

THE NATIONAL ASSEMBLY OF SEYCHELLES



THE FINANCE & PUBLIC ACCOUNTS COMMITTEE

COMMITTEE ACTIVITY REPORT FOR 2020 TO 2023

THE FINANCE & PUBLIC ACCOUNTS COMMITTEE is empowered to consider the accounts referred to in article 158(3) of the Constitution; report to the Assembly on any excess of authorised expenditure; propose any measure necessary to ensure that the funds of the Government are properly and economically spent; and examine the financial statements of any public or statutory body.

Powers

The Committee is a Standing Sessional Committee under Article 104 of the *Constitution*, the powers of which are set out in the *National Assembly Standing Orders, 2020* and *Part III of the National Assembly (Privileges, Powers & Immunities) Act, 2011*.

Committee Staff

The Committee is assisted by the following Parliamentary Staff: *Ms. Alexandria Faure* (Secretary) and *Ms. Sheryl Rangasamy* (Secretary Assistant).

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The following Members of the Finance & Public Accounts Committee undersigned, submit this Report dated

Hon. Sebastien Pillay
Chairperson



Hon. Terence Mondon
Vice-Chairperson



Hon. Sandy Arissol
Member



Hon. Churchill Gill
Member



Hon. Georges Romain
Member



Hon. Richard Labrosse
Member



Hon. Conrad Gabriel
Member



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EXECUTIVE SUMMARY

The Finance and Public Accounts Committee (FPAC) is established as the supreme institutional mechanism for ensuring oversight and scrutiny on the efficiency and effectiveness of all matters concerning public financial management and the systems in place. The Committee is regarded as a key component in the process of ensuring good governance, transparency, and accountability.

In its role of oversight, the Committee holds the Executive accountable for its management of resources, efficiency in revenue collection, expenditure of public funds and proper accounting for state assets. Government spending is driven and directed towards achieving national objectives and delivering a better service to the public that is value for money.

In extension to its oversight role, the FPAC must work in close collaboration with other institutions and agencies in their reporting/law enforcement capacity to help detect, prevent and expose corrupt practices thereby reinforcing anti-corruption strategies. This includes promoting practices of good governance and efficient spending.

This Report highlights the visits, meetings, public hearings, and findings carried out by the Committee for the year 2020, 2021 and 2022 and the half of 2023.

1.1 Submission of PAC Biennial Survey

The FPAC submitted its PAC Biennial Survey which was submitted to the Commonwealth Parliamentary Association (CPA UK). The survey is designed to be a self-reflection tool for Public Accounts Committees of the Commonwealth and is also used for benchmarking purposes of Parliamentary practices and conventions. The data collected from the surveys feed into the development of programmes of CPA UK.

1.2 Consideration of the Auditor General's Report for 2019

The Auditor General presented the Audit Report for 2019 to the National Assembly and the FPAC met to review and confirm its calendar of Public Hearings to address the audit findings in the document. The Committee resolved to carry out public hearings in the 1st Quarter of 2021.

2 REPORT ON PUBLIC HEARINGS 2021-2023

2.1 Public Hearings on OAG Report for 2019 (Public Hearings of 2021)

The Committee carried out public hearings to address the audit findings from the OAG Report for 2019 from 3-4th May 2021 which was eventually partially postponed due to the COVID19 Pandemic outbreak. The Committee took up the pending entities on 29th July 2021 and finalised the inquiries.

The below entities came before the Committee to answer questions from the Members and provided clarity on the audit findings published in the auditor general's report:

Public Hearings for 2021
<p><u>3rd-4th May 2021</u> <i>Heritage Foundation</i> <i>Department of Police</i> <i>Seychelles Energy Commission</i> <i>Seychelles Tourism Board</i> <i>Seychelles National Youth Council</i> <i>National Sports Council</i> <i>Lenstiti Kreol</i> <i>Enterprise Seychelles Agency</i> <i>Agency for Prevention of Drug Abuse and Rehabilitation</i></p>
<p><u>29th July 2021</u> <i>Creative Industries and National Events Agency</i> <i>Seychelles National Parks Authority</i> <i>Department of Lands</i> <i>Landscape and Waste Management Agency</i> <i>Industrial Estates Authority</i> <i>Department of Finance</i> <i>Seychelles Revenue Commission</i> <i>Department of Defence</i></p>

2.1 Public Hearings on OAG Report for 2020 (Public Hearings of 2022)

The Committee carried out public hearings to address the audit findings from the OAG Report for 2020 from 25-27th April 2022.

