencies, statutory bodies and public corporations.

The mission would like to thank all of the above individuals and institutions for the frank and candid discussion of all issues, and courtesy extended throughout its stay. The mission also appreciates the courtesy and assistance provided by Mrs. Naima Suhootoorah, MoFED and Mrs. Lowtoo Jadunundon, AFRITAC South in respect of mission logistics and scheduling.

[1] AFS provides TA and training to Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe. Donors include but are not limited to the European Union, the United Kingdom, Mauritius, Switzerland, Germany, and Australia.

EXECUTIVE SUMMARY

The authorities have decided to improve public financial management by implementing an accrual accounting framework consistent with internationally accepted standards. The mission was asked to advise specifically on how such a reform might be implemented. The mission worked closely with the Accountant General and senior officials of the Treasury, and the Ministry of Finance and Economic Development (MoFED) to gain an understanding of the existing accounting and reporting framework and discuss major areas that would be affected by the planned move to accrual accounting. These discussions helped the mission to develop a high-level conceptual design of the accounting and reporting framework under an accrual International Public Sector Accounting Standards (IPSAS).

The existing accounting and financial reporting framework provides a sound foundation for the proposed move to accrual accounting and international standards. Compared to other jurisdictions that may wish to move to an accrual accounting framework, Mauritius has a number of advantages. Double entry accounting is followed, a modern system with accrual accounting functionality is in use, and the existing financial statements already include a statement of selected assets and liabilities. Furthermore, the parallel operation of cash budgeting and accrual accounting—a potentially major system issue in some jurisdictions—appears less challenging in Mauritius as the Treasury Accounting System (TAS) is based on an application package that can operate dual systems—one on cash basis and the other on an accrual basis. This will reduce significantly the time, effort, and financial resources commonly associated with a move to accrual accounting.

The production and publication of financial statements that provide a true and fair view of the public finances will be a major objective of the envisioned accounting and financial reporting framework. Such financial statements are essential for transparency, accountability, and decision-making. Financial statements prepared in accordance with IPSASs will provide such a view. This framework will also enable the Director of Audit to give an opinion as to whether the financial statements provide a true and fair view.

IPSAS should be applied by all public sector entities except where the primary objective of the entity is to seek a return on the equity of the investors. This will simplify the framework and the implementation effort and will lead to efficiencies in the preparation of consolidated financial statements (CFS). If different standards are used by a public sector entity, among other things, IPSAS requires that appropriate adjustments be made in the financial statements of that entity in preparing the consolidated financial statements to ensure conformity with the government's IPSAS based accounting policies.

The accrual financial statements should be compared and reconciled with budget and budgetary reports. Given the central role of the budget in the public sector, the accrual based financial statements are more likely to be considered useful if users understand how they relate to the budget and related reports. The accrual financial statements should therefore show a comparison between actual and budgeted amounts on the same basis on which the budget is prepared. The financial statements should also include reconciliation of the accrual based surplus/deficit and the corresponding cash based budget result.

The implementation should be based on a phased approach under which the content and the coverage of the financial statements will expand progressively. The implementation effort should commence immediately and the first accrual based financial statements—with nonfinancial assets still being reported on a cash basis—should be produced for 2017/18 for Budgetary Central Government (BCG). Nonfinancial assets are to be reported on an accrual basis from 2018/19 and the coverage of the statements should expand to Central Government (CG) (2018/19), General Government (GG) (2019/20), and the public sector (2020/21). Every effort should be made to recognize assets and liabilities and record fixed assets in a register in the phases as specified. However, if for any reason particular assets or liabilities cannot be recognized fully in the specified phase, the facts should be disclosed in the financial statements and the asset or liability should be recognized as soon as possible.

An integrated road map for the implementation of accrual accounting, IPSAS, and an asset register is included in this report. The road map covers six phases commencing immediately with preparatory work and culminating with audited IPSAS financial statements for the public sector for 2020/21. The road map identifies the main activity areas and the steps that would be required to be completed in that area over the phases. The main areas in the road map include finalization of the framework; agreeing the form and content of the financial statements; making the necessary legal changes; developing a chart of accounts for use in TAS; recognizing and reporting progressively assets; liabilities, revenues, and expenses on an accrual basis and expanding the coverage of the financial statements starting with the Budgetary Central Government; through Central Government and General Government to the public sector. The road map should be studied and should form the basis of the detailed task plans.

Change management and capacity building are essential components of such a transition. The report details governance arrangements to secure effective engagement by all key stakeholders, including a Technical Working Group (TWG) for coordination of the reform, under the chairmanship of the Accountant General and task teams for reform implementation. A communication strategy and progress monitoring and evaluation arrangements are also developed. Successful transition will depend on the availability of suitably trained staff, recommendations are made therefore for improved staffing arrangements and for necessary skills development including in Treasury sections dealing with the accounting system and the financial reporting framework and in the Directorate of Financial Operations (DFO) responsible for processing of transactions.

I. INTRODUCTION AND BACKGROUND

1. **The MoFED requested AFS to provide advice on the adoption of IPSAS based accrual accounting and financial reporting.** They also requested complementary advice on the implementation of a non-financial assets register, which, in this report, is treated as an integral component of the introduction of an accrual framework. In the initial mission meeting, the Financial Secretary, MoFED, emphasized that Mauritius is proposing to move to an accrual IPSAS based framework. The mission was requested, therefore, to focus on how to implement an accrual framework rather than on a discussion of the rationale for the planned reform.

2. **This report identifies the measures and activities the authorities need to undertake to facilitate the implementation of an IPSAS accrual based framework.** The main output of the report is the road map attached as Appendix I, which provides guidance on the sequencing of activities required to progressively implement such a framework, including a register for non-financial assets. The report also makes recommendations for managing the implementation process, including change management and related capacity building.

II. ACCOUNTING AND FINANCIAL REPORTING

A. Current Framework

3. **The existing accounting and financial reporting framework is based mainly on cash accounting covering central budgetary government.** Reporting of selected financial assets and liabilities is however undertaken in the annual accounts. These include a statement of assets and liabilities and notes to the accounts that provide summary and detailed information about selected assets (cash and bank balances, advances, investments, and IMF - SDR deposits), and liabilities (accrued interest, government debt, deposits, and IMF - SDR allocations). In addition, the annual accounts include statements and notes on receipts and payments, detailed revenues and expenditures of the Consolidated Fund (CF), comparison of budget and actual amounts, and other information. The list of statements included in the annual accounts is set out in Appendix II.

4. **The Annual Budget also includes a statement of net worth that reports additional assets and liabilities.** In particular, this statement includes information about non-financial assets and pensions and other key liabilities. The fixed assets are estimated by Statistics Mauritius using a perpetual inventory model; land is estimated using information maintained by the Ministry of Housing and Land based on the cost of land acquired since January 2010. Public service pension liability has been estimated using a methodology that does not include an actuarial valuation.

5. **The existing framework provides a sound foundation for the transition to accrual accounting in accordance with IPSAS.** Double entry accounting is followed, a modern financial management application—Oracle E-Business Suite—is used as the TAS, the system was

demonstrated during the mission as being capable of producing both cash and accrual based financial reports. And, as noted above, certain assets and liabilities (including government debt, cash and bank balances, advances, deposits, IMF-SDR, and accrued interest) are recognized and/or disclosed in the annual accounts. The Auditor General's most recent reports suggest the accounting system is sound, and the latest PEFA report rated the quality and timeliness of both BCG in-year budget reports and annual financial statements as an A.[2]

6. Development of the existing framework has also facilitated the acquisition of skills in ICT and accrual accounting among officials. This includes several qualified accountants and experienced ICT professionals in the Treasury and in the local TAS application service provider. This compares favorably with other jurisdictions commencing their transition to accrual accounting from a base that is less advanced in terms of accounting policies and principles, often lacks a modern well-functioning ICT based accounting system that can take many years to implement and faces a more challenging task in developing and retaining staff with the necessary accounting and ICT skills.

B. Envisioned Accrual Accounting Framework

7. A conceptual design of the envisioned accounting and reporting framework is required to facilitate a successful implementation of accrual accounting and IPSAS. A conceptual design is defined as a broad overview of the objectives, coverage, accounting basis, financial reporting and its relationship with the budget, and other high level features of the government accounting and financial reporting framework. This section proposes some of the key elements of the envisioned framework. This should be used as a basis for consultations to promote understanding of, and agreement on, the framework. Based on these consultations, the framework could be developed further as appropriate.

