2019

Report of the Auditor General

Office of the Auditor General

AUDITING FOR SEYCHELLES

Report of the Auditor General

Results of the audit of Financial Statements of Government for 2019

Results of audits in Ministries, Departments, Divisions and Offices

Results of audits in Statutory Bodies

Results of Special Review of Debtors (Revenue debts) in Government

Office of the Auditor General
Block C, 3rd Floor, Unity House, Victoria
Victoria, Mahe
Republic of Seychelles

Office of the Auditor General

AUDITING FOR SEYCHELLES

The Auditor General is head of the Office of Auditor General (OAG).

The OAG assists the Auditor General to carry out his duties under the Constitution, Auditor General Act and other relevant laws to undertake financial statement audits, compliance audits, performance audits and special reviews of public sector bodies and to provide independent reports and advice to the National Assembly and the Seychelles Government.

Our aim is not just to identify and report on shortcomings but also to assist and advise managers throughout the public sector on how to improve on financial performance and administration while promoting the principles of good governance, transparency and accountability.

Our products include annual reports, special reports and performance reports to the National Assembly and management letters and advisory notes to the Accounting Officers.

For further information contact:
Office of the Auditor General
Block C, 3rd Floor, Unity House, Victoria
Republic of Seychelles
(P.O.Box 49), Phone: (248) 4672500/Fax: (248) 4610365
Email: auditgen@oag.sc
Website: **www.oag.sc**

November 2020

The Honourable Speaker of the National Assembly

In accordance with Article 158 (5) of the Constitution of the Republic of Seychelles, I have the honour to submit the report on my examination of the financial statements of the Government of Seychelles for the year ended 31 December 2019 and the results of various other audits undertaken of the accounts and records in the public sector bodies for presentation to the National Assembly.

Following its presentation, the report will be placed on the website of the Office of the Auditor General — http://.www.oag.sc

Gamini Herath
Auditor-General
Office of the Auditor General
Victoria, Republic of Seychelles

Acknowledgements

I wish to record my personal gratitude to members of my staff who sincerely carried out their duties with dedication and devotion despite some constraints. I also acknowledge the assistance and co-operation extended by the accounting officers and the staff of various ministries, departments and statutory bodies. It is my duty to extend also a word of appreciation to private sector audit firms who have assisted me by carrying out audits on my behalf on contractual basis.

A very special thank-you goes to the Honourable members of the Finance and Public Accounts Committee (FPAC) of the National Assembly who review my reports and make appropriate recommendations to the Government for remedial action and improvements.

Overview

This is my fourth consecutive annual report being presented to the National Assembly since my appointment in April 2017. My previous reports were presented two months or earlier than the statutory 'December' deadline. While this report also falls within the said timeframe, I believe that this report could have been issued mid-September, had it not been due to numerous disruptions and delays caused to the audit cycle by COVID-19 pandemic, particularly, in the second quarter of 2020. More efforts are continuing, however, to reduce the time taken to produce annual reports even further and, hopefully, to present them at the end of September each year. With this in mind, the twelve-month audit cycle has been realigned to run from September to August.

The main objectives this report are to:

1. draw the attention of the National Assembly, Government and other decision makers to matters arising from carrying out my oversight role as the Auditor General;
2. comment and provide information on various financial management and reporting, governance and administrative issues;
3. highlight some matters of recurring nature and make some observations on the status of action taken or planned on previous audit reports; and
4. maintain an official record in terms of reports of matters arising and audit findings made in various MDAs for future reference.

The report presents the results of my audit of the Annual Financial Statements (AFS) of the Government for 2019 and various other audits undertaken in ministries, departments, officers and Agencies (MDAs) subject to my audit. These audits were completed during the audit cycle from September 2010 to August 2020. The matters included in this report are selective as they are the matters being brought to the attention of the National Assembly as per my reporting requirements. I am pleased to note that many matters raised in audit management letters issued to Accounting Officers throughout the audit cycle have been dealt with satisfactorily. However, some still remain to be addressed.

This report also include the results of a special review conducted into the management of debtors (revenue debts) in six (6) selected entities where significant amounts were outstanding for collection over the years. In fact, at the end of 2018, revenue debts totaling some SR679.4m was outstanding for collection across government, some of which may now be rendered irrecoverable due to passage of time and lack of action taken. In my view, the entities concerned should take immediate recovery action so as to collect as much debts as possible and reduce the amounts in arrears.

It is to be noted that this report does not include the results of numerous other audits, such as, performance audits carried out on my own initiative and the special audits carried out at the request of FPAC during the same audit cycle. The results of these audits have been included in separate reports which were submitted to the National Assembly and, subsequently, to the Government through the Cabinet for information and remedial action.

The preparation of Annual Financial Statements (AFS) of Government comprising several statements of accounts including the public debt statement is the responsibility of Ministry of Finance. The audit of these statements is of paramount importance to the Nation. In this respect, my role is to provide assurance to the National Assembly and other stakeholders that these statements properly presents the budget allocations, expenditure, revenue and other government's financial activities and the financial position for the year to which they relate.

The Ministry of Finance is stepping up its efforts to produce better quality AFS, however, more needs to be done to ensure that the AFS are produced timely to enable auditing of the same by the statutory deadline (30^{th} June) and fully in accordance with the IPSAS framework to receive a clean opinion.

On the side of statutory bodies (Agencies, Boards, Councils, Institutes, etc.), subject to my audit, I note with satisfaction that a large number of entities with legal provisions to produce annual financial statements are now up to date with their annual accounts. I urge others to make more efforts to produce their annual accounts in a timely manner so that the auditing of the same could be undertaken in a timely manner and further reduce the audit backlog.

Generally, the results of financial and compliance audits of Ministries, Departments, Divisions, Offices and Agencies (statutory bodies) are more or less similar and recurring. These are mainly the issues of non-compliance with prescribed financial rules, procedures and instructions; (a) breach of the prescribed regulations in the procurement of goods and services in public bodies; and (b) in some instances, the essential accounting records and control documents were either not kept or not updated timely, particularly, in the areas of revenue, stores, transport and fixed assets. This has impacted negatively on effective management of day to day operations and maintenance of proper and timely accounting records in many statutory bodies.

In this respect, at the time of writing, I note that Ministry of Finance has rolled out a new Accounting Manual to be effective March 2020 and some training has been provided to user groups in MDAs. The full implementation of the Manual is, however, delayed until January 2021 in view that system development is required for automation of some processes. At the same time, some essential amendments to the Procurement Act have also been discussed so as to provide a better framework for guiding public sector procurements. It is hoped that these will provide a more standardized and practical approach to accounting function and procurement of goods and services.

Finally, the readers are advised to refer to a complete set of the AFS of Government published by the Ministry of Finance to gain a comprehensive understanding of the structure of budget allocations, revenue collection, public debt and the results of government financial operations and the financial position of Government at the end of 2019.

CONTENTS

Acronyms and Abbreviations

AfDB	African Development Bank
AFRITAC- South	Regional Technical Assistance Center for Southern Africa
AFS	Annual Financial Statements
AIDS	Acquired Immune Deficiency Syndrome
AR	Annual Report
ASP	Agency for Social Protection
ASYCUDA	Automated System for Customs Data
BAPS	Benefits and Approved Programmes
BAS	Business Activity Statement
BoE	Bill of Entry
CBS	Central Bank of Seychelles
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
CIS	Creole Institute of Seychelles
CLISSA	Competitive Local Innovations for Small-Scale Agriculture
CMS	Client Management System
CSR	Corporate Social Responsibility Tax
DICT	Department of Information, Communication and Technology
DPA	Department of Public Administration
EITI	Extractive Industries Transparency Initiative
ex-NIE	Ex-National Institute for Education
FC	Finance Controller
FIQCU	Fish Inspection and Quality Control Unit
FIU	Financial Intelligence Unit
FPAC	Finance and Public Accounts Committee
FSA	Financial Services Authority
GFSM	Government Finance and Statistics Manual
GL	General Ledger
GOS	Government of Seychelles
GRB	General Revenue Balance
GRN	Goods Received Note
HQ	Headquarters
IBRD	International Bank for Reconstruction and Development
IDC	Island Development Company
IEA	Industrial Estate Authority
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IML	Interim Management letter
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LDTF	La Digue Trust Fund

LMS	Land Management System
LPO	Local Purchase Order
Ltd	Limited Company
LTF	Livestock Trust Fund
MDAs	Ministries, Departments, offices and Agencies
MHILT	Ministry of Housing, Infrastructure, Land and Transport
MLUH	Ministry of Land Use and Habitat
MoEHRD	Ministry of Education and Human Resource Development
MoF	Ministry of Finance
MOFTEP	Ministry of Finance, Trade and Economic Planning
MSME	Micro Small and Medium Enterprises
MTC	Maritime Training Centre
MTS	Medium Term Strategy
NAC	National AIDS Council
NBA	National Biosecurity Agency
NBS	National Bureau of Statistics
NCDP	National Council for the Disabled Persons
NDEA	National Drugs Enforcement Agency
NFA	Non-Financial Asset
NISA	National Information System Agency
NISTI	National Institute for Science and Technology Innovations
NQF	National Qualifications Framework
NSWC	National Social Workers Council
NSWC	National Social Workers Council
NTB	National Tender Board
OAG	Office of the Auditor General
PE	Public Enterprise
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulations
PHA	Public Health Authority
PIT	Personal Income Tax
POU	Procurement Oversight Unit
PPBB	Programme Performance-Based Budgeting
PS	Principal Secretary
PSF	Principal Secretary of Finance
PSO	Public Service Order
PSSW	Public Security Support Wing
PUC	Public Utilities Corporation
PV	Payment Voucher
QLFS	Quarterly Labour Force Survey
RDT	Residential Dwelling Tax
SAA	Seychelles Agricultural Agency
SADC	Southern Africa Development Community

SBC	Seychelles Broadcasting Corporation
SBFA	Small Business Financing Agency
SBS	Seychelles Bureau of Standards
SCAA	Seychelles Civil Aviation Authority
SCAC	Seychelles Airport Cargo
SCB	Seychelles Commercial Bank
SCCP	Seychelles Code of Civil Proceddure
SCG	Seychelles Coast Guard
SCPO	Seychelles New Port Office
SCR	Seychelles Rupees
SCRP	Statement of Cash Receipts and Payments
SEPEC	Seychelles Petroleum Company
SEYCCAT	Seychelles Conservation and Climate Adaptation Trust
SFRA	Seychelles Fire and Rescue Agency
SHF	Seychelles Heritage Foundation
SI	Statutory Instrument
SIMBC	Seychelles International Mercantile Banking Corporation
SIT	Seychelles Institute of Technology
SLA	Seychelles Licensing Authority
SNYC	Seychelles National Youth Council
SPA	Seychelles Ports Authority
SPA	Seychelles Planning Authority
SPDF	Seychelles People's Defence Force
SPTC	Seychelles Public Transport Corporation
SQA	Seychelles Qualification Authority
SRC	Seychelles Revenue Commission
SSF	Fund Social Security
STA	Seychelles Tourism Academy
STB	Seychelles Tourism Board
TMT	Tourism Marketing Tax
TNUNI	Tertiary Non-University Education
TSA	Treasury Single Account
USD	United States Dollars
VAT	Value Added Tax
VC	Vetting Committee
YSB	Youth Services Bureau

Chapter 1

Introduction

Mandate of the Auditor General

1.1. Article 158 of the Constitution requires the Auditor General 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 and report to the National Assembly within twelve months of the end of the immediately preceding financial year drawing attention to irregularities in the accounts audited and to any other matter which in the opinion of the Auditor General should be brought to the notice of the Assembly.

1.2. Section (11) of the Auditor General Act, 2010 requires the Auditor General to satisfy himself that:

- adequate precautions have been taken to safeguard the proper collection of revenue to which an audit in terms of this Act relates, and that the laws and instructions relating thereto have been duly observed;
- adequate precautions have been taken in connection with the receipt, custody and issue, and accounting for, property, money, stamps, securities, equipment, stores and other assets;
- receipts, payments and other transactions have been in accordance with the applicable laws and instructions and supported by adequate vouchers; and
- satisfactory management measures have been taken to ensure that resources are procured economically and utilised efficiently and effectively.

1.3. The mandate covers the transactions of all ministries, departments and offices and those statutory bodies and authorities where specific provisions for audit by the Auditor General exist. The Auditor General Act, 2010 also makes provision, among others, for the conduct of performance audits in public authorities and submitting special reports to the National Assembly on any matter of importance or urgency. A number of other Acts provide for the audit of accounts and records of various funds and persons by the Auditor General. In addition, the Auditor General is the appointed auditor of a number of entities receiving and/or dealing with public funds. Auditor General also undertakes audit of the foreign funded programmes and projects on request.

1.4. The Act also established the Office of the Auditor General (OAG) with certain financial and administrative autonomy from the Government and a requirement for producing an annual report including financial statements of the Office. Another significant provision in the Act is the Finance and Public Accounts Committee of the National Assembly having to consider the annual estimates of the expenditure prepared by the OAG.

Audit methodology

1.5. At the core of the external audit function is the responsibility to ensure accountability of public funds. This responsibility is discharged through the conduct of regularity audits by obtaining evidence supporting compliance with applicable laws, regulations, instructions and procedures; compliance with applicable accounting standards and practices; evaluation of systems of control in place; and financial statement items with a view to express an opinion on the accounts presented for audit. In order to provide an independent and professional audit service, the OAG is guided by the International Standards of Supreme Audit Institutions (ISSAIs) auditing standards and practices.

1.6. The OAG prepares an annual audit programme including all audits identified to be undertaken during a twelve month period, known as audit cycle. The programme is reviewed periodically in the light of changing circumstances and to adjust the overriding priorities. Except in the case of certification audits required to be undertaken on an annual basis, the selection of entities to be included in the audit programme is influenced largely by the materiality of the entity's annual expenditure or the amount of revenue the entity is required to raise. Other relevant factors such as, known audit risks, topicality, previous experience and the relative significance of operations of an entity are also taken into account in audit programming. The principal objective of an audit is to carry out sufficient audit work to provide a basis for the Auditor General to form an opinion on the accounts and records of an entity. In determining the extent of work to be undertaken in each audit, a critical assessment is carried out of the strengths and weaknesses of internal control systems in operation, the nature of the transactions involved and the type of opinion required to be expressed.

1.7. The audits are, however, intended to provide an overall assurance of the general accuracy and propriety of the government financial and accounting transactions, and, as such, although undertaken in accordance with prescribed standards, practices and methods, they do not guarantee absolute accuracy of the accounts, nor the detection of every accounting error, financial irregularity and loss through fraud or otherwise.

The government's accounting framework

1.8. The government's accounting framework is based on the requirement to ensure proper accounting of funds appropriated by the National Assembly or by other statutory provision and to provide the necessary information for the production of annual statements of accounts. For the purpose of financial reporting, the public sector may be defined as the government comprising ministries, departments, agencies and offices (MDAs) provided for in the budget and coming under the direct financial administration of Government together with any extra-budgetary activities undertaken and other funds separately accounted for, and the financial activities of the state owned enterprises as scheduled by the Public Enterprise Monitoring Commission Act, 2013.

1.9. In terms of Article 151 of the Constitution, all revenue and other moneys raised or received for the purposes or on behalf of the government are paid into the Consolidated Fund at the Treasury, not being monies that are payable by or under an Act for some specific purpose or into some other fund established under an Act for a specific purpose. Payments out of the Consolidated Fund, other than those charged by the Constitution or any other Act, are required to be authorised by the National Assembly through an Appropriation Act. Spending authority granted in the Appropriation Act lapses at the end of the year for which it is granted. Revenue and expenditure accounting is on a cash basis, meaning that arrears of revenue are not reflected in the Statement of Assets and Liabilities and payments are included in the accounts only if actually incurred before the end of the financial year.

1.10. The Public Finance and Management Act, 2012 provides for the annual financial statements to be prepared in accordance with international public sector accounting standards (IPSAS), and for the time being a cash-basis has been adopted. The financial statements for 2019 have consolidated the affairs of the public enterprises, on a voluntary basis, with certain exceptions. The financial statements as presented are found in line with the Constitution and as provided for under the Act.

1.11. The government financial transactions recorded by Treasury are classified as receipts, expenditures and other statutory transactions chargeable to the Consolidated Fund, and below-the-line transactions. The last type mainly involves the acquisition or disposal of financial claims or the creation or discharge of financial obligations which are disclosed on a net basis in the Statement of Assets and Liabilities. The receipts and expenditure balances shown in the accounts are net of refunds and recoveries that might be payable under a legal provision or an administrative arrangement. In view that the collection of revenue arrears and settlement of prior years' financial obligations arising from earlier procurements of goods and services are not accounted for separately, many above-the-line accounts do not always reflect an accurate outcome as compared to the approved budget estimates.

1.12. Short term borrowings by the government and lending by way of general and parastatal advances are incorporated in the accounts. The financial statements also include a large number of accounts termed as general and trading/operating accounts which are actually operational accounts of various ministries and departments maintained for specific purposes.

1.13. Public debt in the form of long term loans, which constitutes the bulk of government's liabilities, is not included in the accounts but shown separately in the Public Debt statement attached to the accounts. The Government's investment in the public corporations, companies and other entities are expensed and disclosed separately by way of a statement attached to the accounts. The value of fixed assets held by MDAs are neither incorporated in the statement of assets and liabilities nor disclosed by way of a footnote to the accounts. In view of the cash basis accounting adopted for the preparation of financial statements, the statement of assets and liabilities of the government thus does not reflect the complete/entire financial position of the Government for any given period, but the various account balances in the Treasury ledger only.

Submission of several statements of accounts

1.14. In order to enable the Auditor General to comply with Article 158 of the Constitution, the Minister for Finance is required under Section 32 of the Public Finance Management Act, 2012 to transmit the financial statements within three months after the close of each financial year including (a) annual financial statements prepared in accordance with the IPSAS; (b) the accounts of the Consolidated Fund and other funds established under this Act giving full particulars of all receipts and expenditure of moneys accounted for in those funds during the financial year and a comparison of budget with actual; (c) a statement of fiscal outcome and effect; (d) a statement of outstanding guarantees and other financial liabilities of Seychelles at the close of the financial year; and (e) as far as practicable, a statement of assets and liabilities of Seychelles at the end of the financial year and the manner in which the assets are invested or held at the close of the financial year. The audit of the submitted accounts is to be completed within three months of submission of documents under section 32 according to Section 33 of the Act.

1.15. The first draft of the various statements of accounts required by the Public Finances Management Act was submitted to Audit on 31 March 2020. These statements were examined and the matters arising were formally communicated to the Ministry on 24 August 2020 through an Interim Management Letter, followed by an exit meeting held on 10 September 2020 and issue of a Management Letter on 11 September 2020. The Ministry formally responded in writing on 07 October 2020. A second draft was received on 16 September 2020. The comments and analysis included in this report are therefore, based on successive drafts received from time to time from the date of the second draft up to 30.10.2020 when the final draft was received. The signed accounts were awaited at the time of writing (06.11.2020). The readers may like to refer to the complete set of various statements of accounts published by the Ministry of Finance to gain a comprehensive understanding of the annual financial statements of Government.

Chapter 2

Audit comments on annual financial statements

IPSAS reporting framework

2.1 In line with the International Public Sector Accounting Standards (IPSAS) reporting framework established under the Public Finance Management Act (PFMA) 2012, the government must report fully upon all of the receipts and expenditures of all entities and funds under its control, including any extra-budgetary funds which have been received and disbursed during the year by or on behalf of its agencies.

2.2 For now, the cash basis IPSAS has been adopted by the government to report on the financial position and transactions under the various funds, and the extensive and complete recording of financial assets and liabilities remains to follow as a next step, with any shift towards full accrual accounting and the complete reporting of all assets and liabilities in the longer term.

2.3 Under the IPSAS cash-basis framework, the annual financial statements of government are required to include a statement of comparison of budget and actual for revenues and expenditures of the government for the year, where operational performance for the year is detailed, and the explanation for material differences between budget and actual amounts provided by way of a disclosure note.

2.4 In fact, the annual financial statements, submitted for audit, include two statements presenting substantially the same information in this respect, in the form of a ‘comparison of budget and actual amount for the year 31 December 2019’ and ‘comparison of budget and actual amount for the year ended 31 December 2019 (GFSM 2014 classification)’. Audit is informed that this is done for administrative reasons.

2.5 The observations in the following paragraphs are in respect of reporting and figures referred to in the 1st draft financial statements for 2019 presented on 31 March 2020. The statements as presented do not fully comply with the prevailing cash basis ISPAS framework for the following reasons, stated briefly;

- Some extra-budgetary revenues and expenditures of public bodies are not included in the financial statements of the government.
- Some government controlled bank balances are not included in the financial statements of the government.

2.6 Whereas the existing framework, in the absence of an early adoption of the revised cash basis IPSAS issued 2017 effective 01January 2019, required a consolidation of the activities of the SOEs through a consolidated cash flow statement in addition to reporting on expenditures of the government, such statement is now made for the year ended 31 December 2019 on a voluntary basis, as encouraged rather than required under the revised cash basis standard.

Revenue

2.7 Revenue derived from various sources including direct and indirect taxes, fees and charges and dividends on behalf of the Republic is credited to the Consolidated Fund as per the relevant legal provisions. Government agencies responsible for the collection of revenue are given targets in terms of approved estimates for each fiscal year.

2.8 Revenue figures included in the annual accounts of the government are actual receipts net of refunds, some of which may not necessarily relate to the current financial year. Revenue arrears realised relating to previous years are accounted for as current revenue in the year of collection.

Collections for the year

2.9 Actual revenue collections for the year 2019 performed a little less strongly as compared with the previous twelve months, with recorded receipts of R8.5bn as compared to R8.6bn. Revenue collections overall reported in the years 2015/2019 can be summarised as follows.

Figure 1 **R (m)**

Head	2015	2016	2017	2018	2019
Taxes	5,428.3	6,064.4	6,753.3	7,319.8	7,428.2
Fees and Charges	330.1	427.6	349.4	335.8	340.9
Dividends	341.2	388.8	206.6	426.4	477.4
Other Non-Tax	33.8	50.1	69.9	61.0	49.2
Sale of Assets	0.0	0.0	0.0	121.2	54.9
Grants	215.6	237.6	163.3	340.6	100.7
Totals:	***6,349.0***	***7,168.5***	***7,542.5***	***8,604.8***	***8,451.3***

2.10 The original revenue budget for 2019 totalled R9.0bn. With a downward revision of the estimates for fees and charges, other non-tax and a reduction of R64.2m in grants, the total expected revenue became R8.9bn, against which R8.5bn has been actually collected as detailed in the figure below.

Figure 2 **R (m)**

Head	Original Estimate	Revised Estimate	Actual	Variance
Personal Income Tax	885.5	964.0	975.0	11.0
SSF Arrears	0.0	0.0	0.4	0.4
VAT	2,628.0	2,666.3	2,589.4	(76.9)
Trades Tax	334.6	333.1	317.6	(15.5)
Excise Tax	1,445.3	1,410.4	1,385.4	(25.0)
Business Tax	1,433.9	1,350.1	1,396.9	46.8
GST	0.0	2.3	2.9	0.6
Corporate Responsibility Tax	112.6	118.0	108.8	(9.2)
Tourism Marketing Tax	73.6	73.1	71.5	(1.6)
Other Taxes	567.4	599.5	580.3	(19.2)
Property tax	40.0	0.0	0.0	0.0
Fees and Charges	426.4	352.1	340.9	(11.2)
Dividends	664.8	694.1	477.4	(216.7)
Other Non-Tax	45.7	40.6	49.2	8.6
Sale of Assets	111.9	111.7	54.9	(56.8)

Grants	209.2	145.0	100.7	(44.3)
Totals:	***8,978.9***	***8,860.3***	***8,451.3***	***(409.0)***

2.11 Underlying the overall shortfall against the revised budget, examination of the performance by heads against the revised estimates reveals weaker performance under specific heads as follows.

- Dividends received fell short of expectations by R216.7m against a revised budget of R694.1m, originally estimated at R664.8m. Nothing was reported as received for the Seychelles Ports Authority, budgeted at R25m, while collections from SIMBC through Societe Seychelloise d'Investissement Ltd (SSI) Ltd at R110.5m fell short against a revised budget of R200m;
- Grants receipts fell short of expectations by R44.3m against a downwardly revised budget of R145m, originally estimated at R209.2m;
- Fees and charges, substantially under collected with respect to original budget, were found to have an overstatement error of R39.0m in the original budget preparation; and
- VAT underperformed both domestically and in respect of imported goods.

2.12 Closer examination of accounting for dividends receivable revealed the following in respect of sums which should have been brought to account under the Consolidated Fund in 2019.

- Government's share of SCB dividends paid during the year, amounting to R3.6m (60% of R6m), was credited on 5th September 2019 to a SCB bank account in the name of government which is not reflected in the Treasury ledger. As a consequence the reported dividends for the year as per the general ledger are understated by R3.6m; and
- Audit observed a difference of R3.75m in dividends remitted by SCAA and the Treasury ledger. Audit was informed that a cheque issued by SCAA on 26th December 2019 for R11.64m, being settlement of the dividends amount plus remittance of passenger service fees, was misplaced by Treasury and had to be re-issued on 25 March 2020 - an understatement of R11.64m overall in revenue reported for the year 2019.

2.13 Audit recommends the closer monitoring of dividends accountable by the government, whether receivable through SSIL or directly. The Ministry of Finance noted that SCB had been reminded to remit dividend amounts promptly during 2020. In the case of the misplaced cheque it was ensured that this would not happen again. Payment by bank transfer rather than cheque is also being encouraged.

Outstanding Sanction duty for collection

2.14 In October 2019, Government gave one company, i.e. LGPLC and LLALtd, sanction approval for the acquisition of all shares in CW(S)Ltd and LCPLtd subject to the payment of sanction duty in the sum of US$16.5m. As stipulated in the letter, the said duty was to be paid to Government (a) US$14.0m in cash as a single payment; (b) transfer the ownership of land parcel V5326 to Government representing US$2.0m; and (c) transfer the ownership of remainder of the leased land parcel C3003 representing US$0.5m to Government. Accordingly, Treasury collected sums totalling SR195.9m (US$14.0m) in December 2019 and credited the same to the stamp duty revenue code of the Registration Division.

2.15 While the ultimate transfer of shares was found to have taken place as per annual returns filed, the transfer of the two properties representing the sum of US$2.5m in favour of the government, has not yet been effected up to the time of writing (November 2020) as confirmed by the Registration Division. Audit recommends that Government should follow up on this matter and take possession of the land parcels in question without further delay so as secure its interest.

Expenditure

2.16 Withdrawals from the Consolidated Fund must be by annual appropriation or under provision of other law. The annual spending limits are included in detail in a budget document under various heads. The Appropriation Act, 2019 totalled R8.5bn. Further, a supplementary estimate of R310.3m from a budget cut of the sum of R435.0m and to provide for a net budget cut of R125.6m was laid before the National Assembly and approved on 29 October 2019.

2.17 The latter has been incorporated in the revised expenditure budget figures under the annual financial statements, together with an additional budget sum of R19.2m also allocated by the Ministry to help meet net lending for the year. The overall changes in budgeted revenue, expenditure and financing amounts in the AFS are as summarised under Note 25 to the financial statements - Change in Float.

2.18 The accounts and records relating to expenditure out of budgeted funds are maintained by the respective Accounting Officers while Treasury has responsibility for effecting payments other than petty cash on behalf of the organisations concerned and to maintain the general ledger of the government. In a similar way to the collection of revenue, financial transactions in respect of payments for goods and services are accounted for in the year the payments are effected.

2.19 Due to the classified nature of the activities involved, the independent audit examination of the expenditures incurred in the year 2019 in respect of the information reward funds of the Police and security infrastructure, equipment and services of the SPDF was not undertaken. However, the Accounting Officers for the accounts concerned have provided written representations to the effect that all payments effected were properly authorised, and that adequate controls existed while granting approvals for making of these payments as per the relevant regulations/laws.

Spending for the year

2.20 Expenditure overall in the years 2017/2019 can be summarised as follows.

Figure 3 **R (m)**

	2017	2018	2019
Current outlays			
Wages and salaries	2,074.8	2,474.3	2,505.4
Goods and services	2,578.7	2,801.5	2,793.2
	4,653.5	5,275.8	5,298.6
Interest due	622.7	558.9	446.9
Transfers			
Social programmes of central government	122.8	114.4	162.2
Public Subvention	96.7	54.7	92.1
Benefits and approved programmes of ASP	1,170.7	1,273.5	1,357.6
Other	122.1	59.8	101.1
Capital expenditure	747.6	1,027.5	677.5
Net lending	98.5	283.5	146.7
Contingency	21.5	46.8	50.0
Totals:	***7,656.1***	***8,694.9***	***8,332.7***

2.21 Actual expenditures for the year 2019 undercut the previous year overall, mainly due to reduced capital spending for the year. Performance against budget is discussed in the paragraphs below.

Expenditures under PPBB

2.22 Expenditures under PPBB (Programme Performance Based Budgeting) are classified a little differently when compared to the budget comparison statement. Under the PPBB, the appropriated amounts for ministries, departments and agencies under the various portfolios also include capital expenditures, while excluding the centralised wages and salaries and goods and services costs. The PPBB budget amounts align with the Appropriation Act.

2.23 In the year 2019, a revised budget of R5.9bn was provided for the ministries, departments and agencies of government in total, against which an overall net underspending of R0.4m was recorded as per the summary of expenditure (pages 42-44 of the financial statements) with actual total spending of R5.5bn. The overall PPBB outlays reported for the year 2019 when compared to the revised estimates are as below.

Figure 4 **R (m)**

	2019 Revised Budget	2019 Actual	Variance %
Ministries, Departments and Agencies	5,936.2	5,541.5	(7)

2.24 Individually, a small number of the entities (MDAs) appearing under the summary of expenditure registered expenditures in excess of their revised budgets totalling R2.43m in all by the end of the year. Overall fiscal discipline, therefore, in terms of the budget at least, prevailed.

2.25 The Ministry of Finance explained that the excess amounts relate to grants received by the entities during the year and spent, which in its view does not constitute over-spending.

Centrally managed expenditures

2.26 These expenditures do not fall under the public sector entities budgets in PPBB. They include other centralised wages and salaries and other goods and services costs, as well as social programmes of central government, subventions to SOEs, benefits and approved programmes of ASP, others, the contingency vote and development grants.

2.27 Centrally managed expenditures for the year as compared to revised budget figures may be summarised as per the table below.

Figure 5 **R (m)**

	2019 Revised Budget	2019 Actual	Variance %
Current Outlays			
Other Wages and Salaries	212.6	188.8	(11)
Other Goods and Services	111.6	108.7	(3)
Transfers			
Social programmes of central government	173.2	162.2	(6)
Public Subvention	92.1	92.1	0
Benefits and approved programmes of ASP	1,357.6	1,357.6	0
Other			
Others	39.7	39.3	1
Tax Exemption	20.0	8.1	(59)
Capital expenditure			
Development Grants	124.7	136.9	10
Net Lending	158.6	146.7	(8)
Contingency	50.0	50.0	0

2.28 Three of these expenditure heads thus registered amounts totalling R12.24m in excess against budget by the end of the year, detailed as follows:

Figure 6 **R (m)**

Particulars	Amount
Benefits and approved programmes of ASP	0.03
Development Grants	12.21
Total:	12.24

2.30 Further, comparison by Audit of the budget summary as per financial statements and approved supplementary estimates and cuts approved on 29 October 2019 by the National Assembly revealed an additional downward revision of R30.4m in overall MDAs budgeted expenditures, other wages & salaries and development grants, apportioned to other goods and services, social programmes of Government, public subvention and benefits and approved programmes of ASP as additional funds. Further, an additional R19.2m mentioned at the outset, under expenditure as above, was also found year-end under net lending.

2.31 The Ministry confirmed that the necessary approval for the budget re-allocations would be sought accordingly.

Withdrawals requiring supplementary appropriation

2.32 According to the Constitution, withdrawals of monies from the Consolidated Fund should be authorised by an Appropriation Act or by other law. The principle mechanisms for the appropriation of budgeted funds for ministries and departments and centralised payments are the annual Appropriation Act or supplementary appropriations approved by the National Assembly thereafter.

2.33 Thus, the overspending for the year 2019 as discussed in the preceding paragraphs, plus servicing of public debt without statutory instrument mentioned later in this chapter under Public Debt, together with the additional budget, budget re-allocations and supplementary estimate already approved, remain at the time of writing to be regularised through supplementary appropriation.

2.34 Audit notes that the Ministry should confirm the figures for such withdrawals from the Consolidated Fund with Audit, before presenting them to the National Assembly for approval.

The Consolidated Fund

2.35 The Consolidated Fund is established in accordance with Article 156 of the Constitution. It is credited with all revenue collected on behalf of the Republic and debited with withdrawals by annual appropriations and charges under the provision of law.

Overall fiscal balance

2.36 For the purpose of this analysis, an overall fiscal surplus is the excess of revenue receipts, including grants, over expenditures incurred, including capital expenditure and interest payments. The original budget for the year 2019, before supplementary estimates and budget cuts, projected a deficit of R126.9m, while the actual outcome was a surplus of R118.7m.

Figure 7 **R (m)**

	Original Estimates	**Actual**	**Variance %**
Revenue	8,978.9	8,451.3	(6)
Expenditure	(9,105.8)	(8,332.7)	(8)
Fiscal balance:	***(126.9)***	***118.7***	***(194)***

Movements on the Consolidated Fund

2.37 Production of a final balance on the Consolidated Fund for the year requires adjustment of the overall fiscal balance by recorded financing inflows and outflows, which is the difference between loan drawdowns and amortisation costs adding in privatisation, sale of assets and long term lease receipts under the current accounting practice adopted, after ignoring movements on financial balances.

2.38 Computed on a basis to take account of these amounts in a summary of the activity in the Consolidated Fund, Figure 8 shows an adjusted overall movement of R126.1m credit for the year.