Public Hearings on OAG 2020 Report
<u>25-27th April 2022</u>
<i>Information Commission</i>
<i>Department of Culture</i>
<i>The Truth, Reconciliation and National Unity Commission</i>
<i>Department of Tourism</i>
<i>Creative Industries and National Events Agency</i>
<i>Department of Youth & Sports</i>
<i>Department of Foreign Affairs</i>
<i>Livestock Trust Fund</i>
<i>Seychelles Agricultural Agency</i>
<i>Seychelles Human Rights Commission</i>
<i>Seychelles Revenue Commission</i>
<i>Social Workers Council</i>
<i>National Assembly of Seychelles</i>
<i>Department of Prisons</i>
<i>Department of Police</i>
<i>Health Care Agency</i>

2.2 FA4JR Public Hearing (Friday 22nd July 2022)

The Committee carried out public hearings to address the audit findings from the Special Report of the OAG Report on the Financial Assistance for Retention Scheme (FA4JR) on Friday 22nd July 2022. The delegation provided the Committee clarity on the audit findings reflected in the Report and the approval structure of Scheme.

Agreed Way Forward: It was mutually agreed that the Ministry of Finance would periodically report back to the Committee on the progress made to rectify the structure in place and ensure the risk of fraudulent applications is made in future schemes.

Evidence Requested: On the 19th September 2022 the Committee requested an update from the Ministry of Finance regarding the measures put in place to mitigate the risks encountered.

Received Evidence: On the 1st December 2022 the Ministry submitted the below affirmations:

- A group of retired finance professional have been engaged in a consultancy agreement to review and verify the overpayment findings of the auditor general's report. The same group will be assisting with pursuing the refunds.
- Twenty-One Business to the date of the submitted letter have been reviewed by the consultants and the findings of the reviews submitted to the Auditor General.
- Four of the assessed businesses have made full refunds of the value of SCR 671,833.44

- Two businesses have signed a re-imbusement agreement whereby repayments will be made in instalments. (The value of both agreements are SCR 424,230.91)

2.3 Public Hearings on OAG Report for 2021 (Public Hearings of 2023)

The Committee carried out public hearings to address the audit findings from the OAG Report for 2021 on Friday 7th and Friday 14th July 2023.

Public Hearings on OAG Report for 2021
<u>7th July 2023</u> <i>Department of Land Transport</i> <i>Department of Employment</i> <i>Department of Defence</i> <i>Seychelles Qualifications Authority</i> <i>Ministry of Family Affairs</i> <i>Ministry of Education</i> <i>Seychelles Revenue Commission</i>
Public Hearings on OAG Report for 2021
<u>14th July 2023</u> <i>Electoral Commission</i> <i>Departments of Climate Change & Environment</i> <i>Industrial Estates Authority</i> <i>Office of the Mayor of Victoria</i> <i>Seychelles Bureau of Standards</i> <i>Seychelles Heritage Foundation</i> <i>Seychelles Maritime Safety Authority</i>

Public Hearings on OAG Report for 2021
<u>PENDING ENTITIES TO COME BEFORE THE COMMITTEE</u> <i>The Ministry of Finance, National Planning and Trade</i> <i>Risk & Disaster Management Division</i> <i>The Agency for Social Protection</i> <i>Tax and Customs Agent Board</i> <i>Tertiary Education Commission</i> <i>Ministry of Local Government & Community Affairs</i>

3. REPORT ON MEETINGS FROM 2020 TO 2023

3.1 Collaborative Relationship Between the Office of the Auditor General & FPAC

The FPAC has established a close working relationship with the OAG. In addition to assisting the FPAC during public hearings, as the main partner, the OAG have offered the Committee and its support staff with capacity building and training in order to strengthen the oversight on public finance management.

