

VERBATIM REPORT

Committee: Finance and Public Accounts Committee
Meeting: Meeting with the **Department of Defence** to discuss the Auditor General's Report of 2009 and 2010
Room: Leader of Opposition's Conference Room
Date/Time: Monday 27th August, 2012 at 0900 hours

Present: Committee
Hon. David Pierre - *Chairperson*
Hon. Charles De Commarmond – *Vice-Chairperson*
Hon. Lenny Lebon
Hon. Nichole Barbe
Hon. Marc Volcere
Hon. Bernard Arnephy
Hon. Sebastien Pillay

Department of Prisons
Brigadier Leopold Payet – *Chief of Defence Forces*

In Attendance: Office of the Auditor General
Mr. Marc Benstrong - *Auditor General*

The Secretariat
Ms. Sandra Hall - *Secretary to the Committee*
Ms. Saviona Isaac - *Secretary Assistant*
Ms. Angelic Appoo – *Committee Advisor*

HON DAVID PIERRE

Ok. Good morning everybody. A very good morning to you Mr. Payet and welcome to the hearing. We are basically the FPAC, I will talk a little bit about the FPAC and then I will introduce the Committee. You will introduce yourselves formally and then we will take it from there. Ok, now Article 104 of the Constitution gives the Assembly the power to form Standing Committees of which FPAC is one of those Committees and Article 104 reads, of our Constitution, states very clearly and I quote:-

“That for the purposes of effectively performing its functions, a Standing or other Committee may summon any person the Committee believes may assist the Committee in the performance of its functions and the Committee shall have powers, rights and privileges of the Supreme Court for 3 things:

- a. For enforcing the attendance of officers and examining them on oath, affirmation or otherwise;
- b. Compelling the production of documents; and
- c. Issuing a commission or request to examine a witness abroad.”

So, basically this is where we get our powers from, and like I've said, the Committee comprises of 7 Members and let me introduce the Members. I myself Honorable Pierre is the Chairperson of the Committee, and as Vice Chairperson of the Committee we have Honorable De Commarmond, and other Members are Honorable Arnephy, Honorable Barbe, Honorable Volcere, Honorable Lebon, and we await Honorable Pillay who is also a Member of the Committee. We are also assisted in our work by those ladies here and I shall give Sandra the floor to introduce other members of those who are assisting us in our work.

MS SANDRA HALL

Good morning. My name is Ms. Sandra Hall, I am the Secretary of the Committee. On my left is Mr. Marc Benstrong, the Auditor General and on my right we have Ms. Angelic Appoo, she is the Committee Advisor and Ms. Saviona Isaac who is the Assistant Secretary to the Committee.

HON DAVID PIERRE

Thank you very much Sandra. If you can kindly just introduce yourself.

MR LEOPOLD PAYET

Brigadier Leopold Payet, I am the Chief of Defence Forces, I am responsible for the armed forces and I'm responsible also for the finance of the SPDF. Thank you.

HON DAVID PIERRE

Ok. Thank you so very much Brigadier. Basically, we are here today to ask questions so as to clarify issues with respect to the reports, with respect to two reports of the Auditor's office and that would be report 2009 and 2010, and we simply expect all witnesses to speak the truth and nothing but the truth, and everything that is said here remains for the consumption of the Committee. Having said that, if you don't have any queries, or any questions, we shall start. And I shall be the first person to ask you a few questions. Let me refer your attention to page 33 of 2010 report. Do you have a copy of the 2010 report? Ok, page 33 of that report. Ok and it is paragraph 2.1 and paragraph 2.2, those are the two paragraphs that I am going to refer to. First of all, the Department of Defence received a sum of 97, basically R97 million in the 2010 Budget, and as observed in previous

years the SPDF operated its own accounting system during 2010, outside that of the Treasury accounting system. And the audit for 2010 noted that summarized expenditure records were not available while expenditure ledgers were not maintained and a breakdown in actual spending by the department in the year was not available. There was, as a result lack of effective budgetary control and over-spending under various expenditure heads. So, the question to you would be how are you maintaining a budget of around R97 million to ensure control over expenditure and then, there was a request for you to implement the new QuickBooks package, the question would be, has the QuickBook package been implemented? So basically, how are you maintaining control of the R97 million budget and have you implemented the QuickBooks package? Thank you very much.

MR LEOPOLD PAYET

Yes, when we had the report, there were so many issues which were not according to the book, and then the report was sent, if I am not mistaken to the Auditor General to clarify the few points that was not seen when the audit came. But I haven't got a report with me like I said, my Accountant is on overseas leave, I haven't got all the documents which I should rely on that to give an answer. But I can answer whatever question you are going to ask me which I know ...

HON DAVID PIERRE

So, basically you are not too sure as to how the budget of R97 million is being maintained?

MR LEOPOLD PAYET

No, I haven't got the details. We know that we had a budget but I haven't got any details so that I can present to the Assembly here.

