



" LEADING IN UTILITY REGULATION "



ANNUAL REPORT

— 2019 - 2020 —

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WHO WE ARE

In 2004, the Government of Mauritius approved the setting up of a Utility Regulatory Authority (URA) to regulate utility services, namely, the electricity, water and wastewater sectors.

The URA Act was enacted in November 2004 to set up the framework required for the URA to carry out its regulatory function. Pending proclamation on Water & Waste Water Regulation, the regulation of the electricity sector has been the URA's initial area of priority in the review period.

VISION

"To be a responsible regulator for sustainable utilities"

MISSION

"To promote: (a) Fair competition in the Utilities Sector
(b) Utility consumer rights and awareness
(c) Affordable and fair tariffs and premium quality services to all"

VALUES

1. "Dedicated to teamwork and treating our internal and external stakeholders with due care and respect"
2. "Being honest, fair and ethical in all our actions"
3. "Innovation driven to sustain the regulated sectors"
4. "Being transparent and responsible for our actions"
5. "Demonstrating competence, expertise and independence in all our activities"

MOTTO

"Leading in Utility Regulation"

OUR FUNCTIONS

In accordance with Section 6 of the URA Act 2004 (as amended), the powers and functions of the Authority shall be to:

- (a) implement the policy of Government relating to applicable utility services;*
- (b) grant, vary and revoke licenses in respect of a utility service;*
- (c) enforce the conditions laid down in an undertaking authorization;*
- (d) regulate tariffs and other charges levied by a licensee in accordance with any rules specified in the relevant Utility legislation;*
- (e) mediate or arbitrate disputes between a customer and a licensee, or between 2 or more licensees;*
- (f) determine whether a licensee has an obligation to extend a utility service to customers or to an area not adequately supplied with such utility service;*
- (g) establish an appropriate procedure for receiving and enquiring into complaints by customers in relation to any utility services; and*
- (h) establish and implement adequate systems for monitoring the compliance by licensees with standards and applicable regulations, and making such information publicly available.*
- (i) take measures for the better protection of customers in relation to any utility services;*
- (j) take measures to suppress any abusive, illegal or dishonourable practices in relation to any activity of a licensee;*
- (k) take measures and make recommendations to a licensee in respect of any Power Purchase Agreement which a licensee proposes to enter into; and*
- (l) examine and make recommendations to a licensee in respect of any management services contract, operation and maintenance contract or any other contract which a licensee proposes to enter into in relation to water services or waste water disposal services.*

LEGISLATIVE FRAMEWORK

In the exercise of its mandate, the URA is guided by a comprehensive set of laws which constitutes the legislative framework for the sector. To date, the following legal instruments, which have been developed, serve to facilitate and support URA in its regulatory role:

LEGAL INSTRUMENT	STATUS
Utility Regulatory Authority Act 2004 (amended 2008 and 2016)	In Operation
Electricity Act 2005	Not yet proclaimed
Central Electricity Board Act 1963	In operation
Mauritius Renewable Energy Agency Act 2015	In operation
Energy Efficiency Act	In operation
Competition Act 2007	In operation
Consumer Protection Act 1991	In operation

BOARD COMPOSITION

Section 8 of the URA Act provides for the composition of the board which shall constitute the Chairperson and three Commissioners. The Board members are required to have diverse academic qualifications, industry knowledge and experience, which ensure that the Board works effectively. As a pre-requisite for their appointment, the board members should be persons of high moral and professional integrity.

The Board is appointed by the President and on the advice of the Prime Minister given after consultation with the Leader of the Opposition as provided for under Section 9 of the URA Act.

URA BOARD MEMBERS



Mr. Philip Ah-Chuen, Chairperson

Qualifications: BTech (Hons) from Brunel University, MSc in Industrial Administration from Aston University, Fellow of the Mauritian Institute of Management (FMIM) and the Mauritius Institute of Directors (FMIoD).

Mr. Rampiar Luchmun-Roy, Commissioner

Qualifications: Fellow of the Association of Chartered Certified Accountants (UK) and International Tax Program at the Harvard Law School, USA.





Mr. Sadatmanund Narain, Commissioner

Qualifications: B.E. (Electrical Engineering), University of Roorkee, India, Post-Graduate Diploma in Electrical Power Systems Engineering, University of Manchester Institute of Science and Technology, UK, Member of the Institution of Electrical Engineers, UK (MIEE), Chartered Engineer of the Council of Professional Engineers, UK (C.Eng.) and a Registered Professional Engineer, Mauritius (RPEM).

Mrs. Jenny Peggy Sevambal Mootealoo, Commissioner

Qualifications: Masters in Public Law, University of Reunion, Barrister-at-Law.



MANAGEMENT AND STAFF

Section 14 of the URA Act 2004 (as amended) provides that the Board shall appoint its Director, who shall also be the Chief Executive Officer. Mrs. Eunice Harris Potani was recruited as the new Chief Executive Officer and has been in office since 1st May 2019.



Eunice Harris Potani, Chief Executive Officer

Qualifications: BSc Economics, MA in Economics.

Suraj Boisemo Naiko, Manager Administration and Regulatory Partnerships

Qualifications: BSc Mgt, MBA, BADGE Régulation de l'énergie



Bilkiss Jhingut, Acting Manager Finance

Qualifications: BSc (Hons) Accounting with Information Systems, Part ACCA, PSEA



Martine G. Christine, Acting Manager Legal Affairs

Qualifications: LLB (hons), LLM International Business Law, Regulation of the Power Sector

Ishad Hoolash, Acting Manager Network Assets

Qualifications: B.Eng. (Hons)-Electrical Engineering, BSc (Hons) – Water Production, MBA, RPEM, MACostE



Kritina Sungkur, Acting Manager Consumer and Public Affairs

Qualifications: BA Mass Communication, Certified Digital Marketing Professional

Poodessen Moothoosamy, Acting Manager ICT

Qualifications: BSc Computer Science, MBA



CHAIRPERSON'S STATEMENT



I am pleased to report on another year of good progress in the preparation for the URA to the fully fledged implementation of its mandate.

The 2019-2020 financial year has been a challenging one, with half of the year characterized by great uncertainty and disruptions to businesses in many sectors of the economy including the utility sector.

Despite all these challenges, the URA made good strides and managed to finalize the process of consolidating the key regulatory tools needed for licensing and embarked on stakeholder sensitization on the new tools and the testing of the licensing platforms and systems.

The speed and the extent of the changes happening in the business operating environment demand courage, passion and belief that as regulator of the utility sector, the URA can accomplish greater things by always striving for excellence and being better than yesterday.

This calls for the building of a strong foundation on which to build an efficient and sustainable regulatory framework that will deliver on the URA long term strategy and this has been the preoccupation of the URA in the period under review.

Central to ensuring the delivery of the URA long term strategy is the development of a culture of rewarding high performance and the URA Board was pleased to see the continued improvement in staff performance, commitment and ability and willingness to do multitasking while the URA Board is implementing a staggered recruitment process. The URA Board therefore has and continues to take great interest in balancing between external recruitments and the development of an internal succession plan.

On behalf of the URA Board, I would like to formally thank all our staff for their unstinting efforts and exceptional commitment and look forward to another year of progress as the URA will be rolling out the Licensing function and will be consolidating the new regulatory environment for the electricity sector in Mauritius.

Philip Ah-Chuen
Chairperson
Utility Regulatory Authority

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to present the 2019-2020 URA performance and progress report as part of the implementation of the 2019-2022 Strategic Plan. In our pursuit of the delivery of higher quality services to stakeholders, we have, in the period under review, successfully developed and launched the new URA Website with a portal that hosts the E-Licensing and the E-Customer Complaints Handling platforms, and the Management Information System (MIS) and Enterprise Resource Planning (ERP) which are benefiting the URA on the management of its business processes in line with Digitalization Initiatives for an Eco-friendly working environment.