The FPAC met regularly with the Auditor General during 2021 to remain abreast of issues and of the challenges impacting the entity. Discussions have involved the budget of the Office, the review of the 2020 Activity report and the possibility of capacity building for Committee support staff. To note the budget of the OAG is discussed with the FPAC before submission to the Ministry of Finance.

3.2 Meetings with Stakeholders

After its establishment in 2020 for the 7th Assembly, the FPAC adopted a collaborative methodology which involved a structured collaborative relationship with key institutions. This methodology included carrying out several stakeholder meetings with the Office of the Auditor General (OAG), the Public Enterprise Monitoring Commission (PEMC), the Public Utilities Company (PUC), the Seychelles Financial Intelligence Unit (FIU), the Financial Crime Investigation Unit (FCIU) and the Anti-Corruption Commission (ACCS). The abovementioned stakeholders are key entities involved in the process of ensuring transparency, accountability and good governance. The key stakeholders not only explain their mandate but also allow the Members to ask questions and seek further clarity on their Reports and on pertinent points raised in Public Hearings and Nationally.

MEETINGS OF 2021

1. Meetings with PEMC, FIU & Ministry of Finance (Oct 2021)

The Committee (FPAC) met with the PEMC, FIU and Ministry of Finance and The Auditor General Mr. Gamini Herath was also present throughout all the meetings and assisted the FPAC with queries and suggestions raised.

1.2 The Financial Intelligence Unit (FIU) presented and discussed pertinent points from their recently published 2020 annual report. The FIU spoke of their accomplishments and challenges they are facing and the Committee was keen to look into different aspects of the FIU's role and the findings of the report. The Committee was notably concerned with the sum of more than 4 billion rupees that has left the country through the bureau de change and what the relevant authorities are doing to ensure that some of this does not constitute capital flight from the Seychelles. The delegation from the FIU included their Director Mr. Richard Rampal, the Deputy Director Ms. Debra Port Louis, the Operations Manager Ms. Angele Low Sauzier and the Accounts Manager Ms. Wilna Azemia.

1.3 The Ministry of Finance was represented by The Secretary of State (SS) Patrick Payet, The Comptroller General Ms. Irene Croisee and the Deputy Comptroller Ms. Astride Tamatave whereby concerns raised from a few entities regarding recruitment prior to Budget discussions which will soon be presented to the National Assembly. The FPAC and the representatives from Ministry made several suggestions and recommendations and both parties agreed on a way forward.

1.4 The Public Enterprise Monitoring Commission (PEMC) represented by their CEO Mr. Georges Tirant and the Principal Analyst Ms. Verona Rose, focused on what the

activities of the Commission in relation to SOES and PEs touching on the subject of plans and targets of those entities.

2. Meeting with the Anti-Corruption Commission (ACCS) (November 2021)

The Committee met with the ACCS to obtain updates on the cases and investigations being carried out by the Commission. This meeting involved an overview of the structure of the Commission and the modus operandi despite the many complexities of the investigations and cases. The Committee endeavours to continue such meetings with the Commission in 2022.

3. Meetings with PUC, SNPGA & 2020 Development (November 2021)

The Committee organised a meeting with the Public Utilities Corporation (PUC), 2020 Development and the Seychelles National Parks Authority. The FPAC focused on ensuring that public funds and assets are properly accounted for and economically spent.

3.1 The Public Utilities Corporation & Findings (PUC) the Committee organised a meeting with the Public Utilities Corporation (PUC) on Friday 4th November 2021. The FPAC focused on ensuring that public funds and assets were properly accounted for. The meeting was conducted in the presence of the Auditor General, Mr. Gamini Herath with a delegation from PUC placed before the Committee to address Questions on the subject matter at hand namely, the then CEO of PUC, Mr. Philippe Morin, the Deputy CEO, Mr Joel Valmont, the Corporate Manager, Ms. Doreen Bradburn, CFO, Mr. Jalan Nathan, the Deputy CFO, Mrs. Nane Nanty and the Security Manager, Mr. Terrence Stravens.

