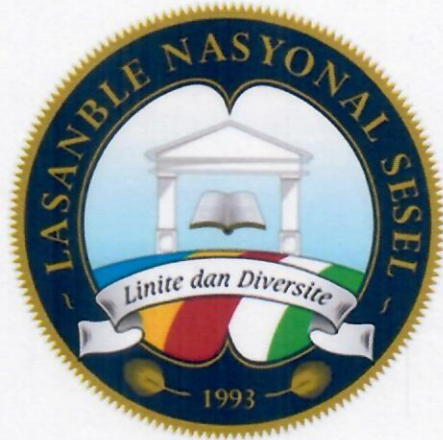


**THE NATIONAL ASSEMBLY OF SEYCHELLES**



**THE FINANCE & PUBLIC ACCOUNTS  
COMMITTEE**

**SPECIAL REPORT ON THE FA4JR SCHEME**

**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).

**Contact**

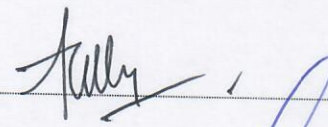
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**The following Members of the Finance & Public Accounts Committee undersigned, submit this Report dated .....**

Hon. Sebastien Pillay  
**Chairperson**



Hon. Terence Mondon  
**Vice-Chairperson**



Hon. Sandy Arissol  
**Member**



Hon. Churchill Gill  
**Member**



Hon. Georges Romain  
**Member**

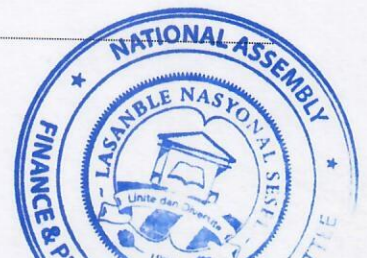


Hon. Richard Labrosse  
**Member**



Hon. Conrad Gabriel  
**Member**

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**TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY</b>	4
<b>INTRODUCTION &amp; BACKGROUND</b>	5-7
<b>FINDINGS</b>	7
<b>RECOMMENDATIONS</b>	7-8
<b>CONCLUSIONS</b>	8

## 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.

**This Report highlights the findings of the Committee on what actions and measures have been taken by the Ministry of Finance, National Planning and Trade in respect of the audit findings of the Special Report of the Auditor General Financial Assistance for Retention Scheme (FA4JR).**

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.

**Introduction:** The purpose of this report is to provide an update to the National Assembly on the work carried out by the Finance and Public Accounts Committee (FPAC) on what actions and measures have been taken by the Ministry of Finance, National Planning and Trade in respect of the audit findings of the Special Report of the Auditor General Financial Assistance for Retention Scheme (FA4JR).

**Background:**

The Financial Assistance for Job Retention Scheme (FA4JR) was put in place in March 2020 in response to the economic meltdown brought about by the Covid-19 pandemic spreading across the world. As the country went into a nation-wide lockdown, cutting off all air and sea connections with the rest of the world, the employees in private sector faced the highest risk of loss of income. Hence, the main aim of the scheme was to assist businesses and NGOs to pay their employees' salaries and wages in order to prevent any redundancies. The scheme operated from April 2020 to March 2021 during which a total sum of SR1,450,648,071 was disbursed through the Treasury, of which SR1,266,056,247 was during the period April to December 2020 covered by a special audit conducted by the Auditor General.

Against the total disbursement of R364,106,042 by MoFTIEP, Audit recomputed the amounts of assistance admissible as per the stipulated conditions and arrived at an amount of R348,995,895, thus resulting in an overpayment of R15,110,146 to 47 businesses. The main reason for the overpayments was the incorrect/non application of the conditions/criteria by the committee. Additionally, the applicants not informing the committee of employees who were no longer in employment; applying increases in salaries/allowances; adding employees on multiple payrolls; and including new employees on payroll also contributed to the issue.

The Audit also observed an overpayment of R1.7 million related to ten employees who were assisted on more than one payroll in the same month; in fact, two of the persons appeared on five different payrolls in the same month. This was contrary to the criteria which stated that an individual can only be assisted on the scheme if they are not getting an alternative source of income (not considering SPF payments and retirements pensions through the Agency for Social Protection, e.g. pensioners). 4 The multiple payments made in some of these cases were found to be within the capping of SR30,000 per person while, in other cases, the amount of assistance per person, per month exceeded the capping.

In view of the findings by the Auditor General the FPAC started an investigation and carried out a public hearing to address the audit findings from the Special Report on the FA4JR on Friday 22nd July 2022.

The Ministry was represented by:

Mr. Patrick Payet – the Secretary of State for Finance

Ms. Irene Croisee – Executive Director

Ms. Seylina Verghese – Director General for Domestic Tax & International Tax

Ms. Odile Vidot – Director General Financial Services Development

Following the hearing and given concerns raised by the Ministry of Finance the FPAC recommended periodical reports are sent to the Committee on the measures being undertaken to remedy the issues raised in the Hearing which amongst others included the refund of overpayments, a review of the structure in place at the time and investigation into possible fraudulent applications submitted.

On the 19<sup>th</sup> September 2022, the FPAC wrote to the Ministry of finance requesting the an update on what had been done thus far and what actions were being taken to address the issues raised in the Hearing.

On the 1<sup>st</sup> December 2022 the Ministry responded to the request made by the Committee and provided the following information.

