



2024

Report of the Auditor General



Office of the Auditor General



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CHAPTER 1

Mandate of the Auditor General

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Cabinet Office, the National Assembly, all government departments and offices, all courts and those related to moneys withdrawn from the Consolidated Fund, all the accounts of any statutory corporation or such other body as may be specified by or under an Act and report to the National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.
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;
 - receipt, 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.
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. The Auditor General also undertakes audit of the foreign funded programmes and projects on request.

4. The Act also established the Office of the Auditor General (OAG) vesting full financial and administrative autonomy in the Auditor General and a requirement for producing an annual report to the National Assembly, 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 Auditor General for his Office.

Audit methodology

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 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 Auditor General is guided by the International Standards of Supreme Audit Institutions (ISSAIs) auditing standards, practices and methodologies.
6. The Auditor General 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 considered 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.

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.

Government accounting framework

8. The government accounting framework is based on the requirement to ensure proper accounting of the financial transactions of the consolidated fund and other funds established by other statutory provisions and produce the annual statements of accounts of whole of government. For the purpose of financial reporting, the whole of government may be defined as the government ministries, departments, agencies and offices whose financial activities are connected to the consolidated fund and receiving appropriations and/or some financial support through public funds.
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.
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) on a cash-basis. The financial statements for 2024 have consolidated the cash flows 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.

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.
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.
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 disclosure note 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

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.
15. The first draft of the several statements of accounts required by the Public Finances Management Act was submitted to Audit on 31.03.2025. These statements were examined and the matters were formally communicated to the Ministry on 14.07.2025 through an Interim Management Letter (IML), followed by an exit meeting held on 01.08.2025. Formal response to the IML and a second draft financial statements were submitted by the Ministry on 03.09.2025 and 11.09.2025 respectively, further to which a Management Letter was issued on 09.10.2025. Comments and analysis included in this report are, therefore, based on the second draft financial statements and further amendments made in the treasury ledger up to **10.11.2025**. The readers are advised that at the time of this report, particularly, Chapter two, the MoF was still making adjustments to the accounts without setting a clear deadline for the production of final statement of accounts acceptable to Audit. Readers are also advised to refer to the complete set of statement of accounts, once they are published by the MoF, for gaining a better understanding of the overall accounting structure, the 2024 budget performance and the other details.



CHAPTER 2

Audit comments on annual financial statements

IPSAS reporting framework

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. The cash basis IPSAS has been adopted by the government to report on the financial position and transactions under the Consolidated Fund and various other funds.
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 revenue and expenditure 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.
4. As has been observed in previous audits, the annual financial statements, submitted for audit, include two similar 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 2024’ and ‘Comparison of budget and actual amount for the year ended 31 December 2024 (GFSM 2014 classification)’. This is said to be done for administrative reasons.
5. Audit examined the AFS for 2024 and other accounts and records relevant to the same and noted that the statements as presented do not fully comply with the existing cash basis IPSAS framework, for the following reasons stated briefly:
 - some extra-budgetary revenues and expenditures of public bodies are not fully included in the financial statements of the government; and

- some government related bank balances are not included in the financial statements of the government.
6. Though not required under the IPSAS reporting standards, a consolidation of the activities of the SOEs through a consolidated cash flow statement is also prepared as part of the AFS for the year ended 31 December 2024.

Revenue

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 constitutional provisions. Government agencies responsible for the collection of revenue are given targets in terms of approved estimates for each fiscal year.
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. Similarly, some revenue arrears, relating to previous years, realised are accounted for as current revenue in the year of collection.

Collections in comparative figures

9. The original revenue estimates for 2024 were R10.86b, revised upwardly to R10.90b, against which the actual collections were R10.87b. This shows a better performance by R10.66m against the original projection and a lower performance by R29.90m of the revised estimates. However, the actual revenue collections of R10.87b during the year 2024 shows an over-performance by R1,036.94m (or 10.5%) when compared to R9.83b reported for the previous year. Revenue collections reported in the years 2020-2024 are as follows.

| R (m) | | | | | |
|------------------|----------------|----------------|----------------|----------------|-----------------|
| Head | 2020 | 2021 | 2022 | 2023 | 2024 |
| Taxes | 6,371.3 | 6,724.3 | 7,395.0 | 8,169.2 | 9,028.9 |
| Fees and Charges | 261.9 | 366.6 | 393.4 | 445.9 | 453.2 |
| Dividends | 412.4 | 441.1 | 790.5 | 581.5 | 704.2 |
| Other Non-Tax | 240.7 | 66.2 | 75.0 | 102.5 | 153.2 |
| Sale of Assets | 62.7 | 71.9 | 80.4 | 250.0 | 298.8 |
| Grants | 602.5 | 633.2 | 101.5 | 281.2 | 229.0 |
| Totals: | 7,951.5 | 8,303.3 | 8,835.8 | 9,830.3 | 10,867.3 |

10. The performance of specific revenue heads against the original and the revised estimates are summarised below.

| Head | Original Estimate | Revised Estimate | R (m) | |
|------------------------------|-------------------|------------------|-----------------|---------------|
| | | | Actual | Variance |
| R (m) | | | | |
| Personal Income Tax | 1,284.7 | 1,283.6 | 1,331.3 | 47.7 |
| SSF Arrears | - | - | 0.0 | 0.0 |
| VAT | 3,366.7 | 3,122.2 | 3,131.5 | 9.4 |
| Customs duties | 349.7 | 351.0 | 382.1 | 31.1 |
| Excise Tax | 1,550.1 | 1,504.6 | 1,522.0 | 17.4 |
| Business Tax | 1,764.5 | 1,853.8 | 1,882.7 | 28.9 |
| GST | - | - | 0.2 | 0.2 |
| Corporate Responsibility Tax | - | 2.0 | 2.4 | 0.3 |
| Tourism Marketing Tax | 91.4 | 101.3 | 96.9 | - 4.4 |
| Other Taxes | 710.5 | 640.9 | 618.3 | - 22.6 |
| Property tax | 72.5 | 56.6 | 61.6 | 5.0 |
| Fees and Charges | 422.1 | 422.4 | 453.2 | 30.8 |
| Dividends | 587.4 | 693.5 | 704.2 | 10.8 |
| Other Non-Tax | 45.2 | 123.6 | 153.2 | 29.6 |
| Sale of Assets | 239.1 | 387.0 | 298.8 | - 88.3 |
| Grants | 372.9 | 354.7 | 229.0 | - 125.7 |
| Totals: | 10,856.6 | 10,897.2 | 10,867.3 | - 29.9 |

11. **Personal Income Tax (PIT):** PIT reported a better performance in terms of value by SR47.7m above its revised projections of SR1.3b.
12. **Customs Tax:** The second highest performance was reported under Customs duties where the actual collections over-performed by R31.1m (or 9%) of the revised revenue estimate of R351.0m, originally projected at SR349.7m.
13. **Fees and charges:** Revenue from fees and charges also performed more favourably than anticipated by SR30.8m (or 7%) against an upwardly revised estimate of SR422.4m, originally projected at SR422.1m.
14. **Other non-tax:** An over-performance of SR29.6m (or 24%) against the upwardly revised estimate of SR123.6m, originally estimated at R45.2m was reported under this revenue category. During the audit of “interests” falling under the MoF which is categorised as “Other non-tax”, Audit noted that SR27.0m reported under “interests” are refunds from Air Seychelles to the Government for facility fees, appraisal and legal fees and interests paid by the Government on the TDB loan. Audit further noted that while the refund pertained to payments made by the Government throughout the years 2022, 2023 and 2024, the entire refund was accounted for under the “interests” as per

the second draft AFS 2024. This could have been better accounted for under the General Revenue Balance (GRB), as per the normal practice.

15. **Business Tax:** A better performance of R28.9m (or 2%) of the revised estimates of SR1.9b was recorded under business tax.
16. **Excise Tax:** A higher collection of SR17.4m (or 1%) was reported against the downwardly revised forecast of SR1.5b, formerly anticipated at SR1.6b.
17. **Dividends:** Actual dividends totalling R704.2m for the year 2024 surpassed the revised projections of R693.5m by R10.8m (or 2%). Higher returns were received from three entities, namely Financial Services Authority by R16.8m, Land Marine Limited by R2.1m and Indian Ocean Tuna Limited by R1.5m against their respective revised dividend projections. With the exception of the Seychelles Fishing Authority which paid R10.0m lesser than projected, receipts from the remaining stake holdings either exactly or insignificantly matched their respective revised forecasts.
18. **Value Added Tax (VAT):** VAT surpassed its revised revenue estimation of R3.1b by R9.5m. This was, however, noted to have occurred largely due to misallocations within the Tax Management System (TMS), where collections for VAT Tourism Services were incorrectly posted under the tax line VAT Others.
19. **Property tax:** An over-performance was reported under this tax revenue by R5.0m (or 9%) above the downwardly revised estimation of R56.6m, initially set at SR72.5m.
20. **Grants:** The total grant receipts amounted to R229.0m representing a lower receipt by R125.7m against the revised projection of R354.7m for the year.
21. **Sale of assets:** A lesser collection of R88.3m (or 23%) was reported against the upwardly revised forecast of R387.0m, originally estimated at R239.1m. Significant underperformance was noted under an existing revenue stream, namely “Lease of land/buildings” under the Ministry of Lands and Housing, where the actual revenue collection was R203.4m against a revised revenue projection of R358.4m, hence representing an underperformance by R155.0m. Despite this lower performance under “sale of assets”, it is worth noting that a new type of income was reported under this revenue category during the year 2024, being transfer of 70% of the total proceeds from sale of assets seized under the Anti-money laundering legal provisions which totalled

R41.7m. There was no projection in either the original or the revised revenue estimations for the year 2024.

22. **Other Taxes:** Actual performance was SR618.3m, representing a lower collection by SR22.6m (or 4%) compared to a downwardly revised estimate of SR640.9m, originally projected at SR710.5m.
23. **Tourism Marketing Tax:** This revenue stream underperformed against the revised forecast of SR101.3m by SR4.4m (or 4%).

Alleged misappropriation of funds

24. An alleged misappropriation of funds took place at the Treasury involving its special salary advance code.
25. The MoF carried out a special audit into matter through the Internal Audit Division. In addition to the special audit by IAD and taking some disciplinary action, the MoF has formed an investigative committee to examine payroll transactions for the period 2020 to 2025. The investigation is reportedly still on-going and expected to be completed by end of September 2025. The case has also been reportedly submitted to the Anti-Corruption Commission (ACCS) for an investigation into the matter.
26. *MoF stated (27.11.25) that the case is still under investigation by the Ministry.*

Asset Recovery Fund

27. The Asset Management Unit (AMU) within the MoF was administering the Custody, Management and Disposal of Seized, Forfeited or Confiscated Properties Act, 2021, which came into operation effective October 2023. Section 12(3) of the Act states that the Minister shall, after making adequate provisions at the end of each financial year for the application of funds and resources under subsection (2), pay out any excess funds from the ARF to the Consolidated Fund.
28. Approval was granted for a 70% pay-out to the Consolidated Fund totalling R41,664,492 in 2024. Audit is of the view that transfers made without a formalised basis may be exposed to inconsistencies or operational inefficiency in the case of budgetary shortfalls for the anticipated expenditures related to the operations of the Asset Management Unit.

29. Audit, therefore, recommended that the MoF regularises the principles and limits for determining pay-out ratios through Regulations or Standard Operating Procedures (SOP). The SOP may outline key elements such as roles and responsibilities in the approval process, frequency and timing of pay-outs, required documentation, calculations and approval thresholds.
30. *The MoF stated (27.11.25) that the necessary amendments would be made in the regulations currently being drafted to make provisions for the ARF committee to decide on the payout ration after each fiscal year.*

Expenditure

31. 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 the budget document under various heads. The Appropriation Act, 2024 totalled R10.6b (2023-R10.5b). The Ministry of Finance sought budget cut, amounts totalling R453.3m in September 2024 following its mid-year budget review. Additionally, the Ministry also sought supplementary estimates of some R473.1m before the National Assembly to cater for re-allocations which together provide for a net additional budget of R19.8m.
32. The overall changes in budgeted revenue, expenditure and financing amounts are explained in the AFS, under Note 25, to the financial statements- Change in Float.
33. The accounts and records relating to expenditure out of appropriated/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.
34. Due to the classified nature of the activities involved, an independent audit examination of the expenditures incurred in the year 2024 was not undertaken in respect of the information reward funds of the Police (R0.7m) and the Seychelles Intelligence Services (R1.2m). The Accounting Officers for the accounts concerned have provided written representations to the effect that all payments effected relate to operations and that internal controls and measures are being followed to ensure the proper

management of the Information Award Funds. The Seychelles Defence Forces reported nil expenditure towards security equipment for the year 2024.

Spending for the year

35. A summary of actual expenditure in the years 2022 to 2024 is as tabulated below.

| | SR (m) | | | Variance | Variance |
|--|----------------|-----------------|-----------------|---------------------|----------------|
| | 2022 | 2023 | 2024 | (2024/23) SR (m) | (2024/23) % |
| <i>Current outlays</i> | | | | | |
| Wages and salaries | 2,792.6 | 3,009.5 | 3,257.3 | 247.9 | 8.2% |
| Goods and services | <u>3,128.7</u> | <u>3,559.2</u> | <u>3,709.3</u> | 150.1 | 4.2% |
| | 5,921.4 | 6,568.6 | 6,966.6 | 398.0 | 6.1% |
| Interest due | 736.4 | 981.0 | 945.6 | -35.4 | -3.6% |
| <i>Transfers</i> | | | | | |
| Social programmes of central government | 270.5 | 243.2 | 230.5 | -12.8 | -5.2% |
| Public Subvention | 276.8 | 47.7 | 59.0 | 11.3 | 23.7% |
| Benefits and approved programmes of ASP (BAPS) | 1,369.7 | 1,187.5 | 1,222.2 | 34.7 | 2.9% |
| Other | 43.5 | 3.3 | 28.5 | 25.2 | 754.5% |
| Development Grants | 122.0 | 156.6 | 101.1 | -55.5 | -35.4% |
| Capital expenditure | 589.4 | 1,000.9 | 1,035.6 | 34.7 | 3.5% |
| Net lending | -8.8 | -29.2 | 48.1 | 77.3 | -264.7% |
| Contingency | 35.8 | 36.1 | 86.3 | 50.3 | 139.4% |
| Totals: | 9,356.7 | 10,195.7 | 10,723.5 | 527.8 | 5.6% |

36. The overall actual expenditure for the year 2024 was above the prior year's amount by R527.8m (or 65). Highest increases in expenditures were reported under current outlays totalling R398.0m, representing a 6% increase, where wages and salaries and goods and services were more than the preceding year by R247.9m and R150.1m respectively.

Centrally managed expenditures

37. These expenditures do not fall under the public sector entities budgets. 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, other, contingency and development grants. The actual expenditure reported for the year 2024 are as below.

| | R (m) | | | |
|--|----------------|------------------------|----------------|----------------------------------|
| | 2023 Actual | 2024 Revised Budget | 2024 Actual | Variance Actual vs Revised |
| <i>Current Outlays</i> | | | | |
| Other Wages and Salaries | 315.1 | 351.6 | 325.4 | -26.2 |
| Other Goods and Services | 139.5 | 29.4 | 21.3 | -8.2 |
| <i>Transfers</i> | | | | |
| Social programmes of central government (SPG) | 243.2 | 283.2 | 230.5 | -52.8 |
| Subvention to Public Enterprises | 47.7 | 59.0 | 59.0 | - |
| Benefits and approved programmes of ASP (BAPS) | 1,187.5 | 1,252.0 | 1,222.2 | -29.8 |
| <i>Other</i> | | | | |
| Others | 3.3 | 29.3 | 28.5 | 0.8 |
| Tax Exemption | - | 10.0 | 7.2 | -2.8 |
| Development Grants | 156.6 | 103.4 | 101.1 | -2.3 |
| Net Lending | (29.2) | 22.8 | 48.1 | 25.3 |
| Contingency | 36.0 | 88.2 | 86.3 | -1.9 |
| Total CME | 2,099.7 | 2,229.0 | 2,129.6 | -99.4 |

38. **Social Programs of Central Government (SPG):** Spending under SPG reduced by R12.8m (or 5%) in 2024 compared to the prior year. When comparing the actual against the revised budget for the year 2024, there is, however, a total underspending of R52.8m. The largest underspending was noted under SMEs Scheme by R15.8m, Education loan scheme by R8.0m which almost exactly matched the budgeted sum, Housing Finance Scheme by R5.2m and lesser amounts under other schemes/ programs. Nil spending was also reported under five programs/ schemes, namely, SME Seed Capital (R5.0m), PV Rebate Scheme (R5.0m), Contribution to Religious Organisations (R1.5m), SEEREP Incentive Scheme (R1.0m) and Innovation Trust Fund (R0.3m) against their respective revised appropriation totalling R12.8m.

39. The audit of Special Pension Payments under SPG revealed duplicate payments totalling R4.9m to the Seychelles Pension Fund (SPF) during the months of November and December 2024, which was recovered in January 2025.

40. **Subvention to Public Enterprises:** Whereas the actual transfers made under Public Subvention exactly matched the revised budget in 2024, the actual transfers for the year 2024 represents an increase of R11.3m (or 24%) compared to the year 2023. Increases were also noted in terms of the number of entities assisted through subsidy which

- totalled six entities in 2024 contrary to only three entities in the previous year. The three new entities who received subvention in 2024 compared to the prior year, aggregating to R7.5m, were Seychelles Conservation and Climate Adaptation Trust (SeyCCAT), Paradis Des Enfants and Petro Seychelles.
41. **BAPS:** Payments under Benefits and Approved Programmes of Government were higher by R34.7m (or 3%) in 2024 against the prior year. However, looking at the actual versus revised budgeted expenditure for the year, lower spending was reported across all benefits categories totalling R29.8m with larger underspending under Retirement Benefits (R14.6m), followed by Social Safety Net (R3.5m), Sickness benefits (R2.6m), Semi-Orphan Benefits (R2.3m) and lower underspending under the other remaining benefits.
 42. **Others:** ‘Others’ expenditures totalled R28.5m for the year, increasing by R25.2m as compared to the year 2023. The original appropriation of R3.2m under “Others” was revised mid-year by R26.1m to R29.3m, to cater for capital subscriptions payments to African Development Bank which totalled R28.5m in 2024.
 43. **Capital expenditure:** Capital expenditure rose by R34.7m (or 4%) in 2024 compared to the previous year. Actual performance in 2024 against revised budget, however, showed a lower spending by R222.0m (or 16%).
 44. **Development Grants:** Compared to the year 2023, lower disbursements were reported under Development Grants by R55.5m (or 35%) primarily due to lower appropriations for the year 2024.
 45. **Contingency:** Contingency reported a higher spending in 2024 by R50.3m largely attributing to a higher appropriation of R88.2m in 2024 (2023-R50.0m) to cater for the second phase compensation payments in respect of the water pollution incident at La Misere. Additionally, Audit noted some payments from the Contingency budget to residents affected by the CCCL explosion incident in December 2023.

Capital expenditure

46. Funds totalling some R286.7m were transferred to trading and operating accounts with corresponding entries largely to capital expenditure accounts (R280.4m) and recurrent expenditure (R6.3m). Of the total, the transfer of R280.4m pertains to a reclamation project accounted for under the Ministry of Lands and Housing of which documentary

records in support of the amount transferred were still awaited from the MoF at the time of writing.

47. The roll-over of funds, in principle, do not represent actual expenditures incurred at year end, or committed financial obligations, such as, invoices received but not paid at the year end, in terms of the definition of the IPSAS cash basis reporting framework. Audit reiterates that the parking of funds for indefinite future use does not necessarily represent prudent public financial management and, if continues unchecked, it will erode the confidence in the budgetary controls and lead to wasteful and extravagance spending and misuse of funds.

Grant-in-kind

48. As previously reported, the Ministry is still accounting for grants or benefits-in-kind without a formal accounting policy and also without adequate disclosure notes being included in the financial statements of the government, despite encouraged by the standards.
49. The current accounting practice by the Treasury is that the calculated value of Grant-in-kind, though not involving the transfer of cash/money but rather goods or services, are debited and credited to the Grant Expenditure ledger and Grant Receipt ledger respectively.
50. Audit noted that the Government received various donations during the year 2024 through the Health Care Agency (HCA). Whereas the list of the donations was submitted by the HCA to the MoF in August 2024, these benefits-in-kind were without relevant supporting documentation to substantiate their value, hence not accounted for in the treasury ledger and AFS 2024. The donations included six second-hand ambulances, IT-related equipment and surgical masks of which their donated values were not indicated, whereas the value of other donations included in the list provided by HCA was estimated to be around R1.5m.
51. Audit reiterated that the MoF should strengthen controls to ensure that upon being notified of donations received by different Ministries, Departments and Agencies, there is timely follow-up on documentation to support the value of the donations, or alternative means such as valuation, are undertaken to determine the value of donations, particularly assets.

52. *In response, the MoF informed that effort is being made to put in place means to facilitate reporting by MDAs for reporting on donations. The Ministry will be issuing a circular to all MDAs to provide a format for quarterly reporting in line with the frequency of reporting as per the Accounting Manual.*

Clearing accounts

53. Audit noted that there were four clearing accounts as per treasury records with ending balances adding to SR3.4m as at 31.12.2024. Audit queried about the purpose and operation of one particular account with a balance of SR3.1m and was informed by the Treasury that explanations are awaited from one particular staff who is part of an ongoing investigation. Audit expressed its concerns over the lack of institutional memory in such an important process within the Treasury which poses operational, fraudulent and financial risks to the Treasury Division and the Government at large.
54. In the absence of documented policies or procedures and inadequate oversight over clearing accounts, the accounts may be at risk of fictitious, fraudulent, erroneous and/or unauthorised entries.
55. Audit therefore recommended that MoF should maintain clearly defined steps for posting, reconciling and clearing of transactions through a documented and approved Policy and/or Standard Operating Procedures (SOP).
56. *In response, the Treasury informed that the Treasury Computer Room is currently reviewing and working on clearing the outstanding balances in all the identified clearing accounts.*

Withdrawals requiring supplementary appropriation

57. According to the Constitution, withdrawals of monies from the Consolidated Fund should be authorised by an Appropriation Act or by other law. The principal mechanisms for the appropriation of budgeted funds for ministries and departments and centralised payments are the annual Appropriation Act and supplementary appropriations approved by the National Assembly thereafter.
58. In the above context, an additional budget of R19,780,500 approved by the National Assembly (in principle) following the mid-year review in September 2024 for various entities and purposes remained to be regularised through supplementary appropriation

at the time of writing. It is to be noted that the above figure is provisional and subject to change as the treasury was still making adjustments to accounts at the time of this report (28.11.25).

Consolidated Fund

59. The Consolidated Fund is established in accordance with Article 151 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

60. For the purpose of this analysis, an overall fiscal deficit is the excess of expenditures incurred, including capital expenditure and interest payments as compared to total revenue receipts, including grants. The original budget for the year 2024, before supplementary estimates and budget cuts, projected a deficit of R406.9m. A higher deficit of R598.6m was projected through the mid-year review, against which the actual outcome was a surplus of R143.7m.

| | R (m) | | | | |
|-----------------|-----------------------|----------------------|------------|----------|---------------|
| | Original Estimates | Revised Estimates | Actual | Variance | Variance % |
| Revenue | 10,856.6 | 10,897.2 | 10,867.3 | 10.7 | 0% |
| Expenditure | (11,263.6) | (11,495.8) | (10,723.5) | 540.0 | -5% |
| Fiscal balance: | (406.9) | (598.6) | 143.7 | 550.7 | -135% |

Accounting anomalies

61. The review of the second draft AFS revealed that the correct closing balance on several accounts, namely, cash and bank, advances, remittances, short-term borrowings, investments, trading and operating accounts and Grant-in-transit (GIT) were not correctly brought forward to 2024 from the year ended 31.12.2023. This has resulted in the account balances either being overstated or understated with a net overstated amount of SR64.7m. This indicates inadequate controls in place to ensure accuracy and completeness of account balances at the beginning of a new financial year.

62. Audit recommended that the Treasury should review and strengthen controls to ensure that open journals relating to those accounts with carried forward balances are timely

and correctly raised as soon as the financial statements for the previous financial year is certified. Verification procedures should also be implemented prior to the preparation of the AFS to ensure that the correct account balances are used.

63. *At the time of this report, Treasury was still making adjustments to accounts in the treasury ledger.*

Cash and bank balances

64. Government maintains a Treasury Single Account (TSA) at the Central Bank of Seychelles (CBS) to deposit revenue receipts and make payments. In addition, the Minister may authorise Accounting Officers to open separate bank accounts at the CBS or other commercial banks for specific operations.

65. Cash and bank balances recorded by Treasury at the end of 2024 totalled SR2.5b (2023:SR1.2b) of which R200.0m was held with the CBS against monetary policy purpose issues of Treasury bonds.

66. Several other bank accounts confirmed to be in the name of Government with an aggregate balance of SR124.7m, excluding 'Integral Health Brigade' account holding SR22.1m, are further disclosed in note to the AFS.

67. Normally, the accuracy of bank balances is established through the process of bank reconciliation where the internal records are verified against external records, principally bank confirmations. Included in the said Cash and Bank balances of R2.5b recorded by the Treasury, is an aggregate balance of R86.5m held under 41 POS accounts for which the corresponding reconciliation was not evidently performed on a regular basis, particularly, the General POS account, which had an ending balance of R89.5m as per the second draft AFS 2024. In the absence of regular reconciliations, the accuracy of the said account balances is doubtful.

68. ***POS accounts operated without SOP:*** As noted in the previous year, various Ministries, Departments and Agencies (MDAs) operated over hundred (100) Point-of-Sales (POS) accounts in the year 2024 as well without an approved operating framework, such as, Standard Operating Procedures (SOP) or a user manual to ensure proper and timely accounting of the transactions arising. Audit was informed that once approval is given by the Treasury for an MDA to operate a POS account, staff from the

Public Accounts Management Section of the MOF are deployed to these entities to explain to them the different steps to operate the POS accounts.

69. However, Audit noted that without clear, documented and approved procedures, several risks may arise, such as, fraudulent activities, mismanagement of funds and incorrect use of the POS. Such risks may eventually lead to errors in the accounts and even loss of funds.
70. Audit recommended that the MoF should develop and implement an effective SOP to clearly guide the operations of POS accounts across all government entities. This document should clearly define the various roles and responsibilities in handling, processing, documenting, accounting and reconciling POS transactions amongst other key step-by-step procedures in operating these accounts.
71. *In response, a copy of the POS Manual Guide was provided to Audit in 2025 which defined the responsibilities of three key parties in the request, setup, management and proper use of POS machines for government revenue collections. Audit review of the document indicated that there is a need to provide therein for the performance of monthly reconciliation of the POS accounts.*
72. **POS bank accounts outside the Treasury system:** At the end of 2024, there were some 48 POS accounts confirmed by banks but not reflected in the treasury ledger system. Four of these accounts had an ending balance totalling R0.36m, whereas the 44 remaining accounts ended with zero balances as per bank confirmation received. Although the majority of the bank accounts were confirmed with zero balances at the year end, Audit could not establish as to whether there were transactions in these accounts during the year 2024.
73. Noting the lack of controls in the process of reconciling POS accounts against bank statements and the need to ensure proper accounting in the treasury system, Audit recommended that (a) the MoF reviews and confirms the status of these bank accounts against their respective bank statements and Treasury records; and (b) the Ministry should strengthen controls to ensure that newly created POS accounts are duly integrated into the Treasury accounting system.
74. *In response, the Ministry informed that the Treasury Unit carried out a reconciliation of POS accounts currently in the Treasury VAM System against that of the records*

provided by the Bank. All POS Accounts which were not yet inserted in the VAM system are being inserted accordingly.

75. **STOs bank accounts not in Treasury system:** The Department of Tourism (DOT) operates tourism offices, commonly known as Seychelles Tourism Offices (STOs), in different countries. The costs incurred relating to these STOs are accounted for under 21 Treasury accounts as marketing costs, which totalled SR75.3m at 31.12.2024. Audit noted 10 overseas bank accounts relating to nine of these offices which were not reflected in the Treasury accounting system. Audit re-performed reconciliation between bank statements and cashbooks relating to these 10 bank accounts and noted that available bank balances on these accounts stood at around SR5.3m at 31.12.2024.
76. *In response, the Ministry noted that the PAMT Division is currently in the process of cleaning up and maintaining a Government Bank Account Register which is to reflect all bank accounts held by Government entities. Furthermore, the Audit recommendations are being considered for application and a disclosure will be inserted into the AFS second draft.*

Remittances

77. Typically, the remittance accounts should represent cash in transit in respect of the overseas missions. Similar to reporting in previous years, against the total remittance balance of R51.1m reported in AFS 2024, only R5.3m were available in the overseas missions' bank accounts as at year end, resulting in an unreconciled balance of R45.8m. The total remittance balance of R51.1m excludes a credit balance of R1.6m under First Abu Dhabi Bank and R3.3m relating to balances written-off in 2023 on 3 closed embassies' accounts of which the latter balances were incorrectly brought forward in 2024.

Advances

78. The outstanding advances balance totalled R986.5m at the end of 2024 (2023: R960.7m) consisting primarily of existing on-lending facilities to the Public Utilities Corporation (PUC) and the Development Bank of Seychelles (DBS). A new on-lending facility, in the sum of R2.3m was also given to 2020 Development Limited in 2024.

79. In relation to on-lending facilities to PUC, Audit noted that there were delays on the part of the MoF to request refunds from the Corporation. Time taken to seek refunds ranged from one month to almost seven months. Audit is of the view that untimely recovery of refunds may negatively impact on the Government cashflows and the efficient and effective allocation of financial resources to fund its operations or other programs.
80. In addition, the status of the longstanding balance of R79.9m in respect of Seychelles Marketing Board (SMB) under ‘Parastatals/Companies in Liquidation’ remains unchanged for the stated reason that it is under investigation by the ACCS.
81. *In response, the Ministry acknowledged that there have been some delays in sending refund requests to PUC and noted that to ensure timelier processing going forward, it will be submitting letters on quarterly basis, or immediately following payment, as applicable.*

Trading and operating accounts

82. The Treasury maintains a number of trading and operating accounts under this head which are utilised for various purposes, including Treasury Single Account (TSA) balances, revolving funds, un-identified items under short term clearance, dishonoured cheques and others. These accounts are also known as suspense accounts. See below for the overall movement in the accounts during 2024.

R (m)

| Name | Balances 2023 | Balances 2024 | Movements |
|-----------------------|------------------|------------------|--------------|
| General | 81.4 | 71.5 | (9.9) |
| Trading and Operating | 515.1 | 802.9 | 287.8 |
| Totals: | 596.5 | 874.4 | 277.9 |

83. The rise in the Trading and Operating balance is largely due to the year-end transfer of R280.4m to a newly created account under the Ministry of Lands and Housing in respect of a land reclamation project.

Public debt

84. The Statement of External Debt and the Statement of Domestic Debt shows the particulars of outstanding long term external and domestic loans respectively. 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.

85. The accounting policy for long and short term borrowings by the Government differs in that long term borrowings are not accounted for as a liability in the Statement of Assets and Liabilities, but are included in the public debt statements.
86. Short term borrowings, comprising Treasury bills and deposits made with the Government by various governmental entities, on the other hand, are included as liabilities in the Statement of Assets and Liabilities but not included in the public debt statements.

Legislative framework for public debt

87. The Public Debt Management Act, 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 borrowings 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.).
88. Audit noted that one Treasury bond was issued during the year 2024 totalling R69.5m without a gazetted statutory instrument (S.I), contrary to provisions of Section 28 of the Public Debt Management Act, 2008. The bond was gazetted in 2025; S.I. 33 of 2025.

Public debt portfolio

89. The debt portfolio decreased by R860.1m (or 5%) in 2024 compared to the previous year ending at R15.6b at the end of 2024. Long-term debt predominantly constitutes 86% of the total debt portfolio and represents a decrease of R1.3b (or 9%) over the previous year. On the contrary, short-term borrowings increased by R408.5m (or 22%) during the year compared to the previous year.
90. Audit noted several misclassifications of issuances and redemptions in all the three types of treasury bills as well as treasury bonds resulting in time consuming efforts having to reconcile the principal and interest accounts.