Fair presentation and IPSAS

8. The government financial statements should provide a true and fair view in all material respects of its financial position, financial performance, and cash flows. The government's general purpose financial reporting framework[3] should be a "fair presentation framework" and the laws and/or regulations shall incorporate the requirements of such a framework (see Box 1). The financial statements should be accompanied by certifications by appropriate senior officials and the Minister, confirming that the statements provide a true and

[2] PEFA Mauritius December 2015.

[3] General purpose financial reports (GPFRs) are intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs. Annual and other periodic financial statements of the governments that are intended for public consumption would normally be categorized as GPFRs. IPSASs are intended to apply to GPFRs. Special purpose financial reports, on the other hand, are prepared to meet the specific needs of users who have the authority to require the preparation of reports tailored to meet their specific information needs.

fair view in all material respects of the financial position as at the accounting date and financial performance and cash flows for the year ended on that date. The National Audit Office should also provide an audit opinion stating whether the financial statements present such a true and fair view. The laws and regulations should also incorporate any additional requirements that the financial statements must comply with.

Box 1. Mauritius: Difference between a Fair Presentation Framework and a Compliance Framework

A fair presentation framework is one that requires compliance with the framework and

i. Acknowledges explicitly or implicitly that, it may sometimes be necessary for the government to provide disclosures beyond those specifically required by the framework to achieve fair presentation of the financial statements; or

ii. Acknowledges explicitly that in extremely rare circumstances it may be necessary for the government to depart from a requirement of the framework to achieve fair presentation of the financial statements.

A compliance framework is one that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.

Source: The International Standards of Supreme Audit Institutions (ISSAI) 1700, *Forming an Opinion and Reporting on Financial Statements.*

9. IPSASs constitute a fair presentation framework. IPSASs acknowledge explicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the requirements in a standard (IPSAS 1, paragraph 27, 29) or *to* depart from a requirement in a standard (IPSAS 1, paragraph 31). IPSAS states that in the extremely rare circumstances in which the management concludes that compliance with a requirement in an IPSAS standard would be so misleading that it would conflict with the objectives of financial statements, the entity shall depart from that requirement if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure. IPSAS therefore qualifies as a fair presentation framework rather than as a compliance framework in accordance with ISSAI 1700 *Forming an Opinion and Reporting on Financial Statements*.

10. The government financial statements should be prepared in compliance with IPSAS. IPSASs are designed to meet the information needs of the users of (GPFRs) of which general purpose financial statements are a part, for accountability and decision-making purposes. The users are the resource providers and service recipients including the citizens, the parliament, the donors, and the lenders/investors. The financial statements may be described as complying with IPSAS only when they comply with all the requirements of IPSASs. The framework should recognize that such full compliance may take several years to achieve and require that during the transition period, the financial statements disclose the IPSASs that are complied with and those that not yet complied with fully or partially, the reasons for such non-compliance, and, where practicable, quantify the impact of such non-compliance. The form and content of the financial statements must follow guidance provided in IPSAS (particularly IPSAS1) and also international good practice.[4]

Coverage of IPSAS

11. IPSASs should be applied by the public sector entities that meet all the following criteria:

- Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;
- Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt, or fees; and
- Do not have a primary objective to make profits.[5]

12. Most entities in the Mauritius public sector satisfy the above criteria. These entities should therefore apply IPSAS. This includes line ministries and their departments, statutory bodies, subnational governments and government owned companies and enterprises. Even where entities do not satisfy all of the above three criteria, in the interests of simplicity of the framework and to reduce the costs of implementation, it is suggested that they apply IPSAS unless their primary objective is to seek a return on equity to their investors, including the government. Such entities should apply International Financial Reporting Standards (IFRS).[6] Preliminary discussions suggest that very few public sector entities fall under this category. This area will need further investigation. Where any public sector entity applies IFRS and its financial statements are included in the government's consolidated financial statements, appropriate adjustments shall be made to ensure conformity with the government's IPSAS based accounting policies. The entities applying IFRS will need to provide to the Treasury, in a timely manner as instructed by the Treasury, the information necessary to effect these adjustments.

Content of financial statements

13. The financial statements shall recognize and report all assets, liabilities, revenues, and expenses of the government. Items should be recognized when they:

[4] The financial statements of the New Zealand Government were discussed during the mission and a copy was made available to authorities for dissemination and study. The financial statements of Australia, the U.K., and the U.S. are also available on the internet and can be referred to.

[5] See IPSASB (April 2016): Preface to the International Public Sector Accounting Standards, paragraph 10.

[6] The central bank should continue to apply IFRS.

- Satisfy the definitions of assets, liabilities, revenues, or expenses; and
- Can be measured reliably.[7]

According to the IPSAB's Conceptual Framework, an item should be recognized when, in addition to satisfying the definition of an element (see Box 2), it "can be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in GPFRs."[8] The qualitative characteristics are relevance, faithful representation (which incorporates the concept as reliability), understandability, timeliness, comparability, and verifiability. The constraints on information are materiality and cost-benefit. The qualitative characteristics can be complementary and work together. In some cases, professional judgments may need to be exercised to decide which characteristic should be given more importance. For example, when an item cannot be measured reliably and therefore does not meet the qualitative characteristic of faithful representation, it may not be recognized even though it may satisfy the definition of an element and meet other characteristics. This is an important issue when preparing financial statements on an accrual basis. When estimates (e.g., of tax receivables) have to be made in preparing these statements, it is important to ensure that these are reliable. If sufficiently reliable estimates cannot be made, such amounts should not be recognized in the financial statements. Instead the relevant facts should be disclosed in the notes to the financial statements.

Box 2. Mauritius: Elements of Financial Statements

Asset: A resource (i.e., an item with service potential or the ability to generate economic benefits) presently controlled by the entity as a result of a past event.

Liability: A present obligation of the entity for an outflow of resources that results from a past event.

Revenue: Increases in the net financial position of the entity, other than increases arising from ownership contributions.

Expenses: Decreases in the net financial position of the entity, other than decreases arising from ownership distributions.

Ownership contributions: Inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net financial position of the entity.

Ownership distributions: Outflows of resources from the entity, distributed to external parties in their capacity as owners, which return or reduce an interest in the net financial position of the entity.

Source: IPSASB.

[7] Reliable information is free from material error and bias, and can be depended on by users to represent faithfully that which it purports to represent or could reasonably be expected to represent. (IPSAS 1)

[8] See IPSASB, *The Conceptual Framework for General Purpose Financial Reportingby Public Sector Entities,* paragraph 6.2. The Conceptual Framework also provides more detailed explanations of the definitions of elements in Box 2.

IPSAS financial statements and the budget

14. The financial statements should include a comparison of actual and budget amounts, presented on the same basis on which the budget is prepared. With the move to accrual accounting, there will be a difference in the bases on which government budgets and financial statements are prepared. The accrual based financial statements shall include a statement showing actual revenues, expenditures, and any other amounts and compare them to the corresponding amounts included in the budget. The comparison of budget and actual amounts will be presented on the same accounting basis—mainly cash with interest expense being budgeted on an accrual basis—, the same classification basis, and for the same entities and period as for the approved budget. The actual amounts presented on a comparable basis to the budget shall be reconciled to the net cash flows from operating activities, investing activities, and financing activities as per the cash flow statement included in the accrual based financial statements in accordance with IPSAS 2. Reference should be made to IPSAS 24 for detailed requirements and guidance on this issue.

15. The financial statements shall include a reconciliation of the accrual-based surplus/deficit and the cash based surplus/deficit reported as part of budget outcome reports.[9] Given the central importance and prominence of the budget in public sector, the credibility and understandability of the accrual based financial statements will be enhanced if the users such as the members of Parliament, the resource providers, and the service recipients understand why the financial statements and the budget outcome statements show different "bottom lines." The budget includes a Statement of Operations that shows revenues and expenditures, budget balance (comparable to the GFSM concept of net lending/borrowing, but on a cash basis), acquisition of financial assets, and borrowings. The accrual-based financial statements should reconcile the accrual based surplus/deficit in statement of financial performance of the Budgetary Central Government with the actual cash based "budget balance." The U.S. federal government, which prepares accrual based financial statements while continuing with cash and obligations based budgeting, provides a good example of such a reconciliation (See Table 1). The U.S. also provides a good example of a diagrammatic representation of comparing the surplus/deficits on these two bases over time (Figure 1).[10]

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[9] Also referred to as budget execution reports.