A list of several cases which occurred in the year 2020 and 2021 was presented to the Committee for review and emphasis was made on the importance on the security and safety of the Assets of PUC which had been stolen. This included 1) the lost assets on Ile Aurore in 2020; 2) damages on PUCs new procured submarine cable drums; and a review of the PUC's tender procedures. The matter of the loss of the cables being transported to La Digue were discussed and the PUC informed the Committee that the organisation is trying to claim the insurance in order to recover the loss. Serious security concerns for the theft of some of the assets of PUC were discussed and the Committee recommended further security measures be implemented.

Agreed Way Forward: The Committee requested that documents be provided in order for the Members to be abreast of the measures being taken to mitigate the risks and recover the losses.

Evidence Requested: The FPAC requested all documents relating to the loss and damage of assets, including its tender process.

Received Evidence: The Committee received evidence in two parts.

30th November 2021: PUC submitted documentation which comprised:

- 1) of the insurance documents of the claim arising from the incident involving the electricity cables procured for la digue;

- 2) **contracts between PUC and Vijay Construction for the carrying of the cable service to La Digue;**
- 3) **5 years statistics of lost assets and theft recorded;**
- 4) **Breakdown of storage units' value and inventories**
- 5) **Internal and external audits for 2020**

9th March 2023: PUC submitted detailed update.

- 1) **on the issue of lost assets (cables) belonging to PUC located on Ile Aurore in 2020:**
the organisation provided the actions taken to mitigate the risk of loss and theft in inventories which include the review and reinforcement of internal controls, the implementation of a boundary fencing on Ile Aurore which has been extended up to the sea borders, the addition of razor wires around the perimeter fencing making access to the site difficult. This includes the addition of two security officers working night shifts to ensure round the clock supervision of the area as well as the installation of security camera and security lights.
- 2) **The issue of damage on PUC's newly procured submarine cable drums:**
Details on the result of the discussions with SACOS and Vijay were provided with costings and the amount that PUC has been able to recover.
- 3) **The Tender Process of PUC:**
The organization confirmed that its procurement activities are conducted in accordance with the Procurement Act, 2008 and Public Procurement Regulations, 2014, notwithstanding its own internal procurement policy which was established in 2021. An internal Procurement Committee established which has ensure an additional layer of scrutiny and control to maintain transparency, efficiency, and accountability.

MEETINGS OF 2022

The Committee held several meetings in the first quarter in order to consolidate its calendar of public hearings, review reports and participate in international forums.

1. Meeting with the Auditor General (Tuesday 29th March 2022)

The Committee met with the OAG to inquire into the ongoing audits of the FA4JR, COVID-19 Relief Fund Scheme and other areas of public finance management. Mr Herath provided the Members with an overview and scope of the recently submitted report of the '*Outsourcing and Management of the Cemetery and Burial Services*'.

2. SADCOPAC Participation Overseas (22nd – 29th March 2022)

Hon. Terence Mondon, Hon. Churchill Gill and Ms. Alexandria Faure attended the Governing Council Meeting and Training for Public Accounts Committees (PACs) organised by SADCOPAC which took place in Zimbabwe.

3. Live Meeting with the Public Enterprise Monitoring Commission (Thurs 14th April 2022)

The Committee met with a delegation from the Public Enterprise Monitoring Commission live in order to also demonstrate its engagement with key entities to the public. The live meeting involved discussions on the work of the PEMC, its policies, fiscal risk and opportunities.

4. In-Camera Meeting with the Anti-Corruption Commission (ACCS) (Thursday 21st April 2022)

The Committee met with the ACCS to obtain an update on its ongoing investigations. The Commissioner provided the Committee with a brief update on the ongoing cases being investigation by the ACCS. The Commissioner also provided a brief on the financial forensics and structure being used and the specialised training taking place at the Commission. The Members are able to address questions to the officials and discuss the budgetary constraints of the ACCS.

5. Site Visit to La Gogue Dam (Thursday 7th April 2022)

The Committee carried out a site visit of the La Gogue Dam accompanied by a delegation from the PUC led by the CEO, Mr. Joel Valmont and the Auditor General, Mr. Gamini Herath. The aim of the visit was to obtain an update from the financial perspective relating to the progress of the monumental project, the fiscal impact and better understand its delays.