91. In response, the MoF noted that in order to avoid future delays in regards to reconciliations of treasury ledgers and the public debt recording system, as of 2025 reconciliation is being done on a quarterly basis.

| | Public Debt Portfolio | | | R (m) | |
|----------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Long term loans | 12,625.9 | 13,673.5 | 15,068.5 | 14,650.5 | 13,382.0 |
| Short term borrowings | 5,473.4 | 3,635.6 | 2,303.0 | 1,849.3 | 2,257.8 |
| Total: | 18,099.3 | 17,309.1 | 17,371.5 | 16,499.8 | 15,639.8 |
| Increase/(decrease) | 6,093.5 | (790.2) | 62.4 | 871.7 | (860.1) |
| Long term debt % | 69.8% | 79.0% | 86.7% | 88.8% | 85.6% |

Long-term debt

92. External debt decreased by around R1.3b (or 9%) at the end of 2024 mainly due to repayments on existing loans in all four categories.
93. On the domestic front, from the opening balance of R6.0b on treasury bonds issued from prior years, there were redemption of three bonds aggregating to R912.1m and issuance of six new treasury bonds with a total value of R618.7m, thereby leaving an ending balance of R5.7b at 31.12.2024. There were no new long term loans taken by the Government in 2024 and repayments on existing domestic debts totalled R100.1m.

| | Outstanding public debt | | | R (m) | |
|---------------------------------|-------------------------|-----------------|-----------------|-----------------|------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| External debt | | | | | |
| Bilateral | 2,142.9 | 1,336.0 | 1,805.1 | 971.7 | 877.2 |
| Multilateral | 4,994.1 | 5,153.8 | 5,096.7 | 5,985.4 | 5,543.1 |
| Commercial | 405.0 | 254.9 | 401.2 | 310.6 | 179.6 |
| External bonds | 2,149.1 | 1,211.6 | 924.2 | 685.8 | 471.2 |
| Sub-total: | 9,691.1 | 7,956.4 | 8,227.2 | 7,953.5 | 7,071.1 |
| Domestic debt | | | | | |
| Treasury bonds | 2,000.0 | 4,955.9 | 6,102.2 | 6,032.0 | 5,738.6 |
| Others | 934.7 | 761.2 | 739.1 | 665.0 | 572.3 |
| Sub-total: | 2,934.7 | 5,717.1 | 6,841.3 | 6,697.0 | 6,310.9 |
| Grand total: | 12,625.8 | 13,673.5 | 15,068.5 | 14,650.5 | 13,382.0 |
| Increase/(decrease) in R | 5,511.9 | 1,047.7 | 1,395.0 | (418.0) | (1,268.6) |
| Increase/(decrease) in % | 77.5% | 8.3% | 10.2% | (2.8%) | (8.7%) |

Short term borrowings

94. Short term borrowings comprise funds raised from Treasury bills and deposits.

| | Short term borrowings | | | R(m) | |
|------------------------------|-----------------------|------------------|------------------|----------------|----------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Treasury bills | 5,427.2 | 3,590.9 | 2,258.1 | 1,804.4 | 2,212.9 |
| Parastatal/fund deposits | 46.2 | 44.7 | 44.9 | 44.9 | 44.9 |
| Sub-total | 5,473.4 | 3,635.6 | 2,303.0 | 1,849.3 | 2,257.8 |
| Increase/(decrease) | 581.6 | (1,837.8) | (1,332.6) | (453.7) | 408.5 |
| Increase/(decrease) % | 11.9 | (33.6) | (36.7%) | (19.7%) | 22.1% |

Public debt servicing

95. Overall, the total actual public debt servicing cost, comprising repayments of principal and interest payments, increased to R2.9b, from R2.3b in the previous year. Interest payments were higher on the external front and lower on the domestic front during the year 2024 contrary to the preceding year, resulting in an overall decrease in total interest payments by R35.4m (or 4%).
96. Repayments of principal amounts of both external and domestic debts in 2024 were higher than the previous year by R648.4m (or 49%).

| | Public debt servicing | | | R (m) | |
|---------------------|-----------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Interest | | | | | |
| External | 298.4 | 227.4 | 232.5 | 392.4 | 463.7 |
| Domestic | 413.6 | 513.2 | 503.9 | 588.6 | 481.9 |
| Sub-total: | 712.0 | 740.6 | 736.4 | 981.0 | 945.6 |
| Amortisation | | | | | |
| External | 595.5 | 542.2 | 525.8 | 751.8 | 952.7 |
| Domestic | 143.3 | 81.7 | 213.9 | 563.4 | 1,010.9 |
| Sub-total: | 738.8 | 623.9 | 739.7 | 1,315.2 | 1,963.6 |
| Grand total: | 1,450.8 | 1,364.5 | 1,476.1 | 2,296.2 | 2,909.2 |

Outstanding Guarantees

97. A statement of outstanding guarantees is required to be presented under Article 154 (8) (d) of the Constitution. The aggregate balance outstanding in respect of guarantees was SR809.6m at the end of 2024 (2023: R728.0m) in line with the amounts incurred and outstanding in the undertaking by GOS of various public sector borrowings.
98. Three Treasury Bonds were guaranteed by the Government during the year 2024 with respect to DBS aggregating to R200.0m.

99. Total repayments for the year aggregated to R175.5m which included redemption of a R50.0m bond and full repayments of eight existing guaranteed loans.

Land acquisition

100. Government made a R9.0m payment in December 2024 being an upfront payment for surrendering of physical possession of the nine (9) housing units and the entire stated parcels of land by handing over the keys to a designated official of the Ministry of Lands and Housing. The remaining balance of R9.0m was to be paid upon signing of the land transfer documents for the land parcels in question. However, the upfront payment of R9.0m made in 2024 and the outstanding liability of R9.0m relating to the aforementioned land acquisition was not disclosed in the second draft Domestic Debt Statement for the financial year 2024.
101. *In response, the MoF noted that land acquisition liabilities not involving any interest component are currently not recorded as part of the Domestic Debt Statement but that a disclosure note will be made to account for this debt, although not an interest-bearing one.*

Liquidation of SIDEC

102. As per the second draft AFS 2024, the SIDEC is disclosed under “Parastatals/Companies in liquidation” with a balance of SR22,905,808, pending adjustments in the year 2025 based on the completion of the liquidation of SIDEC, which was reported by the liquidators in January 2025.

Status of matters reported in previous reports

| Ref to year, page, para and audit brief | Status |
|---|---|
| AR23, 12, 39-41 Donation of two ambulances to the Health Care Agency (HCA) not accounted for in 2023 due to concerns over accuracy of invoice value. | Partly resolved. Value of the vehicles were accounted for in AFS 2024 without the value of the equipment. |
| AR23, 12-13, 42-43 Withdrawals requiring supplementary appropriation. | Resolved. |
| AR23, 14-15, 51-54 Bank reconciliation, mainly relating to POS accounts not sighted. | Persists. |
| AR23, 15, 55-57 75 bank accounts identified with nil balance or no movement in 2022 and/or 2023. | Persists As at 31.12.2024, 70 bank accounts had no transactions in their respective ledgers in 2024 |
| AR23, 15, 58 Bank balances for two bank accounts held with CBS differed to the treasury ledger balance by SR3.3m. | Resolved. |
| AR23, 16, 68 Loan drawn down without a gazetted S.I. | Resolved; loan gazetted as per S.I. 99 of 2024. |
| AR23, 16, 69 USD50m loan confirmed by lender does not feature in Government's books. | Persists. |
| AR22, 10, 2.39 Transfers totalling SR153.4m to trading and operating accounts at 31.12.22 did not represent actual expenditures incurred. | Persists. Transfers to trading and operating accounts at 31.12.2024 totalled SR286.7m. |
| AR22, 10, 2.41 Underutilisation of capital expenditure budget by SR1.1b or 71 per cent | Resolved. |
| AR22, 11, 2.44 Lump sum budget of SR20m for small projects implemented at district levels without details. | Resolved. A budget of SR1.0m is now allocated to each of the 26 districts. |
| AR22, 11, 2.47-2.49 Renovation of NIHSS building not accounted for or disclosed in the AFS 2022. | Observation persists. The MoF noted that no records or information were received by it. |
| AR22, 13, 2.59 Treasury ledger balance (nil), differed to the balance of SR489,355 confirmed by CBS on one bank account at 31.12.2022. | Persists. |
| AR21, 7, 2.29 No policy to guide the auction sale process. | Work-in-progress. |
| AR21, 12, 2.40 Inadequate documentary evidence in support of Government's affiliation with Shelter Afrique and a sum of USD2,101,309 as liability towards the same | Persists. |
| AR21, 12, 2.41-2.42 Funds provided for gratuity payments to IOT workers without a formal agreement. | Persists. |
| AR21, 13, 2.46-2.49 No documented policy to guide the treatment of grants-in-kind and reporting in the Government accounting framework. | Work-in-progress. A Policy formulation is underway. |
| AR21, 13, 2.50-2.52 Grant in transit (GIT) accounts with debit balances | Persists. 15 GIT accounts noted with debit balances of SR11.6m (2023: SR2.3m) as at 31 December 2024. |
| AR21, 15, 2.63 | Persists. |

| | |
|---|---|
| POS accounts balance recorded in AFS 2021 not supported by bank confirmation. | SLA Praslin a/c had a balance of SR94,549 at 31.12.2024 (2023: SR112,479), not supported by a bank confirmation. |
| AR21, 15, 2.64-2.66 Dormant bank accounts. | Persists. 8 SCB accounts of SR393,614 and 16 CBS accounts of SR6,726,178 were dormant for 3 years |
| AR21, 18, 2.85-2.86 Public debt not supported by lender confirmations. | Persists. 8 external debts of SR284.7m at 31.12.24 were not supported by a lender confirmation |
| AR21, 19-20, 2.91-2.92 Land acquisition liability due since 2020 remains unsettled as at 31 st December 2021. | Resolved. |
| AR18, 14, 45 20 trading and operating accounts were noted with rolled over funds totalling SR81.1m, amounts charged to capital expenditure in 2018 and credited to these accounts. | Persists. Noted 47 accounts with rolled over balances of SR197.6m (2023: SR70.8m) at 31.12.2024 During the first quarter of 2025, 12 accounts, with balances of SR16.7m were approved for closure. |
| AR17, 8,12 extra-budgetary activities not reported in AFS | To be disclosed as a note to AFS, as per MoF. |
| AR17, 8,14 Review of Accounting Manual to be completed | Work-in-progress. |
| AR17, 17,49 Remittance accounts not yet reconciled to funds in hand overseas | Persists. Treasury balances is SR51.1m at the end of 2024 (2023: SR32.1m) against overseas bank balances of SR5.3m (2023: R3.6m). |
| AR17, 18,51 Recoverability of SR79.9m advanced to SMB doubtful | Persists |
| AR17, 19,59 10 (2016: 30) dormant trading and operating account balances SR7.1m (2016: SR10.8m) | Work-in-progress. At 31.12.2024, 19 Trading and operating accounts (2023:30) were inactive with balances totalling SR9.9m (2023: SR17.2m). 3 inactive accounts reported in AR17 still had a balance of SR3.3m. 25 accounts were closed during the first quarter of 2025. |
| AR17, 19,60 Dishonoured cheques of SR23.6m outstanding | Persists. Dishonoured cheques treasury ledger balance at 31.12.2024 is SR29.2m (2023: SR26.5m). |
| AR17, 19,60 GIT balance of SR107.6m includes 128 inactive accounts (2 years) totalling SR7.6m. | Work-in-progress. By 31.12.2024, 117 GIT accounts were inactive (2023:115), with balances totalling SR43.7m CR (2023: SR52.3m CR). |

3

CHAPTER 3

Department of Immigration and Civil Status

Introduction

1. The Department of Immigration and Civil Status is responsible for regulating the entry, stay, and exit of persons in Seychelles, while also maintaining the national civil registry through the registration of births, deaths, and marriages.
2. An audit was undertaken for the year 2024, with principal objective of performing sufficient test to verify compliance with applicable financial rules and regulations and assess the reliability and adequacy of the accounting records relating to the revenue collection.
3. The matters arising were communicated to the Department through an Interim Management Letter (IML) issued on 02 July 2025 which was discussed at an exit meeting held on 05 August 2024 and subsequently through a management letter (ML) issued on 18 August 2025.

Revenue

4. The Department collected a total of SCR197,210,049 during the year 2024, representing a 2% decrease compared to the previous year collection. Revenue was derived from granting of citizenship, processing of passport applications, issuance of various categories of permits (including resident, gainful occupation, and visitor permits), issuance of national identity cards, registration and changes of names, use of the VIP Lounge and issuance of marriage licenses.

Marriage Fees

5. The Department provides marriage registration services to both Seychellois citizens and foreign nationals, covering ceremonies conducted at the Mayor's Office as well as at external venues. During the year under review, total revenue collected from marriage fees amounted to SCR1,310,650. Audit of the marriage records revealed the following.
6. ***No Segregation of duties:*** All key steps in the marriage registration process was being carried out solely by the Registrar, from application processing to issuing of invoices,

with no evidence of independent checks by a Senior Official. This lack of segregation of duties within the process represents an internal control weakness, increasing the risk of errors and undetected irregularities.

7. Audit recommended that the Department should implement appropriate segregation of duties by ensuring that different officers are assigned to key stages of the process and periodic independent reviews by a senior official is undertaken to enhance oversight.
8. *Management, in response, stated that a reorganisation has been implemented to address this and several other issues. With effect from January 2025, the position of Registrar has been reclassified. All documents are now submitted to a Civil Status Officer for processing and are subsequently verified by a Senior Civil Status Officer, who is also responsible for invoicing.*
9. **Non-Compliance with SOP for Marriage Registrations:** Audit observed that in 12 cases, marriage applications totaling SCR 41,250 were processed without the required supporting documents, as stipulated by the standard operating procedures. The missing documents included the application form, original birth certificate, police character certificate, Gainful Occupation Permit, death certificate of a deceased spouse (where applicable), certificate of celibacy, and interview notes.
10. *Management stated that as of January 2025, Civil Status staff has been instructed to ensure the submission and records of proper authenticated document prior to further proceedings of any marriages as per the new SOP in place. Hard copies are being filed manually.*
11. **Incomplete Marriage Records:** The Department engages the services of twenty-eight (28) celebrants, both staff and independent individuals, to conduct marriage ceremonies. Celebrants are responsible for ensuring that records in the Marriage Record Books are complete and accurate. Audit review of one book maintained by the Registrar revealed twelve (12) cases where key information was incomplete or missing, including wedding location, full names of the parties, age, place of birth, and witness details. It is important to note that the location is a critical data point, as ceremonies at the Civil Status Office in Victoria are free, whereas external venues attract a fee. As a result, of these omissions, Audit was unable to verify the accuracy of revenue collected in all these cases.

12. *Management stated that with effect from January 2025, an SOP was put in place which ensures that the Civil Status Office have sight and verify the celebrants' registers every two weeks' interval. In addition, no database was being maintained for the number of marriages celebrated in 2024, as a result statistic could not be provided to NBS. A system is now in place to ensure that this information is being recorded and can now be made available in future.*
13. **Potential revenue shortfall:** Marriage fees are determined by the nationality of the couple and the location of the ceremony. Marriages between Seychellois citizens, or between a Seychellois and a foreign national, are free of charge when conducted at the Mayor's Office. However, ceremonies held at external venues, as well as marriages between two foreign nationals on inner or outer islands, are chargeable, with fees varying by location. To verify the accuracy of marriage related revenue recorded in the General Ledger, Audit requested statistics on the number of ceremonies conducted in 2024 and the applicable fees. The Department, however, was only able to provide partial data as a complete list was not available.
14. In view of the above, Audit compiled a database of all marriages conducted during the year using information extracted from individual celebrants' marriage record books, and noted a shortfall of SCR553,100 between the expected and actual revenue collected. The total revenue recorded in the General Ledger amounted to SCR1,310,650, while revenue calculated by Audit, based on applicable fees and the number of marriages, amounted to SCR1,863,750. This indicates a potential revenue shortfall caused by weaknesses in internal controls or possible misappropriation of funds through malpractices.
15. *Management stated that as of January 2025, Civil Status Staff are doing data entry for marriages as far back as 2017. Going forward all data are being updated immediately prior to issuance of marriage certificate.*
16. **Collection of special marriage license fees:** In line with established procedures, marriage banns must be published for a minimum of eleven (11) days prior to the date of marriage. Where this requirement is not met, a special marriage license fee of SCR 500 applies. Audit reviewed a sample of eighteen (18) applicants to verify whether the publication of banns had been waived and, if so, whether the corresponding special

license fees were collected. However, the Department did not provide the requested documentation, and Audit was therefore unable to confirm whether the applicable fees had been duly collected.

17. *Management stated that effective January 2025, and as per the SOP in place, all marriages should be published at least 11 days' prior of the marriage celebration. In addition, marriage license fees are being collected for marriages of which publication period is less than the recommended 11 days and this is mostly from marriages involving two foreigners. As from January 2025, in line with new marriage SOP, a total of 77 marriage license fees amounting to SCR38,500 has been collected to date.*
18. **Use of Mayor's office for marriages:** Audit was informed that the Mayor's Office is reserved exclusively for marriages between residents and permit holders, and such ceremonies are conducted free of charge. However, review of marriage registers maintained by two celebrants revealed five (5) weddings involving foreign nationals were conducted at the Mayor's Office, contrary to the stated policy. This practice exposes the Department to the risk of loss of revenue due to fees not being levied in accordance with established policy, as well as inconsistent application of procedures.
19. *Management, in response, stated that as per policy in place, only citizen of Seychelles and permit holders are allowed to conduct free wedding at the Mayor's Office. This rule is being enforced and monitored as of January 2025. Currently, some Civil Status Officers are undergoing necessary trainings on how to conduct marriages so that their officers can be assigned with celebration of marriages at Mayor's Office only. This will ensure better control for that specific component.*

Immigration Fees

20. Department collected a total of SCR 174,783,701 in immigration fees, representing 89% of its total revenue. These fees are principally derived from the issuance of Gainful Occupation Permits (GOP) for workers, dependent permits, student permits, and visitor's extension permits.
21. **Revenue from immigration fees incomplete:** Audit requested statistical data by permit type to verify the accuracy of immigration fees collected. However, the Department only provided a PDF report showing the total number of GOPs issued, without any breakdown by permit category, even though different permit types attract varying fees.

Despite further enquiries, no additional data was made available. As a result, Audit was unable to confirm the accuracy of the total GOP revenue recorded.

22. *Management stated that the issue lies with the current system, which cannot generate reports for the different types of fees collected in a consistent format. DICT has been notified of this problem, and DICS has begun using a new system. Data from the old system is currently being migrated to the new one.*
23. ***GOP Processing and absence of supporting documentation:*** A Gainful Occupational Permit (GOP) allows a non-citizen to reside and be gainfully employed or self-employed in Seychelles. The processing of this permit is governed under Section 17 of the Immigration Decree. Audit reviewed a sample of twelve (12) issued work permits amounting to SCR 134,000 and observed that, in all cases, the applicable Bonding Agreements were not available for review.
24. *Management stated that the Department has experienced challenges in obtaining Bonding Agreement in respect of GOP renewal.*

4

CHAPTER 4

Ministry of Local Government and Community Affairs

Introduction

1. The Ministry of Local Government and Community Affairs is mandated to oversee the affairs of the 27 districts and empower the local communities. Its role is to deliver transparent, accountable and inclusive local services; provides and enhance community infrastructure and facilities, implement the local government reform programme and ensure good governance through citizen's engagement, inclusiveness and empowerment towards development.
2. An audit of the Ministry was undertaken for the year 2024 covering revenue collection, wages and salaries, use of goods and services and non-financial assets.
3. Matters arising were communicated to the Ministry through an Interim Management Letter (IML) issued on 19 September 2025, which was discussed during an exit meeting held on 24 September 2025 and, subsequently, through a management letter (ML) issued on 29 September 2025.

Payments for Goods and Services

4. Audit examined the Ministry's procurement of goods and services during the year and observed the following.
5. ***Absence of alternative quotes:*** Two payments totalling SR227,539 were noted in respect of air tickets obtained from one travel agent. Audit noted, however, that there were no alternative quotes obtained from different travel agents to ensure the competitiveness of the fares.
6. *Management, in response, stated that the travel agency is the only air travel agent that provide the Ministry with credit facilities, that is they accept government LPO. In future they intend to seek quotations from other travel agents to ensure that they are offered with a competitive overseas airfare.*

7. ***Absence of valid contracts:*** During the year under review, the Ministry provided support to victims of the 7th December Disaster, including the provision of meals. Audit observed that the Ministry made recurring payments totaling SR 608,935 to a supplier for this purpose. However, the Ministry did not enter into a valid contracts/agreement for the terms and conditions of the supply of meals.
8. Audit was informed that the supplier was engaged during an emergency period. However, Audit is of the view that, following the emergency period, normal procurement procedures should have been followed to regularize the arrangement should the Ministry wish to continue engaging the supplier. Furthermore, as per Section 126(1) of the Public Procurement Act, 2014, *“A procuring entity may use a running contract for goods, works, or services where the items are needed ‘on call’, but where the precise quantity and timing of the requirements cannot be defined in advance.”* Audit noted that this provision is applicable for the supply of breakfast, lunch, and dinner, and its application would ensure compliance with the requirements of the Public Procurement Act.
9. *Management, in response, stated that breakfast, lunch and dinner for victims of 7th December Disaster was an emergency case, the supplier was the only service provider ready to provide the Ministry with meals for the disaster victims at a competitive price on credit. The incident occurred during the night and the following day was declared a state of emergency which was followed by a public holiday. However, for future similar cases we will seek POU approval as soon as the emergency period is under control.*

Status of action taken on previous audit matters

| AR 2021, Page, Para. Audit brief | Status |
|---|------------------------|
| 57, 4: Shortcomings in collection | <i>Issue resolved</i> |
| 57, 5: Incomplete price list | <i>Issue resolved</i> |
| 57, 6: Price/fees charged not approved | <i>Issue resolved</i> |
| 57, 7: Monthly rental for Day cares differ | <i>Issue resolved</i> |
| 57, 8: Service on one-off basis not invoiced | <i>Issue resolved</i> |
| 58, 9: Remittances effected to Ministry by DA's lack reconciliation receipts issued | <i>Issue resolved</i> |
| 58, 10: Closure of the bank accounts | <i>Issue resolved</i> |
| 58, 12: Non-Collection of long overdue debt | <i>Issue resolved</i> |
| 58, 14: No mobile phone agreements were sighted | <i>Issue resolved</i> |
| 59, 16: Absence of requisite 3 quotations and POU Approval for direct bidding | <i>Issue remains</i> |
| 59, 18: Field Technicians payroll paid under Goods & Services | <i>Issue resolved</i> |
| 60, 20: Absence of Contract for Security Services. | <i>Issue resolved</i> |
| 60, 21: Disparity in payment for security services | <i>Issue resolved.</i> |



CHAPTER 5

Department of Police

Introduction

1. The Department of Police comprises of five Divisions; Visible Policing, Response Services, Detective Services, Anti-Narcotics Bureau (ANB) and Governance Management and Administration Units.
2. The audit for the year 2023 covered the revenue collection, payments for goods and services and non-financial assets. The audit also followed up on previous audits findings and the extent of action taken by the Department thereon.
3. The matters arising from the audit were communicated to the Department through an Interim Management Letter issued on 05 June 2025, and discussed in an exit meeting held on 04 July 2025. A formal response was received on 17 July 2025 following the exit meeting.

Revenue

4. During the year 2023, the Department collected a total revenue of R8,865,535 (2022: R13,535,995), which represents a decrease of R3,039,465 (26%) over the previous year's collection.
5. The Department earns revenue through provision of armed security service to Government entities, armory escort, sentry, verification on sea vessel and security at Sea, the learners' permits, character certificate as well as the proceeds of crime and money laundering cases collected and handed over by other law enforcement agencies.
6. **Misclassification of revenue:** Audit noted that revenue collected totaling R337,600 was incorrectly classified as revenue from Special Police/ National Guard instead of Provision of Security and Escort Services.

7. Audit recommended that the revenue collection is correctly classified and posted under the corresponding revenue codes.
8. *In its response, the Department took note of the risks and confirmed its engagement in ensuring that correct codes are given to Treasury for necessary posting. The Department also noted that such issues arise whereby clients are paying multiple invoices for different services through a single bank transfer and details are not readily available once the confirmation is being requested.*
9. ***Lease of police mess takeaway and kitchen:*** The Department entered into a 3-year lease contract for (1) Police Mess Takeaway and (2) Kitchen at a monthly fee of R8,000 and R10,000 respectively. As per an Addendum dated 28 July 2023 to the said contract, the lessee was to be billed the monthly fee of R10,000 only as of March 2023, in view that the Police Mess was not being occupied by the lessee. Audit noted the following in relation to payment of rent for the year 2023.
10. ***Offset of rental income against debts:*** Audit examined all rental income recorded during the year 2023 in respect of this contract and noted a total rent income of R116,000 which were all settled through deductions effected by the Department against sums due to the lessee for supply of takeaways to Police Officers.
11. This remedial action taken by the Department to recover rental arrears from the lessee, was based on a response from the lessee vide letter dated 31 July 2023 where the lessee acknowledged that she was not honoring her rent payment since February 2023 and sought the Department's permission to pay her arrears in instalments of R10,000 monthly, until such time that she settles all outstanding balance. Audit also noted that there was a request for write-off of R40,000 which was not approved by the Ministry of Finance. The amount represents five months' rent invoiced for the Police Mess between March 2023 and July 2023 which were supposedly not being occupied at the time by the client.
12. Additionally, two months' rent deposit totaling R39,000 was not enforced by the Department which is contrary to clause 11 of the lease agreement which states that *'two months' deposit shall be made upon signing of the contract agreement.*

13. Audit noted that delayed payments by the lessee and the deductions of arrears of rent from services provided to the Police for an entire year indicates the lack of commitment by the lessee to honor the contract.
14. Audit recommended that the Department ensures that the outstanding debts are fully recovered from the lessee.
15. *In its response, the Department explained that the tenant could not honor its obligations and in view that the Department found it difficult to recover the arrears, the Debtor Creditor approach was applied in order to recover the debts. The recovery was done through such process of which all entries were properly made and accounted for and the Department considered this as the last resort as the tenant was defaulting from its dues.*

Debtors

16. The aged debtors balance stood at R2,451,587 as at 16.12.2024 of which debts older than 30 days (the credit limit) stood at R2,200,087 (90%) of the total outstanding debt.
17. Audit is of the view that with the passage of time, debt may not be recoverable, hence resulting into bad debts. Audit therefore recommended that the Department strengthens its debt monitoring mechanism and ensures timely follow up and recovery of outstanding debts.
18. *The Department took note of the aged debtors balance and noted that a good amount is to be sent to the Ministry of Finance for write-off. The Department also explained that some clients have already paid and payments may have been posted in the suspense account at Treasury of which the Department has to make the necessary formalities to clear this amount from the suspense account. The Department further noted that the effort of recovering the current debt is noticeable and it is engaging with clients for debt settlement.*

Imprest

19. Audit noted that there were 10 imprest accounts recorded by Treasury and falling under the purview of the Department totaling R60,000. The audit, however, revealed one

imprest account with a balance of R10,000 which is no longer in existence. Upon inquiry with the Treasury Division of the Ministry of Finance, Audit was informed that this imprest account relates to a brought forward balance for a long time of which the Treasury Division is in the process to request write-off.

20. Audit recommended that the Department follows up with the Treasury to ensure that this account is written off at the earliest.
21. *In its response, the Department noted that it is aware that such account exists in the books of the Government but however has no recollection of the usage of this account.*

Non-financial assets

22. ***FAR not updated with all assets acquired:*** Audit performed a comparative analysis of costs of assets acquired by the Department over the last five years as per the general ledger against the Department's Fixed Asset Register (FAR) where variances totaling R31,627,857 was identified.
23. Audit noted that untimely recording of assets in the FAR may give rise to theft, misuse or mismanagement of assets and recommended that the Department strengthens controls in place to ensure that the FAR is periodically reconciled with the treasury ledger to ensure accuracy and completeness of postings in FAR.
24. *In its response, the Department explained that reasons for omission of some items from the FAR are due to payments in foreign currency which were not provided to the Asset Unit for posting in FAR, due to filing procedure being done separately. The Department further noted that in order to ensure that all transactions are being accounted for in the FAR, a monthly report shall be retrieved and shared to the units concerned for posting of data in respect of budget execution for the non-financial assets.*
25. ***Asset ID not updated in the FAR:*** Serial numbers provide a unique identifier for each asset, making it easier to track the existence of assets and location. Audit noted that the serial number, particularly for electronic assets such as CPU, external hard drive, air condition units etc. or a unique identification (ID) number, were not always updated in the FAR.

26. Audit recommended that the Department strengthens controls in place to ensure that the FAR is updated with the serial numbers of assets, as applicable, to ensure that assets are easily identifiable and monitored throughout their lifecycle.
27. *The Department acknowledged the observation and noted that the necessary controls will be strengthened.*
28. **Acknowledgment of assets acquired not documented:** Audit noted 11 procurements, with acquisitions totaling R1.6m, where acknowledgment of assets was not documented such as through completion of a goods received note (GRN).
29. Audit recommended that the Department strengthens its asset receipt acknowledgment process to ensure that the correct quantity, quality and specifications of assets paid for are received.
30. *The Department acknowledged the audit observation and noted that the recommendation will be implemented. The Department added that the Accounts Section will not process payment if the recipient has not acknowledged receipt of the item.*
31. **Folding container not verifiable:** Audit could not physically verify a folding container, acquired in July 2023 at the cost of R90,000 and hence could not confirm receipt of asset paid for.
32. *In its response, the Department acknowledged and stated that an investigation will be carried out.*
33. **Items purchased for Perseverance police station:** Audit examined a sample of assets purchased and supplied to Perseverance police station and noted the following:
- for the delivery of assets, an acknowledgement/good received note was not issued by the receiving officer at the police station;
 - for the issue of the items from the central store, an issue note was not completed and signed by the relevant parties.
34. *Management acknowledge the need to implement the necessary control procedures.*

Status of action taken on previous audit matters

| Audit brief | Status |
|--|---|
| AR 23, Page 34-35, Para 5-6 Annual reviews of fees not undertaken | Work-in-progress. |
| AR 23, Page 35, Para 7-9 Sentry/escort duty forms | Work-in-progress. |
| AR 23, Page 35-36, Para 10-13 Long delays in the disposal of seized assets | Resolved. Disposal of seized assets is now being undertaken by a Unit within the MOFNP&T. |
| AR 23, Page 36, Para 14-17 Delays in remittance of crime proceeds | Resolved. |
| AR 23, Page 37, Para 18-20 Cash handing over form not in use | Resolved. |
| AR 23, Page 37, Para 21-23 Accountable documents register not fully updated | Observation persists. |
| AR 23, Page 37, Para 24-25 Aged debtors | Work-in-progress. |



CHAPTER 6

DEPARTMENT OF TOURISM

1. The Tourism Department is mandated with providing strategic policy direction and leadership in the development and management of tourism as a major socio-economic activity generating foreign exchange and local employment and spreading the benefits to a wider segment of the local population.
2. An audit of the accounts and records of the Department pertaining to procurements and payroll, payments for goods and services and fixed assets was undertaken for the year 2024. The matters arising were communicated to the Department through an Interim Management Letter (IML) issued on 05.06.2025, which was discussed at an exit meeting held on 23.06.2025 and, subsequently, through a management letter (ML) issued on 31.07.2025.

Procurement of goods, services and works

3. Following amendments to the procurement act and regulations in 2023, different procedures are applicable for the procurement of goods, services, works and consultancies, subject to certain value thresholds. Despite different procedures, it is important that all procurements, except for low value goods, i.e. up to SR50,000, where a single source quotation may suffice, in all other cases, there is a need to ensure competitiveness of prices/fees/charges being paid for services, works and consultancies.
4. To illustrate, services and works for any value up to SR250,000 requires sealed quotations and the approval of the Accounting Officer. For goods valued between SR50,000 to SR250,000, the simplified bidding method applies with obtaining more than one quote and the approval of the Accounting Officer.
5. The audit of the procurement of goods, services and works revealed the following shortcomings.

6. **Procurement committee not approved by POU:** Section 33 of the Public Procurement Act 2008 makes provision for the establishment of a procurement committee for certain purchases above certain values. Circular No. 2 of 2023 issued by the MoF further states that the procurement committees are to be approved by the POU. However, the procurement committee of the Department/Ministry in place was not approved by the POU at the time of audit.
7. *The reply (07.10.2025) stated that to promote efficiency, fairness and transparency in procurement activities falling within the threshold of SR250,000, the Principal Secretary has delegated the authority to an internal procurement committee (IPC), effective January 2022. The POU has been aware of this arrangement and to date has not indicated that formal approval was required for IPC formation, although the POU did recommend that it includes an external, independent chairperson.*
8. **No alternative quotes for hire of venue and transport services:** For the hiring of three venues for different events in three different instances, totalling SR532,868 and each over SR100,000, there was no evidence of obtaining and comparing alternative quotations to ensure competitiveness of the charges. Similarly, the department obtained transport services from two companies in two different occasions for the sum of SR38,837 and SR40,300 without obtaining alternative quotes.
9. *The reply stated that guidance was sought from the POU which confirmed in writing that the rental of venues is not explicitly covered under the current procurement legislation. On the issue of transport, it stated that historically the department had formal contracts in place with those service providers established through a competitive tender process.*
10. **Printing service without quotes:** The Department obtained printing service from two different companies on three instances, for the sums of SR36,049, SR244,978 and SR46,690, without obtaining competitive price quotes as required by the relevant procedures.
11. **Airfares lacks alternative routes and fares:** In five instances, totalling SR506,661, the Department purchased air tickets from 3 different companies, each purchase costing

over SR50,000 but less than SR200,000 for which Audit could not find any competitive or alternative quotes, or alternative itinerary to ensure economy and competitiveness of the fares paid.