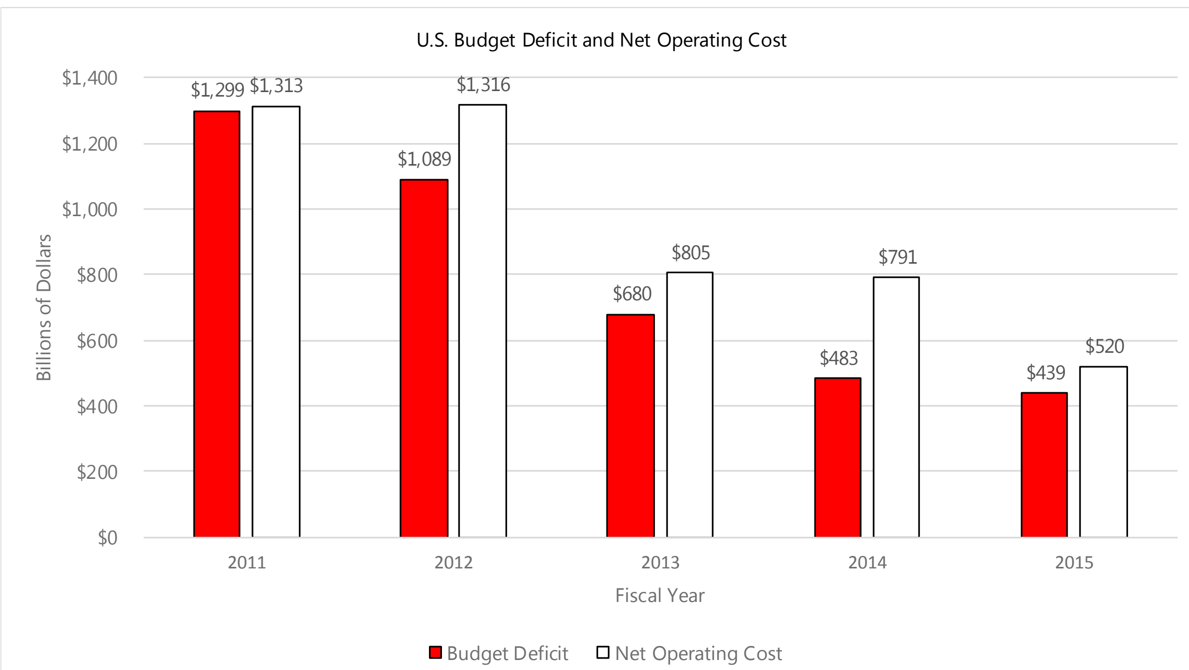
[10] The U.S. federal government financial statements refer to the accrual based deficit as "net operating cost."

Table 1. United States Federal Government Reconciliation of Cash and Accrual-Based Deficit

Net Operating Cost vs. Budget Deficit		
Dollars in Billions	**2015**	**2014**
Net Operating Cost	**$ (519.7)**	**$ (791.3)**
Change in:		
Federal Employee and Veterans Benefits Payable	$ 46.7	$ 134.3
Environmental and Disposal Liabilities	$ 42.5	$ 20.0
Property, Plant, and Equipment, Net[1]	$ (15.6)	$ 18.4
Yearend Upward/(Downward) Credit Reform Subsidy Reestimates, Net[2]	$ (26.8)	$ 22.9
Other Liabilities	$ 38.6	$ 7.3
Other, Net	$ (4.6)	$ 105.0
Subtotal - Net Difference:	$ 80.8	$ 307.9
Budget Deficit	**$ (438.9)**	**$ (483.4)**

[1]Net effect of: capitalized fixed assets, depreciation expense, and asset disposals and revaluations
[2]Net effect of: yearend upward/(downward) credit reform subsidy reestimates and effect of prior year (upward)/downward credit reform subsidy reestimates.

Figure 1. United States Federal Government's Comparison of Cash and Accrual-Based Deficit Over Time



The Consolidated Fund under accrual accounting

16. The adoption of accrual accounting does not conflict with the concept of the Consolidated Fund. Preliminary consultations with the Solicitor General suggest that the constitutional provisions related to the CF do not present any obstacles to the adoption of accrual accounting. It also appears that the CF is a cash concept and that all cash receipts and payments—be they related to revenues, expenses, acquisition of assets, or proceeds or repayments of debt—should be reflected in the Consolidated Fund. The Treasury has prepared a reconciliation of the amount currently reported as "accumulated deficit in the Consolidated Fund" as at June 30, 2015 and December 31, 2014, into cash and bank balances and other assets and liabilities (e.g., debt, advances, investments, and accrued interest). This provides a sound basis for moving to accrual accounting under which the CF will form part of the reserves/equity/net worth of the government, and the corresponding cash and bank balances would be reflected as assets in the statement of assets and liabilities. The statement of assets and liabilities will also reflect any other reserves, including accumulated results and any revaluation reserves. The MoFED also confirms that pending a full review of the public finance legislation, the Annual Financial Bill can be used to make changes needed to implement an accrual accounting framework.

Significant changes to existing financial statement

17. The adoption of accrual accounting and IPSAS will lead to significant changes to the form, content, and coverage of the government financial statements. While most assets and liabilities, and revenues and expenses are likely to be affected to some extent, mention may be made at this stage of a number of areas where major changes are likely and significant efforts would be required:

- **Nonfinancial assets** will need to be identified, quantified, and recognized in the financial statements. International experience suggests that this can be a time consuming and resource intensive process. The amounts involved are likely to have a material impact on the financial statements and the net worth.
- **Employee pension benefits liability** arising from defined benefit plans will need to be quantified and recognized in the financial statements. While a valuation is available and reported on the statement of net worth, which is included in the budget documents, the liability has not been arrived at through professional actuarial valuation. An actuarial valuation will need to be undertaken and the amounts involved are likely to have a material impact on the financial statements and the net worth.
- **Consolidated financial statements** of the government and the entities it controls will have to be prepared. This will involve obtaining financial statements of all entities outside the Budgetary Central Government (e.g., statutory bodies, local authorizes, and state-owned enterprises) and consolidating them after eliminating all transactions and balances among themselves. Consolidation system and processes will need to be put in place to ensure that

reliable statements are produced in a timely manner. While the effort involved would be considerable, the government and the stakeholders will benefit from seeing a consolidated view of the public finances including all the government assets and liabilities.

18. It is recommended that the authorities:

- Review and approve the high-level features of the envisioned framework (Treasury, MoFED, January 2017).
- Develop the framework further as necessary and adopt formally as the new framework for accounting and financial reporting (Treasury, MoFED, Cabinet by April 2017).

