



*National Assembly of Seychelles*



**FINANCE AND PUBLIC ACCOUNTS COMMITTEE**

**EXAMINATION OF THE 2011 REPORT OF  
THE AUDITOR GENERAL**

**FOURTH REPORT OF FPAC  
5<sup>TH</sup> ASSEMBLY  
2014**

## **FOREWORD**

The Finance and Public Accounts Committee (FPAC) of the National Assembly has the responsibility to ensure transparency and accountability in Government institutions financed by public funds. By producing its reports, the Committee participates in the fight against fraud and corruption by recommending pertinent actions to the Executive to improve its governance structures.

In 2013, the FPAC has produced two additional reports on the Performance Audit Reports of the Auditor General. These reports have strengthened the work of the Committee; hence, the Committee is more able and more willing to continue to make the Executive accountable for the mismanagement of public funds day after day.

As the Committee which is empowered to oversee Government expenditures, the FPAC has once again conducted a series of hearings to question witnesses from different Ministries, Departments and Agencies on the most significant issues reported in the 2011 Report of the Auditor General. The key outcomes of these hearings are described in this Report.

On behalf of the Finance and Public Accounts Committee of the 5<sup>th</sup> Assembly, I would like to thank each and every person who has contributed and participated in the production of this report and I present to you the fourth report of the Finance and Public Accounts Committee on the Examination of the 2011 Report of the Auditor General.

Hon. David Pierre  
**THE CHAIRPERSON**

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## **DEFINITIONS**

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For the purposes of this Report, the following words shall have the meaning provided below except where explicitly indicated otherwise:

“Accounting Officer” means any Principal Secretary, Chief Executive Officer, Head of Department or other Public Officer whose duties involve overall Departmental responsibility in connection with public moneys, stores and all other assets.

“Assembly” means the National Assembly of Seychelles referred to in the Constitution.

“Auditor General” means the Office of the Auditor General (OAG) mandated to audit the accounts of the Cabinet Office, the National Assembly, all Government Departments and Offices, all courts and those related to moneys withdrawn from the Consolidated Fund, all the accounts of any statutory corporation or such other body as may be specified by or under an Act.

“Chairperson” means the person presiding over the Finance and Public Accounts Committee of the Assembly.

“Chief Accountant” means the Public Officer responsible for the control and operations of Treasury.

“Constitution” means the Constitution of the Republic of Seychelles.

“Executive” means the definitions provided in Chapter V of the Constitution of the Republic of Seychelles. In the context of this report the Executive means the President, the Vice President, the Cabinet, Government Departments and the Civil Service.

“Financial records” means all books of accounts, registers, accounting forms and any other financial documentation in hand form or magnetic media.

“MDA” means a Ministry, Department and/or Agency of the Government.

“PFM” means Public Financial Management.

“Treasury” means the section of the Ministry of Finance responsible for the accounting functions of the Government.

## **1. INTRODUCTION**

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### **1.1 The Finance and Public Accounts Committee**

In Seychelles, the Constitution and legal framework have established the Finance and Public Accounts Committee (FPAC) as the institutional mechanism for reporting on the effectiveness and efficiency of public financial management by the Government of the day. Article 104 of the Constitution of the Republic of Seychelles, the Rules of Procedure for Committees and Standing Orders 2009 provide the statutory and procedural authority for the establishment and functioning of the FPAC.

The FPAC is a key mechanism for ensuring transparency and accountability in government financial operations. In its oversight and scrutiny roles, the FPAC acts on behalf of and for the people of Seychelles in holding the Government of the day to account for the manner in which they have collected and spent public funds gathered through taxes and other sources.

The FPAC Annual Report is based on a rigorous examination of the annual report of the Auditor General. The Auditor General's Report provides the basis for the FPAC to call witnesses from the Executive and seek their explanations for deficiencies reported by the Auditor General. Subsequent to these annual hearings the FPAC will issue its report to the Government via the Speaker and the National Assembly.

### **1.2 Committee Composition**

The seven-members of the Committee are appointed by the National Assembly as soon as is practicable after the beginning of each session of the Assembly.

The current Committee appointed by the 5<sup>th</sup> Assembly is chaired by the Leader of the Opposition and its composition is as below:

- Hon. David Pierre – *The Chairperson*
- Hon. Charles De Commarmond – *The Vice-Chairperson*
- Hon. Marc Volcere
- Hon. Nichole Barbe
- Hon. Sebastien Pillay
- Hon. Lenny Lebon
- Hon. Jeniffer Vel

Committee business is supported and facilitated by National Assembly Secretarial and Advisory personnel and is further assisted through the advice and guidance of the Auditor General.

### **1.3 Role of the Auditor General**

Organisations responsible for the external audit of Government accounts and activities are known as Supreme Audit Institutions (SAIs). Typically these SAIs are headed by an Auditor General who reports directly to the National Assembly or its equivalent.

The post of the Auditor General is a Constitutional appointment established under Article 158 of the Constitution of Seychelles and is mandated to carry out the external audit of the Government.

The National Assembly relies on the Auditor General to provide independent assurance that Governmental activities are carried out and accounted for in a manner consistent with the National Assembly's intentions.

The role of the Auditor General is an important component in the governance framework as it provides the National Assembly and the public with an independent opinion on the assurance provided by the information contained in the annual financial statements of the Executive.

The Auditor General's Report and audit opinion is the pre-cursor to oversight and scrutiny by the FPAC on the actions of the Executive.

### **1.4 Contact Details**

All correspondence relating to this report or other matters within the scope of the FPAC should in the first instance be addressed to:

Committee Advisor  
Finance and Public Accounts Committee  
The National Assembly of Seychelles  
P. O. Box 734  
Ile du Port, Mahe  
Seychelles

Tel: + 248 4285600

Email: [aappoo@nationalassembly.sc](mailto:aappoo@nationalassembly.sc)

## **2. METHODOLOGY**

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The Committee applied a rigorous methodology to ensure that it would produce a report highlighting the major findings contained in the 2011 Report of the Auditor General and make recommendations to Government to improve the Executive's internal control and governance arrangements.

The methodology applied to achieve the above objectives is described below:

### **Step One: Analysis of the Auditor General's Report**

The content of the 2011 Report of the Auditor General were reviewed by a joint team from the Committee, the Office of the Auditor General and the National Assembly Secretariat. From this review, the key issues from the report were identified.

### **Step Two: Follow-up on previous recommendations**

As a follow-up on the recommendations from the first Report of the Committee - *Examination of the Auditor General's Reports 2009 and 2010*, the Committee analysed the status of implementation of recommendations by the MDAs.

**ANNEX I** provides a list of all the recommendations that were made in the first report and the responses from the Executive.

### **Step Three: Formulation of Questions to be put to the Executive by the Committee**

From the analysis in Step One and Step Two above, the joint team formulated the questions to be put to the Executive by the Committee. In addition to that, there was a review of the responses given by the MDAs who were called in the previous year to answer questions on the 2009 and 2010 Report of the Auditor General. The purpose of this review was to analyse whether the MDAs had made any progress over the past year. In cases where issues reported by the Auditor General were repeated from the previous years, questions were formulated on these repetitive anomalies.

These questions were developed in a way that would ensure that the Executive provided full and open answers to the issues raised.

### **Step Four: Notification to the Executive of Committee Hearings**

Thirteen MDAs were selected to appear before the Committee for questioning. They were notified in writing and they were also provided with a brief on the scope of the issues that would be addressed during the hearings. This brief was for the purpose of ensuring that the Executive would be prepared when they attended the hearings. A list of the MDAs invited to attend the Committee hearings are shown at **ANNEX II**.

**Step Five: The Hearings**

Full Committee hearings with thirteen MDAs took place in the period 12<sup>th</sup> August to 20<sup>h</sup> September, 2013 inclusive. The verbatim transcripts of the hearings are lengthy and it is impractical to include them in this report. However, these can be viewed by opening the link at:

[http://nationalassembly.sc/index.php?option=com\\_content&view=article&id=961:verbatims&catid=71:committees-of-the-national-assembly&Itemid=2](http://nationalassembly.sc/index.php?option=com_content&view=article&id=961:verbatims&catid=71:committees-of-the-national-assembly&Itemid=2)

**Step Six: Written Responses**

The Committee determined that three MDAs did not have to attend the hearings and instead they would provide explanations and evidence in written form. To expedite this process the Committee issued formal requests to these MDAs asking them to respond, within a set time frame, with explanations for the issues raised in the Auditor General's Report.

Additionally, many MDAs who attended the hearings did not have documentation or other relevant evidence to fully answer the questions put to them by the Committee. In these cases, supplementary documentation and evidence was forwarded to the Committee after the hearings ended.

**Step Seven: Analysis of Responses**

The purpose of this analysis was to identify:

- Generic systems, management and process deficiencies that resulted in public funds being spent, collected, managed or reported in a wasteful, inefficient and un-economical manner; and
- Specific and material findings to provide examples of evidence in support of the generic deficiencies.

The analysis was based on the content of the 2011 Report of the Auditor General, the verbatim transcripts from the hearings and the supplementary documentation and evidence received subsequent to the hearings.

**Step Eight: The Report**

The product from the previous steps is a Report by the Committee on the examination of the Auditor General's Report and Audit Opinion on the 2011 Financial Statements of the Government.