It is our belief that embracing informational technology will empower both the URA and its stakeholders to become more productive, creative and have flexible working arrangements through working online which is becoming a new norm.

Despite the economic and operational challenges faced in the business operating environment in the period under review, the URA has continued with its commitment to creating a robust regulatory framework that ensures that we deliver our Vision of becoming a “Responsible Regulator for Sustainable Utilities”.

With the grant funding provided by the Government continuing to be the only financing arrangement for the URA, the URA experienced a revenue decline of 17.81 % due to the contraction in economic activities across many sectors of the economy which called for the implementation of austerity measures. These measures were being implemented against a backdrop of a 33.45% projected expenditure increase for the URA as a new and emerging organization that is still making the necessary arrangements to be fully operational. The URA utilized the reserves accumulated in the previous year to cover the revenue shortfall. The drop in revenues resulted in unexpected delays and postponement of some of the key planned activities.

Despite the economic challenges, the URA continued to operate with a renewed purpose through collaboration, agility and care to meet the expectations of all its stakeholders.

Besides the ICT development initiatives which were implemented in the period under review, the URA also concluded the development of key regulatory tools which were shared and discussed with various stakeholders as an opportunity for them to appreciate the new regulatory requirements and to begin to test some of the platforms in readiness for the launch and rollout of the Licensing function. The rolling out and

implementation of these tools await the proclamation of the Electricity Act of 2005. Some of the developed regulatory tools include but are not limited to the following:

- Moratorium for Transitional Arrangements
- Licensing Regulations with Licence Fee schedule
- License Templates and Conditions for various Licences
- National Grid Code and Electricity Regulations
- The National Electricity Tariff Methodology and Tariff Guidelines
- Power Purchase Agreements (PPA) Template and Guideline for PPA review.

On the operational front, the URA kick started the Pre-Licensing inspection visits. In the period under review, pre-Licensing inspections on the four largest Independent Power Producers (IPPs) were concluded and the planned inspection visits for remaining existing operators continued in the subsequent year. The visits assisted the URA to create a database for future categorization of Licensees and compiling technical information that would be useful in guiding the transitional licensing arrangement through the appraisal and verification of information and most importantly, the exercise also provided a platform for opening up dialogue with the prospective licensees.

Through the Consumer and Corporate Affairs department, we received and processed consumer and stakeholder complaints dealing with a cross section of utility services, which the URA has had the opportunity of reviewing and referring to the appropriate institutions for their resolution. The framework for dealing with the complaints this far is anchored and supported by the goodwill from all parties involved and the URA is encouraged by the willingness demonstrated by the parties to have amicable solutions to their differences without recourse to the law which is yet to be operationalised.

In line with the URA Strategic objective of remaining relevant through public and Stakeholder engagement, the URA has in the review period held consultative meetings with the Ministry of Energy and Public Utilities on various policy initiatives including the electricity sector market model. A series of ongoing briefing meetings were also held with the Central Electricity Board (CEB), Consumer Advocacy Groups and IPPs as part of the development process of the regulatory tools and Licensing and consumer complaint handling platforms. Special engagements were also made with various cooperating partners and partner institutions which continue to support the URA with its capacity building and institutional development initiatives and these included the UNDP, AfDB, RERA, CRE, AFD and RAERESA, just to mention a few.

To strengthen the collaboration with some of the partner organisations, the first Memorandum of Understanding (MOU) was finalised and signed between the Competition Commission of Mauritius (CCM) and the URA which provides a framework for cooperation between the two institutions on practical mechanism to facilitate the treatment of anti-competitive cases within the utility services industry and also

provides for, inter alia, exchange of information and sharing of technical expertise to ensure effective, efficient, and adequate enforcement of competition policy in the utility services industry.

Another draft MOU is also under discussion between the URA and MARENA which is intended to facilitate collaboration between the two institutions in monitoring and enforcement of the performance standards in the Renewable Energy sector.

As part of the URA capacity and institutional development program, the URA continued to recruit and train its staff in various regulatory aspects. In the period under review, the URA Board conducted and concluded interviews for 5 key posts of Director Legal Affairs, Economic Regulation Manager, Tariff/Financial Analyst, Inspector Network Performance, Accounts Officer and Human Resources Officer. In light of the staggered recruitment process, only two positions were filled, these included the position of Tariff/Financial Analyst who was required immediately to be part of the ongoing Cost of Study for the CEB and an Accounts Officer to beef up the finance team for the smooth implementation and continuity of URA ERP project.

To enhance staff performance at all levels and establish clear links between organisational development, the delivery of quality services and the development of employees at work, the URA, during the year under review, implemented for the first time a Performance Management System with a view to inculcate a performance-oriented culture in the Authority. Decisions on staff compensations and rewards on contract anniversaries and contract renewals in the period under review were informed by the results of the performance assessment reports. This has helped to create a common bond of ownership among all employees and has helped to develop, motivate and inspire staff to continuously deliver quality performance.

As the URA will be entering the critical phase in the implementation of the new regulatory framework for the electricity sector, and also taking into account the observed global trends which are signalling continued economic challenges associated with the contraction of businesses, the URA's focus will be to continue to learn from the past but stay focused on the future while endeavouring to provide personalized regulatory services to its various valued stakeholders. This will entail the continued building of trust through walking together with all our stakeholders on the journey to independent regulation.

Let me take this opportunity to express my sincere gratitude and thanks to all our stakeholders, the Board Members, Management and dedicated members of staff for the unrelenting support, commitment and the contribution to the URA progress to date. Our sincere thanks go to the Ministry of Energy and Public Utilities for the ongoing support and continued policy guidance.

Eunice Harris Potani
Chief Executive Officer
Utility Regulatory Authority

BOARD'S RESPONSIBILITY STATEMENT AND CORPORATE GOVERNANCE



BOARD'S RESPONSIBILITY STATEMENT

The Utility Regulatory Authority Board is responsible for the proper keeping of accounting records which disclose, with reasonable accuracy, at any time, the financial Position of the Utility Regulatory Authority.

CORPORATE GOVERNANCE

The Board confirms to the best of its knowledge that the Utility Regulatory Authority has complied with all its obligations and requirements under the Code of Corporate Governance.

Signed by:

Signature: Philip Ah-Chuen

Name: Mr. Philip Ah-Chuen
Chairman, URA

Date: 16 June 2021

Signature: SADATMANUND NARAIN

Name: SADATMANUND NARAIN
Commissioner, URA

Date: 16 June 2021



CORPORATE GOVERNANCE

The URA Board is committed to fully implement corporate governance standards, and monitor and ensure compliance with relevant laws and regulations. It also aims to maintain a high standard of reporting and disclosure, keeping in mind the best interests of all stakeholders. In line with its commitments, the Board aspires to develop and align policies, systems and processes to embed sound corporate governance principles as laid down by the URA Act.

The Board is responsible for providing the overall strategic direction of the Authority and through Executive Management, oversees the operations and management of the URA that will facilitate the Board's role in granting of Licenses, Tariff determination and approval, staff recruitments and setting of remuneration packages and levels.

Throughout the year ending 30th June 2020, and to the best of the Board's knowledge, the URA has complied with the Corporate Governance Code 2016 for Mauritius. The summary below is the demonstration of the URA Board Commitment in the application of the principles set out in the Code.

Structure/Composition of the Board

Section 8 of the URA Act 2004 (as amended) provides that:

(1) The Authority shall be administered and managed by the Board.