III. STRATEGY AND ROADMAP FOR IMPLEMENTATION

A. Phased Approach to Implementation

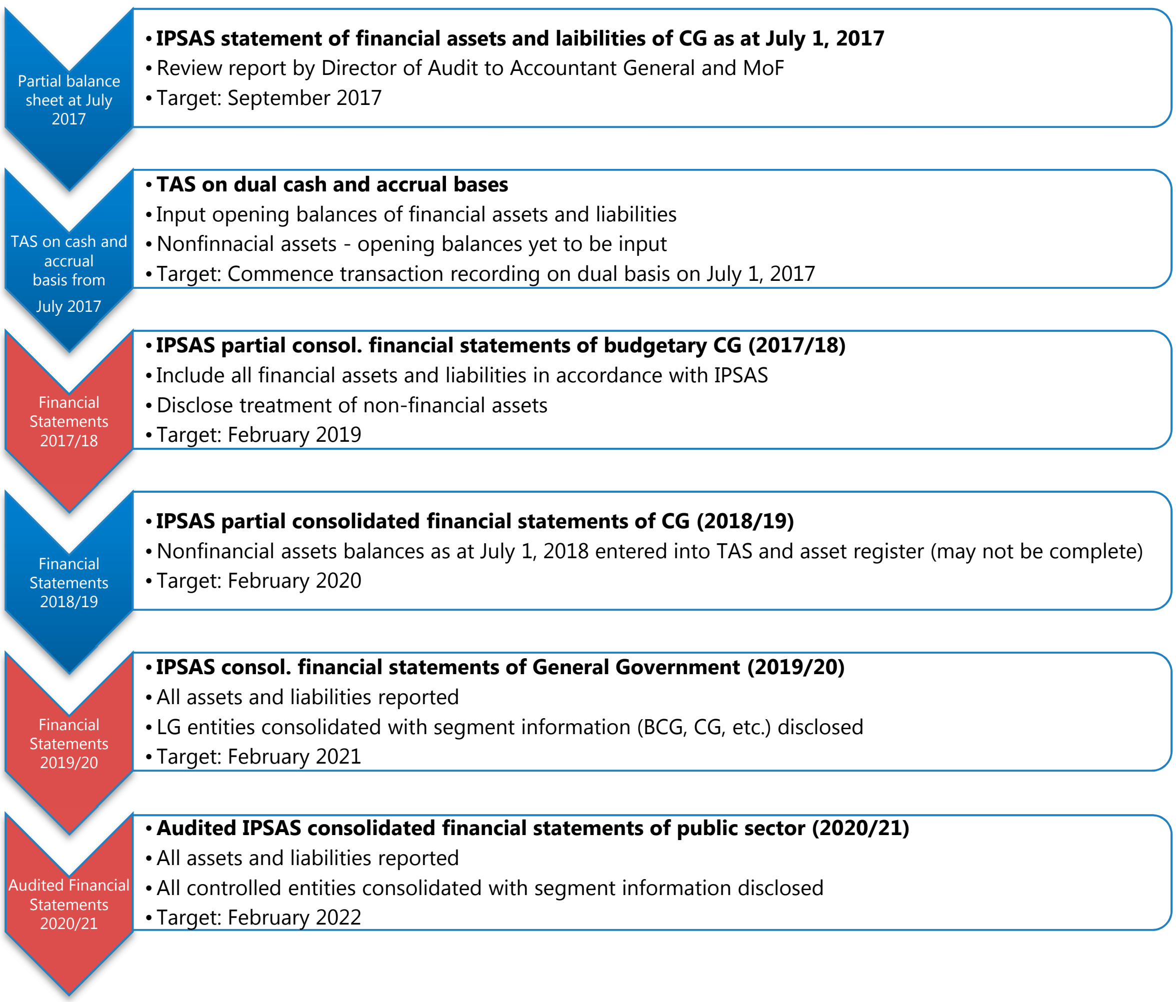
19. The mission proposes a phased implementation approach. Key milestones would include:

- Development of an opening statement of financial assets and liabilities as at July 1, 2017 (Target: February 2018);
- Reconfiguration of the Treasury Accounting System (TAS) on dual accrual and cash basis (Target: commencing July 2017);
- IPSAS partial financial statements of Budgetary Central Government (BCG) including financial assets and liabilities for 2017/18 (Target: February 2019);
- IPSAS partial financial statements of Central Government including nonfinancial assets for 2018/19 (Target: February 2020);
- IPSAS partial financial statements of General Government (CG) including nonfinancial assets for 2019/20 (Target: February 2021); and
- Audited IPSAS financial statements of public sector including all assets and liabilities for 2020/21 (Target: February 2022).

Figure 2 summarizes the proposed phased approach and each phase is discussed further in the remainder of this chapter. The detailed steps under each phase are set out in the Integrated Road Map, shown in Appendix I, for implementation of accrual accounting, IPSAS, and the asset register (the road map).

20. The aim should be to complete the phases as specified. This implies that for example the first statement of all financial assets and liabilities should be prepared for 2017/18. However, if a particular financial asset or liability cannot be recognized and reported due to unforeseen or unavoidable delay in completing the necessary work, the relevant facts and where possible some indication of the amounts involved should be included in the notes to the financial statements. It is expected that the existing cash-based financial statements will continue to be prepared and audited during these phases, thereby meeting the ongoing statutory requirement. Consideration would be given to merging these two sets of statements after the accrual based statements have been audited.

Figure 2. Mauritius: Proposed Phased Approach to Adoption of an Accrual Framework



21. The financial statements will not be described as being in compliance with IPSAS until the final phase when they will also be subject to audit. IPSAS 31 *First-Time Adoption of Accrual Basis IPSASs* allows various transitional provisions. The transitional provisions allow governments to implement various requirements over an extended period of time. However, applying the transitional provisions may limit the benefits of adoption of IPSAS. Some of the transitional provisions including those applicable to employee benefits including defined benefit plans, financial instruments and property, plant, and equipment, if applied, may affect the fair presentation of the financial statements.

22. The National Audit office (NAO) could play an important and mutually beneficial role during the implementation phases without impairing its independence.[11] As the Treasury implements accrual accounting and IPSAS, the NAO, while maintaining its independence, could observe the process and review the financial statements during the early phases and provide comments on any issues that come to their attention where improvements could be made. The NAO could also provide advice on accounting and auditing issues, giving feedback on systems and processes and commenting on the appropriateness of accounting policies. In particular, the NAO could review, without undertaking an audit, the opening balance sheet as at July 1, 2017 and the financial statements for 2017/18 to 2019/20 and provide comments to the Treasury. The Treasury and the MoF should consider the comments systematically and make appropriate improvements to the form and content of financial statements, accounting policies, systems, and processes. If these arrangements, or some variations thereof, could be agreed with the NAO, the accrual IPSAS based consolidated financial statements could be subject to a full audit commencing with the 2020/21 financial statements.

Phase I: Statement of financial assets and liabilities of Budgetary Central Government at July 1, 2017

23. Phase I involves preparatory work and the production of an opening statement of financial assets and liabilities.[12] The existing statement of assets and liabilities would be the starting point for this exercise, which will require systematic identification and valuation of these and additional financial assets and liabilities. Preparatory work should commence immediately and, as detailed in the road map, will include the full specification of the conceptual design of the overall accounting and reporting framework based on the framework described in the previous section, developing the template for the full set of financial statements including the notes, specifying the accounting policies and procedures, and developing the accrual based chart of accounts, and completing the configuration and testing of the system (see Phase II). This is an ambitious timetable, which is consistent with authorities' desire to make progress without undue delay. However, the achievement of this timetable is dependent on ensuring that adequate human and ICT resources are deployed to undertake the necessary work. The resource implications of the overall implementation project are discussed on the next page.

[11] In Australia, the preparation of the consolidated financial statements benefited considerably from such a role played by the Australian National Audit Office (ANAO). The ANAO reviewed, without undertaking an audit, the first two years' financial statements that were prepared on a trial basis. The ANAO also attended, as an observer, the regular meetings of the Steering Committee set up to manage the project. The Department of Finance made necessary improvements based on ANAO feedback and the financial statements of the third year were subject to formal audit by the ANAO.

[12] Unless otherwise indicated, references to financial assets and liabilities should be interpreted as financial assets and all liabilities.

Phase II: The Treasury Accounting System (TAS) on dual cash and accrual bases

24. Phase II involves the commencement of the live operation of TAS on dual cash and accrual bases with effect from July 1, 2017. TAS is based on the Oracle E-Business suite, which has the functionality to operate on such a dual mode. At the mission's request the authorities asked the private contractor providing system support to demonstrate this function. The mission provided key hypothetical transactions and the contractors configured the system and processed these transactions under both cash and accrual bases. The result of this exercise was demonstrated to the authorities and the mission and it was concluded that the system could effectively provide two sets of ledgers—one on the cash basis (referred to as the primary ledger) and one on an accrual basis (referred to as the secondary ledger). These ledgers will be used to generate two sets of financial statements—the current cash-based statements and a new set of accrual based statements. Both the ledgers will use one common chart of accounts and transactions will have to be entered only once.

25. The preparatory work to meet this deadline should commence immediately. Such work would include consideration of the need for and, if necessary, the acquisition of any hardware and software, configuration of the system including loading the accrual-based chart of accounts and determination of the accrual accounting entries for each transaction. The system should be tested extensively, data migration undertaken, and formally accepted for live operation before the July 1, 2017. Various groups of officials would need to be trained to process additional transactions necessary for production of accrual accounts. See the road map for more details.

26. The demonstration of the dual cash and accrual functionality identified an issue related to depreciation that needs to be further investigated and resolved. The current cash-configured TAS does not allow depreciation to be charged until the asset has been paid for in cash. This may not give rise to material issues in practice for most routine asset purchases that are normally paid for soon after they are received. However, in certain circumstances assets may be acquired for which no payment may be made for a long time. For example, if the government enters into public-private partnerships (PPPs) to build assets such as roads or hospitals, it may not require to make any payments for several years. However, the asset (and a corresponding liability) may need to be recognized in accordance with IPSAS 32 *Service Concession Arrangements: Grantor*. The assets will then have to be depreciated although no payment has been made. The service provider should explore this issue and provide a recommendation to the government.