12. *The reply stated that the standard procedures for travel arrangements requires sourcing a minimum of 3 flight options, whether through a travel agent or directly with the airline. In these cases, three flight options were sourced through agents. Department further stated that it is important to note that this exchange of options and internal consultations is part of the travel planning process, and is not included among the supporting documents required for payment process.*
13. **Works without alternative quotes:** Works were carried out by five different business entities for the Department in five instances, totalling SR378,800 of which the highest single payment was SR237,130, during the period March to December 2024. The selection of the business entities for the award of works did not appear to have been done through a competitive and transparent manner in which alternative quotes were sought from different entities, as prescribed.
14. *The reply stated that in all the instances, the direct bidding method was selected and appropriate justifications were provided to support the choice of supplier, which included specific contextual factors and operational considerations to make valid and defensible procurements.*

Fixed Assets

15. The Department incurred expenditure totalling SR949,608 for the procurement of non-financial assets for the year 2024. Audit examined the Fixed Asset Register (FAR) and relevant records and performed physical inspections of assets and observed the following.
16. **Incomplete fixed asset register:** Other than its head office at the Botanical House, the Department has offices at Independence House, Victoria and La Digue and nine overseas tourism offices. However, copy of asset register submitted was inclusive of assets located at the Botanical House only. Following audit query, it was revealed that one staff has been assigned to perform physical inspection, tagging of assets and update

of the register during the period 17 December 2024 to 28 February 2025 in respect of assets at the Botanical House, after which same exercise will be done at other offices.

17. *In reply, while clarifying that the fixed assets register should technically cover only for three local offices and three overseas offices of the nine above, the Department stated its phased approach prioritizes establishing a credible and accurate asset register for the main head office where most assets are located before extending the exercise to the satellite offices. The process remains on going which hopefully be completed by the end of the year.*
18. **Particulars of assets lacking:** Requisite information namely payment voucher numbers and the cost of acquisition were incomplete in several instances in the register. To illustrate, in 13 instances, the cost of acquisition was not recorded; in 10 cases, PV reference and cost were not recorded; and in 99 cases, mostly IT equipment, the PV reference was lacking.
19. *Management stated in reply that the missing asset information pertains to items originally procured under the former Seychelles Tourism Board (STB), which was at the time using its own standalone asset management software. This limitation became apparent during the transition to the DICT platform when efforts were made to consolidate and update the asset register.*
20. **No year-end asset verification:** Accounting Manual requires Accounting Officers to ensure annual physical verification of assets. The Department was unable to produce any documented evidence as to when performance of a physical inspection of all assets in ownership was last conducted.
21. *The reply stated that the Department has established the annual verification as a must in its annual work plan, which is due at the end of this year. Additionally, we are working on an asset management policy and its related SOP. At the time of audit follow up in October, the asset management policy and the SOPs were still in progress.*

Suspense account

22. The Department maintains a suspense account for marketing, which as at December 2024 had a credit balance of SR8,321,957. Revenue collected and deposited in this

account pertains to participation fees received as partner contributions at international events activities at which the Department partakes for destination and marketing of Seychelles.

23. According to the Director General of Destination Marketing, partner contributions are determined based on the following:

- **Space Allocation:** the number of partners or co-exhibitors is determined by the stand size or the duration of the presentation/talking segment of the event.
- **Fee Calculation:** participation fees are structured to cover at least 30% of the space rental, services, and stand construction costs. ITB 2024 partners' contribution amounted to 48%. Pricing also takes into account the significance of the event and the level of trade demand.

24. However, the review of documents in support of the collections revealed that pertinent documentation was lacking in respect of:

- approved space allocations for the activities / events and costs thereof;
- confirmed number of partners / co-exhibitors;
- approved fees / costs due from the partners / co-exhibitors; and
- remaining balance payable by the Department.

25. *Management stated, in reply, that the Department was relooking at the procedures for trade fairs and related marketing activities where participation fees are collected. It noted that while this information already exists in separate records, the revised approach will aim to strengthen consistency, transparency and minimize the risk of undetected non-payment. The Department also stated that its policy of issuing participation badges only after full invoice settlement has been effective in eliminating the risk of non-payment and thus maintaining the current debtor balances, with minimal cases exceeding 60 days. The Department remains committed to the refining of its procedures in line with Audit recommendation.*



CHAPTER 7

Anti-Corruption Commission of Seychelles

Introduction

1. The Anti-Corruption Commission Act, 2026 provides for the functions and powers of the Commission to investigate, detect, prevent and prosecute corrupt practices. The Commission is also mandated to implement the provisions of the Public Persons (Declaration of Assets, Liabilities and Business Interests Act, 2016. The Commission is established as a body corporate.
2. An audit of the accounts and records maintained by the Commission was undertaken for the year 2023 with the objective to ensure that they were in conformity with the applicable provisions of the financial laws, rules and regulations. The matters arising were presented to the management through an Interim Management Letter (IML) dated 28.02.2025, which was discussed during an exit meeting held on 20.03.2025. Remaining matters were included in the Management Letter dated 08. 07.2025, as outlined below.

Procurement of goods, services and works

3. ***Quotations not sought:*** Audit review of a sample of payments for the purchase of various goods and services revealed that, in two cases, totalling SR236,427 no alternative quotes were obtained to ensure competitiveness of the prices/fees charged and paid. The procurements included transport services and hiring of PA system.
4. *The reply (10.10.2025) stated that (a) it sought three quotes but received only two in respect of transport services; (b) the PA system was a specialist equipment and ACCS was not able to find alternative suppliers for the time period, and given the cost was within the threshold the payment was approved internally.*

5. ***No evidence of goods received/services performed:*** In fifteen (15) instances totalling SR711,880, there was no evidence of goods/services received in good condition/order recorded on the relevant payment documents.
6. *The reply stated that there was an oversight as payment vouchers are currently being signed digitally, however, the advice is being followed now.*
7. ***Payments not supported:*** In three (3) instances totalling R111,086, the payment vouchers were not adequately supported by the relevant documents; i.e. invoices in two cases (SR48,322 and SR7,730) and a letter of invitation to attend overseas official missions for which per diem was paid for SR55,033.
8. *As per the reply, the payment was approved on the basis of pro forma invoices (SR48,322 and SR7,730) and there was no official invitation received for the ESAAMLG meeting in Botswana which was coordinated through FIU.*
9. ***Recurrent procurements without contracts:*** Audit noted instances where recurrent procurements were made from two suppliers throughout the year without obtaining alternative quotes of prices to ensure competitiveness. These included hire of vehicles in 11 instances for total of SR 671, 000 and goods for a total of SR303,173 in 5 instances.
10. *The reply clarified that at the beginning of the year, quotes were sought from three different suppliers and the most economical option was selected and, in the latter case, quotations were received from only one supplier for the request of quotes from three different companies.*

Procurement of consultancy

11. ***Local consultancy without contract agreement:*** Ministry of Finance's Circular # 11 of 2017 requires that consultancy services are engaged under contracts. However, the Commission incurred payments totalling SR253,755 vide six (6) payments to one Consultancy firm for forensic assistance during the period July to December 2023. The payments were due at a monthly flat rate of R50,000 as per the letter dated 21 July 2023. However, there was no formal contract duly signed by both parties stipulating the terms and conditions of the engagement. Furthermore, although it was indicated in

an internal document that the contract was exempted under section 3 (1) (b) of POU Act 2008, there was no evidence found of the POU approval in support.

12. Similarly, twelve (12) payments amounting R594,000 were disbursed to one individual from June to December 2023, for which POU approval for exemption as per section 3 (1) (a) and (b) of Public Procurement Act 2008 was obtained. However, there was no contract duly signed by both parties stipulating the terms and conditions of the engagement. Audit only noted an e-mail dated 03 January 2023 from the Commissioner to the service provider, wherein the relevant requirements were stated.
13. *Management stated that the individual was previously on a contract, which, when ended was absorbed by the Commission as his services were still required. A straightforward term of reference stated in a January e-mail that the contract ended in December 2022. The reply, 10.10.2025, further stated that (a) the letter to the contractor contained the services required and the terms of reference; and (b) the point have been noted and observed.*

Transport management

14. The Commission incurred expenses totalling SR249,527 towards fuel and other transport management related costs during 2023 on account of three vehicles. The audit of three (3) of the vehicles revealed the following:
 15. **Unauthorized journeys:** The Commission did make use of vehicle log book sheets for recording daily mileage. Audit observed that these sheets were lacking in required particulars, such as, authorization of daily journeys, time in and out and whether the use was official or private.
 16. **Repair works not accounted for:** Pursuant to paragraph 7.10.2.1.3 (h) of the Accounting Manual, all repairs carried out on vehicles are to be recorded in the Vehicle Log Book. However, Audit was unable to sight recording of a sample of six (6) repairs / service / maintenance works undertaken for a total of SR105,883 paid out to three service providers in the absence of vehicle log books.
 17. **No evidence of refund of private use of vehicle:** Regulation 78 (p) of the PFMR 2014 states that the Accounting Officer shall, in respect of the use of the 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. Sampled review of vehicle log book records of S36233 for the months of May and July 2023 revealed a total of 1,175kms run of which 615kms were accounted for as private use. Audit was unable to confirm as to whether the private usage was paid by the users to the Commission.

18. *According to the reply, there was a backlog to input mileage readings into the system to calculate the private use accurately in view that it was being done by the HRA in addition to her other duties. The Transport Officer is now clearing up all the outstanding data entry. Copy of invoice no. 162 dated 20 May 2025 to one individual for private use of the ACCS vehicle amounting to R31,310 was submitted to Audit. As per e-mail dated 23 May 2025, the individual instructed monthly deduction of R1,500 from his personal salary.*

Non-financial assets

19. The Commission spent SR724,671 towards non-financial assets. Audit inspection of the accounts and records maintained disclosed the following.
20. **No year-end asset verification:** Based on the available records, Audit could not ascertain the performance of the last physical assets verification nor the Finance Officer was able to recall the last inspection date. The Commission's Fixed Asset Register (FAR) as at 26 September 2024 revealed a total value of SR3,671,513, which required to be reconcile to the actual value of items.
21. **Loss of assets:** Following the explosion incident at Petit Paris on 07 December 2023, the Commission incurred a loss of assets totalling SR21,183 due to damage to four (4) monitors. As per e-mail dated 20 December 2024, the Finance Officer confirmed that no write-off has been completed despite the loss and the request from the Ministry of Finance who sent an excel file for completion. Subsequently, a follow up email dated 22 May 2025 was sent to the ACCS's Desk Officer of the Ministry of Finance for which feedback is awaited.

22. ***Asset not updated in FAR:*** The Commission maintains a Fixed Asset Register (FAR) as per the Accounting Manual and directives issued by the Ministry of Finance. However, from a sample of fifteen (15) payments for newly acquisitions in 2023, Audit was unable to trace the recording of three (3) facial recognition system, procured for R19,650.51 vide PV# 110P230626 dated 14.12.2023, in the FAR
23. *The reply stated that the items were not recorded because ACCS did not have access to the DICT system to add new items to the FAR.*



CHAPTER 8

Seychelles Home Care Agency

Introduction

1. The Seychelles Home Care Agency (SHCA) is mandated to administer, regulate, and provide home-based care services across the country. Its core responsibilities include registering caregivers and beneficiaries, processing applications and conducting needs assessments, allocating caregivers, monitoring the quality of care delivered, and ensuring that caregivers receive appropriate training and accreditation. The Agency also administers financial assistance schemes to support eligible beneficiaries.
2. An audit of the Agency was conducted for the year 2024. The matters arising were communicated to the management in an interim management letter dated 14.08.2025, which was discussed in an exit meeting on 27.08.2025, and subsequently, a management letter was issued on 16.09.2025. The Agency provided a written response on 19.09.2025.

Payroll

3. Audit of the payroll and personnel related records of the Agency revealed an outstanding debt of SR 6,695 in respect of a former Administrative Officer, who resigned with immediate effect on 28 February 2024. The debt comprised one (1) month's salary in lieu of notice (SR 9,437) and an overpayment of salary of SR 1,023 for the period 28–29 February 2024. An entitlement of 5.5 days' leave, amounting to SR 2,076, was forfeited and applied to partially offset the debt. The Financial Controller confirmed that the outstanding balance of SR6,695 remains unsettled to date.
4. *Management stated that the former employee has been contacted and has agreed to reimburse the outstanding amount in three (3) instalments by the end of September 2025.*

Payments to caregivers

5. The Agency made payments to home care givers amounting to SR 309,955,991 in 2024. Audit review of a sample of seventy-one (71) applicant files processed, together with their respective recipients for 2024, to assess compliance with applicable laws and regulations and the accuracy of payments made, revealed the following.
6. **Absence of contractual agreements:** Audit noted that, in all cases reviewed, no contractual agreements existed between caregivers and the recipients. This practice is not in compliance with Section 12(1) of the Seychelles Home Care Agency Act, 2022, which requires that “a home caregiver and the beneficiary shall enter into a contract drawn up by the Agency for the provision of home care.” Additionally, Section 12(3) stipulates that “the contract shall set out the obligations of the parties and the conditions under which it is to be performed based on the needs assessment report.” The absence of such contracts increases the risk of ambiguity in roles and responsibilities, weakens accountability, and exposes the Agency to potential disputes.
7. *Management, in response, stated that the delay in implementing the contract between the recipient, caregiver and the agency was necessary for several reasons. The Agency had to conduct multiple pilot activities across Mahe, Praslin and La Digue to gain a deeper understanding of the challenges faced by both beneficiaries and their caregivers. This was to ensure an informed approach was made before drafting the contract. Additionally, the Agency sought the expertise of a consultant to help establish a robust legal framework of the contract. The Agency has drafted the contract which will be submitted to the cabinet for approval.*
8. **Leave records not maintained:** Audit noted that, in five (5) instances, leave taken by caregivers had not been recorded. Consequently, the completeness and accuracy of leave records for these caregivers could not be verified.
9. *Management stated that the Agency maintains all annual leave records in an excel list inherited from the Agency for Social Protection. The Agency had to seek finance to procure its new software through the approval of the Digital Economy Steering Committee of the Ministry of Finance as it acknowledged the risk. The Agency is in the process of developing its new software alongside the guidance of the DICT for improved efficiency and management.*

10. **Outstanding debts from caregivers:** The process of identifying caregivers is initiated directly by the beneficiaries. The Agency's responsibility is limited to facilitating payments to those caregivers as confirmed by the beneficiaries. During routine monitoring visits, beneficiaries share feedback on the quality of care they receive and are encouraged to raise any concerns or complaints regarding their caregivers.
11. Audit reviewed a sample of sixty-five (65) complaint forms completed by Monitoring Officers during site visits and noted that, in six (6) instances, caregivers continued to receive payments despite not providing any services. Although these individuals were still recorded as active in the Agency's system, they were, in reality, either employed by other institutions or not engaged in any work. No evidence was found to indicate that they had informed the Agency of their change in employment or non-employment status, as required. Consequently, overpayments amounting to SR 505,452 were made. This amount remains outstanding, with full refunds yet to be recovered from the individuals concerned.
12. *Management stated that, in cases, where complaints are lodged, beneficiaries often choose to retain the caregiver due to the shortage of available caregivers in Seychelles. The Agency addresses reported absenteeism by deducting the corresponding allowances from the caregiver's payments as a corrective measure if they are on the payroll. Importantly, during the investigation period, the Agency stops the caregiver's allowances pending the outcome of inquiries. This procedure ensures due process and accountability as highlighted by the Auditors regarding caregivers working elsewhere. To verify employment status accurately, the Agency obtains official letters from employers and, where necessary, accesses the Seychelles Pension Fund portals to retrieve up-to-date employment information. These steps demonstrate the Agency's commitment to transparency, proper verification, and prudent management of public funds. The Agency furthermore met with all caregivers to sensitize them about the importance of communicating with the agency whenever they no longer wish to work with their beneficiaries. To enhance oversight, the agency has strengthened its presence on the ground. Additionally, the agency has contacted the Office of the Attorney General for guidance regarding the grounds for overpayments and is awaiting legal advice on the way forward.*

13. *It is important to note that recovery of overpayments is made through, when the caregiver re-registers; Caregivers are called via radio to report to office; and verification of their current employment status through the Seychelles Pension Fund portal.*
14. **Poor performance by caregivers:** From the sample of 65 monitoring reports reviewed, Audit noted that caregivers were not providing care to the expected standard and were failing to fulfil their responsibilities, as identified below:
- in 15 instances, the recipient’s home and environment were found untidy and unclean; reports of caregivers consuming alcohol during working hours; and failure to adhere to agreed working hours;
 - in 9 cases, caregivers were engaged in other employment, including casual, part-time; or full-time roles with other institutions, during hours they were expected to provide care.
 - in 3 cases, caregivers travelled outside the country for several days during working hours without applying for annual leave or notifying the Agency;
 - in 25 instances, monitoring officers found caregivers absent during site visits, with reasons often unknown;
 - in 4 cases, there were failure to notify the recipient or the Agency when on sick leave or arriving late;
 - in 4 instances, recipients were observed to be mobile, independently meeting their daily needs, and even instructing caregivers not to attend work every day; and
 - in 5 instances, care givers were arriving late and leaving early without informing the Agency or recipient.
15. *Management stated that caregivers receive service guidelines at the time of registration. Those already in the system were provided with these guidelines during a mandatory meeting conducted in 2023, where all requirements were thoroughly explained. The Agency has already taken action of severe cases of abuse or non-performance. The Agency offers counselling and training through its wellbeing and training section to address issues such as low performance, lack of communication etc.*



CHAPTER 9

Seychelles Licensing Authority

Introduction

1. The Seychelles Licensing Authority (SLA) established in 1984 currently, falls under the portfolio of the Ministry of Investment Entrepreneurship and Industry. The main objectives of the Authority are to grant, renew, refuse, suspend or revoke licenses and attach or vary conditions of a license. The mandate of the Authority is to facilitate business and socio-economic development through issuing and enforcement of the License Act and License Regulations.
2. The audit covered the revenue collection for the year 2024 and the use of goods and services, non-financial assets, wages and salaries and transport management for the year 2023. The matters arising were communicated to the Authority through an Interim Management Letter (IML) issued on 24.06.2025, which was discussed at an exit meeting held on 18.07.2025 and, subsequently, through a management letter (ML) issued on 22.08.2025.

Revenue collection

3. The Authority collected a total revenue of SR278,256,892 from all sources of licensing activities for the year 2024. Audit procedures were carried out to assess the accuracy, completeness of the revenue figures and compliance with applicable acts, regulations and the procedures in place.
4. The Authority collected SR198,328,058 in respect of Road Tax and Other licenses (including Levy).
5. ***Discrepancies in daily collections:*** A day's collection of revenue is detailed in a daily transaction listing (DTL) based on that other control procedures are undertaken. The revenue collection as per the DTLs for the year 2024 amounted a total of

SR194,639,969, which when compared to the treasury ledger figure of SR198,328,058 resulted in a variance of SR3,688,089.

6. *Management responded stating that the observed variance of SR3,688,089 between the DTL and the Treasury General Ledger is primarily attributed to timing differences in postings made by the Treasury. Collections recorded on the last day of the year and those received at the beginning of the following year often result in mismatches due to processing delays between the Treasury and SLA systems. As for corrective action, the Authority is actively collaborating with the Treasury Department to ensure alignment in cut-off procedures and to reconcile all year-end postings, particularly those related to internal voucher payments.*
7. **Issues in vehicle number plate records:** SLA maintains a computerised system, DVL - Driving Vehicle License, which also include vehicle registration numbers, and a manual register for the recording of license plate numbers. The DVL shows, among others, unallocated numbers and those that have been reserved for a period of two years and for which a fee of SR2,000 is payable. Audit of these records revealed the following discrepancies:
 - in 3 cases, license plates (i.e.138, 209 and 272) reserved for two years had expired their validity, yet they were not made available in the system to be allocated to members of public under normal category;
 - database or the manual records did not include five number plate numbers (i.e.340, 347, 552, 687 and 712), hence, their allocation or non-allocation could not be established; and
 - in eleven (11) instances, it was noted that the license plate numbers had two or more overlapping dates within a two-year period from when the number was last reserved, putting in doubt whether the number were reserved by one or more individuals due to the lack of details in the ‘reserved numbers report’.
8. *The management responded as follows:*

- *three license plate numbers referenced (138, 209, and 272) were indeed reserved and the relevant payments were settled, as confirmed by our internal reserved numbers report. However, due to system limitations, these records may not be visible in the DVL interface. The lack of a mechanism to automatically flag or archive expired reservations has contributed to this issue;*
 - *some older reserved numbers (e.g., 340, 347, 552, 687, 712) may not appear in the current version of the system due to data migration or archiving errors during past updates. These cases require further investigation with DICT support, and we will be liaising with them to retrieve or restore the missing data;*
 - *instances of overlapping reservation dates occurred due to manual errors and a lack of built-in validation in the current system. These have been identified during the Authority's own internal checks as well and are being addressed in the upcoming Standard Operating Procedures (SOPs) being developed by licensing officers.*
9. Total revenue collection under the telecommunication licenses amounted to SR64,727,769 for 2024. The audit review of the database from DICT and SLA and other relevant records revealed the following.
10. ***Unavailability of audited financial statements:*** In respect of the three main telecommunication entities licensed to operate, Audit could not find the audited financial statements for the year 2024, inhibiting the verification of the accuracy of the license fees paid during the year. It is to be noted that these are required to be filed with the Authority for the verification of completeness and accuracy of the fees being paid to the Authority.
11. *Management stated that in anticipation of the transfer of telecommunication licensing functions to the Seychelles Communications Regulatory Authority (SCRA) from 2024, SLA held off on sending financial statement requests to licensees. However, due to a delayed transition by SCRA, SLA has resumed the process and is currently dispatching*

financial statement requests to the telecommunication entities. Follow-ups are ongoing to ensure timely submission.

12. ***Absence of supporting documentation:*** Upon reviewing one company's (X) broadcasting and telecommunication revenue records pertaining to mixed category, audit identified four (4) instances, totalling SR11.3m, where the actual revenue amounts were not supported by any documentation, such as, letters, invoices, debit notes or statements detailing the relevant months and corresponding revenue figures. As a result, audit could not confirm whether the payments received were in the correct amount and for the month or any specific period of time. Furthermore, in eleven (11) instances, receipts and supporting documentation were not made available in the relevant file for audit review. As a result, the necessary audit tests could not be performed.
13. *The management stated that receipts and documents were filed separately in the registry section due to filing constraints and were temporarily transferred to the Ministry of Finance for their review. SLA is currently reorganizing and digitizing files to improve document retrieval and has requested additional manpower to expedite the filing process.*
14. ***Variance between SLA and DICT databases:*** Audit identified a variance of SR14,164,094 between the database of the three main telecommunication entities maintained by the Authority with the DICT database. This discrepancy resulted from certain records that were not being updated or reconciled with the databases.
15. *According to the management, these discrepancies were primarily due to delays in synchronising SLA records with DICT's database. All SLA receipts are recorded in the SLA system; however, the Authority acknowledges that real-time data sharing with DICT is essential. DICT is currently addressing the issue by enhancing the system interface and implementing controls to prevent future mismatches. Management also stated that reconciliation is actively ongoing.*

16. The Authority collected a total of SR278,642,142 from all sources of revenue generating activities during the period under review. The audit of the accounts and records relating to this revenue revealed the following.
17. ***Paying-in slip not sighted:*** For the banking of daily collection on two separate dates, i.e. 19.02.2024 and 25.01.2024, audit could not find the relevant paying-in slips in evidence of the banking of the amounts in full.
18. *Management stated that the oversight regarding the missing paying-in slips for the two identified revenue vouchers were accidentally not attached during the filing process. The Finance Section has since located and filed both slips in the correct voucher files.*
19. ***Discrepancies between DITC database and DTL:*** The audit review of the revenue database and the daily transaction listings revealed discrepancies between the two records in respect of twenty-four (24) dates resulting in different revenue figures being disclosed. Further, audit observed that pledge collections, were entirely lacking from the database provided by DICT, despite being reflected in the DTL.
20. *The Authority acknowledges the audit findings regarding the discrepancies noted between the DICT database and the DTL. The Authority would like to highlight that since 2023, the Authority has been actively engaging with the Ministry of Finance and the Department of Information Communications Technology (DICT) to reduce its reliance on manual receipts and to improve the reliability of electronic records. Specifically, the Authority requested that a dedicated code be created and activated in the system to better capture and track revenue transactions, particularly pledge-related collections.*
21. ***Missing receipt numbers:*** A sequential review of receipt numbers performed through the Authority's cashier module revealed that two hundred and seven (207) receipt numbers were missing for the year 2024. Hence, audit could not ascertain if the receipts were void and/or issued correctly.
22. *The Authority stated that moving forward it is reviewing its document storage practices to prevent the recurrence, including waterproofing storage areas and exploring digitization of receipt records, and provided following comments on the audit findings.*

23. **Storage Incident:** *During the year, a leak from the air conditioning system affected the storage area where physical receipts were kept. As a result, some receipt booklets were damaged. While efforts were made to salvage as many documents as possible, a number of receipts were unfortunately lost or rendered illegible.*
24. **Client File Copies:** *Despite the loss of some receipts, it is important to note that each transaction also includes a copy of the issued receipt filed in the individual client's file. These copies serve as a reliable source for verification of the issued receipts.*
25. **Daily Collection Reports:** *In addition, daily collection summary reports are properly filed and remain intact. These reports reconcile the receipt numbers and amounts collected each day, providing another layer of assurance over the completeness of revenue.*

Procurement of goods, works and services

26. **Lack of invoice approval:** In seventeen (17) cases costing SR277,222, Audit noted that the Accounting Officer or delegates were not signing on the face of the invoices attached but only the memo and pro-forma invoice / quotation instead of the invoices. Similarly, the monthly utility and telephone bills were uncertified by the relevant signatories on their face. This contradicts the Accounting Manual paragraph 7.7 (e) which says 'each supplier's invoice will be evidenced by signing on the face of the invoice that checks stated in paragraph 7.7 (a-d) have been completed by the Accounting Officer or delegates'.
27. *The Authority stated that it has established a new approval protocol in which a memo is circulated for verification and recommendation by the Administration and Accounts unit before final approval is given by the CEO/DCEO. Signing is done on the memo itself instead of the invoices.*
28. While acknowledging the Authority's new approval protocol, Audit reiterates that signing of actual invoices on its face is still important to ensure that correct invoices are paid in correct amounts and to the right supplier, for which goods or services have been received.

29. **Lack of supporting documents:** Section 63 of the Public Finance Management Regulations (PFMR) 2014 states that "Payment shall not be made unless the payment voucher is supported by the original invoice and accompanying documents, as required by the Accounting Manual." However, audit noted a number cases, as below, where the payments were not supported by the required documents to ensure the propriety of the payments in question:

- in two instances, payments totalling SR13,686 were not supported by invoices, receipts, or memos explaining the purchases;
- two (2) payments totalling SR14,890 were lacking their original invoices as they had only pro forma / estimate/quotation attached;
- a payment for SR39,838 was made to an insurance company vide PV 080P230082 dated 01.03.2023, lacked supporting invoice, receipt, or debit note in support of the payment, except for the letter and the multi-risk insurance renewal invitation schedule;
- in three (3) instances, payments totalling SR171,042, relating to utilities (water, electricity and telephone) were not supported by bills/invoices, or any other documentation; and
- four (4) payments totalling SR28,337 relating to purchase of non-financial assets lacked original invoices, however, had a quotation/ pro-forma invoice attached, which was against the requirement.

30. **Open ended service agreement:** The Authority utilised the services of a car wash for all its vehicles. Upon reviewing the contract, it was noted that the agreement was effective 03.06.2020 for an undefined period of time. It entailed charges of SR350 per service inclusive of exterior washing and drying, interior vacuuming of floors and seats, wiping of windows, dashboards, vinyl surfaces, door jambs, and kick plates, as well as the collection and delivery of vehicles before and after the service.

31. *Management stated that the contract with has been terminated.*

32. **Defective accommodation agreements:** Audit identified three instances related to office accommodation where the agreements were unavailable for review or were incomplete, as outlined below:

- the lease agreement for the Praslin Office for 11 months during 2023 for which payments of SR409,702 was unavailable for review. The previous agreement was only for the years 2020 to 2022;
- the lease agreement for La Digue Office for which payments of SR428,240 were paid in 2023; and
- the 97-year lease agreement referenced in the letter dated 13 January 1999 detailing the terms and conditions of the lease for the head office.

33. *According to the management, the contract was still legally valid after the expiry date as SLA kept making payments which were accepted. SLA was awaiting its move to Grand Anse Praslin Branch and therefore a new contract was not signed. Regarding the second one, no agreement has been signed yet. As for the third one, documents for the occupation of the Orion Mall Building was provided, however, no registration documents are available.*

34. **Ambiguity in service contract:** The Authority formally employed one Mr. F. to perform maintenance works under a two-year contract. The contract was renewed on 1 July 2022 for a two-year term until 30 June 2024, at a monthly salary of R10,000. As per the contract terms and condition, he was required to work three days a week, with full employment benefits, including leave, thirteenth-month salary, etc. in accordance with the Employment Act and PSO. Additionally, he was assigned other tasks, such as, air-conditioning services and general maintenance, for which he was paid separately. Audit observed that total payments of SR354,599 made to the contractor during 2023 was inclusive of salary of SR119,496, maintenance services of SR73,564, partition work of SR110,338 and car wash services of SR51,200. Audit considered the contractual terms and conditions unclear and complicated.

35. *The Authority stated that it has cancelled all previous contracts under the guidance of POU to address these points effective January 2025. Mr. F has an active contract for air con servicing and is yet to sign the new maintenance contract.*

Non-financial assets

36. Audit examined the Authority's procedures and controls over procurement as well as safeguard of non-financial assets and noted the following.

37. **Physical verification of assets not performed:** Annual asset verification was not performed by the Authority for the year 2023 or any previous years, as required by section 12.3 (g) of the Accounting Manual stating that accounting Officer shall ensure that annual verification of all assets (properties, plant and equipment) is carried out and certified by a public officer who is independent from the asset management. Head of Accounts shall submit a statement to the Comptroller General which shall include the: (i) description and asset codes, (ii) existence and location of assets, (iii) condition of assets, if applicable, e.g. usability and obsolescence, (iv) justification and value of differences, if any and (v) the value.

38. **Asset management software not in use:** Accounting manual requires the head of admin to record all items of assets in the Fixed Asset Management System. There is no threshold, so even small items purchased under the minor capital outlay shall be recorded in the Fixed Asset Management System. The system shall reflect FORM RF-001 Fixed Asset Register. Audit was provided with the Fixed Asset Register, which is being maintained in an Excel document. While the necessary information in accordance with FORM RF-001 was included, it was noted that the Authority is not utilising the asset management software for tracking and recording of assets.

39. *According to the management, the Asset Management Unit from the Ministry of Finance agreed for SLA to use the excel files as an alternative to the register, which was confirmed through an email.*

40. **Fixed asset register incomplete:** Audit tested a sample of fifteen (15) assets from physical existence to the FAR and, a further sample of seventeen (17) assets acquired in 2023 to the FAR and noted the following shortcomings:

- of the 15 assets selected, five (5) assets could not be traced to the register despite their physical existence;
- of the 17 assets purchased, a Westpoint WSZ-2420 Aircon 24000BTU valued at R12,500 vide PV 080P230241 was not found entered in the FAR;
- one asset acquired at SR130,732 had been recorded twice with the same payment reference but with different dates, i.e. 11.30.2023 and 02.01.2024; and
- in some cases, the assets physically sighted lacked asset identification numbers.

41. *Management noted the findings and agree to amend records accordingly.*

Transport management

42. SLA had a fleet of five (5) vehicles on which SR103,080 was spent in 2023 on refuelling. Audit tests performed on the mileage recorded for trips undertaken and on fuel purchased and issued revealed the following against the provisions in PFM Act 2014 Section 78 (a) - (r) Use of Vehicles.

43. **Daily mileage sheets:** Audit was unable to verify the daily mileage sheets for vehicles S1947 and S4507 as they were not produced whereas the mileage records of vehicle S28257 for the period March to May were unavailable. With regards to three vehicles, i.e. GS28782, S8803, and S19572, discrepancies were observed with unaccounted mileage of 66kms, 326kms and 3,511kms respectively. In addition, a number of shortcomings were noted through the audit review of daily mileage sheets pertaining to vehicles GS28257, GS8803, GS19572 and GS 28782.

44. *The Authority stated that it has taken necessary measures to ensure that all mileage record keeping is being performed at all times. As for the missing records, a thorough search will be conducted to ensure that a complete record is available for audit review to which we will make provision as soon as they are identified. SLA recognizes that there might have been an incomplete handover process between the previous admin staff and the new staff which may have resulted in misplacing of documents.*

45. **Fuel consumption analysis:** Audit observed that the Authority was not performing the Fuel consumption analysis as per the Accounting Manual stipulated formula, which resulted in incorrect information on the performance of each vehicle in terms of fuel consumption.
46. *The management stated that its new fuel consumption system will allow the Authority to conduct such analyses.*
47. **Lack of authorisation of trips:** An audit review of the Daily Mileage Sheets maintained by the Authority revealed twenty-six (26) instances where the daily mileage sheets lacked the signature of the authorized personnel. Instead, the drivers write their names and sign the sheets whenever they use the vehicle.
48. *The Authority agreed to adjust operations accordingly.*

10**CHAPTER 10****Department of Legal Affairs*****Registration Division*****Introduction**

1. The Registration Division, under the Department of Legal Affairs, manages registries for land titles, businesses, and intellectual property. It handles land and property records, company registrations, business name updates, and associations. It also oversees patents, trademarks, and other intellectual property rights, while collecting Stamp Duty on land transfers and certain document registrations.
2. An audit was undertaken for the year 2024 with the principal objective of performing sufficient test to verify compliance with applicable financial rules and regulations and assess the reliability and adequacy of the accounting records relating to the revenue collection and service agreements.
3. The matters arising were communicated to the Department through an Interim Management Letter (IML) issued on 23 April 2025, which was discussed at an exit meeting held on 06 May 2025 and subsequently, through a management letter (ML) issued on 22 August 2025. Audit received a written response on 12 September 2025 of which comments are incorporated in the following report.