(2) The Board shall consist of –

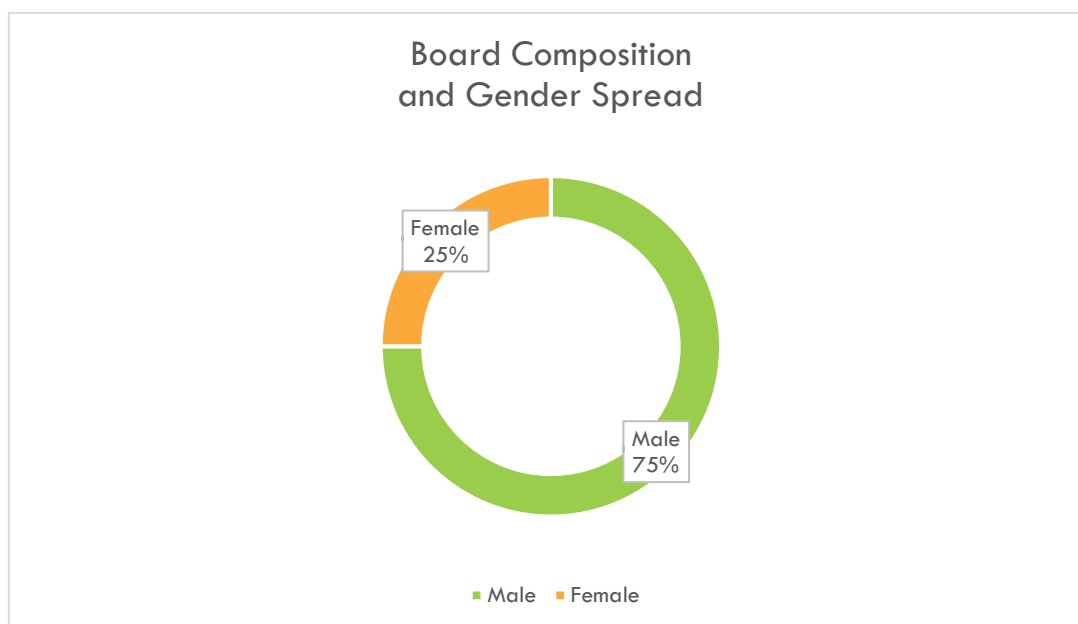
(a) a Chairperson; and

(b) 3 Commissioners,

Accordingly, the URA Board appointment was in line the provisions of Section 9 of the URA Act. In line with this provision and the following was the composition of the Board.

BOARD APPOINTMENT DATES AND TERMS OF OFFICE

Name of Board Member	Status	Date of Appointment	Term
Mr. Philip Ah-Chuen	Chairperson	15 th May 2018	5 years
Mr. Rampiar Luchmun-Roy	Commissioner	19 th September 2016	4 years
Mr. Sadatmanund Narain	Commissioner	26 th February 2020	5 years
Mrs. Jenny Peggy Sevambal Mootealoo	Commissioner	26 th February 2020	5 years



BOARD MEETING ATTENDANCE

In accordance with Section 13 (1) of the URA Act 2004 (as amended), the Board is required to meet at least once every 3 months.

For the Financial year ending 30th June 2020, the Board held a total number of five (5) normal Board meetings and seven (7) extraordinary board meetings. The attendances are summarised below.

BOARD MEMBERS		NR. OF BOARD MEETING HELD DURING THE FINANCIAL YEAR	NR OF EXTRA ORDINARY MEETING HELD DURING THE FINANCIAL YEAR
		5	7
Chairman	Mr Philip Ah-Chuen	5	7
Commissioner	Mr Rampiar Luchmun-Roy	5	7
Commissioner	Mr Sadatmanund Narain	3	7
Commissioner	Mrs Jenny Peggy Sevambal Mootealoo	4	5
Chief Executive Officer	Mrs Eunice Potani	5	7

Pursuant to Section 14 (5) of the URA Act 2004 (as amended), the Chief Executive officer attended all Board Meetings as a non-voting member.

BOARD COMMITTEES

In the period under review, the Board approved the terms of Reference for the Board Committees whose operationalization would commence as soon as the Board finalizes and approves the profiles of Board Committee members and their remuneration package.

In accordance with Section 27 (1) of the Utility Regulatory Authority (URA) Act 2004 (as amended):

“The Authority shall as soon as practicable, but not later than six months after the expiry of the financial year, submit to Parliament, through the Minister, a report concerning its activities during that financial year.”

The Board of the URA has oversight responsibility in the preparation of the annual report and financial statements in accordance with the Statutory Bodies (Accounts and Audit) Act to fairly present the state of affairs of the Authority. Thus, the annual report has been prepared in compliance with the financial reporting and accounting standards issued under section 72 of the Financial Reporting Act.

The responsibility of the Board extends to keeping adequate accounting records and explaining URA’s transactions and disclosure with reasonable accuracy. The Board is also required to take reasonable steps to prevent and detect fraud and other irregularities.

WHAT AFFECTS US

The need for ongoing harmonization of laws governing various agencies with different roles in the utility sector will require that URA continuously work to develop various forms of regulations and Memorandum of Understanding to fill the gaps in the laws and provide clarity and complementarity of roles among various key players in the utility service sector. This may retard the pace at which URA rolls out its regulatory mandate.

OPERATIONAL REVIEW PERFORMANCE

The URA three-year Strategic Plan for the year 2019-2022, which was adopted in 2018/2019, provides a roadmap for URA in its drive to deliver on its mandate of ensuring business viability, customer protection, promotion of efficiency and competition in the market. Guided by the aspirations of the Strategic Plan, the URA prepared a roadmap in line with the strategic objectives which formed the basis for business plans and activities implemented in the review period.

LEGAL AFFAIRS DIRECTORATE

In line with the seven objectives of URA's Strategic Business Plan 2019-2022, the Legal Directorate developed its roadmap of activities towards the full operationalisation of the URA's regulatory function.

This report presents the progress made by the legal directorate in the period under review in line with the URA roadmap. The Legal Directorate has progressed in the pursuance of its objective of developing the requisite tools and documents to support the implementation of URA's mandate.

Below we present the list of activities undertaken and completed for Financial year 2019/2020:

- Developed an Action Plan for Stakeholder Engagement and engaged stakeholders in line with action plan through holding meetings where information, expectations and concerns were exchanged with IPPs, CEB, Consumer Advocacy Group in readiness for the operationalization of the URA.
- Developed Moratorium with transitional licensing arrangements and procedures;
- Developed and Designed Licence certificates which shall be issued for the electricity activities to be licensed, including the formats for provisional licence to be issued during the transitional period;
- Prepared terms and Conditions attached to different licences to be issued;
- Develop Licence Application Forms to be completed by an applicant;
- Licence Application Procedures, including guidelines for requirements for a licence approval;
- Licence Application Checklist to guide the application process and also used for the Licence review process;
- Flowchart for the Licence application, review and decision-making process, with timelines to ensure efficiency, transparency, responsibility and professionalism;
- Guidelines and procedures for renewal, transfer amendment or revocation of licences;
- Licencing Regulations with a Licence Fees Framework with charges and fees payable by the various licensees;
- Sample Power Purchase Agreement (PPA) document to guide on the minimum PPA requirements;
- PPA Review Guidelines to assist in the review process of a PPA and allow the Authority to make informed recommendations with respect to the PPA under negotiation between two licensees;
- Application Checklist;
- Universal Service Fund Regulations;
- Memoranda of Understanding outlining the areas of cooperation and coordination between URA and 2 of its key stakeholders, namely, Competition Commission of Mauritius and Mauritius Renewable Energy Agency;
- Complaint Handling regulations; and

- Complaint Handling procedures for receiving, handling and enquiring into grievances from consumers.