Phase III: First IPSAS partial financial statements of Budgetary Central Government (BCG) for 2017/18

27. The first set of financial statements on an accrual basis will be prepared for 2017/18. Financial assets and liabilities would be reported on an accrual basis in accordance with applicable IPSAS, while nonfinancial assets would continue to be reported on a cash basis. The coverage of the financial statements would be the Budgetary Central Government. Treasury officials should therefore receive intensive training on accrual accounting, IPSAS, and the preparation and review of the new financial statements. It would be also necessary to provide some training to accounting staff at the ministries and departments to expand the pool of skilled resources so that they are able to critically review and interpret the financial information that relates to their organizations. The BCG statements will be prepared using TAS and no additional systems would be required.

Phase IV: IPSAS partial consolidated financial statements of Central Government (CG) for 2018/19

28. **Nonfinancial assets will be recognized and reported in the financial statements commencing 2018/19.** The preparatory work for this step should commence immediately. In fact, the asset module of the TAS including the asset register has already commenced operations on a pilot basis. The asset classification should be reviewed and revised using the GFSM 2014 classification as a basis. The accounting policies and procedures including the basis of valuation, particularly where cost information may not be available will need to be developed and asset lives should be specified before the commencement of the year. The opening balances as at July 1, 2018 would need to be determined and entered into the general ledger. This would require a full inventory of all nonfinancial assets to be undertaken. It is recognized that this work may not be completed in this phase and may continue into the next phase. A variety of methodologies for recognition and valuation were discussed with the authorities. This would involve references to existing record (e.g., the lists of government buildings) and where such records are not available a survey of nonfinancial assets. Available material on as records of recent sales of land and buildings may be useful to estimate the values of comparable assets. Similarly, for roads and highways available information may be used to arrive at unit costs (e.g., the cost of building one KM of a road of a certain quality) and apply such unit costs to value the stock of these roads. A pragmatic approach should be adopted and while valuations should be reliable, absolute accuracy is not essential and is unlikely to be achievable.

29. **The preparation of the consolidated financial statements will also require systems and processes to be developed.** In particular, a decision will need to be made about whether TAS or Hyperion (currently used by the Budget Directorate for budget formulation) would be used to prepare the CFS during this and future phases. The same IT system should be used for CFS of CG, GG, and public sector (see below). Therefore, the choice of a system should take into consideration the requirements for CFS at all these levels of consolidation. See the road map for detailed activities.

Phase V: IPSAS consolidated financial statements of General Government for 2019/20

30. **Assets and liabilities will be fully reflected in the financial statements during this phase.** Issues and difficulties that may have prevented the proper accounting of any assets or liabilities during the earlier phases should be resolved by this stage. The coverage of the financial

statements will be the all the controlled entities of the General Government sector. The list of General Government sector should be reviewed to ensure that the government controls all the entities. Instructions and explanations should be issued to entities outside the Central Government. The consolidation system and processes established earlier should be used to prepare the CFS. See the road map for detailed activities.

Phase VI: Audited IPSAS consolidated financial statements of public sector for 2020/21

31. CFS for the government and all its controlled entities will be prepared and be audited by the NAO during this final phase. All assets, liabilities, revenues, and expenses will be recognized in compliance with IPSAS. Any exceptions or departures should be kept to a minimum and fully disclosed in the financial statements. Any such exceptions or departures may affect the true and fair view and may lead to a modified audit opinion. The authorities should make every effort to receive an unmodified audit opinion (i.e., the audit opinion should be to the effect that financial statements present a true and fair view…)

32. The list of public sector entities should be reviewed for completeness. It should also be ensured that the government controls the entities. Any entities that are not controlled should not be consolidated, but accounted for in accordance with relevant IPSASs, particularly IPSAS 36 to 38. Instructions and explanations should be issued to entities outside the Central Government. The consolidations system and processes established earlier should be used to prepare the CFS. See the road map for detailed activities.

B. Recommendations

- The authorities should explore with the Application Service Provider the options and agree on a solution for the depreciation of assets, even where the assets have not been acquired though cash transactions.
- Review and approve the phased implementation approach. (Treasury, MoFED, January 2017)
- Commence the preparatory work of Phase 1. (Treasury, immediately)

IV. CHANGE MANAGEMENT

A. Governance

33. An inter-ministerial stakeholder Technical Working Group (TWG) has been established under the auspices of the MoFED/Treasury to guide the reform process. Representatives of stakeholders (MoFED, Treasury, Executing Agencies, and the National Audit Office) have been present during the TWG meetings undertaken with the mission. The mission suggests the TWG be formally established with the Accountant General as the chair and a representative of the MoFED as an alternate chair. The TWG should periodically advise the Financial Secretary on implementation.

34. The mission suggests the TWG should initially be serviced by three task teams who will support the reform process and report progress. The following initial task teams are proposed:

- The accounting policies and procedures task team;
- The TAS task team[13] to work in conjunction with with the service provider; and
- The capacity building and training team.

The teams will need to meet frequently and recognize the interdependencies between their respective sphere of activity. Ultimately, these task teams can be adjusted, as necessary, as each phase of the reform process progresses. Given the focus of the reform the mission suggests the Accountant General should take the initial responsibility for overall coordination of the reform effort. Membership of the task teams should be proposed by the Accountant General and agreed by the TWG.

B. Roadmap

35. The roadmap being developed by the mission provides both a strategic action plan and implementation progress review instrument for the TWG. It is envisaged the TWG will meet on a monthly basis to review progress, discuss and resolve any challenges arising, and where necessary authorize changes or mobilize resources. Progress on roadmap implementation and challenges arising should be reported to the TWG at each meeting.

36. Each task team will need to prepare a more detailed action plan consistent with the milestones highlighted in the roadmap. The Accountant General will take responsibility for ensuring that detailed plans are produced and coordinated among the task teams. It will be particularly important for each team to engage with the service provider (SIL) to understand exactly what is required at each stage and establish the interdependencies between the various activities.

37. It will also be important that the TWG uses the roadmap as a basis for a communication strategy. This strategy should aim at keeping all stakeholders (Cabinet, MoFED, Accounting Officers (AO), Director of Audit, Parliament representatives (e.g., PAC)) engaged with the reform process including:

- Understanding the reform vision and the planned timeframe for each phase;
- Their specific roles and responsibilities in each stage;
- The actions which they are required to support;

[13] The TAS team will deal with all procedures and systems including those related to the fixed asset register

- The resources required;
- The need for their participation in training, implementation (Testing etc.); and
- The progress and challenges arising.

Where appropriate, the TWG will also be able to brief other beneficiaries (e.g., development partners) on progress. A digital methodology (website) for keeping all participants up-to-date and engaged could also be considered. An annual evaluation of progress should be undertaken by the task teams, consolidated by the Accountant General and the implementation plan for the next year revised as necessary and presented to the TWG for approval.

C. Capacity Development

Organizational structure

38. The current organizational arrangements for budget execution, accounting and financial reporting provide for:

- A Central Treasury (183 staff, including 18 professional accountants and 2 systems analysts), managed by the Accountant General, which executes and accounts for payments and receipts (self-accounting units also exist), manages and maintains the TAS, and produces summary budget reports and annual financial statements for the Consolidated Fund;
- Accounting Officers who are responsible for the authorization of payments (in some 90 executing units across Budgetary Central Government) in accordance with an annual allocation of funds from the MoFED, as provided under the annual appropriation act. Some of these units also undertake non-tax revenue collection;
- A Directorate of Financial Operations, under the MoFED, which posts approximately 100 finance and accounting staff to executing units to facilitate processing of transactions through the TAS;
- MoFED sector budget analysts who, in addition to supporting budget preparation, provide advice to AOs on budget execution; and
- A local ICT company (SIL) which provides, maintains, and supports development of the ORACLE Financials platform on which the TAS system operates.

39. These arrangements do not currently cover Central Government extra-budgetary units or social security funds where separate arrangements apply. Similarly, subnational government entities use separate accounting systems. As previously indicated, the latest PEFA report rated the quality and timeliness of both BCG in-year budget reports and annual financial statements as an A[14]. A sound ICT-based organization structure, therefore, exists upon which to implement an accrual framework.

40. The adoption of accrual accounting will progressively require arrangements for asset/liability identification and valuation and for increased coverage. In the case of the fixed asset register, some work has already been undertaken to collect data in respect of various categories of assets and setup and populate the TAS fixed asset register. It is understood that a decision has now been made to transfer the non-financial asset management registration function (using the TAS fixed asset module) to Treasury. Additional resources (in-house or external) will also be needed to support recognition (data collection) and valuation of some financial assets and liabilities (e.g., pension funds, debt, and investments) and of non-financial assets (i.e., land, infrastructure etc.). Various options exist and should be developed by the relevant task team and discussed by the TWG. Consideration will also need to be given to the strategy and structural implications of extending the coverage of the accrual accounting to other Central Government entities.