Revenue

4. The Registration Division collects revenue from Stamp Duty on all transfer of land and certain registration of documents under the Land Registration Act, Mortgage and Registration Act, Land Adjudication, Company Registration, and Trademarks, as prescribed by applicable regulations. During the year 2024, the Division collected total revenue amounting to SR112,988,428, showing an increase of SR9,999,728 over the previous year. The audit of the revenue system and the relevant records revealed the following.

5. ***Difference in reported revenue figures:*** Audit observed a discrepancy of SR 6,281,895 between revenue collections recorded in the Cashier's Module and the Treasury general ledger. Audit could not obtain an explanation for the variance.
6. *In a reply (09.10.2025) the Division stated that the discrepancy was caused by system-related issues, particularly duplicate receipts/invoices generated automatically by the Cyber Source portal and internally by accounts staff. The absence of a dedicated bank account also contributed to reconciliation delays. This has since been rectified with approval from the Ministry of Finance for a dedicated account for the Registration Division, now being integrated into the cashier module. This represents the updated position. Additionally, there are proposed amendments made under made under the stamp duty act to ensure when invoices are raised and issued on clients, that they comply with the legal timeframe to pay the fees due to the Division.*

Debtors

7. Audit reviewed the management of debtors to assess the accuracy, completeness, and recoverability of outstanding balances recorded by the Division. This included examining whether debtor records were properly maintained, regularly updated, and supported by appropriate follow-up actions to recover outstanding amounts. The following observations were made.
8. ***Significant increase in outstanding debts:*** As at 31 December 2023, the Division reported outstanding debtors of SR4,465,907. This balance increased substantially to SR25,694,924 in 2024, reflecting an increase of SR21,229,016. The significant rise in outstanding debts raises concerns regarding the overall effectiveness of debt recovery process, including the credit policy and its application.
9. *Management stated that presently invoices are issued when documents are processed, but the absence of legal provisions for immediate payment or penalties results in delays or unpaid invoices, many of which relate to copies and certificates that were processed but never collected. System issues with the DICT-managed CyberSource portal, such as automatic receipt generation and delays in regenerating certificates, along with the lack of a dedicated bank account, further contribute to processing delays. The Division does not maintain a formal credit policy, as documents are registered only upon full payment, with deviations constituting a breach of registration laws and the Stamp Duty*

Act. Following the recruitment of additional staff, a reconciliation exercise was initiated to review invoices from the past five years, eliminate duplicates, and contact clients regarding unpaid invoices, including those affected during COVID-19. Certain invoices, particularly for legal or investigative purposes, cannot be voided without individual assessment, and irrecoverable amounts may be written off with Ministry of Finance approval. Additional challenges arise from exemption requests submitted after invoices are issued and there is currently no legal provision to penalize late settlement. The Stamp Duty Act is under review to address regulatory gaps, while pending documents from legal practitioners whose licenses are suspended or revoked prevent processing or direct client contact. Management concludes that, due to operational realities, legislative limitations, and client factors beyond its control, some outstanding debtors are inevitable. Statements of account have been shared with clients, but balances may continue to rise, as services cannot be withheld when payments are made on clients' behalf by legal practitioners, and the absence of legislative penalties limits enforcement of timely payment.

10. Audit obtained an updated debtors statement as at 06 June 2025 and noted a total outstanding balance of SR 26,382,837. This represents an increase of SR 687,913 compared to the balance reported as at 31 December 2024. The continued growth in outstanding debt highlights persistent challenges in the Division's debt recovery processes.
11. *In the reply dated 09.10.2025, the Division stated that it noted that the figure has since changed. As at August 2025, the outstanding balance had decreased to SR19,814,394, a reduction of SR6,568,442 compared to the June 2025 position. This rectification provides the most recent and accurate balance. This has been as a consequence of different initiatives which the Division has initiated, which are within our control, contrary to limitations in the laws and the systems which we are unable to do anything about, except proposed and wait for other offices to address.*
12. **Absence of follow-up on debt recovery:** In line with the requirements of Public Finance Management Regulation 49, which stipulates that revenue shall be collected when due and that all appropriate steps shall be taken to recover arrears, Audit reviewed a sample of 40 debtor accounts with balances outstanding for more than 90 days

- totalling SR 21,608,421, and noted a lack of follow up action for debt recovery. Specifically, there were no reminder letters, statements of account, or other forms of correspondence on file to demonstrate that efforts had been made to recover these overdue amounts.
13. *To strengthen debt management, the Division now benefits from a fully capacitated Accounts Section with the recruitment of a Senior Accountant and a Finance Director, compared to previous years when only one officer assisted with accounting functions. The enhanced capacity will enable the full implementation of the Standard Operating Procedures (SOPs). For instance, in addition to sending out emails every year to the practitioners, this year we also embark on issuance of statement of accounts.*
14. *In the reply, the Division stated that follow up action have been conducted and are now better documented. As at August 2025, reconciliations and client contacts have led to the resolution of SR6,567,117 of the debt. This rectifies the earlier figure of SR4,753,412 quoted in the draft report.*
15. **Long outstanding debts:** An analysis of the accounts receivable was conducted to assess both the aging of outstanding debts and their potential recoverability, based on the debtor listing compiled by the Division as of December 2024. The analysis revealed that a significant portion of the outstanding debts, were debts exceeding 90 days, which amounted to SR25,694,924. This represented 94% of the total outstanding debt as at year-end, indicating a high concentration of long-outstanding receivables.
16. *Management stated that registration and issuance of documents, copies, or certificates occur only upon payment. Under the current system, invoices serve as proof of document processing, placing the onus on clients to pay. The Division cannot compel payment due to the lack of statutory authority for the Stamp Duty Commissioner, and there have been instances where requested copies or certificates were not collected, leaving numerous unpaid invoices. The absence of statutory payment deadlines further limits recovery efforts.*
17. *To address these challenges, the Division has implemented the following measures:*
- *invoices are now raised only upon payment request;*
 - *reminder letters were issued to legal representatives to verify and resolve outstanding invoices;*

- *internal reviews are conducted to identify and void duplicate or already-settled invoices;*
 - *invoice and Registration Officers actively follow up on pending payments; and*
 - *the Ministry of Finance has provided additional support, including an intern to help correct system-related invoice errors.*
18. *The Division further stated in its reply that while the structural challenge of no statutory deadline for payment remains, we have strengthened internal processes, invoices are now raised only upon request, reminder letters with statements of accounts have been issued, and duplicate invoices are being voided. This is the updated position compared to what was initially reported.*

Service agreements

19. Audit reviewed the two main contractual agreements entered into by the Division with the following suppliers: PAS, for the digitalization of files for Registration Division, and I and W Ltd, for the cleaning, repairing, rebinding, and digitalization of documents. The audit of the contract administration revealed the following.
20. The initial contract with PAS for the digitalization of files commenced on 23 February 2022 for contract price of SR 1,250,000. This was subsequently, extended by 2.5 years, with an addendum signed on 19 December 2024 for an additional sum of SR 2,000,000. This amount is payable in seven quarterly instalments, with project completion anticipated by June 2026. The total project cost has now risen to SR 3,250,000.
21. Audit noted that no documented evidence was available to confirm that services were verified against agreed deliverables prior to payment. While the Project Consultant reported that the Senior IT Officer was responsible for verifying scanned documents to ensure compliance with requirements, the officer resigned in July 2024. Audit could not establish whether another officer has been designated for this responsibility including the authority to sign off invoices and perform other checks on the relevant documents.
22. *The reply stated that at project start, qualified staff were available, but later resignations in key positions, left gaps. Importantly, the Director for HR, Admin and Finance is no longer with the Division, meaning we are still not fully capacitated. This updated position illustrates the continuing strain on project oversight. Despite these*

constraints, monitoring was carried out through meetings and weekly reports, though challenges outside our control (lack of space, water leakage, IT system failures that severely affected the execution of the service agreements) also contributed.

11

CHAPTER 11

Seychelles Defence Forces

Introduction

1. The Seychelles Defence Forces (SDF) is mandated to defend Seychelles and any other area over which the Republic has proclaimed its jurisdiction. The SDF headquarters are situated at Bel Eau while the remaining units are located mainly around Mahe.
2. An audit of the accounting records maintained by SDF was undertaken for the year 2024 with the principal objective to perform sufficient tests to ensure that its financial transactions were conducted in conformity with the applicable financial procedures. The matters were presented to the management through an Interim Management Letter (IML) dated 04.08.2025 which was discussed during an exit meeting held on 20.08.2025, and subsequently, through a Management Letter dated 03.10.2025. It is to be noted that the management comments included in this report were obtained both during the exit meeting and through a follow up undertaken in August 2025.

Procurement of goods

3. Audit examined the procurement of goods and services during the year through a samples and noted that in the case of purchase of fish from one supplier, there was no valid contract for the period January to September 2024, despite numerous payments made to the supplier during the period. A contract was signed between the two parties effective September 2024 for a three months' period with renewable conditions. All payments made to the supplier during the period January to December amounted to SR1,171,575. Despite the contract, it was not clear as to whether the particular supplier was selected through a competitive method of tender as required by the applicable procurement regulations.
4. *Without producing any documentary evidence of tender process, the management responded that the Procurement Section had delays in the tender process of the fish contract.*

5. *In its reply of 22 October 2025, management stated that in April 2024, when SDF took over management of its kitchen facility, a request was submitted for SDF to purchase fish from R Fish, who was the current supplier for STA. Given the recent change in ownership, it was advisable to continue using the same contractor to avoid any negative impact on SDF's operational readiness. A request for direct bidding with R Fish was forwarded to the Procurement Committee in April 2024 for a one-year period at SCR 604,840.00 for direct bidding (estimated cost was based on the costs incurred by the consumption from Vessels). Approval was given in May 2024, but for a duration of only three months, recommending limited bidding under clause 61(2)(b). In June 2024 the Chief of Defence Forces (CDF) approved the three-month contract (within budget threshold). The contract was signed in September 2024, although there was a delay on the supplier's side to finalize the agreement. - September 2024: A request for approval from the Procurement Committee for limited bidding was submitted in September 2024. Tender was estimated at SCR 840,000.00 in consideration of rise in price as the subunits were omitted in the April's request. The request for limited bidding was approved in October 2024 and the Invitation to Bid (ITB) was drafted at the end October 2024 however the tender process was initiated in 2025 due to setbacks concerning the ITB, specifically regarding SDF's requirements. Tender was initiated in March 2025 and contract awarded and signed in May 2025. Formal written communications in respect of the above, between the procuring entity and the SDF procurement committee were submitted however none was furnished in regards to the tender process and award of contract in March and May 2025 respectively.*

Non-financial assets

6. The procurement of assets inclusive of vehicles in 2024 amounted to SR4,551,340. Audit examined the accounts and records maintained in respect of various items of assets and also conducted a physical verification of the assets acquired during the year and in previous years at the SDF HQ, Seychelles Coast Guard, Seychelles Air Force and South East Island. The audit revealed the following shortcomings.
7. **Physical location of assets differed to FAR:** In ten (10) instances involving twenty-six (26) assets for a total cost of SR450,431, the physical location of these assets differed to the location recorded in FAR.

8. **Assets not physically sighted:** Audit was unable to physically sight three (2) assets worth SR35,185 at the time of inspections; photographic evidence submitted to Audit did not cover the above two assets.
9. **Discrepancies with identification numbers:** Two (2) assets worth SR242,911 had not yet been assigned with unique identification numbers. Further, in eight (8) cases, costing SR, the asset identification numbers were not in agreement to those recorded in the FAR.
10. **Assets not traced to FAR:** A sample of twenty-four (24) assets was selected from Head Quarters, Seychelles Air Force and Seychelles Coast Guard, for which Audit was unable to physically trace the locations and recording of twelve (12) assets in FAR.
11. **Asset not yet installed:** The garmin radar procured in December 2024 for SR102,125, PV#103P244928 dated 18.12.2024, for the Fast Response Boat (FRB) 218 was still in the mechanical workshop at the time of the inspection (28 May 2025) as the boat was still undergoing repairs.
12. *Management stated in its reply of 22 October 2025 that the FRB is still under repair and awaiting spares. The radar will be installed once the boat is operational. The radar installation is delayed due to overseas spare part procurement. It will be installed once the boat is operational to avoid unnecessary maintenance on idle equipment.*

Status of action taken on previous audit matters

| AR2023 Page, Para | Audit brief | Status |
|----------------------|---|-----------------|
| 26, Para 3 | MOU not yet signed between SDF and supplier | Persists |
| 26-27, Para 4 | Lack of three quotations, no approval from POU / NTB and absence of contracts | Resolved |
| 27, Para 6 | Computerised stores/inventory system being used at the Coast Guard was not in use | Resolved |
| 27-28, Para 10 | Vehicle logbooks need improvements (partial measures taken to address the shortcomings) | Persists |
| 28, Para 15 | Incomplete accident case file (new measures are being taken to investigate all accidents) | Persists |
| 28-29, Para 17 | Vehicles records at SLA and SDF differ | Partly resolved |
| Page 29, Table | Stores records (bin cards) not always maintained | Resolved |

12

CHAPTER 12

Seychelles Revenue Commission

Customs Division

Introduction

1. The Seychelles Revenue Commission (SRC), established under the Seychelles Revenue Commission Act, 2009, is responsible for the administration of the revenue laws, specified in the Schedules to the Act, in accordance with the provisions of the Revenue Administration Act, 2009. SRC has two divisions viz. the Customs Division and the Tax Division.
2. The Customs Management Act, 2011, as amended, provides the Customs Division with mandate in respect of administrative and operational procedures. The Act further provides that the Commissioner General shall appoint a Commissioner for Customs who shall be responsible for the Customs Division.
3. An audit of the accounts and records pertaining to revenue collection was undertaken for the year 2024 together with a follow-up on action taken in addressing the previous audit findings and recommendations. The matters arising were first conveyed to the management through an interim management letter (IML), dated 03.10.2025 which was discussed at an exit meeting held on 14.10.2025. The relevant management comments received at the exit meeting have been suitably incorporated in the following report.

Revenue collection

4. ***Overall revenue collection lower than budgeted estimates:*** The Customs Division collects taxes including levies on items imported into the country through the Seaport, Airport Cargo, Passenger Airport Terminal and the Post Office.
5. The actual revenue collection in 2024 totaled SR2.70b (2023: SR2.62b) against an original estimate of SR2.81b, revised downwardly to SR2.80b. This represents a lower collection of SR92.42m or 3% against the revised estimates. However, the collection

- surpassed actual revenue for the year 2023 by SR82.31m or 3%. An overview of the performance under the different revenue categories follows.
6. ***Actual collections in excess of revised revenue estimates:*** While an overall under collection of revenue was noted against the revised budget, there were specific revenue categories, namely, excise tax on alcohol, customs duties on other imported goods and customs fees and fines, which surpassed their respective revised estimates by 10%, 20% and 66%, respectively.
 7. ***No separate estimates for additional levy:*** A significant under collection was noted in Additional levy in that actual collection was SR10.52m against a revised estimate of R64.10m, originally projected at SR73.70m, thus resulting in a negative variance of SR53.55m or 84 per cent.
 8. *Management stated that it takes note of the audit observation regarding the under-collection of revenue under Additional levy. This matter was discussed with the Ministry of Finance, who confirmed that the budget for this specific account includes levies collected both by SRC and SLA. Consequently, the revised projection provided was not solely attributable to SRC, making it impractical to draw a direct comparison between SRC's actual collections and the overall revenue projection.*
 9. *It is further noted that SRC has been classifying revenue received under this account for the Levy on GEL Refrigerants. The total revenue collected under this code amounted to SR 10,519,239 in 2024, and SR 11,141,432 in 2023. These figures demonstrate that the revenue stream collected by SRC has remained consistent and within a comparable range over the past two years. Management acknowledges the clarification provided by the Ministry of Finance that, going forward, separate revenue forecasts will be issued for SRC and SLA. This will ensure a more accurate assessment of SRC's performance in relation to its revenue projections.*
 10. ***Absence of third-party records to support declared volume of fuel:*** Upon verifying the bills of entry (BOE) in respect of excise tax and customs duty paid by SEYPEC relating to fuel, Audit noted that the supporting documents did not include the requisite supplier invoices. The Commission clarified that upon arrival the fuel does not immediately belong to SEYPEC but ownership initially rests with TOTAL, an international company until it is purchased by SEYPEC. The Excise Unit further noted

- that it is currently undertaking a verification exercise to confirm how the entity is registered in Seychelles which will guide the assessment of the type of declaration being submitted and to ascertain whether the correct declaration is being made upon arrival.
11. It was, however, confirmed that for the year 2024, no BOEs were raised under TOTAL to support the original receipt of fuel in TOTAL's custody upon arriving in Seychelles and subsequent transfer of fuel sold to SEYPEC by TOTAL. Nor did audit find invoices in ASYCUDA to support the volume of fuel sold by TOTAL to SEYPEC.
 12. In the case of fuel sold to customers at metered pumps, Audit noted that the Customs Office relied on the calculations provided by SEYPEC. No third party records, such as metering logs for fuel sold to customers at pump stations, were being verified by the Customs Unit to independently verify accuracy of the volumes of fuel sold before calculating the applicable taxes.
 13. ***Variations in the volume of fuel recorded on BOE vs BL:*** Customs duties on fuel are primarily calculated by the Customs Office based on the volume or weight of fuel. For the selected sample of transactions, Audit noted variances in the volume of fuel recorded on the BOE against that recorded on the BL. For the majority of the sampled bills, the volume of fuel recorded on the BOE was higher within the ranges of 0.8% to 2.6% whereas in few cases, the BL was higher than the BOE by 4% to 10%.
 14. Whereas SRC clarified that the differences in volume is a result of expansion or contraction of fuel, Audit noted that there was no form of checks or Standard Operating Procedures (SOP) in place to validate the correctness of the volume of fuel declared and to ensure that any differences identified fell within acceptable norms and in turn ensure that the rightful applicable taxes and duties are collected.
 15. Audit is of the view, that in the absence of third-party records and a lack of controls over monitoring of discharge and sale of fuel record, potential misstatement in the volume of fuel may go unnoticed resulting in either over or under-collection of revenue.
 16. *Management stated that, in June 2024, it was noted that the total volume of fuel declared on the BL did not match the figures declared on the BOE. The Excise Unit subsequently held several internal meetings to discuss the issue and to ensure that proper documentation was being submitted.*

17. *In July 2024, the Excise Unit held a consultative meeting with SEYPEC regarding the observed variances between the fuel discharged and the fuel volumes declared on the BL. SEYPEC representatives explained that in certain cases, the BL reflected a larger quantity than what was actually discharged. Consequently, only the discharged volume was declared on the BOE.*
18. *Customs informed SEYPEC of the importance of ensuring that accurate information is captured in the system at all times. Despite the operational constraints highlighted by SEYPEC, Customs emphasized the need to maintain correct BL records. SEYPEC was advised that, prior to the arrival of any tanker in Seychelles, any necessary amendments to the BL should be completed promptly. Furthermore, they were instructed to rectify any discrepancies on the BL within 48 hours to ensure the accuracy of official records. SEYPEC representatives agreed to this recommendation and have since been liaising with TOTAL to ensure that correct BLs are issued consistently.*
19. *In addition, the need was identified to station an Excise officer at SEYPEC to monitor vessel discharges and ensure proper documentation. However, implementation of this measure was delayed due to staffing shortages within the Excise Unit.*
20. *In March 2025, the Excise Unit assigned an Officer to SEYPEC to gain full exposure to the end-to-end fuel process to monitor fuel discharge on vessel arrival, oversee fuel sales, conduct stock takes and reconciliations, and review monthly tax declarations in ASYCUDA World. Based on this, a draft Standard Operating Procedure (SOP) has been completed and is currently under discussion within the Excise Unit prior to submission to SRC Management for approval to formalize the procedures and provide clear guidance for Excise officers. The SOP will guide Excise officers in their future engagements with SEYPEC and to ensure compliance with the Excise Tax Act, 2019.*
21. *Meanwhile, the Excise Unit is awaiting from SEYPEC to schedule the attachment of two Customs Officers to SEYPEC's Finance and Accounts Department to enable the officers to gain practical training on how SEYPEC prepares its tax declarations and processes its payments.*
22. *The Commission will now finalize confirmation of TOTSA's registration status in Seychelles in order to properly assess the type of declaration required and to determine whether the correct declarations are being submitted.*

23. The Commission will also continue engagement with SEYPEC's fuel management team to ensure that processes remain accurate and reliable, and that all declared taxes are correct and fully compliant with the Excise Tax Act.

Status of action taken on previous audit matters

| AR 23 Page, Para No, audit brief | Status | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------|------------|------------------|------------------------------------|--------------|--------------|------------------|--------------|------------|---|--------------|--------------|-------------------------|--------------|---------------|---|--------------|--------------|---|------|-----------|
| Page 71-72, Para 4-6: Inconsistencies in the documents submitted for bill of entry assessment. | Resolved. | | | | | | | | | | | | | | | | | | | | | |
| Page 72-73, Para 7.1-7.7 Follow-up of unpaid bills | Work-in-progress. Of the 14 unpaid bills reported in AR2023, six bills remained unpaid and two bills were partially settled as at 30.09.25. Based on a new sample of unpaid bills selected in the 2024 audit, five bills remained unpaid. | | | | | | | | | | | | | | | | | | | | | |
| Page 73, Para 8-11: Payments and amendments to outstanding bills. | Work-in-progress. | | | | | | | | | | | | | | | | | | | | | |
| Page 50 : Cases referred to SRC's Legal Unit. | Work-in-progress. | | | | | | | | | | | | | | | | | | | | | |
| <p>Page 59, Para 3.122</p> <p>As at 31.12.2018, the dishonoured cheques <i>Treasury ledger balance</i> totalled R13.5m.</p> | <p>Observation persists; Dishonoured cheques Treasury ledger balance stood at R19.8m as at 31.12.2024 whereas SRC had a balance of R20.8m. A breakdown of the cheque balance is provided in the table below.</p> <table border="1" data-bbox="786 800 1338 1518"> <thead> <tr> <th data-bbox="786 800 1045 877">Description</th> <th data-bbox="1050 800 1170 877">Year of DC</th> <th data-bbox="1175 800 1338 877">Total of DC (SR)</th> </tr> </thead> <tbody> <tr> <td data-bbox="786 884 1045 961">Dishonoured Cheques with No Record</td> <td data-bbox="1050 884 1170 961">2006 to 2014</td> <td data-bbox="1175 884 1338 961">1,151,482.94</td> </tr> <tr> <td data-bbox="786 968 1045 1045">Cheques with CID</td> <td data-bbox="1050 968 1170 1045">2009 to 2019</td> <td data-bbox="1175 968 1338 1045">846,860.04</td> </tr> <tr> <td data-bbox="786 1052 1045 1150">Cheques relating to partial settlement of obligations</td> <td data-bbox="1050 1052 1170 1150">2012 to 2024</td> <td data-bbox="1175 1052 1338 1150">1,923,639.89</td> </tr> <tr> <td data-bbox="786 1157 1045 1234">Cheques not yet cleared</td> <td data-bbox="1050 1157 1170 1234">2011 to 2024</td> <td data-bbox="1175 1157 1338 1234">10,490,521.93</td> </tr> <tr> <td data-bbox="786 1241 1045 1381">Cheques represented or credited but not yet recorded by the Treasury.</td> <td data-bbox="1050 1241 1170 1381">2012 to 2024</td> <td data-bbox="1175 1241 1338 1381">6,282,293.60</td> </tr> <tr> <td data-bbox="786 1388 1045 1518">Items pending clarification and resolution by the Treasury.</td> <td data-bbox="1050 1388 1170 1518">2022</td> <td data-bbox="1175 1388 1338 1518">86,204.20</td> </tr> </tbody> </table> | Description | Year of DC | Total of DC (SR) | Dishonoured Cheques with No Record | 2006 to 2014 | 1,151,482.94 | Cheques with CID | 2009 to 2019 | 846,860.04 | Cheques relating to partial settlement of obligations | 2012 to 2024 | 1,923,639.89 | Cheques not yet cleared | 2011 to 2024 | 10,490,521.93 | Cheques represented or credited but not yet recorded by the Treasury. | 2012 to 2024 | 6,282,293.60 | Items pending clarification and resolution by the Treasury. | 2022 | 86,204.20 |
| Description | Year of DC | Total of DC (SR) | | | | | | | | | | | | | | | | | | | | |
| Dishonoured Cheques with No Record | 2006 to 2014 | 1,151,482.94 | | | | | | | | | | | | | | | | | | | | |
| Cheques with CID | 2009 to 2019 | 846,860.04 | | | | | | | | | | | | | | | | | | | | |
| Cheques relating to partial settlement of obligations | 2012 to 2024 | 1,923,639.89 | | | | | | | | | | | | | | | | | | | | |
| Cheques not yet cleared | 2011 to 2024 | 10,490,521.93 | | | | | | | | | | | | | | | | | | | | |
| Cheques represented or credited but not yet recorded by the Treasury. | 2012 to 2024 | 6,282,293.60 | | | | | | | | | | | | | | | | | | | | |
| Items pending clarification and resolution by the Treasury. | 2022 | 86,204.20 | | | | | | | | | | | | | | | | | | | | |
| Page 91, Para No. 247 Despite having debts going as far back as 2008, no interest is being charged on the outstanding amounts as per the Revenue Administration Act, 2009, Section 41(1). | Work-in-progress | | | | | | | | | | | | | | | | | | | | | |
| Page 92, Para No. 255: No evidence of write-off of irrecoverable debts. | No debt was written off during the year 2024 | | | | | | | | | | | | | | | | | | | | | |

Tax Division

24. The Seychelles Revenue Commission (SRC) is responsible for the administration of the revenue laws specified in the schedules to the SRC Act, 2009. The Commission has two Divisions viz. the Tax Division and the Customs Division.
25. An audit was undertaken for the year 2024 with the principal objective of performing sufficient test to verify compliance with the applicable regulations and to assess the reliability and adequacy of the accounts and records relating to the revenue collection of domestic taxes.
26. The matters arising, discussed below, were communicated to the Commission through an Interim Management Letter (IML) issued on 10.10.2025, which was discussed at an exit meeting held on 22.10.2025, and subsequently through a management letter (ML) issued on 23.10.2025.

Domestic Taxes

27. The main revenue streams under the Domestic Taxes Division include Value-Added Tax (VAT), Income Tax and Non-Monetary Benefits Tax, Business Tax, Immovable Property Tax, Accommodation Turnover Tax, Tourism Marketing Tax and Tourism Environmental Levy. The audit of the revenue cycle for Domestic Tax revealed the following
28. ***Inability to generate non-lodgment list of income tax returns:*** As per S.I. 19 of 2024, Income and Non-Monetary Benefits Tax (Payroll) Regulations, 2024, an employer is required, subject to Regulations 3 and 4, to submit a Payroll Withholding Statement, a Simplified Payroll Withholding Statement, or a Domestic Worker Payroll Withholding Statement in the prescribed forms to the Commissioner General in accordance with Section 3 of the Revenue Administration Act (Cap 308). Furthermore, under Section 42 of the Revenue Administration Act, an employer who fails to submit the required statements is liable to an additional tax.
29. Audit requested the non-lodgment list of employers who had not submitted their return as required. However, the SRC system was unable to generate a complete list. As a result, Audit could not verify the completeness and accuracy of non-lodgers. In the

- absence of such a list, SRC cannot ascertain with certainty which employers have failed to comply with the statutory requirement to submit payroll withholding statements.
30. This weakness in the reporting system impairs SRC's ability to enforce compliance with the Income and Non-Monetary Benefits Tax (Payroll) Regulations and the Revenue Administration Act. Consequently, non-compliant employers may not be detected in a timely manner, resulting in potential revenue leakage and undermining the effectiveness of tax administration.
31. *The Commission in response stated that it is able to provide the list of electronic lodged payrolls, but the report of non-lodgement could not be generated at this time. The main reason is that while electronic submissions are uploaded into the system immediately, manual payrolls have to be keyed in by the staff. Many taxpayers still submit payroll manually and some do not use the correct format even though SRC has provided continuous education. Due to this, the process of entering manual returns into the system is still ongoing. SRC maintains all records of lodged payrolls. Once the manual entries have been completed, the system will be able to generate a complete list of non-lodgements. In the meantime, SRC continues its efforts to educate taxpayers and encourage them to submit payrolls electronically.*
32. **VAT Tourism tax revenue significantly understated:** The budgeted revenue for VAT Tourism Services during the year under review was SR964.2 million, while the actual revenue collected amounted to SR205.7 million. This portrays an under performance of SR758.5 million or 78.7% of the budgeted amount. However, Audit noted that the significant variance between budget and actual was largely due to misallocations within the Tax Management System (TMS), where collections for VAT Tourism Services were incorrectly posted under the tax line VAT Others. As a result, it was not possible to produce a reliable analysis of VAT collections for 2024, and the true performance of VAT Tourism Services could not be accurately determined.
33. *Management stated that the original budget for VAT Tourism Services in 2024 was set at SR964.2 million. However, due to instances of misallocation within the TMS system, collections were being incorrectly posted under the tax line VAT Others instead of VAT Tourism. During the mid-year and end of year budget review, the Ministry of Finance, being fully aware of this issue, adjusted the end-of-year targets accordingly. The*

revised target for VAT Tourism Services was reduced to SR387.2 million, while the target for VAT Others was increased from the original SR276.3 million to SR394.9 million. Subsequently, actual collections under VAT Others for 2024 amounted to SR702.56 million. This variance remained, as VAT Tourism collections were automatically allocated under VAT Others. As a consequence of these misallocations, it was not possible to produce a reliable sectoral analysis for VAT collections in 2024, since the data did not accurately reflect the breakdown across the relevant tax lines. VAT Services (ICT & Telecommunication), the original budget approved by the Ministry of Finance was SR203.4 million. During the budget review, this target was revised downward to SR151.5 million, in line with the Ministry's assessment of prevailing economic and collection trends. Actual collections under this tax line for 2024 amounted to SR135.81 million, resulting in an underperformance of SR15.72 million against the revised budget.

34. ***Need to monitor non-lodgment of VAT returns:*** Audit was informed that to date there are 2087 VAT registered Taxpayers. In accordance with Part IX of the Value Added Tax Act, 2010, VAT-registered businesses are required to submit a VAT return in the prescribed form to the Revenue Commissioner for each VAT period. Timely lodgment of VAT returns is essential to ensure accurate assessment and collection of tax revenue and to facilitate effective compliance monitoring. As part of the audit procedures, Audit requested a list of VAT-registered taxpayers who had not lodged their VAT returns during the year under review. Audit was informed that the complete list of such businesses was not available as the Tax Management System (TMS) is currently unable to generate a comprehensive record of non-lodged returns. Furthermore, when Audit requested evidence of follow-up action taken in respect of non-lodgment of VAT returns, SRC stated that there was no documented evidence of any follow-up action taken, such as, reminders or statements.
35. *The Commission explained that the list of taxpayers provided who had not lodged their VAT returns included some instances where returns could not be processed due to IT-related technical issues affecting certain tax obligations. Consequently, the list may be incomplete, as some tax obligations for the period are not visible in the system. For such cases, the affected data is being temporarily captured in an Excel spreadsheet,*

- which will be migrated into the Tax Management System once the system issues are resolved. With regard to follow-up actions, management acknowledged that while automatic reminders have not yet been implemented in the TMS, staff currently carry out manual, case-by-case follow-up whenever instances of non-lodgment are detected. SRC indicated that plans are underway to automate the reminder and follow-up process within TMS as part of the system enhancement initiative.*
36. ***Non-submission of tourism environmental levy returns:*** The Environmental Levy is a charge on certain goods, services, or activities that impact the environment, aimed at promoting sustainable practices and funding environmental protection initiatives. The levy targets the tourism sector, with accommodation providers charging a levy per tourist per night of stay. Audit scrutinized the list of businesses subject to the Tourism Environmental Levy (TEL) against the list of tax payments made during the year 2024, as provided by SRC, and noted that 7 out of 559 registered businesses did not submit their levy returns to the SRC, despite their active status on records. Audit is of the view that failure of businesses to submit timely levy returns may result in under collection of revenue.
37. *Management in response stated that, in cases, where no payments have been effected and the taxpayers are classified as non-filers, the Commission will need to initiate educational visits with these taxpayers.*
38. ***Non-valuation of property:*** The Immovable Property Tax is levied on the ownership of real estate, including land and buildings in order to generate revenue from property holdings and promote the efficient use of land and property assets. From a sample of Twenty-Two (22) taxpayers, it was noted that 19 had property valuations which totaled SR138,944,002. In the remaining three (3) instances, however, there was no property valuation on record with the SRC. Audit queries revealed that the valuations were yet to be performed by the relevant Authorities, and in the absence of these valuations, the taxable amount could not be determined, despite the businesses were registered in 2024.
39. *Management stated that following the owner's registration of their immovable property at the Registrar General, the property will be valued by the Ministry of Land Use and Housing. The owner of the property is then required to remit tax payment based on the*

amount stated on the Notice of Acceptance/Valuation issued by the Chief Valuation Officer. Until the Notice of Acceptance/Valuation is issued, neither the owner nor SRC can determine the exact amount of tax payable. However, in an effort to ensure timely collection of taxes due from property owners, the Commission may consider the implementation of a follow-up mechanism in collaboration with the Office of the Chief Valuation Officer to facilitate the timely issuance of the Notice of Acceptance/Valuation, thereby enabling the owners to determine their taxes due and remit their tax obligations accordingly.