Figure 8 **R (m)**

		Actual
Balance brought forward 01.01.19		(1,986.6)
Overall fiscal balance	118.7	
Add: Net lending	146.7	265.4
Financing	(118.7)	
Add/Less: Movement in Cash and Bank Balances	(217.0)	
Movement in Liabilities	196.4	(139.3)
Adjusted overall movement in the year		126.1
Balance carried forward 31.12.19:		**(1,860.5)**

2.39 This, together with a decrease in cash and bank balances is represented by a corresponding increase in net lending and redemption of short term borrowings, quantified as shown above.

Cash and bank balances

2.40 According to Section 21 of the Public Finance Management Act, 2012 the Ministry responsible for Finance shall maintain a Treasury Single Account (TSA) at the Central Bank to deposit cash receipts and make payments. In addition, the Minister may authorise accounting officers to open separate bank accounts at the Central Bank or other commercial banks for specific operations.

2.41 The Public Finance Management Regulations (PFMR), 2014 issued by the Minister for Finance in exercise of the powers conveyed under Section 32 of the Public Finance Management Act, 2012, provide for a number of safeguards on the control and management of funds accounted for through bank accounts. Cash and bank balances recorded by Treasury at the end of 2019 totalled R2.5bn (R2.7bn for 2018) of which R1.2bn (R2.0bn for 2018) was held with the CBS against monetary policy purpose issues of Treasury bills and bonds.

4.42 Several other bank accounts confirmed to be in the name of Government with an aggregate balance of R107.2m, excluding a Libyan Arab Jamahiriya Holding Account of R51.5m, are further disclosed in a note to the AFS.

Remittances

4.43 Remittance accounts have traditionally represented cash in transit, and these balances totalled R27.8m as per the AFS at 31 December 2019. Included under these balances is the funding of the overseas missions under the Ministry of Foreign Affairs, with closing balances totalling R25.8m.

2.44 As reported in previous years (AR18), Audit noted that the remittance account balances in respect of the overseas missions are not reconciled to the cash in hand with the individual overseas missions as per the mission's cash books and or funds as may be in transit at the year end.

2.45 Thus, while the activities on these accounts for the current year in Seychelles rupees have been reconciled by the Ministry with the Treasury records, the total equivalent rupee value of foreign exchange balances according to bank statements available as at the year end, as compiled by Treasury, was only R4.4m, with the shortfall to be reconciled, explained and accounted for.

Advances

2.46 Outstanding advances totalled R819.1m at the end of 2019 compared to R663.3m in 2018. The increase mainly represents extended on-lending amounts in respect of loan financed projects being undertaken by public enterprises, chiefly the PUC but also the DBS.

2.47 The long outstanding balance of R79.9m under parastatal advances specifically in respect of SMB continues to appear doubtful in terms of recovery. The Ministry reported that new liquidators are yet to be appointed for this entity, their predecessors having resigned.

2.48 A balance of R5.2m was also noted outstanding at the year-end in respect of the SNPA, however, this amount has subsequently been approved for write off 7th September 2020, in view of the financial constraints of the SNPA with the Covid-19 situation.

Trading and operating accounts

2.49 The Treasury maintains a number of trading and operating accounts under this head utilised for various purposes, including Treasury single account (TSA) balances, revolving funds, unidentified items under short term clearance, dishonoured cheques and others. These accounts are also known as suspense accounts. Movements on the balances on these accounts during 2019 may be summarised as in Figure 9.

Figure 9 **R (m)**

Name	Balances 2019 R	Balances 2018 R	Movements R
General	(2.7)	70.4	(73.1)
Trading and Operating	274.7	264.1	10.6
Totals:	**272.0**	**334.5**	**(62.5)**

2.50 As previously reported (AR18), an amount of R81.1m in budgeted funds was rolled over at the end of 2018, R49.4m under general (TSA) accounts and R31.7m under non-TSA trading and operating accounts. Audit noted that the related balances on the relevant general (TSA) accounts were reclassified in 2019, under trading and operating accounts contributing to the reduction in general account balances in the year.

2.51 Further, the general accounts also reflect a reduction in Foreign Exchange (FX) commitments to R2.7m from R24.7m in the previous year, as well as R21.9m debit balances in dishonoured cheques at year end (R23.2m in 2018).

Public debt

2.52 The public debt statement shows the particulars of outstanding long term external and internal loans. While external loans are raised from bilateral, multilateral and commercial sources, domestic loans are raised by the sale of development stocks, Treasury bonds and through banking institutions.

2.53 The accounting policy for long and short term borrowings by the government differs in that long term borrowings have not been accounted for as a liability in the statement of assets and liabilities, but are included in the public debt statement.

2.54 Short term borrowings comprising Treasury bills and deposits made with the government by various governmental and private entities, on the other hand, are included as liabilities in the statement of assets and liabilities but not included in the public debt statement.

Legislative framework for public debt

2.55 The Public Debt Management Act, 2008 revised and consolidated the laws relating to loans and guarantees and provides for the establishment of a National Public Debt Management Committee. Under this Act, it is provided that borrowing other than in the case of Treasury bills, shall not be valid unless the particulars of the loans are published in the Official Gazette through a Statutory Instrument (S.I.).

2.56 The 3 loans in issue without SI as previously reported (see the follow-up section to this chapter for AR17), remain to be regularised by issue of statutory instrument. In the absence of regularisation of this, the total servicing of R31.2m of this debt during the year will require supplementary appropriation, as also mentioned under withdrawals requiring supplementary appropriation earlier in this chapter.

Restructuring of debt

2.57 Recorded under other changes in the public debt statement for 2019, was a loan restructuring under domestic debt in the sum of R69.2m (S.I.78 of 2019). Supporting documents for an original bank borrowing of R40m in 2013, pre accumulation of interest, were presented to Audit for inspection, with the explanation offered for an absence of a corresponding S.I. and recording by Treasury in 2013 under domestic borrowings, that this was a bridging loan for purchase of land for immediate resale.

2.58 Upon further enquiry, an agreement in April 2013 for compensation for land acquisition relating to the property in the sum of R40m payable in Euros was seen, and an instruction to the bank to pay sighted May 2013, but this was again not found recorded under compensation for land acquisition in that year. Further, the swift confirmation of transfer was not available for inspection. Proceeds of R62.0m from the subsequent sale of the land (99 year lease, in fact) were found accounted for under Lease of Land & Buildings in April 2018, according to documents provided.

2.59 The bank borrowing of R40m arranged by the Ministry of Finance in 2013 was meant for the payment of compensation for the ex-SDC property at Anse La Mouche with the condition that once it is leased, the proceeds would apply to set off the loan. The property in question was leased in March 2018 for 99 years for the construction of a tourism resort development subject to the payment of premium in the sum of US$4.5m, which was collected by the government on 20.04.2018 in the sum of SR61,976,700. At the time of the lease receipt, the balance outstanding on the bank borrowing (SR40m) had escalated to SR62,921,095 with accumulated interest.

2.60 Audit noted that (a) the Ministry of Finance did not regularise the borrowing through S.I nor did it record it or disclose under public debt until 2019 when it was restructured; (b) the proceeds from lease was not applied to settle the borrowing as was stipulated in the Minister's letter dated 20.03.2013 to the bank; (c) government defaulted in repayments during the entire period resulting in the restructuring of the loan plus accrued interest amounting to SR69,647,671 as of December 2019; and (d) under the restructured loan, the government would have to repay a total sum of SR78,853,249 by March 2025 being principal plus interest.

Public debt portfolio

2.61 On the whole, the debt portfolio magnitude has remained very similar to the previous year; ending at R12,005.8m at the end of 2019 (2018: R12,005.2m), with a further increase in the proportion of long term loans from 58.1% to 59.3% during the period and corresponding decrease in proportion of the short term borrowings from 41.9% to 40.7%.

Figure 10 Public Debt Portfolio R (m)

	2015	2016	2017	2018	2019
Long term loans	7,300.9	6,915.3	7,107.0	6,978.0	7,113.9
Short term borrowings	4,315.2	5,435.4	5,245.8	5,027.2	4,891.9
Total:	***11,616.1***	***12,350.7***	***12,352.8***	***12,005.2***	***12,005.8***
Increase/(decrease)	(23.8)	734.6	2.1	(347.6)	0.6
Long term debt %	62.8	56.0	57.5	58.1	59.3

Long term debt

2.62 There was an expansion of debt in the external position during the year, despite active debt servicing. On the domestic front an increase in 'others' was largely matched by changes in Treasury Bonds.

Figure 11 Outstanding public debt R (m)

	2015	2016	2017	2018	2019
External debt					
Bilateral	1,463.6	1,153.2	1,270.0	1,415.3	1,397.9
Multilateral	1,432.8	1,730.2	1,975.5	2,046.4	2,311.6
Commercial	590.2	473.7	370.2	308.8	292.3
External bonds	2,221.7	2,052.5	1,986.3	1,747.6	1,638.6
Sub-total:	***5,708.3***	***5,409.6***	***5,602.0***	***5,518.1***	***5,640.4***
Domestic debt					
Treasury bonds	814.6	512.6	600.0	600.0	550.0
Development stock	30.0	30.0	0.0	0.0	0.0
Others	748.0	963.1	905.0	859.9	923.5
Sub-total:	***1,592.6***	***1,505.7***	***1,505.0***	***1,459.9***	***1,473.5***
Grand total:	***7,300.9***	***6,915.3***	***7,107.0***	***6,978.0***	***7,113.9***

Increase/(decrease)	*(385.6)*	*191.7*	*(129.0)*	*(135.9)*

Short term borrowings

2.63 Short term borrowings comprise amounts raised from Treasury bills and deposits. A contraction of Treasury bills in issue in 2019 underlies the overall decrease in short term borrowings of R135.3m.

2.64 The decrease in short term borrowings reflects a change in the accounting treatment of Treasury bills balances as at 31st December 2019, which, for the first time, are stated at cost prices excluding discounts rather than at face values, as disclosed in the notes. The relevant discounts on year end Treasury bills in issue at 31st December 2019 totalled R176.0m (2018 R169.5m). However, there has been no restatement of corresponding figures in current or previous years, thus, the total reduction is recognised as a benefit for the year 2019.

Figure 12 Short term borrowings R(m)

	2015	2016	2017	2018	2019
Treasury bills	4,281.9	5,403.3	5,208.6	4,989.8	4,853.3
Parastatal/fund deposits	33.3	32.1	37.2	37.4	38.5
Sub-total	**4,315.2**	**5,435.4**	**5,245.8**	**5,027.2**	**4,891.9**
Increase/(decrease)		*1,120.2*	*(189.6)*	*(218.6)*	*(135.3)*

Public debt servicing

2.65 The total actual public debt servicing cost, comprising debt repayments and interest payments, increased to R1,212.6m from total actual figure of R1,060.4m in the previous year due to larger debt repayments of R765.7m but reduced interest payments of R446.9m.

2.66 The decrease in interest paid follows the change in the accounting treatment of Treasury bills balances under short term borrowings, as mentioned above, with the benefit recognised as a reduction in interest charged for the year 2019.

Figure 13 Public debt servicing R (m)

	2016	2017	2018	2019
Interest				
External	234.0	212.8	222.9	243.7
Domestic	499.8	409.9	336.0	203.2
Sub-total:	***733.8***	***622.7***	***558.9***	***446.9***
Amortisation				
External	720.8	440.1	387.4	419.1
Domestic	410.9	442.5	114.1	346.6
Sub-total:	***1,131.7***	***882.6***	***501.5***	***765.7***
Grand total:	***1,865.5***	***1,505.3***	***1,060.4***	***1,212.6***

Outstanding Guarantees

2.67 A statement of outstanding guarantees is required to be presented by Article 154 (8) (d) of the Constitution. The aggregate balance outstanding in respect of guarantees was R936.0m at the end of 2019 compared to R702.2m at the end of 2018, in line with the amounts incurred and outstanding in the undertaking by GOS of various public sector borrowings.

STATUS OF PRIOR YEAR MATTERS

Matters arising in 2018

Page, para, audit brief	Status
13,40 As per the repayment schedule, R10m of the R15m outstanding on an STC loan of R45m was due to be repaid in 2018. This was rescheduled after falling into arrears.	As per agreed revised repayment schedule, a total of R10m was repaid in 2019, together with interest due, leaving R5m to be repaid in 2020.
14,45 20 trading and operating accounts were noted with rolled over funds totalling R81.1m, amounts charged to capital expenditure in 2018 and credited to these accounts.	Closing balances 31.12.2019 on the relevant accounts totalled R64.6m. By 30th June 2020 the balances on these accounts had fallen to R48.5m.
15,51 From a sample of twelve items selected from the Treasury general ledger listing for grant related projects expenditure, Audit noted that in five instances the Financial Warrants, Returns of Expenditure and reconciliations (to be updated by Accounting Officers) to the Treasury records for the projects concerned, as provided for by the Accounting Manual (Section 10.2), were not available for inspection.	Further audit work in relation to 2019 project payments (sample of 8) revealed the procedures laid down were still not being followed in that although the new Accounting Manual under release from 1st March 2020 mirrors the pertinent provisions of its predecessor, the DCG stated that it should be amended to provide for expenditure statements and reconciliations to be prepared by MOF staff, then forwarded to the MDAs.

Matters arising in 2017 (reported pages 18-19 AR18)

Page, para, audit brief	Status
8,12: Policy to enable assessment, monitoring and establishment of reporting mechanism for accounts relating to extra-budgetary activities is under finalisation.	The PSF explained that it had been decided to incorporate ETF and LTF under Consolidated Fund in the Government accounts. As for the others, the new accounting manual would govern the opening and operation of such accounts. The activities on these would be monitored closely and the accounting practice subject to review.
8,14: Review of Accounting Manual to be completed.	The new accounting manual has been introduced 1st March 2020, to be fully implemented by January 2021.
17,47 : Copies of bank reconciliations for accounts held outside of the Treasury accounting system, as provided for by the PFMR, 2014, were not found.	The observation persists.
17,49: Remittance accounts of overseas missions not yet reconciled to funds in hand overseas.	The observation persists. Treasury balances of R25.8m are backed by overseas bank balances of R4.4m equivalent only.
17,50 Refund of R547,899 cash due to Treasury by Makarios Trust Fund to be followed up.	The observation persists. The Makarios Scholarship Fund has been repealed 10th December 2019 - the administrative committee has resolved to establish the Archbishop Makarios Foundation of Seychelles to receive the funds, and fulfil the aims, objects and functions of the Fund.
18,51: Recoverability of R79.9m advanced to SMB doubtful.	The observation persists.
19,59: 10 (2016: 30) dormant trading and operating account balances R7.1m (2016: R10.8m). To be monitored and closed at end of year 2018 if not needed and remained unchanged.	The observation persists. Of the 10 accounts, 9 again remaining unchanged by 31st December 2019 with a balance of R7.0m.
19,60: Dishonoured cheques of R23.6m outstanding.	The observation persists. The balance at 31st December 2019 was R22.0m (2018 R23.2m). On the dishonoured cheques accounts, the Customs account balance has decreased during the year 2019 by R0.9m only, from R13.5m to R12.6m.
19,60 GIT balance of R107.6m includes 128 inactive accounts (2 years) totalling R7.6m.	By 31st December 2019, 58 of the previously reported inactive GIT accounts with balances totalling R5.1m have remained inactive since the year 2015. The Ministry confirmed that the concerned MDAs had been written to advising them to use the funds by year end 2020 and the unutilised balances would have to be surrendered thereafter.
20,67 3 loans included in the public debt statement (Russia, SEYCAAT A1 & A2) were still without S.I.s, and thus irregular.	The observation persists. It was stated for the 2 SEYCAAT loans that when the initial agreement was signed, South Africa was included. However, they did not actually participate in the debt swap, and, therefore, discussion is on-going to remove them from the agreement so that the statutory instruments can be published as per requirement of the Debt Management Act.

Chapter 3

Department of Defence

3.1.1. The Department of Defence is regulated by the Defence Forces Act, (Act 32 of 1980). The primary function of the Department is to defend Seychelles and any other area over which the Republic has proclaimed its jurisdiction. Its headquarters are situated at Bel Eau and the remaining units are located mainly around Mahe.

3.1.2. Article 158(3) of the Constitution provides that the accounts of all government departments and offices shall be audited by the Auditor General. Accordingly, an audit of the Department (DoD) was undertaken for 2018 with some emphasis on the use of goods and services and follow up on status of action taken on previous years' audit findings. The matters arising were communicated to the management in an interim management letter dated 07 January 2020 and discussed with management on the 21 January 2020 in an exit meeting and the issues remaining were addressed in a management letter dated 21 February 2020, as outlined below. A response from DoD dated 06.10.2020 in reply to the draft Annual report paragraphs stated that it had nothing further to add by way of comments.

Use of goods and services

3.1.3. The expenditure on use of goods and services by the Department in 2018 totalled to R107,677,941. Audit examined a sample of sixty-four (64) payments totalling R26,314,154 towards office running, travel costs, transport, repairs, and maintenance costs to verify compliance with relevant prescribed regulations, procedures and controls and also carried out substantive analytical procedures on the utilities paid amounting to R15,663,936 and observed the following non-compliances and shortcomings.

3.1.4. ***Non-adherence to Procurement Act/Regulations:*** First Schedule to the Public Procurement Act, 2008 and Public Procurement Regulations, 2014 provide for the methods of procurement and approvals needed for different thresholds of value of procurements. Regulation 35 (4) further describes choice of procurement method prescribing for prior authorisation of the approval authority (POU/NTB where the value of goods, services and works procured is more than R150,000) for limited bidding or limited selection or direct bidding before placing the supply order. Further, in the cases where the value is below R150,000, a minimum of three quotations should base the selection of the supplier ensuring economy in the procurements. In addition, Regulation 117 prescribes that following the issue of bid acceptance, the procuring entity must prepare a written contract for signature by both parties.

3.1.5. ***Procurements by direct bidding:*** In 20 payments, totalling R8,532,365, towards procurements of services and technical assistance to SCG (amounts totalling R5,489,228, MTU spare parts (R986,338), corrosion treatment on Y12 aircraft (R967,342), maintenance of SPDF telecommunication equipment (R840,000), Aircraft spares for twin otter (R350,946) and engineering charges & services (R223,091), the necessary approval was not sighted from POU. Besides, these technical nature procurements, Audit noted general nature procurements also which included replacement of ceiling and door locks (R108,791), SPDF website designing (R62,284), stationery articles, printing, clothing, etc. All these procurements were made by direct bidding without open bids or quotations to ensure competitiveness of prices. Payments to individual suppliers were well above the thresholds necessitating prior procurement authorisation by POU for direct or limited bidding method, but no such authorisation was sighted also. In the absence of these documents Audit could not verify compliance to the relevant provisions of the Public Procurement Act/Regulations requiring the Department to ensure competiveness and economy in its procurements.

3.1.6. ***Procurement without contract agreements:*** Audit did not sight contract agreements in respect of the procurements of corrosion treatment on Y12 aircraft, engineering charges & services, aircraft spares for twin otter, MTU spare parts. In the absence of the relevant contract agreements, Audit could not verify correctness of the amounts of the payments made as also it could not be established that the procurements were regulated in accordance with the agreed standards and specification requirements, terms and conditions. Audit is of the view that a valid contract agreement specifies both parties' liabilities and privileges in the event of non-performance. In the absence of a valid contract, the DOD may not have recourse to recovery of losses in the event of provision of substandard goods and/or services.

3.1.7. *The FC in response stated that POU approvals especially for SAF (Seychelles Air Force) had not been sought and the procurement of services and technical assistance to SCG was based on an agreement with the Department which was done a few years ago, however, no procurement approval was obtained. The Department also stated that a procurement unit and committee were established in 2018. It was also pointed out by the DGHRA that they have hired a civilian Procurement Officer who will be responsible for making sure that a file is created for each procurement. All tendering documentation, procurement approvals and contracts will be kept in that file. In respect of all these procurements DOD, said the approvals will be sought in 2019 from POU.*

3.1.8. **Audit Comments:** During the follow-up carried out, the FC provided Audit with an exemption letter from POU that refers to SCG for the importation of machinery/equipment and other spare parts for ships, boat and workshop. The exemption letter provided by the management was, however, for 2019 whereas the audit observation pertains to the year 2018, the year audited for. Audit is of the opinion that prior approvals to limited or direct bidding selection methods should be obtained as stipulated in regulation 35 (4) of the Public Procurement Regulations, 2014 and the relevant contracts between the parties are duly signed by both sides.

3.1.9. ***Misclassification of Expenditure:*** According to the Accounting Manual section 5.6 (g) "All particulars of payment vouchers are to be posted in an Expenditure Ledger (Form BE-001) under the relevant account codes". This is also required by the Public Finance Management Regulation 2014 in Section 59 (c) that "Every Accounting Officer shall, prior to signing payment voucher, ensure that entries are made in the appropriate records and voucher is correctly made out and coded". Audit observed that the purchases, totalling R569,932, of fuel for boat/ship for SCG, airfares, rental payments, consumables including alcoholic beverages were not paid from correct expenditure votes.

3.1.10 *The Department while agreeing that these are misclassifications and assured that as of 2019 they are ensuring that items are being settled in its relevant vote.*

3.1.11. ***Travel and subsistence allowance without requisite documents:*** Audit observed that for 5 payments totalling R219,642 towards overseas training subsistence allowance to staff, only memos were found attached as supporting documents. The payment vouchers for payments of overseas subsistence allowance to staff concerned were not supported by the relevant documents such as letters of invitation or acceptance and itinerary. In the absence of the requisite supporting documents, Audit could not verify that the allowances have accurately been paid.

3.1.12. *The DGHRA, in response, stated that they do have certain documentations in the personal files of these employees and as of 2019 they will ensure that invitation/acceptance letters and itineraries are attached with the relevant payment vouchers.*

3.1.13. **Audit Comments:** The management response states preventive future action as such does not address the observations. Requisite documents may be provided by the Department for examination by Audit. During audit follow up the DGHRA provided certain documentation for these overseas subsistence allowances but it lacked the acceptance letters or itineraries.

3.1.14. ***Payment Voucher (BKTRP) for foreign payments not sighted:*** Section 63 of the Public Finance Management Regulation 2014 - Supporting Documents, states that "The payment shall not be made unless the payment voucher is supported by original invoices and accompanying documents as per the requirements of the Accounting Manual." Audit did not sight four (4) payment vouchers (BKTRP) amounting to R6,375,702 used to process foreign payments relating to services and technical assistance to SCG, aviation insurance, procurement of MTU spare parts and therefore could not examine these cases to verify compliance with the provisions of relevant rules and regulations. Audit recommended that all the payment and payment reversal vouchers should be located for audit verification. Copies of all BKTRPs for foreign payments effected should always be obtained from Treasury and placed securely in its relevant file for future reference purposes.

3.1.15. *The FC, in response informed that as of 2019 they are ensuring that all BKTRPs are obtained from Treasury which are then kept in their relevant files. He also stated that it is very time-consuming to obtain the BKTRP from Treasury as they mix all the different entities together.*

3.1.16. **Audit Comments:** Audit undertook follow-up but the BKTRPs were not made available.

3.1.17 ***Disturbance Allowance paid in cash lacked supporting documents:*** Audit observed that from the 11th to 20th April 2018 a batch of officers and service personnel left Seychelles on board Patrol Ship Andromache and Etoile for an "Exercise Papangue" in Reunion. Each personnel received a disturbance allowance of R2,000, which is as per their Scheme of Service. However, as they were paid by cash, the formal documentation showing the acknowledgement of receipt of the amounts by each employee was not sighted. Audit recommended that the Department must ensure that all payments in cash, including the disturbance allowance, are supported with a form of acknowledgement by the staff receiving payments in cash.

3.1.18 *The Department, in response, stated that they did not follow this procedure but will do so in the future when they pay such allowances to their employees.*

3.1.19 Audit undertook follow-up on prior year audit findings and recommendations as reported in the annual report for 2017 relating to revenue, use of goods and services, non-financial assets, transport, wages and salaries. The status of the action taken is as given in the table below.

Page, Para and audit brief	Status
72, 167 Lack of record on rented apartments.	Resolved.
72, 169 Specimen Signature not sighted.	Resolved.
72, 171 Stores Records not being properly maintained	Issues still persisted at SCG store. A major improvement noted at main store. The consumables store at HQ still lacked bin cards. For SCG, bin cards were kept, however, the GRN numbers/issue Voucher were not always being recorded on bin cards.
73, 174 Mobile Phone Agreement still not introduced in 2017	Partially resolved
73, 177 Incomplete vehicle logbooks	Issues persist.
74, 178 Incomplete fuel records and vehicle logbook not sighted.	In 4 cases, fuel issues could not be verified as the logbooks were not sighted. Further, fuel issues were not acknowledged by drivers.
74, 179 No policy on eligibility for transport, fuel, etc. for certain officers	Resolved.
74, 181 Disparity between the vehicle records of SLA and DOD**.**	There are still differences between the two sets of records; SLA 148 and DOD133.
74, 183 Register of vehicles not maintained properly	Resolved
74, 184 Fleet of 10 transport vehicle received as donation not yet fully in use	Resolved
75, 186 Logbooks for Ships operations not properly maintained	Shortcomings still persisted; fuel issue voucher reference numbers are not recorded in the fuel log books; and mileage records for three (3) fast response boats were not sighted
75, 189 Fuel Register for main base tank not sighted by Audit.	Resolved
76, 194 Asset Management Software not put to use	Resolved
76, 195 Fixed Assets Register not updated with new acquisitions	Resolved

76, 197 Overpayment of Salary	Leave records were not always updated on time on the employee record card. A Housekeeper was overpaid R5,674 on retirement in April 2018. In (1) case, a leaver was overpaid compensation of R7,862.30

Department of police

3.2.1. The Department of Police is responsible for the maintenance of law and order, preservation of peace and prevention and detection of crime. It comprises of two main units viz. regular Police and Anti-Narcotics Bureau. The Police unit comprises Public Support Security Wing (PSSW), National Intelligence Service, Police Academy, and External Security and Vessel Protection (SVPD).

3.2.2. The mandate to audit the Department is set forth under Article 158 (3) of the Constitution. Accordingly, an audit was undertaken involving the examination of accounting records pertaining to its income and expenditure on the use of goods and services during the year 2018 and also a follow up on prior year issues. Matters arising were communicated to the Department through an Interim Management Letter dated 12 August 2019, which was discussed in the exit meeting held on 22.08.2019. The management letter was issued on 24 September 2019, as outlined below. A written reply dated 14 October 2019 was received from the Department.

Income

3.2.3. The principal source of income of the Department is through the provision of static/escort duties performed by the PSSW and SVPD and miscellaneous fees, such as, blasting fees, learner's permits, driving and theory test fees, issuing accident reports, loss of identity card reports and loss of items reports. The Department collected a total of R15,303,386 during the year audited. Computerised receipts are issued electronically for drivers permit, tests and character certificates using the point of sale system. Manual receipts are issued for all other types of income. Audit examination of the relevant records of the Department revealed the following.

3.2.4. ***Delays in banking of the collections:*** Section 35(d) of the Public Finance Management Regulations and the Financial Instruction, 0803 require that "Every officer entrusted with the collection of revenue must keep a Cash book analysis and record all receipts therein on the day of receipt. At the end of each day, the Cash Book Analysis is to reflect the total cash in hand, all receipts raised and details of banking made. Except with the prior approval of the Principal Secretary responsible for Finance, the day's receipt will be banked first thing the next official working day and copy of the bank's receipt paying in slip handed over to the Treasury forthwith with the appropriate Revenue Voucher. The Treasury receipt number is to be recorded in the Cash Book Analysis." This is further re-iterated in the Accounting Manual 8.7(b) which states, "All receipts for the day including the cancelled ones are to be entered sequentially in the Cash Book Analysis, totalled and banked intact the next working day."

3.2.5. Audit selected a sample of 54 transactions for verification and observed that, in 43 instances, daily collections were not banked promptly as per requirements in the Financial Instructions. It was observed that receipts were banked often with delays; and, in one case, accumulated to R 75,050 (receipts during 29.12.2017 to 26.01.2018) and delay in banking was of 20 days. Moreover, Treasury receipt numbers were not recorded in the Cash book in all instances. Audit is of the view that large amounts of cash left on the premises poses a risk of loss and, therefore, recommended that the day's collection must be banked intact and promptly.

3.2.6. *The Department, in reply, attributed the delays to logistical issues, and said that they have now been resolved. The staff on Praslin has also been advised to implement daily banking effective September 2019. Further, the account section is now recording all receipts in a sequential manner from January 2019.*

3.2.7. ***Debtors' recovery to be intensified:*** The Accounting Manual 8.11 (d) states, "A monthly age analysis of debtors should be prepared and reviewed by the Accounting Officers". In addition, FI 0830 and chapter 8, para 8.11 (e) of the Accounting Manual states, "It is the Department's responsibility to ensure that all debts are collected within the period of credit allowed. The Department must ensure that revenue is collected when due and as far as possible be prevented from falling into arrears". According to the procedures in place, customers are allowed credit of 30 days, during which outstanding balances must be settled. In the event of default, an email is sent to request for making the payment due.

3.2.8. However, Audit observed that a total sum of SR2,206,711 was outstanding for collection as per the debtors age analysis as at 31.12.2018, of which SR860,846 and SR1,327,865 were owed by government and private entities respectively. Majority of the debts were outstanding for over 90 days.

3.2.9 Audit recommended that the Department should intensify its efforts to ensure prompt collection of its overdue income, as required by the above cited provisions of the Accounting Manual, to avoid the risk of having bad debts. This is a recurring issue reported in the 2017 annual report also (para 76 -78, page 49).

3.2.10. *The reply stated that the accounts department has shown improvement on its debt recovery. The response stated 'we ensure that the current debt is being collected as well as chasing old debts from 2015 and 2016, which is challenging and time consuming, as we need to collect evidence of invoices and works order as proof of service'. Further, the debt portfolio is being shared with the management and the Ministry of Finance on a monthly basis along with the monthly management report.*

3.2.11. ***Price list lacks clarity:*** The price list used as the basis to charge for services rendered by SVPD lacked clarity as prices charged on invoices could not be traced to the price list. Therefore, a possibility of under or overcharging the clients by the Department cannot be ruled out. In view of this, invoices issued by PSSW on behalf of SVPD could not be independently verified for correctness and conformity with the price list. Audit, therefore, recommended that fees and charges must be reviewed, make its application clear and updated periodically in accordance with the requirement of section 0801 of the Financial Instructions.

3.2.12. *The Department, in reply, stated that the chargeable rates used for the escort services were inherited, and technical guidance is needed to determine formal rates and make a proposal to Ministry of Finance. The same applies to other services provided by the police as some of them are dated since 2008.*

Use of Goods and Services

3.2.13 The Department's total expenditure for Use of Goods and Services for the year 2018 amounted to SR 153,026,997 against a budget of R153,505,212. Audit examined a sample of two hundred and thirty-five (235) Payment Vouchers totalling R33,269,562.

3.2.14 ***Successive monthly payments to car rental operators:*** A sum of SR 12,701,456 was effected to thirteen car hire operators from which the Department hired vehicles on a regular basis during the year 2018. Audit reviewed the relevant supporting documentation and observed that in most cases examined, quotations sought or approval from POU for direct bidding were not available to ensure that the most appropriate quotes based on competitive prices and representing good value for money were selected. Audit further observed that according to the Department's procurement plan for 2019 submitted to the Procurement Oversight Unit, the approval of the National Tender Board (NTB) had been obtained to hire vehicles from a particular car hire operator. The sum of SR6,796,773 (53.5% of total costs) was paid to the company during the year. The notation on the procurement plan cited that approval from NTB had been received since 2015. However, the aforementioned approval was not made available for audit inspection.

3.2.15. *The Department, in reply, explained that transportation and other logistical issue is always a challenge, and it requires additional logistics to bring the service to closer to the community. However, the Department has expressed their engagement in getting the most favorable rates by engaging with other interested car rental operators. The Department is also foreseeing a positive outcome in terms of costing and ensuring compliance to Public Procurement Regulations.*

Seychelles Revenue Commission

Customs Division

3.3.1 The Customs Division collects taxes including levies on items imported into the country through the Seaport, Airport Cargo, Airport Terminal and the Post Office.

3.3.2. An audit was undertaken to examine the Custom Division's records relating to revenue collection for the year 2019, and also the management of government warehouse. A follow up on the status of action taken in respect of the previous audit annual reports for 2018 and 2017 was also undertaken.

3.3.3 The issues arising from the interim audit on government warehouse were discussed with management on 05 December 2019 and a response was obtained on 31 December 2019. A further exit meeting was held on 06 October 2020, and matters arising were communicated through a management letter issued on 09 October 2020.

Management of Government warehouse

3.3.4 The Customs Management Act, 2011 Section 134 (3) states that "Goods placed under temporary storage shall be declared and removed under a customs approved procedure or use within 3 months of being placed in a public government warehouse, but goods which are naturally subject to speedy decay shall be declared and removed forthwith". The SRC has laid down procedures to enforce this section of the law.

3.3.5. The government warehouse is located at the New Port, and goods enter the warehouse from different points of entry, including seaport, airport and out of bonds.

3.3.6 ***Monthly listings and reconciliations of time up goods:*** Audit observed that the list of uncollected goods which should be submitted monthly by the senior warehouse officer to the manager was not submitted for any of the months from January 2018 to August 2019.

3.3.7. Audit recommended that the SRC should take the necessary steps to facilitate and ensure the preparation of monthly reports of time up goods to the manager so that approval for auction, disposal or destruction can be sought from the Commissioner.

3.3.8. *During the mid-2020 follow up, Audit was informed that a 'consultant' had come on board as planned and would be on contract till end 31August 2020. All primary responsibilities have been satisfactorily completed. In addition to putting some order in the records, the consultant identified goods for disposal, auction and donation. For all disposals respective lists are already drawn up, detailing the type of goods and the quantities.*

3.3.9 Audit follow-up in September 2020, revealed that the Consultant was in place and during the period of the contract, a number of public sales, dumping and disposal of expired, damaged and wasted items had been completed with required procedures being documented, approved and witnessed by the concerned authorities. The relevant records are also presently being updated.

