

AUDITOR GENERAL'S OFFICE

AUDITORS' REPORT AND STATEMENT OF
RECEIPTS AND DISBURSMENTS

31 DECEMBER 2011

AHF/VS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE PUBLIC ACCOUNTS COMMITTEE OF THE PEOPLE'S MAJLIS, THE REPUBLIC OF MALDIVES**

We have audited the accompanying statement of cash receipts and disbursements of Auditor General's office ("AGO") for the year ended 31 December 2011 and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Public Accounts Committee of the People's Majlis of the Maldives mandated under the Audit Act 04/2007. Our audit work has been undertaken so that we might state to the members of the committee those matters we are required to state to them in an auditors' report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the committee and the members of the committee as a body, for our audit work, for this report, or for the opinions we have formed.

AGO Responsibility for the Statements

The management of the Auditor General's Office is responsible for the preparation and fair presentation of these statements in accordance with Government Financial Regulations, Government Employment Regulation and Government Budgetary Procedures. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on this statement of cash receipts and disbursements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the statement of cash receipts and disbursements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of cash receipts and disbursements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of cash receipts and disbursements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement of cash receipts and disbursements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the statement of cash receipts and disbursements of the AGO present fairly, in all material respects, the receipts and disbursements by the AGO, during the year ended 31 December 2011, in accordance with the cash receipts and disbursements basis as disclosed in note 2.1 to the statement.

Report on Legal Regulatory Requirements

Our check on compliance with other laws and regulatory requirements in respect of the Public Finance Act 03/2006, Financial Regulations including the Government Budgetary procedures issued by the Government and Employment Act 02/2008 was limited to the extent applicable to the statement of receipts and disbursements.

The AGO has not complied with the following regulations during the year;

- Chapter 4.09 of the Financial Regulations 2009 require the expenditure statement to be submitted to the Ministry of Finance and Treasury within 5 working days of the subsequent month, and the financial statement sent to Ministry of Finance and Treasury should be prepared according to budget items. However, for the months of August, September, October and December 2011, AGO has failed to comply with this requirement.
- In accordance to the Section 14 (d) of Audit Act, the AGO is required to prepare and submit quarterly reports to the Public Accounts Committee (PAC), on office administration and engagements undertaken taken by the office. However, the AGO has not submitted such a report in 2011.



18 April 2013
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AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursements for the year ended 31 December 2011


(All amounts are in Maldivian Rufiyaa unless otherwise stated)

	Notes	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Opening Balance (A)		-	-	6,402,662
Receipts				
Government budgetary support		31,275,181	26,117,589	18,786,452
Petty cash balance	15	-	5,091	-
Other Receipts	5	-	58,691	786,537
Total Receipts (B)		31,275,181	26,181,372	25,975,651
Disbursements				
- Salary and allowances	6	21,125,829	19,134,721	15,414,257
- Travelling expenses	7	1,879,122	1,212,282	172,882
- Operating expenses	8	193,105	105,538	247,708
- Operating expenses (services)	9	2,817,545	1,055,711	862,689
- Training	10	2,319,668	2,231,934	1,940,139
- Repair and maintenance	11	955,028	935,935	86,758
- Subscription and contributions	12	163,793	149,508	19,461
- Capital expenditure	13	1,821,091	1,291,961	42,558
- Payment of surplus budgetary support and other receipts to Ministry of Finance and Treasury ("MOFT")	14	-	58,691	7,189,199
Total disbursements (C)		31,275,181	26,176,281	25,975,651
Closing balance (A + B - C)	15	-	5,091	-

The accounting policies and notes on pages 04 through 09 form an integral part of the financial statements.

This statement of receipts and disbursement was approved on 18th April 2013

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Niyaz Ibrahim
Auditor General

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Yoosuf Maaniu Mohamed
Chief Operating Officer



AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements

1. Reporting entity

This statement of receipts and disbursements relates to Auditor General's Office ("AGO"), an independent institution by the constitution responsible for carrying out audits of Government organizations, Government companies and other bodies entrusted with Government support/grants and assets. AGO achieved its independence with the enactment of the Audit Act 04/2007 and the constitution that came into effect on 7 August 2008. The first independent Auditor General was appointed on 16 January 2008. The AGO receives the funding for its operation from the state budget.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the statement of receipts and disbursements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis for preparation

The AGO prepares the accompanying statement on the basis of cash received and disbursements made. On this basis the receipts are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

(a) Receipts

The statement of receipts and disbursements is prepared on the basis of cash receipts and disbursements. Receipts are accounted in the period in which such receipts are received. Receipts consist of budgetary support and other receipts received in the normal course of the AGO's operation.

Following the centralisation of treasury function by the Government of Maldives, expenses of AGO during the year 2011 were paid from the Public Bank account maintained with MMA by MOFT. Since the expenses were paid by MOFT from the approved budget of AGO, the amounts have been reflected as disbursements with corresponding receipts. However, AGO having occupied the MOFT building certain expenses relating to amenities have been met by the MOFT. Accordingly, such expenses and corresponding receipts have not been stated in these statements.

Refunds and reimbursements made to AGO are accounted on a cash basis when they are received.

(b) Disbursement

Disbursements are accounted in the period in which such disbursements are made. Disbursement do not include certain expenses pertaining to amenities directly met by MOFT, having occupied the MOFT building.