Staffing

41. The Treasury highlighted in its 2016–20 Strategic Plan[15] a need to strengthen its staffing complement. Particular challenges included managing a range of new E-Systems and heavy technical staff turnover. Efforts to further professionalize the Treasury are ongoing with accreditation as an ACCA approved employer recently obtained. Implementation and management of the proposed accrual accounting framework further emphasizes the need for improved staffing. The Director of Financial Operations also noted the importance of maintaining his full staff complement given the parallel implementation of the new budget preparation and human resource management/payroll systems. Moves to further decentralize financial statement production to AOs would also reinforce the need for enhanced capacity at executing agency level.

42. In the first two years of implementation it is envisaged that up to 10 additional dedicated professional, technical, and training staff will be required. Initially these staff will support accounting and fixed asset policy development; TAS accrual design, (CoA, process review, and definition of accounting entries); TAS set-up in conjunction with the service provider; user testing; data collection and migration; report design; production testing; and, user training including development of user manuals. It would also be useful to second a few staff (three), from the Director of Financial Operations (DFO), to the treasury for the initial implementation phase to develop their capacity to understand the new policies and processes and develop the skills necessary to train colleagues and other (DFO) staff on the TAS. This staffing requirement may reduce over time once the new system is installed and functioning as specified. There will,

[14] PEFA Mauritius December 2015.

[15] Treasury Strategic Plan 2016–20.

however, still be an expanded staff requirement for ongoing management of the upgraded TAS, the provision of support for system users (application and ICT help desks), and the expansion to other Central Government entities.

Skills development

43. Substantial skills development will be required to support implementation of the accrual framework. This will include:

- Where necessary upgrading of Treasury existing or new staff skill sets to facilitate adoption and management of an accrual-based framework and management of the fixed-asset module;
- Providing training to specific functions involved in TAS data capture (e.g., debt management, financial asset management, budget management, cash management)
- Ensuring the Directorate of Financial Operations staff located in executing ministries and agencies are available, and trained, to undertake data entry for new accrual-based transactions (e.g., non-financial assets); and,
- Providing training to managers and users to facilitate interpretation of accrual-based financial reports;
- Briefing senior management, Parliament, and other stakeholders

44. A training of trainer's approach is proposed commencing with the Treasury. The training task team should undertake, together with the SIL, a training needs analysis, aimed at clearly identifying the training requirements of the key stakeholders. Based on this analysis, a proposal for training of trainers should be developed with SIL. Once the central Treasury team is trained, members should be assigned to train other users in Treasury, DFO, and MoFED. The SIL will need to be involved in the initial training as well as in the development of course materials and manuals, training activities should, however, be progressively undertaken by the trained staff.

45. Key activities, timelines, and responsibilities for change management activities are detailed in the roadmap in Appendix I.

D. Future Technical Assistance

46. Potential areas for further TA support from AFRITAC South over the implementation period include support for:

- **Specific assistance with development of the accrual policies and procedures.** This would involve remote support, from the IMF STX, to support policy formulation where required, review of proposed policies, and ensuring policy compliance with IPSAS requirements;

- **Determination and monitoring of detailed task group action plans.** This would involve periodic support from resident AFS LTX advisors for further elaboration of detailed action plans and assistance with problem resolution;
- **Progress monitoring and quality assurance in respect of the TAS system development.** This would entail periodic support from AFS LTX advisors and STX missions; and.
- **Training of Trainers based on the training needs assessment.**

AFS assistance is available to provide support in all these areas, subject to specific requests from the authorities.

E. Recommendations

47. It is recommended that:

- The TWG should meet on a monthly basis to review progress, approve plans, discuss and resolve any challenges arising, and where necessary authorize changes or mobilize resources (MoFED, Treasury - Ongoing);
- The Accountant General should take the initial responsibility for overall coordination of the reform effort. Task teams be established as soon as possible to undertake implementation. Membership of the task teams should be agreed by the TWG (Treasury, MoFED, November 2016);
- Additional dedicated staffing resources should be identified (up to 10 professional accountants) to facilitate the operations of the task teams (Treasury, MoFED, November 2016);
- Each task team should prepare a more detailed action plan consistent with the milestones highlighted in the roadmap (TWG Task teams, December 2016);
- A communications strategy should be developed by the TWG within the next two months to ensure effective engagement by all stakeholders (TWG Task team, December 2016);
- Additional resources to support where necessary recognition and valuation of financial assets and liabilities and of non-financial assets should be identified and options explored discussed with the TWG (TWG, MoFED, March 2017); and
- The training task team should undertake together with SIL, a training needs analysis, aimed at clearly identifying the training requirements of the key stakeholders. Based on this analysis, a proposal for training of trainers should be developed with SIL and agreed with the TWG (TWG Task teams, March 2017).

Appendix I. Mauritius: Road Map

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
1. Financial reporting framework	• Review high-level framework in this report • Develop further as needed and obtain approval for the main elements of the framework	• Review and refine framework		• Continue to apply the framework, and keep changes to a minimum			Treasury MoFED

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
2. Presentation of financial statements	• Develop and obtain necessary approvals for the form and content of the accrual-based financial statements in accordance with IPSAS (particularly IPSAS 1)	• Review and refine presentation of CFS progressively as content and coverage of financial statements expand (see below) • Include progressively in CFS columnar presentation of constituent sectors (budgetary central govt., central govt., general govt., nonfinancial public corporations and public financial corporations)					Treasury MoFED

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
3. Chart of accounts (CoA)	• Revise CoA for use in both cash accrual accounting general ledgers (GLs) • Load and test revised CoA in TAS GL	• Start operating dual accrual and cash GL • Keep under review and identify and address any issues with accrual CoA based on experience	• Continue to review and refine the CoA based on experience		• Keep further revision to the CoA to the minimum		Treasury MoFED BCG entities
4. Legal framework	• Identify and draft necessary legal changes to implement accrual accounting and IPSAS • Obtain parliamentary approvals of legal (expected to be part of the Finance Bill)	• Review and refine regulations and develop additional regulations progressively to support the increase in the content and coverage of financial statements			• Keep changes to regulations to the minimum		Treasury MoFED Solicitor General

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register

Activity Area	Phase I 2016/17	Phase II 2017/18	Phase III 2018/19	Phase IV 2019/20	Phase V 2020/21	Phase VI 2021/22	Responsible Agency
5. TAS to operate on dual cash accrual basis	• Service provider to provide dual-cash and accrual operation functionality • Test extensively and accept formally dual functionality including for fixed-asset accounting and register	• Commence live operation of TAS on dual cash and accrual basis • Enter opening balances of financial assets and liabilities • Review TAS trial balances and reports regularly and address any issues • Generate accrual financial statements during the year from TAS and review and address issues • Continue to test fixed-asset accounting and register functionality	• Use TAS data to generate 2017/18 cash and accrual financial of statements of BCG • Enter opening balances of nonfinancial assets	• Continue to operate TAS on dual cash and accrual bases and generate cash and accrual financial statements of BCG (see consolidation section below for consolidated financial statements of Central Government., General Government., and public sector)			Treasury (Supported by Service provider - currently SIL)

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
6. Liabilities							
6a. Employee pension liabilities	• Specify accounting policy and new methodology (including actuarial valuation) for calculation in accordance with IPSAS (particularly IPSAS 25 and note amendments in ED 59) • Complete preparatory work, including documentation of pension arrangements and appointment of and consultation with actuaries	• Calculate balance as at July 1, 2017 according to new methodology, including actuarial valuation • Enter opening balances in TAS • Account for pensions on dual cash and accrual basis • Prepare template for notes • Prepare information for IPSAS financial statements for 2017/18	• Recalculate balance as at June 30, 2018 according to new methodology, including actuarial valuation • Recognize pension liability in 2017/18 financial statements • Refine and improve data and presentation for future financial statements	• Refine and improve data and presentation for future financial statements • Continue to report pension liability in financial statements		• Continue to report pension liability in financial statements	Treasury (Supported by government actuaries)