3.3.10 ***Readily saleable items:*** Of a sample of 10 items which had been in the warehouse since 2016, Audit noted, in 9 instances, variances between the actual items physically sighted and the records maintained by the section. Audit was informed that the items had been auctioned but not updated in the register, and was provided with the supporting auction documents, in 4 cases. However, in remaining 5 instances, Audit was not furnished any explanation for the items that could not be sighted or were found in excess, nor any action by the superiors as a control measure. All of these items represented easily disposable alcohol.

3.3.11 *Audit was informed that the auction sale 14th December 2019 raised R125,500 and the public sale on 21st - 30th December 2019, including the sale of alcoholic beverages and tobacco, raised R1,258,925 and the next auction will take place in September 2020. It will include goods other than alcohol and tobacco.*

3.3.12 Audit follow-up on 02 September 2020, revealed that a public sale of a number of items took place late December 2019 and 29th and 30th August 2020 while preparations for another to take place in October 2020, on-line, have begun. The items mentioned were included in the December round.

3.3.13 ***Perishable, expired items:*** The SOPs provide for the confiscation of goods of a perishable, obnoxious or objectionable nature. Audit observed from a physical inspection that some items are perishables like juice, medicine and alcoholic beverages - items subject to accelerated spoilage and speedy decay.

3.3.14 *As per update mid-2020, Audit was further informed that following the exercise since carried out by the 'Consultant', assisted by the warehouse team, items already expired have been dumped at the landfill. However, there were expired items such as beers in metallic cans which will be disposed of through scrap metals business operators who will crush the cans with the beers inside and the metal will be exported. This is expected to take place in the second week of July 2020. Certain perishable items with expiry dates of one month or less have been identified for donation to orphanages, Soroptimist Seychelles, or the oncology unit at MOH etc., depending on the type of goods.*

3.3.15 Audit follow-up on 02 September 2020, revealed that a number disposals and donations did in fact take place in the months of July and August 2020, duly documented, approved and witnessed by the authorised authorities. The items mentioned by Audit were also found included.

3.3.16 ***Limited number of auctions and disposals undertaken:*** Audit observed that only 5 disposals and 3 auctions were done in the years from 2017 up till August 2019. Audit is of the opinion that it would be beneficial to do disposals more frequently since the SRC has a significant amount of saleable items stored in the warehouse taking up considerable amounts of space.

3.3.17 *As per update mid-2020, Audit was informed that with the Covid-19 pandemic, the SRC will not be utilizing its full team currently based at the Airport Terminal due to cancellation of international flights. Certain reorganization is currently taking place to shift these officers elsewhere within SRC and a couple will be allocated towards the restructuring of the Government warehouse.*

3.3.18. Audit follow-up on 02September 2020, revealed that a number of sales and disposals have taken place (and are further planned for) in the year 2020.

3.3.19. ***Inefficient use of storage facilities:*** Through visits to and inspection of the government warehouse, Audit observed the following:

- the warehouse is overcrowded with little space for movement of staff or goods;
- the various items are not obviously subject to any particular order. Goods are not classified in any manner, but according to space;
- there are no proper shelves being used in the warehouse. Goods are just lumped on top of each other;
- goods piled on top of each other run the risk of falling on staff. Staff have to move heavy items around when they want to access items below or behind; and
- the warehouse does not have storage capacity to store items of dangerous nature e.g. flammable goods. Currently these goods are being stored at a shed on the port (Shed 2) owned by Land Marine. However, Land Marine is not allowing SRC to enter any new goods in the shed until the items there are cleared to make space.

3.3.20 *As per update mid-2020, Audit was informed that the SRC's move to install removable metal shelves to facilitate storage of goods in the warehouse still stands. This, however, will be completed in the new warehouse under the Port redevelopment, the warehouse will have to be moved to a new location by December 2020 and SRC is in the process of looking for alternative sites. Better care will be taken in the space allocation for all types of goods including dangerous cargo.*

3.3.21 Audit follow-up in September 2020, revealed that Shed 2 has been emptied and at least 2 external locations were under consideration as alternatives for the government warehouse itself, while the final selection was yet to be confirmed although a preference had been identified.

Verification of items in warehouse

3.3.22 ***No periodic physical verification of items in hand:*** Audit observed that there is no on-going periodic physical verification of the items held in the government warehouse.

The last physical count was done with the assistance of the Internal Audit in 2016, whereas the SOPs being followed provide for six monthly verifications of items.

3.3.23 *As per update mid-2020, Audit was informed that once the ongoing exercise to clear the warehouse is fully completed and all goods remaining are properly recorded, the SRC will go on with quarterly stock takes at the government warehouse, which will be maintained until such time as management is satisfied with the internal controls and operations of the government warehouse. Thereafter, management will consider revising the frequency of stock takes.*

3.3.24 ***Items recorded as received but not located in the warehouse:*** Audit selected a sample of 40 items from the registers of items recorded as received into the government warehouse during the years 2016-2019, to ensure their physical existence. However, in 18 instances, Audit was unable to locate these items.

3.3.25 *As per update mid-2020, Audit was informed that as mentioned above, the new shelves will be installed in the new warehouse under the Port redevelopment, where the warehouse will have to be moved to a new location by December 2020.*

3.3.26 ***Warehoused items not traced to the register:*** Audit selected a sample of 30 items physically available in the warehouse and traced the same to the register to ensure completeness of records. In 4 instances, Audit was unable to trace the items to the register. The items in question should be investigated and accounted for, and the records presented for verification.

3.3.27 *Audit was informed that while the 4 items could not be identified by the SRC team, the Government warehouse in collaboration with the points of entry from which cargo is received is piloting a new set of standards to be observed prior to transferring goods to the warehouse involving 100% verification of cargo upon collection for transfer and proper documentation of consignees' details, to easily establish contact once the items are transferred. The pilot is expected to be completed as at the end of September 2020 whereby its feasibility will be assessed.*

3.3.28 Audit follow-up September 2020 revealed that a new form has just been agreed and is going to be implemented soon.

Recording of items received into warehouse

3.3.29. Audit inspection of the items and records being maintained in the warehouse through a sample of 70 items revealed the following:

- 7 items from different points of entry during the period 2018 to August 2019, could not be traced to the register;
- 17 recorded items could not be physically sighted in stocks; and
- in 4 instances, the physical amount of goods stored in the warehouse did not match the amount recorded.

3.3.30 Audit was informed that (a) the warehouse modernization exercise coupled with the standardized 100% verification mechanism would address the shortcomings; and (b) a new form has also been introduced to this end.

3.3.31 ***Container not accounted for:*** Audit revealed that a container consigned on a local company landed on 07 February 2019. On the 23 April 2019, a handing over document was signed by both a Land Marine Ltd officer and a Customs warehouse officer for the transfer and receipt of the container into the government warehouse. Upon query by Audit, the container could not be physically traced for inspection and Audit was informed that the Land Marine Ltd officer did not communicate with her superior on the matter prior to producing documents of transfer for government warehouse, and the warehouse officer signed the document as receipt of container without physically locating the item. The Land Marine Ltd retracted the submission of documents of transfer by letter dated May 2019 as the container had been re-stowed immediately on the same vessel as it had arrived upon in February 2019.

3.3.32 Audit was informed that the manager has not been able to acquire any other relevant documents apart from those previously provided. The Manager has, however, thoroughly discussed the occurrence with her staff to ensure that it does not happen again.

Status of action taken on matters reported in AR 2018 and AR2017

Page, Para, audit brief	Status
Page 57/58, Para 3.116/119 Outstanding balances of amounts from importers	• In respect of SEYPEC (R101.6m), it has been confirmed that: a) a part is payable by Ministry of Finance in respect of subsidies to SFA (R16.8m); b) a part is payable by SEYPEC (R2.8); c) a part is to be endorsed for Excise Tax exemptions (68.7m); and d) the balance of R13.3m is to be written-off/cancelled as it stems from duplicate BoEs and incorrect rates/quantities in BoEs. • For ISPC, the problem has been identified and a procedure has been put in place.
Page 59, Para 3.122 As at 31.12.2018, the dishonoured cheques totalled R13,480,876	Issue is addressed in that the list of outstanding cheques is to be flagged in ASYCUDA and in future importers cargo will not be released until the old cheques are cleared. Further, SOP for dishonoured cheques is being reviewed.
AR 2017	
Page 91, Para 245 Standard operating procedures (SOPs) for recovery of dues not yet in place	According to SRC, a draft Recovery SOP have been prepared but not yet finalised.
Page 91, Para 247 No interest is being charged on the outstanding balances	Audit was informed that interest will have to be computed manually as the cost of upgrading ASYCUDA is prohibitive.
Page 92, Para 250 No evidence of referral of cases from the Recovery Unit to the Enforcement Unit for further legal action	SRC is considering as to whether to merge the recovery and enforcement activities. Again, every effort is being made to avoid future unpaid bills.
Page 92, Para 255 No evidence of write-off of irrecoverable debts	In view that write-off of irrecoverable debt is not provided in the current legislation, the matter is brought to the attention of the Ministry of Finance and Attorney General.

Tax and Customs Agent Board / Revenue Tribunal

3.4.1 The Tax and Customs Board (TACAB) established under Section 80(1) of the Revenue Administration Act, 2009, is responsible for the registration and regulation of tax and customs agents. The mission of the Board is to assist taxpayers and Tax and Customs Agents in meeting their obligations ensuring that taxes collected are fair, equitable and based on the laws that govern Seychelles. The Board comprises a Customs Agents Division, Tax Agents Division and Revenue Tribunal Division and administers the affairs of the Revenue Tribunal also which shares the same budget.

3.4.2 Article 158(3) of the Constitution provides that the accounts of all government departments and offices shall be audited by the Auditor General. Accordingly, an audit of the Board involving examination of the accounting records pertaining to expenses relating to payroll, goods and services and fixed assets during the period 2015 to 2018 was undertaken. Matters arising were communicated to the Board through an Interim Management Letter dated 22.07.2019 for discussion in the audit exit meeting held on 06.08.2019 following which the Management Letter dated 14.08.2019 was issued. The Board submitted a written response on 29.11.19.

Revenue

3.4.3. The TACAB collects revenue in the form of registration fees from Customs Agents, Tax Agents and appeal fees relating to the Revenue Tribunal.

3.4.4. ***Revenue collected not banked:*** Audit examined 78 receipts, amounting to a total of R266,000, raised for the acknowledgement of revenue collected during the period under review and observed that in eight instances, pertaining to years 2015 and 2016, revenue collected in cash totaling R17,500, and a cheque for R2,000 were not seen to have been banked. Audit is of the view that this could lead to a possible loss of revenue and that the Board should ensure that all revenue collected is accounted for and banked promptly.

3.4.5. *The management in response stated that the matter had been taken up with the previous Office Assistant who had informed that there had previously been a break-in and that the petty cash box had been stolen, not recalling the period for which the police report will be requested from the Landlord. Additionally, she signed a contract agreeing to refund the cash amount of R17,500 in 7 monthly instalments of R2,500. As regards the cheque, the Board informed Audit that it would query from the payee to verify whether this cheque was presented at his bank.*

3.4.6. **Audit response:** Audit was provided with a copy of the signed agreement and will subsequently review the receipts during the next audit. The police report is yet to be provided. Follow-up on the cheque for R2,000 may also be communicated to Audit.

3.4.7. ***Applications received not recorded in the register***: According to the Board all applications lodged with TACAB are entered in a register by the Office Administrator with relevant details. However, Audit noted that out of the 78 cases examined, in four instances, applications were not found recorded in the relevant register albeit payments were received and receipts issued accordingly. This could lead to revenue not collected from the applicant or amount collected not accounted for. It was therefore recommended that the Board should ensure that all received applications are entered in the register for audit trail and also as reference to the Board.

3.4.8. *In its response, the Board stated that since there was no handing over of the Register from the previous Office Assistant, registers (both manual and soft copy) were only created in January 2017 and all files available were recorded.*

3.4.9. ***Revenue collected not banked promptly:*** Regulation 27(a) of the PFMR, 2014 stipulates the procedures for efficient and effective revenue management for collection and receipt of revenue. Audit scrutiny revealed that in 17 instances during the period under audit review for a total of R52,500, there were inordinate delays in banking of revenue from the time of collections. Considering various risks involved in cash handling, including misappropriation, it was recommended that the Board should abide to the Public Finance Management Act and Regulations and the day's receipts should be banked first thing the next working day. Furthermore, the copy of the bank's paying slips be handed over to Treasury with the appropriate revenue voucher for accounting purpose.

3.4.10. *The Chairperson in response informed that he was unable to comment on banking prior to his appointment in 2017, however for delays in banking during 2018, the Office Administrator was on maternity leave at the time and the Administrative Assistant only collected the fees and had no access to the TIS to post therefore banking was only done once the Office Administrator resumed work. It was further informed that upon advice of Auditors, TIS access will be given to the Administrative Assistant in her absence to ensure prompt banking.*

3.4.11. ***Uncollected fees outstanding since 2015:*** The Revenue Tribunal general register of appeal cases provided to Audit by the Board revealed that in 2015 eight cases were lodged with the Tribunal whereby in 5 instances fees totaling R25,000 were not seen collected from the appellants viz:

Case #	Registration Date	Business Name	Fee Payable - R
004/2015	07-Jul-2015	Company A	5,000
005/2015	19-Jun-2015	Company B	5,000
006/2015	19-Jun-2015	Company B	5,000
006/2015	19-Jun-2015	Company B	5,000
008/2015	03-Aug-2015	Individual C	5,000
Total			**25,000**

3.4.12 Audit recommended that Board must ensure that whenever an application is received by the Board it also includes payment for the applicable fee due.

3.4.13 *Management, in response informed that in the case of the company A, payment was not received as it was a complaint from the appellant and that the case was resolved and closed by SRC. As regards company B, it was for objections with fees of R500 instead of R5,000 each, there was no indication whether it was paid. As regards the individual, a meeting was held with the previous chairperson who informed that the fee was paid directly to SRC and that the case was lodged directly to SRC.*

3.4.14 **Audit response:** Audit is of the view that relevant procedures need to be in place not only to collect revenue but also to maintain proper records of amounts outstanding.

Board Member Fees

3.4.15 Payments of board members fees not in line with Policy on Board fees: Remuneration Policy and Framework on fees for Executive Boards implemented in January 2015 provides R4,573 to be the fee for the Chairperson, Tax and Customs Agent Board and Tribunal. Although payment of full Board members fee was being made on a monthly basis, Audit noted two payments in 2017 to the Chairperson vide PV084P170021 and PV084P170028 dated 23.03.2017 and 25.04.2017 for R5,113 and R6,000 (totaling R11,113) respectively, being fees for review of cases charged under board members fees. Audit observed from the relevant payment documents, provided to Audit, that the payments made were in respect of 15 cases (from 2014 to September 2016) for which each member was paid R1,000 per case, over and above the Board members fees. Audit did not sight any approval or authorisation from the relevant authority for such payments.

3.4.16 Audit recommended that the Board complies with the set policy on Board fees and that deviations are properly authorised by the relevant Authority.

3.4.17 *The management in response informed that all members were paid on payroll, except for the Chairperson who had resigned from February 2017 and was not entitled to Board member's allowance thus was paid through payment vouchers.*

Fixed Assets Register

3.4.18 Section 11 (2) in part 3 of the Public Finance Management Regulations, 2014 (SI 57) stipulates the procedures for public bodies for maintaining asset registers in accordance with the asset classification and for recording of (a) the physical features of the assets, including class of assets, location, quantity, size, useful life and value. Further, the Ministry of Finance along with DICT has designed a Fixed Assets Management software designed to record and keep track of all acquisition and subsequent movement of government fixed assets upon disposal, which entities were required to implement by October 2017.

3.4.19 During the period under review, the Board acquired assets worth of R51,679. Audit requested a copy of such asset register to verify the status in terms of acquisitions, identification number and disposal and other pertinent details with regards to assets. However, contrary to the requirements of the Regulations/FIs and Ministry of Finance circular, the Board did not maintain the register nor conducted any physical verification of assets. Audit carried out a physical verification on all assets purchased during the periods under review and noted that, in one case, a laptop (Acer Aspire ES-571P) purchased vide PV084P150048 dated 22.07.15 for R9,200 was not sighted at the Office of the Board. The Office Administrator informed that there was no such laptop at the time of her appointment and to-date its whereabouts are unknown. However, subsequently the laptop and charger were retrieved from the previous Office Assistant. Audit, therefore, recommended that the Board should initiate the installation of the Asset Management Software, capture all assets in it, reconcile with relevant acquisition records and conduct physical verifications.

3.4.20 *The management in response informed that the Asset Management Software was installed early in 2019 although had not been updated and assured that necessary will be done to update the register.*

3.4.21 Audit noted the response and requested for an update on the action taken with documentary evidence.

Seychelles Investment Board

3.5.1. The Seychelles Investment Board (SIB) was established under the Seychelles Investment Act, 2004 to formulate investment promotion policies, plans, strategies and facilitate the processes of establishing a business in Seychelles from scoping to implementation stages. It undertakes activities to attract foreign and local investments to promote investment opportunities in Seychelles.

3.5.2. Section 27(30) of the Seychelles Investment Act, 2010 provides for audit of the Board by the Auditor General in accordance with Article 158(3) of the Constitution. Accordingly, an audit of the Board involving examination of the accounting records and documents pertaining to expenses relating to payroll, goods and services and fixed asset for the year 2018 was undertaken. Matters arising were communicated to the Board in an Interim Management Letter issued on 26 August 2019 for discussion in the audit exit meeting held on 13 September 2019, and subsequently, through a management letter dated 16 October 2019, as outlined below.

3.5.3. ***Overpayment of overseas subsistence allowance:*** Section 70(b) of the Public Service Order (PSO) states, "reduced per diem will be paid on specific missions when the requesting organisations can prove that such funds are needed depending on the nature of the requests, reduced per diem will not be paid for more than five days". Audit noted that two employees travelled to China for twenty-three (23) days to attend a seminar which was fully funded by the Chinese Government according to appendix 2 to the offer letter. Contrary to the above provisions of section 70(b) of the PSO, both employees were paid the "reduced per diem" for the entire duration of 23 days instead of restricting the payment to 5 days as per the above requirement of the PSO, despite all costs being borne by the host. The two officers, thus, were overpaid reduced subsistence allowance by SR33,750 each totalling SR67,500 as detailed in the table below.

	Admissibility (as per PSO)		**Payments Actually Made**		**Overpayments Amounts (SR)**
	Days	**Amount**	**Days**	**Amount-SR**	
Staff X	5	9375	23	43,125	33,750
Staff Y	5	9375	23	43,125	33,750
Total					67,500

3.5.4. *The Management, in reply (13.10.2020, explained that it has been advised by the Ministry of Finance, on being referred the above cases with a query as to why Treasury paid the per diem in excess of the eligibility if it was against the policies, that the payment was made without querying the guidance provided and the request made by SIB.*

3.5.5. ***Incomplete fuel records:*** Financial Instructions section 0707(b) states "All fuel coupons purchased should immediately and appropriately be recorded in the fuel coupon register". Contrary to this requirement of the FI, Audit observed that the Board did not record the purchase and receipt of fuel coupons, totalling SR50,500 for the year under audit, in the fuel coupon register. Fuel coupons were only recorded as and when they are issued, which may cause loss or misuse of coupons due to their improper accounting. Audit, therefore recommended that the Board should maintain an updated fuel register duly recording all requisite details including receipts and issues to avoid misuse.

3.5.6. *The reply stated that the management of fuel coupons currently includes recording of purchased fuel coupons in the fuel coupon register as well as a monthly assessment of the breakdown and calculation of fuel usage from the fuel mileage sheet.*

3.5.7. ***Overdue refund of overpaid Board fees:*** Audit examination of the payments to SIB board members, revealed that a former board member had resigned from her position on 08 December 2017 but the SIB continued paying honorarium to her from January to August 2018. As a result, SR 24,384 were overpaid to the board member. Management informed that despite the Board writing to the Officer on 20th September 2018, informing her of the overpayment and requesting for refunding the overpaid amount, the overpayment has not been recovered.

3.5.8. *The Management in reply stated all facts as in the report are correct and to date the overpayment of fees has still not been recovered.*

3.5.9. ***Utility payments with penalties for being late:*** Audit performed month to month comparison of electricity charges and noted that electricity bills were not settled on time. As a result, the Board paid surcharges for late payment amounting to SR2,628.57 during the year. In addition, the bills for the month October were yet to be paid as at 31 December 2018. Penalties charged by the PUC for recurring late payment is a repetitive issue since the 2017 report which needs to be addressed by the Board without further delay.

3.5.10. *The Management in response, informed that monthly bills were not received and were instead being directed to the Ministry of Housing, Infrastructure, Land Use and Transport (MHILT) for the space occupied by SIB on the second floor of the Independence Annex since 2017. SIB has since requested PUC to send bills directly. The reply dated 13.10.2020 also reiterated the same comments.*

Seychelles Energy Commission

3.6.1. The Commission, set up under the Seychelles Energy Commission Act 2010, later repealed and replaced by the Energy Act 2012, is responsible for regulating electricity related matters mainly energy efficiency, clean development mechanism, tariffs and charges, consumer protection rights, renewable energy sources, issuance of licenses and permits.

3.6.2. Auditor General has been mandated to audit the Commission under Section 22 (2) of the enabling Act and Article 158 (3) of the Constitution. Accordingly, an audit involving examination of the accounting records pertaining to wages and salaries, use of goods and services, transport management and non-financial assets for the year 2018 was undertaken. Matters arising were communicated to the Commission through an Interim Management Letter dated 21.11.2019, discussed with management on 29.11.2019 in an exit meeting and, subsequently, in the management letter issued on 26.12.2019. Further, SEC provided a written reply dated 14.10.2020, and held another exit meeting on 22.10.2020 with OAG.

Use of Goods and Services

3.6.3. ***Non-compliance to Procurement Regulations:*** The Public Procurement Act, 2008 and Regulations, 2014 thereunder prescribe the relevant procurement procedure to be followed by MDAs. Section 61 to 67 of the Act, read with Regulations 35 (4), further provides for exemption for the limited or direct method of procurement in certain justified cases, where service provider/supplier is the sole provider of such good and services locally with the prior authorization by the Procurement Oversight Unit. Audit examination of records relating to the procurements by the Commission revealed the following:

3.6.4. ***Procurements without quotations:*** Audit noted three (3) payments worth R115,976 towards purchase of air tickets where the basis of selection of the service provider or the competitiveness of fares applied were not sighted in the absence of alternative quotes.

3.6.5. *The management, in response, justified the continuous use of similar suppliers for goods and services due to quality of service being provided notwithstanding additional services such as free delivery to the Commission's premises and the provision of credit facility. The reply (14.10.2020) stated that POU approval will be effected from 2021.*

3.6.6. ***Payment supporting documents not sighted:*** Audit noted 6 payments aggregating to R118,450 towards foreign consultancy, training fees and overseas subsistence allowance which were not supported by the relevant payment vouchers and / or supporting documents. Audit further noted that these refunds to the CEO were self-authorized, payments; instead of seeking approval from either one of the Principal Secretaries from the Ministry of Environment, Energy and Climate Change or the Chairperson of the Board. The management informed that due to shortage of staff, they had experienced delays in filing. Requests were also submitted to the Ministry of Finance for an office assistant but were rejected. In the absence of the payment vouchers and relevent supporting documents, validity of these payments could not be verified. Audit further noted refunds totaling R19,325 to the Chief Executive Officer for expenditure incurred at two restaurants for which there was no requisite documents evidencing justification of these expenditures and that the payments effected were for the Commission related work, details of the participants in the events, etc. Another payment voucher number 019P180240 dated 18.12.2018 for R8,145 was sighted but without an invoice in support of the payment.

3.6.7. *Documents were submitted in respect of three (3) of the payments totalling R47,134. Still outstanding is the remaining three (3) payments worth R71,316. The HRBMO explained that two (2) of the payments were refunds to the CEO and a staff member following expenses paid for by them whilst on overseas official missions during the year which were subsequently refunded. Regarding the other payment of R23,000, it was explained that the amount paid was in accordance to funding available (and not as invoiced) and that balance of the amount due was paid following release of subsequent quarter's cash flow.*

3.6.8. ***Lack of segregation of duties:*** Section 27 (i) of the Public Finance Management Regulations 2014 requires that without prejudice to sections 7, 13 and 24 of the Act, every Accounting Officer shall, in respect of the Government's budget provide for segregation of responsibilities for purchase or appointment, payment approval, and accounting. Audit noted that there were four (4) officers, including the Human Resource and Budget Management Officer (HRBMO), designated for approval of payment vouchers, without prescribing any upper ceiling on the payment amounts. Further, the HRBMO alone was carrying out all functions relating to payments from processing to authorisation. Audit recommended that the Commission should ensure segregation of duties.

3.6.9. *The reply stated that despite having authorization to approve payments, the HRBMO has never approved any payments. The signature provided was for the purpose of raising and cashing cheques. The lack of segregation of duties was attributed to the lack of personnel to support administration and management team resulting in one person having too many responsibilities.*

3.6.10. ***Renewal of agreement not effected:*** As per agreement covering the period 02.02.2016 to 02.02.2018 a sum of R2,250 per month was mutually agreed upon by the Fair Trading Commission (FTC) and SEC for co-sharing of the security services provided by the security personnel by FTC in the lobby. The review of the security and enforcement line account disclosed an aggregated sum of R27,000 during the year being twelve monthly payments of the agreed sum per month. However, renewal of the contract has not been effected yet.

3.6.11. *The reply stated that matter is still outstanding even today. Despite discussion with CEO FTC, the matter has not been rectified. SEC has now contacted the security firm to have a contract, and waiting a reply.*

Transport

3.6.12. The Commission was in ownership of two vehicles during the financial year. The audit of relevant records revealed the following issues relating transport management:

3.6.13. ***Journeys of office vehicles not authorized:*** Section 78 (d) of the Public Finance Management Regulations 2014 specifies that an Accounting Officer shall, in respect of the use of the Government vehicles, including an employee's personal vehicle and public transport ensure that the Government vehicle is used for authorised journeys and the Government vehicle is not used outside working hours without the prior approval of the Accounting Officer. Audit review of daily sheets and vehicle log books maintained in respect of both vehicles during the period revealed a lack of authorisation of journeys during the entire year, as was the case in 2017.

3.6.14. *The management, in response, was of the view that this requirement was not practical due to the existing workload and if the position of Office Assistant is finalized then this could be delegated. The reply further stated that approval is given verbally for each journey and a formal approach would be possible if additional staff is provided.*

3.6.15. ***Non-recording of pertinent information in logbooks:*** The following were observed upon review of particulars as per the vehicle log books:

3.6.16. ***S19792:*** The log book had been updated up to 21.11.2018 corresponding to records as per the daily sheets. However, while the monetary values of fuel coupons had been recorded in the logbook, the litres of fuel received at the pump and fuel coupons numbers had not been updated during the period 22.11.2018 to 31.12.2018.

3.6.17. ***S7480:*** Although journey details and mileage runs were recorded for the year, there was no indication as to whether all journeys undertaken were for official purposes and that there was no instances of private use. The monetary values of fuel had been recorded in the log books however the litres of fuel received at the pump had not been updated.

3.6.18. *The management informed that they intend to make use solely of vehicle log books in future and will, therefore, ensure that all requirements are duly adhered to effective 2020.*

3.6.19. ***Monthly fuel consumption analysis not performed:*** Pursuant to section 78 (c) of Public Finance Management Regulations 2014, an Accounting Officer shall, in respect of the use of the Government vehicles, including an employee's personal vehicle and public transport ensure that calculation of the monthly fuel consumption of every Government vehicle in accordance with the requirements of the Accounting Manual. Contrary to these, the Commission did not perform such analysis during the year, as was the case in previous years.

3.6.20. *The reply stated that this will be implemented effective 2020.*

3.6.21. ***Fuel coupons register not kept up to date:*** In accordance to Section 78 (b) of the Public Finance Management Regulations 2014, an Accounting Officer should, in respect of the use of the Government vehicles, ensure that all fuel coupons in the fuel coupons register is recorded and all unused fuel coupons and the counterfoils of the used coupons are stored safely. Audit observed that particulars of fuel coupons books were not entered in the register upon purchase but only on issuance to vehicles for use indicating a control deficiency.

3.6.22. *The reply stated that this will be implemented effective 2020 as per the Audit recommendation received in late 2019.*

3.6.23. ***Private usage of vehicle not charged for:*** Section 78 (p) of the Public Finance Management Regulations 2014 specifies that an Accounting Officer shall, in respect of the use of Government vehicles, including an employee's personal vehicle and public transport ensure that the rate for private use of Government vehicle shall be in accordance with the Public Service Orders. According to records as per the vehicle log books there were three (3) cases of private use of the Commission's vehicles with a total of 75km, for which there was no evidence of refunds effected in accordance to regulation.

3.6.24. *The management stated that use of vehicle outside working hours arise following attendance at workshops hence he takes the vehicle home and subsequently returns with it to the Office the following morning. SEC added that the other instance, verbal authority was given to the employee as a result of an emergency that arose. The reply offered no further comments.*

3.6.25. ***Use of vehicle by CEO:*** Letter dated 07.10.2013 issued by the Chief Secretary of Public Service introduced payment of transport allowance to Principal Secretaries, Chief Executive Officers and Special Advisors with a view to ensuring parity in the use of Government transport facility across the board. The monthly allowance of R5,600 was approved with effect from 01 January 2014, for the Principal Secretaries, Chief Executive Officers and Special Advisors to make arrangement to acquire their own vehicle or to assist Chief Executive Officers who already own a vehicle to use their vehicle for official purposes. Review of records as per daily sheets maintained for both vehicles owned by the Commission revealed sixty-nine (69) instances totaling six hundred and thirty-four (634) km used by the Chief Executive Officer for official purposes.

3.6.26. *Providing comments on the issue and the circumstances surrounding the private use of vehicle, the reply concluded there is no solution to this matter as CEO would have to continue to use the vehicle to fulfil his duties and informed Audit that the logbooks will again feature the use of vehicles by the CEO during future audits.*

Non-Financial Assets

3.6.27. ***Write-off register not sighted:*** Pursuant to section 12 (1) (c) of the Public Finance Management Regulations 2014, every Accounting Officer shall, for the purposes of disposal, leasing, lending and other dealings with assets, obtain a written approval of the Principal Secretary of Finance to vary requirements relating to disposal and letting of Government assets and note the approval details in the asset register. Furthermore, Section 12.4 (c) of the Accounting Manual that all items written off should be recorded in the write-off register (form RW-001) with the appropriate reference to the write-off approval and relevant registers.

3.6.28. *The reply stated that approval for write off was sought and received from Finance.*

3.6.29. ***Discrepancies highlighted through verification of assets:*** A sample of fifteen (15) assets was physically verified and their particulars traced to recording as per the asset register and observed that four (4) of the assets could not be located.

3.6.30. *The reply stated that the items (external drives) were with respective staff members.*

3.6.31. ***Physical verification of assets not performed:*** Pursuant to section 12.3 (f) of the Accounting Manual, physical inspection is to be carried out at frequent intervals and at year-end. Any discrepancy found is to be investigated and appropriate action / adjustment is to be made. All such checks carried out must be evidenced in the respective register being maintained. Management informed that physical verification was done but no records are available to confirm the fact, despite similar comments in previous years.

3.6.32. *The HRBMO, in response, informed that verification is planned for year-end and that this exercise will be undertaken annually. The reply added no further comments.*

3.6.33. ***Absence of petty cash imprest:*** Section 21 (1) of the Public Finance Management Regulations 2014 specifies that a public body may hold a petty cash imprest of such amount as approved by the Comptroller General. As previously reported following the audit of the accounts and records for the financial year 2017, the entity does not have any petty cash imprest despite requests for such from relevant authority (Ministry of Finance). Consequently, the Chief Executive Officer approved for petty cash payments to be effected by staff from their own personal funds following which refunds are effected through payment vouchers for which no petty cash book and petty cash vouchers were maintained.

3.6.34. *Copies of e-mail communications between the CEO and the Comptroller General in June / July 2019 was submitted to Audit. The Comptroller General requested for submission of correspondences evidencing the Commission's efforts to recover the sum of R1,277.50 with the individual concerned in support of the request for write-off. The Commission was also alternatively advised to write a formal letter with justifications pertaining the request for write-off the said sum in the event that attempts to locate documents in support are futile. No further documents were submitted to Audit indicating actions taken in this respect nor any indication as to whether approval was received for write-off of the sum. There was also no evidence that the Commission has been allocated with a petty cash imprest.*

Follow-up on the issues raised in the Annual Report for 2018

Page, Para and issues in brief	Status
Page 82, Para 3.213 Over payment of leave encashment lacking requisite documentation	Issue has been resolved
Page 82, Para 3.215 Lack of internal controls	Issue has been resolved.
Page 82, Para 3.217 Payment authorisation by the beneficiary himself	SEC will seek approval and authorization from Chairman
Page 83, Para 3.219 Inadequate security of information and documentation	Issue has been resolved.
Page 83, Para 3.221 Stock count not performed	SEC says matter is pending as it is working on this.
Page 83, Para 3.223 Procurements without 3 quotations	SEC will ensure compliance.
Page 83, Para 3.225 Absence of evidence for receipt of goods and services	SEC says it is complying
Page 83, Para 3.225 Overseas travelling	Resolved.
Page 84, Para 3.229: Application of overtime rates for monthly cleaning work	As per SEC resolved.
Page 84, Para 3.231: The absence of petty cash imprest	Issue is still persistent.
Page 85, Para 3.234: No evidence of authorisation of journeys undertaken	Issue is still persistent.
Page 85, Para 3.236: Private usage of vehicle not charged	Partially resolved.
Page 85, Para 3.238: Fuel consumption analysis not performed	SEC will comply as of 2020

Seychelles Tourism Board

3.7.1. The Seychelles Tourism Board (STB), set up under the STB Act, is mandated principally to market and promote Seychelles locally, regionally and internationally as a tourist destination. The Board operates in 17 countries through its "Seychelles Tourism Office" (STOs).

3.7.2. Auditor General has been mandated to audit the Board, under Section 15(2) of the enabling Act and Article 158 (3) of the Constitution. An audit involving examination of the accounting records pertaining to expenses relating to payroll, use of goods and services and non-financial assets for the year 2018 was undertaken at the headquarters. Matters arising were communicated to the Board through an Interim Management Letter dated 15.11.2019 for discussion in the audit exit meeting, which was held on 13.12.2019 and followed by a written management response dated 26.12.2019. The matters remaining for attention were communicated to the Board in the management letter issued on 30.01.2020. The STB provided a written reply dated 13.10.2020, which has been suitably included in the report, as outlined below.