The Legal Directorate collaborated with other directorates in the setting up of a technical unit for a preliminary review of licence applications. The Legal Directorate also provided support in the development of conditions and scheme of service for a Human Resource framework and in the review of employment contracts which required amendments. Assistance was also provided in the handling of any complaints relating to the sector received by URA from aggrieved parties which included consultative sessions, meetings, investigations and site inspections.

The Legal Directorate has also facilitated the procurement process of URA's official embossed seal to be used to authenticate a licence issued by URA as well as other official URA documents. As part of its licensing activities in anticipation of the URA's operationalisation, the Legal Directorate also participated in onsite inspections and visits to the prospective licensees' sites. Finally, a registry was also created to keep record of all relevant legal and licensing documents, with an official referencing system.

TECHNICAL DIRECTORATE

In the period under review, the Technical Directorate dedicated a significant amount of its time in preparatory works in readiness of the URA becoming fully operational after the proclamation of the Electricity Act of 2005.

The URA, with support from and in collaboration with other stakeholders in the energy sector, developed and published a "*National Electricity Grid Code*" which will assist the URA to enhance safety, reliability and security of electricity supply in Mauritius. To support the implementation of the Grid Code, the process of developing a Key Performance Indicator Framework (KPI) was initiated. The framework will further be developed into an "*Automatic Online KPI's Dashboard Reporting System*", which will be operated and accessed on the URA existing MIS/ERP platform.

In support of the Government policy of increasing Renewable Energy Electricity share to 40% by 2030, the URA, through the Technical Directorate, also embarked on a process of developing new subsidiary regulations to the Electricity Act 2005, namely, the Electricity Regulations 2020 and Net Metering/Net Billing Regulations. These regulations will ensure that all operators in the Renewable Energy sector are governed by standard, transparent, objective and fair practices which will help instil and increase confidence in the market and stimulate private investment in Renewable Energy projects.

In the period under review, the Technical Directorate kick started the implementation of the Pre-Licensing Inspection of existing operators. Inspection of the four largest IPPs has been completed and planned Pre-Licensing Inspection for remaining operators will continue in the subsequent year.

The Technical Directorate continued to collaborate with other institutions on various ongoing policy initiatives driven by the Ministry of Energy and Public Utilities which include: A 10 Year Electric Vehicle Integration Roadmap for Mauritius, the project on Accelerating the Transformational Shift to a Low-Carbon Economy in the Republic of Mauritius, Development of the MARENA Regulations (Renewable Energy Technology Systems), Bioelectricity Strategy in Mauritius, the High-level Regulatory Assessment for Floating Solar PV and many others. Alongside other stakeholders, the URA is participating and engaged to facilitate implementation of these initiatives.

ECONOMIC DIRECTORATE

The Economic directorate, which also hosts the finance department, led and coordinated the development process of the Tariff Methodology and Guidelines funded by the United Nations Development Program (UNDP) through the Green Climate Fund (GCF). This document will guide licensees on filling electricity tariff applications to the URA for approval. The process involved the initial peer reviews and consolidation of stakeholder comments in the process to ensure national ownership of the final Tariff Methodology and Guidelines.

The Economic Directorate, in the period under review, continued to collaborate with other directorates in dealing with the customer complaints that were received by the Authority. The Directorate also collaborated with the Legal and Technical Directorates in the development process of the Licensing Fees Schedule which will be the basis for charging license fees and the major source of URA funding when the Authority will roll out the Licensing process. The Directorate further participated in the development of the economic and financial aspects of the License Application Review checklist and the development of the PPA review guidelines for reviewing PPA proposals submitted by licensees.

As a member the Regional Electricity Regulators Association of Southern Africa (RERA), the URA, through the Economic Directorate, continues to coordinate the filing of the Tariff Publication information and compile Mauritius information and data for the SADC Tariff Publication.

FINANCE DIRECTORATE

Revenues

The main source of funding for the URA in the period under review has been through Grant funding from Government provided through MEPU, the parent Ministry.

The total grant funding decreased by 18.2% from MUR 21,799,370 for the previous year restated 2018/2019 to MUR 17,828,314 for the year under review.

Revenue Sources	2019/2020			Restated 2018/2019		
	Budget Rs	Actual Rs	Variance Rs	Budget Rs	Actual Rs	Variance Rs
Revenues (Grants+ Cumulative savings)	18m	17.83m	0.17m	26.58m	21.80 m	4.78m
Licensee fee	Nil	Nil	Nil	Nil	Nil	Nil
Total	18m	17.83m	0.17m	26.58m	21.80m	4.78m

Expenditures

The main expenditure drivers in the period under review have been payroll and day-to-day operational expenses. During the reporting period, the URA continued with the development of regulatory tools with support from cooperating institutions and kick started the pre-licensing inspection visits on major IPP installations. The expenditure summary for the period under review is presented below:

EXPENDITURE SUMMARY						
	2019/2020			Restated 2018/2019		
	Budget Rs	Actual Rs	Variance Rs	Budget Rs	Actual Rs	Variance Rs
Operational Expenditure	25m	24.20m	0.8m	22m	21.91m	0.09m
Capital Expenditure	Nil	Nil	Nil	Nil	Nil	Nil
Total	25 m	24.20m	0.8m	22m	21.91m	0.09m

Operational expenditure increased from MUR 21.91 million for the previous financial year restated 2018/2019 to MUR 24.20 million in the period under review. The increase in the expenditure is attributed to payroll costs due to recruitment of additional staff and an increase in the day-to-day operational expenses due to the maintenance costs relating to the operationalisation of the MIS and new URA website and acquisition of new additional office space to cater for additional staff earmarked for recruitment in the period under review.

MANAGEMENT INFORMATION SYSTEM

During the year 2019-2020, URA has continued in its strategy of improving business efficiency through the effective use of ICT. In this respect, the organization has implemented new systems to support and drive the business initiatives. A key component of the ICT plan this year has been the implementation of the Management Information System (MIS) funded by the United Nations Development Programme (UNDP) through the Green Climate Fund (GCF).

The MIS projects, that were initiated in the previous year and were implemented in 2019/2020, are outlined hereunder:

Setting up of the New URA Website

The new URA website has been live since April 2020. Stakeholders can access the newly designed licensing and complaint web-based platform by registering on the portal.

Setting up of an Enterprise Resource Planning (ERP)

The setting up and the implementation of an ERP for various departments such as Legal, Finance, Procurement and Customer Affairs was finalised in the period under review and all process owners underwent tailor-made training and the project was handed over to the URA by the UNDP consultants.

Setting up of a New IT Infrastructure

Following the setting up of the new IT infrastructure which was completed in February 2020, a process to ensure security, scalability and availability of the IT infrastructure and applications was initiated. The ICT department negotiated a Management Support Agreement with the service providers and consultants who installed the various ICT infrastructure and equipment to ensure the security and sustainability of the MIS and other ICT equipment. The ICT department also initiated cabling works to facilitate the connection of the new server to the acquired new office space at level 2. The works are ongoing but have been delayed due to lack of funding.

CONSUMER AND CORPORATE AFFAIRS DIRECTORATE

In the period under review, the Consumer and Corporate Affairs (CCA) Directorate was involved in hosting the official launch of the URA Strategic Business Plan 2019-2022 in August 2019, which has ensured that URA's strategic objectives are aligned with the aspirations of Mauritius to have a dynamic and financially sustainable utility sector, thus providing value for money and premium service to consumers and support the country's broader economic agenda.

Stakeholder meetings were held with the African Development Bank (AfDB) and the African Legal Support Facility (ALSF), to discuss and review the implementation of the Strategic Plan, Licensing Reform and identify areas for further technical assistance to the URA.