Debtors

40. The total domestic debt balance as at the end of 2024 was SR1,435,129,009 reflecting a 7% decrease compared to the previous year's balance of SR1,543,635,453. These debts can be discussed under two main categories, i.e. unable to pursue due to various action being taken including legal action and able to pursue. Overall, while the amount classified as ‘unable to pursue’ has decreased, there has been an increase of SR1,054,199 in the ‘able to pursue’ category.

| Tax Type | Balance 2024-SR | Balance 2023-SR | Variance – SR |
|--|------------------------|------------------------|----------------------|
| Unable to pursue | | | |
| Objection | 33,276,161 | 170,763,088 | (137,486,927) |
| Suspension of recovery proceedings (write-off) | 229,753,221 | 229,753,221 | |
| Revenue Tribunal | 166,236,958 | 138,060,674 | 28,176,283 |
| Prosecution | 321,593,891 | 321,843,891 | (250,000) |
| Total | 750,860,233 | 860,420,876 | (109,560,643) |
| Able to pursue | 684,268,775 | 683,214,576 | 1,054,199 |
| Grand total | 1,435,129,009 | 1,543,635,453 | (108,506,444) |

41. Audit is of the view that Commission should review its debt recovery process to ensure full compliance with the Revenue Administration Act and maximize revenue collection.

42. Audit also noted a sum of SR229 million under ‘suspension of recovery proceedings’, which was carried forward from previous years and pending the applicable assessment for approval by the Cabinet. Additionally, Audit noted six (6) items totaling

SR11,744,710 under the ‘unable to pursue’ category for which the management has not provided the necessary supporting documentation showing as to why the recovery is unable to pursue.

43. *The Commission stated that a total of 11 cases, including 3 of the 6 debtors listed, were submitted to Cabinet for suspension of recovery approval. However, the request was not approved, and the process remains in progress to finalize the necessary documentation. Accordingly, no records indicating the completion or approval of suspension of recovery process have been formally approved to date. The remaining items from the sample (1, 3, and 6) were identified as potential suspension of recovery cases, therefore, no records of approval or completion exist, since the process has not yet been conducted for these cases. The Commission continues to exercise due diligence to ensure accuracy and completeness in identifying both confirmed and potential suspension of recovery proceedings for outstanding revenue.*

Status of action taken on previous audit matters

| AR, page, para, audit brief | Status |
|---|---|
| <i>AR 2022, Page 25, Para 15</i> – Write-off cases not finalized | Issue persists; no write of cases effected in 2024 |
| <i>AR 2020, Page 88, Para 2.11</i> SR89,118 misappropriated by a Commission staff. | As at September 2025, the outstanding balance is SR27,968.18. |

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CHAPTER 13

Seychelles Maritime Academy

Introduction

1. The Seychelles Maritime Academy (SMA) is responsible for providing education and professional training in maritime-related fields. Its primary mandate is to equip students with the technical skills and knowledge required to work in the maritime industry, including areas such as nautical science, marine engineering, fisheries, and maritime safety. The Academy aims to support the development of a competent and qualified maritime workforce in line with both national needs and international standards.
2. The Seychelles Maritime Academy was transferred from the Ministry of Education to the Ministry of Fisheries and the Blue Economy effective April 2024.
3. An audit of the Academy was conducted for the years 2023 and 2024 with emphasis on the system of revenue, payroll, procurement of goods and services and fixed assets. The principal objective of the audit was to perform sufficient tests to ensure that transactions of the Academy were conducted in conformity to applicable financial regulations, procedures and policies.
4. The matters arising were communicated to the Academy through an Interim Management Letter (IML) issued on 19 September 2025, which was discussed at an exit meeting held on 01 October 2025 and, subsequently, through a management letter (ML) issued on 15 October 2025.

Suspense Account

5. The Academy maintain a Suspense Account with Treasury into which revenue from sources such as hostel rentals, auditorium hire, cafeteria rent, short course fees, and sales of T-shirts is deposited. Expenditures are also incurred through this account. Audit review of the records revealed the following.
6. ***Absence of a framework for the suspense account:*** Audit noted that the Academy made payments from the Suspense Account amounting to SR2,186,626 in 2023 and

SR3,557,161 in 2024. At the end of the year 2024, the balance on the suspense account was SCR6,053,380. Considering the high volume of transactions processed through the account, Audit enquired as to whether any policy, procedures and guidelines existed for the operation of the account, and was informed that no such documentation was in place, despite the high volume of transactions.

7. *Management, in response, stated that the Seychelles Maritime Academy and the Department of Fisheries are working on the Terms of Reference (TOR) for the Suspense Account. It is to be noted that the draft TOR was sent to the Ministry of Finance once, but there were some amendments required. The SMA has requested that the TOR provides for use of funds from the Suspense Account to cater for expenses that the Recurrent Budget cannot sustain. The TOR is being finalised by the Department of Fisheries for submission to the Ministry of Finance for approval.*
8. **Fixed Assets purchased through suspense account:** Audit observed that, in the absence of proper guidelines, fixed assets were purchased from the Suspense Account instead of the designated Fixed Asset Account under the recurrent budget. In 2023, seventeen (17) instances totaling SR487,458 were sighted, while in 2024, fourteen (14) instances totaling SR624,466 were similarly recorded under the Suspense Account. Further verification by Audit confirmed that these assets were not recorded in the Fixed Asset Register. This practice is not in accordance with the requirements of Section 12.3 (d) of the Accounting Manual 2020.
9. *Management stated that the funds were used under suspense account as SMA did not have funds under the recurrent budget to incur all its expenditure.*
10. **Delays in banking:** The audit of receipts amounting to SR234,591 collected during the year 2024 revealed that the daily receipts were not banked on the next official working day, contrary to the requirements of Section 6.4.2.1(i) of the Accounting Manual. There were instances where funds remained at the office for periods ranging from 50 to 108 days before being deposited. Audit reiterates that timely banking is essential to ensure compliance with established procedures, maintain accurate financial records, and safeguard against the risk of loss or misappropriation.
11. *Management stated that when SMA was transferred under the Ministry of Fisheries and the Blue Economy, all accounting duties previously undertaken by the Ministry of*

Education staff were assigned to a sole accounting officer of the Ministry. The officer was overwhelmed and the Ministry had requested for an additional accounting staff to be recruited, which was only provided several months later, and not according to the level required. Management acknowledged the risk highlighted but noted that it was not feasible for a single officer to effectively perform all required tasks in a prompt manner.

Fixed Assets

12. The Academy purchased non-financial assets from the recurrent budget totaling SR405,605 in 2023 and SR299,809 in 2024.
13. **Fixed assets register not updated:** Audit of the Fixed Asset Register revealed that all assets purchased during the years had not been recorded. This practice is not in accordance with the requirements of accounting manual and may result in inadequate tracking, recording, and safeguarding of fixed assets.
14. *In response, management stated The HR and Admin Officer was given the responsibility of HR in 2021 which has been additional workload, doing Administrative, Human Resources, Purchasing, collecting revenue, issuing receipts and store. Although efforts have been made in the past to get funding for an Office Assistant to work in the Administration Section, which could have made the life of the Admin and HR Manager easier, it has not, been materialized. Request have been made again this year for the post of Office Assistant, which we hope goes through. Having said that, this is the main reason as to why fixed assets are not labelled and has not been updated in the fixed assets register. Having an additional staff in the section will be given the responsibility to take care of the fixed assets register including tagging and verification.*
15. **Physical verification of assets not performed:** Audit noted that annual physical verification of assets was not conducted during the years 2023 and 2024. The practice was not in accordance with the requirements of Section 12.3 (g) of Accounting Manual and, in audit opinion, may weaken the controls over the assets resulting in loss and misappropriation.
16. *Management in response stated that although fixed assets verification is not performed periodically, the total number of fixed assets purchased is minimal and the Admin and*

HR knows where the assets are located, whilst we acknowledge that the verification should have been done. Reason for not performing the verification is due to time constraints. Going forward, the Academy will identify a staff, or the HR and Admin Manager will try and allocated some time for the verification of fixed asset as per set procedures yearly.

Payments for Goods and Services

17. The audit of payments relating goods and services, which amounted to SR4,942,371 during the year 2024, revealed the following issues.
18. **Late payment of outstanding bills:** Audit noted delayed payments to telecommunication service providers, often accumulating bills over several months before effecting payment. Instances include three payments of SR144,000, SR89,711 and SR34,771. The reasons for these delays could not be determined. Such practices could expose the Academy to penalties, interest charges, and disruption of essential services.
19. *Management stated that although SMA request additional budget for Electricity, Water and Internet every year, it never materialized, or the small increase in the budget is not adequate. SMA has to find savings within its overall budget to be able to cater for the utility bills, and savings are not always evident when running an Academy with almost 200 learners. SMA had to install a fixed internet line for the Office Assistant and Admin & HR Manager for the use of Cashier module as the internet service is slow. The use of Wifi by learners and staff alike for the past two years has doubled the cost of our internet service. This is the reason SMA sometimes tends to accumulate two or three bills and wait for the next quarter budget disbursement before settling the bills. Luckily, the service providers understand and never disconnect our internet line or our electricity or water supply. Nonetheless, the Admin and HR Manager always puts emphasis on reducing cost.*

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CHAPTER 14

Ministry of Education

Introduction

1. The Ministry of Education is mandated to build a coherent and comprehensive system of quality education and training reflecting universal and national values, which will promote the integrated development of all Seychellois. It also implements Government policy on education and manages primary, secondary and post-secondary schools. The Ministry comprises two departments namely, the Education Services and the Education Sector Development, each headed by a Principal Secretary.
2. The audit undertaken in 2025 encompassed a review of the accounts and financial records for the year 2024 and a follow up on the status of remedial action taken on the matters reported to the Ministry in 2023. The matters arising were presented to the management through an Interim Management Letter (IML) dated 17.10.2025, which was discussed during exit meetings held on 28.10.2025, subsequently, through a management letter dated 06.11.2025. Management comments obtained both during the exit meeting and the follow up visit in November 2025 are suitably incorporated in the report.

Wages and Salaries

3. The Ministry had some two thousand six hundred and eighty-seven (2,687) employees on the December 2024 payroll analysis. The total payroll costs during the year was SR605,901,509. The audit review of the accounts and records relating to the payment of wages and salaries revealed the following.
4. ***Establishment register not produced:*** Maintaining an approved establishment register is important to ensure proper control over the recruitment, pay allocation and overall human resource management. Despite significant spending towards payroll costs (62% of the Ministry's total expenditure) and number of employees on the payroll, the Ministry could not produce the establishment register to audit for the performance of necessary tests.

5. *In reply, management stated that the register could not be provided as the system does not allow the HRIS to be shared. HR Officers are not able to make amendments on HRIS nor able to remove staff from the HRIS. The matter has been addressed to PSB however to date remains unresolved. At the exit meeting it was further indicated that the Public Service Bureau (PSB) has requested the Ministry to submit their updated HRIS and in response management has specified that they are unable to effect any changes to existing data. Until the matter is attended to by PSB, the issue will remain.*
6. **Verification of monthly payrolls doubtful:** As per Accounting Manual 7.10.1.1 (p), after receiving the payroll analysis for changes, Head of Accounts or his delegate of the MDA should confirm by email the accuracy of the changes to the Paymaster (Treasury) who shall subsequently print the Final Payroll Analysis. The Ministry accountant stated that following completion of management checks, confirmation of accuracy of the monthly payroll is sent via email to the Treasury Department. However, such emails could not be produced for audit review, despite requests.
7. *At the exit meeting, management stated that copies of mail confirmations sent to the Treasury Department will be forwarded to Audit; however, the same was not received by Audit. In its written response dated 03 November 2025, management stated that mail to confirm final payroll checks is now being submitted by the Paymaster.*
8. **Excessive leave balances:** In three (3) cases, the accumulated leave balances as at 31 December 2024 were well above the permissible limit of 42 days; e.g. in one case 136 days.
9. *Management, in its written reply, stated that it will liaise with PSB for further guidance on how to resolve the matter.*
10. **No authorisation for leave conversion:** In line with Circular No. 8 of 2024, all requests for conversion of accrued leave into cash must be reviewed by the Senior Management of the MDA and approved by the Accounting Officer based on the availability of funds. However, there was no documented evidence of the Accounting Officer's authorization in respect of four (4) payments totaling SR48,511.
11. *The DGHRA, in her written response, acknowledged receipt of three requests which were routed through her which should have been put on file.*

12. **Management of accommodation:** The audit of ten (10) lessors /landlords files who were in receipt of rental payments totaling SR4,947,537 in respect of some 32 houses/apartments during the year 2024 revealed the following deficiencies:

- there was no lease agreement with one lessor (AAP) who was paid a total of R192,000 during the year 2024;
- Ministry was unable to confirm accuracy of total rent payments of R598,940 to one lessor (HLVH) with whom the Ministry was renting four (4) apartments at a monthly rate of R13,000 per apartment, per month, as per lease agreements. As per the audit calculation all rental payments for four units (4) for the twelve-months period should come to SR624,000 against the sum of SR598,940 paid;
- in one case, the lessor issued an eviction notice dated 25 March 2024 to the Ministry in respect of the tenant in one of the apartments. However, there was no further documentation in the respective housing file confirming the date of vacating the apartment and the settlement of final rent payment, any penalty or other payments due on vacating the house; and
- the Ministry was yet to start and maintain a rent database to capture and populate the particulars of all rented accommodation, landlords, rental amount and the tenants.

13. *In its written response of 03.11.2025, management stated that they have not yet implemented the new database.*

Board members

14. The audit review of records relating to (4) Boards and one (1) Council to which a total of SR791,436 was disbursed as member fees revealed that the letters of appointment in respect of the members to the Teachers Council of Seychelles, the ECCE Technical Team, SIT and SITE were not kept on file, despite they were remunerated during the year. Further, the heads of two professional centres (SBSA and SIT), who should have been on the Boards as ex-officio members, received fees totaling SR27,000 during the period.

15. *Management stated that they will look for the letters and provide same to audit.*

Non-Financial Assets

16. The Ministry's spending on the acquisition of vehicles, furniture and various equipment (including firefighting, security, printing etc.) for the year 2024 aggregated to SR29,028,992. Audit examined the records being maintained and noted the following:

- as reported in the prior years, the Ministry's Fixed Asset Register (FAR) was not up to date in that the majority of assets procured in the year 2024 were not fully recorded in the register with correct particulars thus rendering the register incomplete for audit purpose;
- assets acquired by SIT, SITE and SBSA on some thirty-five (35) payment vouchers totaling SR1,135,354 during the year had not been entered in the FAR at the time of the audit inspection in August / September 2025;
- in two cases, payment vouchers totalling SR148,100 lacked relevant supporting documents;
- Audit could not verify the physical existence of two hundred and seventy-eight (278) assets costing SR1,045,861 in the absence of identification numbers assigned / affixed on assets;
- the Ministry was unable to produce any documented evidence as to when a physical inspection of all assets in its ownership was last conducted.
- in the physical inspection performed by Audit, seven (7) assets for SR86,505 were not in the locations as recorded in the FAR and two hundred and twenty (220) assets costing SR925,063 could not be physically located; and
- some fifty-six (56) assets found at the headquarters and three (3) professional centres, i.e. SITE, SIT and SBSA, were not recorded in the FAR.

17. *Management responded that in view that most of the assets are for schools, a meeting was held with Head Teachers and Office Managers chaired by Ministry of Finance's Asset Officer, on 12 September 2025, to review the process. The following points were raised i) the exercise is time-consuming and prevents them in doing timely recording of assets, ii) internet connectivity remains a concern, iii) the software is not reliable, hence delaying upload. This was acknowledged by Ministry of Finance, and they have agreed to work on a new Excel template for populating the asset information offline before uploading into the FAR. It was further expressed that despite the difficulties, the*

schools are doing their best to ensure that assets are being recorded and tagged. To facilitate the process, it was proposed that in the interim a person is recruited on a part-time basis to assist in data entry, whilst procedures are being developed to recruit additional full time Asset Officers (regionally).

Status of action taken on previous audit matters

| AR2023 Page, Para | Audit brief | Status |
|------------------------------|---|---|
| 43-44, Paras 4-8 | Basis of direct bidding not justified | Persists |
| 44-45, Paras 9-14 | Monitoring of meal services not performed | Partly resolved; No proper report signed by all officers |
| 45-46, Paras 15-20 | Procurement of printing services | Resolved |
| 48, Paras 33- 34 | Write-off register not maintained | Persists; Manual version submitted |
| 48, Paras 35- 36 | Asset not put to use | Persists |
| 48-49, Paras 37-40 | Fire incident at SIAH | Persists |
| 49, paras 41- 43 | Loss of laptop at residence | Persists |
| 49-50, paras 45-46 | Log books not submitted | Persists |
| 50, para 47 | Long gaps in recording of mileage | Persists |
| 50, paras 48- 50 | Fuel consumption analysis not performed | Persists |



CHAPTER 15

Seychelles Infrastructure Agency

Introduction

1. The Seychelles Infrastructure Agency (SIA), established under the Seychelles Infrastructure Agency Act, 2021, is mandated to provide technical services for civil engineering and construction projects to all Government ministries, departments and agencies, and to provide maintenance to government properties.
2. The main objectives of the Agency are:
 - to provide technical services for civil engineering and construction projects to all Government ministries, departments and agencies; and
 - to provide maintenance to Government properties, other than those specified in the Schedule.
3. An audit of the accounts and records of the Agency for 2024 was undertaken with the principal objective of assessing the adequacy of internal controls over capital project expenditures and to determine compliance with relevant policies, regulations, and procedures.
4. The following matters arising were first conveyed to the management through an interim management letter (IML) dated 28.08.2025, which was discussed at an exit meeting held on 26.09.2025 and, subsequently, through a management letter dated 21.10.2025.

Capital Expenditure

5. The Seychelles Infrastructure Agency (SIA) undertook and managed a diverse range of government-funded projects aimed at enhancing national infrastructure and community development. These projects included the construction of various housing projects, the development of essential drainage systems, the construction of retaining walls, expansion and maintenance of road networks across the country, etc. The audit of the accounts and records relating to implementation of various projects revealed the following.

6. **Non-utilization of budget funds:** Each year, Ministries and Agencies are allocated budgets under Public Sector Investment Program (PSIP) for various projects to be undertaken. These funds are administered by the Agency (SIA) for the undertaking of various projects.
7. Thirty-one (31) government entities received budget allocations under the PSIP totaling SR1,429m for 2024, of which a sum of SR942m was under the control of SIA. Audit analysis of the actual payments recorded against the sum of SR942m revealed that only SR487.2m was utilized for the implementation of the project as capital expenditure, resulting in non-utilization of 48% of the allocated funds.
8. Audit further revealed that four entities, namely, PSB, LWMA, Social Affairs and SLA, allocated with a total of SR32.2m did not utilize the funds at all due to non-implementation of the intended projects. Audit is of the view that underutilization and non-utilization of allocations will result in delayed project outturns and consequently, impact on the quality of the lives of citizens.
9. *The management stated that these entities each one had only a single project, all of which have since been tendered and are being implemented in 2025. Such delays, though unfortunate, can happen due to back and forth in design and procurement delays. For 2024, SIA was playing catch up on projects due to the fallout of the December 2023 disasters which required us to re-prioritize resources.*
10. **Budget overruns:** Audit revealed three (3) cases where overspending was noted in the order of SR15,134,941, as compared to the original budget provisions, in respect of National Assembly, SRC and Prison Services.
11. *Management was of the view that this can happen based on changing requirements of the MDAs. SIA works in collaboration with the Ministry of Finance to ensure additional funds are allocated as and where necessary during the mid-year budget exercise based on the changing needs of the MDAs and reprioritization of their projects.*
12. **Non-implementation of planned projects:** The Agency provided a database listing of 170 projects (budget lines) scheduled for implementation during 2024. It was noted that only 91 project budget lines were utilized, leaving 79 planned project budget lines not executed during the year.

13. In view that not starting most of the planned projects delays progress in achieving infrastructure goals and may result in underutilization of allocated funds this year yet may lead to cost escalations in future years, Audit recommended that a revised and realistic implementation schedule should be developed, with regular monitoring to ensure timely execution of future project plans.
14. *The management stated that the projects that were not executed would be for varying reasons ranging from delayed designs or procurement, changes in the project scope or the project being cancelled/put on hold. Additionally, many of the projects would have been replaced by other priority projects put forward by the MDAs. All these 'unplanned projects' are not captured in the figures above.*
15. **Implementation of unplanned projects:** An analysis of the projects undertaken as against the list of planned projects revealed that, in eleven (11) instances, projects undertaken during the year were not included in the original plan. These projects had a total contracted value of SR18.8m.
16. As the implementation of projects outside of the approved plan may result in the diversion of resources from priority initiatives, Audit recommended that any new or urgent projects arising during the year should be supported by documented justification and proper approval from the relevant authority.
17. *The management stated that on occasion, there are also projects such as the Renovation works to Unity Stadium, which were not on the original planned list but due to a new set of priorities of the MDA, need to be done. These are not decisions made by SIA but by the MDA and it is SIA's role to provide the necessary support.*
18. *That said, new protocols are being established from the year 2026 onwards whereby any MDA wishing to implement a project which was not originally budgeted for, will be diverted to the Ministry of Finance to first seek approval and additional funding prior to SIA allocating resources to the project.*
19. **Projects on hold and pending:** Of ninety-one (91) capital projects undertaken during the year, thirty (30) of the main projects undertaken, for a total sum of SR284m, Audit noted that, in eight (8) instances, projects were not progressing as planned while four (4) projects were reported to be on hold.

20. Audit commented that projects that remain on hold or pending for extended periods can result in delays in achieving intended outcomes, increased project costs due to inflation or contract variations. This can also reduce the Agency's ability to deliver planned infrastructure within the intended timeframe.
21. *According to the management, projects are sometimes put on hold due to the project estimate exceeding the allocated budget or due to some pending issue that needs resolving such as way-leaves required to undertake the project. Until we ensure that all the boxes are ticked, the project will remain on hold.*
22. **Contract values exceeds budget estimates:** Audit review of the contracted sums against the budget provisions revealed, in eighteen (18) instances, the total budget of SR81.7m was exceeded by SR107m resulting in a total contracted sum of SR188.8m.
23. *Management stated that such situations occur primarily when there has been a delay in undertaking the project procurement and the budget from the previous financial year is now lost. However, discussions are continuous with the Ministry of Finance and the MDA to ensure that the necessary funds are made available and agreements are reached based on other projects that may be delayed in order to redistribute funds.*
24. **Oversight challenges in project execution:** Audit noted that the Ministry of Local Government (MoLG) incurred capital expenditure amounting to SR40m on various projects implemented during the year. Audit was informed that these projects were being executed by the Seychelles Infrastructure Agency (SIA). However, there was a lack of coordination in project execution, as the Ministry was not consistently informed or consulted during project implementation. Furthermore, despite formal requests made by the Accounting Officer, the Ministry did not receive the necessary project updates. Consequently, the Ministry was unable to effectively perform its oversight role.
25. *Management stated that all projects implemented on behalf of the Ministry of Local Government and Community affairs are implemented in line of their yearly project plan, which are submitted to the SIA team and these are implemented either from specific budget line items of the PSIP or under the broader budget provision of 'District Small Projects' or 'Community Road projects' item. For projects below 250K, in most instances limited bidding method is adopted and while the accounting officer does not sign each and every request to initiate the tender formality, as long as the project falls*

- within their implementation plan, all tender evaluations are addressed to the accounting officer for approval and his record update. For SIA, this is a critical step in ensuring that the accounting officer has oversight prior to the award of contract.*
26. *For all other projects, it is necessary that the accounting officer signs off on the initiation of the tender process once again to ensure oversight of the project at this stage of implementation.*
27. *Further to the above, all contracts funded from the MLGCA PSIP are signed by the MLGCA accounting officer. It is at this stage that we expect the accounting officer to record the start of the project and all the project particulars and this step is carried out by SIA without exception.*
28. *With respect to the reporting, SIA acknowledges that the existing format is not the most efficient and that we have not been as consistent in providing the updates as we would have liked. Accordingly, measures are being put to address this so that all clients, get effective, and timely update on their project performance, nonetheless upon request, the MDAs are appraised on the status of the work. SIA is currently going through some restructuring primarily driven by the need to be more responsive and alert to the clients.*

Status of action taken on previous audit matters

| AR 23, Audit brief | Status |
|---|--|
| <i>Page 92, Para 6</i> –Leave balance of staff members were above the permissible limit of 42 days. | <i>Unresolved</i> |
| <i>Page 93, Para 8</i> – Delays in updating the payroll; ex-employees were still appearing on the payroll | <i>Unresolved</i> |
| <i>Page 93, Para 11</i> – Gaps in recording of mileage in vehicle logbooks | <i>Resolved</i> |
| <i>Page 93, Para 13</i> - Fixed Asset Register was not being updated | The Fixed Asset Register has been updated with the assets purchased. However, following the relocation of SIA to Bel-Ombre, some assets will be transferred from SIA to MLH, while others will be written-off. |

Report of the Auditor General

PART 2

Special Reports

Audit review of the implementation of the Integrated Financial Management Information System (IFMIS)

Introduction

1. The Ministry of Finance, National Planning, and Trade (MFNPT) has been instrumental in spearheading Public Finance Management reforms in the Republic of Seychelles. As a cornerstone of Seychelles' economic and financial governance, MFNPT is tasked with formulating and implementing fiscal policies, national planning strategies, and trade regulations to foster sustainable economic growth and development.
2. In 2019, the Seychelles Government successfully implemented performance-based budgeting (PPBB), necessitating Ministries, Departments, and Agencies (MDAs) to incorporate performance data into their medium-term budget submissions. This strategic measure ensures alignment between the Pre-Budget Statement and Annual Budget with performance plans, financial allocations, and set ceilings for each MDA. Consequently, the government has bolstered its forecasting and planning capabilities, enabling resource allocation based on performance outcomes and strategic imperatives.
3. Additionally, MFNPT oversees the execution of PPBB, ensuring MDA compliance with new budgeting directives. The ministry extends guidance and support to MDAs, facilitating the integration of performance data into budgetary processes to enhance efficiency, transparency, and accountability in public spending.
4. Over the last two decades, Seychelles has made significant strides in Public Financial Management (PFM) through the utilization of advanced central IT platforms such as Visual Account Mate (VAM) and the Treasury Information System (TIS). These platforms have revolutionized budgeting, cash management, and fiscal reporting, enabling real time tracking of financial transactions, enhancing budget forecast accuracy, and ensuring timely and transparent fiscal reporting.
5. Despite these advancements, certain manual processes persist, and the lack of interfaces with existing systems has rendered VAM and TIS outdated, impeding further progress in PFM. To mitigate these challenges, the Government, through MFNPT, has launched the Integrated Financial Management Information System (IFMIS) project. This ambitious endeavor aims to establish contemporary, transparent, and automated PFM processes.
6. In pursuit of this objective, MFNPT seeks a qualified IT solutions/service provider to procure and implement an IFMIS. This system will enhance fiscal management processes, improve efficiency, deliver accurate and timely financial information, and facilitate informed decision-making within the Government of Seychelles. By automating and integrating financial operations, the IFMIS will align with the government's objectives of fostering fiscal discipline, transparency, and accountability, thereby advancing effective governance, and enhancing public service delivery.

Audit Mandate, Scope and Objectives

7. Audit mandate is derived from the Constitution. The overall objective of this review was to evaluate system alignment with PFM goals, assessing governance structures, reviewing internal controls, and identifying gaps in implementation. The scope covered the following elements;
 - System Acquisition and Structured Development Life Cycle
 - Governance and Contract Management
 - Functional Requirements Specifications
 - Software Requirements Specifications
 - ICT infrastructure readiness
 - User Access and roles defined
 - Data Migration Strategy.
8. The review was conducted through application of good practices in Public Finance Management and implementation of government IFMIS, interviews with key stakeholders, document review, administration of questionnaires and other frameworks and standards in project management and system development life cycle approaches of implementing IFMIS for the government of Seychelles.
9. The following standards, frameworks and guidelines were referenced in the conduct of IFMIS audit and the preparation of this management letter. These sources formed the criteria against which the adequacy, efficiency and control environment of the IFMIS were assessed;
 - ISSAI 53 Guidelines on Information Systems Auditing by INTOSAI
 - COBIT 2019 Framework for Governance and Management of Enterprise IT by ISACA
 - World Bank Handbook (2011) by World bank
 - PMBOK Guide 7th Edition by Project Management Institute (PMI)
 - ISO/IEC 27001: 2022 Information Security Management Systems (ISMS) by ISO
 - ISO 31000:2018 Risk Management Guidelines by ISO
 - Public Finance Management Act 2012 by Government of Seychelles
 - Government of Seychelles ICT Policy (Latest edition by DICT).

Overall Conclusion

10. The partnership between Linpico and PFM SMART shows potential for cooperation, combining their institutional and technical strengths. Linpico, while not a software developer and reliant on third-party platforms for system development, brings significant expertise in governance, risk management, and institutional reform. On the other hand, PFM SMART offers the key technical IFMIS infrastructure but has limited experience in broader Public Financial Management (PFM) reform and capacity-building projects.
11. As of October 2025, the IFMIS implementation is still in the System Customization and Configuration phase (Deliverable 3). The approved implementation plan scheduled this phase for completion by June 2025. However, delays in finalizing the System Requirements Specification (SRS) have affected customization, configuration, and the release of the Beta Version. Deliverables that were expected by September, 2025 remain incomplete or lack formal approval. (Refer to Appendix A for a detailed status of deliverables).
12. Stakeholder engagement has been limited and inconsistent. The Communication Plan in the Inception Report requires monthly vendor progress reports and quarterly Steering Committee meetings to ensure coordinated oversight. In practice, these governance mechanisms have not been fully followed, leading to inconsistent progress reporting and a lack of documented Steering Committee minutes. This has weakened project oversight and stakeholder participation.
13. The key audit findings identified from this review are presented under the following major areas:
 - Inception Report Review.
 - Functional Requirements Specification.
 - System Requirements Specification.
 - Conceptual Design Document.
 - ICT Infrastructure Readiness.
 - User Access and Roles.
 - Data Migration Strategy
14. These findings highlight weaknesses in project governance, implementation oversight, and technical readiness. Addressing these issues is essential to realign the IFMIS project with its intended goals and timelines.

Inception report: Governance and Oversight

15. **Inactive Steering Committee, Lack of Oversight Representation, and Absence of IFMIS Strategy:** The audit review of inception report revealed that governance arrangements for the IFMIS project are not functioning as intended. Although a Technical Committee is in place to manage operational activities, the **Steering Committee; the body responsible for providing strategic oversight has been inactive**. This has limited high-level direction, coordination, and decision-making across the project.
16. In addition, the Steering Committee, rather the technical committee's current composition **does not include Internal Audit and Legal representation**, two functions that play a crucial role in ensuring compliance, managing risks, and safeguarding accountability. Their absence weakens the governance structure and reduces assurance on whether key project decisions adhere to policy, legal, and control frameworks.
17. The audit also noted the **absence of an overarching IFMIS Strategy** to guide system rollout and align it with business processes, ICT readiness, and broader Public Financial Management (PFM) reforms. Without such a strategy, the project risks being implemented in isolation, reducing its effectiveness and long-term sustainability.
18. Collectively, these issues point to a **significant gap in strategic oversight and coordination**. The project is therefore exposed to governance risks, including weak accountability, poor alignment with institutional reforms, and potential delays or inefficiencies in implementation.
19. To strengthen oversight and accountability, it is recommended that the **IFMIS Steering Committee be reactivated** and that its membership include **Internal Audit and Legal** functions. The Ministry should also **develop and adopt a comprehensive IFMIS Strategy** that provides clear direction and ensures alignment with the country's ongoing PFM reforms and ICT infrastructure.

Criteria

20. The following criteria applies:
 - According to best practices in IT project governance (INTOSAI GOV 9150, COBIT 2019 – Governance and Management Objectives), steering structures should include representatives from risk, control, and legal compliance to uphold accountability and transparency.
 - **PEFA 2023 Framework**, which emphasizes alignment of IFMIS projects with broader PFM strategies.

Risk

21. Inactive governance structures and lack of strategic alignment create risks of weak oversight, poor coordination, and inadequate risk management. Critical compliance and assurance perspectives may be missed, undermining accountability.

Recommendation

22. Reactivate the Steering Committee with expanded membership including Internal Audit, Legal, ICT, and Finance. Develop a comprehensive IFMIS strategy that aligns implementation with business needs and PFM reform goals.
23. Establish a governance charter that clearly outlines decision-making authority, escalation pathways, and reporting responsibilities.

Management Response

24. *MoF stated, in reply, that the Steering Committee has been re-activated and met in September 2025. The meeting included a presentation by the vendors on the system implementation status. The next meeting is expected to be held in December 2025.*

Inception report: Project Planning and Phasing

25. ***Timelines optimistic given ICT readiness and MDA capacity but contingency not detailed;*** A three-year implementation plan (2025–2027) is proposed, outlining milestones from inception to go-live (pp.8, 60–62) using an Agile approach. However, contingency measures for potential delays are not defined.