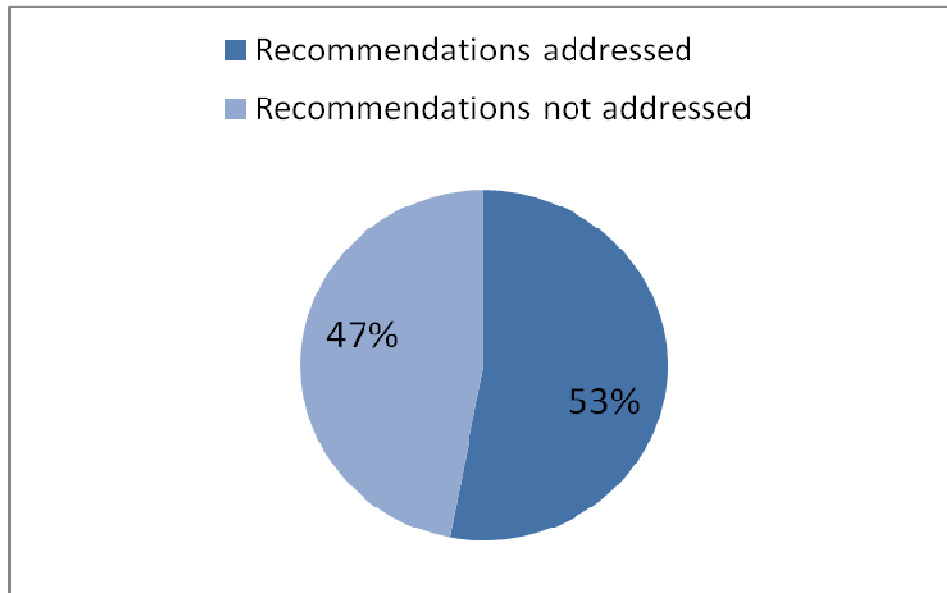


### 3. OVERVIEW

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As from January, 2013 the new Public Financial Management Act, 2012 came into operation and it has been used as the basis for improvements in public financial management.

Upon follow-up on the previous recommendations, the Committee was satisfied to note that 53% of the recommendations put forward by the Committee had been addressed.



The Committee also noted that some of the MDAs had taken appropriate and necessary steps to rectify some of the issues reported in the 2011 Report of the Auditor General. Through the coordination and assistance of the Ministry of Finance and other relevant parties, these MDAs had made significant progress from the time the Auditor's Report was published up to the date of the hearings. The responses to some of the questions were timelier, of higher quality, based on sound evidence and the witnesses were better prepared to respond to the questions.

The Committee appreciated the positive approach of the Ministry of Finance at the Committee hearing particularly their acknowledgment of current shortcomings but also the fact that some of the deficiencies raised in previous reports have now been addressed through the new Public Finance Management Act, 2012.

However, for the year 2011 some issues remained unsatisfactorily addressed. The Committee concluded that similar to 2009 and 2010, for the year 2011 the management of public finances across certain MDAs was still not at the standard that would allow citizens to place full confidence in the financial statements which suggests that those MDAs did not manage public funds in a wholly, efficient, economic and effective manner.

Amongst others these issues included:

- Inadequate governance arrangements in place leading to failures in reporting mechanisms;
- Lack of transparency and accountability within the MDAs;
- Management not being proactive in setting objectives and targets;
- Not enough focus on monitoring, including management of personnel and financial management of activities to achieve objectives and targets;
- Accounting Officers not complying to statutory and legal requirements in regards to public financial management;
- Accounts personnel not versed with financial regulations in place;
- Some actions taken were not in line with the provisions of the Public Procurement Act, 2008.

The above is based on the Committee's review of the content and audit opinion of the 2011 Report of the Auditor General, examination of witnesses from the MDAs and evaluation of documentary evidence provided by the MDAs.

## **4. MATERIAL FINDINGS, IMPACTS, RESPONSES AND RECOMMENDATIONS**

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This section deals with:

Key findings of the Auditor General's Report in relation to the MDAs;  
The impact of these findings on public finance management;  
The responses to these findings<sup>1</sup>; and  
Recommendations by the Committee to the MDAs.

### **4.1 Department of Defence**

This is the second year in which the Department of Defence has been called before the Committee to answer questions pertaining to the management of transport. Key findings of the Audit Report indicated that the Department had barely improved from the previous year. These included:

- Records for the management of transport not maintained properly.
- Fuel consumption analysis not calculated;
- No proper follow-up mechanism on insurance claims for damaged vehicles.

#### **Impact**

The lack of records for the management of transport results in weaknesses in the management and control over the utilisation of vehicles. This result in, misuse of vehicles, over-expenditure on fuel purchases and no analysis of kilometres covered to fuel purchased. Without proper follow-up mechanisms on insurance claims for damaged vehicles the Department risks overspending on repairs to these vehicles. This makes it highly probable that the amount spent from public funds on vehicle management was higher than reported for the year 2011.

#### **Responses from the Department of Defence**

The Department responded that they were still trying to address weaknesses in relation to the management of transport. This included putting in place a better reporting mechanism to ensure proper record keeping. Furthermore, the Department informed the Committee that a Transport Manager has now been recruited and will therefore be responsible to improve transport management in the SPDF.

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<sup>1</sup> The responses from the Executive are shown in *Italics* and this represents what was actually said at the hearings or from subsequent supporting documents. In some cases, the words of the executive vary slightly from the verbatim. This was done to improve the language; however, the general meaning of the responses remains the same.

## **Committee Recommendations**

- 1. The Department must put in place stringent follow-up mechanisms and ensure proper records are kept in relation to Management of Transport.*
- 2. The Department must ensure that consistent fuel analysis calculations are done on a monthly basis to ensure value for money.*

### **4.2 Department of Legal Affairs**

The Audit Report for the year 2011 revealed several inconsistencies in the Department's payroll records, assets management and non-compliance to financial regulations in certain instances. The following examples were highlighted:

- No review of payroll records;
- Incorrect classification of payments;
- Asset register not properly maintained.

### **Impact**

The non-review of monthly payroll means that payments were made without the correct verification before effecting payment. Revenues and expenditures could be under or over stated, wrongly classified and as a result render the overall financial statements of the Government misleading. The lack of proper management over control and supervision of fixed assets presents a risk that assets and stores have been misused or stolen and as a result public assets may have been lost in 2011.

### **Responses from the Department of the Legal Affairs**

The Department responded that due to staff constraints, review of the payroll on a monthly basis becomes difficult which is further compounded by the absence of an Assistant Accountant. To remedy the situation the Department has assigned an Officer to assist the Accounts Department and also take the responsibility to review the payroll every month, until an Assistant Accountant is recruited.

The Department acknowledged that goods and services were paid under the wrong account code due to budget constraints which led to incorrect classification of payments. In any event this requires the approval of the Ministry of Finance which in this particular case had not been sought. Given that this should be remedied the Department has confirmed that approval is now sought before taking such measures but that as far as possible all payments should be effected under the correct account codes.

The Department Head confirmed that a Documentation Officer has been recruited to manage and maintain the fixed assets register. *'...that Officer will be liaising closely with the Administration and Accounting Section to ensure that whatever comes in monthly is entered on her register and whatever is written-off is taken off the register and this is subject to the overview of Ministry of Finance who has this unit that ensures*

*that compliance is effected, but I would admit that there was a lack of proper maintenance of that register’.*

### **Committee Recommendations**

- 3. The Department must at the earliest opportunity recruit an Assistant Accountant to assist with the segregation of duties in the Accounts Department.*
- 4. The Department must provide assurances that all necessary financial regulations are being followed to ensure that payments are made under the correct code and that the fixed assets register is properly managed and maintained.*

### **4.3 Department of Education**

For several years, the Auditor General’s Reports have highlighted several pertinent issues in the Department in relation to management of public funds and breach of financial regulations. In the 2011 Report, some of the issues pointed out are as follows:

- Approval of contract not sighted;
- Payments done in violation to the Procurement Act;
- Delays in banking revenue;
- No progress in the collection or write-off of outstanding debts.

### **Impact**

The absence of a signed contract between the Department and one security firm meant that there was no means by which to compare sums paid against contractual obligations thereby ensuring value for money. Documents submitted to the committee by the Department of Education, revealed that the Agreement for Extension of Contract signed between the Department and the security firm the contract sum was for R273,218.74, however Audit reported that the sum of R288,281 was paid to the firm, which is more than the contract sum.

Furthermore, given that approval of the Tender Board had not been sought the process of extending the Contract of the security firm contravened the provisions of the Procurement Act 2008. The impact is that the Department may have missed the opportunity to secure such services from another provider with a cost against service provision ratio that would have ensured better value for money.

The Department was in breach of Financial Instructions in relation to the banking of revenue. In some instances there were delays of 12 to 71 days in the banking of revenue. This represents a potential risk and could result in a possible loss of revenue for the Government.

The Department has to ensure that the debtors register is continuously updated and ensure that recovery of outstanding debts is actively pursued. In the event that this is

not done Government is deprived of revenue and raises the likelihood that a significant sum of public funds will be lost through debts being written off as unrecoverable.

### **Responses from the Department of Education**

During questioning, the Department stated that the signed contract with the security firm could not be sighted, but that the extensions of the contract maintained the same terms and conditions as the previous contract. The Department further pointed out that, *'the R288,000 is a contract sum that we normally pay'*.

The Department reported that the payments done without the approval of the Tender Board was a weakness as they were not familiar with the Procurement Act at the time in question.

The Department responded that it was only the Exam Section of the Ministry that was not complying with the regulations of banking revenues promptly, but they were rather keeping it in a safe in their section. To rectify this situation the Department assured the Committee that they have reinforced their monitoring mechanism to ensure that no funds are left at section level or even at the schools.

The lack of a dedicated staff to follow-up on debtors was one of the main reasons given by the Department of Education; however, they further announced that a new person has been recruited to specifically take care of debt collection.

### **Committee Recommendations**

- 5. The Department will submit to the Committee a copy of the new signed contract with the security firm stipulating clear terms and conditions and the correct contract sum being paid to the firm for its services.*
- 6. The Department must provide assurance that unless dictated by emergency circumstances, all future public procurements comply fully with legal requirements.*
- 7. The Department will provide clear job description for the newly recruited personnel responsible for debt collection and put in place more robust mechanisms to ensure the follow-up of debtors.*

### **4.4 Ministry of Foreign Affairs**

According to the 2011 Report of the Auditor General, many of the overseas missions under the responsibility of the Ministry of Foreign Affairs were not operating according to accounting and finance procedures in place. There was no proper management of the budget, and in some instances some missions were receiving more funds than the approved budget. The following matters were reported by the Auditor General:

- No proper monitoring of the budget;
- Supporting documents for expenses in overseas missions not sighted;
- Non-compliance to financial regulations.

**Impact**

A lack of proper monitoring of the budget could result in possible loss of public funds as the proper supervision and control mechanisms are not in place to ensure that the budget is being used in the correct manner.