Long outstanding revenue debtors

3.7.3. Section 13(1) of PFMR, 2014 states that every Accounting Officer shall, in accordance with the instructions for the efficient management of moneys issued by the MoF, ensure that all debtors' accounts and records are maintained, demands for payments are issued and followed up with debtors promptly. The STB had an unconfirmed debtor balances of R2,200,869 at the end of 2013. However, the debtors ageing of STB as at 6 July 2019 indicated that the total outstanding debts was R583,046, of which R46,143 was outstanding for 31-60 days, R78,512 for 61-90 days and R269,414 for more than 90 days.

3.7.4. Audit noted that the debtors ageing does not mention anything about the unconfirmed debtor balances of R2,200,869. No evidence of confirmation of this balance in the subsequent years nor any details as to amounts collected out of this, action taken towards write-off of the entire balance or any part of the amount, if any, were sighted amongst the records submitted by the Management for audit despite audit requests. (vide mail dated 23 July 2019 followed by oral reminders).

3.7.5. *The management in reply (13.10.2020) stated that (a) majority of outstanding debts had been paid; (b) debt recovery is an ongoing exercise effected by the STB accounts team; (c) there is in place a mechanism for reporting to senior management; and (d) debtors ledger was maintained in Quick Books since 2011. Further, according to the update on the outstanding debts of SR583,046 mentioned above, the majority of the outstanding amounts had been paid.*

Use of Goods and Services

3.7.6. The Public Procurement Act 2008 and Regulations thereunder prescribe the procedures for procurement of goods and services. Section 61 to 67 of the Act, read with Regulations 35 (4), further provides for exemption for the limited or direct method of procurement in certain justified cases, where service provider/supplier is the sole provider of such goods and services locally with the prior authorization by the

Procurement Oversight Unit. Audit examination of records relating to the procurements by the Board revealed the following non-compliance.

3.7.7. ***Procurements without 3 quotes:*** In 40 procurements totaling SR1,848,520, the requisite minimum 3 quotations were not sighted. Further, Audit did not find any evaluation of the suppliers or basis of their selection and competitiveness of the rates approved. As such, in these procurement cases, Audit could not establish the competitiveness of the prices paid nor the justification for sourcing from single supplier or without quotes.

3.7.8. *While acknowledging that 3 quotes were not sourced in such cases, the reply stated that there have been changes made to the procedures to ensure that there is recording of and documenting of decisions taken and procedures followed. The reply also stated that the challenges with getting suppliers to provide quotes within given timeline was mentioned as were specificities of each of the various cases. Further, in discussions with procurement, STB has been advised on how to address this challenge.*

3.7.9. ***Direct bidding without approval from NTB:*** Audit noted three (3) payments, each much above R750,000 (the threshold prescribed for procurements through open bidding with approval of NTB) and totalling R7,320,922 towards procurement of services from 3 suppliers through direct bidding.

3.7.10. *Management stated in its reply that over the past two years STB has really tried its very best regarding procurement and to ensure compliance. We believe there has been a lot of improvement and through the interactions that has taken place, the procurement oversight unit has come to learn and understand more the nature of our operation and the challenges this brings in regards to procurement specifically and have tried to facilitate the situation for us. The situation is far from sorted, but there has been a lot of improvement. The proposed anticipated amendments to the Procurement Act will greatly facilitate the situation for STB, however, the same is delayed.*

3.7.11. ***Payments without reconciling invoices and supplier statements***: A payment for R822,101 towards air fares pertaining to 2015 was made in 2018, vide pv number 069181053 dated 23.04.2018, for which 4 payment statements were prepared in 4 different currencies amounting to (i) SCR1,103,004, (ii) USD8,855.34, (iii) EURO9,357.77 and (iv) ZAR134,818.94. The actual payments against these, after converting in to SCR, were (i) SCR 391,822.09, (ii) SCR124,333.40, (iii) SCR148,099.51 and (iv) SCR157,846.

3.7.12. While Audit was able to reconcile the statement and payments in relation to the 3 foreign currencies (USD/EUR/ZAR), the scrutiny of SR statement revealed some discrepancies and inaccuracies, as outlined below.

Particulars	**Reference**	**SR**
Total As per Statement	(a)	1,103,004.77
Less: Total paid	(b)	(391,822.09)
Less: Credit notes applied	(c)	(217,756.41)
Add: Invoices on the statement erroneously deducted	(d)	(26,537.50)
Add:Credit notes as per statement	(e)	162,071.41
Unreconciled Amount	**(f)**	**628,960.18**
Represented as:		
Unpaid, 2015,2016 and 2017	(g)	238,207.50

Unpaid 2018	(h)	473,960.00
Credit notes not applied 2016	(i)	(2,778.00)
Credit notes not applied 2017	(j)	(10,210.32)
Credit notes not applied 2018	(k)	(70,219.00)
Total		**628,960.18**

- Credit notes applied to this payment included a credit note number 2710015864 dated 23.11.2017 for R55,685, that did not appear on the statement (ref c-e);
- an amount of R26,537.50 was erroneously deducted from the total amount to be paid after it was omitted as it was identified that these invoices had already been paid although these invoices did not appear on the statement (ref -d); and
- a total of R628,960.18, ref (f) remained outstanding as at the payment date, of which R225,219.18 (ref (g) -(i) -(j)) had been outstanding for 2015 -2017.

3.7.13. *The management reply stated that STB stressed on the cooperation and support of its partners in order to ensure timely payments and reconciliation. In this case it has been a challenge to ensure cooperation from the supplier, especially as it relates to overdue invoices.*

3.7.14. ***Wrong application of exchange rate:*** Audit observed that the invoice attached to payment voucher 069P181159 dated 27.04.2018 for USD13,278, was from a local hotel for providing accommodation. A statement dated 16.04.2018 from the hotel, indicated that the invoice was for the services provided in October 2017 and the rupee equivalent was R166,380 using a conversion rate of R12.5305 per dollar. However, the Board converted the invoiced amount (USD13,278) into R186,123 for payment, using a rate of R14.0174 per dollar, which was higher than the conversion rate used by the supplier for invoicing. This resulted in an overpayment of R19,743 (R186,123 - R166,380) to the supplier. Audit was informed that for consistency, the Board converts foreign exchange payments at the selling price rate which is much higher than the mid-rate or buying rate. Audit is of the view that since the statement was generated by the hotel from their system in rupees, the Board should have requested for an invoice in SR. Furthermore, this transaction related to 2017 while payment was in 2018. Audit is of the view that keeping invoices outstanding for years may result in over/duplicate payments and at times accruing surcharges.

3.7.15. *The reply stated that STB has already revised its policy in regard to applicable foreign exchange rates for payments processing.*

3.7.16. ***Payment of internet bills lacked requisite approvals:*** Audit observed a payment of R281,767 (voucher 069P184339 dated 21.12.2018) towards the telephone and internet bills for the period January to September 2018 which included R33,120 (R3,680 per month) for the internet provided at the CEO's residence and billed on STB. Audit was provided with a copy of the Board minutes held on 27.09.2011, whereby the Board approved the request from the then CEO to be refunded for fuel and telephone expenses incurred for official duties. It was further explained that since the current CEO was having issues with the internet at her residence, and that she uses this communication medium extensively for work, especially during odd hours, when STB negotiated for a better internet package for the Office it considered one for the CEO's residence as well.

Audit was also informed that this package was chosen to ensure that there was no excess in internet usage.

3.7.17. *The reply stated that management sought fresh approval of the STB Board of Directors for the payment of the CEO's internet at her residence. STB is finalizing approval from the relevant Authority.*

3.7.18. ***Accounts (in credit) not reconciled:*** Audit noted that three internet accounts were in credit (being possible overpayments) namely, for DIC R15,856.47, STB CEO Residence fixed line R2,767.31 and Airport Kiosk R1,581.23, for which no reconciliation was performed to identify the reason for the credit and possible offsetting against future bills.

3.7.19. *The management in reply stated that STB confirms that credits identified was due to overpayment of invoices, due for the most part because of delayed receipts of bills, however, this was sorted out and off-set against future invoices.*

Transport Management

3.7.20. Audit noted that the Board has four vehicles and four drivers. Public Service Order, Procedure 102 (c) to (j) "Note of Authority states that an employee authorised to drive a Government vehicle must be in possession of a Note of Authority issued by or on behalf of the CEO of the given organization amongst other requirements. Further, Section 7.4 (d) of the Accounting Manual instructs that a fuel consumption analysis is to be prepared each month in respect of all government vehicles to ensure their efficiency and economic use of vehicles, and this should be recorded in the Vehicle Log Book.

3.7.21. ***Vehicles retained outside normal working hours:*** Audit observed that all four STB vehicles remain in the possession of the drivers after working hours without the requisite Note of Authority from the Management and a justification for necessitating retention of vehicles by drivers beyond office hours was not sighted. It was further noted that taxis were also hired for transferring some staff. Audit recommended that the Board should comply with the requirement of the Public Service Order and place on record all necessary justifications and the 'Note of Authority' for each vehicle.

3.7.22. *The reply stated that the note of authority is being implemented and is working well to date. In view of the nature of STB's work, the vehicles are kept with the drivers as they are required to be on standby in case they are required to assist with projects. Management informed that it is working on a written policy to guide drivers on the use of vehicles including staff transfers outside normal working hours and that it will look into the need to keep the vehicles with all four drivers at all times.*

3.7.23. ***Fuel Consumption Analysis not computed:*** Audit noted that the Board was not carrying out the prescribed fuel consumption analysis nor was recording number of litres of fuel issued in the vehicle logbooks.

3.7.24. *The reply stated that relevant training has been done and the fuel consumption and mileage analysis is still being addressed.*

3.7.25. ***Payment of insurance 'excess' for damage to the vehicle:*** Procedure 102(1) (c) Order 190 of the Public Service Order states that an employee authorised to drive a Government vehicle must, among others, immediately report any damage to the vehicle and park the vehicle in a safe and secure location. Section 5(b) of the same Order states that 'in cases where an authorised driver in a government vehicle is entirely or even partly at fault for damages to the vehicle, the driver will be made to pay the excess fee prescribed by the insurance company.' Contrary to the requirements of these provisions, Audit noted that a Board vehicle met an accident at Mont Fleuri (opposite Foreign Affairs Office) on the 14.03.2018. According to the statement made by the driver of the vehicle, he left STB Head Quarters at the Botanical House for official duties in Victoria at around 9:30am. As he arrived near Foreign Affairs Office which is based a few metres away from STB Headquarter the driver of the vehicle ahead, suddenly applied brake to avoid bumping into the vehicle ahead of him. As a result, it was too sudden for the STB driver to react and ended up bumping into the rear part of vehicle in front. Audit noted that against the claim of R54,587 the insurance approved and paid only R48,373.10 and the balance R6,213.90 as borne by STB vide payment voucher 069P182269 dated 03.08.2018. Furthermore, Audit noted a previous payment amounting to R7,200 vide payment voucher 069P180655 dated 23.03.2018 relating to the repair of the bonnet and windscreen frame of the same vehicle. Other than some photos, Audit did not sight any documentation of the cause of damage and the need for repairs at STB expense.

3.7.26. *While noting the requirements of the PSO, the management stated that it is committed to ensuring compliance in future, due consideration to all aspects of the two incidents were given and considering it a stroke of bad luck for the windscreen, which could have happened to anybody. As for the accident happening in front of Head Office, all facts of the situation were weighed and it was approved that the STB bore the extra costs on humanitarian grounds.*

Assets and Inventory Management

3.7.27. ***Incomplete Fixed Asset Register:*** Ministry of Finance issued a circular (6 of 2017) on the introduction of the fixed assets management software developed by DICT for the use of MDAs to ensure effective internal control over their assets and inventories. It further stated that installation and training on the use of the software was carried out extensively in all MDAs. Audit, however, noted that the software was not yet implemented by the Board. Instead, it maintained a customised software called 'Mobile Asset'. The Fixed Asset Register produced to Audit was incomplete in that 12 transactions recorded in the general ledger totalling R249,646 were not recorded in the Register and, in 10 out of 54 assets, identification number for physical verification was not indicated on the assets. As a result, Audit was unable to physically establish the existence of the assets. Incomplete assets records increase the risk of theft, may result in over purchase and mismanagement of fixed Assets. Audit recommended that the Fixed Asset Register should be kept complete and up to date and the software of Ministry of Finance is implemented.

3.7.28. *The reply stated that STB has been in touch with the DITC and the Ministry of Finance for the installation/introduction of the asset management and inventory software. The process is ongoing. Further, the STB is satisfied with the management of its assets because it is credible and workable and allows us to properly manage the organisation's assets.*

3.7.29. ***Store records not properly maintained:*** Section 12.2 of the Accounting Manual 2017 states that the Accounting Officers are to review annually the most economic and efficient method of ordering, storing, maintaining and accounting of stores under their control. Audit noted that the store inventory is broken down into 3 categories; consumables, cleaning materials and stationery, IT and 'marketing giveaways'.

3.7.30. Manager Support Service, responsible for the consumables, cleaning materials and stationery, informed Audit that he does not have an Inventory Register or bin cards and use only issue notes.

3.7.31. The IT Manager informed that an Inventory Register is maintained and updated by him. However, Audit observed that only 2 category of items i.e. cartridges and the small items (like mobile adapter, battery charger, memory card etc.) are being updated on this system.

3.7.32. The Officer responsible for the inventory of "Giveaways" informed that he maintains bin cards and issue notes. Audit noted that giveaways, consumables and stationeries are kept in one store room while cartridges and the small items are kept in the server room under the custody of IT Manager.

3.7.33. Inventory items were not stored in a systematic manner to enable their easy identification and retrieval. Therefore, a complete inventory count and verification of inventory items was not possible. Audit is of the opinion that bin card system alone is not sufficient to ensure completeness of inventory records and its proper management and control. Hence, Audit recommended that the Inventory Register is kept complete and update to facilitate their regular physical count and monitoring.

3.7.34. *The reply stated that adequate storage space remains a big concern, and the bin card system is being implemented and we do have in place a quarterly inventory/reporting programme, which is being implemented.*

Seychelles National Youth Council

3.8.1. The Seychelles National Youth Council was established under the Seychelles National Youth Council Act, 1997. The Council is responsible to assist the Government in the formulation of the national youth policies and programs to promote youth welfare; to foster among the Seychellois youth a spirit of national consciousness, a sense of unity and discipline, respect, understanding, co-operation and harmony through youth work.

3.8.2. The audit mandate is set forth under Section 9(2) of the Act which provides that the accounts of the Council shall be audited by the Auditor General. Accordingly, an audit of the Council covering Wages and Salaries, Use of Goods and Services and Revenue was undertaken for the year 2018. The matters arising were communicated to management in an interim management letter dated 10.12.2019 and discussed with management on 18.12.2019 in an exit meeting. A follow up was conducted on 24.12.2019 and the issues arising were addressed in a management letter dated 10.02.2020, as outlined below.

Wages and Salaries

3.8.3. The Council had a total of eighty four (84) employees as per the payroll analysis and the payroll cost during 2018 aggregated to R8,749,897. Audit examination of monthly payrolls, personnel files and other related records revealed some minor matters which were referred to the management for corrective action.

3.8.4. *The reply (13.10.2020) outlined the measures taken/envisaged, which will be examined during the next audit exercise due to time constraints at the time of this report.*

Use of Goods and Services

3.8.5. The Council's operating costs for the year including expenditure incurred through a suspense account maintained with the Treasury aggregated to R10,125,107. Audit examination of ninety six (96) payments worth R2,543,983 revealed the following.

3.8.6. ***Procurements without seeking competitive quotes:*** The Public Procurement Act 2008 and Regulations thereunder prescribe the procedures for procurement of goods and services in the public sector. Section 61 to 67 of the Act /Regulations 35 (4) further provide for exemption for the limited or direct method of procurement in certain justified cases, where goods/service supplier/provider is the sole provider of such good and services locally with the prior authorization by the Procurement Oversight Unit.

3.8.7. Audit examined a sample of ninety six (96) payment records totaling R2,543,983 relating to the procurement of good and services and was unable to sight any evidence as to the requisite minimum three quotes having been sought in sixty two (62) payments worth R1,327,338. Nor any prior authorization of the POU for procurement by direct bidding/deviation from procurement rules, as required by the procurement rules (Act/Regulations) was sighted in any of these cases. The goods and services procured broadly included consumables and hospitality conference (R659,933), overseas travel air fares (R202,685), conference package, staff party and the yearend gala dinner (R193,705), toners and stationery (R196,111), vehicles' repairs (R52,771) and uniforms (32,771). Consequently, audit could not verify that procurements in these cases were competitive.

3.8.8. *The management stated that generally requests for pro-forma are sometimes made, however, not provided by respective suppliers. It was also noted that in some cases, specialised services are required hence obtained quotes from specific suppliers whilst in emergency cases requests are initiated at the last minute. Further, continuity of procurements from same suppliers was justified based on quality of good /services supplied in the past, provision of credit facilities and free delivery to the* Council's *premises. The reply added that the need to obtain three minimum quotations is stressed upon by the CEO and the accountant seconded to SNYC regularly. Request for services from suppliers are being closely monitored. Further, project files are also being checked before signing to ensure the quotes needed have been put on file.*

3.8.9. Audit is of the view, that for direct bidding, in justified and emergency cases, the procurement rules require prior approval from Procurement Oversight Unit (POU) which should be submitted by the Council along with justifications therefor for audit perusal. Moreover, most of the procurements, being routine and general in nature did not warrant urgency as scope for proper planning was available with the Council. Audit, however, did not sight any documented urgency in any of the examined procurements.

3.8.10. ***Expenditure for which approval was denied by President's Office:*** The Council paid a sum of R100,000 vide payment voucher 075P180562 to one travel agent on 07.06.2018 for which there was no documentation in support. Upon enquiry it came to Audit's attention that this payment was submitted to President's Office for settlement, however, was returned 'unpaid' with remarks that it did not pertain to the operations of the entity. In view that requisite approval was not given, this constitutes an irregular payment.

3.8.11. *The Management, in response, stated that according to President's Office the file pertaining relevant documents had been returned to the Council, however the HRBMO claimed that it was never received by her and despite attempts, cannot be located. According to her this payment was for the travel of the Chief Executive Officer to America*.

3.8.12. In the absence of any documentation in support of the payment, Audit recommended for copy of the itineraries to be sought from the travel agency, and submitted to Audit for examination together with other supporting documents.

3.8.13. ***Absence of justification for the expenditure:*** Audit noted two (2) payments for a total of R193,705 (PV nos. 075P181470 for R105,705 and 075P181488 for R88,000) disbursed to a hotel for outstanding bill towards conference package, staff party and gala dinner undertaken in December 2018. Although invoices were sighted, there was no justification in support of these activities such as the number of individuals in attendance and event briefs. Audit was informed that in regard to payment voucher number 075P181470 an activity namely, CTSO was undertaken at the hotel during the period 19-25.08.2017 and at that time they were assured that all payments had been settled. However, at a later date the hotel contacted the Council informing of an outstanding balance of R100,155 and since there was much reluctance to effect payment immediately, the hotel brought the matter to the attention of the Ministry of Finance hence payment was effected. Upon enquiry as to whether a detailed statement had been received in support of the sum being claimed by the hotel there was no confirmation to that matter.

3.8.14. The Deputy CEO, in response, stated the gala dinner including prize giving is an annual event in favour of youth awarded with positive awards and that those individuals who received an award were accompanied by one guest and other than staff of the Council there were also designated invitees. The reply further clarified that a sum of SR88,000 was disbursed to a hotel for outstanding bill towards conference package. The sum related to expenses incurred for the positive youth award 2018. A total of 228 people attended the ceremony.

3.8.15. ***CEO's overseas travel not approved by President's Office:*** The Office of the President Circular No. 7 of 2013 (section 2) provides that "All Chief Executive Officers of Category 3, independent and commercial public enterprises proceeding on official overseas missions must also seek written permission from the Office of the President. However, Audit noted that the former CEO was refunded a sum of R5,286.87 as per payment voucher number 075P180844 dated 16.08.2018 in respect of overseas travel from Dubai to Djibouti, for which there was no evidence of approval of travel by the President's Office. Similarly, in another instance there was a payment of allowance as per payment voucher number 075P181585 dated 21.12.2018 for the sum of R12,000 in relation to overseas travel to Mauritius from 23-29.11.2018, for which also the necessary approval was not found.

3.8.16. The Deputy CEO, in response assured to review the personal file of the former CEO as it was ascertained that the payment was in respect of his travel to attend CJSOI in

Djibouti. Further, the reason for the travel to Mauritius was to attend the International Festival Creole.

3.8.17. ***Expenditure lacking pertinent documentation:*** Section 27(m) of the Public Finance Management Regulations 2014 provides that "every Accounting Officer shall in respect of the Government's budget ensure that all the transactions of the public body are supported by authentic and verifiable source documents, clearly indicating the approved budget allocation. Although in most cases invoices were sighted, eleven (11) payments worth R132,065, lacked documents in support as to the purpose of the functions / hospitality and the number of persons in attendance, overseas travel, hire of bus and needs assessment.

3.8.18. The reply stated that procedures are already in place by the Accounts Section as guided by the PFMR 2014 and PFM Act.

3.8.19. ***Lack of evidence to support expenses:*** Audit noted a payment of R58,000, PV 075P181331 dated 22.11.2018, from the suspense account to the former CEO. Its supporting documentation, a copy of minutes sheet initiated by the former CEO and approved by the Chairperson of the Youth Entrepreneurship Board, revealed that a sum of R28,000 was to be paid to seventeen (17) participants attending the "Festival International Kreol 2018" in Mauritius whilst the remaining R30,000 was to be utilised for setting up of a band in Mauritius, during the programme from 24-29.11.2018. Further, it was noted that CEO requested for disbursement of the entire sum to his personal bank account to facilitate disbursements to the individuals concerned, who would sign a document in acknowledgment of receipts. Audit observed that documentation as to assessment of the band setting up costs, nor any quotes, invoices, payments receipt acknowledgement, etc. were not kept to show as to how the sum of R58,000 was accounted for as legitimate expenditure.

3.8.20. *The Deputy CEO stated that she has brought this matter to the attention of the former CEO and has requested for submission the acknowledgement of allowances by the concerned individuals. Providing a copy of the list of 19 students, further informed that this was a social project and it was agreed that instead of moving several musical equipment to Mauritius, the larger ones would be procured in Mauritius for this purpose, which have since been collected and updated on the Council's inventory records*.

3.8.21. ***Employee's tertiary education training cost borne by Council:*** The Agency for National Human Resource Development (ANHRD) is entrusted with the management and administration of the Government of Seychelles Scholarship Scheme and tertiary training fund. As per this scheme, the Agency offers tertiary education training to both pre-service (unemployed individuals who have completed post-secondary studies) and in-service individuals. Contrary to these arrangements, Audit noted that the Council disbursed a sum of R78,000 to the University of Seychelles, vide PV 075P181323 dated 22.11.2018, towards cost of MSc in Business Administration pursued by the Deputy CEO. Section 150 (a) of the Public Service Order further provides that in-service students will be bonded to serve the Government or the sponsoring organisation. No reasonable explanation, as to why the Council had to pay from its recurrent budget as ANHRD is responsible for meeting such training costs. Further enquiry revealed that the training was in two phases as such a payment of the same amount (R78,000) had also been effected vide PV 075P171655 dated 18.12.2017. Consequently, the total training costs incurred for the individual amounts to R156,000. Audit observed that the Council had failed to comply with this requirement also as no such bonding agreement has been drawn up with the employee concerned. To note, the training's duration is expected to come to an end in early 2020.

3.8.22. In reply, Audit was advised that a bonding agreement has been signed by the DCEO as SNYC covered the cost for a master's course.

3.8.23. ***Shortcomings in YES***: One of the Council's functions is to financially assist young entrepreneurs towards initial set up of their businesses through Youth Entrepreneurship Scheme (YES), for which an allocation of R1,000,000 was provided in the Budget for the year 2018 against which R936,961 disbursed. Audit noted that the Council did not have an approved internal policy or standard operating procedure for the implementation, monitoring and assessing the Scheme. Audit review of a sample of twenty one (21) financial assistance awards during 2018, totalling R626,100, disclosed the following shortcomings:

- in three (3) instances, totalling R76,995, the completed "start-up business" questionnaires were not found;
- in eight (8) cases, totalling R251,294, the requisite evidence of compulsory attendance at the basic entrepreneurship training by the beneficiaries was not sighted;
- in sixteen (16) cases, totalling to R480,600, the requisite projects (estimates) were not sighted on the beneficiary entrepreneurs' personal files;
- no invoices/receipts in support of disbursements aggregating R235,000 were sighted in eight (8) instances. Although the entity may reason that approval was given for disbursement of funds directly to the entrepreneurs' suppliers, Audit is of the opinion that invoices/ receipts should be obtained and submitted to the Council in evidence that the goods/services required for their projects had actually been procured;
- in fourteen (14) cases, amounting to R394,045, there was no evidence of site visits after first three months following initial operation of the business;
- in three (3) cases, totalling R129,500, the applicants' businesses had already been established and a need for the start-up capital was not established and documented. In the absence of an established policy and need assessment, Audit could not verify the eligibility of the business and the rationale of amount awarded;
- in four (4) instances, the actual amounts approved (R104,024) differed from that disbursed (R119,912) as per payment vouchers indicating an overpayment of R15,888; and
- the amount of financial assistance approved for an individual was not specified in the approval accorded, however, a payment was effected to a supplier for two (2) Yamaha scooters. The business owner (beneficiary) submitted a quote for R77,500; but the actual amount paid was R79,500 as per PV 075P180125 dated 05.04.2018.

3.8.24. In response, the Coordinator Youth Leadership and Empowerment stated as under:

- copies of duly completed "start-up business" questionnaire will be submitted to Audit once the business registrations have been updated;
- lack of proof of compulsory attendance to basic entrepreneurship training by individuals was yet to be verified and revert to Audit;
- applicants generally document particulars of their businesses which they intend to set up as per the "start-up business" forms. Management affirmed that indeed there are deficiencies in the system which are currently being addressed. Policy to that matter is being processed and a copy of which will be issued to Audit once finalized;
- receipts/invoices have not been submitted to the Council by the individuals concerned;
- agreeing that there was no evidence of site visits after first three months following initial operation of the businesses, the Council added that there was a backlog of site visits in 2018 which would be cleared in 2019;
- there are instances where individuals seek financial aid for expansion of existing businesses. In such cases, the Board undertakes site visits and then provides recommendations which are used accordingly; and
- variances in amounts requested and disbursed are primarily due to delay in processing applications while in other cases, prices of items increase as a result of new stocks received by suppliers or change in brands. In these cases, the Board does its utmost to adjust costs so that the individuals are not worse off.

3.8.25. The reply further stated that a draft policy was submitted for consideration by the Youth Entrepreneurship board to establish a uniform procedure for grant allocations. During the month of June, an internal audit was conducted to review all files for 2019/20 to ensure that all the required documents are included as per the checklist.

3.8.26. ***Discrepancies in payments of board members' allowances:*** Audit noted that the Council has two different Boards; viz, the SNYC Board and the Youth Entrepreneurship Board (YEB). However, Section 6 of the enabling Act provides that there shall be a Board of the Council and the Board shall consist of the Chairperson, the Vice-Chairperson and 5 other persons who shall be elected by the General Assembly and who shall hold office for a period of 2 years. Letters of appointment of the SNYC Board members were not furnished. A letter dated 15.10.2018 appointing members to the YEB by the Minister for Youth, Sports and Culture effective 01.10.2018 was sighted. However, no document was furnished in support of the appointment of the members to this Board for the period January to September 2018.

3.8.27. A review of the respective general ledger account disclosed payments totalling R11,700 to seven (7) YEB members in the month of February 2018 and again of R10,400 in December 2018, which was to a different group of seven (7) members of YEB other than the former CEO. Circular 2 of 2016 of Ministry of Finance stipulates that "effective 1st January 2016, all commercial entities and budget dependent public bodies will be guided by the remuneration policy and framework on fees for executive boards. In regards to other boards and bodies and committees, board fees shall only apply to those that are set up by law only.

3.8.28. In the absence of any evidence as to under which rules the YEB has been established, Audit was unable to validate the basis, regularity and accuracy of these payments by the Council.

3.8.29. *The reply stated that payment of SNYC Board is strictly processed as per the established fees for Group 5 of the remuneration policy and framework on fees for Board and Government committees 2019. In addition, an official letter of appointment will be prepared by the CEO of SNYC and handed over to the board members. Following the appointment by the designated minister of the current youth entrepreneurship Board (YEB), remuneration is strictly being adhered to the rates dictated for group 7 of the policy framework 2019.*

3.8.30. ***Disparity with rental payments:*** In connection with the review of rental payments disbursed during the year, Audit requested for copies of the respective lease agreements for Ste Claire Building, Anse Boileau, Baie Ste Anne Praslin and Anse Royale premises, which were, however, not produced. Further, in the case of rental of the office space at the Ste Claire Building, it was noted that the space was occupied by the Youth Department but costs were borne by the Council.

3.8.31. *The reply stated that the updated lease agreement with the lessor 21st Century Property Limited for rent of 100m2 Horizon Complex building is in order. Management is also liaising with the MLUH to obtain updated lease agreement for offices at CSB building, Anse Royale.*

Revenue

3.8.32. The Council collects revenue for services offered at its Youth Service Bureaus which comprise internet services, laminating, printing to name a few. A total of R634,868 was collected during the year from these services. A review of accounts and records maintained in support of the collections at all youth bureaus was undertaken and, at La Digue, it was noted that (a) the Accounts Assistant recorded a sum of R6,111 as collected. However, the audit scrutiny of the cash book revealed only R5,387, giving a difference of R724; and (b) the total amount recorded as per cash book amounted to R7,861 as collections during 06.04.2018 to 30.10.2018. However, the Accounts Assistant indicated that the collection was R4,861, giving a difference of R3,000.

3.8.33. The reply stated that all cash collected in YSB's are recorded on a cash collection form and banked. In instances, where amount collected does not tally with amounts in the receipt book, a report is prepared by Accounts Section. Further actions are taken by the HR department.

Status of action taken on findings reported in Annual Report for 2017

Page, para , Audit brief	Status
Page 115, Para 370 Annual leave exceeding the upper limit	Issue is still persistent. Four new cases noted.
Page 116, Para 372 Overtime payment in excess of ceiling	Issue is still persistent. Seven new cases noted.
Page 116, Para 375 Leavers not promptly removed from payroll	Resolved. However, Council is yet to confirm refunds from the employees reported on in the 2017 report.
Page 117, Para 378 Lack of documentation in support of sponsorships	Issue is still persistent. A donation of R50,000 not supported.
Page 117/118, Para 382 Revenue collection without raising receipts	Issue is still persistent. Receipts in support of five collections for R22,702 could not be found at respective Youth Service Bureaus.
Page 118, Para 385 Receipts not issued in a sequential order	Resolved.
Page 118, Para 387 Banking of revenue not effected promptly	Banking has improved. However, delays noted in remitting revenues from the Youth Service Bureaus.
Page 119, Para 389 Cash collections not traced to the relevant revenue vouchers	No report submitted to Audit indicating action taken based on previous report.
Page 119/120, Para 391 Revenue loss/theft at the Bureaus	Documents in support of action taken not provided to Audit.
Page 120, Para 393 Invoices not raised/absence of contracts for the rental	Observation persists. Rentals of hall and conference room totalling R14,450 were without invoices and contracts.
Page 120, Para 396 Evidence of receipt of goods not recorded	Resolved.
Page 121, Para 399 Absence of contracts to support the payments	Resolved.
Page 121, Para 401 Procurements without minimum three quotations	Persistent in that sixty two payments totalling SR1,327,338 were not supported with requisites quotations.
Page 121/122, Para 404 Payments Supporting documents not sighted	Persistent in that 19 payments totalling R502,930 lacked supporting documents.
Page 122, Para 406 Payment vouchers not sighted	Resolved.
Page 122, Para 408 Youth Entrepreneurship account operational deficiencies	Persistent. See details in the current report.

National Sports Council

3.9.1. The National Sports Council (NSC) was established under the National Sports Council Act, 1982 with the main objective to promote the playing and organization of sports in Seychelles by all available methods. Section 13(1) of the Act provides for audit of the Council by a private auditor appointed by the Minister for Finance in consultation with the Council.

3.9.2. The Council's main source of income is from the appropriation from the Consolidated Fund. Article 158(3) of the Constitution provides that the accounts of all government departments, offices and those related to moneys withdrawn from the Consolidated Fund to be audited by the Auditor General. Accordingly, an audit of the Council involving examination of the accounting records and documents pertaining to expenses relating to payroll, goods and services and fixed assets for the year ended 31 December 2018 was undertaken to enable the Auditor General to form an opinion on the accounts and records maintained by the Council. Matters arising were communicated to the Council through an Interim Management Letter dated 17.06.2019 for discussing in the audit exit meeting held on 04.07.2019. The matters were subsequently, communicated to the Agency in the management letter issued on 09.08.2019, as outlined below.

Payroll costs

3.9.3. The total recurrent expenditure of the Council during the year under audit was R65,927,106.35 against the budget of R66,734,910.03 resulting in savings of R807,803.68. The Council employed 83 staff, and the total payroll cost for the year was R12,984,320 against a budget of R13,744,278. Examination of the payroll and personnel related records revealed the following.

3.9.4. ***Absence of checks on monthly payrolls:*** Despite the significant number of personnel employed by the Council, at its headquarters, decentralised locations and sports complexes, no evidence was sighted as to the checks performed by the management on the monthly payrolls, to confirm accuracy of changes effected to the payroll.