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
6b. Debt	• Clarify definition of debt for financial statements • Specify accounting policy and procedures • Review quality and completeness of data, particularly on long-term (LT) debt	• Ensure that valuation of debt is consistent with accounting policy and, if necessary, revalue as at July 1, 2017 • Enter opening balances of LT and any revised balances of ST and MT in TAS • Account for debt on dual basis in TAS • Prepare template for notes • Prepare information for IPSAS financial statements for 2017/18	• Recognize all debt as liability in 2017/18 accrual financial statements • Refine and improve data and presentation for future financial statements	• Refine and improve data and presentation for future financial statements • Continue to report debt liability in financial statements		• Continue to report debt liability in financial statements	Treasury Debt Manage-ment Unit

<table>
<tr><th colspan="8">Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register</th></tr>
<tr><th>Activity Area</th><th>Phase I
2016/17</th><th>Phase II
2017/18</th><th>Phase III
2018/19</th><th>Phase IV
2019/20</th><th>Phase V
2020/21</th><th>Phase VI
2021/22</th><th>Responsible Agency</th></tr>
<tr><td>6c. Accounts payable</td><td>• Specify accounting policy and procedures
• Complete preparatory work, including for any necessary surveys to identify creditors and balances owing</td><td>• Identify and quantify balances as at July 1, 2017
• Enter opening balances in TAS
• Account for accounts payable on dual basis in TAS
• Prepare template for notes
• Prepare information for IPSAS financial statements for 2017/18</td><td>• Recognize in 2017/18 financial statements
• Refine and improve data and presentation for future financial statements</td><td colspan="2">• Refine and improve data and presentation for future financial statements
• Continue to report liability in financial statements</td><td>• Continue to report liability in financial statements</td><td>Treasury
BCG entities</td></tr>
<tr><td>6d. Other liabilities incl. provisions</td><td>• Analyze circumstances and identify areas where liabilities incl. provisions may arise (e.g., leave entitlements, passage benefits, guarantees if payments probable)
• Specify accounting policy and procedures for other liabilities incl. provisions</td><td>• Quantify balances as at July 1, 2017
• Enter opening balances in TAS
• Prepare template for notes
• Record in TAS on dual basis as appropriate</td><td>• Recognize in 2017/18 financial statements
• Refine methodologies and improve data and presentation</td><td colspan="2">• Continue to recognize in financial statements
• Refine and improve data for future financial statements</td><td>• Continue to recognize in financial statements</td><td>Treasury
BCG entities</td></tr>
</table>

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register

Activity Area	Phase I 2016/17	Phase II 2017/18	Phase III 2018/19	Phase IV 2019/20	Phase V 2020/21	Phase VI 2021/22	Responsible Agency
7. Contingent liabilities and commitments							
7a. Contingent liabilities	• Analyze circumstances and identify areas where CL may exist • Specify accounting policy and procedures (IPSAS 19) • Review quality and ensure completeness of existing data	• Assess probability of payments related to guarantees and other contingent liabilities; • estimate provisions if payments are probable and include in opening balances in TAS	• Recognize provisions, if needed, in 2017/18 financial statements • disclose all contingent liabilities according to IPSAS 19	• Continue to recognize and disclose according to IPSAS 19			Treasury BCG entities
7b. Commitments			• Analyze circumstances and identify areas where CL may exist • Specify accounting policy and procedures (IPSAS 19) • Review quality and ensure completeness of existing data	• Disclose material commitments in 2018/19 financials statements	• Continue to disclose in financial statements		Treasury BCG, CG, GG, and other public sector entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
8. Financial assets							
8a. Receivables (exchange revenues)	• Analyze circumstances to identify areas where receivables may arise • Specify accounting policies and procedures • Review completeness and quality of existing data	• Quantify receivables as at July 1, 2017, and any related provisions for potentially irrecoverable amounts • Enter opening balances in TAS • Account for receivables on dual bases in TAS • Prepare template for notes	• Review receivables and provide for any potentially irrecoverable amounts • Report receivables in 2017/18 financial statements	• Refine receivables data and presentation • Continue to report receivables in financial statements subject to reliability and recoverability			Treasury Entities that have receivables
8b. Receivables (non-exchange revenues)	• Analyze circumstances to identify areas where receivables may arise • Specify accounting policies, including taxable events according to IPSAS 23 • Prepare guidance for estimating receivables	• Estimate receivables as at July 1, 2017 • Provide for any potential irrecoverable amounts • Prepare template for notes • Keep receivables data under review to assess reliability and recoverability	• Review receivables and provide for any potentially irrecoverable amounts • Recognize receivables in 2017/18 financial statements • Keep receivables data under review to assess reliability and recoverability	• Refine receivables data and presentation • Continue to report receivables in financial statements subject to reliability and recoverability			Treasury MRA

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
8c. Finance and operating leases (Government is the lessor)	• Develop accounting policies consistent with IPSAS particularly IPSAS 13 • Identify and review leases and • classify as finance or operating leases	• Prepare template for notes • Record leases in TAS or separate asset register for management • Enter opening balances of finance leases in TAS GL as part of receivables • Record in TAS any additions or reductions of finance leases	• Report finance leases in 2018/19 financial statements • Refine and improve data for future financial statements	• Continue to report finance leases • Refine and improve data for financial statements			Treasury
8d. Investments	• Specify accounting policies, including taxable events according • Review quality and completeness of existing data	• Revalue investments as at July 1, 2017 according to accounting policies • Enter balances in TAS • Account for investments on dual bases in TAS • Prepare templates for notes	• Review investments and need for revaluation as at June 30, 2018 • Recognize investments in 2017/18 financial statements	• Continue to review investments and need for revaluation as at accounting date • Continue to recognize investments in financial statements			Treasury MoFED

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
8e. Other financial assets	• Analyze circumstances to identify areas where other financial assets may arise • Specify accounting policies and procedures • Review quality and completeness of existing data	• Identify and quantify balances as at July 1, 2017 • Enter balances in TAS • Account for investments on dual bases in TAS • Prepare templates for notes	• Review need for revaluation/provisions as at June 30, 2018 • Recognize in financial statements for 2017/18	• Refine data and presentation • Recognize in financial statements for 2018/19	• Continue to report in financial statements		Treasury BCG entities
9. Nonfinancial assets							
9a. Fixed-asset register	• Revise asset classification based on GFSM 2014 • Review and decide on mandatory and optional data fields in TAS asset register • Incorporate revised classification in Asset register and GL in TAS • Review data quality and classification of pilot entities' assets and revise as needed	• Continue to enter information about each category of assets in register as it becomes available (see below)	• Continue to enter information about assets in register as it becomes available (see below) • Refine and improve quality of information	• Complete recording of assets in register • Refine and improve quality of information • Reconcile FAR with GL asset accounts and financial statements	• Keep assets register up-to-date and reflect additions, disposals and any other adjustments (e.g., asset life, condition, revaluation) • Continue to reconcile assets register with asset accounts and financial statements • Undertake physical verification (including condition) of assets and reconcile with asset register on a rolling basis to cover all assets over three years • Use register and other information to ensure assets are maintained properly		Treasury BCG entities (see next page for specific entities)

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9b. Land	• Specify accounting policies according to IPSAS (particularly IPSAS 17)	• Review quality and completeness of existing data • Undertake an inventory of land • Determine whether land is subject to finance lease where gov. is lessor (see below) • Establish cost or values • Enter in register land owned not subject to finance lease (see above)	• Finalize opening balances as at July 1, 2018 and enter in TAS GL which must agree with register • Commence recording transactions in dual cash and accrual TAS • Prepare template for notes	• Prepare information for IPSAS financial statements for 2018/19 • Report Land in 2018/19 financial statements • Refine and improve data for financial statements for future years	• Continue to record land and related transactions on dual cash and accrual basis • Continue to report land in financial statements • Refine and improve data for financial statements for future years		Treasury, Land and Building Department Valuation Department Other BCG entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9c. Buildings	• Specify accounting policies, including useful lives	• Review quality and completeness of existing data including in the booklet "Government-Owned Buildings" • Undertake an inventory of all buildings • Establish cost or values • Enter in register	• Finalize opening balances as at July 1, 2018 and enter in TAS GL which must agree with register • Commence recording transactions in dual cash and accrual TAS • Review depreciation calculation • Prepare template for notes	• Prepare information for IPSAS financial statements for 2018/19 • Report Buildings in 2018/19 financial statements • Impairment test • Refine and improve data for financial statements for future years	• Continue to record buildings and related transactions on dual cash and accrual basis • Continue to report buildings in financial statements • Refine and improve data for financial statements for future years		Treasury Land and Building Department Valuation Department