Other consultative meetings were also held with the Ministry of Energy and Public Utilities (MEPU), the Ministry of Finance, Economic Planning and Development, the Central Electricity Board (CEB), Consumer Advocacy Groups, Independent Power Producers, the *Commission de Régulation de l'Énergie* (CRE) and the *Agence Française de Développement* (AFD), to discuss regulatory matters such as a model tool for tariff processing and licensing and consumer protection for continued and effective cooperation.

The CCA directorate was also instrumental in the preparations and hosting of the Subcommittee and Portfolio Committee meetings of the Regional Energy Regulatory Association (RERA), the umbrella association of regulators in SADC, in Mauritius, in August and September 2019.

The CCA directorate has, in the review period, finalised the URA Customer Charter and Consumer Complaint Form which has been integrated to the new website and ERP, as part of the Consumer Complaint Handling and Complaint Resolution policies. This has further complemented the Complaint Handling Regulations and Procedures which were drafted by the Legal Directorate.

The CCA Directorate, along with the economic, legal and technical directorates, handled different complaints that were submitted to the URA covering billing issues and quality of service on a goodwill basis as the URA has not yet kick-started its licensing process. The details on the complaints that were received are summarised below.

COMPLAINTS RECEIVED BY THE UTILITY REGULATORY AUTHORITY (URA) AS AT 30 JUNE 2020		
SN	COMPLAINTS RECEIVED	STATUS
July 2019		
1.	Complaint #7 received on 01.07.19 (Issue with Fixed Phone Line)	Not relevant to the URA – Complaint forwarded to Mauritius Telecom
June 2020		
2.	Complaint #8 received on 27.01.20 (Issue with Water Supply at CWA)	Ongoing discussions between parties.
3.	Complaint #9 received on 04.02.20 (Issue with CEB Bill)	Ongoing discussions between parties.
4.	Complaint #10 received on 09.06.20 (Complaint against WMA)	Complaint forwarded to WMA. Status: Resolved

HUMAN RESOURCE, ADMINISTRATION AND REGULATORY PARTNERSHIPS DIRECTORATE

1.0 URA STAFF COMPLEMENT

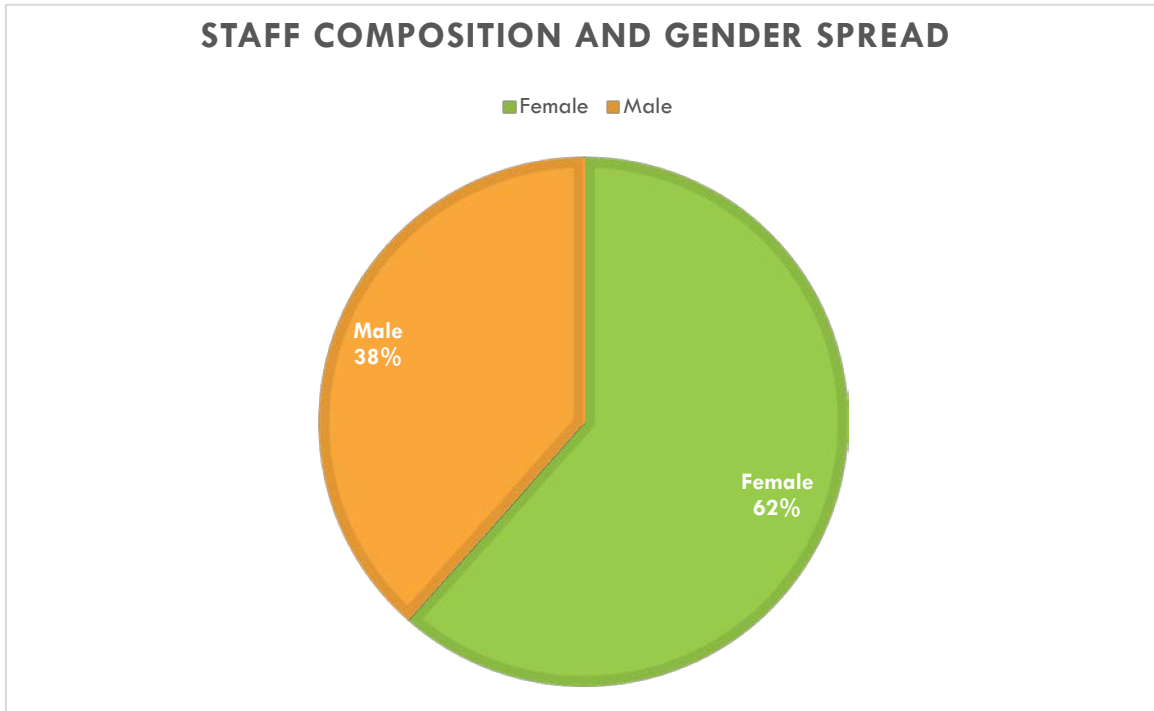
At the start of the review period, twelve staff were in place. The URA Board at its 43rd and 49th Board meetings approved the recruitment of the following 9 staff members: Director Legal Affairs, Economic Regulation Manager, Tariff /Financial Analyst, Inspector Network Performance (Engineer), HR Officer, Accounts Officer, Receptionist, Driver and Handy worker.

The interviews for the post of Director Legal Affairs, Economic Regulation Manager, Tariff/Financial Analyst, Inspector Network Performance and Accounts Officer were completed in the period under review. Following the Board resolution on the recruitment of staff and the funding the URA received in May 2020, the URA proceeded with the appointment of two critical positions, namely, the Tariff/Financial Analyst who was immediately required to be part of the ongoing Cost of Study for the CEB and an Accounts Officer who was required to beef up the finance team for the smooth implementation of URA ERP project.

Presented below is a summary of the status on staff recruitments at the end of the review period.

DIRECTORATE	NO OF POSTS AS PER URA STRATEGIC PLAN	FILLED POSTS	VACANT POSITIONS
TOTAL URA STAFF COMPLEMENT	58	13	45
CEO's Office	10	4	6
Legal Affairs	7	3	4
Economic and Finance	10	2	8
Technical (electricity)	7	1	6
Technical (water)	7	0	7
Consumer and Corporate Affairs	5	1	4
HR, Administration and Regulatory Partnerships	12	1 (plus 1 trainee)	11

STAFF COMPOSITION AND GENDER SPREAD



2.0 Training Plan for URA staff 2019/2020

In line with the first strategic objective of the URA Strategic Plan 2019-22, which is, recruiting, skilling, developing and strengthening the team comprising of the Board, Management and Employees, a skill needs assessment has been conducted by comparing the available and required competencies of URA staff under each directorate to identify their respective training needs and subsequent to that, an appropriate training program was implemented to meet the overall strategic plan of the URA whilst seeking to meet the personal aspirations of staff for their personal development in their different professional fields.

The training program was implemented with financial support from AFD/CRE to cover the cost for the BADGE (*"Bilan d'Aptitude Délivré par les Grandes Ecoles"*) training for four (4) staff. Funding was sought from AFD and UNDP for the critical training needs of the technical and support staffs which were met by the URA as detailed in the following table:

URA Staff Training and Capacity Building for period July 2019-June 2020

Staff	Training attended	Institution	Status
Licensing and Compliance Lawyer	BADGE – Energy Regulation Course	Ecole de Mines, Paris	ongoing
(Ag) Manager Finance	BADGE – Energy Regulation Course	Ecole de Mines, Paris	ongoing
Manager Administration and Regulatory Partnerships	Human Resource specialisation course	Open University of Mauritius	ongoing
(Ag) Manager ICT	Certified in Ethical Hacking (CEH) Course	VITMI training Centre, Mauritius	Completed
	Certified in Risk and information control (CRISC)	VITMI training Centre, Mauritius	Completed
Procurement and Store Assistant	Diploma in Procurement and Supply	Mauritian Management Association	Completed
(Ag) Manager network Assets, (Ag) Manager Legal Affairs, Licensing and Compliance Lawyer, (Ag) Manager Finance, Accounts Officer, (Ag) Manager Consumer and Public Affairs, Procurement and Store Assistant	In-house tailor-made training and system testing for the operationalization of the ERP following implementation of an MIS system at the URA.	Rogers Capital, Mauritius	Completed.