3.9.5. ***Leave accumulation and overtime in excess of prescribed upper ceilings:*** Contrary to the provisions of the Section 54 of the Public Service Order (PSO), an employee (driver) accumulated leave balance of 100 days, as at 31.12.2018, without the requisite written authorisation by the CEO to allow excess leave. The same employee regularly claimed overtime also on a daily basis throughout the year. For example, in September 2018, claims of the employee for overtime of 126.5 hours were paid which is contrary to the provisions of the section 43 (2) (d) of the Procedure Manual to the Public Service Order which states that hours worked as overtime shall not exceed 60 hours per month or an aggregate of 15 additional hours per day.

3.9.6. The Management in response, informed (04.07.2019) that the payroll is checked by the Human Resource Section, although not signed. Henceforth the payroll will be endorsed following checks, for accountability purposes. As regards payment of over time, the Council informed that the driver in question was the only one who was willing to undertake trips after hours as most the Council's activities are held after office hours. This issue has been addressed, as a decision was taken for the Council to focus on its *core business and refrain from activities which do not form part of its functions such as funeral trips etc. thus reducing on overtime costs.*

3.9.7. Audit is of the view that as provided in Section 43 (4) of the PSO a monthly commuted overtime allowance may be considered.

Use of goods and services

3.9.8. The expenditure relating to procurement of goods and services incurred by the Council totalled to R33,698,858 against the budget of R52,990,632 during the year under review. Examination of a sample of 87 payments, amounts totalling R15,190,029, disclosed the following deficiencies:

3.9.9. ***Incomplete supporting documentation:*** The Public Finance Management Regulations (63) state, "Payments shall not be made unless payment voucher is supported by original invoices and accompanying documents as per the requirements of accounting manual". Audit noted a payment of R60,000 to a representative of the basket ball federation on 28.03.2018 in relation to a junior boys overseas training camp. The payment was supported only by a memo, as such the breakdown of expenditure incurred and details thereof were not available. In the absence of the requisite documents, Audit could not ascertain the basis upon which disbursements on behalf of federations were effected.

3.9.10. In another case, a sum of R120,000 was drawn in cash on 16.03.2018 and the payment, according to the documents was effected to Qatar Airways, for thirteen (13) airplane tickets in relation to the aforementioned training camp. The payment, misclassified to overseas subsistence allowance, should have been made payable directly to the Airline instead of drawing cash, as required by Regulation 63 of PFM Regulations which states that "Payments shall not be made unless payment voucher is supported by original invoices and accompanying documents as per the requirements of the accounting Manual". Audit had noted this practice in 2011 also; on which an observation was included in the audit report issued in March 2012. In response to the observation, the Council had informed that the deficiencies were noted for improvement, however, the required corrective action was not evident. Audit recommended that a policy covering disbursement to federations is put in place specifying all requisite documents which should support the request.

3.9.11. ***Deficiencies in stores control:*** Chapter 12 of the Financial Instructions (FI)/Accounting Manual deals with custody, control and disposal of stores and FI 1203 specifies duties of the Accounting Officer in regard to accounting and control of stores. Contrary to these Manual provisions, an inspection of the store and evaluation of stores control procedures revealed that the Council did not maintain the requisite stores registers and bin cards. The stores records previously maintained in excel format were also not updated with receipts and issues during 2018 nor the goods received notes were issued in acknowledgement of receipt of the stock items. Moreover, regular periodic and year end stock verifications (stock counts) were not performed. Audit noted that the Council maintains a store which contains considerable quantities of consumable items (values totalled to SR8,057,017 in 2018), stationeries (values totalling to SR1,097,135) and tools/other supplies (values totalling to SR1,097,135 and SR 2,895,511) which indicate gravity of the situation in this regard calling for immediate measures by the Council to ensure compliance with the provisions of the FIs/ and Accounting Manual especially to FIs 1203 to 1205. A possibility of pilferage or misappropriation in this situation cannot be ruled out.

3.9.12. The management in response agreed that the necessary must be done to address the stores situation which was found disorderly and under the control of one person who was not necessarily proficient in handling stores records.

3.9.13. ***Absence of contract for regular services:*** The Council engaged two individuals and a company to deliver services on a regular basis in respect of which valid contracts or agreements detailing the terms and conditions for regulating the provision of services were not available. The two individuals were responsible for organising and hosting the FINA Open Water series competition to be held in 2019, whereas the company delivered security services. Agreements to regulate the security service delivery and payments were also not sighted. In the absence of formal agreements, Audit could not determine the duration of the engagement of and accuracy of the following payments made to the service providers in 2018 in the sums of SR303,950 to company A, SR134,948 to individual A and SR107,133 to individual B.

3.9.14. The management in response informed (04.07.2019) that as regards the two officers providing consultancy services, the Council was in discussion with the Department of Public Administration on how best to treat their cases which would be in the interest of the Council as they were involved with the organisation of the FINA open water series competition to be hosted annually. As for the security company, management confirmed that a signed contract was not in place.

3.9.15. ***Procurements by direct bidding and without requisite approvals:*** The First Schedule to the Public Procurement Regulations, 2014 (issued under the Public Procurement Act, 2008) states that, although approval for goods and services worth R150,000 or less should be granted internally by the procuring entity, at least three quotations must be obtained. In case any deviation from the provisions of the Act/Regulations is felt necessary, prior approval of the POU should be obtained.

3.9.16. Audit examined a sample of thirteen (13) payments towards procurement of goods and services, each amounting between R20,000 and R150,000, and observed that in three (3) instances alternative quotations to support the choice of the supplier or service provider were not sighted. Further, in three other payments, for accommodation of foreign delegates (sports teams) and hosting of workshop which ranged between R 150,564 and R738,359, the requisite bids to support the basis of selection of the hotels/service provider as also documents as to establishment of the reasonability and justification of the amounts of the agreed payments and competitiveness, were not sighted. Nor did the approval of POU was sighted in case direct bidding was resorted to for the procurements.

3.9.17. Moreover, as invoices and other supporting documents did not indicate the number of delegates attending the IOCC games, and lodging at two hotels, Audit could not ascertain accuracy and correctness of the payments made.

3.9.18. Audit recommended that the Council should ensure compliance with the provisions of the Public Procurement Act/Regulations and payment vouchers are duly supported by requisite documents and reconciled with the invoices and service actually received.

3.9.19. *The management in response informed that it was not clear if alternative quotations must be obtained for accommodation of sports delegates*.

Non-financial assets

3.9.20. During the year under review the Council procured assets at a total cost of SR2,017,317 comprising of IT equipment (R199,623), air conditioning equipment (R160,000), printing & equipment (R94,990), Furniture (R100,000), mini van (R1,175,000) and medical equipment (R287,704). Audit assessed the adequacy of controls over the procurement, safeguarding and accounting for asset purchases by examining a sample of ten (10) items totalling SR1,438,045 and observed that assets were not accounted for and properly safeguarded as under:

- the asset register had not been updated with nine (9) items with a total cost of R1,348,055.
- the register maintained, did not contain details of the related payment voucher, supplier name and asset identification number.
- physical inspection of assets was not performed during the year 2018 to confirm the existence of assets against the register and assets purchased, which may lead to loss of control by the Council over usage and custody of assets.
- it was observed that asset identification numbers were not assigned to assets and affixed to the assets to determine the physical existence of assets recorded in the register and monitor control over their movement.

3.9.21. Earlier also in the audit for 2011, Audit had obervered this deficiency and included in the report dated 22 March 2012 noting that the Council had not maintained an up to date asset register, as purchase of fixed assets were not recorded in the register, physical verification of assets were not performed and assets were not allocated with a unique identification number during the period 2010/2011.

3.9.22. Despite the Council informing that new procedures were being implemented to ensure that fixed assets purchases were accounted for, audit noted that the shortcomings have not been addressed.

3.9.23. ***Asset cost understated:*** A laptop purchased on 20.12.2018 for the sum of R18,400 of which R11,400 was initially paid from the suspense account maintained by the Council was only accounted for as R7,000 as office equipment in the General Ledger. The "HP Probook" was not recorded in the asset register. The refund to the suspense account was not accounted for as non-financial assets.

3.9.24. The Management in response informed that they will do the necessary to update the fixed assets register as the various Sports Complex around the island are under the responsibility of the Council and they have assets in all these locations.

3.9.25. Audit noted the management response and advised that the asset register should be duly updated providing the requisite particulars in it and physical verification of the assets conducted with due reconciliation with the asset register. Discrepancies noted should be brought to the notice of the higher management and any losses reported to the Ministry of Finance.

Suspense Account

3.9.26. The National Sports Council maintains a suspense account in which donations, sponsorship for athletes/federations/sports groups from various organisations are deposited on behalf of the recipients for Corporate Social Responsibility purposes. The Council then disburses the sums paid to the athletes or federation upon receiving the sponsorship through Treasury. In addition, income from various sources such as rental of store, tuck shop, gym, hire of facilities, dormitories, mini stadiums etc. are also deposited into the aforementioned account.

3.9.27. ***Requisite checks on cash book not performed:*** There was no evidence of checks performed on the cash book by the designated officer to ensure that all receipts agreed with collections, had been correctly recorded and deposited promptly and intact as required by the Section 0201(vi) of the Financial Instructions.

3.9.28. The Management in response agreed with the observation and stated that corrective action will be taken.

3.9.29. ***Discrepancies in Council receipts from sponsorships and tickets sale proceeds:*** The Council receives donations, sponsorship for athletes/federations/sports groups from various organisations as also income from different sources including rental of store, tuck shop, gym and rooms; facilities such as Olympafrica Centre, Exhibition hall, sports complex, Mini stadium, dormitories, sports complex, sports training room and swimming pool; sale of caps, sale of tickets and participants fees for marathons etc. Audit examination of suspense account and relevant records revealed the following discrepancies:

3.9.30. ***Discrepancies in sponsorship payment:*** Audit selected a sample of nineteen (19) payments relating to sponsorships for third parties (federations) for the year 2018 and matched the sponsorship against the corresponding receipt. The objective of the tests was to confirm that payments were effected to the correct claimant for the amount received from sponsors. It was noted that a sum of SR183,000 was received by the Council from different sponsors on behalf of " Swimblue Pals", a volleyball team, whereas SR 258,750 was paid to Mason's Travel as travel costs for the team (PV180811 dated 28.03.2018). The difference of SR 75,750 was borne by the Council. Audit recommended that the Council should ensure that payments are appropriately supported with the relevant documentation.

3.9.31. Without producing relevant documentation to confirm that it had duly been approved for the Council to contribute the difference to the club, the Senior Accountant, in response, informed that the difference was borne by the Council.

3.9.32. ***Discrepancies in proceeds from sale of tickets:*** Audit computed the expected collections from sales of sports award tickets for the year 2017, which resulted in short collection and banking for the sum of SR 17,000 as detailed below. According to the ticket register, thirty-four (34) tickets were sold to various federations on credit. Audit could not ascertain if tickets sold on credit had been settled by the customers in the absence of receipts issued and corresponding banking. Audit also observed that proceeds of sales of tickets in cash and cheques were not banked by the next working day as per the requirements of the Financial Instructions 0803, but instead on the 26.01.2018, a week after the event. Audit recommended that the Council should account for the ticket sales on credit and provide the status thereof. All printed tickets must be accounted for.

3.9.33. The Senior Accountant, in response informed that all amounts owing by federations are deducted from their budget allocation prior to transfer of funds to respective federations.

3.9.34. Audit is of opinion that any set-offs against dues from federations must be clearly shown on supporting documentation and statements of collection, otherwise it remains as a debtor to the Council.

3.9.35. ***Rental arrears records not maintained:*** Section 13(c) and (d) of the Public Finance Regulations, 2014 states, "every Accounting Officer shall, in accordance with the instructions for the efficient management of moneys issued by the Ministry of Finance ensure that: (a) the accounts and records for all debtors are maintained; and (b) the follow-up with debtors and issue demands for payments are done promptly.

3.9.36. Management, informing that prior to 2018 credit facilities were allowed, although there was no policy in place nor specific procedures for approval thereof, stated that since 2018 all transactions were expected to be in cash.

3.9.37. Audit computed rental income payable for the year, based on the current leases and compared the same against receipts issued during the year under review, and noted that a sum of R63,000 was outstanding for the year excluding any outstanding balances carried forward from 2017. Though, all leases are payable in advance on the 01st day of each month as per the agreements, the Council was not enforcing this clause and, as a result, lessees continued to remain in occupancy despite the non-payment of lease.

3.9.38. In the absence of customer records or debtors age listing, Audit could not ascertain rental arears prior to the year 2018 and whether the indebtedness status of the lessees was taken into consideration, prior to renewal of existing leases. Audit reported on the deficiencies in accounting for rental debtors, specifically failure to establish the correctness of the amounts to be recovered from the debtors, pursue payment of arrears and lack of monitoring of recovery in the audit report for 2011 as well. This is a recurring issue which has not been addressed by the Council. Audit recommended that prior to renewal of leases, the Council should take into consideration the indebtedness of the lessee. Further, when clients fail to pay their monthly rental dues, their rental agreements should be a reviewed to enable remedial action accordingly.

3.9.39. The Management in response informed that they will follow-up on the status of the arrears and implement audit recommendations.

3.9.40. ***Long overdue debts and balances lack credibility:*** According to the debtors aged listing compiled by the Council in excel format, a total of SR 820,893, excluding rental arrears, was owing by the Council's customers, as detailed below in the table, for provision of services to them from 2008 to 2018:

Year	Debtors			Cumulative SR	Percentage
	Government Entities-SR	Private/ Individuals-SR	Total SR		
2008	34,400	118,315	152,715	152,715	18.6%
2009	2,975	69,468	72,443	225,158	27.4%
2010	3,000	35,425	38,425	263,583	32.1%
2011		37,000	37,000	300,583	36.7%
2012	27,610	108,100	135,710	436,293	53.1%
2013	5,970	12,985	18,955	455,248	55.5%
2014	500	58,775	59,275	514,523	62.7%
2015		102,200	102,200	616,723	75.1%
2016	17,600	20,350	37,950	654,673	79.8%
2017	3,500	16,425	19,925	674,598	82.2%
2018	72,075	74,220	146,295	820,893	100%
Total	**167,630**	**653,263**	**820,893**		

3.9.41. From the above it may be noted that about 80% of the total debts was owing by individuals and private organisations and balance 20% by Government entities including sports federations. Audit examined the status of the debts from 2008 to 2018, as provided in excel format by the Council in terms of their recoverability and non-availability of supporting documentation to pursue recovery on the debtors listing and noted that it did not indicate follow-up action taken in respect of debts from 2012 to 2018. Further, the debtors balances were maintained in excel format and are not linked to specific invoices. The credibility thereof, therefore, was in doubt and the possibility of errors and omissions exist. Despite accounts personnel confirming that credit facilities were not allowed in 2018, the Council had accumulated debts of SR 146,294 in 2018, showing that control was not exercised over the provision of services on credit. Since the debtors' balances are long overdue now, 80% of the debts are over 3 years old, as such likelihood of their recovery is considered as remote.

3.9.42. Audit observed this shortcoming in the audit for 2011 also and included it in the Management Letter (paragraph 7.3) dated 22 March 2012. Despite this, the follow-up action taken by the Council in respect of outstanding debtors was not consistently performed, rather sporadic only nor was any intent apparent from the records for taking action on the recovery of accumulated debts. Furthermore, Audit noted that credibility of the debtors' age analysis was also a recurring issue which has not yet been addressed by the Council.

3.9.43. The Management in response agreed to conduct an exercise to assess the recoverability of the debts and follow-up on outstanding amounts.

3.9.44. Audit is of the view that the Council should keep its Board informed and updated on the progress in regard to the issue of long overdue debts and reconciliation of the balances of outstanding dues reflected in the records.

Creative Industries and National Events Agency

3.10.1. The Agency, set up under the Creative Industries and National Events Agency Act, 2016, is mandated to develop market and promote export of creative products and services for which to organise events of national importance.

3.10.2. Section 16(2) of the Act provides for audit of the Agency by the Auditor General in accordance with Article 158(3) of the Constitution. Accordingly, an audit of the Agency involving examination of the accounting records relating to goods and services, non-financial assets, payroll, and receipts for the year 2018 was undertaken together with a follow up audit on remedial action taken based on the previous audit report. Matters arising were communicated to the Agency through an Interim Management Letter dated 22.01.2020 for discussion in the audit exit meeting held on 05.02.2020 and subsequently, through a Management Letter issued on 09.03.2020, as outlined below.

Revenue

3.10.3. The Agency collects revenue through rental fees, proceeds from sale of tickets for the events it organizes and sponsorships. During the year 2018, receipts totalled R2,870,255, which is much less than R4,697,929 collected in 2017. The major receipts during 2018 were from rental fees (of the ICCS/Seafront facilities) amounting R2,214,711, sales proceeds from Festival Kreol activities amounting R65,450 and sponsorship for Festival Kreol amounting R215,711; which were R2,523,037, R304,676 and R1,330,549 respectively in 2017.

3.10.4. Regulation 35(a) of the Public Finance Management Regulations (PFMR) , 2014 states, "every revenue collector shall be responsible for the proper collection, receipt, custody, issue and control of public money immediately acknowledge any public money received by issuing a Government Official Receipt, or a Computerised Generated Receipt from the approved accounting system". The Regulations stipulates that Accounting Officers are responsible for ensuring that Revenue Vouchers contain full particulars and supported by the relevant documents, such as invoices and receipts. Audit examined the revenue system and records and noted as under.

3.10.5. ***Source of revenue not identified:*** Audit noted that RV 12 totaling R342,925, was not supported by the relevant copy of invoice or receipts to support the revenue collected, in the absence of which Audit could not ascertain accuracy of the collections and identification of the customers nor verify whether the revenue collections had been recorded under the correct account code and pertained to the respective period. Although this deficiency was observed and communicated in the previous Audit also, Audit observed further that 8 of these transactions, amounting to R52,300 and posted with manual vouchers, were recorded post prior year audit on 31.12.2018. Audit reiterated that the lack of requisite supporting documents increases the risk of receipts remaining unaccounted for resulting in their under or over reporting. Therefore, Audit recommended that all revenue vouchers are adequately supported with all requisite relevant document, such as, revenue invoices and receipts before posting to the ledger and that a proper audit trail is maintained.

3.10.6. *The management in response, explaining that if supporting documents are not received at the year-end, posting are done according to the VAM ledger and hence the differences, and stated that this will be rectified.*

3.10.7. ***Banking and accounting records:*** Audit follow up revealed that though the ticket sales proceeds from events was directly handed over to the Accounts Department, reconciliation of funds expected, collected and banked was still not performed as explained below.

3.10.8. ***Moman Kreativite:*** This event was held on 20th and 21st October, 2018 for which a total of 576 tickets, R50 each, were sold resulting in an expected total revenue of R28,800. Audit sighted receipts totaling to R28,650 issued to the ticket bearers; a shortfall of R150 from the expected collection. Furthermore, Audit sighted banking of only R24,150 vide revenue voucher 030R180060 dated 28.12.2018 which stated that the collection was for the activity on both days but nothing was stated to justify the short banking by R4,500.

3.10.9. ***Bal Asosye/Bobes:*** Audit observed from the event register that of a total of 600 tickets printed, 65 were sold, at R300 each, as such collections should have totaled to R49,500. However, Audit noted that the receipts issued totaled to R58,976 for the activity which did not reconcile with the register, nor a justification for amounts not in hundredth. Furthermore, Audit did not sight the RV in respect of the collection for this event and could not ascertain whether the revenue as per the record of the receipt book had been deposited in the bank.

3.10.10***.Fon Lanmal:*** Audit observed from the event register that 114 tickets were sold, at R500 each, as such collections expected should be R57,000. However, the receipts issued to ticket bearers for this event amounted to only R33,000, as such were short by R24,000. Furthermore, Audit observed banking of the receipts for the event was only R21,500; per revenue vouchers 030R180052 and 030R180060 dated 23.11.2018 and 28.12.2018 for R5,000 and R16,500 respectively. In the absence of the requisite documents/explanation, Audit could not ascertain any reconciliation or valid reason for the difference of R24,000, between the revenue expected and receipted and the difference of R11,500 between the revenue receipted and banked.

3.10.11.*The management, in response, informed that CINEA had adopted a system that had been in operation for years and that in 2019 there was a thorough reconciliation and that all tickets sold tallies with the revenue collected for which records are available in the accounts office. The previous Accountant also informed that there was an invoice raised by the Admin section to Ministry of Youth Sports and Culture for R1,200 which included R500 for Fon lanmal, R400 for Tifin and R300 for Bal bobes.*

3.10.12.Audit reviewed the documents made available and could still not reconcile the amounts and requested that a proper reconciliation, discrepancies noticed and action thereon are forwarded for audit examination.

3.10.13***Non-Collection of long overdue revenue:*** Regulation 43(3) of the PFMR, 2014 states that the Accounting Officer shall ensure that the outstanding debts are collected within the period of credit approved and appropriately recorded in the Debtor's Control Register. However, from the debtors ageing as at 08.10.2019 provided by the Management, Audit observed that the total debts outstanding above 90 days stood at

R683,875, though the period for which credit allowed is 30 days. The outstanding debts reflected a steep increase from R203,300 in 2017 to R480,575 in 2018 mainly due to a disputed invoice of R330,000 to ESA for sale of kiosks, which was later ruled as 'void' by Ministry of Finance.

3.10.14. Audit reconciliation of revenue indicated 3 invoices amounting to R14,000 had been erroneously omitted in debtors' list and also 4 invoices had been cancelled but not taken off the debtors listing. Furthermore, debts amounting R34,500 had already been paid but was not taken into consideration by the Revenue Officer and still appeared on the debtors listing. After adjusting all these items, the correct debtors balance as at 31.12.2018 should be SR671,375.

3.10.15. Audit did not sight any follow up action for recovery of the outstanding debts during the Audit but was provided with letters sent to debtors post audit. Audit opined that lack of controls and monitoring of debtors resulting in long delays in collection of revenue, incorrect record keeping, for which the services already rendered to the customers, may turn them into bad debts and thus result in revenue loss to the Agency. Audit recommended that the Accounting Officer ensures that the debtors' records are thoroughly reconciled and that a proper capturing, collecting, monitoring and reporting mechanism is put in place for revenue.

3.10.16. *Management informed that an exercise has been carried out in 2019/2020 for updating the debtors' information and has recently started using the Cashier module as such are expecting improvement in the maintenance and reporting of its debtors' information.*

3.10.17. ***Discounts authorised in the absence of any regulation:*** From the verification of invoices for rental of the ICCS, Audit observed, in 7 cases, amounts totaling R31,800, where different percentage (discount rates) were authorised by the CEO. In the absence of a formal approved discount policy, Audit could not verify as to the basis for applying differing rates of discount and, as such, was of the view that lack of a proper policy may lead to abuse and possible loss of revenue. Audit is of the view that a policy with approval from the relevant Authority should be brought in place to enable regulation of its application. However, the Ministry of Finance representative, present in the exit meeting, informed that no discounts are allowed on sales.

3.10.18. *The Management in response stated that a proper internal policy will be prepared and approved by the Board for the rates instead of giving discounts.*

Use of goods and services

3.10.19. Public Procurement Act and the Regulations thereunder prescribe procedures for procurement of goods and services including consultancy services. Section 61 to 67 of the Act, read with Regulations 35 (4), further provides for exemption for the limited or direct method of procurement in certain justified cases, where service provider/supplier is the sole provider of such good and services locally with the prior authorization by the Procurement Oversight Unit. Audit examined some 108 payments for a total of R4,613,167, relating to the procurements of goods and services and observed the following non-compliance.

3.10.20 ***Procurements below R150,000:*** Regulation 104 (3) stipulates that the quotation with the lowest evaluated price, which is substantially responsive to the requirement of the procuring entity, shall be recommended for award of contract.

3.10.21 However, Audit observed that, in 19 cases, the procurements amounting to R1,268,000, were without the minimum 3 quotations, or the prior authorisation from the POU for direct bidding/deviations from the set procedure.

3.10.22 Furthermore, in one instance, audit observed that service for traditional music recording was obtained from the highest bidder at R22,000, although quotes from the other 2 suppliers were lower, quoted at R16,500 and R18,000. There was no justification to explain the selection of the highest bidder.

3.10.23 *Management in response stated that the procurement in respect of Producer A, he was selected based on quality, which, however, was not properly documented. Management further stated that presently there is improvement in the procurement process; such as, the Senior Accountant prepares a memo for justification of the procurement.*

3.10.24 ***Procurements between R150,000 and R750,000:*** Audit observed 5 payments totaling R888,444, each exceeding the threshold of R150,000, for the goods and services procured without following the open tendering method as prescribed by the Public Procurement Act/Regulations.

3.10.25Further Audit sighted a voucher 030P180995 dated 15.11.2018, amounting to R156,926.70 where a local supplier had quoted USD9,747 and converted the total to Seychelles Rupees at 14.00, for payment towards procurement of a compressor switch board and other parts for air-condition and included labour charges USD1,050 (R14,700). It was noted that the term of payment was for 100 percent advance. Audit did not sight documents establishing reasonability of the procurement costs; especially, reasons for the Agency to accept an invoice from a local supplier in a foreign currency and the exchange rate used, economy exercised and justification for the selection.

3.10.26 Audit further examined 15 payments, totaling R233,549, to a maintenance services provider and noted that invoices were for maintenance services at a fixed monthly rate of R350 per unit and charges for additional goods and services provided. Audit reviewed the PVS and attached documents and observed as under:

- needs assessment for the specific procurements was not produced;
- the payments to the supplier totaled R233,549 but there was no document to indicate that procurement was through "open bidding" method or the prior authorization of POU was obtained for resorting to deviations from the prescribed procedures;
- there was no documented justification for and the basis of selection of the service provider;
- there was no contract in relation to the monthly services nor a basis for regulating payments to the service provider;
- no certification or documentation to ascertain that the additional goods and services supplied or works completed were received as ordered for; and
- all payments were paid from the accounting code ICCS Seafront Restaurant (CINEA) and not from the respective budgeted code.

3.10.27 Audit recommended that the management should comply with the relevant provisions of the Public Procurement Regulations. Also, the documents related to delivery of goods following advance payments and work completion should be certified. The Agency should ensure that advanced payments are authorised by the delegated authority and that additional charges towards spares and labour are duly regulated by an agreement and paid upon satisfactory completion of work.

3.10.28 *The management in response informed that procurement of compressor switch board was an emergency and given past issues, the supplier wanted to be paid prior to taking up the job. As regards IT services, Management informed that it had considered to fill up the post of IT Officer, however, recruitment had been frozen by Department of Public Administration, therefore necessitating them to engage the IT services provider. Management informed that they have been cautioned by POU to initiate a proper tender. No further response was provided in regards to other items.*

3.10.29 ***Prior year payments in 2018:*** Section 7 (3) of the PFM Act, 2012 requires that an accounting officer shall ensure in particular that adequate control is exercised over the incurring of commitments. Regulation 27 under the Act, further provides that every accounting officer establish procedures to ensure that commitments of the public body are within the available budget allocation.

3.10.30 Audit examination of a sample of payments, however, revealed that invoices for 7 payments, totaling R281,435, relating to the procurement of goods and services were relevant to the previous year (2017). These payments may relate to unplanned expenditure or budget overspendings in the previous year.

3.10.31 *The Management in response informed that since the budget for 2017 under the creole festival head was used up, and therefore settled these invoices in 2018.*

3.10.32 ***Payment for excessive use of roaming data:*** Audit observed a contract dated 01.08.2018 signed between CINEA and the DCEO for use of mobile services. Clause 6 of the contract states that the employee agrees that where the cost of call exceeds R1,500 in any month, the whole amount in excess of this limit will be deducted from the next salary payment due to the employee and that the Government taking into account any exceptional circumstances relating to the usage of the mobile telephone/card for official purposes in a particular month, may adjust the contribution to be made by the employee accordingly. Upon scrutiny of the general ledger, PV 030P181213 dated 26.12.2018 and invoice number 1032746646 from Airtel, Audit observed a payment amounting R100,843 in respect of use of roaming data by the DCEO while on overseas missions. Explanations provided indicated that he had forgotten to switch off the data on his mobile and was of the view that he had been connected to Wi-Fi. Audit did not sight any action on the part of the Agency to invoke the terms of the agreement nor any special dispensation from the relevant Authority to approve the payment. Audit is of the view that the Agency should verify that there was a credit limit on the number and if so, the amount should have been contested to Telecommunication Company. Otherwise, the Agency should ensure that such credit limits exist.

3.10.33 ***Payment of fees to non- board members:*** From an analytical review of the payments made towards Board Members fees, it was observed that a total of 7 Board members were appointed by the President on 15.09.2017 for a period of 3 years. However, Audit noted that 2 additional individuals were added to the Board Member's payroll and were paid a total of R9,529 and R22,334 under Board allowance code although no instrument indicating their appointment was sighted.

3.10.34 *The Management in response informed that this was an oversight on their part and that they should have been paid an allowance rather than through the Board payroll. Management informed that this was now rectified.*

Personnel matters and payroll cost

3.10.35 Audit examination of the personnel files of a sample of employees and related records revealed the following deficiencies.

3.10.36 ***Leave accumulation:*** As per an internal communication, a staff had an annual leave balance of 58.5 days which is above the upper ceiling of 42 days but the "annual leave and sickness record" to support the balance was not sighted nor did the requisite approval obtained for accumulating leave above 42 days.

3.10.37 The leave encashment of another staff was effected at R32,644, vide PV number 030P150497 dated 02.12.2015, for 56 days out of 84 days leave accumulated, leaving a balance of 28 days as at 31.12.2015. From his 'Leave and Sickness records' Audit observed that he further accumulated 21 days in 2016 bringing the balance to 49 days. In the absence of a leave application form and any other form of documentation on his file, the reasons for accumulation of leave was not clear. As at the time of reporting in 2019, the leave record card was updated only up to 2018 without taking into account a letter dated 04.12.2018 approving 12 days' leave. Audit opined that failure to update leave records may result in inaccurate leave being granted or payment of cash in lieu.

3.10.38 Audit sighted another leave encashment for 14 days amounting to R10,473 vide voucher number 030P181185 dated 14.12.2018 leaving a balance of 16 days accumulated from previous year and 21 days current leave, which had also not been updated in the relevant file.

3.10.39 *The Management in response stated that it was communicated to the HR that staff should be encouraged to take their leave, especially those above 42 days should be communicated promptly to the CEO. Files are also under updation which Audit may review further.*

3.10.40 ***Employment records not maintained:*** Section 32 of the Public Service Order (PSO) amended in 2011 states that the employees in the public service shall be engaged in one of the following 6 categories- (i) on contract of continuous employment, (ii) on a fixed term contract of employment, (iii) under the provisions of a multilateral or bilateral agreement, (iv) on a casual basis, (v) Part-time employment and (vi) on a consultancy basis. Examination of employment records revealed some cases where the necessary employment records were not kept showing the terms and conditions on which the staff were engaged by Agency, as below.

- Services of a security guard were terminated by the Agency on 5 February 2018. The personal file of the ex-staff contained only a job description for the post of security guard. In the absence of a contract/agreement/appointment letter, Audit could not verify his appointment as an employee of the Agency nor the basis for the monthly payments of basic salary R7,577 and allowances R2,500 made to him; and

- Audit did not sight any appointment letter in respect of a former staff in the post of Senior Instructor of the national choir. However, only an email communication sent by HR Officer on 11.10.2019 to DPA was sighted, which stated that "As CINEA become operational in November 2016, the staff was absorbed in CINEA from the Ministry of Culture without any document. Please note that CINEA was in the process of finalising all the posts in year 2018 and completed in March 2019." In the absence of an appointment letter or contract agreement, Audit could not verify the validity of the appointment, regularity and accuracy of the payments made to the ex-staff.

3.10.41 Audit recommended that the Agency should ensure due compliance with the relevant provisions of the PSO and that employees are accordingly engaged in the Agency through appointment letters or with the necessary contracts- agreements stipulating post title, salary/allowances and other terms and conditions of employment.

3.10.42 *The management in response informed that HR has been instructed to ensure that information is properly maintained in personnel files and the staff above has been transferred back to Department of Culture although the papers are yet to be finalised by DPA for both incoming and outgoing.*

3.10.43 ***Overseas subsistence allowance:*** Section 70(c) of the Public Service Order states that the concept of payment of full subsistence allowance is calculated to meet the cost of accommodation, meals, transport and incidental expenses when a duty is not funded by the organisers, whereas reduced per diem is paid to meet the cost of incidental expenses when the trip is fully funded. Regulation 63 of the PFMR 2014 states that payments shall not be made unless the PV is supported by original invoices and accompanying documents as per the requirements of the Accounting manual. Audit examined a sample of 18 transactions towards payment of substance allowances observed as under:

- Audit observed PV 030P180578 dated 23.08.2018 for R15,376 in respect of full per diem for travelling to South Africa as a panelist for the Moshito, Music Conference and Exhibition for 7 days. The Travel Approval form was completed and approved by the relevant Minister, however, there was no approval of the President's Office for the travel. Further, the Event was for 4 days - 5 to 8 September 2018 only as per the invitation although payment of per diem was made for 7 days vide voucher 030P180578 dated 23.08.2018 amounting to R15,316;
- As for the Mauritius Carnival, audit observed per diem paid to 2 staff had been overpaid by R4,375 each without justification. Both staff had confirmed tickets to travel on 22 and 29.11.2018. There was no amended ticket or other documents attached in support. Furthermore, as per PV 030P181111, the per diem was paid as 'Head of Delegation' when travelling to Ethiopia without proper documents or justification attached to substantiate the decision to apply the 'Head of Delegation' rate; and
- Audit also observed, PV 030P180670 dated 27.09.2018 for R18,752 being full per diem for 4 days travelling to Dubai. Unsigned minutes of meeting held on

20.08.2018 for the Music Stadium Project was attached to the PV in support stating under point 2.5.1-Proposed railing and curtain, that "Mr. B and Mr. S will be going for a visit in Dubai mid-September" . However, there was no further details furnished to indicate the purpose/objectives of the visit to Dubai. Moreover, Audit did not sight any approval from the President's Office, as required by the PSO, for the overseas travels undertaken by the officers at the level of CEO and above.

3.10.44 Audit recommended that the Accounting Officer must ensure that all PV are adequately supported with all relevant documents as per the requirements of the regulations before payment is effected, and payment should be done as per requirement. Also the Accounting Officer must ensure that the rules laid down in the PSO are strictly followed. Where necessary, guidance should be sought from Department of Public Administration.