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9d. Roads, bridges, tunnels, harbors, dams, and other infrastructure assets	• Specify accounting policies, including useful lives	• Review quality and completeness of existing data • Undertake an inventory of all infrastructure assets • Establish cost or values • Enter in register	• Finalize opening balances as at July 1, 2018 and enter in TAS GL which must agree with register • Commence recording transactions in dual cash and accrual TAS • Review depreciation calculation • Prepare template for notes	• Prepare information for IPSAS financial statements for 2018/19 • Report infrastructure assets in 2018/19 financial statements • Impairment test • Refine and improve data for financial statements for future years	• Continue to record infrastructure assets and related transactions on dual cash and accrual basis • Continue to report infrastructure assets in financial statements • Refine and improve data for financial statements for future years		Treasury Road Development Authority National development Unit Valuation Department

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9e. Machinery, and equipment, including transport, ICT, and others	• Specify accounting policies, including useful lives	• Review quality and completeness of existing data • Undertake an inventory of machinery, equipment etc. • Establish cost or values • Enter in register	• Finalize opening balances as at July 1, 2018 and enter in TAS GL which must agree with register • Commence recording transactions in dual cash and accrual TAS • Review depreciation calculation • Prepare template for notes	• Prepare information for IPSAS financial statements for 2018/19 • Report assets in 2018/19 financial statements • Impairment test • Refine and improve data for financial statements for future years	• Continue to record assets and related transactions on dual cash and accrual basis • Continue to report assets in financial statements • Refine and improve data for financial statements for future years		Treasury Valuation Department BCG entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9f. Other fixed assets, including cultivated biological assets, intellectual property products, and computer software	• Specify accounting policies, including useful lives	• Review quality and completeness of existing data • Undertake an inventory of other assets etc. • Establish cost or values • Enter in register	• Finalize opening balances as at July 1, 2018 and enter in TAS GL which must agree with register • Commence recording transactions in dual cash and accrual TAS • Review depreciation calculation throughout the year • Prepare template for notes	• Prepare information for IPSAS financial statements for 2018/19 • Report assets in 2018/19 financial statements • Impairment test • Refine and improve data for financial statements for future years	• Continue to record assets and related transactions on dual cash and accrual basis • Continue to report assets in financial statements • Refine and improve data for financial statements for future years		Treasury Valuation Department BCG entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9g. Finance and operating leases (where government is the lessee)		• Develop accounting policies consistent with IPSAS particularly IPSAS 13 • Identify and classify leases as finance or operating leases	• Prepare template for notes • Record leases in TAS or separate asset register • Enter opening balances of finance leases in TAS GL as part of nonfinancial assets • Record in TAS any additions or reductions of finance leases • Calculate depreciation	• Report finance leases in 2018/19 financial statements • Refine and improve data for future financial statements	• Continue to report finance leases • Refine and improve data for financial statements		Treasury BCG entities
9h. Public-private partnerships (PPPs)		• Develop accounting policies consistent with IPSAS particularly IPSAS 32 • Identify and review existing PPP arrangements	• Prepare template for notes • Record any fixed assets within the TAS asset register and recognize liabilities • Calculate depreciation	• Report PPPs in 2018/19 financial statements • Refine and improve data for future financial statements	• Continue to report PPPs • Refine and improve data for financial statements		Treasury MoFED BCG entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9i. Software and databases		• Develop accounting policies consistent with IPSAS (particularly IPSAS 31) • Estimate useful lives	• Prepare template for notes • Enter opening balances as at July 1 2018 in asset register and GL in TAS • Account for software and leases in dual mode in TAS • Calculate amortization	• Recognize SW and databases in 2018/19 financial statements • Refine and improve data for financial statements for future years	• Continue to report SW and databases		Treasury BCG entities
9j. Inventories		• Develop accounting policies consistent with IPSAS particularly IPSAS 12 • Review available data for quality and completeness and prepare plan for identification and valuation of inventories	• Identify and value inventories as July 1, 2018 • Prepare template for notes	• Recognize inventories in 2018/19 financial statements • Refine data for financial statements for future years	• Continue to report inventories in financial statements		Treasury BCG entities

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
9k. Other nonfinancial assets			• Review and identify any other assets • Develop accounting policy and procedures	• Identify and value assets as July 1, 2019 • Prepare template for any necessary notes	• Identify and value any other assets as June 30, 2020 • Report any other assets in 2019/20 financial statements • Refine data for financial statements for future years	• Continue to report in financial statements	Treasury BCG entities
10. Consolidated Financial Statements (CFS)							
10a. Consolidated Financial Statements (CFS)		• Develop accounting policies consistent with IPSAS (particularly IPSAS 34 – 38) • Explore and decide on options for systems and processes for consolidation (Oracle, Hyperion, others)		• Generate CFs for Central Government • Set up systems and processes for consolidating General Government	• Generate CFs for General Government • Set up systems and processes for consolidating public sector		Treasury

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
10c. CFS of Central Government (CG)			• Review and, if needed, revise list and classification of controlled CG entities • Set up systems and processes incl. eliminations, for preparing CFS of the CG • Issue instructions to CG entities to submit financial statements and any supplementary information for 2018/19	• Prepare CFS for 2018/19 for the CG • Refine and improve accounting policies, processes, and data quality and completeness based on experience and any NAO review comments	• Continue to prepare CFS for CG as part of CFS for GG (see below) • Continue to refine and improve accounting policies, processes, and data quality and completeness based on experience and any NAO review comments	• Continue to prepare CFS for CG as part of CFS for public sector (see below)	Treasury BCG and CG entities to be responsible for reconciling intra-CG items

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
10d. CFS of General Government (GG)				• Document procedures, including eliminations, for preparing CFS for the GG • Communicate with Local government and other controlled GG entities and train staff • Issue instructions to GG entities to submit financial statements and any supplementary information for 2019/20;	• Prepare CFS for 2018/19 for the GG • Refine and improve accounting policies, processes, and data quality and completeness based on experience and any NAO review comments	• Continue to prepare CFS for GG as part of CFS for public sector (see below)	Treasury GG entities to be responsible for reconciling intra-GG items

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
10e. CFS of Public Sector (PS).				• Document procedures, including eliminations, for preparing CFS for the PS • Communicate with PS entities and train staff • Issue instructions to PS entities to submit financial statements and any supplemen-tary information for 2020/21;	• Prepare CFS for 2020/21 for the PS • Refine and improve accounting policies, processes, and data quality and completeness based on experience and NAO comments	• Continue to prepare CFS for public sector	Treasury PS entities to be responsible for reconciling intra-public sector items

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
11. Project management, training and change management							
11a. Change management	• Establish Governance Arrangements, specify roles and responsibilities, decision making and issues resolution • Develop detailed a project plan based on this report and roadmap, including training • mobilize and allocate manpower resources • Provide training on the new framework particularly to BCG officials • Communicate framework to stakeholders	• Continue to manage project • Provide training to officials involved with BCG financial statements • Communicate to CG entities about the planned CG financial statements for 2018/19 and necessary preparatory work	• Continue to manage project • Provide training to CG entities' officials • Communicate to GG entities about the planned GG financial statements for 2019/20 and necessary preparatory work • Provide, if needed, further training to BCG officials • Undertake interim post implementa-tion review and revise approach based on lessons learned	• Continue to manage project • Provide training to GG entities' officials • Communicate to controlled entities (state owned companies etc.) about the planned CFS for public sector for 2020/21 and necessary preparatory work • Provide, if needed, further training to BCG and entities' officials • Undertake interim post-implementa-tion review and revise approach based on lessons learned	• Continue to manage project • Provide, if needed, training to controlled entities' officials • Provide further training to others as needed • Undertake interim post-implementation review and revise approach based on lessons learned	• Undertake final post implementa-tion review	Treasury MoFED

Appendix Table 1. Integrated Road Map for Implementation of Accrual Accounting, IPSAS, and Asset Register							
Activity Area	**Phase I 2016/17**	**Phase II 2017/18**	**Phase III 2018/19**	**Phase IV 2019/20**	**Phase V 2020/21**	**Phase VI 2021/22**	**Responsible Agency**
12. Audit and review							
12a. Audit and review		• Review and comment on opening balances as at July 1, 2017	• Review and comment on financial statements BCG for 2017/18	• Review and comment on financial statements CG for 2018/19	• Audit CFS of GG for 2019/20 and issue formal audit opinion and recommenda-tions for improvements	• Audit CFS of public sector for 2020/21 and issue formal audit opinion and recommenda-tions for improvements	NAO

Appendix II. Mauritius: List of Statements Included in the Annual Financial Statements

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 the 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 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

Fiscal Affairs Department

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