3.0 PERFORMANCE APPRAISAL OF URA STAFF

During the year under review, the URA implemented a Performance Management System (PMS) with a view to inculcate a performance-oriented culture.

The primary aim of the PMS is to enhance performance at all levels by focusing on key areas of activity/services to be delivered and the attributes of the employees as team players. This seeks to establish clear links between organisational development, the delivery of quality services and the development of employees at work. It also purports to create a common bond of ownership among all employees as well as an environment where all individuals are developed, motivated and inspired to deliver better quality service. During the review period, yearly performance appraisals for ten staff were conducted.

4.0 ADDITIONAL OFFICE ACCOMODATION FOR URA

According to the URA Strategic Plan 2019/2022, staff complement was planned to grow to 30 for the first year (FY 2019/20) to support the operationalisation and launch of the URA activities. In line with the projected recruitment exercise, the URA secured additional office space as from year 2020 onward, as the current office space could not accommodate the additional staff planned for recruitment in the period under review.

The URA was very fortunate to secure additional office space of 358.19 m² at level 2 of 1 Cybercity Building, within the same building, to facilitate the extension of the current MIS system from existing office to the new rented space in level 2 to make the office functional.

5.0 LOCAL, REGIONAL AND INTERNATIONAL PARTNERSHIPS

FINANCIAL PARTNERSHIP AGREEMENT BETWEEN AGENCE FRANCAISE DE DEVELOPPEMENT (AFD), COMMISSION DE REGULATION DE L'ENERGIE (CRE) AND UTILITY REGULATORY AUTHORITY (URA)

In line with its Strategic Business Plan 2019-2022, the Utility Regulatory Authority requested for support from the AFD in the following areas:

- (I) Support to strengthen institutional capacities of URA in legal, technical, economic and financial regulatory areas.
- (II) Capacity building and skills of URA staff through the exchange of experiences with homologous regulatory bodies.

The Financial Partnership Agreement between *Agence Française de Développement* (the Agency), *Commission de Régulation de l'Énergie* (the Technical Partner) and the Utility Regulatory Authority (the Beneficiary) materialised during the year under review in January 2020. Through this Agreement, the AFD has offered a grant of EUR 500,000 of FEXTE (*Fonds d'Expertise Technique et d'Echange d'Experiences*) in order to finance the technical assistance project to the URA, to be implemented by the *Commission de Régulation de l'Énergie* (CRE) on the terms and conditions as set out in the Financial Partnership Agreement signed between the AFD, CRE and URA.

In the period under review, 2 URA officers have benefited from comprehensive training in regulation with funding from this program and approval for 2 more officers to attend similar training was secured to be implemented in the following year.

MoU between the Competition Commission of Mauritius (CCM) and the Utility Regulatory Authority.

During the year under review, the CCM and the URA entered into a Memorandum of Understanding (MOU), which sets out the framework of their cooperation in the common pursuit of promoting competition in the utility services industry.

CCM, a statutory body established in 2009 to enforce the Competition Act 2007 (Competition Act), has the powers to investigate and take enforcement action against restrictive business practices which have the effect of preventing, restricting or distorting competition or resulting in a substantial lessening of competition.

The URA, set up under the Utility Regulatory Authority Act 2004 (URA Act), is mandated to regulate the utility services, namely electricity, water and wastewater and also ensure the sustainability and viability of the utility services, protect the interests of consumers. It is also mandated to promote competition and ensure that its licensees do not engage in anti-competitive practices in the utility services industry.

Both the CCM and the URA recognise the importance of collaboration in dealing with competition issues relating to the utility services sector.

The signing of the MOU between CCM and URA provides for a framework of cooperation between the two institutions. It sets out the practical mechanism to facilitate the treatment of anti-competitive cases within the utility services industry. It provides for, inter alia, exchange of information and sharing of technical expertise to ensure effective, efficient and adequate enforcement of competition policy in the utility services industry.

The formalisation of the collaboration between CCM and URA is pursuant to Section 66 of the Competition Act and the result of proactive engagement between the two institutions to better enforce their respective enabling legislations.

THE REGIONAL ENERGY REGULATORS ASSOCIATION (RERA) - SADC Electricity Regulatory Arm

MAIDEN PEER REVIEW OF THE UTILITY REGULATORY AUTHORITY

The Regional Energy Regulators Association of Southern Africa (RERA) provides a platform for effective co-operation between independent electricity regulators within the Southern African Development Community (SADC) region. The main objective of RERA is to facilitate harmonization of regulatory policies, legislation, standards and practices and to be a platform for effective cooperation among energy regulators within the SADC region. It provides the regulatory guidelines for cross border power trading in Southern Africa and also

enables its members to build their capacity and share information, increasing regional regulatory cooperation.

As a member of RERA, the Utility Regulatory Authority had the opportunity to host the following RERA Subcommittees and Portfolio Committee meetings from 26-30 August & 24-27 September 2019:

- Consumer Services and Communication Sub Committee
- Finance, Audit and Risk Management Sub Committee
- Human Resource Management Sub Committee
- Legal Sub Committee
- Economic Regulation Sub Committee
- Technical Regulation Sub Committee
- Gas, Petroleum and Biofuels Sub Committee
- Portfolio Committee on Energy Sector Policy
- Portfolio Committee on Capacity Building and Information Sharing
- Portfolio Committee on Consumer Protection and Communication
- Portfolio committee on Regional Regulatory Cooperation

As a new member of RERA, a peer review exercise was carried out by the subcommittees for each respective URA directorate representative to ensure that the Utility Regulatory Authority's operations are benchmarked against regional best practices. The main objective of this peer review was to enhance knowledge of the URA as a newly set up regulator, in regional best practice in the regulation of electricity and strengthen co-operation with the other regulators within the region.

The peer review also helped the URA to identify possible areas of support in terms of capacity building and information sharing through exposure to national, regional and international best practices by identifying best practices to improve effectiveness of the electricity sector in Mauritius.

Additionally, the review comprised of taking stock of tools developed by the URA to carry out its regulatory oversight. The draft of the Grid Code for Mauritius was also shared with the international experts for their observations and comments which assisted in value adding the development process of the Mauritius Grid Code.

RERA ANNUAL CONFERENCE IN VICTORIA FALLS, ZIMBABWE

In February 2020, the Regional Energy Regulators Association invited the URA to attend its Annual Conference for the first time, which was aimed to provide energy sector regulators the opportunity to network and exchange information on pertinent energy related developments. The URA delegation included

the Chairman of the Board, the Chief Executive Officer and the Manager Administration and Regulatory Partnerships who attended the meetings for the review of the RERA Governance Code and the review of RERA staff contracts and conditions of service.

The URA Board Chairperson participated in the 7th Forum for Board Members/Commissioners held on 17 Feb 2020. In this forum, Board members and Board Commissioners from SADC energy regulatory bodies discussed and shared experiences on the Tariff Setting Process and stakeholder involvement in the regulatory decision process and other regulatory matters.

The URA CEO participated in the RERA Executive Committee meeting held on 16th February 2020. This meeting gathers all CEOs of regulatory bodies in the SADC region under RERA. During the meeting, the members approved the proceedings of RERA subcommittees and Portfolio committees held in Mauritius in August and September 2019 and the RERA 2020-2021 annual work program and budget.