Criteria

26. PMBOK 7th Edition and ISSAI 5300 standards call for realistic timelines and documented contingency planning for risks such as ICT readiness or procurement delays.

Risk

27. Tight schedules without contingency plans increase the risk of overruns and missed deadlines. Timelines are well-structured but too optimistic considering capacity and infrastructure constraints.

Recommendation

28. Include contingency allowances in the work plan. Define fallback measures for ICT procurement delays, data migration challenges, and phased rollouts.

Management Response

29. *MoF replied that after further assessment in terms of readiness and complexity of the systems (given number of modules) ,it has been decided that the system will now be rolled out in phases by on-boarding MDA 's gradually on a quarterly basis.*

Inception report: Risk Management

30. ***No detailed risk register:*** The report introduces a risk management framework aligned with ISO 31000, including escalation and closure procedures (pp.70–73), but lacks a detailed risk register. Specific risks like cybersecurity, data migration, and user resistance are not identified.

Criteria

31. ISSAI 140 and ISO 31000 require detailed risk registers with impact/likelihood ratings, mitigation strategies, and monitoring mechanisms.

Risk

32. Without a complete register, proactive risk management is undermined. Frameworks exist but lack operational detail.

Recommendation

33. Prepare a full risk register covering ICT security, data migration, change management, and donor dependency. Keep it updated under Steering Committee oversight.

Management Response

34. *MoF stated that a risk assessment report (attached) was prepared by the IFMIS implementation team and presented to the Steering and Technical Committee in September 2025. However, the management acknowledges that areas of ICT security and data migration are missing and will be considered in the updated risk assessment report.*

Inception plan: Change Management and Capacity Building

35. *Plan lacks detail on resistance, broader MDA/Parliament/citizen communication; The report includes training plans (pp.65–67) and a communication/change management section (pp.67–68), but lacks detail on user resistance, stakeholder communication (Parliament, public), and adoption monitoring.*

Criteria

36. Prosci Change Management framework and IFMIS guidance emphasize structured communication, user engagement, and adoption tracking.

Risk

37. Weak change management can lead to low user adoption, underutilization, or manual workarounds.

Recommendation

38. Expand change management to include communication milestones, adoption metrics, and outreach campaigns. Involve MDAs early in workflow redesign.

39. *MoF noted the recommendation for action.*

Inception Report: Monitoring and Evaluation

40. *Key Performance Indicators (KPIs) broad and high-level; no baselines or quantifiable targets: KPIs for financial reporting, budget execution, and PFM performance (pp.74–76) are included, but lack baselines and measurable targets.*

Criteria

ISSAI 3000 and PEFA standards require SMART KPIs with baselines, targets, and timelines.

Risk

41. Without measurable KPIs, progress tracking and accountability are weakened.

Recommendation

42. Establish SMART KPIs (e.g., shorten bank reconciliation lag from 30 to 5 days; finalize annual financial statements within 3 months post-year-end). Align KPIs with PEFA indicators.

Management response

43. *The MoF stated that it has noted the recommendation for implementation.*

Contract: Property (IP) Governance and Sustainability

44. ***Incomplete Source Code Escrow Arrangement for IFMIS:*** The review of contractual and technical documentation indicates that while a source code escrow arrangement has been initiated, it remains incomplete. No independent escrow agent has been appointed to hold the source code in trust on behalf of the Government, and the escrow content has not been verified for completeness or usability.
45. Without independent custody and verification, the Government's ability to access and maintain the system in the event of vendor default, contract termination, or dispute remains uncertain. This exposes the IFMIS to significant continuity and ownership risks.

Criteria

The following criteria apply:

- **ISO/IEC 19770-1:2017 – IT Asset Management**, which emphasizes clear ownership and sustainability of IT assets.
- **COBIT MEA03 – Ensure Compliance**, which requires adequate governance over supplier arrangements.

Risk

46. Without an independently managed and verified source code escrow, the Government is at risk of **vendor lock-in** and may lose access to the system source code if the vendor ceases operations or the contract ends. This could severely hinder system maintenance, updates, or future enhancements, disrupting financial operations and increasing dependency on a single provider.

Recommendation

47. The Ministry of Finance should **appoint an independent escrow agent** (e.g., a certified legal or technology escrow service) to securely hold the IFMIS source code and related technical documentation; ensure that the **escrow content is verified** by a qualified technical party for completeness, executability, and version accuracy; and define **clear release conditions** in the escrow agreement for example; vendor insolvency, breach, or contract termination. Periodically review and update the escrow contents to reflect ongoing system upgrades or code revisions.

Management response

48. *Without producing an MoU or an agreement with DICT outlining the respective roles and responsibilities, the MoF stated an independent escrow agent is not a practice in Seychelles, and for the IFMIS case, the DICT which is independent of the IFMIS IT team will be the entity to managing the source code agreement.*

ICT Infrastructure Readiness - Technical Preparedness

49. **Hosting decision pending; fragmented infra; no detailed DRP:** ICT infrastructure assessment shows reliance on DICT's data centre, fragmented systems (TIS, VAM, Payroll, HIS), and limited cloud options (pp.42–47). The hosting decision (on-premises vs. cloud) remains unresolved.

Criteria

50. World Bank FMIS Handbook (2011) and COBIT 2019 recommend readiness assessments that include hosting strategy, disaster recovery, cybersecurity, and system interoperability.

Risk

51. Delayed hosting and DRP decisions could cause implementation setbacks or system vulnerabilities.

Recommendation

52. Finalize the hosting decision promptly. Develop a DRP and cybersecurity framework aligned with national ICT policy. Conduct a government-wide bandwidth and connectivity audit.
53. *Management noted the recommendation for action.*
54. **Lack of Evidence to Support ICT Infrastructure Assessment for IFMIS Readiness:** While an ICT assessment was conducted by DICT, no supporting report was provided for audit verification. This prevents validation of whether ICT infrastructure (network, redundancy, data centers) is adequate for IFMIS rollout.

Criteria

55. The following criteria apply:

- **ISO/IEC 27001 – Information Security Management Systems**, which requires adequate infrastructure controls.
- **COBIT DSS01 – Manage Operations**, requiring evidence of ICT readiness before system deployment.

Risk

56. Lack of assurance on ICT readiness raises risks of downtime, system performance failures, and inadequate connectivity.

Recommendation

57. DICT and MoF should produce a formal ICT readiness report, documenting capacity gaps and planned upgrades. This report should guide investments in connectivity, redundancy, and data center resilience before rollout.

Management response

58. *MOF noted the above recommendation.*

Functional Requirements Specification (FRS)

59. **Non-functional requirements not aligned to ISO/IEC 25010:** The audit established that the IFMIS Functional Requirements Specification (FRS) does not adequately define non-functional requirements such as performance, availability, interoperability, and security. These requirements are crucial to ensure the system’s reliability and long-term scalability but were omitted in the reviewed documentation (FRS, pages 15–16).

Criteria

The following criteria apply:

- **ISO/IEC 25010:2011 – Software Quality Model**, which specifies that quality characteristics (e.g., performance, security, reliability) must be explicitly defined.
- **ISSAI 100 – Fundamental Principles of Public Sector Auditing**, requiring auditors to assess effectiveness and alignment of systems with intended objectives.

Risk

60. The absence of well-defined non-functional requirements exposes the IFMIS to risks of instability, poor scalability, reduced performance, and increased exposure to cyberattacks. This can compromise the reliability of financial reporting and weaken public confidence.

61. Recommendation

The Ministry should require the supplier to clearly define measurable non-functional

requirements in line with **ISO/IEC 25010**. These should be incorporated into design documents, testing procedures, and acceptance criteria.

62. *Management noted the above recommendation for action.*

System Requirements Specification (SRS)

63. ***SRS submitted but not formally approved; weak mapping to functional requirements:***
The System Requirements Specification (SRS) was submitted by the supplier but not formally approved by key stakeholders, it is a revised, working document. No mapping was provided to demonstrate how the SRS aligns with functional requirements or measurable KPIs. (SRS pg. 17)

Criteria

64. **The following criteria apply:**

- **ISO/IEC 12207:2008 – Systems and Software Engineering, Life Cycle Processes**, which requires approval of system requirements before moving into development.
- **COSO – Control Activities**, which stress formal approval and documentation of critical processes.

Risk

65. Without approval, there is no assurance that system development aligns with functional and technical requirements. This increases the likelihood of scope creep, costly rework, and delays in subsequent implementation phases.

Recommendation

66. The MOF should finalize and formally approve the SRS with sign-off from all stakeholders. MOF should also ensure the SRS includes mapping to the FRS, measurable KPIs, and system architecture controls to validate compliance with requirements.

Management response

67. *The SRS has been formally approved and aligned with the FRS and CD documents.*

Conceptual Design: Integration and Data Consistency

68. ***Supplier has not defined mitigation strategies for module integration/data consistency:***
The Conceptual Design (pages 9–13) describes integration and interfaces with multiple third-party systems (CBS, HRMS, ASYCUDA, CyberSource, SBMS, etc.). However, no mitigation strategies are defined to address data consistency, interoperability, or reconciliation controls across these modules and external systems.

Criteria

69. World Bank IFMIS Implementation Guidelines – require clear integration frameworks to prevent data fragmentation; ISSAI 1315 – Identifying and Assessing Risks – requires controls to mitigate data inconsistency.

Risk

70. Data duplication, reconciliation challenges, and inconsistent financial records may compromise reporting reliability.

Recommendation

71. The MOF should develop a documented data integration and reconciliation strategy, including automated validation checks and exception reporting.

Management response

72. *MoF produced the data migration strategy to Audit for further review.*

Conceptual Design - Layered Architecture Performance

73. ***No performance/maintenance strategy for layered architecture:*** The CD (pages 3–5) presents a three-tier architecture (Client, Application, Database) with redundancy and load balancing. However, no performance benchmarks or maintenance strategies were defined for managing potential latency, load failures, or scaling issues in a layered architecture.

Criteria

74. ISO/IEC 14764 – Software Engineering Maintenance Process; COBIT 2019 – BAI09 Manage Assets

Risk

75. Performance bottlenecks and system downtime may occur as transaction volumes grow, leading to service disruption.

Recommendation

76. Define performance metrics, monitoring tools, and maintenance protocols for the layered architecture, with regular stress testing and capacity planning.

Management response

77. *MoF noted the recommendation for action.*

Conceptual Design - System Access and Security Controls

78. ***Absence of Segregation of Duties and Privileged Account Monitoring in IFMIS Access Controls:*** The CD (pages 17–19) outlines role-based access, user IDs, and encryption protocols but does not define segregation of duties (SoD) requirements for sensitive

functions such as payments, reconciliations, and approvals. Nor does it specify monitoring of privileged accounts.

Criteria

79. ISO/IEC 27001 – Annex A.9 (Access Control) and ISSAI 1330 - Audit of Internal Controls

Risk

80. Weak SoD and inadequate monitoring of privileged access could result in unauthorized transactions, override of controls, or fraud.

81. Recommendation

Define and enforce segregation of duties across critical IFMIS roles, and implement monitoring of privileged accounts with audit logs reviewed by Internal Audit.

Management response

82. *MoF stated that segregation of duties in terms of roles of the different functions and modules to be included in IFMIS is already being implemented in existing financial systems (TIS, Cashier modules, VAM) and included in existing SOPs.*
83. Audit will follow up on the management response to ensure adequacy of the measures taken.

Conceptual Design - Data Flow and Reconciliation Mechanisms

84. ***Lack of Defined Reconciliation Protocols Between IFMIS and Interfacing Systems:***
The CD (page 13 onwards) highlights data flow among modules and third-party systems but does not provide details on reconciliation protocols to ensure completeness and accuracy of transactions between IFMIS and external systems.

Criteria

85. COSO - Control Activities and ISSAI 1230 - Sufficient and Appropriate Audit Evidence

Risk

86. Transactions processed externally (e.g., through CBS or commercial banks) may not fully reconcile with IFMIS, leading to misstatements and audit qualification risks.

Recommendation

87. Design and implement automated reconciliation reports between IFMIS and external systems, supported by exception reporting and supervisory review.

Management response

88. *Without producing supporting evidence, MoF stated that there is a clear integration and reconciliation plan between IFMIS and other systems identified.*

Conceptual Design - Business Continuity and Disaster Recovery

89. **Absence of Disaster Recovery and Business Continuity Provisions for IFMIS Infrastructure:** The CD describes redundancy and load balancing (page 4–5) but does not define Disaster Recovery (DR) or Business Continuity Planning (BCP). No evidence of secondary site readiness or recovery objectives (RPO/RTO) was noted.

Criteria

90. **The following criteria applies:**

- **ISO/IEC 22301:2019 – Business Continuity Management Systems (BCMS):** Requires organizations to establish, implement, and maintain a business continuity management system that ensures the continuity of critical functions during disruptive incidents. Clause 8.4 mandates development of *business continuity procedures*, including recovery time and recovery point objectives aligned to business priorities.
- **ISSAI 5520 – Disaster-Related Aid and Recovery Assistance:** Emphasizes that public institutions should have *disaster recovery and continuity mechanisms* to safeguard financial management systems and ensure accountability during disruptions.

Risk

91. System unavailability in the event of natural disasters or cyber incidents may disrupt critical government financial operations, affecting service delivery.

Recommendation

92. Develop and test a Business Continuity and Disaster Recovery plan with defined RPO/RTO objectives, alternate site arrangements, and regular simulations.

Management response

93. *MoF noted the above recommendation for action.*

Release and Installation of Beta Version

94. **Lack of Independent Verification of IFMIS Functional Controls:** The Beta version, scheduled for delivery in June 2025, remains incomplete. Documentation does not confirm which modules have been developed, and no independent verification has been conducted. Additionally, critical system controls such as Ex-Ante workflows for approval and Ex-Post for audit trails have not been tested.

Criteria

95. The following criteria apply:

- **World Bank IFMIS Verification Guidance**, which requires independent validation of Beta versions.

- **ISSAI 1230 – Audit Evidence**, requiring sufficient, appropriate evidence of controls.

Risk

96. Incomplete modules and untested controls increase the risk of unauthorized or untraceable transactions. This may delay project timelines and undermine confidence in IFMIS integrity.

Recommendation

97. Finalize and validate the Beta version, ensuring all modules are documented. Conduct independent testing of Ex-Ante and Ex-Post controls, and issue formal acceptance certification before moving to rollout.

Management response

98. *The beta version has been released with all the relevant modules. With regards to testing there is already a UAT plan being implemented.*

Alignment Between FRS and SRS

99. **Missing Traceability Between FRS and SRS:** The FRS (pages 10–16) outlines detailed functional modules (Budgeting, Accounting, Cash Management, Procurement, Payroll, etc.), but the SRS (pages 14–18) does not provide a clear traceability matrix linking each functional requirement to system specifications.

Criteria

100. The following apply:
- ISO/IEC/IEEE 29148 – Requirements Engineering requires bidirectional traceability.
 - COSO – Control Activities emphasizes documentation of requirement-to-control linkages.

Risk

101. Without traceability, there is no assurance that all functional requirements are being addressed in the system design, leading to gaps or over-customization.

Recommendation

102. Develop a Requirements Traceability Matrix (RTM) mapping each FRS item to the SRS and test cases.
103. **Incomplete Coverage of Non-Functional Requirements:** The FRS (pages 20–22) specifies non-functional requirements (availability, scalability, performance), but the SRS (pages 22–24) does not define measurable benchmarks (e.g., uptime %, maximum response time).

Criteria

104. ISO/IEC 25010 – Software Quality Model requires quantifiable non-functional requirements.

Risk

105. System quality attributes cannot be tested or validated, leaving performance and security risks unmitigated.

Recommendation

106. Ensure the SRS translates each non-functional requirement into measurable and testable indicators.

Management response

107. *MoF stated that the above recommendation is noted. However, the IFMIS team has reviewed the 2 documents to ensure alignment.*
108. **Data Migration Requirements Not Properly Linked:** The FRS (pages 30–32) specifies requirements for data migration from legacy systems (TIS, VAM, CBS), including reconciliation and verification. The SRS (pages 35–37), however, only outlines a generic migration process without reference to the FRS reconciliation requirements.

Criteria

109. The following criteria apply:
- ISSAI 1230 – Sufficient and Appropriate Audit Evidence requires verifiable audit trails.
 - COBIT BAI09 – Manage Assets requires secure migration and reconciliation controls.

Risk

110. Incomplete migration controls may result in data integrity issues, loss of financial history, or inaccurate balances in IFMIS.

Recommendation

111. Update the SRS to explicitly address FRS migration controls (reconciliation, fallback strategy, audit trail).
112. *Management noted the above recommendation for action.*
113. **Security and Access Controls Misalignment:** The FRS (pages 24–26) requires role-based access, approval workflows, and audit trails. The SRS (pages 28–30) mentions role-based access but lacks detail on segregation of duties (SoD) and privileged access monitoring.

Criteria

114. The following criteria apply:

ISO/IEC 27001 – Annex A.9 (Access Control) and ISSAI 1330 – Audit of Internal Controls

Risk

115. Inadequate SoD and weak monitoring of privileged accounts expose the system to fraud and override of financial controls.

Recommendation

116. Enhance the SRS to fully reflect FRS requirements on SoD, access controls, and audit logging.

117. *Management noted the above recommendation for action.*

118. ***Business Continuity Requirements Not Carried Forward:*** The FRS (page 28) specifies requirements for business continuity and disaster recovery, including secondary site and failover capability. The SRS (pages 40–42) mentions redundancy but does not define recovery objectives (RPO/RTO).

Criteria

119. The following apply:

- ISO/IEC 22301 – Business Continuity Management
- ISSAI 5520 – Disaster Recovery

Risk

120. System unavailability during disasters could halt government financial operations.

Recommendation

121. Ensure the SRS defines measurable recovery objectives aligned with FRS requirements.

122. *Management noted the above recommendation for action.*

123. ***Stakeholder Engagement and Reporting Requirements Missing:*** The FRS (page 35) highlights reporting obligations (progress reports, Steering Committee inputs, communication plan). The SRS does not include this governance and reporting controls.

Criteria

124. The following apply:

- COBIT APO12 – Manage Risk emphasizes communication and reporting.
- ISSAI 1310 requires adequate stakeholder involvement.

125. Weak governance and oversight of implementation progress, leading to delays and reduced accountability.

Recommendation

126. Update SRS to incorporate FRS requirements for stakeholder engagement, vendor reporting, and Steering Committee oversight.

127. *Management noted the above recommendation for action.*

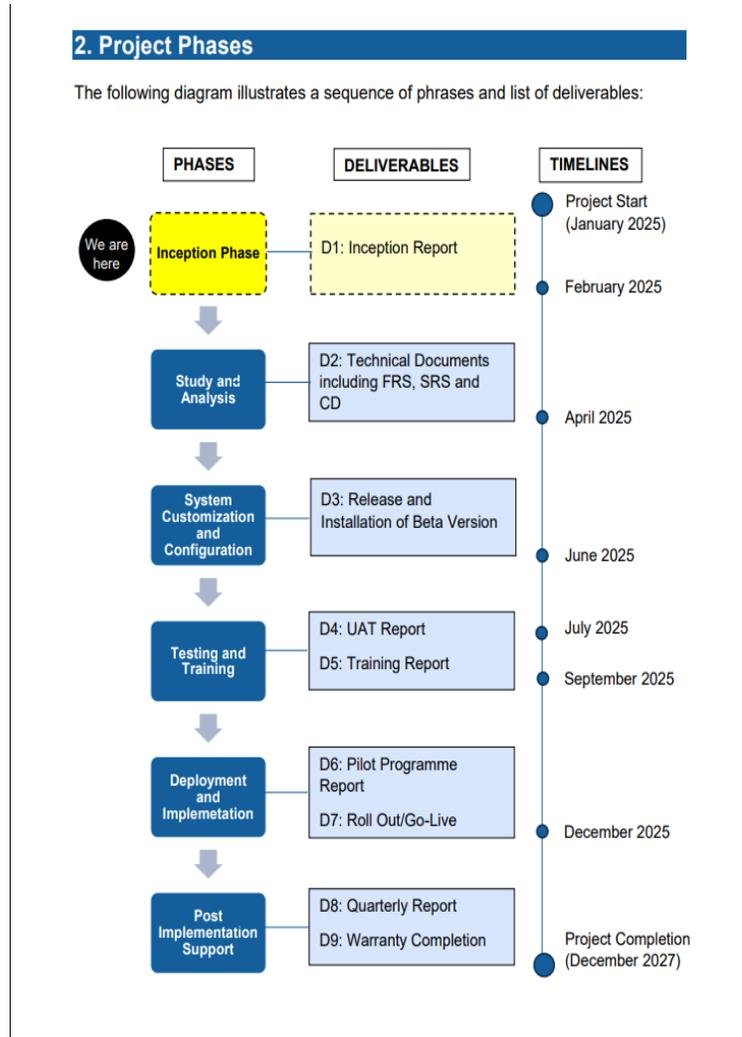
Emerging Risks

128. Apart from the identified audit findings and control weaknesses, here is the outline of emerging risks in line with the implementation of the Integrated Financial Management Information System (IFMIS) in Seychelles. These risks do not necessarily reflect discrepancies at the time of audit but signify forward-looking threats that could challenge the success, sustainability, and integrity of the reform if left unaddressed.

129. Their inclusion is intended to support proactive oversight, guide risk-informed decision-making by stakeholders, and enhance the strategic value of the Supreme Audit Institution's advisory role in digital public financial management reforms.

- Human Capacity gaps – Shortage of skilled ICT and IFMIS professional may delay roll-out and support.
- Infrastructure - Uneven connectivity across islands and limited data center resilience or cloud readiness
- Weak change management and user resistance
- Increased exposure to threats
- Lack of data privacy and incident response protocols
- Fragmented Legacy systems and inconsistent data standards
- Absence of finalized IFMIS strategy
- Weak Internal Control
- Over reliance on the supplier
- Post implementation support not clear

Inception report - IFMIS deliverable timelines



Implementation of the Memorandum of Agreement between the Government of Seychelles and CINEC Maritime Campus

Executive Summary

1. In June 2023, a Memorandum of Agreement (MoA) was signed between the Ministry of Education and Colombo International Nautical and Engineering College (CINEC) Maritime Campus for the management of the Seychelles Maritime Academy (SMA). The duration for the Management of SMA was for three years starting from 1st September 2022.
2. In April 2024, the administrative oversight of the Academy was officially transferred to the Ministry of Fisheries and Blue Economy, with day-to-day management now under the Department of Fisheries. This review was initiated by the Ministry of Fisheries and the Blue Economy and it covers the period from January 2023 to June 2025.
3. The objective of this review was to assess the implementation of obligations under the MoA, evaluate performance and financial arrangements, and examine the adequacy of oversight and monitoring mechanisms. The review is intended to support informed decision-making regarding the renewal, amendment, or restructuring of the agreement.
4. The following report describes the main audit findings, conclusions and recommendations.

Key Findings

5. Audit assessed the various obligations outlined in the Memorandum of Agreement (MoA) between the Ministry of Education and CINEC Maritime Campus. The obligations were reviewed to determine the extent to which they have been implemented. It was observed that while the majority of obligations particularly those related to training delivery and operational support have been satisfactorily fulfilled, others showed only partial progress or remained unaddressed as outlined in the table below;

| SUMMARY OF STATUS OF OBLIGATIONS | | |
|----------------------------------|-------------------------------|-----------------------------|
| Status | CINEC - Number of Obligations | MOE - Number of Obligations |
| Met | 12 | 5 |
| Partially Met | 3 | 2 |
| Not Met | 2 | 1 |
| Total Obligations | 17 | 8 |

6. The following report highlights the obligations which has been partially met or not met thus requiring further action.

7. **Non-implementation of Management Level courses:** Audit noted that although operational-level IMO-compliant STCW courses have been successfully introduced, the implementation of management-level training programmes have not commenced. This shortfall is primarily attributed to SMSA's limited regulatory capacity and the unavailability of qualified local trainers.
8. **Absence of Follow-Up after STCW Training for Personnel:** CINEC facilitated the delivery of STCW Basic Safety Training to over 300 prior to 2022 and over 90 in 2022. However, Audit noted a lack of structured follow-up or evaluation to assess the effectiveness and long-term impact of the training. There is also no evidence of further needs assessment to determine whether additional or advanced training would be beneficial in enhancing staff capacity.
9. **Absence of a Structured Plan for Ongoing Stakeholder Capacity Building:** Although CINEC and SMA have delivered specialized training to key stakeholders such as the Seychelles Port Authority (SPA), SEYPEC, and the Seychelles Coast Guard, Audit noted the absence of a formal long-term training plan or documented strategy for expanding these programmes. This is despite the stated intentions to enhance course offerings through planned simulator upgrades.
10. **Challenges in Succession Planning and Localization Efforts:** While CINEC has seconded lecturers and supported selected staff development initiatives, progress in localizing key academic and Quality Assurance roles remains limited, primarily due to the absence of a formal succession plan and clearly defined localization strategy.
11. **No Progress on Exploring Alternative Partnership Models:** The review found that CINEC has not initiated any discussions or submitted proposals regarding alternative models of partnership with the Government of Seychelles, as outlined in the Memorandum of Agreement (MoA). This suggests that the obligation to explore future collaboration frameworks beyond the current agreement has not been met. The absence of such engagement limits opportunities for strategic planning, sustainability, and the potential evolution of the Seychelles Maritime Academy.
12. **Deviation from MoA on QMS-Related Costs:** Audit noted that SMA incurred accommodation expenses for services related to the Quality Management System (QMS), including hotel costs for the IRQS Auditor conducting the ISO 9001:2015 audit and for a Quality Assurance Officer monitoring a short course. These costs, totaling SCR 22,450 for both years 2023 and 2024, should have been covered by CINEC as per the MoA, which assigns QMS-related support services as their responsibility. This represents a deviation from agreed financial arrangements.

13. **Salary supplementation for Foreign Lecturers:** Audit found that while SMA paid the monthly salaries of two foreign lecturers in the sums of SR27,017 and SR23,573, the Seychelles Petroleum Company (SEYPEC) also made direct monthly payments to CINEC in the sums of USD3,500 and USD3,780 (USD7,280) in respect of the same lecturers. These payments highlight the need for clearly defined financial responsibilities between the parties.

Conclusion

14. The audit review of the Memorandum of Agreement (MoA) between the Ministry of Education and CINEC Maritime Campus for the management of the Seychelles Maritime Academy (SMA) confirmed that the partnership has yielded several positive outcomes. These include the delivery of IMO-compliant training, implementation of the cadet development programme, and successful maintenance of SMA's ISO 9001:2015 certification contributing to Seychelles' continued inclusion on the IMO White List.
15. Audit noted that CINEC has fulfilled many core obligations, especially in curriculum delivery, external training, and technical support. However, key areas such as the rollout of management-level programmes and the localization of academic roles remain only partially achieved due to regulatory and capacity constraints.
16. On the Ministry's part, financial and administrative support have been consistently provided covering operational costs, paying salaries and accommodation for foreign lecturers, and housing for the SMA Director. However, more active involvement in strategic marketing and regional outreach would help raise the Academy's profile and strengthen its impact.
17. Despite many achievements, Audit observed a lack of forward planning. The MoA, due to expire on 31st August 2025, has not been periodically reviewed or updated, and no alternative partnership models or long-term sustainability strategies have been proposed by either party.
18. Audit noted certain instances where SEYPEC was paying for two foreign lecturers, who were also paid their monthly salaries by the SMA. This may increase the risk of payments being made on unclear financial arrangements under the MoA.
19. To ensure transparency and accountability, the revised MoA should clearly define all financial responsibilities and cost-sharing arrangements. With SMA now under the Department of Fisheries, it is important to re-evaluate the current agreement to enhance financial clarity and establish a forward-looking plan aligned with national priorities for

maritime education and long-term sustainability. Furthermore, the feasibility of obligations which has not been met can be assessed and taken into consideration in future MoA.

Recommendations

20. **Establish a System for Monitoring Progress:** The Department should create a clear and simple system to track the performance of working of CINEC and SMA. This should include regular updates on key performance indicators and relevant progress reports to help the Department see what is working well and what needs improvement.
21. **Support Training for Seychellois Staff:** The Department should find ways to encourage and support more Seychellois to take on key teaching and leadership roles at SMA. This can include offering training, mentoring, or financial help so they can eventually replace foreign staff.
22. **Explore Other Partnership Options:** The Department should consider alternative partnership arrangements with CINEC, such as, having more local control or transitioning CINEC to a technical support role so that SMA can become more independent over time.
23. **Enhance financial control and accountability:** The Department should ensure that all payments made to CINEC, such as, salaries, housing, accommodation, any salary supplementation are duly captured in the MoA. Further, the Department should monitor the implementation of the MoA so as to ensure that not only financial obligations but also other obligations of the Ministry, SMA and other stakeholder entities are being met correctly and timely.
24. **Improve Marketing and Communication:** The Department should develop a proper marketing and communication strategy to better promote trainings and courses internationally given its international accreditation.

Introduction

25. The Seychelles Maritime Academy (SMA) is the country's premier institution for maritime education and training. It offers academic programmes in Navigation and Seamanship, Fishing Science and Technology, and Marine Mechanics, along with several short courses. The Academy aims to equip learners with the skills and knowledge necessary for employment in the maritime and fisheries sectors, both locally and internationally.
26. The SMA was officially established in 2013, evolving from the former Maritime Training Centre (MTC) into a fully accredited maritime training institution. The transformation marked the beginning of a formal partnership between the Government of Seychelles and the Colombo International Nautical and Engineering College (CINEC), under a Memorandum of Agreement signed in December 2013.
27. This agreement followed a high-level visit by a Seychelles delegation to CINEC's main campus in Sri Lanka in August 2012, where the institution's infrastructure, academic standards, and training capabilities were found satisfactory.
28. The initial MoA positioned CINEC to oversee the day-to-day management of SMA and deliver academic programmes in line with international maritime standards. Under this arrangement, SMA became the first ISO 9001:2008 certified academic institution in Seychelles and played a significant role in Seychelles being listed on the International Maritime Organization's (IMO) white list.
29. The MoA was renewed in October 2016 for an additional three-year period ending in 2019. SMA operated under the Ministry of Education until March 2024, after which it was officially transferred to the Ministry of Fisheries and the Blue Economy and is now managed by the Department of Fisheries.
30. A new MoA was signed on 6th June 2023 between the Ministry of Education and CINEC. It became effective on 1st September 2023 and is set to expire on 31st August 2025.

Audit Scope and Objectives

31. This special review was conducted to assess the implementation and performance of the current Memorandum of Agreement (MoA) between the Ministry of Education and CINEC Maritime Campus, covering the period from January 2023 to June 2025. The review was initiated by the Department of Fisheries in view of the expiry MoA in August 2025 with the following key objectives:
 - To evaluate the extent to which the terms and obligations outlined in the MoA have been implemented by both CINEC and the MOE;

- To examine the adequacy and effectiveness of funding and financial arrangements;
- To determine the monitoring and oversight mechanisms applied under the agreement; and

Methodology

32. The review was conducted using the following methods:

- Examination of the Memorandum of Agreement, financial records, correspondence, and performance reports submitted by CINEC.
- Discussions were held with key personnel at the Seychelles Maritime Academy (SMA) and Seychelles Maritime Safety Authority (SMSA) to obtain insights on implementation challenges, operational performance, and oversight mechanisms.
- Review of payment records and supporting documentation for the years 2023 & 2024 to assess financial accountability and funding arrangements.
- Evaluation of the implementation status against the terms and conditions stipulated in the MoA to determine the extent of compliance and service delivery
- Meetings with officers from the Department of Fisheries to obtain information.
- Meetings with CEO and management team of SEYPEC to understand their involvement and obligations with CINEC and SMA.

Detailed Findings - CINEC's Obligations

33. The agreement outlines a series of responsibilities aimed at enhancing the operations, academic delivery, and long-term development of the Seychelles Maritime Academy (SMA). As part of the special review, an assessment was conducted on CINEC's performance in fulfilling its obligations under the Memorandum of Agreement (MoA) signed with the Ministry of Education. Each obligation was evaluated individually to determine the level of compliance, the effectiveness of implementation, and areas requiring further attention or improvement.

Obligation A and B: Appointment and Continuous On-Site Presence of CEO/Director

MoA Requirement

34. CINEC shall appoint a CEO/Director to head the management of SMA and ensure the continuous presence of the CEO/Director on site during the contract period. During the vacation period, CINEC will provide a replacement at its own cost.

Finding

35. Since the inception of the MoA in 2013, CINEC has consistently fulfilled its obligation to appoint a qualified Director to lead the Seychelles Maritime Academy. The current Director, Mr. Abeynayake, has been stationed in Seychelles since December 2023, with his contract renewed for the period from 20 December 2024 to 19 December 2025. CINEC has generally ensured a continuous on-site presence of the Director. In 2024, however, the Director was away on annual leave for a short period during semester break. This leave was formally approved by the Principal Secretary (Education), and no replacement was provided during his absence. Despite this, the operations at the Academy continued without any reported disruption.

Audit Conclusion

36. These requirements have been met. However, the MoA does not explicitly provide for short-term, pre-approved absences such as annual leave. Requiring a replacement in such instances may not be practical or necessary where operational disruption is minimal.
37. Future agreements should include provisions allowing for short absences without mandatory replacement, subject to formal approval.

Management Response

38. The operations were not disrupted during the Director's leave, as the duration was short. It is impossible to have a Director permanently placed.