The absence of documents to support payments was an issue in many of the overseas missions and even at the Ministry Headquarters. This represents non-compliance to Financial Instructions and questions the legitimacy of the payments done by the overseas missions.

In many instances, the overseas missions did not follow laid down financial regulations, for instance Audit identified transfer of salaries that were in excess of stated amount on the payroll; funds were being transferred at one rate and expenditures at another rate; the banks statements and cashbook were either missing or wrongly maintained; and payment of rent and nursery fees were above approved limit. The clear lack of monitoring and control over money transfers and bank account transactions could open the Department to cases of fraud.

**Responses from the Ministry of Foreign Affairs**

The Ministry agreed with the findings of the Committee that the budget was not properly being monitored at the time; but highlighted that a Financial Controller is now responsible for doing so.

The Ministry confirmed that for several of the missions the supporting documents in question were missing at the time of audit and currently still cannot be sighted, although they are doing their very best to locate the documents.

For several mismanagement cases reported in the overseas missions, the Ministry concurred with the findings of the Auditor: *'it appears that for many years although they were submitting what was being submitted was not the proper or the correct information'. '...the situation was not good, was not one of proper control you know,.. we spent a lot of our time just ensuring that ok, the remittance is gone and that's it. I don't think we did it because we did not want to effect control, but maybe we were not sufficient'*.

**Committee recommendations**

8. *The Ministry must provide copies of reports which prove that the monitoring mechanisms are now effectively in place.*
9. *The Ministry must put in place proper record keeping mechanisms in all overseas missions and at the Ministry itself and confirm that all missions will in future ensure that sufficient, relevant and reliable supporting documentation is retained as evidence.*
10. *The Ministry shall take the necessary steps to ensure that management fully and effectively exercise their supervisory and control roles with respect to public financial management.*

#### **4.5 Department of Police**

The Police Department is a Department dealing with a huge number of transactions in the calendar year and once again during the year 2011, Audit picked up issues with management of fixed assets, management of transport, stores and payments for goods and services.

- Incomplete fixed assets register and stores register;
- No contract with operators for the hiring of vehicles;
- No documents to support payment of car rental claim;
- A foreign consultant paid in disregard of the Procurement laws;
- A supplier providing services to SPDF paid from the Department's budget.

#### **Impact**

The lack of management and supervision of fixed assets and stores presents a high risk that public assets and stores could have been misused or stolen in the year 2011. This is aggravated when the Department does not have a proper register for land and buildings and transport in place.

In 2011, the Department spent R5.78 million on car hires without any contract signed by the Department and/or the car hire operators. This represents non-compliance with financial regulations which could mean that value for money may not have been obtained. The absence of formal contracts that establishes the rights and obligations of both parties presents the risk that public funds will be expended in excess of what should reasonably be anticipated. Moreover, a payment of R3.8 million was paid by the Ministry of Finance to a car hire operator without relevant documents to support the claim. As no challenge was made to the reasonableness of this claim there is a strong possibility that a loss of public money arose from the processing and payment of this claim.

A total of R5.3 million was paid to a foreign consultant without the approval of the National Tender Board. This does not comply with the Public Procurement Act, 2008 which could mean that value for money may not have been obtained due to the absence of competitive tendering, but also raises question about the transparency in the award of this contract.

A supplier was being paid R80,000 per month for providing services to the SPDF and this payment was being done from the Department of Police's budget. The Department should have contractual agreement with the supplier and a memorandum with the SPDF so as not to contravene financial procedures. This non-compliance with Financial Instructions could mean that value for money may not have been obtained and it renders the expenditures of the SPDF as understated and that of the Department of Police as overstated for the year 2011.



## **Responses from the Department of Police**

During questioning, the Department confirmed that they have started the process to computerize the fixed assets register, except for the land and buildings and transport for which they are still waiting for information from the respective responsible third parties. The Department also confirmed that the stores register is in place as well; however the data entry is still a work-in-progress. One reason for the delay, as reported by the Department, is due to the lack of staff.

With regards to the contractual agreement with car hire operators, the Department informed the Committee that they have started to put in place contract agreements with some operators, however they are facing difficulties with some others. The Department advised the Committee that an internal audit was done with respect to the payments to this car hire operator.

To clarify the payments to the foreign consultant, the Department stated the following: *'We didn't involve in the contract or any transaction for this Solas, we know Solas was assisting us as consultant, but we didn't take part in the process or how Solas came in'*. In addition to that, the Department responded that they are not aware who paid the consultant.

The Department acknowledged that they are not happy with this arrangement to pay for the services being rendered to the SPDF from their budget and that they have been trying to get a copy of the contract, but it has been in vain.

## **Committee recommendations**

- 11. The Department must provide assurances that all necessary steps are being taken to ensure that all fixed assets and public stores are secured, properly recorded and that records are maintained in an up-to-date manner.*
- 12. The Department must ensure that it has contractual agreements with all its suppliers, contractors or any service provider for any type of services provided to the Department in the future.*
- 13. The Committee recommends that this payment of R80,000 is stopped immediately and that the SPDF pays for the services from its own budget.*

## **4.6 Seychelles Revenue Commission**

One of the major operations of the Seychelles Revenue Commission is the administration of all importations in the country, including the processing and recording of declarations relating to entry of goods and the selection of items for inspections and verification. This is done at both the Seaport and Airport. The following anomalies were identified upon audit:

- Bills of entries remained outstanding at the end of 2011;
- 64% of containers were released without verification;
- Dishonoured cheques totalling R1.2 million were identified.

**Impact**

As described in the Report of the Auditor General, outstanding bills of entries which remained unpaid totalled to R6.5 million at the end of December, 2011 for both Seaport and Airport. As per the list provided by the Seychelles Revenue Commission, 88 cases of special release cargoes remained outstanding at the end of 2011. The impact is that a significant sum of the outstanding bills of entries will be deemed unresolved, resulting in a possible loss of revenue for the Government.

Out of a total of 12,970 containers moved within the year 2011, only 36% were verified by Customs Officers. Amongst the 64% not verified, there is a possibility that importers may have not paid the correct amount of taxes on the goods imported. In this instance, a possible loss of revenue could occur as there were insufficient physical checks to confirm appropriate payments against cargoes.

Dishonoured cheques totalling to R1.2 million remained outstanding by the end of 2011. As per details submitted to the Committee by the SRC subsequent to the hearing, a balance of R936,150.06 or 75% of the amount remains outstanding. This again represents a possible loss of Government revenue.

**Responses from the Seychelles Revenue Commission**

Progress on some of the outstanding bills have been made, however some still remains to be sorted out. The Department confirmed that, *'we have 3 outstanding bills from the Seaport and these bills were indeed unpaid, but the follow-up is that one has been paid indeed and the other two were deleted as the one goods had expired. Of the 5 outstanding bills from the Airport, these are still being followed-up and its proving to be quite a task'*.

According to the Seychelles Revenue Commission, the containers are taxed according to the goods. *'It would play a role when it comes to revenue collection, like if you are importing a container of alcohol which is high tax good, this will automatically go into red, because it needs to be verified. But if you are importing a container of chlorine which is you've got your import permit and everything, the risk in it is the danger that it carries somewhere out there, it does not really mean that it will go through red, unless the importer, we've gathered information that the importer declares chlorine, but something else is coming. This is where the container will go into red'*.

The Department explained that a cheque worth 65% of the total was stopped and it must not be rendered as a dishonoured cheque. It was also explained that some of the cheques are being paid by instalments. However, follow-ups are still being conducted and where necessary, some of the cheques are being referred to the CID.

**Committee Recommendations**

*14. The Seychelles Revenue Commission must reinforce its Recovery Unit to ensure that follow-ups are more effective.*

15. *The Seychelles Revenue Commission must set out a clear deadline for all Bills of Entries to be paid, and when the deadline is not respected, action must be taken immediately.*
16. *The Seychelles Revenue Commission must increase the percentage of physical verification that is carried out on containers.*
17. *The Seychelles Revenue Commission must emphasize on payments by bank transfer above a certain limit.*
18. *The Commission must put in place stringent mechanisms to assure the legitimacy of payments by cheque from suppliers.*

#### **4.7 Seychelles Tourism Academy**

The 2011 Report of the Auditor General reported what appeared to be several cases of mismanagement of funds at the Seychelles Tourism Academy, such as the following:

- Payments processed under the wrong account code;
- Payment vouchers missing in file;
- Lack of maintenance of a creditors' control register.

#### **Impact**

The Audit Report noted payments worth R59,197 were processed under the wrong account codes. This is non-compliance to financial regulations and would lead to a situation that revenues and expenditures could be under or over stated or wrongly classified. This could impact on the presentation of the financial statements.

Eighteen payment vouchers worth R163,530 were missing in the files. The lack of documents to certify payments may include a possible loss of public funds as this means there is not enough evidence to confirm the legitimacy of the payments.

Audit reported that the Academy had credit totalling R1,258,593, however, the Academy did not maintain a creditors' control register to record its outstanding payments. This does not comply with Financial Instructions implying that the Academy does not keep clear and accurate records of its liabilities and thus could render the financial statements incorrect.

#### **Responses from Seychelles Tourism Academy**

The Seychelles Tourism Academy pointed out that all the payments were being processed under a suspense account that they maintain with Treasury, because it was related to the hotel business, therefore they did not use the budget that they received from Government for expenses related to the hotel.

According to responses from the Academy, their accounts were being managed by the Seychelles Tourism Board (STB) at that time; therefore they had to go to the STB to get the vouchers. During the hearing, it was confirmed that all the vouchers have been

located except for one missing voucher, which was subsequently located after the hearing and a copy was provided to the Committee.

The Academy stated that, *'before that I guess there was no proper monitoring and creditors maybe they could go up to maybe more than a month'*. It was however confirmed that a creditors' control register is now in place and that the outstanding amount of R62,802 owed to Air Seychelles has been cleared.