- i) With effect from September 2022 the Ministry engaged a group of three (3) retired finance professionals in a consultancy agreement to review and verify the overpayment findings highlighted in the Report of the OAG with the objective of recovering identified overpayments.
- ii) Confirmed that twenty-one (21) businesses had been reviewed to date (1<sup>st</sup> Dec 2022) by the contracted consultants and that these findings have been communicated back to the OAG.
- iii) That as at 1<sup>st</sup> December 2023, four (4) businesses had made full refunds of the assessed value of SCR 671,833.44
- iv) That two (2) businesses have signed re-imbusement agreements to repay in instalments on an agreed schedule valuing to the amount of SCR424,230.91
- v) One (1) business was reviewed and verified and it was concluded that there was no instance of overpayment.

**The FPAC took note of the efforts of the Ministry and reiterated that it will continue to monitor the progress of the work being carried out in relation to the findings of the Special Report of the Auditor General and its own hearing.**

On the 13<sup>th</sup> June 2023, the Committee again wrote to the Ministry of Finance to ascertain what progress has been made.

On the 6<sup>th</sup> July 2023 the Ministry responded to the request from the Committee and provided the following information:

- i) That the review of the consultants extended beyond the purview of the Report of the OAG by considering all payments up to the closure of the scheme in March 2021.
- ii) To date, 6<sup>th</sup> July 2023, forty-seven (47) businesses were identified as having an overpayment of salary assistance as per the OAG's Report. And the findings of the review have been communicated back to the OAG showcasing differences in the assessments compared to the figures in the OAG's Report.
- iii) Two (2) businesses have been identified in Annex 11 as having no overpayments under the scheme.

- iv) Of the remaining forty-five (45), forty (40) have either signed re-imbusement agreements for refund of full value assessed or refunded the amounts in full. The consultants are still in communication with the remaining five (5) businesses to obtain an appropriate resolution of the overpayment.
- v) Of the **SCR 10,099,589.46** assessed due to be refunded, **SCR 7,681,505.15** has been collected as at 6<sup>th</sup> July 2023.
- vi) Of the businesses of whom their employees received assistance under more than one payroll of the **SCR 1, 520, 596.51** of the assessed overpayments a total of **SCR 1,200,596.59** has been collected as of 6<sup>th</sup> July 2023.
- vii) The Ministry confirmed that it has engaged with the Seychelles Revenue Commission with details of the businesses assisted under the FA4JR to permit them to undertake appropriate reviews and facilitate audit activities (in relation to Income and Non-Monetary Benefits Tax Payments).

### **Findings:**

There is a difference in the amount identified by the Auditor General in its special report and the assessment done by the Ministry of Finance. The sum considered to have been overpaid in the special report by the Auditor General is **SCR15,110,146** compared to **SCR 10,099,589.46** in the assessment carried out by the Ministry of Finance.

A considerable number of businesses did not provide enough or accurate information and this has been confirmed by both the Special Audit and the Assessment carried out by the Ministry of Finance.

The Ministry has focussed its efforts on collecting the **SCR 10,099,589.46** to date 76% of this amount has been refunded or as the feedback from the Ministry of Finance suggests has been collected.

In regards to the overpayment of salary from the audited amount of SCR 1,700,000 differ from the assessed amount is **SCR 1, 520, 596.51**.

The Ministry of Finance has recovered 79% of the money paid out to employees who were on more than one pay roll.

### **Recommendations:**

The FPAC makes the following recommendations:

1. The process of recovering and assessing payments through the FA4JR scheme needs to continue but there should be a review of the findings of both the Auditor General and the Ministry of Finance. This review will allow both parties to consider the different elements of their respective findings. In the interest of fairness it will ensure that on the one hand individuals who should not be refunding are not forced to do so and given the opportunity to make their case whilst on the other hand those who have received overpayment get the opportunity to refund the government.

2. The FA4JR disbursed a huge sum of money and mistakes within the process were inevitable, so too where human error and failure in the process or the system. However, the scheme could have also been prone to manipulation and the absence of clear evidence makes it difficult to ascertain this. The FPAC recommends that data from the special audit and the assessments are continuously analysed, and a clear framework should be put in place to ensure future budget support schemes are not prone to the same kind of setbacks.
3. The success rate in recovering the money paid out on what has been assessed and audited as being non-compliant cases is commendable. This recovery process needs to continue and continuous updates should be provided to the FPAC.
4. Government needs to strengthen its internal audit mechanism and put in place alert systems or conduct periodical review and monitoring of high value expenditure. In that regards the government audit committee must be brought to pay a more active role in establishing internal review mechanisms.
5. The FPAC recommends that stricter measures and additional layers of oversight are put in place for any future public emergency schemes to mitigate the risk of overpayment and fraud. And that the Government undertake a key policy response surrounding retention schemes/short-term financial support schemes to mitigate illegitimate practices.

### **Conclusion**

The Special Report of the OAG and the Public Hearing provided an insight into the risks and shortcomings involved with public emergency government led monetary assistance. The Committee is grateful to the Ministry of Finance for the continued commitment to addressing the issues raised and for making a concerted effort to retrieve overpaid funds through the Scheme. The FPAC will continue to work with the Ministry of Finance and its key partner the Auditor General to ensure that more robust structures are put in place to manage and monitor government finances.