Obligation C: Provide All Course Materials and Updates for IMO-Related Courses

MoA Requirement

39. CINEC shall provide all course materials and updates for IMO related courses.

Finding

40. CINEC has established a comprehensive suite of STCW (Standards of Training, Certification and Watchkeeping for Seafarers) accredited courses. at the Seychelles Maritime Academy, covering a range of safety, technical, and operational competencies in line with STCW Convention, 1978 as amended. These courses include modules such as Personal Survival Techniques, Fire Prevention and Fire Fighting, Personal Safety and Social Responsibilities, and Elementary First Aid, among others. The course materials provided are detailed and professionally structured, encompassing clearly defined learning objectives, international and local regulatory standards, trainer qualifications, practical assessment methods, and environmental protection protocols.

41. Training delivery is supported by up-to-date manuals, simulation-based activities, and quality assurance procedures to ensure alignment with both IMO requirements and industry best practices. These offerings have enabled SMA to deliver internationally recognised maritime training while supporting Seychelles' compliance with global seafaring standards.

Audit Conclusion

42. CINEC has met its obligation by delivering a wide range of STCW-accredited courses at SMA, aligned with international maritime standards. The curriculum is well-structured and caters to both cadets and maritime sector stakeholders, enhancing Seychelles' training capacity and compliance with IMO requirements.

Management Response

43. *Not applicable as obligation has been met.*

Obligation D: Assist SMA to Launch Certification for Ratings and Officers

MoA Requirement

44. CINEC shall assist SMA to enter the prestigious high-level navigation and engineering segment of maritime education and training through launching Certification for rating and Officers.

Finding

45. With CINEC's support, SMA has successfully delivered foundational and operational-level certification programmes between 2017 and 2024, in line with STCW standards. The key achievements include:
- ***Able Seafarer Deck and Engine Courses:*** These were conducted during the period 2017 to 2023, providing certification for ratings in deck and engine roles.
 - ***Maritime English Support:*** Ongoing language support was provided across several training cycles from 2018 to 2024 to enhance communication proficiency among seafarers.
 - ***Cadet Programme (Officer of the Watch – OOW):*** Stage 1 and Stage 2 of the OOW programme were conducted at SMA from 2020 to 2023, while Stage 3 is delivered at CINEC's main campus in Sri Lanka.
46. However, higher level management programs has not yet commenced due to the Seychelles Maritime Safety Authority's (SMSA) limited capacity to approve or conduct assessments at this level.

Audit Conclusion

47. While CINEC has successfully assisted SMA in delivering operational-level certification programmes, efforts to launch higher-level navigation and engineering certification for ratings and officers have faced challenges. These difficulties are primarily due to limited regulatory capacity at SMSA and a shortage of qualified local instructors. As such, this obligation remains only partially fulfilled.

Management Response

48. This shortfall in management level course is primarily attributed to SMSA's limited regulatory capacity and the unavailability of qualified local trainers.

Obligation E and P: Develop and Implement Fisheries Training with SFA and Industry

MoA Requirement

49. CINEC shall work with SMA in developing and implementing training programmes in the fisheries sector as per the types and levels of training programmes identified by Ministry of Fisheries and SFA and the industry and the fisheries sector.

Finding

50. Audit observed that CINEC, in collaboration with the Seychelles Fishing Authority (SFA), has made notable progress in fulfilling this obligation. A key achievement is the establishment of a fully functional aquaculture training unit at the Seychelles Maritime Academy (SMA). This facility provides students with practical, hands-on experience and supports both theoretical learning and work-based aquaculture training. Plans are underway to expand the unit with individual project-based initiatives to further enhance learner exposure.
51. In addition, over 364 SFA personnel underwent training in the five mandatory STCW Basic Safety Training courses. These sessions were conducted in Seychelles by a CINEC-appointed expert, following a special authorisation from the Sri Lankan Ministry of Shipping. The training was tailored to meet EU fleet compliance requirements, where STCW certification is mandatory, thereby supporting the fisheries sector's workforce readiness for international standards.
52. Furthermore, SMA has continued to deliver Safety and Survival courses aligned with STCW requirements. In 2023, a total of 21 such courses were conducted, benefitting 1,210 learners. This number increased to 1,429 in 2024, indicating growing demand and ongoing commitment to safety training.

53. These efforts demonstrate CINEC's responsiveness to industry needs and its contribution to developing sector-relevant skills that align with national maritime and fisheries development priorities.

Audit Conclusion

54. While CINEC has made commendable efforts to support fisheries training in collaboration with SFA, the absence of a formal long-term training plan and limited follow-up on training outcomes highlight the need for more structured planning and monitoring to ensure sustainability and continued relevance of the programmes.

Management Response

25. *CINEC conducted this training for 364 personnel for them to be eligible to continue to work and to secure employment in the industry, including on EU fishing vessels.*

Obligation F and G: Implement and Deliver a 3-Year Cadet Development Programme, including components at CINEC

MoA Requirement

26. CINEC shall offer a three (3) year cadet development programme (Operational level) to fast track SEYPEC localization programme for Navigation and Engineering Cadets. CINEC shall also work with SMA in delivering the Cadet programmes by conducting such components of the training at CINEC at local fees; where facilities, equipment and qualified/approved resource personnel are not available in Seychelles/SMA (such as simulators, engineering equipment, dry dock facilities).

Finding

27. CINEC, in partnership with SMA, has successfully implemented the Officer of the Watch (OOW) Cadet Programme, which forms the cornerstone of this localization initiative. The programme was for a duration of three years and were designed in three stages:

- **Stage 1 and Stage 2** were delivered at the SMA campus in Seychelles, covering theoretical training, classroom instruction, and initial practical exposure.
- **Stage 3**, which involved advanced simulator-based training, shipboard procedures, and dry dock experience, was conducted at CINEC's Sri Lanka campus due to the unavailability of equivalent facilities locally.

28. For the stage 3 training in Sri Lanka a verified list of enrolled students and supporting documentation showed that tuition fees were charged at the same rates as those applied to Sri Lankan nationals, despite being quoted in US dollars, consistent with industry practice.

29. Notably, the programme produced its first graduating cohort in 2024, with nine out of ten cadets successfully passing final oral examinations and being deployed on SEYPEC tankers, thereby contributing to national localization goals in the maritime sector.

Audit Conclusion

30. Audit confirmed that CINEC has fulfilled its obligation to offer a 3-year cadet development program as well as facilitate access to advanced maritime training for Seychellois students at its main campus in Sri Lanka, in line with the Memorandum of Agreement (MoA).

Management Response

31. *Not applicable as obligation has been met.*

Obligation H: Lay Groundwork for Management-Level Programmes

MoA Requirement

32. Once the Operational Level programmes are implemented, CINEC will endeavor to lay the groundwork to commence the top-end Management level programmes in Seychelles.

Finding

33. Despite successful delivery of operational-level programmes, no management-level training has been implemented, with steps being taken to undertake a needs assessment or strategic proposals towards that end. The primary barriers to implementation include:
- ***Regulatory limitations:*** The Seychelles Maritime Safety Authority (SMSA) currently lacks the technical and institutional capacity to approve, accredit, and monitor management-level maritime programmes.
 - ***Human resource constraints:*** There is a shortage of qualified local instructors and assessors who meet the standards required to deliver and evaluate training at the management level.
 - ***Infrastructure gaps:*** SMA lacks some of the advanced training facilities (e.g. bridge simulators, engineering labs) needed to support management-level instruction locally.

Audit Conclusion

34. Despite the limitations, CINEC has expressed its willingness to initiate the groundwork for management-level training once the Seychelles Maritime Safety Authority's (SMSA) regulatory capacity is strengthened. However, no formal roadmap, timeline, or

documented strategy was presented for audit review to demonstrate how or when this obligation will be fulfilled. Establishing a clear plan with agreed milestones would enhance programme delivery effectiveness and ensure readiness once regulatory barriers are addressed. Audit is also of the view that the feasibility of this obligation can also be assessed and taken into consideration into future agreement.

Management Response

35. While a formal roadmap and timeline have not yet been finalized, CINEC remains committed to initiating groundwork for management-level training once the Seychelles Maritime Safety Authority's (SMSA) regulatory framework has been adequately strengthened.

Obligation I: Deliver Training to Sector Stakeholders (SPA, Coast Guard, etc.)

MoA Requirement

36. CINEC shall identify and deliver programmes for Ports Authority, Coast Guard, Fishing Authority, Tourism including Maritime Leisure Sector, Petroleum Company etc.

Finding

37. SMA, in collaboration with CINEC, has delivered a variety of specialized training courses to key stakeholders across the maritime sector in Seychelles. These include STCW-compliant programmes, operational training, and custom-designed courses tailored to the functional needs of each organization.

- ***Seychelles Ports Authority (SPA):*** Courses have included tug operation training and simulator-based engineering sessions, as well as STCW Basic Safety and refresher courses to maintain international operational compliance for marine staff. These training has been ongoing since 2014 and continues up to now.
- ***Seychelles Petroleum Company (SEYPEC):*** In support of its localization efforts, SEYPEC benefitted from the Officer of the Watch (OOW) Cadet Programme. Additionally, oil tanker familiarization and safety training were delivered to ensure adherence to IMO safety regulations. This was a 3-year program with first batch graduating in 2024.
- ***Seychelles Coast Guard:*** Personnel received training in STCW Basic Safety modules—firefighting, first aid, personal survival techniques—as well as maritime security awareness to enhance patrol operations and vessel boarding procedures during

the period 2021-2024.

- ***Seychelles Fishing Authority (SFA)***: Personnel supported by SFA underwent STCW Basic Safety training to meet European Union fleet compliance standards. Aquaculture-related operational training was also delivered as part of a broader initiative to build sustainable fisheries capacity.
 - ***Tourism and Maritime Leisure Sector***: Preparations are underway to introduce the Royal Yachting Association (RYA) Day Skipper Course in July 2025 funded by EU sectoral support. This course will serve to certify small boat operators and tour guides, supporting safety and service standards in the leisure marine industry.
38. Training has also been extended to private operators and expatriates through short courses in basic safety and maritime security awareness, thereby widening the impact of CINEC's training mandate.

Audit Conclusion

39. This obligation is being actively fulfilled. Training has been effectively customized to address the operational and compliance needs of various stakeholders in the maritime sector.

Management Response

40. *Not applicable as obligation has been met.*

Obligation J: Assist SMA in Maintaining ISO 9001:2015 Quality Management System

MoA Requirement

41. CINEC shall assist SMA in maintaining its ISO 9001:2015 Quality Management System by keeping SMA informed of new requirements and guide SMA in implementation of the same.

Finding

42. CINEC has played a central role in the establishment and ongoing maintenance of SMA's ISO 9001 Quality Management System since its initial certification in 2013. Through technical assistance, provision of documentation templates, training, and periodic internal reviews, CINEC has enabled SMA to uphold internationally recognised quality standards.
43. During the period under review, SMA retained its ISO 9001:2015 certification with support from CINEC. Audit sighted a valid ISO 9001 certificate confirming certification through

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to October 2027. In addition to maintaining ISO standards, CINEC also facilitated SMA's compliance with STCW Convention requirements, specifically Regulations I/6 (Training and Qualification of Instructors and Assessors) and I/8 (Quality Standards), which are essential for maintaining the Academy's international maritime training status.

44. Evidence was further provided of annual audits by SMSA and management reviews conducted in line with ISO requirements, and of SMA staff receiving updated training on quality assurance procedures. These initiatives demonstrate an ongoing commitment to continuous improvement and alignment with both ISO and STCW frameworks.

Audit Conclusion

45. The requirement has been fully met. CINEC's structured support has enabled SMA to maintain ISO and STCW compliance, which are critical for its recognition as a credible maritime training institution.

Management Response

46. *Not applicable as obligation has been met.*

Obligation K: Introduce and Conduct New Programmes in Line with International Standards

MoA Requirement

47. CINEC shall introduce and conduct new programmes maintaining the International standards and IMO requirements as requested by the Government of Seychelles

Finding

48. CINEC and SMA have demonstrated active engagement in fulfilling this clause by expanding SMA's programme offerings beyond the core STCW curriculum through the following initiatives:

- ***RYA Day Skipper Sailing Course:*** In collaboration with the Ocean Sailing Academy, an accredited Royal Yachting Association (RYA) training centre in Seychelles, SMA has launch the RYA Day Skipper Sailing Course on 7 July 2025 funded by the EU sectoral support. This internationally recognised course caters to the recreational and small boat industry. The 1st Phase of the Yacht Master training has concluded. Four SMA learners and SMA instructor completed the RYA Day skipper sailing course on 18th July. Next phase will be for the SMA lecturer to complete Yacht Master Coastal Certificate Leading to Yacht master Ocean going qualification.

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- ***Diploma-Level Course Development:*** Plans are underway to introduce diploma-level programmes at SMA, signaling a shift toward more advanced maritime qualifications. These courses aim to align with international academic progression pathways and expand the scope of maritime training available locally.
- ***Value-Added Simulator Courses:*** Value added simulator courses has been on-going since 2014 though there is a planned installation of a new navigation simulator funded by the US embassy in September 2025 which will enable SMA to offer advanced, industry-relevant simulator-based training.

49. These will include Tug and Pilot training essential for port operations, and Search and Rescue (SAR) training to strengthen national maritime safety and operational capacity.
50. Audit was also informed that two new courses were developed in 2023, namely the 'Preparatory Skipper Course for Semi-Industrial Fishermen' and the 'Preparatory Skipper Course for Artisanal Fishermen', both funded by the World Bank's SWIO Fish project and accredited by SQA. However, these courses have not been conducted to date.

Audit Conclusion

51. CINEC has largely fulfilled this obligation with new programmes aligned with international standards successfully delivered in 2025. However, the two courses introduced in 2023 though accredited have not yet been conducted. This indicates progress toward meeting the obligation but highlights the need for timely implementation of newly developed courses to fully achieve intended outcomes.

Management Response

52. *For SPA: Tug master training was conducted for 7 tug operators (Theory and Practicals) by an IMO trainer and by the senior most tug master of Sri Lanka Ports Authority on ASD tugs. Also engineering staff was given a special training by a Chief Engineer on certain specific engine types. SEYPEC candidates continues to be trained at CINEC with 4 SEYPEC candidates currently attending their Operational Level and Management level training at CINEC.*

Obligation L: Source Lecturers and Train Seychellois Nationals to Take Over Roles

MoA Requirement

53. CINEC shall source the required Lecturers and train Seychelles Nationals whenever possible to takeover such positions in the future.

Finding

54. CINEC has seconded foreign lecturers to SMA and has taken steps to initiate capacity building efforts. However, progress in localizing key academic and administrative roles particularly in specialized areas such as Quality Assurance (QA) remains limited. One succession plan initiated in 2024 involved the training of a local lecturer for the QA Officer position. However, the individual declined the responsibility, citing the loss of their responsibility allowance as a disincentive.
55. Furthermore, broader structural challenges were noted, including a general lack of national expertise in ISO 9001 systems and quality assurance practices. These factors have hindered effective knowledge transfer and succession planning. Although the Director verbally indicated that such efforts were made, no formal documentation was submitted to support the existence of a succession plan, training records, or related follow-up actions.

Audit Conclusion

56. While some efforts have been initiated, the obligation to train and place the Seychellois nationals in key roles remains largely unfulfilled. Without formal planning, proper incentives, and sufficient budgetary support, the goal of sustainable localization cannot be effectively achieved. Strengthening documentation, planning, and follow-up mechanisms is essential to demonstrate progress under this clause.

Management Response

57. *A person with a seafaring background is required to understand the STCW and its application under ISO standards. This is the reason why a CINEC resource person is currently engaged with the activity, which is of vital importance for the upkeep of the ISO standards and the IMO compliance.*

Obligation M: Train SMA Lecturers and Trainers at CINEC

MoA Requirement

58. CINEC shall train lecturers and trainers at CINEC to conduct programmes of SMA.

Finding

59. Audit confirmed that CINEC has contributed to institutional capacity building through a range of training initiatives offered to SMA staff over the period 2016 to 2024. Staff members were sent to CINEC's main campus in Sri Lanka and benefited from both technical and non-technical programmes. Training areas included:

- Education Management and Leadership
- English Language Instruction and Pedagogical Skills
- Library and Information Management Systems
- Emerging Developments in Fisheries and Marine Technology
- Marine Incident Investigation Procedures

60. These capacity-building efforts have contributed to professional development and the gradual strengthening of SMA's academic delivery and administrative support functions.

61. Most notably, in 2025, CINEC conducted an IMO-compliant Train-the-Trainer (ToT) programme at SMA, led by one of CINEC's Vice Presidents. The training was designed in accordance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), specifically addressing the requirements under Regulation I/6. This programme equipped SMA lecturers with modern instructional techniques, assessment strategies, and safety protocol awareness, essential for ensuring consistent delivery of high-quality maritime education.

Audit Conclusion

62. The obligation has been largely fulfilled. CINEC has demonstrated commitment to building SMA's institutional capacity through diverse and relevant training programmes. The introduction of the ToT programme is significant, as it aligns directly with international standards.

Management Response

63. *Not applicable as obligation has been met.*

Obligation N: Offer High-End Training at CINEC for Seychellois Students at Local Fees

MoA Requirement

64. CINEC shall offer high-end training programmes at CINEC for Seychelles students at the prevailing local fee structure until facilities are upgraded at SMA.

Finding

65. Audit confirmed that CINEC has facilitated access to advanced maritime training programmes for Seychellois students at its main campus in Sri Lanka, as per the terms of the Memorandum of Agreement (MoA). A verified list of enrolled Seychellois students was provided, along with supporting documentation confirming that tuition fees were

charged in accordance with the local fee structure applicable to Sri Lankan nationals.

66. Although the fees are quoted in US dollars consistent with industry norms due to officers' earnings being in foreign currency the rates offered to Seychellois students are equivalent to those paid by Sri Lankan students. For example, the cost for an officer-level course was USD 4,000 per student, which aligns with the domestic pricing structure.

Audit Conclusion

67. This obligation has been fulfilled. SMA students have had access to advanced overseas training at approved local fees.

Management Response

68. *Not applicable as obligation has been met.*

Obligation O: Assist Seychelles in Maintaining IMO White List Status

MoA Requirement

69. CINEC shall assist Seychelles in maintaining its position on the IMO White List through the implementation of STCW-compliant training and systems.

Finding

70. To maintain a country's position on the International Maritime Organization (IMO) STCW White List, a number of essential requirements must be continuously fulfilled. These requirements are based on the Standards of Training, Certification and Watch keeping for Seafarers (STCW), 1978, as amended, and ensure that a country is compliant with international standards for seafarer education and certification.
71. Audit confirmed that CINEC has played a key role in supporting Seychelles' inclusion and retention on the IMO White List. This has been achieved through multiple interventions aligned with STCW requirements. Notably, CINEC supported the development and delivery of a comprehensive suite of STCW-compliant short courses at the Seychelles Maritime Academy (SMA), including Basic Safety Training and operational-level certifications.
72. Additionally, CINEC facilitated the secondment of an IMO-recognized consultant to guide SMA in aligning its systems and procedures with STCW provisions, particularly under Regulation I/6 (Training and Qualifications of Instructors) and Regulation I/8 (Quality Standards). As a result, SMA was able to establish and maintain an ISO 9001:2015 Quality

Management System (QMS), a key requirement for demonstrating compliance.

73. These efforts culminated in Seychelles' inclusion on the IMO STCW White List, as confirmed in IMO Circular MSC.1/Circ.1163/Rev.9 (dated 15 June 2015), which recognises countries whose maritime training and certification systems conform with the STCW Convention.

Audit Conclusion

74. This requirement of the MoA has been successfully fulfilled. CINEC's support played a critical role in achieving and maintaining Seychelles' compliance with international maritime training standards. To remain on the IMO White List, Seychelles (or any country) must demonstrate continuous and verifiable compliance with the STCW Convention through effective regulation, quality assurance, and transparent reporting. Authorities like SMSA are playing critical roles in ensuring these obligations are met consistently.

Management Response

75. Not applicable as obligation has been met.

Obligation Q: Contribute to Consideration of Alternative Partnership Models Beyond This Agreement

MoA Requirement

76. CINEC shall contribute to the process of considering alternative models of partnership with MOE beyond the current agreement.

Finding

77. Audit noted that, as at the date of review, there has been no evidence of formal proposals, documented concepts, or discussion papers submitted by CINEC to the Ministry of Education or SMA regarding alternative models of partnership beyond the current agreement, which is scheduled to expire in August 2025. SMA management also confirmed that no consultation or strategic dialogue has been initiated by CINEC on this matter.

Audit Conclusion

78. This obligation has not been fulfilled. Given the impending expiry of the agreement in August 2025, the absence of strategic engagement on future partnership models is a missed opportunity for proactive planning.

Management Response

79. *CINEC has also contributed heavily to the aviation industry in Seychelles. Currently there are trainees of CINEC on work attachments assisting Air Seychelles operations as well as are employed at Mahe airport on MRO (Maintenance, repair, Overhaul) operations.*

Detailed Findings - MOE's Obligations

80. The Ministry of Education is committed to building a coherent and comprehensive system of quality education and training that reflects both universal and national values. Its mission is to promote the integrated development of individuals, empowering them to participate meaningfully in the social and economic development of the country.

Key Responsibilities

81. The Ministry sets the overall direction for educational policies across schools and training institutions. It aims to foster an inclusive learning environment that encourages every learner to reach their full potential. Its major responsibilities include:
- Ensuring teaching excellence and professional standards;
 - Establishing clear benchmarks for student achievement;
 - Evaluating and approving textbooks and learning materials for use in schools.

Obligation A: Finance the Operational Cost of SMA and Infrastructure

MoA Requirement

82. The MOE shall finance the operational cost of SMA as well as the required infrastructure.

Finding

83. Audit reviewed the actual expenditures for the years 2023 and 2024 and confirmed that the Ministry of Education has fully met its financial obligations under the MoA. All key expenditure areas comprising of office expenses, transportation and travel cost, maintenance and repairs, materials and supplies and other goods and services as well as the acquisition of non-financial assets were funded under the Seychelles Maritime Academy's (SMA) budget allocations. In 2023, the total expenditure incurred by the Academy amounted to SCR12,195,680, while for the year 2024, total expenditure increased to SCR 19,025,646.

Audit Conclusion

84. This clause has been fully complied with. The Ministry continues to bear the financial responsibility for SMA's operational and infrastructure requirements as per the agreement.

Obligation B: Promote Programmes Offered by SMA and Invite Students to Apply

MoA Requirement

85. The MOE shall promote programmes being offered by SMA and invite students to apply.

Finding

86. Audit confirmed that the Ministry of Education compiles an annual Post-Secondary Education Booklet, which lists all approved programmes offered by national institutions, including those at SMA. This booklet is distributed to all secondary schools and made available to the public as part of the national enrolment campaign. In addition to this, the Ministry organizes school visits and career guidance sessions through its Careers and Guidance Unit, where students are informed about the various pathways available, including maritime education and training.
87. Efforts have also been made to utilize digital platforms and open days to further promote SMA's programmes. These initiatives ensure that students across Seychelles, including those in outer islands, have equitable access to information on SMA's offerings and are encouraged to apply.

Audit Conclusion

88. This clause is being fulfilled. The Ministry has ensured SMA's programmes are actively included in the nationwide post-secondary promotion and application process.

Obligation (c and d): Market Maritime, Fisheries, and Maritime Leisure Courses Locally and Regionally

MoA Requirement

89. MOE shall market relevant courses in the Maritime field to all stakeholders in the Maritime sector in Seychelles and in the region. Market relevant courses in the Fisheries and Maritime Leisure fields to all stakeholders in the applicable Sector in Seychelles and in the region.

Finding

90. The Seychelles Maritime Academy (SMA), in collaboration with various stakeholders, has

adopted a comprehensive marketing strategy that includes both physical and digital outreach efforts to promote its four core academic programmes and a range of short courses.

➤ Physical Outreach Activities

SMA regularly participates in national events such as:

- Open Days
- Career and Ocean Fairs
- Exhibitions
- School visits and hosted campus tours

91. These initiatives enable prospective students to engage with faculty, attend trial sessions, and gain firsthand exposure to the Academy's facilities and programmes.

➤ Digital Outreach and Online Presence

92. SMA has an active online presence, targeting youth and prospective students through:

Facebook: [SMA Facebook Page](#)

Instagram: [SMA Instagram Page](#)

Official Website: www.sma.edu.sc

93. SMA shares regular updates on activities, milestones, upcoming events, and available training opportunities. It also distributes digital flyers and posters to stakeholders and partner institutions.

➤ Partnerships and Community Engagement

94. SMA shares regular updates on activities, milestones, upcoming events, and available training opportunities. It also distributes digital flyers and posters to stakeholders and partner institutions.

95. SMA works closely with the Ministry of Education and other maritime-related ministries to broaden its visibility and establish new training partnerships. The Academy also maintains strong alumni engagement through social media and WhatsApp groups. These platforms are used to disseminate information on:

- Job vacancies
- Further study opportunities
- Short course offerings
- Institutional news and events

➤ Strategic Use of Work-Based Learning

96. SMA’s work-based experience programme is also used strategically as a marketing tool to attract industry partners and strengthen stakeholder relationships.

➤ Inclusive Target Audience

97. Marketing efforts aim to attract a diverse audience, including Seychellois S5 learners, mature applicants, expatriates and international students who meet the entry and accommodation requirements. Additionally, SMA secures newspaper space to feature student success stories and highlight institutional achievements.

Audit Conclusion

98. Audit concludes that while the Seychelles Maritime Academy (SMA) has implemented an active and inclusive marketing strategy—utilizing open days, school visits, exhibitions, career fairs, and online platforms—there is limited evidence of direct and strategic involvement by the Ministry of Education (MOE) or CINEC in broader marketing efforts. MOE’s contribution appears confined to the annual post-secondary booklet, with no documented regional outreach or engagement targeting key sectors, such as, fisheries, maritime, and leisure. Similarly, CINEC’s role in promoting SMA programmes regionally is not clearly demonstrated or formally reported, despite being a stated obligation under the Memorandum of Agreement (MoA). Overall, the absence of a coordinated marketing strategy or stakeholder engagement plan has limited the visibility of SMA’s sector-specific programmes within Seychelles and the wider region.

Obligation E: Sponsor Visits of CINEC Representatives for Governing Board Meetings

MoA Requirement

99. The Ministry shall sponsor visits by the CINEC President or their authorized representatives attending SMA Governing Board meetings.

Finding

100. Audit confirmed that the Seychelles Maritime Academy (SMA) covered the accommodation costs for the CINEC’s President and Vice President during their official visits to Seychelles. In June 2023, SMA paid SCR 14,923 for their stay at Berjaya Beau Vallon Bay Hotel. In 2024, accommodation expenses amounting to SR 11,546 were paid for their stay at Coral Strand Hotel to attend the SMA Board Meeting. It was further noted that the cost of airfares for these visits was also paid by SMA.

Audit Conclusion

101. This clause has been fulfilled in practice. SMA, as part of the Ministry’s portfolio,

continues to bear the agreed cost of facilitating CINEC's governance-related visits.

Obligation F: Provide Remuneration, Accommodation, and Insurance for Foreign Lecturers

MoA Requirement

102. The Ministry is required to provide or approve the provision of salary, accommodation, and insurance for foreign lecturers employed at SMA.

Finding

103. SMA currently employs four (4) foreign lecturers. Their remunerations are being paid for by the Academy. Audit reviewed SMA's actual expenditure records and confirmed that the salaries paid to the four lecturers amounted to SCR 1,029,581 and SCR973,288 for the years 2023 and 2024 respectively.
104. With regard to housing accommodation for the four foreign lecturers, Audit was informed that the cost was covered under the Ministry of Education's centralized budget until the transfer of the portfolio. From April to December 2024, the accommodation expenses were paid by the Seychelles Maritime Academy (SMA). Total accommodation costs amounted to SCR 563,400 in 2023 and SCR 545,400 in 2024.
105. While the above expenses were in line with the MoA, Audit noted that the Seychelles Petroleum Company (SEYPEC) was also incurring two monthly payments in respect of two of the four foreign lecturers in the sums of USD3,780 and USD3,500 respectively. These payments were made directly to CINEC based on invoice for the provision of trained professional services.

Audit Conclusion

106. Audit noted that SEYPEC was providing financial assistance to SMA by making direct payments to CINEC, while the lecturers were also receiving monthly salaries from SMA during the same period. This arrangement may result in overlapping payments and unclear cost implication/responsibilities. It is felt that SMA and SEYPEC should clearly define and document who is responsible for which payments.

Management Response

107. *SEYPEC provided supplementary funding to cover the shortfall between the local salary scale and the remuneration required for expatriate engagement. One lecturer supported SMA's quality assurance functions, while the other delivered mandatory high-end maritime programmes for which no suitably qualified local personnel were available. This*

Board –approved measure ensured SMA maintained IMO/STCW compliance and continuity of essential academic function.

Obligation G: Provide Appropriate Accommodation for the Director of SMA

MoA Requirement

108. The Ministry shall ensure appropriate accommodation is provided for the Director of SMA.

Finding

109. Audit was informed that during the year 2023 the accommodation costs for the Director of SMA was being paid directly under the Ministry of Education’s centralized budget. During the year 2024, after the transfer under the Ministry of Fisheries and Blue Economy the accommodation was paid directly under SMA’s budget. The total cost of accommodation during the year 2023 and 2024 amounted to SCR180,000 (SR15,000 x 12 months) for each year, reflecting consistent support by the Ministry in fulfilling its obligation under this clause.

Audit Conclusion

110. The obligation has been fulfilled. Audit review of the lease agreement confirmed that the Ministry continues to provide for the Director’s accommodation as required under the MoA. The lease agreement serves as evidence of compliance.

Obligation H: Consider and Propose Alternative Partnership Models with CINEC

MoA Requirement

111. The Ministry is expected to initiate or consider alternative partnership with CINEC for consideration beyond this agreement.

Finding

112. No documentation was provided to indicate that the Ministry has explored or proposed alternative partnership models during the period under review.

Audit Conclusion

113. This obligation remains unfulfilled. With the MoA set to expire in August 2025, early engagement on future partnership options is recommended to ensure continuity and strategic alignment.

Payment of Service Fees to CINEC

114. As per the terms of the agreement, the Ministry is required to pay CINEC a monthly service fee of USD 17,000 for the provision of its services. This amounted to SR 2,911,069 in 2023 and SR 3,013,069 in 2024.
115. The payment covers a range of expenses, including:
- a) The remuneration, vehicle expenses (financing cost, maintenance, insurance, running cost) personal and travel insurance travelling expenses from and to Sri Lanka of the Director-in-charge of SMA appointed by CINEC.
 - b) Cost of course materials and continuous upgrading as per the IMO regulations
 - c) Cost of introduction and management of lecturers and instructors
 - d) Cost for support service for maintaining QMS of SMA
 - e) Cost for assisting in programs conducted at SMA
 - f) Cost of involvement of President and Vice-President – Foreign Projects or authorized CINEC Representatives in functions of the Board of Management of SMA.
 - g) Cost of Course fee of Training of Trainers of SMA in Sri Lanka
 - h) Cost of Administration and monitoring of management and programs at SMA by CINEC staff.

Finding

116. Audit noted that support services related to maintaining the Quality Management System (QMS) at SMA was to be borne by CINEC in accordance with the MoA. However, Audit sighted that during 2023 and 2024, SMA paid for the hotel accommodation of the IRQS Auditor conducting the ISO 9001:2015 Audit at SMA in the sums of SCR7,664 and SCR13,386 respectively. Additionally, accommodation costs were also incurred by SMA for a Quality Assurance Officer assigned to monitor a short course delivered by a lecturer on Praslin amounting to SCR1,400.

Audit Conclusion

117. Audit confirmed that SMA and CINEC has generally met its financial obligations under the MoA. However, it is doubtful as to whether SMA should have met the accommodation costs for the QA officer and IRQS auditor visiting Praslin.

Management Response

118. *As per the agreed scope, all expenses related to conducting mandatory QMS audit-including IRQS auditor travel and accommodation – are the responsibility of SMA., the*

Report of the Auditor General

audit entity. CINEC's role is limited to providing technical guidance and ongoing QMS support, not funding external audit related activities. CINEC remains fully committed to strengthening SMA's QMS, as demonstrated through its sustained support during internal and external audits, ISO9001:2015 transition, and the recent IMO independent evaluation.