### **Committee Recommendations**

The Committee commends the effort of the Seychelles Tourism Academy to respond to the comments of the Auditor General's Report and the honest and candid way in which they approached the hearing. To ensure that the Academy can effectively pre-empt the issues raised in the Auditor General's Report the Committee recommendations are as follows:

- 19. The Seychelles Tourism Academy must ensure that all payments are processed in compliance to financial regulations.*
- 20. The Seychelles Tourism Academy must maintain their creditors' control register in an up-to-date manner at all times.*
- 21. The Academy must submit a copy of its Standard Operating Procedures to the Committee.*

### **4.8 National Sports Council**

The National Sports Council is responsible for managing the budget of all Sports Federations in the country with the budget that they receive from the Consolidated Fund. However, for several years many deficiencies were observed in the management of the Council's budget, such as:

- The annual financial statements not prepared since 2007;
- Lack of monitoring and controls over income;
- Debtors listing not recorded properly.

### **Impact**

The lack of submission of the annual financial statements from different Sports Federations has delayed the production of the annual financial statements of the National Sports Council for many years. This means that the Council is not able to provide a true and fair picture in how public investment in sports is being used.

The Council had no system in place to ensure that all income collected from activities and services provided are correctly submitted to the Accounts Unit. This lack of monitoring and control could lead to embezzlement of funds and loss of revenue for the Government.

A debtors' register was not being maintained properly as some of the debtors did not feature on the list and for some others the amounts recorded did not correspond to the amounts owed. The list of debtors showed total debts amounting to R749,393 as at end of December, 2011. In addition to that, the progress made in recovering debts owed since 2008 and 2009 which totalled to R391,198 was very minimal. Uncollected debts by the Department means that revenues will not be collected since the system for ensuring the full collection of these monies is inadequate and thus Government is deprived of revenue which could be re-invested in the Council.

### **Responses from the National Sports Council**

The Council agreed that not enough emphasis had been placed in producing financial statements, but confirmed that the financial statements for 2007 up to 2009 have now been completed and they are working on the statements for 2010 up to 2012.

Upon query about the mechanisms in place to certify the collection of income, the Council confirmed that procedures are now in place and that all income are directly collected by the Accounts Section and banked accordingly. Except for the Swimming Pool, the Marketing Unit and the Medical Unit which also collects revenue upon which they issue a receipt and deposit the money in the Accounts Section. Receipts are issued for all income received.

In response to the queries with regards to outstanding debts, the CEO stated that, *'I need to get the list of all the debtors and then I will write to them and ask them, I will tell them otherwise we have to take them to Court'*.

### **Committee Recommendations**

22. *The National Sports Council must ensure that its annual financial statements are produced and submitted in a timely manner as per the National Sports Council Act, 1982.*
23. *The National Sports Council must enforce the procedures in place for the monitoring and control of funds collected from activities or services rendered. The procedures must be clearly laid down and circulated to all Units.*
24. *The Council must put in place more robust mechanisms to ensure the proper recording and follow-up of debtors.*

### **4.9 International Conference Centre of Seychelles**

Upon audit of the International Conference Centre of Seychelles (ICCS) which ended in December, 2011, the Auditor General reported several discrepancies in the management of the accounts of the ICCS, such as:

- Lack of original documents to support payment;
- Taxes not incorporated on the value of equipments purchased;
- Non-compliance to financial regulations with regards to banking of revenue.

**Impact**

Ten payment vouchers worth R1.299 million were identified with photocopy of invoices instead of original invoices, which is non compliant to FI 0520. This calls into question the credibility of payments which could lead to possible cases of fraud.

In relation to equipment purchased by the ICCS, taxes worth R73,402 was not incorporated in the value of the equipments. As a result the assets were under-valued. The impact is a loss of taxation revenue for the Government and the under-valuation of assets in the financial statements of the ICCS.

Audit identified delays of several days in banking, which results to a breach of the Financial Instructions and possible loss of Government revenue.

**Responses from the International Conference Centre of Seychelles**

The ICCS agreed that it was an oversight and they misunderstood the financial regulations, since they provided original invoices to Treasury and kept the photocopy of invoices at ICCS. However, the ICCS confirmed that they are now keeping all original invoices and providing photocopies to Treasury.

It was confirmed that the ICCS has now added taxes on the value of the equipments in the Register of Inventory. A copy of the register was submitted to the Committee.

The Director of the ICCS informed the Committee that a new member of staff has been recruited to assist with the administrative duties and thus banking is being carried out promptly as stipulated in the Financial Instructions.

**Committee Recommendations**

- 25. The ICCS will ensure that all payments are done in compliance to the laid down financial regulations;*
- 26. The ICCS must put in place mechanisms to ensure that all assets are valued at the correct amount.*
- 27. The ICCS must produce clear guidelines and job description for the staff to carry out their duties in accordance to the Financial Instructions and Accounting Manual.*

**4.10 Immigration Division**

Further to the audit conducted on the Immigration Division which ended on 31<sup>st</sup> October, 2011 and subsequent hearings held by the Committee the following issues were revealed within the Division:

- Missing collections in the Cashier's office on Mahé and Praslin;
- Non-maintenance of proper fixed assets register;
- Hiring of bus in non-compliance to the Procurement Act.

**Impact**

Audit picked up a reported case of missing collections totalling R27,600 in the Cashier's office on Mahé and a shortage of R10,000 reported in the Cashier's office on Praslin. Inadequate management, supervision and control mechanism in place poses a risk to revenue collection. This leads to loss of revenue either through employee negligence and subsequent accounting records and balances are rendered inaccurate. The Division did not maintain an up-to-date fixed assets register during the year 2011. In this case, some assets were not identified and approximately 105 old assets in total were kept at the Division awaiting disposal. The lack of proper management of the fixed assets presents a risk that public assets and stores can be misused or end up misplaced.

The potential impact of non-compliance with the Public Procurement Act, 2008 is that value for money may not have been obtained for the hiring of the bus by the Division due to the absence of a competitive tender process.

**Responses from the Immigration Division**

With respect to the R27,600 reported missing, the Division stated that the case is still being investigated by the Police and that now there is better control access to the Cashier's area. With regards to the case reported on Praslin, again the Division stated that is still in the hands of the Police although the money has been recovered from the Cashier.

It was reported that the tagging of all the assets in the Division was not conducted, hence the fixed assets register was incomplete and the Department stated, '*...at the end of September, this exercise will be completed*'. From subsequent responses submitted to the Committee after the hearings, the Division confirmed that this exercise has been completed and the newly acquired assets will be updated.

The Division agreed that they should have sought for 3 quotations instead of hiring the bus from the one supplier; however they stated that it was an emergency. Subsequent to the hearing, the Division was requested to send a detailed reply on this case, but it was not submitted. On the other hand, they submitted a copy of the contract agreement which was signed between the transport supplier and the Division for the hiring of the bus from the 1<sup>st</sup> September to the 6<sup>th</sup> October, 2011.

**Committee Recommendations**

The Committee commends the Department for the efforts made to improve on the shortcomings raised. To that end to assist the Department further the Committee makes the following recommendations.

*28. The Division shall take the necessary steps to ensure that management fully and effectively exercise their supervisory and control roles with respect to public financial management.*

29. *The Division shall provide assurances that all necessary steps are being taken to ensure that all fixed assets are secured, properly recorded and that records are maintained in an up to date manner.*

30. *The Committee raises concern over the contract signed between the transport provider and the Division as no date was written as to when this contract was signed, given that this contract was not sighted during audit. Hence, the Committee recommends that an Internal Audit investigation is carried out on this case to certify the legitimacy of the contract and whether it was really under emergency circumstances.*

#### **4.11 Ministry of Health**

The Ministry of Health is one entity which receives the highest budget every year from the Ministry of Finance. However, for several years this Ministry has had major issues in the maintenance of its budget, certain examples pointed out in the 2011 Report of the Auditor General include:

- Lack of clearly established procurement policies;
- Lack of proper maintenance of transport fleet;
- Legal dispute over procurement of oxygen plants;
- No progress made to recover outstanding debts.

#### **Impact**

The procurement of goods and services in the Ministry was decentralised and Audit was not able to identify effective control over the procurement policies being followed by the staff. Hence, to that effect, a fraud case was detected involving IT equipments worth R344,460. It was further noticed that the Internal Procurement Committee approval for overseas procurements worth R1.58 million was not obtained. The lack of management control and supervision over routine accounting procedures presents a high risk that could render accounting records and balances inaccurate.

With a fleet of 54 vehicles, the Ministry of Health has encountered issues with the maintenance of the vehicle log book for many years. The lack of records for the management of transport results in weaknesses in the management and control of the utilisation of vehicles. The impacts of this are misuse of vehicles, over expenditure on fuel purchases and no analysis of kilometres covered to fuel purchased. This makes it probable that the amount spent from public funds on fuel for vehicles was higher than it should have been in 2011.

Three oxygen plants procured at a total cost equivalent to R10 million by the Ministry remains in a container under lock and key since March 2011. There is therefore the risk of deterioration of the plants over time. As per the Report of the Auditor General, this matter is now in a legal dispute over the installation and commissioning of the plants. If this matter is not resolved soon, there is a high probability that the plants



will deteriorate completely and will not be usable by the Ministry. The impact will be a major loss of public funds equivalent to R10 million.

A debtor's balance of R3.7 million was recorded by the Auditor General and there was a lack of records of debtors and a lack of appropriate actions taken to clear these debts for many years. The unreliability of debtor information makes it difficult to pursue debtors and it is likely that a significant sum of public funds will be lost through debts being written-off.

### **Responses from the Ministry of Health**

The Ministry informed the Committee that the fraud case is in the hands of the Office of the Attorney General, and that they have now put in place necessary measures to control the procurement of goods and services within all Departments. With regards to the non-approval of the Procurement Committee, the Principal Secretary from the Ministry of Health stated that, *'it was a misunderstanding of the clearance that they've been given'*, and that, *'as of now as you know, any orders are going through the Internal Procurement Committee even for medicines before it is processed'*.

The Ministry confirmed that they now have a Transport Manager and 3 Transport Supervisors with the responsibility to address all the issues raised in the Audit Reports with regards to transport.

As per the report submitted by the Ministry of Health, the Director of the company who supplied the plants did not come to install the plants as per the signed agreement. The initial quote for the unit was Euro 382,000, however the total payment made was Euro 722,510.00 for three plants instead of the one that was requested. The container was opened on 7<sup>th</sup> June, 2013 for inspection and it was identified that the units may have been used previously for a number of years given its condition. Therefore to date, the oxygen plants are still uninstalled and the case remains with the Office of the Attorney General.