During the above meetings, the URA delegation had the opportunity to listen to various experts' insights and opinions on electricity/energy development and regulatory issues and equally gained valuable information on issues regarding regional energy regulatory initiatives and the status of the regional energy industry.

THE NETWORK FOR ENERGY REGULATORS FOR FRENCH-SPEAKING COUNTRIES (RegulaE.Fr)

GENERAL ASSEMBLY REGULAE.FR – LUXEMBOURG

The Chairperson and the Manager Administration and Regulatory Partnerships attended the Annual General Meeting in Luxembourg which was sponsored by RegulaE.Fr on 20th November 2020. The Manager Administration, who had received funding support from RegulaE.fr for the BADGE energy regulation course, presented his thesis to the Jury Panel on 21st November 2020 which was done in parallel to the AGM.



**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Utility Regulatory Authority
for the year ended 30 June 2020**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE UTILITY REGULATORY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Utility Regulatory Authority, which comprise the statement of financial position as at 30 June 2020, and the statement of financial performance, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Utility Regulatory Authority as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards for Small Entities issued under Section 72 of the Financial Reporting Act.

Basis for Opinion

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Utility Regulatory Authority but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards for Small Entities issued under Section 72 of the Financial Reporting Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Utility Regulatory Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Utility Regulatory Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility Regulatory Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Utility Regulatory Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Utility Regulatory Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Management's Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Utility Regulatory Authority's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;

- (d) in my opinion, the Utility Regulatory Authority has been applying its resources and carrying out its operations fairly and economically; and
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

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

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

As far as it could be ascertained from my examination of the relevant records:

- (a) the Utility Regulatory Authority has complied with the Statutory Bodies (Accounts and Audit) Act; and
- (b) no direction relating to the accounts has been issued by the responsible Minister to the Utility Regulatory Authority.

Based on my examination of the records of the Utility Regulatory Authority, except for the matter reported below, nothing has come to my attention that causes me to believe that:

- (a) expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Authority has not applied its resources and carried out its operations fairly and economically.

Rental of Office Space

The Utility Regulatory Authority rented additional office space to the extent of 358.19 m² as from 16 March 2020 and as of May 2021, a total sum of Rs 3.6 million has been disbursed including rentals and other operating costs. The office space was not utilised and Management now informs that the Authority will terminate the lease agreement by end of June 2021. The expenditure is of wasteful nature.

Public Procurement Act

In my opinion, the provisions of Part V of the Act have been complied with as far as it could be ascertained from my examination of the relevant records.



C. ROMOOAH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

18 June 2021

**FINANCIAL STATEMENTS FOR THE YEAR
1ST JULY 2019 - 30TH JUNE 2020**

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Statement of Financial Position
as at 30 June 2020

		30-Jun-20 Rs.	30-Jun-19 Rs. Restated
ASSETS			
Non-Current Assets			
Property, Plant and Equipment (P.P.E)	1	<u>3,274,846</u>	<u>2,037,737</u>
		<u>3,274,846</u>	<u>2,037,737</u>
Current Assets			
Trade and Other Receivables	2	1,659,845	320,000
Cash and Cash Equivalents	3	<u>2,803,580</u>	<u>8,976,173</u>
		<u>4,463,425</u>	<u>9,296,173</u>
TOTAL ASSETS		<u><u>7,738,271</u></u>	<u><u>11,333,910</u></u>
FINANCED BY			
General Fund		(946,758)	4,785,571
Capital Grant	8	<u>3,153,175</u>	<u>1,916,066</u>
		<u>2,206,417</u>	<u>6,701,637</u>
Current Liabilities			
Trade and other Payables	4	373,952	394,910
Employee Obligations	9	<u>2,476,395</u>	<u>1,932,463</u>
		<u>2,850,347</u>	<u>2,327,373</u>
Non-Current Liabilities			
Employee Obligations	9	<u>2,681,507</u>	<u>2,304,900</u>
		<u>2,681,507</u>	<u>2,304,900</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,738,271</u></u>	<u><u>11,333,910</u></u>

The Financial Statements were approved and authorized for issue by the Utility Regulatory Authority Board

at its meeting held on 6 November 2020



Chairperson

Mr. Philip Ah-Chuen

Date: 16 June 2021



Commissioner

Mr. Sadatmanund Narain

Date:



Statement of Financial Performance
for the year ended 30 June 2020

		30-Jun-20	30-Jun-19
	Notes	Rs.	Rs. Restated
Revenues			
Re-current Grant	5	17,828,314	21,799,370
Deferred Income		641,133	440,930
		<hr/> 18,469,447	<hr/> 22,240,300
Expenses			
Operating Costs	6	23,275,192	21,100,904
Administrative Costs	7	926,584	809,337
		<hr/> 24,201,776	<hr/> 21,910,241
(Deficit) / Surplus for the year		<hr/> (5,732,329) <hr/>	<hr/> 330,059 <hr/>

Statement of Changes in Equity
for the year ended 30 June 2020

**General
Fund**

Rs.

Balance at 01 July 2018 (Restated)	4,455,512
Surplus for the Year	330,059
Balance at 30 June 2019 (Restated)	<u>4,785,571</u>

Rs.

Balance at 01 July 2019 (as Restated)	4,785,571
Deficit for the Year	(5,732,329)
Balance at 30 June 2020	<u>(946,758)</u>

Statement of Cash Flows
for the year ended 30 June 2020

	Note	30-Jun-20	30-Jun-19
		Rs.	Rs. Restated
OPERATING ACTIVITIES			
(Deficit) / Surplus for the year		(5,732,329)	330,059
Adjustment for items not involving cash			
Depreciation on P.P.E		641,133	440,931
Deferred Income		(641,133)	(440,931)
NET CASH GENERATED FROM OPERATING ACTIVITIES		(5,732,329)	330,059
WORKING CAPITAL CHANGES			
Increase in Trade and other Receivables		(1,339,845)	-
(Decrease) / Increase in Trade and other Payables		(20,958)	225,281
Increase in Employee Obligations		920,539	4,237,363
NET MOVEMENT IN WORKING CAPITAL		(440,624)	4,462,644
INVESTING ACTIVITIES			
Purchase of PPE		(1,878,242)	(600,630)
NET CASH IN INVESTING ACTIVITIES		(1,878,242)	(600,630)
FINANCING ACTIVITIES			
Capital Grant		1,878,242	600,630
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(6,172,593)	4,792,703
CASH AND CASH EQUIVALENTS AT PREVIOUS YEAR		8,976,173	4,183,470
CASH AND CASH EQUIVALENTS FOR THE YEAR ENDED	3	(2,803,580)	8,976,173

Notes to financial Statements
for the year ended 30 June 2020

General Information

The Utility Regulatory Authority (URA) is an independent body set up by the Government of Mauritius to regulate the utility services, namely electricity, water and wastewater. Its objects are to ensure the sustainability and viability of the utility services; protect the interests of consumers; promote efficiency in both operations and investments in respect of utility services; and promote fair competition in the utility services industry. URA Act was enacted in November 2004 and subsequently amended in September 2008. The Act was again amended in June 2016 and gazetted on 29 June 2016 to allow for the appointment of the Chairperson and the Commissioners. The Board was finally set up in September 2016.

a) Accounting Policies

Financial Statements have been prepared on a historical cost basis and in compliance with the Financial Reporting Standards for Small Entities (FRSSE) issued by the Financial Reporting Council. They have been prepared on a going concern basis.

b) Revenue Recognition

Re-current Government grants are recognised on accrual basis as income is matched against the Re-current expenses of the entity.

Interest and other income are recognised on an accrual basis.

c) Expenditure

Expenditure is recognised on accrual basis.

d) Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less depreciation. Depreciation is the systematic allocation of funds representing the use of an asset over its useful life. Depreciation is provided on the straight-line basis so as to write off the depreciation value of the assets over their expected useful economic lives.