Audit Review of security contracts management across Government

Introduction

1. The provision of security services is regarded as an essential measure to safeguard government assets, properties and high risk service delivery operations. Every year, the government incur a significant amount of expenditure for the procurement of security services across various ministries, departments, and agencies (MDAs).
2. In 2024, a total of SR178m was paid for the provision of security services across all MDAs. Considering the significant scale of expenditure, it is essential that the process of tender and management of contracts are conducted in a transparent and accountable manner in conformity with the Public Procurement Act and the Public Procurement Regulations.
3. The tendering and bidding processes for the procurement of security services across MDAs are largely undertaken by the Central Procurement Unit (CPU) within the Ministry of Finance, National Planning and Trade (MoFNPT), with limited exceptions where individual MDAs manage their own procurements.
4. An audit was carried on the procurement of security services during 2024 with particular focus on contract management to assess as to whether the terms and conditions of the contracts were properly enforced and monitored by the respective MDAs and designated oversight bodies.
5. For this purpose, Audit sampled seven entities, namely, the Ministry of Education (MOE), the Ministry of Health (MOH), the Health Care Agency (HCA), the Department of Agriculture (DOAg), the Seychelles Revenue Commission (SRC), the National Sports Council (NSC) and the Judiciary. These entities engaged various security firms under some 75 contracts (and approved contract extensions) for a total value of SR93.3m during 2024. As per the treasury records, the actual expenditure incurred in this respect in 2024 amounted to SR91.9m.

| MDAs | Actual expenditure SR | Contracted amounts SR |
|--------------|-----------------------------|-----------------------------|
| MOE | 44,032,362 | 43,453,550 |
| HCA | 21,897,934 | 20,872,689 |
| JUDICIARY | 13,838,233 | 13,838,233 |
| DOAg | 5,011,874 | 5,181,766 |
| NSC | 4,482,474 | 4,419,671 |
| MOH | 1,334,372 | 4,418,652 |
| SRC | 1,323,968 | 1,123,881 |
| TOTAL | 91,921,217 | 93,308,442 |

Audit objective, scope and methodology

6. The objective of the audit was to assess as to whether the MDAs were effective in the management of security service contracts in compliance with the Public Procurement Act (as Amended), 2008 and Public Procurement Regulations 2014, and whether adequate systems were in place to ensure accountability and value for money.
7. The audit covered seven MDAs with high-value procurements of security services undertaken during the year 2024. Audit evaluated the contract management system on the basis of eight main criteria drawn from the procurements laws and procedures and the contractual obligations included in service contracts. The criteria being (a) validity of contracts; (b) performance monitoring; (c) post contract evaluation; (d) comprehensive review of security services; (e) monthly activity reports by contractors; (f) payment conditions; (g) deployment of security personnel; and (h) security service contract format.
8. The audit methodology comprised (a) meetings with key officials from the CPU and MDAs to obtain information on contract management practices; (b) examination of contract files, monitoring reports, payment vouchers and invoices, correspondences, and performance records from the MDAs and the CPU; and (c) surprise visits at selected locations of MDAs with the highest number of deployments

of security officers to verify actual deployment of security personnel against the contract obligations.

9. The results of the audit assessment of the contract management system for security services within the seven selected entities were analyzed and rated based on (i) satisfactory; (ii) partially satisfactory; and (c) unsatisfactory. To illustrate, Audit indicated 'satisfactory' where evidence of full compliance and no significant weaknesses were identified. The 'partially satisfactory' meant that there was compliance to some extent but notable weaknesses, inconsistencies or gaps existed. In cases, where no evidence or inadequate evidence of compliance was provided and significant weaknesses observed, Audit rated them as 'unsatisfactory'.
10. On completion of the audit, each MDA was issued a draft report detailing the ratings assigned for each criterion and additional comments as deemed applicable for further discussion and verification of facts and figures. The MDAs were also invited to provide further information, documentation and a formal written reply if the entity concerned did not agree with the audit findings.
11. All entities provided their written comments on their respective draft reports which are suitably incorporated in this report and only one entity (HCA) organized an exit meeting to discuss audit findings followed by the submission of its written comments.
12. The assessment revealed varying levels of performance across entities where some areas of the contracts were well managed while some gaps existed in other areas.
13. A summary of the ratings is provided at the end of this report.

System Description

14. With the exception of the Judiciary and the Victoria Hospital of the HCA, the tender and bidding processes for other MDAs included in the sample were coordinated by the CPU based within the Ministry of Finance, National Planning and Trade (MoFNPT) in line with the requirements submitted by the respective MDAs.
15. Following the award of the contract, although the Public Procurement Act and Regulations stipulate that the Procuring Entity (PE) should appoint a contract manager, the CPU has been assisting PEs who had not appointed a Contract Manager for the management of security service contracts.

Figure 1

THE PROCUREMENT PROCEDURES FOR SECURITY SERVICES

1. **Requisition** - The CPU invites MDAs to submit their security services requirements prior to the lapse of a contract period or an MDA can request to initiate the procurement of new security services. A needs assessment may be required, mostly in instances where the MDA is procuring new security services.
2. **Tender**- The tender process is initiated through the publication of an Expression of Interest (EOI). A pre-qualification exercise is undertaken to evaluate and shortlist potential service providers that meet the required criteria, before they are invited to tender for a bid. The final shortlist of qualified firms is submitted to the National Tender Board (NTB) for approval. Upon approval, the tender documents are issued only to the shortlisted firms for bidding.
3. **Award**- The most responsive bidder is recommended and approved by the NTB. Following the issuance of the letter of bid acceptance, the CPU prepares the written contract in triplicate using the standard contract form in the bidding document.
4. **Service Delivery Structure**-The contractual obligations outlined in the contract is set by the CPU in collaboration with the respective MDA based on their requirements. The contract generally includes deployment, grooming standards, and the provision of appropriate equipment as found applicable by the procuring entity.
5. **Payment**-The period of payment is stated in the contract and each MDA remains responsible to effect payment in line with the contracts and public finance management rules and regulations.
6. **Contract management**- A contract manager should be responsible for (a) monitoring of the performance of the supplier, to ensure that all delivery or performance obligations are met or (b) where obligations not met, appropriate action taken by the procuring entity.

Audit findings, conclusions and recommendations

Validity of Contracts

16. A service contract in this context is valid if it is signed by both parties, contain rights and obligations of both parties, duration is stated, provide a basis for the payments arising and conflict resolution and in the standard format.
17. Audit noted that while all entities included in the audit review had valid contracts in place to cover the audited period and govern the engagement of security service providers, eight (8) contracts covering the period January to February 2024, relating to two entities namely, the HCA (7) and the MOH (NIHSS) (1), were unavailable. Audit also noted the following shortcomings.
18. **HCA:** The Agency has been extending one security service contract since 2018 without retendering.
19. **Judiciary:** The Judiciary is one of the entities who did not procure its security services through the CPU. Audit noted that there was some correspondence between the Procurement Oversight Unit (POU) and Judiciary during the contract renewal process leading to adoption of its own format by Judiciary. This contract was ultimately approved by the POU on the basis of limited time and urgency, despite not fully satisfied with the same.
20. **DOAg:** One of the contracts between the DOAg and a security firm valued at SR1,004,640 for the period 1 January 2024 to 31 December 2024 had not been signed by the authorized representative of the Department.
21. **MOE:** All contracts for the period March to December 2024 were available for Audit verification. As for the period January to February 2024, the Ministry extended twenty-four (24) contracts with the approval of the National Tender Board for the specified contract sums.

Conclusion

22. The absence of valid and duly signed contracts for certain periods and certain locations represents a weakness in contract management, record keeping practices and internal controls within the respective MDAs. Further, the practice of engaging service providers and making payments without valid contracts exposes entities to legal and financial risks and reduce accountability of service delivery. Furthermore, the reliance on

urgency to justify contract renewal or approval undermines the competitive procurement principles and value-for-money objectives.

Recommendations

23. While the HCA and MOH should strengthen record-keeping, the DOAg should ensure that all contract-related documents are duly signed and safeguarded for easy retrieval and to support effective contract management practices.
24. The Judiciary should improve contract planning and timeliness. Renewal or re-tendering processes should be initiated well before contract expiry to prevent last-minute extensions thereby ensuring and promoting competitive procurement practices in line with the requirements of the Public Procurement rules and regulations.
25. The CPU should conduct regular compliance checks to ensure that good and effective contract management practices are practiced by MDAs.

Management Response

26. *HCA: Seychelles Hospital, being a tertiary care facility, operates at the highest level of medical care in the country. It provides specialized medical services, advanced diagnostic support, and emergency care, often for critically ill patients referred from primary and secondary health institutions across the nation. Given its strategic importance, the hospital functions 24/7 and hosts high-risk departments as the wards, casualty department, LPG gas storage, incinerator, and general access points throughout the hospital. These departments require not just general security, but highly trained personnel who understand hospital protocols, patient privacy, crowd control, and emergency response procedures. The current security team has undergone continuous training by HCA to ensure they are equipped to support hospital staff in managing high-stress situations, maintain a safe and calm environment for patients and visitors, respond swiftly to emergencies, including fire, violence, or threats, control access to restricted or sensitive areas, coordinate with healthcare staff during patient transfers and evacuations and understand and implement infection prevention protocols when required.*
27. *Changing the security agency at this stage would create significant operational disruptions. Onboarding and training a new team to handle the complexities of a*

tertiary care hospital would take considerable time and resources. It could also compromise the safety and security of patients, staff, and hospital property during the transition period.

28. *Maintaining continuity with a trained, experienced security provider is therefore not only practical but essential for the uninterrupted and safe operation of the hospital.*
29. **MOH:** *There was an extension of the contract period by POU. The NIHSS will follow up with POU for the documentation of the approval.*
30. **DOAg:** *The Department did not respond to the audit observation.*

Contract Performance Monitoring

31. As per public procurement regulations, the contract management should include monitoring the performance of service providers to ensure that all delivery and performance obligations are met, or appropriate action taken by the procuring entity in the event of obligations not met. Audit noted the following.
32. With the exception of MOE and to some extent, the Judiciary and the SRC, the audit did not find documentary evidence of routine performance monitoring or other compensating controls in the other MDAs for the year 2024.
33. Audit noted that the CPU has been providing contract management assistance to MDAs not having a contract manager, despite the requirement in the Public Procurement Act and Regulations for the procuring entity to appoint a contract manager.
34. From the reports provided by the CPU, it was noted that monitoring visits were only conducted for the HCA during the month of May 2024 due to transportation constraints. No monitoring records were provided for other MDAs covered by Audit. Audit also noted that the CPU acted and addressed complaints brought forward by entities in 2024, notably four cases for the MOE and one case for the DOAg.
35. The Unit discontinued its contract management assistance to the MOE and the HCA as of January 2025. Consequently, both entities were advised to appoint a dedicated Contract Manager to oversee all contractual matters. However, at the time of audit, both entities were yet to appoint a contract manager and the CPU was providing contract management assistance to entities that have not appointed a contract manager.
36. **MOE:** Contrary to other entities, Audit noted that the MOE employs a Security Manager who is involved in conducting weekly monitoring visits. Three monitoring reports for

visits conducted in 2024 were provided to Audit, which covered locations contracted to three security firms. Audit also noted that apart from routine monitoring, the Ministry also proactively dealt with security related incidents as and when they happened.

37. Audit further noted that as of February 2025, the MOE strengthened its monitoring system by introducing a log of monitoring visits for recording both observations and remedial action taken.
38. **Judiciary:** Audit noted that the Judiciary maintains weekly security logs to record and monitor the performance of security firms at Palais de Justice premises. The Judiciary also informed Audit that security incidents are discussed in its weekly senior management meetings. Additionally, an example of a log book maintained at one of the Judicial Officer's residence was provided for review which clearly showed the daily security activities carried out by the security officer at the residence.
39. **SRC:** Whilst no formal monitoring reports were being produced for security services provided to the SRC, the Commission provided attendance records, which the Commission explained were the basis for monitoring and ensuring that security officers were being deployed in line with the contract.

Conclusion

40. There was no standard performance monitoring mechanism in place for regular and post contract monitoring of the performance of security service providers in 2024. The absence of standardized monitoring mechanism represents a significant weakness in contract management in ensuring that the government is receiving the intended services and value for money for funds spent on security services.

Recommendations

41. The CPU and MDAs should initiate and agree on a standardized monitoring structure and standard operating procedures to ensure the efficient and effective monitoring of the performance of security service contracts. This document should include but not limited to regular performance reviews, regular site visits and service standards and conflict management.

Management Response

42. **HCA:** As the CPU has officially handed over the responsibility for the contract to the HCA, HCA is now managing all aspects of the agreement moving forward.
43. Currently, HCA is in the process of obtaining PSB approval for the appointment of a Contract Director who will be responsible for the day-to-day management and oversight of the contract. This step is essential to ensure that proper governance, accountability, and monitoring mechanisms are in place.
44. **MOH:** MOH stated that the issue is beyond the control of MOH.
45. **MOE:** MOE can confirm that when there had been serious incidents at school level, the previous CPU Contract Manager, positively responded. To note, the previous Contract Manager at CPU was always present in forums/ meetings held at the MoE as well as at schools with regards to sensitive and/or serious issues.
46. MOE has also acted upon the audit advice provided during site visits and is now keeping a catalogue of cases effective March 2025.
47. **SRC:** The Commission maintains attendance books at all locations, which serve as the basis for confirming that security officers are deployed in accordance with the contract. The attendance records are verified by the respective officer in charge of each location (e.g. Praslin, La Digue, Maison Collet) and forwarded to the Administration Unit on a monthly basis. For the year 2024, there were no instances of service delivery issues that could be classified as non-compliance or poor performance. Consequently, no non-compliance or poor performance reports were issued for that period. In line with the recommendation, SRC will strengthen its monitoring by introducing a monthly report, in addition to the attendance records. The report will show overall performance as well as any issues (if any) in the service delivery.
48. **NSC:** In liaison with CPU, emphasis will be put on ensuring that all monitoring done is well documented and NSC receives copies. In regards to monthly activity reports, we acknowledge an oversight for better follow up. Way forward is to put more emphasis on all service providers to submit their activity reports attached with invoices.
49. **DOAg:** Management did not offer any comments.

Post-Contract Evaluation

50. ***Non-performance of post-contract evaluation:*** Despite the stipulation in the standard security service contract provided by the CPU for the preparation of a performance report at contract completion, Audit noted that with the exception of HCA where such as evaluation was provided for one contract, none of the entities complied with this contractual requirement at the end of 2024 or where the period ended in March 2025. According to the security service contracts, entities should prepare a performance report that reflects the service level based on recorded facts upon contract completion.
51. In the case of the National Sports Council (NSC), Audit noted that a progress report was submitted to the CPU, evaluating the performance of four security service providers over a period of eight-months. Audit confirmed that the report formed part of the documentation submitted in support of the contract renewal process for the period January to December 2025. The report described the performance of three out of the four firms as satisfactory, while noting that one firm required improvement. However, the report was not supported by factual evidences such as photos or incident reports for the issues reported.
52. As for the Judiciary, on the other hand, the contract did not include a requirement for post-contract evaluation as it did not use the format of the contract provided by the CPU.

Conclusion

53. The absence of post-contract evaluations hinders effective assessment of service quality and performance of the firms thus inhibiting performance-based decisions to award new contracts or renew the existing ones.

Recommendations

54. All MDAs should comply with all standard contractual requirements and ensure that a post-contract evaluation is conducted at the end of every contract before awarding new contracts or renewal of existing contracts.
55. The CPU should strengthen controls to ensure that all relevant contractual requirements are included in all contracts, enforced by the respective MDAs, and the relevant documentation is kept in evidence of the process.

Management Response

56. **HCA:** While the Agency informed that an evaluation of all security services was conducted on 9th September 2024, Audit noted that from the submitted reports, only one report for a security firm comprehensively evaluated the performance of the firm. The Agency further clarified that in cases of contract extensions it was preparing basic reports and only in cases of new (open) tender was a comprehensive report produced.
57. **MOH:** Stated that it is not clear to them as to what law prescribes post evaluation report.
58. **MOE:** MOE agreed with the Auditors with regards to post-contract evaluation. The Ministry will take the respective schools to task and take necessary measures to address this issue. To note, few schools are submitting their termly reports on performance of both Security Firms and Cleaning Agencies.
59. **SRC -** When establishing the tender process, CPU consults SRC to confirm its requirements (e.g. number of officers, locations and working hours). As per the recommendation, the Commission will strengthen its oversight by preparing an end-of-contract performance report at the end of each contract, to reflect the overall service delivery.
60. **NSC:** To liaise with CPU and/or other institutions to provide relevant staffs training on best practices in all aspect of contract oversight and management. Overall, the training will empower staffs to handle contracts professionally and strategically which will enhance contract oversight and performance monitoring, increased efficiency in contracting processes, better documentation. It will reduce risks and improves compliance. In liaison with CPU, emphasis will be put on ensuring that all monitoring done is well documented and NSC receives copies.
61. **DOAg:** We accept the weakness and we will ensure that all required reporting is promptly done.

Coordinated Security Services Review Exercise

62. **Delayed progress in comprehensive review of security services:** Upon granting approval for the extension of security contracts in 2024 and 2025, it was stipulated by the MOFNAT/CPU that it is done to allow sufficient time for the completion of an extensive review on the procurement of security services. The scope of the intended

review was to include, among others, the calculation of the static man-hours required per site; and an assessment of the feasibility and benefits of integrating technology, including CCTV, alarm systems, and access control. The CPU was responsible for conducting the exercise in collaboration with the procuring entities.

63. However, Audit did not find any documented evidence that the intended review has been completed by the contracting MDAs, the CPU or jointly by both the entity and the CPU.

Conclusion

64. The comprehensive review of security services was significantly delayed. While the primary responsibility to conduct this assessment rests with the MDAs, the CPU, as the oversight body, should have monitored and ensured the process so as to derive maximum benefits to the government.

Recommendations

65. The CPU should relook into the security services review/ assessment, take stock of what has been and remains to be done and together with the MDAs agree on a clearly defined timeline and deliverables to ensure that this important exercise is successfully completed and the intended objectives are met.

Management Response

66. *HCA: Assessment was done for 2025, example, HCA increased manpower at Wellness Centre. Typically, changes are considered before renewals. For Seychelles Hospital, manpower will be re-evaluated once the new camera system is installed.*

67. *MOH: NIHSS has installed cameras to aid with monitoring. Due consideration will be given to install cameras on other sites.*

68. *MOE: MoE has a plan to transform all schools using technology. The Ministry conducted pilot projects and invited possible contractors to assess and submit proposals on how best technology can be incorporated to enhance security in schools. All proposals were submitted to MoF for further assessment and consideration. However, MoE felt that budget constraint was an issue.*

69. *Currently, MoE is piloting another project in partnership with POU/ CPU, following termination of a recent contract at a Primary and Secondary School. This project will encourage frequent patrols and communication through technological means.*
70. *MoE will take measures to rectify the CCTV Systems in the four schools should budget permit.*
71. *By default, monitoring of CCTV footage is done by head teachers. However, MoE will consider including TV screens at the security kiosks should budget permit.*
72. *SRC: The comprehensive review of security services is conducted by the CPU, as they are responsible for establishing the contracts, including the extensions.*
73. *Judiciary: A few years ago, we were informed that the government would be undertaking a comprehensive review of security services for government entities, including those related to judicial security. However, to date, we have not received any updates or information regarding the progress or outcomes of this review. We have followed up on several occasions but has always been told that a decision is yet to be taken.*
74. *DOA: The Department made no comment in response to audit findings.*

Monthly Reporting by Security Firms

75. **Submission of monthly reports not satisfactory:** According to the terms of the standard security service contract template provided by the CPU and entered into by all but one MDAs, the service provider is required to submit a monthly activity report upon the submission of monthly invoices for payment. Audit noted that all payments were made without a monthly report except for the following cases:
- two of the seven MDAs, namely DOA and Judiciary, did not include a requirement for monthly reporting, as such, they could not enforce the provisions;
 - two entities, the HCA and the MOE had monthly activity reports from their contracted firms, however, the reports did not cover all months. To illustrate, the HCA received 31 monthly activity reports submitted by 7 out of 11 firms contracted against 132 monthly activity reports which should have been submitted. The MOE received six monthly activity reports, instead of 288 expected monthly activity reports;
 - SRC clarified that it was using the attendance reports to monitor deployment of security officers, hence made payments to the security firms.
 - Audit also noted from activity reports submitted for HCA and MOE that the formats used by the service providers were inconsistent and lacked standardization in that only three firms were observed to have used a reporting

template that adequately covered key aspects of service delivery, such as, indication of incidents recorded, manpower deployment, equipment, patrol and access control logs.

Conclusion

76. While most security firms did not fulfil their reporting obligations as per the contract, there was also a lack of oversight by MDAs as well as CPU over contract management to ensure that key contractual requirements were being met.

Recommendations

77. All MDAs should ensure that each contract is aligned with the standard security service contractual requirements set by the CPU or customizations otherwise approved by CPU. Submission of monthly activity reports should be enforced by MDAs prior to making payments to the security firms to ensure that payments are being made for services satisfactorily provided in line with the contracts.

78. The CPU should strengthen controls in place to ensure that all relevant contractual requirements are included in the MDAs' respective contracts and enforced by MDAs.

79. The CPU should also consider introducing standardized reporting templates to guide security service providers in meeting reporting obligations in line with the CPU's and MDAs' expectations.

Management Response

80. *HCA: Reports were not included with the invoice. However, moving forward, we will ensure that all relevant reports are attached with future invoices.*

81. *MOH: MOH will send out a communique to the security firms to submit the activity report, rota along with their invoices.*

82. *MOE: Moving forward, MoE will explore holding invoices if monthly report is not submitted as advised by the Auditors. The idea will be discussed at the next meeting.*

83. *SRC: SRC currently uses the attendance records as supporting documents to confirm that security officers were deployed in accordance with the contract requirements. This control will be strengthened with the implementation of the monthly report, as additional supporting documentation for the invoices.*

84. *NSC: We acknowledge an oversight for better follow up. Way forward is to put more emphasis on all service providers to submit their activity report consistently, ensure*

that reports are attached with invoice as required and follow up is done should there be any issues.

85. **Judiciary:** *Since we were not using the standard contract template, we were unaware of the requirement to include provisions for monthly reporting from security service providers. Moving forward, we commit to incorporating this requirement in all future contracts to ensure regular and systematic reporting, which will enhance oversight and performance evaluation of contracted security services.*

86. **DOA:** *We accept the weakness and we will ensure that all required reporting is promptly done.*

Payments to be made in line with contracts

87. In principle, actual payments arising from contracted security services, should match the contract terms unless adequately justified. Expenditure totaling SR91.9m were accounted for in the Treasury ledgers and the Judiciary records in relation to security services for the seven audited MDAs for the year 2024. Audit reviewed a sample of payments and noted some deviations as below.

88. The MOH incurred a total expenditure of SR4,102,157 in respect of four security firms engaged at a total contract sum of SR4,418,652 for the year 2024; the actual payments were lower than the contract sum. The Ministry confirmed that one security firm did not submit invoices for six months during the year 2024, with sums totaling SR431,876, hence no payment was made for these six months. Audited noted that as of September 2025, the outstanding invoices were not yet settled and the Ministry noted that discussion is ongoing with the security firm to clear these outstanding invoices.

89. Actual expenditure incurred by the SRC for security services for the year 2024 amounted to SR1,323,968 as per Treasury Ledger against a total contract amount of SR1,123,881 in respect of two security firms. Audit noted that the extra charges of SR200,087 above the contracted sum relate to additional services provided by the security firms which the Commission clarified were ad-hoc services specifically requested by it arising from public sales, revenue collections at Anse Royale as part of the Commission's monthly decentralization program and other outreach programs organized by the Commission.

90. As per the Treasury ledger, the Judiciary, incurred a total expenditure of SR15,510,106 for security services during the year 2024, of which SR13,968,208 related to two security firms for which the contract sum was SR13,838,233. The excess of SR129,292 paid in

2024 was actually in respect of an underpayment for the period April 2023 to December 2023 for the provision of security services for one judge.

91. Actual expenditure for security services incurred by the DOAg for the year 2024 amounted to SR5,011,873 as per the Treasury ledger against a total contract amount of SR5,181,766 in respect of five security firms. The underpayment was mainly due to 11 monthly sums paid for two different security firms instead of 12 monthly payments expected for the year 2024. Also, few other security-related payments totaling SR18,845 were accounted for under the Department's ledger.
92. Additionally, the payments totaling SR1,004,640 were made to one security firm for the year 2024 in the absence of a valid, signed contract.
93. Expenditure incurred by the NSC in respect of four security firms amounted to SR4,482,474 in 2024 as per the Treasury ledger against a total contract amount of SR4,419,698. The difference of SR62,775 relates to other security-related services made under the security budget but were not covered as part of the audit.
94. The HCA engaged security services at 11 locations at a total contract value of SR20,872,689 and incurred expenditure totaling SR21,897,934 in 2024 as per the Treasury ledger, excluding the monthly payments for January and February 2024 on seven locations without contracts.
95. Additionally, payments made to eight (8) security firms were either higher or lower than the contract sum due to reduced deployment in some cases and delayed payment of invoices in other cases. The net under payment was a sum of SR471,927 between the total contract sum of SR16,348,983 and the actuals of SR15,877,055.
96. As per the Treasury Ledger, the MOE incurred total expenditure of SR44,032,363 in 2024 towards the static security services provided by 28 security firms under 47 contracts and contract extensions. The contracts and the contract extensions amounted to an aggregate value of SR43,453,550.
97. The variance of SR578,813, which is over the contract sum, was primarily due to additional security services provided by the firms at the request of the Ministry. Also, in one case, Audit noted that the invoice for December 2024 for SR179,400 in respect of one security firm was settled in January 2025, giving rise to more variations between the actual and the contract sum.

Conclusion

98. The delayed payments and over/under payments highlight deficiencies in internal controls, contract administration, financial oversight and budget control.

Recommendations

99. MDAs should strengthen controls over contract management to prevent over/underpayments and detect variances in a timely manner. MDAs should further ensure prompt collection of invoices from the service providers and timely settlement of the invoices.

Management Response

100. *HCA: The main reasons for the variances related to reduced deployment at some locations and delayed payments in other cases.*

101. *MOH: No comments were provided by the Ministry.*

102. *MOE: Emphasis is being put on monthly reporting and tabled on the agenda of the security meetings.*

Deployment of Security Personnel

103. The contracted security firms are required to provide personnel at designated sites for the duration of the contract in line with deployment requirements and staff that meet grooming standards and using approved and prescribed security equipment.

104. In order to ensure the level of compliance with these requirements, Audit conducted surprise spot-checks on five days either during the day or night, between May and July 2025 at various locations of the HCA and MOE; the two main recipients of security services with large expenditure budgets.

105. On various MOE locations, visited by audit team accompanied by the MOE's Security Manager, Audit observed under-deployment in 16 out of 37 visits. The cases of under-deployment were communicated to the security firms by the MOE representative who accompanied Audit during the site visits. Audit was also informed by the MOE that there was an instance where the cost associated with under-deployment was deducted from the security firm's payment.

106. Audit also observed several staffing irregularities that further compromised service delivery. These included two cases where officers were found asleep while on duty; one instance where the same officer was allocated duty at two different locations; and, one case involving a very young officer stationed alone without the required equipment. Audit further noted that the officer did not have contact details for his supervisor, highlighting potential communication gaps in the event of incidents or emergencies during his shift.
107. As for the HCA sites, Audit observed consistent compliance with regard to deployment with only one instance of under-deployment noted at the Victoria Hospital. During this particular visit, 13 security guards were sighted on duty compared to the required 15 as per the contract requirements specifying the exact number of security officers to be stationed at each site, along with the expected shift times.

Conclusion

108. Surprise spot checks by Audit revealed non-compliance with deployment requirements by security service providers contracted by the MOE, which if remains unaddressed, may negate the quality of service delivery.

Recommendation

109. The procuring entities should strengthen controls to ensure that service providers adhere to the deployment schedule stipulated in the contract. The security firms should duly document and communicate any amendments to the deployment schedule to the procuring entities on a timely basis for the procuring entities' approval. In the event that deviations are not addressed, deductions should be applied on contract amounts.

Management Response

110. *MOE: As much as possible, MoE expects security firms to have adequate manpower. There have been instances whereby firms have had insufficient manpower due to various reasons. If alerted promptly of such issues, MoE takes immediate actions. There is documented evidence demonstrating that the Ministry took firm action against the company by deducting the corresponding amount from its monthly payment due to insufficient manpower.*

111. *HCA: The explanation letter has been shared with the security firm. However, please note that the daily staff list has been regularly recorded in the Security Log Book as part of standard procedure.*

Standard Security Service Contract

112. The CPU prescribed the use of a standard security service contract template by the MDAs requiring such services for better management of the contractual relationship with the suppliers. The audit review of the contract documents in use in the seven entities revealed instances where the contracts did not include all the requirements as in the standard contract.
113. In the case of Judiciary, Audit noted that the contract was in a different format, excluding provisions for monthly reporting and post contract evaluation. However, it included a provision for weekly meetings to discuss security matters.
114. As for DOAg, reporting obligations referred to the maintenance of an occurrence book and site log book but there was no provision relating to monthly reporting which is required in the standard contract.
115. The contracts, in six out of seven MDAs, did not include the provision relating to quarterly meetings contrary to the standard contract template provided by the CPU.

Conclusion

116. Inconsistencies in contractual provisions adopted by MDAs indicate a lack of compliance on one hand by the respective MDAs and a lack of oversight by the CPU on the other. Non-compliance and a lack of oversight may impact on minimum security and performance requirements established by the CPU.

Recommendation

117. The CPU should increase awareness over the adoption and compliance to the standard security service contract document through trainings or meetings with all the procuring entities to explain the purpose and requirements of the standard contractual requirements as well as benefits of enforcing compliance. The CPU standpoint regarding customization should also be clearly communicated and understood by all the procuring entities to ensure due compliance and that value for money for the security services.

Management Response

118. **Judiciary:** *For over a decade, we have been independently drafting our own security service contracts and subsequently forwarding signed copies to the POU for their records. While the POU has acknowledged receipt of these contracts, they have never indicated that our format was incorrect or required modification. To align with standard practices and facilitate uniformity, we intend to adopt this template moving forward to ensure full compliance and consistency in contractual arrangements.*

Comments of the Central Procurement Unit (CPU)

119. *In general, the CPU stated (November 2025) that it supports the strengthening of contract management, including the rollout of sensitization initiatives. The CPU acknowledges the current lack of oversight and, as such, requires support to reinforce the contract management unit. Strengthening this unit will enable the implementation of strategies aimed at enhancing awareness, adoption and compliance.*

Summary of ratings for each criterion assessed

✓ Satisfactory: The criterion is fully met. Evidence demonstrates full compliance, and no significant weaknesses were noted.

△ Partially Satisfactory: The criterion is met to some extent, but there are notable weaknesses, inconsistencies, or gaps. Improvement is required to ensure full compliance.

X Unsatisfactory: The criterion is not met. No evidence or inadequate evidence of compliance was provided. Significant weaknesses were observed.

| NO. | AUDIT CRITERIA | PERFORMANCE INDICATORS | RATINGS | | | | | | |
|-----|---|--|---------|-----|-----|-----|-----|-----|-----|
| | | | HCA | MOH | MOE | SRC | NSC | JUD | DOA |
| C1 | Valid contracts | Signed and dated by both parties (entity and service provider). | △ | △ | △ | ✓ | ✓ | ✓ | △ |
| | | Contracts specify clear deliverables such as deployment requirements, grooming standards, reporting obligations with penalties for non- performance. | △ | △ | △ | ✓ | ✓ | ✓ | ✓ |
| | | Contracts specifies the duration of the engagement. | △ | △ | △ | ✓ | ✓ | ✓ | ✓ |
| | | Addendum or variations are formally documented and signed. | △ | △ | △ | ✓ | ✓ | ✓ | ✓ |
| C2 | Performance monitoring of service providers | Monitoring reports are prepared on a regular basis i.e. monthly or quarterly. | △ | X | △ | △ | X | ✓ | X |
| | | There is documented evidence of follow-up actions taken on non- compliance or poor performance. | △ | X | △ | △ | X | ✓ | △ |
| | | There is evidence of review meetings or evaluation notes with service providers. | X | X | △ | X | X | ✓ | X |
| C3 | Post contract completion performance report | End-of-contract performance reports have been prepared and are on file with evidence that it has also been issued to the service provider. | X | X | X | X | △ | X | X |
| | | Reports are supported by factual evidence such as photos, incident reports and any other supporting evidence. | X | X | X | X | △ | X | X |
| | | Reports have been duly signed off. | X | X | X | X | ✓ | X | X |
| | | There is evidence that the performance reports have been used to make informed decisions on renewals or extensions. | X | X | X | X | ✓ | X | X |

| NO. | AUDIT CRITERIA | PERFORMANCE INDICATORS | RATINGS | | | | | | |
|-----|--|---|---------|-----|-----|-----|-----|-----|-----|
| | | | HCA | MOH | MOE | SRC | NSC | JUD | DOA |
| C4 | Comprehensive review of security services | There is evidence that the comprehensive review is in progress, supported by documentation. | X | X | X | X | X | X | X |
| C5 | Submit a monthly activity report with each invoice | Monthly activity reports were submitted with each monthly invoice for the period under review. | △ | X | X | X | X | X | X |
| | | Reports were signed and verified by responsible personnel. | △ | X | X | X | X | X | X |
| C6 | Payments made in line with signed contracts | Payment amounts matched the contractually agreed amount. | △ | △ | △ | √ | √ | √ | √ |
| | | Payment vouchers are supported by required documentation such as invoices and monthly activity report. | △ | △ | △ | △ | △ | △ | △ |
| | | Payments are duly authorised before disbursement. | √ | √ | √ | √ | √ | √ | √ |
| C7 | Deployment of security personnel | The number of guards deployed and physically observed by Audit was consistent with the provisions stipulated in the contract. | △ | N/A | X | N/A | N/A | N/A | N/A |
| | | Deployed guards observed were in full uniform and carried valid identification badge in accordance with contractual requirements. | △ | N/A | △ | N/A | N/A | N/A | N/A |
| | | Deployed guards observed by Audit were equipped in accordance with contractual requirements ie; walkie talkies or phones, Batons and Torches. | △ | N/A | X | N/A | N/A | N/A | N/A |
| C8 | Security service contract format | The security service contract template agreed by the Central Procurement Unit is being used. | △ | △ | △ | △ | △ | X | △ |