The Ministry advised the Committee that they have made an improvement in the mechanisms to record and pursue debtors. Furthermore, the Ministry also stated that, *'I think at the Management Meeting it was decided that we would pull back our services where it can be, but there would be services for example medical care which would not be permissible or ethical for us to pull back if a company or somebody has not paid us our money'*.

### **Committee Recommendations**

31. *The Ministry of Health must produce a procedure manual for the procurement of goods and services for all Departments and state clearly the roles and responsibilities of the Internal Procurement Committee.*
32. *The procedures for the management of transport must be re-enforced and all drivers must receive the necessary directives for the proper maintenance of the transports.*
33. *The Committee recommends that this case is pushed forward by the Attorney General so that it can be resolved as soon as possible.*

*34. The Ministry must revise the system for the follow-up and collection of debts and put in place more robust mechanisms.*

#### **4.12 Ministry of Finance**

The Ministry of Finance has the responsibility of allocating the budget to all MDAs financed by public monies and for overseeing the management of finances respectively. Therefore, they are directly responsible for putting in place the necessary governance structures that will allow better public financial management.

During the hearing, the Ministry was held accountable for several management issues within Ministry and other MDAs who had been allocated with Accounting personnel reporting directly to the Ministry of Finance, since the beginning of 2013. Some of the issues identified in the 2011 Report of the Auditor General are as follows:

##### **i. Withdrawal of funds from the Consolidated Fund without Appropriation**

During the audit period, the Auditor General observed withdrawals totalling R120.5 million made from the consolidated fund without appropriation during the year 2011.

##### **Impact**

Transactions of this nature have both legal and financial implications. This is not in line with the Constitution and it may render the balances and the financial statements for the year 2011 inaccurate. As a result the Committee sought an explanation into this matter.

##### **Responses from the Ministry of Finance**

The Ministry pointed out that, *'we worked on new procedures and with regards to supplementary compared to, we've improved from last year 2012 to 2013,'* and that, *'this will be improved in the future'*. The Ministry also stated that *'in 2011 it was a practice in the past that we want to move away from it, we want to ensure that we seek approval from the National Assembly before spending any money from the Consolidated Fund'*.

##### **Committee Recommendations**

*35. The Ministry must provide assurances that they will comply with the financial regulations in place and that transactions of this sort are not repeated in the future.*

**ii. Overseas missions received more funds than approved budget**

Audit noted a false savings of R594,620 at the end of 2011 in the national accounts for the overseas Embassies. This was due to the fact that the missions were receiving more funds than their approved budget.

**Impact**

The lack of management control and supervision over the budget of the missions presents a high risk that there is inadequate control over revenues and expenditures rendering accounting records and balances inaccurate.

**Responses from the Ministry of Finance**

The Ministry of Foreign Affairs had agreed that there was no proper monitoring of the budget and therefore any significant variances would not have been highlighted.

The Ministry of Finance clarified that this will not lead to spending in excess of the approved budget, *'we won't be able to spend in excess of the total budget of Ministry of Foreign Affairs, ok, so it will be within the total budget of Ministry of Foreign Affairs even though a particular Embassy overseas will receive additional, but it will be through the virement procedures'*.

**Committee Recommendations**

*36. The Ministry of Finance should ensure that there are proper mechanisms and the appropriate personnel in place for closer monitoring of the budget.*

**iii. Liquidation of SMB**

The liquidation of the SMB has been going on for quite some time and during the year 2011 the liquidation process has remained dormant. At the end of 2011, parastatal advances totalling R79.9 million remained outstanding and the possibility of recovery is still unclear.

From supplementary documentation received from the Ministry of Finance, the Committee noticed that there are many outstanding issues which is impeding in the completion of this liquidation, these are:

- Government's consideration to appoint a new liquidator;
- Injury cases by ex-employees of SMB remains to be settled through SACOS;
- Settlement of Euro 50,000 owed to SMB by a French supplier who failed to supply goods despite advanced payment being made has been brought to arbitration court in France;
- Payment of fees to a Lawyer is still outstanding;
- Liquidators' fees have not been finalised;
- Debts owed to SMB by two individuals still has not been cleared;

- Disposal of a vessel which was owned by SMB is still unresolved;
- The land on which the STC Supermarket is located is still in the name of SMB and remains to be transferred;
- Personnel files of ex-SMB employees remains to be moved.

### **Impact**

There is a risk that the funds from the liquidation will be insufficient for SMB to clear its total debt to Government. In addition, the liquidation of SMB is taking too long and thus Government may be incurring unnecessary losses through: payment of excessive fees to the liquidators; loss on depreciation of assets which were owned by SMB; payment of high legal fees to settle outstanding court cases and through outstanding debts which may not be recovered.

### **Responses from the Ministry of Finance**

The Ministry of Finance explained that there are two things which needs to be resolved before the Government can proceed with the liquidation processes; i.e. firstly, the court case regarding payments to a French supplier and whereby no goods were delivered and secondly, disposal of a vessel which was owned by SMB still remains to be sorted out.

### **Committee Recommendations**

- 37. The Ministry of Finance will provide explanations why as required by law, annual reports have not been provided by the liquidator.*
- 38. The Committee recommends that the Ministry of Finance considers appointing another Liquidator to proceed with the liquidation process.*
- 39. The Committee recommends that all of the outstanding issues are resolved as soon as possible so that this liquidation process can be completed immediately.*

### **iv. Outstanding Debts**

The Report of the Auditor General highlighted outstanding debts of millions of rupees by different MDAs dating as far back as 1994. Some examples include the Ministry of Education with more than R1.4 million outstanding, the National Sports Council with R749,393 outstanding, the Immigration Division with approximately R2.9 million outstanding and the Ministry of Health with almost R3.7 million outstanding debts.

### **Impact**

It is likely that a significant sum of public funds will be lost through debts being written-off as uncollectable. The unreliability of debtor information makes it difficult for the MDAs to pursue debtors and the unreliability of the 'true' debtors balance could render the overall debtors figure misleading. The system for ensuring the full collection of these monies is inadequate and needs to be revised.

## **Responses from the Ministry of Finance**

*'We are working closely with other Ministries, because we've received write-off request from other Ministries as well for long overdue outstanding debts ..... but what we've seen in doing certain exercise in certain Ministries, Ministry of Education as well we've seen that currently even though they've requested for a write-off of some of its debts, we've sent back some, back to them because we've seen that there is currently some companies still exist or individual that are working within Government system, why not try and recover these debts with them'.*

*'But in some cases where we've seen that it won't be so much relevant to try and get the revenues back to Government, there approval is given, in some cases. But we assess it case by case to see if it's not possible of collecting any of these revenues'.*

*'The work that we are doing now is to work towards putting a proper system in place, link it with the new chart of accounts where we can see on a monthly basis or daily basis the revenue outstanding from any specific Ministry and part of their role now the Accounts Officer or the Accounts personnel that report back to Finance, we must ensure that on a monthly basis we see an improvement'.*

## **Committee Recommendations**

*40. The Ministry of Finance must complete its work on this new system and ensure that it is put in place in all Ministries, Departments and Agencies immediately.*

## **v. Payments issued by Ministry of Finance in non-compliance to financial regulations**

### **Example one:**

Consultancy fees totalling R5.3 million were paid by the Ministry of Finance to a foreign consultant for policing consultancy services provided to the Department of Police. However, no agreements or contract documents and no approval from the Procurement Oversight Unit were seen.

### **Example two:**

The Ministry of Finance made payments totalling R3.8 million relating to settlement of claims for the rental of vehicles for the Police Department in the year 2010, without any supporting documents for this payment.

### **Impact**

This non-compliance with financial regulations includes: value for money may not have been obtained; the absence of formal contracts that establishes the rights and obligations of both parties presents the risk that public funds will be expended in excess of what would reasonably be anticipated.

### **Responses from the Ministry of Finance**

In the case of the first example the Ministry acknowledged that procurement procedure was not followed and also confirmed that they have noticed similar cases in other Departments. The Ministry pointed out that *'This is something that we've been discussing as well with Cabinet, for example this year what we've discussed with Minister is if for example we've seen that there's a particular entity that has not followed procurement procedures, we send a paper to Cabinet and advise them this is happening in that particular Ministry and advise us of what needs to be done, so we put a case before the Cabinet'*. The Ministry agreed with the Committee that going forward this should not be repeated and affirmed that, *'moving forward I think we need to follow the PFM system that we've put in place where there's more transparency and more value for money'*.

In the case of the second example the Ministry stated that currently when they receive such claims a new process is in place, *'the new process now is we send Internal Audit for assessment, Internal Audit send us a report which the Ministry of Finance take a final decision and then send recommendation to the Attorney General's Office for his final approval'*.

### **Committee Recommendations**

41. *The Ministry of Finance must stop any payments that they are requested to pay if the particular MDA has not followed the correct procurement procedures.*
42. *The Ministry of Finance must re-enforce the procurement procedures in place and ensure that all MDAs abide to the financial regulations before requesting for any payments to be made.*
43. *The Committee recommends that the Ministry of Finance abide to the new regulations that they have put in place. Before processing any payments, the Ministry of Finance must conduct investigations to ascertain the credibility of claims for payments that they are requested to pay for services provided to other MDAs.*

### **vi. Reported cases of loss, suspected loss of public funds, misappropriation of funds and loss of non-monetary assets.**

A list of reported cases of loss, suspected loss of public funds, misappropriation of funds and loss of non-monetary assets during the years 2009 until 2013 was provided to the Committee upon request. The results are as follows:

<b>Description</b>	<b>Total Number of Cases</b>	<b>Estimated Value (in Rupees) <sup>2</sup></b>
Suspected loss of public funds	17	R1,342,925.48 +
Misappropriation of funds	8	R1,890,317.25 +
Loss of non-monetary assets	10	R46,816.50 +
<b>Total reported cases of loss</b>	<b>35</b>	<b>R4,622,984.71 +</b>

### **Committee Recommendations**

*44. The Ministry of Finance must put in place stringent mechanisms and take rigorous actions to reduce the reported cases of loss by Ministries, Departments and Agencies financed by public monies.*

### **vii. Revision of the Accounting Manual and the Financial Instructions**

During the hearing, the Ministry of Finance was queried with regards to the process of reviewing of the Accounting Manual and the Financial Instructions which have been in place since 1997, to update it to today's context. The Ministry confirmed that the exercise to review, update and amend the two documents is 80% completed.