The annual rates of depreciation used for the purpose are as follows: -

❖ Equipment	❖ 20%
❖ Furniture and Fixtures	❖ 10%
❖ Computer and Software	❖ 20%
❖ Motor Vehicle	❖ 20%

Depreciation was charged in the year of purchase on a pro-rata basis.

d) Cash and Cash Equivalents

Cash and Cash Equivalent comprise of bank balances and cash in hand. Cash equivalent are short-term balances readily available.

e) Provisions

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

f) Comparative figures

The current Financial Statements are prepared for a period of 12 months same as the previous Financial Statements.

Comparative figures have been restated where necessary.

g) Currency and Rounding Off of Figures

The figures in the Financial Statements are in Mauritian Rupees and have been rounded off to the nearest rupee.

h) Related Party Transactions

Related Parties are individual and Companies where the related party or the authority has the ability directly or individually to control the other party or exercise significant influence over the other party in making financial and operating decision. For the year under review, payments were effected to the Chief Executive Officer, Manager Administration Regulatory Partnerships, the Chairperson and Commissioners, as follows:

	30-Jun-20	30-Jun-19
	Rs.	Rs.
Chief Executive Officer*	4,429,282	2,966,923
Manager Administration Regulatory Partnerships	<u>1,198,647</u>	<u>1,000,609</u>
<i>Board Members</i>		
Chairperson	1,320,000	1,320,000
Commissioners**	<u>1,380,000</u>	<u>1,587,692</u>

*: The previous CEO resigned in December 2018 and a new CEO was appointed in May 2019.

** : There were 2 Commissioners in 2018-2019 (after one passed away in October 2018) and 4 Commissioners as from March 2020.

i) Employee Benefits

Employee benefits include passage benefits, gratuity and annual leaves which are measured at the undiscounted amount expected to be payable.

1. Property, Plant and Equipment (P.P.E)

All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to acquisition of the items.

	Motor Vehicle	Office Equipment	IT Equipment	Intangibles	Furniture and Fittings	Total
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 30 June 2019 (Restated)	1,199,000	117,728	773,056	30,820	561,689	2,682,293
Additions during the year	-	208,402	429,007	700,000	540,833	1,878,242
At 30 June 2020	1,199,000	326,130	1,202,063	730,820	1,102,522	4,560,535
Depreciation						
At 30 June 2019 (Restated)	361,999	42,979	163,956	5,371	70,251	644,556
Charge for the year	239,800	50,266	159,318	119,006	72,743	641,133
At 30 June 2020	601,799	93,245	323,274	124,377	142,994	1,285,689
Net Book Value 30 June 2020	597,201	232,885	878,789	606,443	959,528	3,274,846
Net Book Value 30 June 2019 (Restated)	837,001	74,749	609,100	25,449	491,438	2,037,737

2. Trade and Other Receivables

	30-Jun-20	30-Jun-19
	Rs.	Rs.
		Restated
<i>Deposits</i>		
Parking	63,520	-
Rent of Building	1,476,237	320,000
Others	49,250	-
	<u>1,589,007</u>	<u>320,000</u>
<i>Prepaid Expenses</i>		
Servicing of Attendance Recording System	6,900	-
Renewal of Domain and Hosting of Website	13,271	-
Other Prepayments	50,667	-
	<u>70,838</u>	<u>-</u>
	<u>1,659,845</u>	<u>320,000</u>

Deposit for rent above includes a deposit for an additional floor for which the URA entered a rental agreement which became effective on 01 August 2020. However, after the year end there was an indication that the rental agreement could be terminated. Therefore the deposit, or part thereof, may not be recoverable due to the early termination of the rental agreement.

3. Cash and cash Equivalents

	30-Jun-20	30-Jun-19
	Rs.	Rs.
		Restated
SBM Bank Balance	2,786,599	8,971,473
Cash in hand	16,981	4,700
	<u>2,803,580</u>	<u>8,976,173</u>

4. Trade & other Payables

	30-Jun-20	30-Jun- 19
	Rs.	Rs.
		Restated
Accruals:		
Electricity May 20 & June 20	50,538	34,659
Telephone June 20	7,277	22,145
PAYE June 2020	113,914	79,884
NPS June 2020	38,959	34,389
TDS January 2020 to June 2020	50,016	17,671
Uniconsults Ltd June 2020	5,750	11,500
Rent of Building June 2020	-	191,442
Rent of Parking	16,100	3,220
Publicity	11,398	-
Audit Fees (Financial Years 2019 and 2020)	80,000	-
	<u>373,952</u>	<u>394,910</u>

5. Revenues

The Revenues are grants received from the Ministry, sponsorship received from the *Agence Française de Développement* (AFD) and the *Commission de Regulation de l'Énergie* (CRE) and Other Income.

6. Operating Costs

	30-Jun-20 Rs	30-Jun-19 Rs Restated
Board Members' Fees	2,699,441	2,907,692
Staff Salaries	7,496,383	5,119,820
Travelling & Fuel Allowance	919,108	509,044
Other Allowances	2,419,375	1,491,610
Overtime	108,923	92,641
End of Year Bonus	643,344	352,125
Gratuity	1,585,000	3,276,490
Annual Leave Payment	792,500	1,075,673
Sick Leave Payment	-	44,709
Passage Benefits	375,180	852,419
NPF Contribution	336,301	259,970
Electricity	245,825	173,237
Telephone	87,584	103,563
Printing, Postage and Stationery	196,683	213,529
Fuel and Oil	50,437	22,391
Maintenance	-	677,342
Office Sundries	44,120	39,520
Rent of Building	2,316,149	2,398,335
Rent of Parking	88,550	84,840
Motor Vehicle Expenses	44,729	5,200
Depreciation for PPE	641,133	440,930
Bank Charges	11,946	9,622
Overseas Mission	1,197,077	537,318
Consultancy Fees	533,554	408,424
Transport	161,650	4,460
Training	200,200	-
Audit Fees	80,000	-
	23,275,192	21,100,904

7. Administrative Costs

	30-Jun-20 Rs.	30-Jun-19 Rs. Restated
Publicity	346,749	132,903
Miscellaneous expenses	579,835	676,434
	926,584	809,337

8. Capital Grant

	30-Jun-20 Rs.	30-Jun-19 Rs. Restated
Capital Grant	1,916,066	1,756,366
Capital Expenditure	1,878,242	600,631
Deferred Income	(641,133)	(440,931)
	3,153,175	1,916,066

9. Employee Obligations

	30-Jun-20 Rs.	30-Jun-19 Rs. Restated
Current Liabilities		
Provision for Annual Leaves	699,425	320,618
Provision for Sick Leaves	-	41,011
Provision for Gratuity	1,366,900	1,220,100
Provision for Passage Benefits	410,070	350,734
	2,476,395	1,932,463
Non-Current Liabilities		
Provision for Annual Leaves	733,327	640,250
Provision for Gratuity	1,498,600	1,280,500
Provision for Passage Benefits	449,580	384,150
	2,681,507	2,304,900

10. New FEXTE Partnership

The Utility Regulatory Authority has signed an Agreement with the *Agence Française de Développement* (AFD) and the *Commission de Régulation de l'Énergie* (CRE), in which it is a beneficiary to receive grants to be used strictly for training purposes.

As at 30 June 2020, only a minor part of these grants has been received. In case the grants received or part thereof are unused, the unused amount is to be refunded back to the AFD and CRE.

11. Pending Litigation

There was no litigation pending.

12. Events after the Statement of Financial Position date

There have been no other material events after Statement of Financial Position date which would require disclosure or adjustment to the 30 June 2020 Financial Statements.



" LEADING IN UTILITY REGULATION "

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