3.10.45 *Management in response informed that for the Moshito conference, there was no flight available due to late booking and that since the Ministry had informed that no contract should be signed without the prior approval of the Cabinet, the signing of the contract was delayed and therefore Seychelles could not benefit from the full agreement. As regards the Mauritius trip, this was also non-availability of flights due to late booking and they needed to give priority to children under 18 participating and those having exams, hence the extra 2 days for staff. As regards Ethiopia, Management informed that since it was the first of its kind it was attended by the CEO who was responsible for analysis of the creative sector and a staff who would record the exhibition through pictures.*

3.10.46 Audit noted that the per diem paid before departure was in excess of the admissible per diem for the confirmed dates of onward and return journeys. Therefore, Audit is of the view stating that this was due to non-availability of return flights is not correct. Furthermore, there were no amendments in flight details, nor documents in support.

3.10.47 ***Payments not supported by documents:*** Section 63 of the PFMR 2014 states that payments shall not be made unless the PV is supported by original invoices and accompanying documents as per the requirements of the accounting manual. Section 2 of the Public Service Order states that the salary for employees engaged on part time work shall be calculated as a proportion of the normal salary of the post according to the number of hours worked. Audit examination of a sample of employment records revealed the following:

- An individual, engaged by the Agency for the part time duties, was paid R27,228 through monthly payments of R9,076 during the months of January, February and March 2018 vide vouchers 030P180085, 030P180162 and 030P180243 dated 31.01.2018, 26.02.2018, 06.04.2018 respectively. However, the PVs were not supported by the requisite documents to provide basic information such as job description, job attendance or performance, contract-agreements and rates agreed for the part time duties to regulate the payments;
- A payment of R8,422 to another individual vide voucher 030P180091 dated 07.02.2018 being allowances was not supported with the requisite documents; and

- Vide PV 030P180778 dated 25.10.2018 a sum of R5,250 was withdrawn as cash urgently requested by and paid to Ministry of Culture for international delegations for per diem and accommodation however, there was no contract nor any other document in support to justify the payment.

3.10.48 In the absence of the requisite supporting documents, Audit could not verify the validity and accuracy of the amounts of the above payments made by the Agency.

3.10.49 *The CEO, in response, explained that the Events' Department required some assistance when they were overloaded with work and continued to engage with the staff on a casual basis. He requested HR to document this and implements a form so that attendance as well as deliverables can be cross-checked with payment. As regards cash urgently needed for delegations, the CEO informed that due to Bilateral agreements signed by the Government of Seychelles and official invitation of the President extended on his official visits (such as Maldives to participate in Creole Festival) in the case foreign dignitaries, accommodation is normally chosen by Ministry of Foreign Affairs for those foreign dignitaries, and CINEA is requested to pay under the relevant event being held. Therefore, CINEA is always called upon by the Ministry of Culture to assist in payments of expenses relating to those events.*

Transportation

3.10.50 The Agency has 2 vehicles in its possession and incurred an expenditure of R186,660 (R144,210:2017) on purchase of fuel coupons during 2018. Audit noted the fuel consumption analysis was not performed by the Agency, despite requirements in Regulation 78 (c) of the PFMR, 2014. Also, the Agency could not produce to Audit the counterfoils for fuel coupons for October, November and December 2018 as such Audit could not verify fuel used in these months. Audit observed a lack of control on the issue of fuel coupons and failure to update the fuel coupon Register to provide requisite details as to fuel coupons purchased and issued.

3.10.51 Management in response stated that although the Agency have not yet implemented the fuel consumption analysis, it has started maintaining proper records in 2019 and will initiate the fuel consumption analysis. The CEO informed that there is a lot more control over the coupons and that transports are no longer being filled up with R500 each daily.

Status of action taken on matters reported in AR 2018

Para, page and audit brief	Status
Para 3.141, page 66 Earnings from the Event ‘Bon vye tan’ was short deposited by SR10,029, which was to be recovered from the artist.	Management yet to write to the event coordinators for the recovery.
Para 3.136, page 65 As per Agency reports these stood at R290,620 as on 31.12.2017 out of which R166,920 debtors were over 60 days. Further the previous outstanding debt of ICCS were not being followed up.	Management informed that in 2019/2020 follow up was done by calling up the debtors and issuing reminders. Aged-debtors reduced from R290,620 to R203,300 with major outstanding being from the private sector, which is being followed up.
Para 3.159, page 69 Agency maintains an excel spreadsheet for recording its fixed assets instead of an Asset Register using the software prescribed by Ministry of Finance.	Audit was informed that Ministry of Finance had frozen all purchases of new fixed assets by the Agency and which will only be unfrozen once the Fixed Asset Management software is fully in operation and updated.

CREOLE INSTITUTE OF SEYCHELLES

3.11.1. The Creole Institute of Seychelles (CIS), also known as the Lenstiti Kreol, was set up under Creole Institute of Seychelles Act, 2014 with the objective of monitoring, regulating and promoting the development of the Seychellois Creole language and culture and to deal matters connected therewith or incidental thereto. The incumbent Chief Executive Officer (CEO),was appointed on 01 November 2016, and the Chairperson of the Board was appointed as of 25 May 2017.

3.11.2. The audit mandate is set forth under Section 17(3) of the Act providing for the audit of accounts of the Institute by the Auditor General in accordance with Article 158 of the Constitution. Accordingly, an audit of the Institute covering wages and salaries, use of goods and services and revenue was undertaken for the period from 01 January 2017 to 31 December 2018. The matters arising were communicated to the management in an interim management letter dated 3.10.2019 and discussed with management on 5.11.2019 in an exit meeting and, subsequently, through a management letter dated 9.01.2020, as outlined below. The Institute provided a written reply dated 15.10.2020.

3.11.3. The modified and signed Statements of Accounts for two years ending 31 December 2017 and 2018 received on 24 June 2020 were certified on the 15 July 2020.

Payments for Use of Goods and Services

3.11.4. The actual expenditure on use of goods and services, including the board member's fees but excluding fuel costs, increased from R1,562,645 in 2017 to R2,530,702 in 2018.

3.11.5. ***Procurements without three quotations:*** First Schedule of the Public Procurement Regulations, 2014 requires that where the cost of procurement is less than R150,000, the Accounting Officer, or the Officer authorised to incur expenditure, should obtain at least three quotations from the potential suppliers and place order for supply on the supplier quoting the lowest rates. Section 61 to 67 of the Act, read with Regulations 35 (4) do provide for exemption for the limited or direct method of procurement in certain justified cases, where service provider/supplier is the sole provider of such good and services locally with the prior authorization by the Procurement Oversight Unit (POU).

3.11.6. Audit examined 28 payments relating to the procurements made during the years 2017 and 2018 and noted that the Institute made procurements worth R293,547 and R169,775 during 2017 and 2018 respectively. The goods and services procured during 2017 broadly included printing of Creole books (R103,155), electrical/maintenance works (R13,435), hose repair works (R19,425), repair of office equipment (R39,378) and heavy snacks (R15,000) while in 2018, office partition (R84,000), layout concept-constitution (R18,000) & removal of waste/debris (R16,150), printing of creole Books (R18,975) and local snacks (R16,500).

3.11.7. Audit observed that the Institute procurements worth R293,547 and R169,775 made in 2017 and 2018 respectively were without the requisite minimum three quotations. Audit recommended that the Institute should ensure compliance with procurement rules, in the cases where any deviation from compliance is inevitable, prior authorization from the POU should be obtained.

3.11.8. *The reply (15.10.2020) stated that due to difficulty to obtain three quotations as prescribed in the public procurement regulations, CIS management has on several* *occasions voiced out its concern relating to difficulty to obtain pro-forma invoices. Now, all transactions are well documented and copies are retained for future reference. Further, a new policy has been put in place effective 25.09.2020.*

3.11.9. ***Overseas travel without approval:*** DPAs' circular no. 7 of 2013 state that Chief Executives and the delegates accompanying them on official overseas missions irrespective of their rank requires the prior approval of the Office of the President by completing and submitting the prescribe Overseas Travel Form. This applies to all missions that are either fully or partly funded by host organisation and/or by the Government of Seychelles. Audit noted that the CEO accompanied by a staff travelled to Mauritius/Rodrigues on the 7th December 2017 to attend a conference. However, the requisite approval for undertaking the overseas travels for attending the conference was not sighted. Audit recommended that the Institute should ensure that the employees undertake overseas travels with due approvals as specified in the DPA's circular and all relevant and supporting documents are maintained safely for audit trail and future references.

3.11.10. *The Institute, in reply, stated that for the overseas, all documents were sent directly to the Minister at that time to seek approval. The trip to Rodrigue was fully funded by Rodrique and Seychelles had to pay the Air tickets only.*

3.11.11. ***Overpayment of Chairpersons' Board fees:*** Audit verified board allowances paid and noted that the previous Chairperson resigned from his post in February 2017 but was paid his board fees up to August 2017 resulting in an overpayment of R19,380 for the six months, i.e. from March to August 2017.

3.11.12. *The CEO explained that this was brought to the attention of MFTIEP to request refund from the previous Chairperson and the Chief Accountant said she would follow up on this matter.*

3.11.13. ***Payments without original invoices:*** Section 63 of the Public Finance Management Regulation states that the payments shall not be made unless the payment voucher is supported by original invoices and accompanying documents as per the requirements of the Accounting Manual. Contrary to these provisions Audit observed that the Institute made three payments (R19,425 for fixing hose, R11,938 and R11,532 for Air tickets) to the respective suppliers/providers without original invoices.

3.11.14. *The CEO, in response, stated that as from now they will ensure that original invoices are provided to Accounts to which the Accounts section also concurred.*

Income

3.11.15. The Institute collects revenue from sale of creole books and collections are banked in a Creole Institute Treasury account vote no. 120D000-0000000-32174220-000. Audit examined a sample of documents and records relating to Creole books, their storage and income from their sales proceeds and observed the following shortcomings:

No periodic verifications on stock of Creole books: Section 12.2 (e) of the Accounting Manual stipulates that 'Accounting Officers must ensure that periodic verification are carried out at frequent intervals and at year end on stores items. Any discrepancy found is to be investigated and with appropriate action/adjustments made'. All such checks carried out must be evidenced in the respective registers being maintained.' Audit observed that a stock count was done in December 2018, whereby a list of quantity of books in stock was prepared by the Research Officer responsible for selling books but no bin cards were introduced. It was noted that the list of books available in stock prepared was not compared with the books stock register as such discrepancy with respect to this was not attempted and therefore, it cannot be regarded as verifications on stock of Creole books. Audit recommended that inventory register of all Creoles books should be maintained, updated and compare the same with list of books available in stock. Discrepancies found are investigated and appropriate action taken/adjustments made.

3.11.16. *The CEO, in response, stated they will try and carry out periodic checks which will be documented.*

3.11.17. ***Creole books stores register not maintained:*** Audit noted that the Institute is printing large batches of Creole books. However, no Stores Register to reflect opening stock balances, receipts of new stocks, issued for sales, closing stock balance or Bin Cards were kept for the two years under review. In the absence of complete and accurate records, the Institute runs the risk of revenue being collected from sale of books to be not accounted for correctly.

3.11.18. *CEO explained that stock records for creole books printed for sale to the public will be introduced.*

3.11.19. ***Register of Accountable documents not maintained:*** Section 8.6 (d) of the Accounting Manual states that all Receipt Books received and issued must be recorded in the Register of Accountable Documents. Contrary to requirements of the these Manual provisions, it was observed that the Institute is not maintaining any Register of Accountable Document to record details of receipt books received from Treasury in 2017 and 2018.

3.11.20. *Reply stated that a Register of Accountable Documents has been introduced.*

3.11.21. ***Cancelled receipts not recorded in the Cash Book:*** Section 8.7 (b) of the Accounting Manual states that all receipts for the day including the cancelled ones are to be entered sequentially in the Cash Book Analysis, totalled and banked intact the next working day. However, Audit observed that cancelled receipts in 2017 (no. 915647, 915648, 915949, 915509) and (915536, 915541) in 2018 were not recorded in the Institute's Cash Book Analysis. Furthermore, it was noted that these receipts did not have its original receipts attached. Audit observed that cash receipt number 915541 issued on the 14.08.2018 for a sum of R10,090 was cancelled and subsequently, a new cash receipt no: 915542 was raised the same day to Library of Congress but the amount was reduced to R8,340 resulting in a variance of R1,750 (R10,090-R8,340). The reason for cancelling the first receipt was not clear. In addition, the original copy of the first receipt was not attached with the duplicate and triplicate receipts found in the receipt book. Furthermore, as the details and price of the batch of books sold were not attached, Audit could not determine if the funds were correctly collected and banked in-tact.

3.11.22. *The reply stated that action has been taken to prevent such future occurrence since the person responsible had already left.*

3.11.23. ***Delayed banking:*** Audit observed that only one banking was done for the year 2017. Receipts totalling R31,505 comprising of R15,455 in cash and R16,050 as cheque collected from 30.11.16 to 12.12.17 was banked on the 29th December 2017 i.e one (1) year after the collection. Further, in respect of the money collected during 2018, collections were left on site from two weeks to 7 months after collection. In addition, there were no independent checks on the Cash Book Analysis as stipulated in Accounting Manual 8.7 (d) and (e).

3.11.24. *In response, weekly banking has been introduced. Further, the reply stated that this is due to the busy schedule of the Accountants based at the Department of Finance.*

3.11.25. ***Details of books sold and sales proceeds not recorded:*** Scrutiny of the Cash Book Analysis and receipts revealed that in seven (7) cases during the two years under review the responsible officer in charge of selling the books were not always recording the name, price and quantity of books sold. Only the term "Sales of Books" were recorded in the Cash Book Analysis as well as the receipts no. (915650, 915508, 915514, 915516) in 2017 and in 2018 (915527, 915536, 915540). Audit is of the opinion that this practice may lead to loss of revenue and misappropriations of funds. In addition, printing cost and total number of copies of different books printed and received could not be ascertained as there were no separate votes for printing of books.

3.11.26. *The CEO said these have been resolved in 2019 as details of books sold are being recorded on the receipts.*

3.11.27. ***Incomplete entries in Cash Book Analysis:*** Audit scrutiny revealed that the Cash Book Analysis was not properly maintained as revealed below:

- Receipt no. 915650 dated 22.02.17 for R690.00 was not recorded in the Cash Book Analysis although it was included in the banking done on 29 December 2017;
- Receipt no. 915544 dated 09.10.18 was found wrongly totalled and recorded as R150 instead of R100; and
- Receipt no. 915548 dated 06.12.18 totalling R380 was not recorded in the Cash Book.

3.11.28. ***Under collection of sale proceeds:*** The scrutiny of the Cash Book Analysis revealed that, in three (3) instances, the amounts of sales proceeds did not match with the amount that should have been received as per the Institute's price list for the books sold. Total under collection amounted to SR215 in respect of the sale of book "Lasapel Lanz Nikola", 'Silwet' and Laverite devan deryer' as per the receipt 915505 dated 29.03.2017.

Bank account

3.11.29. The Creole Institute maintains an Account in Mauritius Commercial Bank to which donations, funds collected in respect of translation fees and from other activities organised by the Institute are deposited.

3.11.30. ***Cash Book not maintained:*** Section 20 3(c) of the PFM Regulations stipulates that "Accounting Officers must reconcile monthly the balance in the bank account with its corresponding entries in the cash book'. In contrast, audit inspection revealed that monthly bank reconciliations were not done for the two years under review. The Bank account had an opening balance of R28,534.67 as at 01.01.18 and a closing balance of R30,519.67 as at 31st December 2018. Furthermore, the Institute did not maintaining a Cash Book to record debit and credit transactions effected through the bank account as required by the PFM Regulations.

3.11.31. *The Management agreed to introduce a cash book and conduct monthly bank reconciliation. The reply added that the Institute has been advised by the MFTIEP not to* *use the bank account and advised CIS to close it and open a Trading Operating Account with Treasury instead, which is still pending.*

Non-Financial Assets

3.11.32. The Institute has under its responsibility non-financial assets including buildings, furniture, fixtures and fittings and equipment and actual expenditure in 2017 amounted to R199,623 and for 2018 amounted to R226,580. Audit tests on nine (9) payments in 2017 and eleven (11) payments in 2018 worth R335,947 revealed the following shortcomings.

3.11.33. ***Register of inventory not properly kept and updated:*** FI 1206 requires Accounting Officers to maintain an up to date Register of Inventory with contents of all offices, workshops, school, houses and other enclosures. Audit observed that the Institute did not have an up to date Register of Inventory as the new assets purchased in 2017 worth R37,150 and in 2018 worth R136,325 were not yet recorded therein. Furthermore, the register provided to Audit lacked details of serial numbers, identification numbers, payment voucher numbers, supplier names and costs of acquisition as prescribed in Section 12.3 of the Accounting Manual. In addition, all the assets purchased in 2017 and 2018 were not yet allocated with an identification number.

3.11.34. *The reply stated that the Administrator is doing this.*

3.11.35. ***Physical verification of assets not done:*** Section 12.3 (g) of the Accounting Manual provides that physical verification is to be carried out at frequent intervals and at year end. Audit was informed that the verification had not been conducted. Further, some assets were still located at the Institute Office at Aux Cap which presently is inaccessible to staff and members of the pubic due to fungus infestation because of which the employees were advised to vacate the premises immediately. Further, as the asset register is still not updated with 2017 and 2018 acquisitions, Audit was unable to conduct their physical verification.

3.11.36. *The reply stated that this is being done by the Administrator.*

Transport Management

3.11.37. ***Register of Vehicles and Repairs not maintained:*** Section 12.3(c) of the Accounting Manual which requires for a register to be kept to record all vehicles and heavy plant under its custody such as motor cars, etc. Furthermore, Accounting Manual 7.4 (f) requires that all repairs carried out on vehicles are accounted for in a Register of Vehicle Repairs. However, no registers were kept by the Institute to record details of vehicles etc. and the repairs done on the vehicles under their responsibility.

3.11.38. *The reply stated that this is being done by the Administrator*.

3.11.39. ***Vehicle Log book and Fuel Coupon Register:*** Section 78 (b to d) of the PFM, Act 2014 requires that a log book be maintained for every Government vehicle as per the requirements of the Accounting Manual. In addition, section 7.4 of the Accounting Manual states that in cases where the volume of daily journeys undertaken are large a "Daily Vehicle Mileage Sheet" Form FD-001 is to be kept and only a summary of the daily transactions is to be recorded in the vehicle Log Book. The daily vehicle mileage forms are to be kept for verification when called for. As per expenditure accounts, the Institute incurred a total expenditure of R75,530 and R72,300 towards fuel purchases in 2017 and

2018 respectively. However, Audit did not sight 2017 mileage and fuel records due to their non-availability/inaccessibility due to fungus infestation at Aux Cap, Lenstiti Kreol, the Institute was told to keep all the 2017 files and documents at the Institute.

3.11.40. *The CEO said this is now being done as of 2019.*

3.11.41. ***Fuel Coupon Register not properly maintained:*** Audit observed that as per expenditure accounts, the Institute incurred a total expenditure of R72,300 on fuel purchase in 2018. The Fuel Coupon Register kept at the Institute was not recording purchase details such as date of the purchase and payment voucher numbers and hence was not being maintained as per Accounting Manual format. Only the details of fuel vouchers issued were being accounted for in the Register.

3.11.42. *The CEO said that as of 2019 both fuel purchases and issues are now being recorded in the register.*

3.11.43. ***Fuel Consumption Analysis:*** Accounting Manual 7.4 (c) stipulates that a fuel consumption analysis is to be prepared each month in respect of all government vehicles to ensure their efficiency and economic use of vehicles. This should be recorded in the Vehicle Log Book, however, the Institute was not calculating fuel consumption analysis for the transport under its responsibility. Hence, Audit was unable to verify if fuel was being used effectively with proper control exercised over use of transport.

3.11.44. *The CEO said that as of 2019 fuel consumption analysis and fuel issued are being calculated and recorded on the mileage sheet.*

3.11.45. ***Fuel coupons not being recorded in the Mileage sheet:*** Audit carried out tests on recordings and usage of fuel coupons and noted that the Driver was not recording fuel received in the 2018 mileage sheet or in log book. Audit noted that only the date, speedometer reading, no of km and journey details were being recorded in the mileage records.

3.11.46. *The CEO said that as of 2019 fuel consumption analysis is being calculated. Also the details of the fuel issued are being recorded on the mileage sheet.*

3.11.47. ***Journeys not authorised:*** Audit tests on recordings of journeys done in 2018 mileage sheet revealed that they were not being authorised. In addition, there was no evidence that independent checks on the mileage sheets and/or vehicle log books were being carried out by the authorised personnel overseeing the use of all vehicles.

3.11.48. *It was said that journeys are being authorised with independent checks done in 2018 and 2019 but it is not evidenced in the mileage records. The responsible officer further said that a transport request form is completed and signed by the CEO or Head of Section.*

3.11.49. ***No records in Vehicle Logbooks sighted:*** Section 78 (b-d) of the PFM, Act 2014 requires that a log book is maintained for every Government vehicle as per the requirements of the Accounting Manual. In addition, section 7.4 of the Accounting Manual states that in cases where the volume of daily journeys undertaken are large a "Daily Vehicle Mileage Sheet" Form FD-001 is to be kept and only a summary of the daily journeys is to be recorded in the vehicle log book. Audit observed that the mileage sheet 2018 journeys and trips undertaken by the CIS were not summarised in the log book provided to Audit.

3.11.50. *CEO said vehicle log book are now being dated with summarised recording of mileage as of 2019.*

Follow-up on the observations included in the Annual Report for 2017

Para, page and audit brief	Status
286/ 100 Salary costs not posted to General Ledger	Resolved
288/ 100 Annual leave records not updated on file and leave balance for transfer not sighted	Observation persisted
290/ 101 Letters of authorisation for allowances and deductions paid not sighted	Partially resolved
292/101 Lack of supporting documents for board members and honorarium fees paid in 2014 and 2015	Observation persisted
294/101 Overpayment of Board members fees	Observation persisted
296/ 102 Payment Vouchers and supporting documents not sighted	Observation persisted
298/102 Inadequate supporting documents for local consultancy	Observation persisted
300/103 Non-compliance to Procurement Act/Regulations	Observation persisted.
303/ 103 No stock records for Creole books sold	Observation persisted
305/ 104 Delayed banking and no independent checks on the Cash Book Analysis	Observation persisted
308/ 104 Register of Accountable Documents not maintained	Observation persisted
314/ 105 Cash Book and supporting documents not sighted	Observation persisted
315/106 Bank Account not disclosed in Accounts	Resolved
319/106 Register of inventory not properly kept and updated	Observation persisted
320/ 107 Verification of assets not done and incomplete	Observation persisted
321/107 Write-off register not maintained	Resolved
322/107 Payments Vouchers not sighted	Resolved
325/ 107 Register of vehicles and vehicle log not maintained	Observation persisted

Seychelles Heritage Foundation

3.12.1. The Seychelles Heritage Foundation was established in December 2006 under the Seychelles Heritage Foundation Act, 2006, with the principal function to identify, conserve and promote the cultural heritage of Seychelles including the encouraging of broader public participation in its activities.

3.12.2. Section 11(3) of the enabling Act provides for audit of the Foundation by the Auditor General in accordance with Article 158(3) of the Constitution. Accordingly, an audit of the Foundation's accounts and records for the year 2018 was undertaken. The matters arising were communicated to the Foundation in an Interim Management Letter (IML) issued on 12 October 2019 for discussion. The management did not avail of the opportunity to discuss the matters at an Exit meeting, although written comments were submitted on 24 December 2019. Issues remaining for attention were communicated in the management letter dated 20.01.2020, as outlined below.

Suspense Account

3.12.3. The Foundation maintains a suspense account (account 32174500) to which rental/lease payments, sponsorships and donations are deposited. Total income deposited in the suspense account for the year, excluding donations, was R.1,248,891. In addition, R1,094,684 was deposited in the consolidated fund as income from lease of properties and rent of restaurant and Kiosk. The Foundation also effects payments from the account in respect of the sponsorships it receives. The recurrent expenditure by the Foundation during the year under audit was R4,509,480 against the budgeted R5,046,765 resulting in a savings of 10.6% amounting R.537,285. Audit noted that the major savings were under Telephone and Internet charges, Transportation & Travel cost and Other Machinery & Equipment. An audit scrutiny of the records maintained, relating to receipts and payments through this account revealed the following shortcomings.

3.12.4. ***Cash book was not maintained:*** Section 36(2) of the Public Finance Management Regulations, 2014 requires gross amounts received are to be paid into the bank, recorded in the cash book and accounted for under the respective revenue code. Contrary to these regulatory requirements, the Foundation did not maintain a cash book to record therein income derived during the year 2018. In the absence of the requisite Cash Book, a possibility of receipts not being accounted for and irregular transactions going undetected cannot be ruled out. Audit, therefore, recommended that the Foundation promptly records all receipts and payments in the cash book in accordance with the requirements of the Regulations.

3.12.5. In response, the management informed that the former head of accounts maintained a cash book in electronic form, but was unable to provide the same for audit inspection. Apparently, with the continual change in accounts personnel, handing over of accounting records were not properly effected. Efforts at contacting the former head of accounts had proved futile.

3.12.6. Audit further recommended that the matter regarding improper handing over by the former Head of Accounts may be taken up with the Ministry of Finance for advice and update the Audit on its outcome.

3.12.7. ***Overdue debts:*** According to the debtors aged listing, the sum of R1,273,411 was owing to the Foundation as rental income as at 31.12.2018, of which R852,133 related to more than 90 days, the oldest dating back to 2012. Audit noted that whereas rent is payable in advance according to the conditions stipulated in the leases, out of a total of 32 lessees, nine (9) lessees had accumulated arrears for a period exceeding five (5) years, while continuing to occupy the premises indicating a failure to collect rental income when due and take prompt recovery action as per the terms of the lease agreements.

3.12.8. Audit performed an analysis of debtors' balances over the past three (3) years which indicated that most of the debts related to prior periods and with passage of time the likelihood of recovery is considered remote. The debtors' balances, as indicated below, remained consistently high during the years 2012 to 2018.

Year	Debtors for Year -SR	Cumulative-SR	Number of debtors
2012	17,350	17,350	4
2013	105,185	122,535	8
2014	173,705	296,240	9
2015	190,555	486,795	9
2016	169,048	655,843	12
2017	139,387	795,230	9
2018	478,180	1,273,411	18

3.12.9. Whereas reminders to follow-up on the recovery of debts had been issued in most cases, this did not prove effective. Nor the cases were referred to Attorney General for legal remedy. The new CEO took over in 2019, and in their new policy it provides for legal action in the event of non-payment.

3.12.10. *In response, the management stated in its reply dated 09 October 2020 that CEO came into office in July 2017 and upon guidance from Ministry of Finance, the Internal revenue audit committee advised the Foundation to put in place a policy which provides for legal action in the event of own payment. Therefore, in 2018 the policy was put in place and efforts to chase up debtors was intensified. This is the reasons as to why the table reflects a higher accumulation of debtors in both the sum of monies owed and the number of debtors. In November 2018, the current management of the Foundation wrote to the Ministry of Finance for approval to write off debts of SR593,125 from the sum of SR1,279,411. The justification for the write off was due to issues relating to the subdivision of land as some of the leases were unable to operate although they had been charged rent due to delays in subdivision of land of the Foundation by MHILT to enable leases to obtain funding with banks. Moreover, the management of the Foundation has implemented a debt recovery policy, which includes various reminders, instalment payments and ultimately taking legal action to secure debt recovery.*

Agency for the Prevention of Drug Abuse and Rehabilitation

3.13.1. The Agency for the Prevention of Drug Abuse and Rehabilitation (APDAR), established under the Prevention of Drug Abuse and Rehabilitation Agency Act, 2017, is responsible for formulating policies, plans and programmes for regulating and advising the Government on matters of prevention and treatment, harm reduction and rehabilitation of persons affected by drug and alcohol abuse. From 2018, the management and functions of the 4 sister bodies; namely; the Detox Centres under the Ministry of Health; Mont Royale and the Drug and Alcohol Council under the Ministry of Family Affairs and the Drug and Demand Reduction Unit, Dove Rehabilitation Programme under the Ministry of Home Affairs and the Wellness Centre were either transferred, moved or taken over by the Agency.

3.13.2. Section 17(3) of the enabling Act provides that the accounts of the Agency shall be audited by the Auditor General in accordance with Article 158 of the Constitution. Accordingly, an audit of the Agency involving examination of the accounting records and documents pertaining to expenses relating to wages and salaries, transport management and non-financial assets was undertaken for the year 2018. Matters arising were communicated to the management in an interim management letter dated 23.07.2019, which was discussed with management on 24.07.2019 in an exit meeting, and subsequently, through a management letter dated 14.08.19, as outlined below.

Wages and Salaries

3.13.3. Discrepancies in salary and allowances payments: As at 31st December 2018, APDAR had a total number of 109 employees. The actual expenditure towards their wages and salaries was R14,582,098 against appropriated budget of R14,365,623 for 2018. Audit scrutiny of a selected sample of appointments, terminations, salary payments and other allowances and deductions made revealed the following findings.

3.13.4. ***Discrepancies between the Nominal Roll and Payroll Analysis:*** Audit examination of a sample of 30 employees selected from the December 2018 payroll analysis revealed differences between the payroll analysis and the Nominal Roll in respect of 5 employees of the Agency.

3.13.5. ***Letter of appointment not in personal file:*** Audit observed in one case that a signed letter of appointment was not identified in the personal file in respect of the Senior Programs Coordinator. Hence, Audit could not confirm the terms and conditions of her appointment, as well as the agreed salary package.

3.13.6. ***Lack of supporting documents to confirm salary entitlement:*** During the year 2018, the functions of four bodies and were transferred to the Agency. As per the transfer agreements, employees who accepted and were confirmed to be transferred, their salaries were to remain unchanged from that which they were receiving from their previous employers. Audit scrutinised a sample of 38 employees' personal files to identify documents in support of their previous salaries and it was observed in the cases of two (2) employees such documents were not sighted in their personal files. In the absence of these documents, Audit could not verify correctness of the salary entitlements and accuracy of payments.

3.13.7. ***Under- and over- payment of overtime:*** Audit of (10) employees who were paid overtime during the year 2018 amounting to R93,183.28 revealed 5 overpayments up to R3,400.25 and one underpayments of R1,463.16 in a month.

3.13.8. The CEO in response, stated as under:

- *The discrepancies between the payroll analysis and the Nominal Roll in respect of 5 employees have been addressed and reverted to the Human Resource Department for rectification;*
- *An error was made in the appointment letter whereby DPA gave a post title different from that which was suggested by the Agency. However, the correct appointment letter was then made and a copy is to be submitted to Audit;*
- *The two staff were working as a cook and a cleaner at the Mont Royale Centre prior to their transfer to the Agency. As per DPA's regulations, these two post titles were no longer permissible under Government's general payroll system and are now being catered for under cleaning agencies. As a result, the two employees in question were given a new post title on transfer to the Agency. A copy of their payslips from their previous employer will be provided to Audit; and*
- *This issue has been reverted to the Human Resource Department for verification, re-computation and resolution. Meanwhile, a final response is still pending.*

3.13.9. ***Accumulated leave balance in excess of 42 days:*** Section 4 in Chapter 5 of the Public Service Procedures Manual stipulates that accumulated leave must not exceed 42 days and any exception must be in the interest of the service and have the written endorsement of the Chief Executive Officer. Contrary to these Manual requirements, Audit noted two (2) cases of the employees' (Principal Monitoring and Evaluation Officer and Counsellor) where leave accumulation was in excess of the prescribed upper ceiling of 42 days without any endorsement of the Chief Executive Officer. No leave record was sighted in the personal file of the Programme Officer, as such employee's outstanding leave balance could not be verified. Audit recommended that the Agency should ensure that the leave records are kept complete and up to date and leave accumulation by staff is contained within 42 days and excesses have the requisite endorsement of the Chief Executive Officer.

3.13.10. *The Agency in response informed that the Principal Monitoring and Evaluation Officer has taken some leave during the year 2019 and will be advised to take some more. The Counsellor who is also Director of the APDAR's facility on both Praslin and La Digue was unable to avail annual leave due to nature of his duties and bulk of work and lack of manpower on his side. The Agency has sent an employee to assist him and hope that he might be able to take some leave in the near future. The Agency is considering converting his leave into cash, in consultation with the Chief Accountant at Treasury. The third employee's file was currently at DPA.*

Use of Goods and Services

3.13.11. During the year 2018, the Agency incurred an expenditure of R21,293,550 towards use of goods and services against the budget of R21,640,739. Audit examined 109 payments under these account votes revealed the following.

3.13.12. ***Underpayment of Value Added Tax (VAT):*** Audit observed five (5) payments, amounts totalling to R606,876, towards transportation services provided to the Agency, the valued added tax (VAT) was undercharged by amounts totalling R20,520. Audit was informed that VAT was not charged on the transport services provided for delivery of food to the Agency and only the breakfast, lunch and dinner costs were charged and VAT was calculated based on these stated costs only. Audit is, therefore, of the view that the payments made to the service provider towards transport services are inclusive of the amount of VAT which should be deposited with the SRC by the latter.

3.13.13. Audit recommends that the Agency obtains the advice of SRC on the matter and apply the VAT rates if the so advised.

3.13.14. The Agency in response stated that the agreement with the supplier was passed over to the Agency from the Ministry of Health and the same trend of payment was being followed. However, the Agency will communicate with the supplier and obtain justification, should there be, in regards to the tax issue, as well as with the Seychelles Revenue Commission for better clarification in regards to this matter.

3.13.15. ***Payment of clothing allowance to PSC Contract employee:*** According to the Public Service Orders 2011 (Appendix C), an outfit/clothing allowance is paid to enable the employee to purchase appropriate clothing to present a suitable image of Seychelles whilst overseas. This allowance does not apply to public sector employees on PSC Contract. Contrary to these provisions of the PSO, Audit observed that the Principal Monitoring and Evaluation Officer, who is on a PSC Contract since 1st June 2017, has been paid clothing allowances which is in violation of the Public Service Orders, 2011.