### **Committee Recommendations**

*45. The Ministry of Finance must complete this exercise as soon as possible so as to update the Financial Instructions and the Accounting Manual in today's context of public financial management.*

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<sup>2</sup> The values have a plus (+) sign because there were certain cases of loss whereby no amount/value was indicated; hence the amount in the table is an understatement of the true values.

## 5. STATUTORY BODIES

Pages 19 to 30 of the 2011 Report of the Auditor General provides brief details with regards to the Audit of Statutory Bodies.

The Committee reviewed the status of audit of all the statutory bodies and requested for updated information on the audits from the Office of the Auditor General. A list of statutory bodies and the status of audit is provided at **ANNEX 3**.

From the responses provided by the Auditor General, the Committee decided that three statutory bodies did not have to attend hearings. Henceforth, the Committee submitted formal letters to request for written responses and evidence to queries from the Committee.

Statutory Body	Questions from the Committee	Responses Received <sup>3</sup>
Seychelles Qualifications Authority	1. Why has the Seychelles Qualifications Authority not submitted their financial statements for the years 2010 and 2011?	<p>The Seychelles Qualifications Authority responded that it was difficult to prepare the financial statements due to the following reasons:</p> <ul style="list-style-type: none"> <li>• A theft which occurred in November, 2010 for the value of over R50,000;</li> <li>• Unauthorized calls made in excess of R20,000 by the Admin and Accounts Manager;</li> <li>• Procedural failures as reported in the Internal Audit Report;</li> <li>• Rapid staff turnover in 2010 and 2011, including in the Accounts and Admin Section;</li> <li>• Difficulty in locating files and folders in the Accounts Unit</li> </ul> <p>However, the Authority has now managed to prepare the accounts for the years 2010 to 2012.</p>
Small Enterprise	1. What is the status of SENPA's financial	<i>I became the CEO of SENPA in March 2012 and I have submitted the financial statement for that</i>

<sup>3</sup> The responses in *Italic* are the exact responses received from the Accounting Officer of the Statutory Body.



Promotion Agency	accounts since 2008?	<p><i>year for verification and certification to the office of the Auditor General.</i></p> <p><i>I have also tried to compile the accounts for the preceding four years which I have also submitted to be verified and certified. Please note that the Auditors are currently working on these files.</i></p>
Seychelles Investment Bureau	<p>1. Is the Bureau now keeping an up-to-date Fixed Assets Register?</p> <p>2. Is there documentary evidence to show that the assets were transferred to DICT?</p> <p><u>Special Forum Account:</u></p> <p>3. Why were the supporting documents not available?</p> <p>4. Can you confirm that the reconciliation of the account is currently being done on a monthly basis?</p> <p><u>Transport Management:</u></p> <p>5. What internal policy has been implemented with regards to the use of vehicles?</p>	<p><i>Yes the fixed assets register has since been updated to reflect the movements of equipment.</i></p> <p><i>Please note that none of the assets were transferred to DICT. The assets either remain under the possession of SIB or EXPO 2020.</i></p> <p><i>When the forum committee was first set up, the members were not yet fully aware of all the necessary procedures especially with regard to the need to keep and maintain all documentation such as correspondences or transfer slips. Members have since 2012 been properly informed that all essential documentation must be kept and the procedure for record keeping is in place.</i></p> <p><i>Reconciliation of the account is in process starting from January 2013.</i></p> <p><i>To note the SIB has only one motor vehicle, which is being used for official duties such as transport staff to attend meetings, site visits and dispatch. The motor vehicle is driven by STB Driver unless he is on leave then other officers assist as Driver. Mileage book is maintained. The car key is left with the Senior Admin Officer and other than working hours, weekend or public holiday the motor vehicle is parked at Caravelle House.</i></p>

During the hearing with the Ministry of Finance, the Committee further enquired about the financial statements of the following Funds which have not been finalised:

i. The Policy Owner's Protection Fund

The Fund has been encountering delays in producing its statement of accounts for many years and for this reason no audit work has been conducted on the Fund.

During the hearing held with the Ministry of Finance, the representatives could not provide any answers as to why this was the case.

Subsequent to the hearing, the Ministry of Finance submitted the annual accounts of the Policy Owner's Protection Fund for the years 2006 up to 2012.

ii. The Livestock Trust Fund

The financial statements for the year 2010 and 2011 of the Livestock Trust Fund have not been finalised as they require the Board's input. The Principal Secretary for Finance explained that the Livestock Trust Fund currently still does not have a Board and this has been the case since 2012. The main reason is due to the changes in the composition of the Board and the objectives of the Fund which was revised and presented to the Cabinet twice, but has not been approved as of date.

To remedy the situation of non-production of accounts, the Ministry of Finance stated the following:

*'I would put emphasis that this year in 2013 we've known that there has been some deficiencies in the past where entities or Fund were not producing accounts, but I think we've put a deadline before we're going to present the 2014 budget that we will ensure that the entities that has some old accounts to be audited for them to complete'.*

**Committee Recommendations**

*46. The Committee recommends that firm actions are taken against the statutory bodies that are not producing or finalising their financial statements before the presentation of the budget for the consequent year. The Ministry of Finance must submit to the Committee the action and/or mechanisms that they will put in place to ensure that this is complied with.*

## **6. CONSTRAINTS ON COMMITTEE ACTIVITIES**

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The Committee encounters countless delays with the submission of documents requested during the hearings. Although the Committee sets a specific timeframe for the submission, many of the MDAs does not meet the deadline and thus caused delays in producing the Committee report.

There is also a lack of resources available to the Committee in terms of support staff and expert advice. These issues limit the ability of the Committee to produce high-quality reports on a timely basis.

To overcome these constraints the Committee would recommend that firm actions be taken against MDAs who does not submit to its requests on time. Furthermore, additional resources to develop the Committee and its Secretariat including additional expert Consultancy are recommended to further enhance the Committee's capacity.

The FPAC is playing an important role in the fight against corruption and fraud in the country by deliberating on its role of scrutiny and oversight over the Executive and it should be provided with the full-time support it needs to function effectively.

# **ANNEXURES**

**ANNEX I – Follow-up on Committee Recommendations made in the first report**

<b>RECOMMENDATIONS</b>	<b>RESPONSES FROM THE MINISTRY OF FINANCE, TRADE &amp; INVESTMENT (MoFTI) <sup>4</sup></b>
<p><b>GOVERNANCE- Finding 1: Management of Transport</b> The Government must produce a strategy to improve transport management within two-months of the approval of this report by the National Assembly.</p>	<p><i>There will be enforcements on current circulars and the new financial regulations and Accounting Manual will have clear procedures for the management of transport. In addition, capacity building will be given to transport supervisor and drivers. The MoFTI will request the Internal Audit Division to carry our audit checks in compliance of the regulations and manual.</i></p>
<p><b>GOVERNANCE- Finding 2: Claim for damages to hired vehicles</b> The Government will investigate this matter fully and establish why the Ministry of Finance accepted this claim without challenge. This investigation and report will be concluded within three-months of the approval of this report by the National Assembly.</p>	<p><i>An investigation was conducted by the Internal Audit of the MoFTI.</i></p> <p>A copy of the report has been submitted to the Committee.</p>
<p><b>GOVERNANCE-Finding 3: Management of fixed assets and stores</b> The Government shall, within one-month of the approval of this report by the National Assembly, provide assurances that all necessary steps are being taken to ensure that all fixed assets and public stores are secured, properly recorded and that records are maintained in an up to date manner.</p>	<p><i>The MoFTI has worked closely with Department of Information Technology and Communications (DICT) for designing a new Government Asset Register. This register is being deployed in all Ministries and Departments. But capacity building is being done and we have started with the Ministry of Health. The Internal Audit Division will do physical verification during the normal audit process.</i></p>

<sup>4</sup> The responses in *Italic* are the exact responses received from the Ministry of Finance, Trade & Investment.

<p><b>GOVERNANCE- Finding 4: Management &amp; Supervision</b>                  The Government shall take the necessary steps to ensure that management fully and effectively exercise their supervisory and control roles with respect to public financial management. The steps proposed by the Government should be provided within one-month of the approval of this report by the National Assembly.</p> <p>The finding above for payments to deceased personnel indicates a potential flaw in the management of the public payroll. Therefore, the Government shall, no later than three-months after the approval of this report by the National Assembly, commission a payroll audit across the Executive to establish that those being paid exist and are gainfully employed in the public service.</p>	<p>This recommendation has been addressed in Part III of the Public Finance Management Act, 2012.</p> <p>Payroll audit not conducted.</p>
<p><b>THE LEGAL FRAMEWORK FOR PFM- Finding 5: The Primary Legal Framework</b>                  The Government will ensure that the Public Finance Management Bill, 2012 completes its legislative passage in time for it to be applied from the start of Financial Year 2013.</p>	<p>The Public Finance Management Bill was enacted in November, 2012 and it came into effect on 1<sup>st</sup> January, 2013.</p>
<p><b>THE LEGAL FRAMEWORK FOR PFM- Finding 6: The secondary and tertiary legislative framework</b>                  The Government will put in place the institutional and organisational structures that are needed across the Executive to ensure that appropriate personnel are in place to manage public finances.</p> <p>The Government shall, within one-month of the approval of this report by the National Assembly, provide assurances that in future no individual will be permitted to sit for an exam or receive any other chargeable public service without payment being made in advance.</p>	<p>This recommendation has been addressed with the new arrangements put in place in 2013 whereby one Accounting personnel in each MDA are directly liable and report to the Ministry of Finance.</p> <p>Assurances were given by the Ministry of Education that no students are allowed to sit for an exam without payment being made in advance.</p>

