VERBATIM REPORT

Committee:             Finance and Public Accounts Committee
Meeting:              Meeting with the Ministry of Foreign Affairs to discuss the 2011 Report of the Auditor General
Room:                 Committee Room 3
Date/Time:            Tuesday 13th August, 2013 at 1330 hours

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

Ministry of Foreign Affairs
                       Ambassador Mr. Maurice Lousteau-Lalanne – Principal Secretary
                       Ms. Peggy Nasib – Financial Controller
                       Ms. Tessie Julienne – Director General for Finance and Administration

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

The Secretariat
                       Ms. Angelic Appoo – Committee Advisor / Secretary
                       Ms. Saviona Isaac - Secretary Assistant
HON DAVID PIERRE
Please welcome to the hearing. Before we start, please allow me to talk a little bit about what the FPAC is all about. We are one of the standing committees in the National Assembly and we have a specific role of oversight and today we're going to ask you questions with respect to the 2011 Report by the Auditor General. In fact, the FPAC obtains its powers from the Constitution and Article 104 states that, ‘the National Assembly shall, as soon as practicable after the beginning of each session of the Assembly appoint from amongst its Members standing committees and other committees necessary from the efficient discharge of its functions and without prejudice the foregoing, the National Assembly shall appoint the following standing committees’, one of which is the FPAC. And of course our powers come from Article 104 (3) which states, ‘for the purpose of effectively performing it’s 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 the powers, rights and privileges of the Supreme Court for -
a) first of all, enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise;
b) secondly; compelling the production of documents; and
c) thirdly, issuing a commission or request to examine a witness abroad’.
So, we expect all witnesses to tell the truth and nothing but the truth, but everything that is discussed here remains for the consumption of the Committee until is made public through a report that the Committee would produce and put before the House to be debated and accepted. So, the Committee comprises of seven Members. I myself, the Leader of the Opposition, is also the Chairperson of the Committee, we also have as Vice-Chairperson of the Committee, Hon. De Commarmond, the other Members are Hon. Volcere, Hon. Pillay, Hon. Vel, Hon. Lebon and Hon. Barbe. We are also assisted in our work by a Secretary, Ms. Angelic Appoo and an Assistant Secretary, Ms. Isaac. And as you may be aware, we work very closely with the Office of the Auditor General and today we have the Auditor with us. Thank you very much and please kindly introduce yourself and members of your delegation.

MR MAURICE LOUSTEAU-LALANNE
Well, thank you Chairman. Thank you for inviting us and I would also like to say good afternoon to all Members of the Committee. I’m Maurice Lousteau-Lalanne, I’m sure everybody knows me, I’m currently the Principal Secretary at the Ministry of Foreign Affairs and I think I’m also the Accounting Officer for the Ministry. With me is Tessie Julienne who is Director General for Finance and Administration and Peggy Nasib who is our Financial Controller, recently transferred within Government from Ministry of Finance to the Ministry of Foreign Affairs. I shall tell the truth Chairman.

HON DAVID PIERRE
Nothing but the truth. Thank you very much, so we shall start. Ok, I will put the first question to you myself and I would like to refer you to, do you have a copy of the report?

MR MAURICE LOUSTEAU-LALANNE
Yes, I have a copy of the report.

HON DAVID PIERRE
Ok, I would like to refer you to page 42 of the report, 2.2 and 2.3. Ready? Ok. Now, because of the issue of exchange rates and schemes of service, ‘the amount of money recorded on the monthly payroll and charged to the Ministry personnel emoluments expenditure was less than the amount actually charged against the remittance accounts which was based on the current market rates; giving rise to variances on the remittance accounts’. That was a remark made by the Auditor General and the reply was, ‘the Ministry said that this matter has been discussed with the Ministry of Finance and the Treasury and, as off 2012, they had began raising journals in accordance with amounts on bank advices, although the payroll itself is not yet revised as the new salary scheme is still to be amended. However, the recording of salaries expenditures as per actual costs had to be abandoned due to inadequate funds on the mission’s accounts’. So, the question to you is a simple one, has the new salary scheme been amended?

MR MAURICE LOUSTEAU-LALANNE
The answer to the question Chairman is it has and the new salary scheme was finalised and approved by the Department of Public Administration and was implemented with effect from the 1st of January 2011.

HON DAVID PIERRE
2011?

MR MAURICE LOUSTEAU-LALANNE
1st of January 2011.

HON CHARLES DE COMMARMOND
If that is the case, because this is a report of 2011, end of 2011, can the Auditor General give us some light on that?

MR MARC BENSTRONG
I’m not too sure about that, I don’t know whether Mr. Ambassador has, is it a mistake Mr. Ambassador?

HON DAVID PIERRE
2011 or 2012?

MR MAURICE LOUSTEAU-LALANNE
2011.

(Interruption)

HON DAVID PIERRE
Excuse me, just a minute. They would be allowed to answer question if you give them permission to.

MR MAURICE LOUSTEAU-LALANNE
Ok. Please.

MS TESSIE JULIENNE
By the time we got the scheme of service it was way past January 2011 and then we had to backdate the scheme of service from January 2011.
**HON CHARLES DE COMMARMOND**
When was it approved?