3.13.16. Audit recommended that the Agency should ensure that the provisions relating to payment of allowances are adhered to. Specific attention should be placed on employees who are on PSC contracts as their entitlements and benefits differ from that of employees on normal or continuous employment contracts.

3.13.17. The Agency in response stated that they were not aware of this regulation but will do the necessary to ensure compliance. Moreover, the CEO is to communicate with the Public Sector Commission at DPA for better understanding of this regulation and the way forward. Also, the CEO will consider bringing this issue into the CEO's forum since this is considered as a matter that will affect all of the MDAs.

3.13.18. Audit was subsequently provided with an e-mail, from Chief Secretary, DPA to the Agency, stating that the clothing allowance is paid as part of certain schemes of service which, however, has not been provided in the relevant Scheme of Service.

3.13.19. ***Appointments of Board members not sighted:*** The Board of the Agency was established as per the enabling Act and its members were appointed by the President. The names of the appointees of the Board were published in the Official Gazette and letters of appointments were to be formally sent to each appointee, as well as the Agency for documentation purposes. However, on carrying out audit tests to ascertain the completeness of those appointments, it was observed that there were no documents at the Agency to support the appointments on the Board. Therefore, Audit could not verify the validity, accuracy of the payments of board members allowances and their cut-off periods of payments on any terminations of appointments, should there be.

Audit recommended that the Agency should ensure that all appropriate and relevant supporting documents are obtained and maintained to support appointments and terminations of its board members to enable proper audit trail.

3.13.20. The Agency in response informed Audit that the letters of appointments have been recently received from the President's Office and these will be provided to Audit.

3.13.21. The letters of appointments stated in the management response were awaited at the time of writing (August 2020).

3.13.22. ***Ex Officio members of the Agency paid board fees:*** The Remuneration Policy and Framework on Fees for Executive Boards stipulates that Chief Executive officers are ex-officio members of their organisation's board and thus are not paid any board fees. However, it was observed that this policy was not being complied with at the Agency and as a result, the Chief Executive Officer, was paid a monthly board fees of R3,048 totalling R36,576 during the year 2018. Audit recommended that the Agency should ensure that board members are paid fees as stipulated in the Remuneration Policy and Framework on Fees for Executive Boards.

3.13.23. The Agency in response stated that it was not aware of the policy vis-à-vis ex-officio. However, this issue is to be addressed to the ex-CEO in question and request for refunds. Should a write-off be requested due to lack of previous knowledge of such regulations, this issue might be referred to the Write-Off Committee at the Ministry of Finance and advice will be given about the way to deal with this matter.

Transport

3.13.24. The Agency had a total number of 7 vehicles and actual expenditure on transport management was R2,094,425 against the budgetary provision of R2,179,680 for the year 2018. Audit scrutiny of the records and documents relating to transport management revealed the following shortcomings:

3.13.25. ***Register of Vehicles and Heavy Plant not maintained:*** Section 12.3 (c & d) of the Accounting Manual requires maintenance of a Register of Vehicles and Heavy Plant (Form RR - 008) by the government entities to record all vehicles and heavy plant under their custody; such as motor cars, boats, bicycles, trucks, excavators, generators, etc. However, on comparing the Agency's list of vehicles with that of Seychelles Licensing Authority (SLA), Audit observed that SLA's list had reflected six (6) vehicles against the Agency's name whereas the Agency list had ten (10) while 7 vehicles were stated to be in its actual possession as on 31st December 2018. The four (4) vehicles appearing on the Agency's list but not on the SLA's list were a Toyota Hiace Bus (S17041); H.1 Pickup (S22362) ; Kia Picanto Hatchback (S2687) and a Suzuki Bus (S19468).

3.13.26. Audit recommended that the Agency should ensure completeness of vehicle records, update the Register of Vehicles and Heavy Plant duly reconciling with the SLA's list for the Agency vehicles.

3.13.27. The Agency in response stated that the person entrusted with vehicle management was not yet trained. However, the Register of Vehicles and Heavy Plant will be maintained as requested. In regard to the SLA's list, the CEO will communicate the discrepancies found against the Agency's actual list of vehicles, including the ones transferred, and have the SLA's list updated accordingly.

3.13.28. ***Vehicle Log Books not maintained:*** Section 7.4 (a) of the Accounting Manual states that a Vehicle Log Book (Form FV - 001) is to be kept for each Government vehicle. Furthermore, Section 7.4 (g) of the same regulation states that all repairs carried out on vehicles are to be recorded in the Vehicle Log Book. Audit observed that recordings in the log books were lacking in several details; such as, fuel coupons used, fuel consumption and vehicle repairs and maintenance, though a total of R133,559 was spent towards these. In the absence of these requisite records and details, Audit could not verify that the Agency ensured adequate controls over the usage of its vehicles. Audit recommended that these issues are addressed by the Agency by introducing a Vehicle Log Book in the prescribed form for its vehicles and the logbooks are kept up to date so as to provide correct information to the management for better monitoring.

3.13.29. The Agency, in response, informed that fuel consumption and mileage were being recorded although not in the appropriate Vehicle Log Book. The new Administration Officer has recently introduced the standardised Vehicle Log Book as requested and the log books are currently being maintained and updated.

3.13.30. ***Fuel Consumption Analysis not performed:*** Section 7.4 (d) of the Accounting Manual provides that in order to ensure efficiency and economic use of all vehicles, monthly fuel consumption analysis should be carried out and such calculations are to be recorded in each Vehicle Log Books. Audit observed that such an analysis was not being performed by the Agency; in the absence of which significant variances in fuel usage or abuse of fuel consumption may go unidentified and so unaddressed in a timely manner. Audit recommended that the Agency introduces the monthly fuel consumption analysis to ensure that all vehicles are being used in an economical manner and prevent any possible misuse of vehicles.

3.13.31. The CEO, in response, stated that she has already instructed the new Administration Officer to start the fuel consumption analysis, pending the appointment of the transport officer.

3.13.32. ***Personal use of government vehicles:*** PSO 2011, Order 190 (b) provides that irrespective of their level, an employee who has been authorised to use a Government vehicle for private purposes will be required to:

- Pay for the private usage at the rate of R5.70 per km for the first 100km and thereafter R5.30 per km in any one month;
- The employee will record in the vehicle log book full details of all official journeys, but need not record the details of private use except kilometres travelled; and
- At the end of each month, the employee will submit to the Accounting Officer certified returns of official and private use of the vehicle and pay the amount due.

3.13.33. Audit examined the records of 6 vehicles and observed that in all 6 cases journeys undertaken were signed by the drivers themselves and were not authorised by a delegated/authorised officer. Further, of the 6 vehicles, 2 were used for private purposes by the drivers and again no authorisation was evidenced. This indicated that there was a lack of supervision and monitoring over vehicles usage and mileage recording. Audit recommended that effective supervision and monitoring over vehicle usage is duly ensured and requisite checks or reviews are carried out and evidenced in the mileage Logbooks. At the end of each month, certified returns of official and private use of the vehicle should be submitted to the Accounting Officer and amounts due are recovered from the concerned officials for any private/unauthorised use of the vehicles. The Agency should also ensure that all journeys, be it official or personal, are properly authorised by a designated personnel and the procedures, as per the PSO, are complied with in all aspects of vehicle usage.

3.13.34. The Agency, in response, stated that currently they are facing staff shortages and have submitted requests for the recruitment of a Transport Officer in next year's budget who will be able to carry out the transport management duties in its totality and in compliance with all relevant laws and regulations.

Non-Financial Assets

3.13.35. The Agency incurred an expenditure of R1,433,832 towards procurement of non-financial assets against the budgetary provision of R1,461,700 for the year 2018. Audit scrutiny of sample of payments towards procurement of non-financial assets revealed the following shortcomings in the Agency's management of assets:

3.13.36. ***Assets Register incomplete and not updated since 2017:*** The Agency maintains the data of its assets on the Fixed Assets Management System (FAMS) installed by the Ministry of Finance in 2017. The system provides fields to record the details of the assets acquired; suppliers, date and costs of acquisition; payment voucher numbers; asset identification numbers and its locations, movements and write-off of assets. However, Audit observed that data entry into the system was partial, and not up to date in respect of the assets acquired during the year 2017 while for 2018 it was yet to be undertaken. Audit noted that only a few assets were being recorded in an excel spreadsheet, which too were incomplete as it did not include all assets of the Agency's different locations.

3.13.37. ***Physical verifications of assets not carried out:*** The Section 12.3 (f) Accounting Manual requires physical verification of the assets at frequent intervals and at year end and that discrepancy found to be investigated and appropriate action taken. All such checks carried out must be evidenced in the respective registers being maintained. However, it was observed that no such verifications and checks were being made and there was no evidence thereof to confirm that such checks were carried out in the respective registers being maintained.

3.13.38. Audit is of the view that in the absence of an updated asset register, providing complete and accurate data coupled with physical verifications carried out from time to time, the assets are likely to be exposed to different risks. Audit, therefore, recommended that the Agency should undertake an exercise to complete its assets records, conduct physical verifications and reconcile and investigate discrepancies, if any.

3.13.39. The CEO, in response, informed Audit that the system (Fixed Asset Register) was installed by the Ministry of Finance and the then Administrative Officer was trained on its use and update. But after his transfer from the Agency in 2017, this was not being performed. However, since a new Administration Officer has been recruited in April 2019, who is being trained to use the Fixed Asset Register, the system is under updating and physical verifications will be conducted.

Enterprise Seychelles Agency

3.14.1. The Enterprise Seychelles Agency (ESA) was set up under the Enterprise Seychelles Agency Act, 2018 with the objective of development and promotion of enterprises and matters connected therewith or incidental thereto.

3.14.2. Enterprise Seychelles Agency Act provides for the Accounts of the Agency to be audited by the Auditor General in accordance with Article 158 of the Constitution. Accordingly, an audit of the Agency for the period 1 August 2018 to 31 July 2019 was undertaken to enable the Auditor General to form an opinion on the accounts and records maintained. Matters arising were communicated to the Agency in an Interim Management Letter (IML) issued on 17 June 2020, which was discussed by the management in the exit meeting held on 08 July 2020. The management letter was issued on 27 August 2020. A written reply to the draft paragraphs, as outlined below, was received on 20.10.2020 indicating some corrections.

Revenue

3.14.3. ***Not all revenues generated by the Agency are budgeted for:*** Broadly the sources of funds of the Agency include the annual budgetary allocations, revenue from immovable property as provided in the enabling Act and sale of local products at outlets operating under its management. During the period under audit review, the Agency collections amounting to SR7,515,716 were mainly, from 'rental of buildings', sale of local products at its two shops, 'Bazar Victoria' and 'Processing fees'. Audit noted that receipts from the two shops, accounted for under 'Suspense Account', alone were SCR6,572,519 which constituted 87.5 per cent of the Agency's total receipts for the period. However, a perusal of the revenue estimates revealed that only the 'Processing fees' and 'Rental of buildings' are budgeted for and receipts from its other activities and operations are not estimated. Audit is of the view that receipts of the Agency are under budgeted, and as such does not enable a proper evaluation of its performance.

3.14.4. The Management in response stated that the revenues generated from the two shops are not budgeted as they are banked into a separate Suspense Account managed under the Treasury. Hence, no budget is prepared for shop operations as it is not part of the Agency's budget. It will be noted that in the PPBB Statement of the Agency, receipts are budgeted only for revenues that are to be recorded under the Agency's main budget code 020A000 and that the revenue of the two shops is unpredictable as it depends on sales of suppliers.

3.14.5. Audit Comments; Audit is of the view that all operations and activities should be duly provided for by the Agency in its budget for the obvious advantages of budgeting.

3.14.6. ***Receipts not issued for cash sales at Camion Hall shop:*** Section 8.6 of the Accounting Manual stipulates that all public money received should be immediately acknowledged through the issue of a Government Receipt. The Agency informed that receipts for sales are generated through the electronic sales system (POS). Audit examination of the relevant records and documents revealed that no receipts were issued by the shops when the POS is not operating. In respect of the Camion Hall Shop, it was observed that the POS system was not functioning from April to June 2019 during which cash sales proceeds totalling SR153,657 were handed over to the Accounts Section, which did not have supporting receipts. The absence of these documents and a reconciliation of the sales proceed with goods sold may lead to loss of funds through misappropriation, etc. and therefore, should be rectified.

3.14.7. The Management in response acknowledged the non-compliance to the Accounting Manual and stated that the two shops were relying on the electronic sales system (POS) during that time, and in view that it was non-operational due to the migration from the old system to the new system, the shop administrators rather waited for the system to be in operation to post their sales. No manual receipt book was being used at the time. With effect from July 2020 each shop has been issued with a manual receipt books and it is appropriately signed and accounted for.

3.14.8. ***Missing receipt book:*** Audit examined all receipt books used for the audit period, other than the shops, and noted that a total of 19 receipt books were used by the Agency. However, whereabouts of one receipt book, serial no. 1170351 to 1170400, pertaining to the period 14 January 2019 to 02 February 2019, was not known. Audit observed a lack of control over issue, recordings and safe custody of the Accountable documents which may lead to loss of funds if not corrected forthwith.

3.14.9. The Management in response stated that the missing receipt book with serial no. 1170351 to 1170400 is referred to in Page 9 of the Special Audit conducted at ESA. The receipt book was in the possession of the former Accounts Assistant. ESA now maintains a proper register to record all receipt books received from Treasury and issued to any particular shop or the Praslin Office or Admin Office. The person receiving the receipt book signs and takes full responsibility.

3.14.10. Audit comment: Audit was provided with a copy of the report on the special internal audit conducted by the Ministry of Finance (Internal Audit Division) at the exit meeting. It was noted that the report contains a recommendation that management should enquire about the missing receipts book and obtain proper explanation.

Lack of controls over rental income

3.14.11. ***No policy or documented procedure on shop rentals:*** The Agency receives rental income in respect of shops rented out to artisans, the collection of which amounted SR718,322 during the period under audit. Audit, however, did not sight documented procedures or a policy to regulate allocation of the shops, fixation of their rentals and conduct of rental reviews.

3.14.12. The Management acknowledged that there was no written policy to regulate the allocation of shops nor to calculate the rental rates and rental reviews and stated that in 2018, the shops were being allocated through a process whereby the space is tendered and applications are submitted to the Board of Directors for approval. The Agency is now developing a new written policy now to regulate such, which shall be reviewed and approved by the Board of Directors prior to adoption.

3.14.13. ***Monthly invoices for rental income not raised:*** Section 8.5 of the Accounting Manual stipulates that all goods and services supplied on credit by Ministries/ Department will be billed by using the Invoice (Form FI - 001). Section 0830 of the Financial Instructions (FI) further stipulates that "Where an item of revenue falls due annually or at other set period, a register will be kept showing details of payments which are to be received as they fall due. A demand will be sent out in respect of all amounts outstanding for more than a month. In cases of continuing default the Accounting Officer should consider action, such as, legal scope for recovery or cessation of supply." Audit noted that rental fees are collected as and when clients wish to pay and demands were not raised in respect of the amounts outstanding for more than a month nor any penalty fees or surcharges on late payments was charged. Consequently, the rental records, including rental amounts due and collected from each tenant, are not complete and up to date.

3.14.14. The Agency acknowledged the non-compliance to the Accounting Manual and stated that its Accounts Section had limited capacity to raise monthly invoices to all tenants due to the workload. The rental income was paid in accordance with the contract of each tenant. It has now put all tenants' files in order and with the new Property Management Section, it has extra capacity to follow-up on late payments by tenants. The Agency is also stressing that the Cashier Module will be a great tool to ensure that invoices are raised every month as required under the Accounting Manual.

3.14.15. ***Delay in collection of rental income:*** Audit compared actual rental income against the amounts due during the period under audit and noted a variance between the two. The rental due was amounting SCR1,327,908 whereas the collection against was SCR 718, 322 only, i.e. 54.1%.

3.14.16. The Agency, in response, confirmed that there were instances that timely and appropriate action was not taken on late rental payments due to the missing files. Moreover, the Agency had limited capacity in its Accounts Section to conduct follow-ups with all tenants due to the workload. With the new Property Management Section, it has extra capacity to follow-up on late payments by tenants. The Agency is also stressing that the Cashier Module will be the tool to follow-up on rental income every month as required under the Accounting Manual.

3.14.17. ***Long overdue debts not followed up for recovery:*** Section 8.11 of the Accounting Manual firstly requires that all Ministries/ Departments raising invoices maintain a Debtors' Control Register for each customer with details of all invoices raised and receipts issued. Secondly, the Debtors' Control Register should be totalled monthly and reconciled with the Invoice Register. Thirdly, a monthly age analysis of debtors is to be prepared and reviewed by the Accounting Officers, and on a quarterly basis Outstanding Debt Report is to be prepared and forwarded to Ministry of Finance. Fourthly, it is the Ministry/Department responsibility to ensure that all debts are collected within the period of credit allowed. Audit noted that the Agency was not maintaining individual customer accounts and its total debtors' balance as on 30 June 2019 stood at R 301,949. Files of five highest outstanding balances were reviewed and it was noted that despite all five tenants had balances, totalling SR162,566, outstanding for over 90 days, no formal reminder letters or default notices were issued to these tenants or any kind of follow-up action taken for debt recovery. Audit further noted that a tenant had accumulated rental payment arrears up to SCR24,300 following which his rental agreement was terminated back in September 2014 but to-date the tenant is still continuing to occupy the Agency facility (space) with the outstanding dues further accumulating to SCR68,950 as at 30 June 2019. Long overdue balances should be investigated into and action taken in accordance with the provisions of Sections 8.11 of the Accounting Manual.

3.14.18. The Management in response stated that the Agency had limited capacity in its Accounts Section to conduct follow-ups with all tenants due to the workload. With the new Property Management Section, it has extra capacity to follow-up on late payments by tenants and emphasised that the Cashier Module will be the tool to follow-up on rental income every month as required under the Accounting Manual. Further, the issue of debtors was discussed with Ministry of Finance and in collaboration with it a Credit Policy/SOP would be developed to provide for surcharges on outstanding debts.

3.14.19. Audit Comment: During the post audit follow up, the Agency informed that individual customer ledger for its tenants have been introduced and being updated for 2019 and 2020.

Lack of controls at shops

3.14.20. ***Review and approval of the products for sale at shops not sighted:*** Audit was informed that earlier a Committee reviewed and recommended the products to be sold on the shops to the CEO for approval, but the Committee is no longer active now. Audit examined a sample of 10 payments selected from the Suspense Account, amounting to SCR780,972, to the suppliers/artisans and noted that for seven payments, totalling SCR327,530, approval from the Agency was not sighted to verify that the suppliers/ artisans went through the approval process prior to their products being selected and sold in the shops.

3.14.21. The Management in response acknowledged that the Committee was not active due to the absence of a written policy to guide its functions and no clear criteria was established for review of goods upon deposit by Artisans. Artisans were depositing extra goods which had not been reviewed by the Committee. The management informed that they are currently working on a new Terms of Reference and guidelines for the re-establishment of the Shop Committee which requires the approval of the Board prior to implementation.

3.14.22. ***No segregation of duties at the Airport Shop:*** The Agency informed that six sales staffs, including the Shop Manager, are employed at the two shops on a two-year contract. Of these, four shops are allocated to the Airport shop where they work on shift basis and remaining two work at the Camion Hall shop. Audit noted that the responsibilities at the Airport shop are not segregated and the Shop Manager performs almost all of the key functions; such as, selection of the shop products, receive the products at the shop (along with other sales staff), feed product details into the POS system, sell the products, collect sales proceeds and hand over the cash receipts to the Accounts Section.

3.14.23. The Management in response acknowledged this deficiency in the operations at the Airport shop and stated that changes were, thus, put in place to ensure that duties are apportioned amongst the shop administrators accordingly, such as receiving goods, posting of invoices in the system, bar coding of products, banking at Accounts, are now conducted by all Administrators in accordance with their shift days. The Agency has currently requested Office of Attorney General for legal advice on how to review and amend the contracts of the shop administrators, which is still awaited.

3.14.24. ***Payments to artisans without supporting invoice:*** As noted above, the Agency receives products from artisans on credit for selling at its two shops. Audit noted two payments, amounting SCR138,726, to artisans for their products sold at the shops but did not sight the artisans' invoices in support of the payments made. Therefore, Audit could not confirm occurrence of the receipt of the products and accuracy of payments made to the concerned artisans.

3.14.25. The Management in response acknowledged the above findings and informed that they have now put in place new measures to ensure that all payments are supported with appropriate documents and supervisory checks are conducted. The Accounts Section prepares a report at the end of every month to verify invoices prior to processing any payments to suppliers. The Agency has also put forward to the Ministry of Finance that the management and administrative duties related to the two shops alone poses a heavy workload on the staff at the Accounts Section and has requested one separate Admin Accounts staff to conduct all duties related to the shops, however due to recruitment constraints, the request has not been catered for.

Bank and cash

3.14.26. ***Delays in banking:*** Section 0803 of Financial Instructions states, among others, that except with the prior approval of the Principal Secretary responsible for Finance, the day's receipts will be banked first thing the next official working day and copy of the bank's receipted paying in slip handed over to the Treasury forthwith with the appropriate Revenue Voucher. Audit noted that the Agency did not always bank its revenue on a daily basis. Audit examination of banking of a sample of 18 revenue vouchers, totalling SCR331,178, revealed non-compliance to the above provisions where banking was done between 3 days to 13 days for 16 revenue transactions. For the remaining two revenue transactions, amounting SCR153,657, Audit noted receipts were not issued in acknowledgment of revenue but other documents reviewed in support of these two revenue vouchers revealed significant delay in the banking. In the first case, revenue banked on 28 June 2019 amounting SCR108,429 appeared to have been accumulated over the period April, May and June 2019. In the second case, revenue banked on 03 July 2019 amounting SCR45,228 had been accumulated over a number of weeks in March and May 2019. In both cases, POS sales reports and receipts were not made available, as a result, Audit could not verify the accuracy and completeness of the revenue collected and banked.

3.14.27. The Management in response acknowledged the inadequacies of the controls that were in place and stated that most of the issues were during the period that the POS system was not in operation, hence banking was not being done properly as the shop administrators waited for the POS system to be functional to post their sales. This also led to no reconciliation being performed by the Accounts Section. Effective November 2019, an instruction was issued to all shop administrators for banking to be done on a daily basis without any exception. Hence, all sales for a particular day is submitted to Accounts on the next working day and Accounts does the banking on the same day. In regard to the observation relating to the currency note (of SR 25 denomination), it has also been referred to in the Internal Audit Report hence is under investigation.

Payments for goods and services

3.14.28. ***Non-compliance to the Public Procurement Regulations:*** The Schedule 1 to the Public Procurement Act, 2008 and Regulations, 2014 provides for the procurement methods and procedure for the different operating thresholds.

3.14.29. Audit examination of records relating to the procurements revealed that in 18 payments, amounts totalling SCR 608,215, ESA did not comply with the above provisions in that there was no documentation in evidence of need assessments, requisite minimum three quotations, prior authorization from POU for deviations and justification for the selected suppliers.

3.14.30. The Agency acknowledged that certain provisions of the Public Procurement Act were not observed and informed that the Agency has developed its Internal Procurement Policy which is yet to be submitted to the POU and the Ministry of Finance for approval. This policy will ensure compliance to the provisions of the Act and clear justifications provided in instances where 3 quotations are not obtained.

3.14.31. ***Payments lack adequate supporting documents:*** Section 59 of the Public Finance Management Regulations, 2014 (PFMR), provides that every Accounting Officer shall, prior to signing a payment voucher, ensure that there is sufficient evidence that payment is being made for work duly performed, goods delivered or services duly received in accordance with the contract and the price to be paid is also in accordance with the contract. Section 63 of the Regulations, further stipulates that payments shall not be made unless the payment voucher is supported by original invoices and accompanying documents as per the requirements of the accounting manual. From a sample of 48 payments examined, totalling SCR 356,490, Audit noted nine payments, totalling SCR279,015, which lacked the required supporting documents such as invoices, relevant schedule/details to verify the payment amounts.

3.14.32. The Agency while agreeing to the above observations informed that with the new Management in 2019, the Agency is ensuring that all documents are attached to support payments.

3.14.33. ***Bonuses paid to Shop personnel despite non-eligibility:*** Audit noted that Bonus, totalling SCR42,000, was paid to six shop personnel in December 2018 to which they were not entitled as per the contract agreements in place. The bonus payments were made under 'Other Service Agreement' Account.

3.14.34. The Management in response stated that this was an oversight by the Accounts Section as this clause was included in their previous contract. But in the new contract signed in 2018, the clause was removed. The Agency will write to the shop administrators to request for a refund.

Fixed Assets

3.14.35. Part III (Sections 10 and 11) of the Public Finance Management Regulations, 2014 under the Public Finance Management Act, 2012 and Chapter 12 of Accounting Manual and Financial Instructions (FIs) deal with management of government assets. Audit noted that (a) the asset register was incomplete as the assets acquired during the years 2011 to 2014 were not entered therein; (b) for the period under audit (August 2018 to July 2019) the FAR has been updated for only August and September 2019; (c) the movement of assets were not properly and timely updated in the Fixed Asset Register; and (d) the items were not allocated with an identification number.

3.14.36. Management response: "The Agency acknowledges the deficiencies pointed out by audit, as in the past there was no Fixed Assets Register. In 2019 when the new management took over, a new Fixed Assets Register was put in place. During the period of audit, the Assets Register was still being updated."

Health Professional Council

3.15.1. The Health Professional Council (HPC) was established under the Health Professional Council Act, 2006. The main function of the Council is to register, monitor the competence and regulate the performance of Health Professionals in Seychelles for the purpose of promoting and upholding the highest possible standard in their practice.

3.15.2. Section 12(4) of the Act provides for audit of the Council by the Auditor General in accordance with Article 158(3) of the Constitution. Accordingly, an audit of the Council involving examination of the accounting records and documents pertaining to expenses relating to goods and services and fixed assets and the Council's receipts for the year 2018 was undertaken. The matters arising were communicated to the Council in an Interim Management Letter issued on 12.12.2019 for discussion in the audit exit meeting, held on 30.12.2019, and subsequently, through the management letter dated 17.01.2020, as outlined below.

Use of goods and services

3.15.3. Section 59(c) of the Public Finance Regulations (PFMR), 2014 states that prior to signing a payment voucher, the Accounting Officer must ensure that entries are made in the appropriate records and the voucher is 'correctly made out and coded. Contrary to the requirement, the Council made payments totaling R23,183 towards venue for annual general meeting, website maintenance and purchase of computer stationery by charging to incorrect account codes like office building rent, license fees, acquisition of IT equipment and consumables. Audit recommended that the Council should perform requisite checks to ensure that expenditure is classified to its correct account to enable correct statement of the Council's operational costs under the prescribed expenditure heads.

3.15.4. The Chairperson, in response, agreed with the observations of audit.

Fixed Assets

3.15.5. The Public Finance Management Act, 2012 and Regulations, 2014 lay down procedures for accounting, recording and maintaining assets registers. Viewed against these requirements, Audit observed that during the year under review, the Council purchased non-financial assets at a total cost of R.33,721. These assets, comprising mainly of IT equipment were not recorded in the asset register. Moreover, the Firewall equipment worth SR9,450, paid from the suspense Account (no. JF11301-32174200-000 on 19.04.2018 was not recorded in the asset register. Further, Audit attempted physical inspection of a sample of non-financial assets but could not do so as all assets lacked unique codes for ease of identification from similar assets.

3.15.6. *The Chairperson, in response, explained that the Council experienced difficulties to update the asset register maintained in the asset management programme installed by the Ministry of Finance and this was conveyed to the latter. She added that the Registrar (HPC) was currently updating the existing register in excel format.*

Suspense Account

3.15.7. ***Membership Fees Database not maintained up to date:*** Audit was informed by the Council that a database of all membership fees paid was maintained. The database made available for audit inspection was not found updated in some instances; the period of validity of membership recorded in the register differed from the details on the receipts issued as below:

	Date Membership valid from	
	As per Database	**As per Receipt**
Pharmacist (X)	28 Feb 2017	19 Mar 2018
Public Health Officer (Y)	07 Nov 2016	20 Mar 2018
Optometrist (Z)	09 Dec 2016	12 May 2018

3.15.8. Audit is of the view that due to incorrect membership information records and no proper accounting of fees paid, membership may be renewed without collection of the correct payable amounts of fees. The Council, therefore, should ensure that the register of members, including payment of membership fees is maintained up to date with the correct information.

3.15.9. The Chairperson, in response, agreed that the information on the member's database was incorrect in respect of the three (3) members stated and that the database may not be reliable.

3.15.10.***Disparity in expected collections:*** Audit noted that the Council memberships given are valid for a period of two years from the year of payment of the membership fees. The official gazette reflects the names of the members valid as on date of the beginning of the year (for example; 1st January 2018). Audit compared the total number of members reflected in the official gazette as at 31 December 2018 against valid members for the year 2018 (i.e. paid in 2017 & 2018) as recorded in the register of members, which revealed a discrepancy of 103 members as while the official gazette reflected a total of 489 names of valid members, the register reflected only 386 members (138 paid for 2017-19 and 248 paid for 2018-20, meaning a total of 386 valid members as on date) indicating that either the register is not reliable or the number of registered members is overstated in the official gazette.

3.15.11.Further, a comparison of actual collections of members fees as per receipts issued with the collection expected (due) for the year 2018, i.e. membership from 2018 to 2020 revealed a discrepancy of SR37,200 (SR300*124) in the fees collection and 124 in the number of members as detailed below.

Particulars	Members as per register	Expected Fee collection SR
2018-2020 membership/fees	248	SR 74,400
Total of the amounts on receipts issued in 2018	372	SR111,600
Variance (in membership/fees)	124	SR 37,200

3.15.12.Audit further observed from details in the register that 207 members whose membership expired in 2018 had not renewed the same. In the absence of reliable records, Audit could not ascertain the correctness of the membership renewals and reconcile these with appropriate fees collection. Audit, therefore, recommended that the Council should maintain the register of members correctly reflecting fees renewals of memberships upon payment of fees, reconcile with the official gazette and keep it updated.

3.15.13. *The Chairperson, in response, informed that some members paid membership fees after significant delays and even in the following year. She also agreed that the register may not be up to date.*

3.15.14. ***Banking not performed timeously:*** The Financial Instructions Section 0803 states that "the day's receipts will be banked first thing the next official working day". Contrary to the aforementioned provision, the Council did not deposit promptly, income collected for several months during the period under audit. The delays range from 1 to 3 months as detailed below in the table:

Months	Banking Date	Amount-SR
January, February, March	03.04.2018	17,100.00
April, May, June	26.06.2018	15,750.00
July	31.07.2018	18,900.00

3.15.15. Audit noted an embezzlement of funds to the extent of SR30,800, as established by Management and corroborated by the Internal Audit of the Ministry of Finance during the course of 2018. This sum was, however, fully recovered at the time of audit inspection. Audit is of the view that delay in banking of the collections could encourage teeming and lading and may lead to embezzlement or misappropriations. Audit, therefore, recommended that the Council should bring requisite controls in place to ensure that supervisory checks are regularly conducted and evidenced and all amounts collected are promptly brought to account and banked.

3.15.16. *The management, in response, stated that checks over collection records have been intensified and performed on a regular basis.*

Seychelles National Parks Authority

3.16.1. The Seychelles National Parks Authority (SNPA) was set up by Seychelles National Parks Authority Order, 2009 (S.I 30 of 2009) under the Environment Protection Act, 1995 with the objective of protection and management of National Park (marine and terrestrial). The Authority is responsible for monitoring and control of all activities within a National Park, carrying out other functions for the conservation of flora and fauna and combat threats to biodiversity.

3.16.2. Pursuant to Section 12 (2) of S.I., the Auditor General is appointed to conduct its audit for the year 2018 by the Minister of Environment and Natural Resources. Accordingly, an audit of the Authority for the year ended 31 December 2018 was undertaken to enable the Auditor General to form an opinion on the accounts and records maintained by the Council. Matters arising were communicated to the Authority through an Interim Management Letter dated 07 February 2020 for discussing in the audit exit meeting held on 12 March 2020 and subsequently, through a management letter issued on 27 March 2020, as outlined below.

Marine Park Revenues

3.16.3. ***Shortfall in collection of hotel contributions:*** Hotels bordering the marine parks have been paying an agreed hotel contribution for the use of the Marine Parks by their guests. This is not directly on the basis of any law or regulation, but upon mutual agreements by the hotels and SNPA arrived at over the years. Audit observed a significant decrease in the amount of hotel contributions collected for the year 2018. Whereas during the year 2017 a total of R613,896 was collected; against an approved budget of R693,000 for the year 2018, the collection amounted to only R193,432.08, which represents a R420,464.44 (68%) decrease over the previous year. Audit noted that only one, out of the four hotels that had been contributing in 2017, was actually contributing in 2018. It was further observed that 3 other hotels bordering the marine parks are also not making such contributions. Audit requested for furnishing reasons for the non-payments of contributions by those hotels. The Authority informed that even if a significant drop is there in revenue, it has been noted that the matter is not straight forward. Legally "Hotel Contributions" do not exist. The Marine Park law talks about an entry fee into the Marine Parks. The problem is that for hotels located inside Marine Parks, SNPA would have to charge an entry fee each day the customer uses the Marine Park i.e. if they go for a swim each day they would be charged. To get around this problem, previous CEOs decided to have separate agreements with the hotels for them to make some form of contribution. There was no formal policy in this regard. The agreements were negotiated on a case by case basis. As the hotels started to communicate with each other, they came back to say that the contribution was unfair for two reasons: i) it did not apply to everybody (not all tourism establishments were being charged; and ii) the basis for the charge was not clear, with some paying more than the others. According to the Authority, one hotel stopped paying due to the closure of the hotel, another refused to pay in view that the fees are not legally binding, while a third paid until June 2016 then stopped after a meeting that was held with them to regularize the fees where they stated it was not fair for them to pay if others were not paying.