<p>The Government will provide the evidence that the debtors' module has been implemented by the Ministry of Finance for operation starting with the financial year 2013.</p>	<p><i>The MoFTI started the implementation of a new chart of accounts from January, 2013. As this is a new system there were certain hiccups in line Ministries and DICT provided assistance. At present the MoFTI is working with DICT on the different reports required. The debtors' and creditors' module will be developed and deployed in line Ministries during 2013.</i></p>
<p><b>THE LEGAL FRAMEWORK FOR PFM- Finding 7: Unreliable Debtors Balance</b>  <u>Example one: SRC</u>                  The Government shall within one-month of the National Assembly approval of this report, provide its plans to resolve the problems on debtor information currently emanating from the Seychelles Revenue Commission.</p> <p><u>Example two: NHRDC</u>                  The Committee notes from the evidence that breach of bond is a serious and costly matter for the Government and that the current system is not efficient. It is likely that R36 million or most of this amount will at some time be written off as a loss of public revenue. The Committee also notes that in the absence of any legal or ethical requirement/appetite to invoke seizure of guarantor or graduates assets then this problem will never be resolved. The Committee therefore recommends that a more efficient system with a clearer legal and ethical framework should be put in place to ensure that the funding and the process of providing overseas training to students is well regulated.</p>	<p><i>The MoFTI started the implementation of a new chart of accounts from January 2013. As this is a new system there were certain hick ups in line Ministries and DICT provided assistance. At present the MoFTI is working with DICT on the different reports required. The debtor's and creditor's module will be developed and deployed in line Ministries during 2013.</i></p> <p>No response was given to this recommendation.</p>
<p><b>THE PRIMARY LEGAL FRAMEWORK FOR PFM- Finding 8: Potential loss through non-compliance with Financial Instructions</b>  <u>Example one: Department of Defence</u>  <u>Example two: Department of Prisons</u>                  The Government will, within one-month of the approval of this</p>	<p>Recommendation has been addressed through the implementation of the Public Finance Management Act, 2012.</p>

<p>report by the National Assembly, confirm that all Departments will in future ensure that sufficient, relevant and reliable supporting documentation is retained as evidence of the proper receipt of goods and services.</p> <p><u>Example three: Postal Services Division</u>                  The Government shall conduct an in-depth investigation into the transaction reported above to establish if any public officials are personally liable for the loss of public funds resulting from this transaction. The results of this investigation should be provided within 2-months of the approval of this report by the National Assembly.</p> <p><u>Example four: NHRDC</u>                  The Government shall propose a more robust scheme for ensuring that parental/guardian fully meet their obligations to contribute financially towards the cost of non-tuition costs. The response from the Government will be no later than two-months following the approval of this report by the National Assembly.</p> <p>The Government will in future require all eligible parents and guardians to provide certified documentary evidence of their household incomes to determine the level of parent or guardian contribution to non-tuition costs. The response from the Government on this matter will be no later than three-months following the approval of this report by the National Assembly.</p> <p>The Government shall, prior to any student embarking on publicly funded overseas training, require all parents or guardians to provide certified documentary evidence that they have set up a standing order with a bank to ensure the full repayment of the agreed contribution by the parent or guardian by the end of the period of study.</p> <p>The Government will in the absence of certified evidence of household income and/or the setting up of a standing order withdraw the overseas study opportunity. The Government</p>	<p>No investigation was conducted.</p> <p>No response was given to this recommendation.</p> <p>No response was given to this recommendation.</p> <p>No response was given to this recommendation.</p> <p>No response was given to this recommendation.</p>
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<p>reactions to these last two recommendations shall be received within two-months of the National assembly approving this report.</p>	
<p><b>PFM COORDINATION- Finding 9: Lack of coordinated and timely responses to the Annual Reports of the Auditor General</b></p> <p>The Government will ensure that the Ministry of Finance issue instructions to all MDAs on the procedures and time lines for dealing with the annual report of the Auditor General. These instructions should include for example: advice on the formation of an MDA task force to prepare a response to the Auditor General’s findings; advice on how the MDA task force should prepare in advance for the Hearings of this Committee; and advise on the role of the task force in reporting to the MDA the progress in implementing the remedial actions required to ensure that the findings in the Auditor General’s Report are not repeated. The Government shall provide a response on this matter no later than one-month after the approval of this report by the National Assembly.</p>	<p><i>The new Public Finance Management Act, 2012 requires Government to set up a Government Audit Committee which the main mandate is to coordinate the Auditor General’s Report. Government will set up the new Committee before the end of June 2013.</i></p>
<p><b>PROCUREMENT- Finding 10: Potential loss of public money from non-compliance with the Public Procurement Act, 2008</b></p> <p><u>Example one: Ministry of Finance</u> The Government shall within one-month of the National Assembly approval of this report provide assurances that unless dictated by emergency circumstances all future public procurements will be in full compliance with the legal requirements.</p> <p><u>Example two: Ministry of Education</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government will conduct a thorough investigation into the</p>	<p><i>The MoFTI has seen that capacity is crucial to implement the Public Procurement Act, 2008. At present the MoFTI is working closely with line Ministries to ensure compliance.</i></p> <p>No investigation was conducted.</p>

<p>financial implications of this finding and report back within two-months of the approval of this report by the National Assembly.</p> <p><u>Example three: Ministry of Education</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government will conduct a thorough investigation into the financial implications of this finding and report back within two-months of this reports approval by the National Assembly. This report by the Government shall include the Government’s assessment of whether any public employee has incurred a personal liability as a result of this procurement.</p> <p><u>Example four: Department of Police</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government will provide its strategy for reducing the excessive amount of public funds being expended by the Police Department on vehicle hire. This strategy will be provided within two-months of the approval of this report by the National Assembly.</p> <p><u>Example five: Judiciary</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government will, within one-month of the National Assembly’s approval of this report, provide evidence that this debt has now been cleared in full.</p> <p><u>Example six: Ministry of Health</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government will conduct an investigation into the financial</p>	<p>No investigation was conducted.</p> <p>No strategy provided was the Executive. However, the Department of Police has confirmed that they have negotiated with all the Car Hire Operators to enter into contractual agreements.</p> <p>No evidence provided.</p> <p>No investigation was conducted.</p>
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<p>implications of this finding and report back within two-months of this reports approval by the National Assembly. This report by the Government will include an assessment of whether any public employee has incurred a personal liability as a result of this procurement.</p> <p><u>Example seven: Judiciary</u> This Committee repeats its recommendation for Finding 10 Example One.</p> <p>The Government shall conduct an investigation into the financial implications of this finding and report back within two-months of this reports approval by the National Assembly. This report by the Government will include an assessment of whether any public employee has incurred a personal liability as a result of this procurement.</p>	<p>No investigation was conducted.</p>
<p><b>THE ANNUAL ACCOUNTS: Finding 11</b> <u>Example one: Statement of revenue arrears</u> The Government will provide written evidence that the Debtors Accounting Module is in fact operational from the start of financial year 2013.</p> <p><u>Example two: Centralized payments</u> The Government shall investigate this use of public funds and report back no later than three-months after the approval of this report by the National Assembly.</p> <p><u>Example three: Statutory Bodies</u> The Government will provide an update on the current status of the audited financial statements of STB within one-month of this report’s approval by the National Assembly.</p> <p><u>Example Four: Suspense Accounts: Specialized Treatment Fund</u> The Government will confirm, within one-month of this report’s</p>	<p>No evidence submitted.</p> <p>No investigation was conducted.</p> <p><i>The 2008 accounts have been certified. In regards to 2009 accounts, all journals have been prepared to enable the finalization of the accounts. It is to be noted that the Auditor General is currently at STB premises to finalize the 2009 to 2012 accounts.</i></p> <p><i>The reclassification policy of public bodies gives clear guidelines</i></p>

<p>approval by the National Assembly that this debtor balance of R69 million has been written off as a charge against public funds.</p> <p>The Government shall develop its strategy to eliminate the use of suspense accounts. This strategy will be provided no later than two-months following the approval of this report by the National Assembly.</p> <p><u>Example five: Advances: SMB</u></p> <p>The Government shall provide an explanation why this liquidation that started in 2007 has not been completed.</p> <p>The Government will provide explanations why as required by law, annual reports have not been provided by the liquidator.</p> <p>The Government will provide these explanations within one-month of the approval of this report by the National Assembly.</p> <p><u>Example six: General advances from the Consolidated Fund</u></p> <p>The Government will provide its reasons for using the Consolidated Funds for both General and Parastatal Advances contrary to the provisions of the Public Finances Act, 1996. The Government will give its response within one-month of this reports approval by the National Assembly.</p> <p><u>Example Seven: Parastatal Advances from the Consolidated Fund</u></p> <p>The Government will provide its reasons for using the Consolidated Funds for both General and Parastatal Advances contrary to the provisions of the Public Finances Act, 1996. The Government will give its response within one-month of this reports approval by the National Assembly.</p> <p>Within one-month of the approval of this report by the National Assembly, the Government will provide proof of a legal contract committing the STC to repay debt of R15 million per annum for the years 2013-2015 inclusive.</p>	<p><i>of which entities should be given approval to open suspense accounts at Treasury. In addition, the new chart of accounts has linked all suspense accounts to administration segment to ensure that MoFTI has required information of what is being deposited and spent under these suspense account.</i></p> <p><i>There are some outstanding debts in regards to SMB that relate to overseas suppliers. This, the matter is currently still pending as it is with the Court and might go to international arbitration. MoFTI is organizing a meeting with the liquidator the week beginning 27<sup>th</sup> May, 2013 and will advise further on the matter.</i></p> <p><i>The new provision of the Public Finance Management Act, 2012 has a provision for all advances to be appropriated within the budget framework.</i></p> <p><i>The new provision of the Public Finance Management Act, 2012 has a provision for all advances to be appropriated within the budget framework.</i></p> <p><i>Furthermore, in regards to the R45 million STC advances, Government is finalizing the legal contract and will be signed by the end of June 2013.</i></p>
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<p><u>Example eight: Adjusted surplus</u>                  The Government will set out its legal options for recovering this R6 million from the bank in question as the bank clearly made an unauthorised transfer between bank accounts.</p> <p>The Government shall provide the evidence of who actually authorised the transfer of R6 million from the account.</p> <p>The Ministry of Finance should ensure that there is closer monitoring of all transactions involving bank transfers by MDAs.</p> <p>The Government will report back on these matters within one-month of this report being approved by the National Assembly.</p>	<p>No response was given to this recommendation.</p> <p>No evidence was submitted.</p> <p>No response was given to this recommendation.</p>
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**ANNEX II – List of Ministries, Departments and Agencies examined by the Committee**