6. SADCOPAC Peer Review (19th-20th May 2022)

The Committee hosted a two-day peer review workshop in collaboration with the Southern Africa Community Organization of Public Accounts Committees (SADCOPAC) at the Savoy Hotel. The peer review workshop also involved the participation of various key stakeholders such as the Office of the Auditor General (OAG), the Citizens Engagement Platform (CEPS), the Association of Media Practitioners Seychelles (AMPS) and the Ministry of Finance. The delegation of SADCOPAC which comprised of the Chairpersons of the Public Accounts Committees (PACs) and Committee Clerks, also participated in meetings and courtesy calls before the workshop started to engage officials on its remit.

7. Meeting with the Ministry of Finance (Thurs 21st July 2022)

The Committee met with the Ministry of Finance, represented by the Secretary of State Mr Patrick Payet to discuss consistent matters relating to the Reports of the Auditor General.

8. Meeting with the Ministry of Finance (Supplementary Budget) (Thurs 8th Sept 2022)

The Committee met with the officials to request that the 'Supplementary and Budget cut Mid-year review' and the 'Mid-year Economic and Fiscal Outlook', be gone through briefly with particular focus on the revised upwards GDP growth and the revised fiscal outlook for the country.

MEETINGS OF 2023

The Committee held several site visits in the first quarter in order to have an overview of the operations and functions of the profit-making parastatal enterprises.

1. Site Visit & Meeting at the Seychelles Ports Authority *(Weds 15th February 2023)*

The Committee visited the Seychelles Port Authority (SPA), and met with the CEO, Mr. Sonny Payet and the Chairperson of the Board, Mr. Gilbert Frichot, in the presence of other Board Members and Senior Management staff. The FPAC was provided with an overview of the governance structure, budget and financials of the organization. The Members addressed pertinent questions relating to the management of the budget of the SPA, use of resources and threats to its operations as a commercial entity. The Port extension project was also discussed including the impact of the projections that were highlighted and the need to seek out new opportunities and the expansion of diverse revenue streams. Members of FPAC addressed the fiscal impact of the port extension project, including its impact on the financial status of the SPA and its capacity to handle and provide the operative manpower for its running in the future. The Committee will re-visit the Authority in order to obtain a detailed tour of the Port and its operations.

2. Site Visit & Meeting at the Seychelles Civil Aviation Authority *(Thurs 16th Feb 2023)*

The visited the Seychelles Civil Aviation Authority (SCAA) and met with the CEO, Mr. Garry Albert and the senior management team of the Authority. The delegation provided the Committee with a detailed overview of the operations of the SCAA, its business model, financial and commercial strategies. The Members addressed many questions to the CEO and the general managers present to better understand the revenue streams that could be further enhanced, reviewed the financials and projections for 2023, as well as understand the necessity for the separation of the regulatory and airport management fields of the industry. Mr. Albert provided the Committee with a detailed overview of the dynamism and important reliance on regulations in the aviation industry and how this impacts the costs of operation and emphasized the need for continuous investment in equipment and recruitment of personnel. The visit included a tour of different of the Airport facilities and support structures in place.

3. Site Visit & Meeting at the Seychelles Petroleum Company *(Friday 31st March 2023)*

The Committee met with the CEO of SEYPEC, Mrs. Sarah Romain of whom was accompanied by the Chairperson of the Board, Mrs. Jenifer Morel, Members of the Board of Directors and Senior Management Staff. The Committee received an overview of the governance structure of the company, commercial strategies, and governance plans. Senior Management staff, Ms. Unice Romain and Mr. Francis Racombo made presentations on the Human Resources and Financials aspects of SEYPEC. Members of FPAC addressed pertinent questions relating to the management of the budget of SEYPEC, its debtors and the use of resources and threats to its operations as a commercial entity in an industry that can be unpredictable. Members of FPAC addressed the fiscal impact of the depreciating value of the tankers and noted the work being carried out by the management of SEYPEC to soon put forward proposals to the Government on the most economically efficient way forward.

Agreed Way Forward: It was mutually agreed that the SEYPEC would remain in contact with the Committee and expressed the willingness to share information with Members.