3.16.4. The Authority, in reply (12.10.2020), stated that SNPA Board has agreed that the all hotels/tourism establishments on seaward side of the road should pay a one off fee per guest irrespective of the length of stay. It was agreed that the fee would be legally binding and a paper seeking the approval of the cabinet of ministers should be prepared. The paper was tabled in the Cabinet meeting of 23 September, and a decision is deferred on matter.

3.16.5. ***Non-collection of entrance fees causing revenue loss to the Authority:*** The National Parks and National Conservation Act, 1969 states that a person who is the holder of a visitor's permit under section 16 of the Immigration Decree shall pay a fee for entry into the Marine Parks. Contrary to these these provisions of the Act, Audit observed the following during a visit to the Port Launay and Baie Ternay Marine Parks:

Port Launay: SNPA is collecting only for overnight mooring at the rate of R250 per boat and no entrance fee is being collected from non-residents on board those boats. SNPA is also not collecting entrance fees from non-residents who use the marine park via the beach.

Baie Ternay: Entrance fees are being collected from non-residents using the marine park via boats, however, those accessing the marine park via the beach are not paying any entrance fee.

3.16.6. Audit recommended that SNPA should start collecting entrance fees as stipulated by the law.

3.16.7. In reply, the Authority informed that it has now secured the lease of a plot of land at Port Launay. A base and information center will be constructed and active management of the site will start. Further, at present, the decision from the Board is that SNPA will continue to collect fees only from clients accessing the park by boat as it is very difficult to enforce the charging of a fee to clients entering the park by foot.

3.16.8. ***Lack of proper working facilities at the Ste Anne Marine Park:*** During a visit at the ranger's quarter of the Ste Anne Marine Park Rangers situated at Perseverance, Audit noticed that the boats used by the rangers are moored against rocks supporting the reclaimed land. As no proper jetty has been provided, Audit observed a Ranger jumping over the rocks with a full jerry can of fuel to board the boat which is undesirable. Moreover, the boat they were using was found in a poor state with an accumulation of algae underneath weighing it down. The steering wheel was not working properly as well and this could pose a direct threat to the safety of the Marine Park Rangers and others at sea.

3.16.9. The Authority accepted that there are no proper mooring facilities at Perseverance and that has been a dangerous working environment for staff. The Authority had been trying, temporarily, address the present situation by purchasing a pontoon. However, these are not available locally and the only one they could source was second hand but was too expensive and too long. SNPA had sought the assistance of a local company through CSR but will only receive a response later, in 2020. He further mentioned that in June 2019 the Ministry responsible for Lands had informed SNPA that they need to move to a new location. Hence, the reason why no permanent structure was being raised

The reply stated that the workers have now moved to a new work space at Perseverance where there are facilities for ranges with showers, toilets and workshop for marine mechanic and sitting areas for staff.

3.16.10. ***Serious lapses in controls over issue and receipts of ticket books:*** Audit was informed that for Praslin and La Digue, the Accounts Section issues receipt books and Marine park tickets are issued to the Administration Officer on Mahe who in turn issue these to an Administration Officer on Praslin, by way of an issue note, to the Rangers. Both administration officers have a register which they write up the book numbers upon receipt. However, when the ticket or receipt books are full they are sent directly to Mahe by the Rangers to the Secretary of the CEO, SNPA who will in turn give the books to the Accounts Section. Thus, the two Administration Officers cannot keep record if the ticket books have been returned or not. Further, Audit noted that the Administration Officer on Praslin does not sign the issue note to acknowledge receipt and in some instances Rangers are not signing the register when they receive the ticket or receipt books. Audit recommended that the system of issue and return of ticket and receipt books is reviewed and adequate steps are taken to ensure due acknowledgement at each stage involved, proper recording thereof and regular reconciliation of remitted sales proceeds with the tickets sold/returned. The books should return back to Mahe via the same person that they went to Praslin through.

3.16.11. The Authority in response informed that they had conducted an investigation (see paragraphs below) into the use of ticket books, but to conclude, they could not pin or point fingers as it was not clear as to who was responsible for the shortcomings found. It was stated that there were serious lapses in procedure at different levels due to the fact that nothing was in writing. The Financial Controller has now drafted a new procedure and will ensure that it is put in writing in case of future matter.

3.16.12. Audit noted the response and requested the Management to furnish a copy of the investigation report for examination. Audit is of the opinion that in such a system a possibility of cash embezzlement cannot be ruled out as such it is strongly recommended that the Authority immediately undertakes reconciliation of all the receipt books and tickets issued with the tickets sold/returned and sales proceeds remitted to it and banking thereof and submit the same to Audit for examination. The Authority should also apprise the Authority Board on these deficiencies and status of the reconciliation.

3.16.13. ***Missing ticket books and receipt book:*** Audit selected a sample of ticket books from the register of each Marine park to trace to the physical ticket book. Out of a sample of 10 ticket books, Audit could not physically locate one ticket book. Upon further enquiry and investigation 4 more ticket books chosen from the same register could not be physically located - the ticket books are for the Ile Coco Marine Park. The five ticket books had a total value of R100,000. Furthermore, another ticket book of 100 serial numbers was found used up to ticket number 56, until the rangers noticed that 6 tickets were also missing from the book with a value of R1,200. Audit additionally could not locate one receipt book for the Ile Coco Marine Park (these receipt books are used when collecting mooring fees). From the current receipt book it was found that 6 receipts were used in the year 2018 and one used in the year 2019, while the missing receipt book was noted issued in 2012. Audit was informed that the Board had been advised about the missing ticket/receipt books and an internal investigation was conducted. The Internal Audit form the Ministry of Finance is also aware of this situation, and is presently wrapping up its work in relation to the matter before reporting.

3.16.14. The Authority in response stated that regarding this matter, the La Digue office has been closed until all procedures are properly embedded. For the time being, Accounts is responsible for all cash handling transactions. The future plan is to allocate supervisors on site (on La Digue and on Curieuse) and for preventing any misconduct, the supervisors will be rotated regularly.

3.16.15. In reply, the management further commented that the authority is of the opinion that some form of embezzlement had taken place, but cannot (with confidence) attribute it to any particular staff. SNPA will provide Attorney General office with a copy of the report produced by the internal investigation committee. Further, the Authority has now formulated a revised procedure to handle receipt books. This will have more involvement of the accounts section. Staff of Coco Island marine park and Veuve reserve were trained on this procedure in September 2020 prior to the park restarting its operation.

Coc-de-Mer nuts stock

3.16.16. According to the Coco-de-Mer decree (Management) Decree 1978, Section 43, 'Every licensed dealer shall keep on his licensed premises at his place of business a book to be called Purchases and Sales Book as prescribed in Form C in the Schedule which book shall contain particulars of mature nut numbers and dates and details of purchases and sales'. The book is kept to record the tag numbers of Coco-de-Mer purchased and sold. It also keeps record of total numbers of Coco-de-Mer in stock. Audit enquired if the book is being used at the Mahe Coco-de-Mer sales point and was informed by the Forestry Officer that they do not keep one of those books. However, the book is being kept at the Fond B'Offay station. Audit conducted physical stock take of Coco-de-Mer alongwith SNPA staff at Mahe sales office (on 18th November 2019) and observed that against the balance of 339 Coco-de-Mer nuts reflected in records, only 224 nuts were sighted in stock. Thus there was a shortage of 115 nuts. Audit was informed that the number of the nuts reflected in records does not match their physical stock due to the fact that the record was not being updated as and when Coco-de-Mer were being sold. The value of the difference (115 nuts), in lost revenue, assuming a worst possible scenario where the nuts were perfectly shaped, equates to R460,000 (at R4,000 each). In view of these, a possibility of embezzlement of nuts cannot be ruled out and therefore, Audit recommended that the Authority should undertake a reconciliation of all records relating to Coco-de-Mer purchased and sold with the physical stocks available and furnish a comprehensive response including the explanations for the unreconciled discrepancies.

3.16.17. *The Authority, in reply, confirmed that a complete inventory was done on Coco de Mer stock, and accordingly it was found that 10 nuts were unaccounted for. Serious lapses were found in the management of Coco de Mer stock. Further, a number of measures are now in place and the management is satisfied that it has addressed all the pertinent* *issues. The reply added that it is not possible to however, assign the loss of the 10 nuts to any particular staff.*

Chapter 4

Special Review

Management of Debtors (revenue debts) in Government

4.1 To form a holistic view on the status of outstanding revenue debtors (debts) to the Government through its various entities, Audit undertook a review of the system of management of debtors in select entities (ministries, departments and agencies) and examined their trend during the last 10 years. The six entities selected for the review purpose were the Seychelles Revenue Commission (SRC) (Tax Division), the Agency for National Human Resource Development (ANHRD), the Landscape and Waste management Agency (LWMA), the Department of Lands under the Ministry of Habitat, Infrastructure and Land Transport (MHILT), the Health Care Agency (HCA) and the Industrial Estates Authority (IEA). At the end of 2018, these entities had an aggregate debt of SR679,450,862 outstanding for collection having accumulated over the past 10 years or so.

4.2 The main objective of the audit is to review the systems of collection in the entities for the purpose of ascertaining the integrity of the debtors accounts and records maintained, accuracy of amounts reported as outstanding against each debtor and the adequacy of the action taken for recovery of debts.

4.3 The review included examination of documents and records in the entities to test their compliance with the existing operational manuals and administrative arrangements and also, the provisions made in the Accounting Manual (AM) and Financial Instructions (FI) with regards to dealing with the Government revenue debt management. Where Standard Operating Procedures (SOP) were available, the necessary tests were also conducted to determine adherence to those manuals. **Attachment 1** details provisions in FI and AM.

Overall conclusion and recommendation

4.4 Despite a worsening debtors' situation over the past 10 years or so, the entities were lacking in strategy to ensure proper maintenance of accounts and records and effective follow up action so as to collect as much debt as possible within the shortest possible time. Debtors' records were not only incomplete and lacking the requisite information, but also not regularly updated, as such, they cannot be considered reliable and giving a correct position of individual debtors and overall debts. and cannot be ascertained from the records maintained by the audited entities. Even the basic records, such as Debtors

Control Register and Invoice Control Register, prescribed by financial instructions and accounting manual were not maintained by the entities, except for the SRC, included in the audit selection.

4.5 Audit recommends that these entities should essentially, put in place a comprehensive system of monitoring whereby management is engaged and committed to ensure (a) maintenance of complete and accurate debtors records; (b) issuing entity specific standard operating procedures (SOP; (c) conducting periodic review of debtors ageing; and (d) formulating policies for debt control and recovery including timely follow up leading to legal action, where deem necessary. To this end, entities should be proactive in computerizing their debt management systems so that timely and accurate reports could be extracted for management information purpose.

Seychelles Revenue Commission

4.6 The SRC, established in 2009, is mandated for the collection of taxes and administration of the revenue laws, listed in the schedule of its enabling Act. Audit selected the Tax Division of the Commission for the review purpose. Audit was informed that debts arises in two ways, either through the receipt of the BAS form without the tax payment due as per the form or through a selection, on a yearly basis, of businesses whereby an assessment is made and any amount due to the Commission will be recorded as a debt in the Client Management System (CMS) under the respective business name. Thus a possibility of getting more debtors added cannot be ruled out if the Commission is able to carry out more assessments on a frequent basis. The outstanding amount of a debtor is reduced as and when a payment is made according to the terms and conditions agreed by both parties.

4.7 The key findings arising from the review of the Commission's systems are as described below.

i. Outstanding debts (excluding amounts of the Social Security arrears, interest and penalties on late payments) accumulated from SR 24,320,316 in 2010 to SR589,131,827 in 2018, reflecting an increase of SR564,811,511 in 9 years. Value Added Tax (VAT) and Business Tax (BT) together constituted 86% of the outstanding debts. See **Attachment 2**.

ii. All registered taxpayers (clients) records are maintained on the CMS. Reports on outstanding debtors generated by the system for each tax category do not include interest, which constitutes a part of the debt and also penalties on late payments. Consequently, the reports are not showing the full amount of debts;

iii. Discrepancies were noted between the balances on individual debtors' statement and that revealed on the statement of various tax category extracted from the CMS; which was mainly due exclusion of interest and penalties.

iv. An effective monitoring system encompassing control, review and reporting functions was not in place.

v. The Standard Operating Procedures manual, adopted in 2014, deals with debt pursuit; however, since the establishment of debt is a long process, follow-up action as specified in the SOP was not initiated upon identification of debt.

vi. Legal action was not initiated against the defaulters, as a result, debts get time barred for legal action. This may put the recoverability of some SR589m in jeopardy even through legal action.

vii. Delays in carrying out assessments causes many cases to go under 'objection' at SRC or appeal with the Revenue Tribunal; with passage of time, therefore, cases become long overdue before the debts are even established.

4.8 Audit Recommended that:

- The Client Management System (CMS) report for each tax category is modified to include interest and late payments charges as reflected on the clients' individual statement of account for consistency and completeness;
- The Commission should work closely with the Revenue Tribunal to ensure that objected cases are dealt with promptly thus reducing the accumulation of debts;
- The Commission conducts an exercise to determine debts that are unlikely to be recovered especially those that have already exceeded the threshold period for debt recovery.

Management response

4.9 *The Management Letter was issued on 10 February 2020, to which the following response was received from the entity on 30 December 2019.*

The Management informed Audit that since there is no provision in the law to write-off, SRC has uncollectible debts; deemed uncollectible in the following circumstances;

- *Liquidation*
- *Tax payers have passed away and their businesses have ceased*
- *Debts cannot be pursued in court.*
- *Hardships*

As a result, the debts continue to accumulate late payment and interest fees which further increases its debt.

The Enforcement Unit follow up on a monthly basis for payments of Pay As You Go from the list of taxpayers. Referring to taxpayers that do not pay taxes on a monthly basis, since there are no responsible unit for this, the Enforcement Unit also check other payments that taxpayers have to make and may be time consuming as the Officers have to check this one by one on the system. Management highlighted that in the absence of a proper IT system to capture and monitor data automatically, the system not catering for accurate reporting of debt coupled with shortage of staff, debt management has faced certain deficiencies.

Furthermore, in the absence of qualified prosecution officers and budget constraints, few cases are placed in court. As a result of this the taxpayer population is very slow in paying arrears as they do not see the SRC as being firm enough. Management however ensures that all cases that are above 1 million are discussed on a monthly basis by the SRC Board, whilst other cases which Enforcement Unit sees as complicated are discussed with ACT or even the Commissioner General.

Agency for National Human Resource Development (ANHRD)

4.10 The ANHRD, established under the Act in 2014, is mandated to promote human resource development, improve national skills and create a framework for the development of human capital through the development of organisations and individuals through financial support and assistance under its various promotional schemes/programmes. The Agency's debts arise in three main eventualities, viz. training cost repayment defaults, defaults on repayment of additional funding provided through loans and non-payment of parental contributions as per the agreement. The key findings arising from the review are as outlined below:

i. Outstanding debts accumulated to SR 93,495,694 as at year end 2017; dating as far back as the year 2000. The debts comprise of SR78,604,908 (84%) owed by bond defaulters, SR 8,124,205 (9%) for parental contributions and SR6,766,581 (7%) for additional funding. See **Attachment 2**;

ii. The Agency uses Student Training Management Software (STMS) to administer and record details of all trainings provided and scholarships awarded by the Government to students/scholars. The software does not have a module for invoicing as such invoices are not generated by it. The invoices are also not prepared manually; only a letter is issued instead. As a result, debtors records were found to be incomplete;

iii. the Agency did not maintain a debtors control register (DCR), as required by the provisions of the Accounting Manual, nor does the STMS generate the requisite details as prescribed by the DCR;

iv. Although the STMS can calculate the debt automatically, it suffers from the infirmity that it cannot generate aged-debtors' listing;

v. Lack of monitoring of scholars' movement after the completion of their training prevents the Agency to ensure that the students/scholars assisted by the Agency are duly discharging their respective bond commitments;

vi. An effective monitoring system encompassing control, review and reporting functions was not in place. From the records provided, on a cumulative basis, the recovery rate is only 28% indicating that debtors are not being followed-up for recovery.

vii. No regular returns/reports on the status of outstanding debtors are prescribed for review at higher management;

viii. No legal action has been contemplated or initiated against the defaulters, as a result, the recoverability of some R93,495,623 may not be possible even through late legal action.

4.11 Audit recommended that the Agency should:

- Conduct a thorough exercise to update the STMS database with all pertinent financial details pertaining to each student's scholarship;
- Ensure a credible and reliable debtor's records;
- Adhere to the procedure prescribed in the prescribed financial Manuals for ensuring collection of all dues, and where necessary seek available legal remedies for recovery of its debts; and
- Formulate a Standard Operating Procedures Manual for financial management including monitoring of debtors.

Management response

4.12 The Management Letter issued on 11 November 2019 was discussed at the exit meeting on 04 October 2019, and the following comments were obtained from management.

The Agency informed Audit that STMS was initially designed for keeping track of students' stipend only and that certain pertinent information were not being inserted. Efforts are now being made to ensure that STMS is updated with the proper information. Furthermore the Agency will be conducting a complete review of the STMS and its data management system to identify gaps relating to information management upon which a list of possible modules that are to be included will be drawn and discussed with DICT for integration into STMS. As regards outstanding debtors the Agency met with the Ministry of Finance to discuss the collection from defaulters and debtors. Following a meeting with the Cabinet of Ministers, it was decided that no individuals were to be removed from the defaulters' list and that the Ministry of Finance will liaise with the Attorney General's Office and two other private law firms to discuss the best way to pursue defaulters and debtors to settle their debts. Feedback is awaited from the Ministry of Finance on the way forward. Audit was also informed that the Agency will be making use of its two MOU's signed with Winning Magnitude of Malaysia and Mauritius to seek technical assistance in the area of data management and staff development. The Agency in conclusion informed that its records management system, especially the maintenance and update of the collection of debt as well as ensuring the effective management of data and data reporting in general is a priority to the Agency.

Ministry of Habitat, Infrastructure and Land Transport (Department of Lands)

4.13 The MHILT is mandated to facilitate sustainable development and efficient use of land resources for housing, economic, social and infrastructural needs through effective policy framework, regulations and provision of ancillary technical services. The Ministry collects revenue from sale of State land, rent and lease of properties, royalties and planning fees. Whilst fees payable by the public for services rendered are mostly collected upfront, rent of building and lease of state land are billed on a monthly basis and sale of state land is as per the agreed terms; either in lump sum or by instalments. The key findings are as under:

- Outstanding debtors increased from SR3,525,824 in 1998 to SR15,183,885 in 2018, by SR11,658,061 in 11 years, see **Attachment 2**. The debts included outstanding lease amounts in the order of SR14,051,323 (92.5%) and rent of building and sales of state land totaling SR657,388 and SR475,174 respectively;

- The Lands Management System (LMS), where debtors records were maintained, crashed in 2015 resulting in a loss of critical data and in the absence of necessary backup systems vital to ensure continuity of operations after a crash, the Ministry had to embark on an exercise to reconstruct the records in an excel spreadsheet from the available clients' files;
- In the absence of a proper system, invoices were being raised manually in excel format in a routine manner to clients as and when payment falls due despite repeated payment defaults;
- No invoice control register was maintained by the Ministry as required by the provision of the Accounting Manual;
- Payments of leases and rents were not in accordance with the terms of the agreement, in many cases, and no further action was taken on breaches;
- Debtors' balances are not reliable;
- Inaction on the part of the Ministry resulted in under collection of income. Ineffective monitoring of long outstanding debtors resulted in bad debts. Further, debts amounting to SR15,854,281 appear to be time-barred for legal action and may be lost;
- An effective monitoring system encompassing control, review and reporting functions was not in place; and
- Legal actions not timely contemplated and initiated on defaulters.

4.14 Audit recommended that the Ministry:

i. Conducts a comprehensive exercise to take stock of all leases and rentals under its portfolio and ensure that all cases are captured and all records are up to date;

ii. Ensure that the debtors' listing compiled correlates with the customers' statement and disparities are duly investigated and removed;

iii. Monthly reconciliations are performed to correct any errors arising;

iv. Adheres to the provisions of the applicable procedures in financial manuals to ensure that collection of leases and rents are effected promptly to prevent loss of revenue;

v. Debtors owing large amounts should be promptly followed-up on and necessary action taken to deter the tendency of deferring payments;

vi. Implement an effective monitoring system encompassing control, review and reporting functions so as to produce timely reports and perform reviews thereon and take prompt measures, including legal action.

Management response

4.15 The Management Letter was issued on 13 February 2020 and the exit meeting held on 22 October 2019. The management response received in writing is as outlined below.

Overall, the management acknowledges most of the weaknesses identified and has taken steps to take on board the OAG's recommendations. As pointed out by the Financial Controller, the Register did not exist but was done manually in excel. The Cashiers' Module (Phase II) has been put in place towards the end of 2018 and it registers invoices that are raised. DICT is working to enhance the reporting aspect of it. The necessary is being done to share the database with the Lease team so that files can be updated periodically as agreed. Management is working alongside the Ministry of Finance and DICT to put in place mechanisms to better monitor and recover debt, such that an internal committee has been set up to action on debtor's cases by mostly meeting with them and make recommendations on debtors for further actions. More cases have been sent to AGs office to issue notices for cancellation of leases and to recover the debts in 2019.

Landscape and Waste Management Agency

4.16 The Landscape and Waste Management Agency (LWMA) established in 2009 is mandated for collection of revenue from waste collection, waste disposal and landscaping works and also from the sale of plants on Mahe and Praslin. In the case of waste collection from businesses, the customers have the option to pay cash or credit terms of up to 14 days from the date of issue of invoice. For records keeping and monitoring of debtors, the Agency uses a software titled "Instant Invoice N Cashbook 10" to bill clients and record revenue. The key findings are as under:

i. The outstanding debts increased from SR19,977 in 2009 to SR14,753,595 in 2018 in 10 years, **Attachment 2**. Similarly, the number of unpaid invoices too increased from 15 in 2009 to 8803 in 2018;

ii. Invoices are raised in a routine manner without taking note of repeated defaults;

iii. One-off service invoices are not supported by details and relevant documents;

iv. DCRs was not maintained and aged debtors' analysis was not performed;

- **v.** Debtors balance produced to Audit was not reliable in that instances were noted where invoices were duplicated as well as same customers have been allotted multiple accounts and reconciliation of records has not been carried out**;**
- vi. Systems on Praslin and Mahe are not integrated so payments made by Praslin customers on Mahe do not get updated on Praslin system and vice versa;
- vii. Debtors are not followed up for recovery of dues; and
- viii. An effective monitoring system encompassing control, review and reporting functions was not in place.

4.17 Audit recommended that the Agency should**:**

- Conduct a review of the debtors' record to identify those that are overdue and also the ones that are considered 'irrecoverable' given that in certain cases the entities/companies are no longer in existence, and take necessary follow up action;
- Maintain and update DCRs providing the required particulars as required by financial manuals;
- Conduct regular reconciliations to ensure correctness of the debtors' balances; and
- Put in place an effective monitoring system encompassing control, review and reporting functions, and closely monitor outstanding amounts.

Management response

4.18 The Management Letter was issued on 16 October 2019, following the exit meeting held on 27 August 2019, to which a management response was received as below.

Management informed that as from April 2019 the Agency has started utilising the Cashier's Module (Phase II) in the Accounts Mate whereby all transactions lodged are recorded in the new system. With regards to old debts when payment is received it is recorded both into the old and new system to ensure completeness of the records. Audit was informed by the Agency given that the debts from Government Ministries/Departments may not be recoverable. Hence, a request will be submitted to Ministry of Finance for write-off.

Health Care Agency

4.19 The Health Care Agency (HCA) established in November 2013 is authorized to charge fees at the prescribed rates, in cash or on credit, for the various services provided by it through its health centres. For the medical treatment given on credit basis, all health centres are required to complete a pre-numbered "Credit Facilities Revenue Collection Advice" (advice) form and forward it to the Accounts Section (HCA) for raising the invoices for issuing to the customer. The invoices are generated by the Debtors Module of the Accounts Mate Accounting Software used by the Agency for the services rendered at the prescribed rates. The key audit findings arising from the review are as outlined under:

i. Outstanding debtors increased from SR 192,917 in 2007 to SR 10,382,608 in 2017, **Attachment 2**, of which 63.8 % are owed by the private sector. In view that some debts go as far back as the year 2006, their recoverability is doubtful;
ii. No Standard Operating Procedures or the Agency specific debt recovery mechanism is in place;
iii. Debtors' are not being followed up for recovery;
iv. Ad-hoc procedures are followed for extending the credit facilities to individuals in view that there is no system of prior authorization and also set criterion for the credit facility;
v. Booklets, containing credit advices, are not sequentially entered in a register on receipt from printers, as required under the provisions of the Accounting Manual. Further, no reconciliation is carried out to account for the printed booklets received, issued and the balance in stock;
vi. Many used credit advice booklets were submitted to accounts following lengthy delays, which in turn caused consequential delays in raising invoices. In some cases, the booklets may not have been submitted for invoicing at all;
vii. Debtors' Control Register and Invoice Control Register are not maintained, contrary to the provisions of the Financial Manuals;
viii. Debtors records maintained lacked credibility as discrepancies were noted in outstanding debt balances reflected by the Customer Transaction Listing (individual debtor's statement) and the Debtors Ageing Report; and
ix. There is no system of review by higher management of regular returns on the status of outstanding debtors.

4.20 Audit recommended that the Agency should:

i. maintain an updated DCR and invoice control register and reconcile the same to ensure consistency and review the aged debtors periodically;

ii. sequentially enter all credit advice booklets printed in a register as and when received and thereafter, signed by the receiving officer upon issue;
iii. conduct an exercise with a view to establish all credit advice booklets issued to different locations/units of the Agency and reconcile the same to invoicing to ensure that all used documents have resulted in invoicing;
iv. ensure that all services rendered have been accounted through credit advice booklets, which in turn give rise to invoicing;
v. review debts that remains unpaid and take appropriate recovery action. Where recovery is remote and doubtful due to justified reasons, the Agency may also identify bad-debts and submit the same to Ministry of Finance for further action; and
vi. put in place an effective monitoring system encompassing control, review and reporting functions, and closely monitor outstanding amounts.

Management response

4.21 Audit did not receive any *response from management following the interim Management letter issued on 19 June 2019, therefore, no exit meeting was held. The Management Letter was subsequently issued on 04 November 2019, to which also there has been no response from the Agency.*

Industrial Estates Authority (IEA)

4.22 The Industrial Estates Authority, formed in 2014, is mandated to manage the industrial estates of the Republic. The Authority manages premises and sheds leased out to micro-enterprises in 8 different locations (Leve Debourye, Union Vale Workshops, Plaisance, Grand Anse Mahe, Providence Industrial Estate, 10 Number Container Workshop, and Maison Simone Anse Boileau. The Authority collects revenue from leases and rents and sale of land whereby payments are made one-off, half-yearly or monthly as specified in the agreements. The Authority also manages premises and sheds leased out to micro-enterprises. Clients' files for lease of industrial estates and the responsibility to collect payments from them were only transferred from MHILT in 2017. Given that the LMS crashed at MHILT in 2015, the records relating to industrial estates were also lost and had not yet been recovered (at the time of transfer), and therefore, no outstanding balances were transferred. The key findings from the review are as under:

- debtors balance as at September 2018, amounted to SR6,503,454 which has accumulated from 2016 only due to non-transfer of the records to IEA from

MHILT in 2015 due to the reported system crash. Consequently, the completeness of debtors is in doubt;

- the amounts due are not recorded in respect of all tenants in the excel sheets being kept;
- start dates and termination for rental of Small and Medium Enterprise facilities are not captured in Excel sheets; and
- rent review dates are not captured in the Excel sheets.

4.23 Audit recommended that IEA:

i. should ensure that debtors records with all requisite information is reconstructed completely and a proper system of recording is put in place to capture, retain and manipulate the data for management information;

ii. the system of recording, be it the existing excel spreadsheets or any software, should essentially capture the effective dates of rent reviews as well as start dates and termination dates of leases;

iii. Management may put in place a well-documented debtors management policy and detailed procedures for an effective monitoring system encompassing control, review and reporting functions; and

iv. Debtors' records should be updated accurately and age analysis performed on the outstanding debts with a view to review the same in a timely manner and take necessary recovery action.

Management response

4.24 Management informed *audit that IEA has requested DICT to assist in setting up a proper system that can capture, manage debtors and provide timely updates and flag effective dates for rent reviews, amount due, actual amount paid and amount outstanding updated timely. Management also informed that they are receptive to test any platform that may be provided to them in an effort to assist them in ensuring correct and accurate information are maintained and address all the issues by Audit. With regards to the aged debtors list, Management informed audit that as of 2018 IEA is maintaining an updated debtors list and is doing the necessary to ensure it is generated on a regular and timely basis and will hereby request that this feature be also incorporated in the system which DICT will design.*

Attachment 1

The administrative framework for debtors' management

The Accounting Manual (AM) and Financial Instructions (FI) issued by the Ministry of Finance contain provisions relating to the management of debtors which are as detailed under.

Provisions in Accounting Manual: Section 8.11 of the Manual provides for maintenance of the Debtors' Control Register as under:

(a) All Ministries/Departments raising invoices will maintain a Debtors' Control Register (Form RD-001).
(b) The Debtors' Control Register is to be maintained for each customer with details of all invoices raised and all receipts issued.
(c) The Debtors' Control Register shall be totaled monthly and reconciled with the Invoice Register (Form RI – 001).
(d) A monthly age analysis of debtors should be prepared and reviewed by the Accounting Officers, and on a quarterly basis on Outstanding Debt Report (Form FO – 001) is to be prepared and forwarded to Ministry of Finance.
(e) It is the Ministry/Departments' responsibility to ensure that all debts are collected within the period of credit allowed.

Provisions contained in Financial Instructions: The Financial Instructions provides the following mechanism for management of debtors:

i) Section 0830: Where an item of revenue falls due annually or at other set period, a register will be kept showing details of payments which are to be received as they fall due. A demand will be sent out in respect of all amounts outstanding for more than a month. In cases of continuing default the Accounting Officer should consider action such as legal scope for recovery or cessation of supply.

ii) Section 0831: Debtors' Accounts for material supplied or services rendered by Government will be made out promptly in all cases. Particulars will be recorded in a Debtors' Control Register, in which details of receipts will be entered when payment is made. The Accounting Officer will inspect the Debtors; Control Register frequently and direct further action where necessary.

iii) Section 0832: Revenue will be collected when due and as far as possible be prevented from falling in arrears. All appropriate steps must be taken to collect arrears of revenue. In cases where collection has proved to be impossible or impractical, authority to abandon the collection of arrears must be obtained from the Principal Secretary for Finance in terms of Financial Instructions 0818 regarding waiver of uncollected revenue.

Attachment 2

SRC Debtors

Year	VAT	Business	PIT	Tourism Marketing	WHT/CSR	Presumptive	Total
2010	-	23,260,534	1,059,782	-		-	24,320,316
2011	-	24,229,740	16,419,576	-	-	-	40,649,317
2012	-	31,392,570	9,914,631	-	-	-	41,307,200
2013	56,246,182	52,181,503	10,183,255	1,516,162	2,284,506	480,640	122,892,249
2014	98,412,082	38,248,714	5,548,570	1,459,632	2,094,153	381,816	146,144,968
2015	60,236,247	24,634,620	6,200,119	1,395,675	1,658,764	-	94,125,425
2016	61,898,618	20,337,852	4,302,873	4,146,576	2,531,892	639,433	93,857,244
2017	7,555,193	15,101,240	4,602.104.24	28,440	2,502,118	485,427	30,274,522
2018	5,198,541	2,219,795	38,014	-	1,839,235	265,002	9,560,588
Total	**289,546,864**	**231,606,568**	**58,268,925**	**8,546,485**	**12,910,668**	**2,252,318**	**603,131,826.24**

NHRDC Debtors

Year	Balance-SR	Year	Balance –SR
2000	2,310,385.26	2009	7,599,125.01
2001	2,706,904.70	2010	4,520,517.15
2002	2,831,590.67	2011	3,641,458.59
2003	4,690,630.35	2012	1,711,055.04
2004	5,751,636.54	2013	5,320,206.69
2005	8,911,543.75	2014	2,132,317.29
2006	7,606,270.27	2015	1,723,403.90
2007	12,361,030.03	2016	2,879,517.22
2008	11,940,162.46	2017	3,223,065.64

MHILT Department of Land Debtors

Year	Leases SR	State Land SR	Rent of Building SR	Balance SR
1998-2010	3,184,340.18	337,428.06	4,074.00	3,525,842.24
2011	380,568.50	40,246.00	8,064.00	428,878.50
2012	493,298.00	-	-	493,298.00
2013	608,325.39	-	50,475.00	658,800.39
2014	897,825.33	-	118,625.00	1,016,450.33
2015	1,176,231.60	-	138,700.00	1,314,931.60
2016	1,550,602.59	-	133,700.00	1,684,302.59
2017	2,576,410.77	-	173,750.00	2,750,160.77
2018	3,183,720.58	97,500.00	30,000.00	3,311,220.58
Total	**14,051,322.94**	**475,174.06**	**657,388.00**	**15,183,885.00**

LWMA Debtors

Year	Invoices	Balance SR	Cumulative balance SR	Year	Invoices	Balance SR	Cumulative balance SR
2009	15	19,977	19,977	2014	631	1,811,604	6,659,788
2010	827	837,557	857,534	2015	269	1,576,564	8,236,352
2011	1795	1,938,236	2,795,771	2016	493	983,371	9,219,723
2012	1088	996,216	3,791,988	2017	936	2,227,199	11,446,922
2013	743	1,056,195	4,848,183	2018	2006	3,306,673	14,753,595

HCA Debtors

Year	Balance (SR)	Year	Balance (SR)
2006	580.00	2012	363,530.57
2007	192,917.43	2013	307,952.50
2008	457,734.32	2014	852,369.66
2009	669,469.38	2015	662,605.01
2010	758,360.03	2016	1,683,386.51
2011	324,728.95	2017	4,108,973.94

“OAG strives to add value to public finance management systems and service delivery.

OAG provides independent assurance, information and advice to the National Assembly, Government and the public at large.

In the continuous process of enhancing good governance, transparency and accountability in the Seychelles public sector, OAG remains engaged at all times.

Public auditing strengthens the democratic process through scrutiny”