NO.	NAME OF MINISTRY/ DEPARTMENT/ AGENCY	WITNESSES	DATE AND TIME SUMMONED
1	Department of Defence	Brigadier Leopold Payet- <i>Chief of Defence Forces</i> Mr. Ajai Kumar – <i>Financial Controller</i> Mr. Paul Dupres – <i>Senior Accountant</i>	Monday 12 <sup>th</sup> August, 2013 1300 hours
2	Department of Legal Affairs	Mr. Ronny Govinden – <i>Attorney General</i> Mrs. Samantha Laure – <i>Assistant Human Resource and Budget Management Officer</i>	Monday 12 <sup>th</sup> August, 2013 1400 hours
3	Ministry of Education	Mrs. Merida Delcy- <i>Principal Secretary for Education</i> Mrs. Melinda Malbrook- <i>Financial Controller</i>	Tuesday 13 <sup>th</sup> August, 2013 0900 hours
4	Ministry of Foreign Affairs	Ambassador Maurice Lousteau-Lalanne – <i>Principal Secretary for Foreign Affairs</i> Ms. Peggy Nasib – <i>Financial Controller</i> Ms. Tessie Julienne – <i>Director General for Finance and Administration</i>	Tuesday 13 <sup>th</sup> August, 2013 1300 hours
5	Department of Police	Mr. Ernest Quatre – <i>Commissioner of Police</i> Mrs. Marsha Loizeau- <i>Financial Controller</i>	Wednesday 14 <sup>th</sup> August, 2013 0900 hours
6	Department of Community Development	Mr. Denis Rose- <i>Principal Secretary for Community Development</i> Mr. Marcus William- <i>Accountant</i> Ms. Cecile De Commarmond- <i>Director General for Human Resources and Budget Management</i>	Wednesday 14 <sup>th</sup> August, 2013 1330 hours

7	Seychelles Revenue Commission	Ms. Jennifer Morel- <i>Revenue Commissioner</i> Mr. Selwyn Knowles – <i>Assistant Commissioner: Customs</i> Ms. Audrey Dubel – <i>Internal Auditor</i>	Friday 16 <sup>th</sup> August, 2013 0900 hours
8	Seychelles Tourism Academy	Mr. Flavien Joubert – <i>Principal of Seychelles Tourism Academy</i> Ms. Lisette Nolin – <i>Senior Accountant</i> Ms. Angele Dupres – <i>Administration and Human Resources Manager</i> Mrs. Eveline Labonte – <i>Human Resources Officer</i>	Friday 16 <sup>th</sup> August, 2013 1100 hours
9	National Sports Council	Ms. Giovanna Rousseau – <i>Chief Executive Officer</i> Mrs. Christine Hoareau – <i>Accountant</i>	Friday 16 <sup>th</sup> August, 2013 1300 hours
10	International Conference Centre of Seychelles	Mr. Jimmy Savy – <i>Director of the International Conference Centre of Seychelles</i> Mr. Elvis Telemaque – <i>Senior Administration Officer</i> Mrs. Marie Kilindo – <i>Assistant Administration Officer</i>	Tuesday 20 <sup>th</sup> August, 2013 1100 hours
11	Immigration Division	Mr. Charles Bastienne- <i>Principal Secretary for Immigration</i> Mrs. Florianne Vidot- <i>Director for Administration and Finance</i>	Tuesday 20 <sup>th</sup> August, 2013 1300 hours
12	Ministry of Health	Mrs. Peggy Vidot - <i>Principal Secretary for Health</i> Mr. Terrence Morel – <i>Financial Controller</i> Mrs. Brenda King – <i>Health Administrator</i>	Monday 16 <sup>th</sup> September, 2013 0900 hours
13	Ministry of Finance	Mr. Patrick Payet – <i>Principal Secretary for Finance</i> Ms. Irene Croisee – <i>Director for Budget Management</i> Mrs. Gretel Quatre – <i>Chief Accountant</i>	Friday 20 <sup>th</sup> September, 2013 0900 hours

**ANNEX III - Audit of Statutory Bodies**

<b>STATUTORY BODY</b>	<b>STATUS OF AUDIT/RESPONSES FROM THE OFFICE OF THE AUDITOR GENERAL (as at March, 2014)</b>
<u>Seychelles International Business Authority (SIBA)</u> What is the status of SIBA's financial statements?	The 2011 and 2012 Financial statements have now been certified.
<u>Seychelles National Parks Authority (SNPA)</u> Has the SNPA submitted their accounts for the year 2011?	According to letter received from the CEO in 2012, the 2011 and 2012 accounts will be submitted together as soon as the Finance Manager returns from maternity leave. The 2011 audit has been completed and final statement of accounts are yet to be submitted.
<u>Small Enterprise Promotion Agency (SENPA)</u> What is the status of SENPA's financial statements since 2008?	2008 statement of accounts certified. Audit of accounts for the years 2009, 2010 and 2011 just completed. Reports yet to be issued.
<u>Seychelles Tourism Board (STB)</u> What is the status of STB'S financial statements from 2008 up to date?	2008 accounts certified on 23 April 2013. 2009 accounts certified in November 2013. 2010 final audit has been undertaken and a draft report issued. 2011 audit is on hold pending finalisation of 2010.
<u>Seychelles Licensing Authority (SLA)</u> Has the SLA submitted their accounts for the year 2011?	2011 accounts have been certified. 2012 accounts pending certification.
<u>Social Security Fund (SSF)</u> Has the SSF submitted their accounts for the year 2011?	2011 accounts certified on 27 December 2012. It is to be noted however that the Agency for Social Protection, created under



	the Agency for Social Protection Act, 2011 has since taken over the functions of the Fund under the Social Security Act, 2010.
<u>Seychelles Qualifications Authority (SQA)</u> Has the SQA submitted their accounts for the years 2010 and 2011?	Accounts for both years not yet submitted.
<u>National Human Resources Development Council (NHRDC)</u> Have the 2010 accounts for NHRDC been certified? Have they submitted their financial statements for 2011?	Draft 2011 and 2012 accounts submitted on 1 <sup>st</sup> March 2013. Audit of 2011 and 2012 accounts completed and management letter submitted. Accounts are yet to be certified.
<u>National Emergency Foundation</u> Has the Office of the Auditor General received the annual accounts from the Foundation since 2007?	No accounts have been submitted since 2007 as the National Emergency Foundation Board has not been functional since. However, the Foundation has since been replaced by the National Disaster Relief Fund established under the National Disaster Relief Fund Notice, 2013.
<u>National Council for Disabled Persons</u> Has the Council submitted their financial statements for the years 2009 until 2011?	Financial statements for the years mentioned not submitted. However, 2012 statements have been submitted although the accounting records were not made available. No action taken by the Council despite follow-up by OAG early this year.
<u>Policy Owner's Protection Fund</u> Has the Policy Owner's Protection Fund submitted their financial statements from 2006 up to date?	No financial statements submitted.
<u>Seychelles Bureau of Standards</u> Has the Bureau submitted their financial statements?	Accounts for 2011 have been certified by a private audit firm (Jivan & Jivan) on 21 January, 2013. The 2012 accounts audited by a private audit firm.

<p><u>Livestock Trust Fund</u>                  What is the status of the Livestock Trust Fund’s financial statements?</p>	<p>Accounts for the years 2010 and 2011 have been audited. Final draft accounts are to be agreed, however some items require the Board’s input. For the moment there is no Board, the period of tenure of the previously appointed Board having expired on 22 March 2012.</p>
<p><u>Public Utilities Corporation</u>                  Why were the financial statements of PUC for the year 2011 certified with qualification?</p>	<p>‘Subject to’ opinion on the 2011 accounts due to changes in accounting policies, significant matters and inherent uncertainty as follows:</p> <ul style="list-style-type: none"> <li>• the effect of major changes in accounting policies adopted and the net result of those changes on the comprehensive income statement and its effect on retained earnings;</li> <li>• the charge to prior year retained earnings in the sum of R12,374,491 described as ‘fuel stock adjustment’ which could not be verified;</li> <li>• the cost of ‘management consultancy’ detailed in the Members reports which was not included in the financial statements; and</li> <li>• a substantial sum included in ‘stocks’ representing cost of strategic spares. A fair proportion of those items were purchased years ago and verification of cost had proved futile. Audit had to rely on the values provided by the management.</li> </ul>
<p><u>Public Officer’s Ethics Commission</u>                  Has an audit been carried out on the financial records of the Commission since 2010?</p>	<p>Audit for the year 2012 has been completed.</p>

**Membership of FPAC, 5<sup>th</sup> Assembly:**

Hon. David Pierre

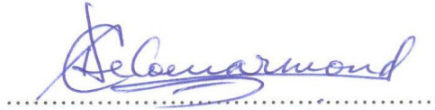
*Chairperson*



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Hon. Charles De Commarmond

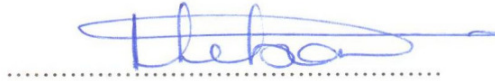
*Vice-Chairperson*



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Hon. Lenny Lebon

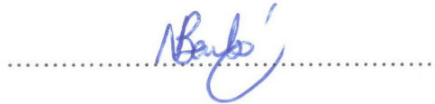
*Member*



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Hon. Nichole Barbe

*Member*



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Hon. Sebastien Pillay

*Member*



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Hon. Marc Volcere

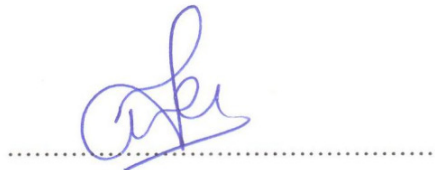
*Member*



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Hon. Jeniffer Vel

*Member*



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