Evidence Requested: On 17th April 2023, the Committee, in accordance with Article 104 (3) (b) of the Constitution, compelled the production of the below documents for sight of the Committee:

1. Valuation of Immovable Assets
2. Year on Year Breakdown
3. How much SEYPEC has contributed to the pension of the Seafarers with GTS
4. The Pension Scheme for the SEYPEC Seafarers

Received Evidence: The above evidence was received and duly kept as a record.

4. SADCOPAC Participation Overseas (4th – 7th April 2023)

The Southern Africa Development Community Organisation of Public Accounts Committees (SADCOPAC) in collaboration with the Parliament of Zambia hosted Governing Council Meetings and two-day training from 4th – 7th April 2023, in Lusaka, Zambia. The sessions organized were attended by Hon. Churchill Gill and Hon. Georges Romain as Members of the Finance & Public Accounts Committee (FPAC) and were accompanied the Deputy Clerk to the National Assembly, Ms. Alexandria Faure, of whom is also the Secretary to the Committee. The delegates heavily discussed the importance of independent institutions and ways to improve their respective parliamentary procedures to strengthen the impact of the PACs. Benchmarking is an important process in Committee work and exchanging best practices and procedures are a critical method for parliamentarians and staff to continuously enhance and development oversight and scrutiny. The delegation has compiled a report which will be submitted to the Committee and the House subsequently.

5. Meeting with the Anti-Corruption Commission In Camera (23rd June 2023)

The Committee organised a meeting with the Anti-Corruption Commission to continue strengthening the collaboration between the Committee and the Commission. The aim of the meeting was to gain a brief of how things are going with the work of the ACCS and obtain information on ACCS Resources.

6. Follow Up Meeting with the Public Utilities Corporation and the Health Care Agency In Camera (30th June 2023)

The Committee organised a meeting with the Public Utilities Corporation (PUC). The aim of the meeting was to gain information on the processes for tender for the desalination plants at Anse Boileau and Providence. Including obtain more details on more current events, such as the armoured cables which were stolen and insurance and protection of assets.

The Committee also met with the Health Care Agency to discuss the procurement of a new Magnetic Resonance Imaging (MRI) machine.

3 CHALLENGES

3.1 Limited Resources: There is a need for specialised officers working on budget scrutiny and research with financial investigation backgrounds in order to assist Parliamentarians in the investigative work required for the Committee. Nationally, there is a lack of local training offered meeting such requirements and coupled with budgetary constraints, the Parliament does not necessarily always have the means to send officers for specialised training overseas.

3.2 COVID-19 Impact on Public Hearings: The COVID-19 pandemic impacted the number of public hearings that the FPAC could have carried out in 2021. Alongside stakeholder consultations and meetings, Public Hearings are the main scrutiny mechanisms used to hold entities accountable whilst considering reports compiled by the OAG and other entities.

3.3 Budget Limitations: Limits to the budget of the National Assembly meant that providing for a video conferencing system and software's which Committees can use is not yet established for online public hearings and meetings. This is also including limited funding for Members of the Committee to gain the opportunity to travel for SADCOPAC and CAPAC conferences which are central to exchanging parliamentary practices and benchmarking the Committee in such international fora.

3.4 Human Resources Constraints & Specialised Expertise: In order for parliament to function effectively and efficiently to carry out its supreme constitutional duties, it requires specialist services. The COVID-19 pandemic severely impacted the economy of Seychelles, which resulted in budgetary cuts and stretched the capacity of the institution. The National Assembly faced limited resources in financial scrutiny, drafting and legislative resources, as well as specialised officers for areas of priority. Specialised recruitment and strategies for staff retention have been limited and impacted services provided not only to the FPAC but other Committees of the Assembly.

4 RECOMMENDATIONS

4.1 Recruitment of a Parliamentary Budget Officer

The Committee strongly recommends that the National Assembly Service look into drafting a scheme to recruit a dedicated Budget Officer that will work solely with the Committee. The Budget Officer will provide a specialised service to the Committee to ensure pre-budgetary scrutiny of the national Appropriation, including ex-ante financial scrutiny and ex-post analysis in the areas of public finance management across Government.