 **ERNST & YOUNG**

Chartered Accountants

Malé, Maldives

Company Reg: 192/95

AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements (Continued)

2.2 Foreign currencies

(a) Functional and presentation currency

Items included in the receipts and disbursement statement are measured using the currency of the primary economic environment in which the Auditor General's Office operates ("the functional currency"). The receipts and disbursement statement is presented in Maldivian Rufiyaa, which is the AGO's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions.

2.3 Cash

Cash comprises of cash in hand as at the end of the financial period. Cash in hand as at the end of the year is expected to be deposited with the MMA.

3. Budget information

This statement contains the budget passed by the Parliament revised during the year as recommended by the AGO with the approval of Ministry of Finance and Treasury.

4. Comparatives

Comparative figures have been adjusted where necessary to confirm with changes in presentation in the current year.



AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements

5. Other receipts	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Fine, refunds and reimbursements	-	52,691	758,997
Proceeds from auction of fixed assets	-	-	540
Licensing fees received from registered auditors	-	6,000	27,000
		58,691	786,537
6. Salary and allowances	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Salary	14,313,600	13,180,719	14,629,675
Ramazan & other allowances	3,589,566	3,159,871	454,000
Employers contribution to pension fund	3,222,663	2,900,108	330,582
Late fine charges	-	(105,977)	-
	21,125,829	19,134,721	15,414,257
7. Travelling expenses	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Domestic sea transportation	145,358	19,714	152
Domestic land transportation	25,000	22,520	20,680
Domestic air transportation	350,540	241,152	9,600
Travel overseas	1,353,224	927,246	142,450
Other travel/ transportation	5,000	1,650	-
	1,879,122	1,212,282	172,882

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AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements (Continued)

8. Operating expenses (Goods)

	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Stationeries	120,000	68,343	74,207
Annual maintenance fees - software	8,680	5,434	158,558
Fuel expenses	-	-	400
Costs of food for staff	40,925	17,846	-
Electricity	2,000	-	-
Cleaning consumables	15,000	13,550	13,793
Small equipment	3,500	-	750
Office decoration	2,000	-	-
Other operating expense	1,000	365	-
	<u>193,105</u>	<u>105,538</u>	<u>247,708</u>

9. Operating expenses (services)

	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Telephone, fax and telex	198,144	102,708	73,172
Electricity	339,952	-	-
Water	46,790	-	-
Internet leased line	275,000	274,740	271,321
Rent of building	-	-	100
Rental charges (equipment)	2,000	-	-
Expense on cleaning services	49,300	38,309	-
Postage and message expense	2,300	1,978	1,489
Subscriptions and announcements	30,900	5,732	32,257
Handling charges	2,000	185	175
Meetings and seminars	37,500	243	24
Consultancy and translation fees	1,276,520	140,525	-
Hospitality for guests	25,000	4,762	1,217
Annual vehicle registration fees	3,799	3,456	3,456
Printing expenses	7,500	-	-
Bank charges	5,000	-	-
Insurance premium	311,640	282,598	238,858
Other services	204,200	200,475	240,620
	<u>2,817,545</u>	<u>1,055,711</u>	<u>862,689</u>

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AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements (Continued)

10. Training	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Scholarship and fellowship	964,934	955,849	1,825,730
Short term training & study tours	140,000	123,613	52,298
Workshop expenses	15,000	-	-
Domestic training	158,110	117,845	26,336
In-house training expense	1,041,624	1,034,627	35,775
	<u>2,319,668</u>	<u>2,231,934</u>	<u>1,940,139</u>
11. Repair and maintenance	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Maintenance of building	902,633	901,366	5,458
Electrical base maintenance	2,070	-	-
Repairs of furniture and fittings	5,000	4,420	-
Machinery & equipment maintenance	14,000	10,218	69,300
Communication infrastructure maintenance	7,825	7,825	-
Computer software maintenance	6,000	-	-
Maintenance of IT hardware	10,000	4,952	-
Repairs of vehicles	7,500	7,154	12,000
	<u>955,028</u>	<u>935,935</u>	<u>86,758</u>
12. Subscriptions and Contribution	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Subscription for International Organisation of Supreme Audit Institutions (INTOSAI) and Asian Organization for Supreme Audit institution (ASOSAI)	-	-	19,461
Annual voluntary Contribution fee to Commonwealth Auditor General Conference fund (CAGCF)	-	2,371	-
AGO Annual Contribution for 2011	-	9,554	-
Annual maintenance subscription to CHH Asia Pte Ltd - Team Mate Software	163,793	137,583	-
	<u>163,793</u>	<u>149,508</u>	<u>19,461</u>

AUDITOR GENERAL'S OFFICE

Statements of receipts and disbursement for the year ended 31 December 2011

Notes to the statement of receipts and disbursements (Continued)

13. Capital expenditure

	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Purchase of :			
Furniture and fitting	5,200	1,367	
Plant, machinery and equipment	2,000	2,000	39,800
Tools	2,000	-	-
Reference books	5,000	-	1,658
Telecommunication equipments	37,985	15,242	1,100
Computer software	1,414,906	1,145,702	-
Hardware IT	354,000	127,650	-
	<u>1,821,091</u>	<u>1,291,961</u>	<u>42,558</u>

14. Paid to MOFT

	Budgeted 2011 Mrf.	Actual 2011 Mrf.	Actual 2010 Mrf.
Other receipts	-	58,691	786,537
Budgetary support surplus	-	-	6,402,662
	<u>-</u>	<u>58,691</u>	<u>7,189,199</u>

15. Cash and cash equivalent

	Actual 2011 Rf	Actual 2010 Rf
Petty cash balance	5,091	-
	<u>5,091</u>	<u>-</u>