HON DAVID PIERRE

Ok and what about the QuickBooks package? Has it been implemented?

MR LEOPOLD PAYET

Yes, it has been implemented. According to my Accountant, the report which was sent to the Auditor General, if I'm not mistaken.

HON DAVID PIERRE

How often would you get a report from your Financial Controller as to the manner in which the budget is being spent?

MR LEOPOLD PAYET

When we've got cheques which has not been paid and then they said by the time the has not been paid and then the response which I get, we haven't got enough money in the budget, so by this time I look to the procedures that is going on.

HON DAVID PIERRE

When is that person who is in charge basically of maintaining control over the budget etc, etc...when is he coming back?

MR LEOPOLD PAYET

On the 4th of September.

HON DAVID PAYET

4th September.

MR LEOPOLD PAYET

That's why when I was asking to say, I said my Accountant is not present, I couldn't attend last week, and then they said this week, I said that my Accountant is not present.

HON DAVID PIERRE

I would like some clarification from the Auditor, but in principle, who is supposed to be the Chief Accounting Officer?

MR BENSTRONG

Well it could be, in the case of Defence it could be Brigadier, but then of course he is the Accounting Officer, but then he is assisted by accounts personnel like the Financial Controller and the Accountant, but the overall responsibility would be the Accounting Officer which for the Defence would be Brigadier. In other Ministries it would have been the Principal Secretaries or CEO's.

HON DAVID PIERRE

Ok, do you have any supplementary questions? Anybody who has any supplementary question with respect to this? Now, I was just consulting with AG, because of the importance of the question to Defence, I was simply trying to find out because he is telling us that he needs basically his assistant in order for him to answer those questions, and it is important that those questions are answered. So, basically I was thinking in terms of other questions as well, maybe he would not be in a position to answer the other questions which are equally important as far as we are concerned. So, and I'm leaving the country on the 7th and I'll be back on the 16th, and his assistant is coming back on the 4th. The 4th is a Tuesday. Ok. I was wondering whether we can have a special hearing for Defence on the, probably on the 7th. He is coming back on the 4th. Let us give him time to organize, and we can have the hearing on the 6th before I leave. Thursday the 6th.

It will be only one hearing for two hours at least with Defence, because it's important that those questions are answered properly. Sandra, Brigadier was given an idea as to the areas which he will be asked questions? So, you have any idea? Would that be alright for you to come back on the 6th? Because I think it would be more fruitful if we can have your assistant with you so as to be able to answer these questions that we have for you. So, the 6th, Sandra kindly let us put a time to it? 9 in the morning? Or 10 to 12?

HON CHARLES DECOMMARMOND

I think 10 to 12.

MS SANDRA HALL

So, 10am to 12am right?

HON DAVID PIERRE

Hon. Volcere, I know you are from Praslin and will that be ok for you?

HON MARC VOLCERE

I can get a flight at 8.45am.

HON DAVID PIERRE

Ok, I think 10 will be better for you. Ok. I think it could be best that we have this hearing postponed.

HON CHARLES DECOMMARMOND

Because the Financial Controller will be more helpful.

HON DAVID PIERRE

Yes, because we need all the details that we can get with respect to the reports.

MR LEOPOLD PAYET

Because that's why I said when I was called for the meeting, I said that my Accountant is not there and

I think it is better he is there so that any questions which...

HON MARC VOLCERE

Can I ask a question? He has been in the office for some time no, with you, your Accountant?

MR LEOPOLD PAYET

Yes, the Financial Controller is a new one. He just came about 4 months ago.

HON MARC VOLCERE

Ok.

HON DAVID PIERRE

But the person who is abroad, what is his responsibility, he is the Accountant?

MR LEOPOLD PAYET

Chief Accountant, yes.

HON DAVID PIERRE

Perhaps it would be helpful when you come on the 6th for you to come with the Chief Accountant and the Financial Controller, just in case alright?

HON CHARLES DECOMMARMOND

And this would also be an experience for them, and they will know also in the future they can be around and they can also be called for explanation, so it is good.

MR LEOPOLD PAYET

No, because last time when I was called, my Accountant was with me. You remember Mr. Pierre?

HON DAVID PIERRE

Yes, I think it would be more appropriate for him to be present so that you can consult with him on answers to give to us with respect to the questions that we intend to ask.

Ok, so we will see you on the 6th. Perhaps it would be appropriate for you to get in contact with your Accountant and let him know that he has to be back in the country before, and he has to be prepared for the questions on the 6th. Ok. Thank you very much.

MR LEOPOLD PAYET

Thank you very much Mr. Pierre.

HON CHARLES DECOMMARMOND

Perhaps it would be advisable to let Brigadier know all the questions that we will be asking.

HON DAVID PIERRE

Well, he has already been informed; all the Accountants are informed of the areas of questions. So he is already aware. Ok, thank you once again. We will see you on the 6th.