**MS TESSIE JULIENNE**
We got the scheme of service from DPA in April 2011.

**HON CHARLES DE COMMARMOND**
Mr. Chair, if that is the case there is something, a bit abnormal somewhere. You see what I mean? This is the report of end of 2011, so if that is the case, it should have been noted in the report because ......

**MR MARC BENSTRONG**
Mr. Chairman when the audit field work was completed, there was an exit meeting with the Ministry on the 28th May 2012, so this scheme of service was still an issue outstanding, and when the 2011 report was being drafted and the relevant paragraph relating to Foreign Affairs was submitted to the Ministry and in the reply it is said that, ‘the payroll is yet to be revised as the new salary scheme is still to be amended’. And that was last year, December last year when the 2011 report was being drafted.

**MR MAURICE LOUSTEAU-LALANNE**
I think there are two issues in the one issue, I think we’ve had schemes of service being requested for approval here at different times, for example I don’t want ... particular question but we still have new schemes that have been approved by DPA which is now to be released now also. So, it could be that when we did the exit interview with Mr. Miller we were then talking about the scheme that was already being processed, had been submitted and was being processed, that could be one. On the issue of the payroll, the main problem as you know relates to the exchange rates that was fixed to pay the salary of in fact in this particular case it is more to Ambassadors. And when that was pointed out as an issue of exchange rates in the scheme of 2011, we took an administrative decision at the Ministry that we would apply in the modification as and when these Ambassadors would be rotated in their missions and the simple reasoning for that was because they would lose out on their take home salary. These were the two issues which relate to this particular problem. But to confirm Sir, I think, I’m not sure when the audit was done, was it not done for the period of October 2011?

**MR MARC BENSTRONG**
The audit was done from 1st October 2010 to October 2011.

**MR MAURICE LOUSTEAU-LALANNE**
That’s it.

**HON DAVID PIERRE**
Ok, we are basically talking about different schemes?

**MR MAURICE LOUSTEAU-LALANNE**
Yes, I think this might be the case. We could have maybe misled by saying ok, well the scheme is still with DPA for approval, but that scheme in gestation with DPA for quite some time you know and it’s only now that it is being released. So, it could be that when we talked of schemes we were referring to the scheme which is currently now
being approved, you know, maybe that could be the confusion, but the answer to your specific question is we are applying the scheme of January 2011, that seems to have been approved in April 2011 and we were trying to apply it from January 2011.

HON DAVID PIERRE
So, there are amended schemes or new schemes for ....?

MR MAURICE LOUSTEAU-LALANNE
Yes, in fact there’s a new scheme for the diplomatic cadre which includes all our missions overseas and then there are 3 schemes for the Ministry of Foreign Affairs per se, the International Relations Department, the Regional Integration Department and the Treaties and Protocol Department and all these 4 schemes have recently been approved, but we have not applied it yet. So, that could be .....  

HON DAVID PIERRE
And 2.3 also speaks about the recording of salaries, expenditures and so on, what can you tell us about the current situation with respect to the recording of salaries expenditures? Are there mechanisms in place to ensure the correct payment and recording of salaries? That was an issue, is it still an issue?

MR MAURICE LOUSTEAU-LALANNE
No, it is not an issue.

HON DAVID PIERRE
Mechanisms have been put in place?

MR MAURICE LOUSTEAU-LALANNE
They have been put in place and there is reconciliation done with Treasury.

HON DAVID PIERRE
And there’s evidence of that?

MR MAURICE LOUSTEAU-LALANNE
Absolutely.

HON DAVID PIERRE
Can you provide the Committee with the necessary documents?

MR MAURICE LOUSTEAU-LALANNE
Yes, certainly.

MS TESSIE JULIENNE
Not now, but ......

HON DAVID PIERRE
No, not right now, but we’ll just give you a week, will that be fine with you?

MS TESSIE JULIENNE
Yes, yes.

HON DAVID PIERRE
Ok, thank you.

MR MAURICE LOUSTEAU-LALANNE
And Mr. Chairman we also provided written answers to the questions that were submitted, so we can circulate that as well.

HON DAVID PIERRE
Thank you very much. All documents will be sent to the Secretary, Ms. Angelic, please. Hon. De Commarmond.

HON CHARLES DE COMMARMOND
On the same page, 42, 2.4 and 2.5, there was supposed to be salary review
I think for the Ambassadors, where are we on that? Has that been completed yet?

**MR MAURICE LOUSTEAU-LALANNE**

Yes, that has been completed, the only ones that has not been properly amended is the salary of two Ambassadors. So for all the other Ambassadors we now apply the correct exchange rate for the currency in question, we do not apply a standard rate or a negotiated rate like it used to be as you know, the rate was in relation to the US Dollar at R5.50 and to the Euro at R7.50 fixed. Now it changes, it varies, for the exception of two Ambassadors. The reason why we have not adjusted it yet is because when we built the arithmetic both of these Ambassadors would be worse off, one by US$400 equivalent and the other by US$700 equivalent. So, what we have agreed administratively and this is my decision, is to wait when these Ambassadors are transferred or rotated. As you know we have this rotation plan, one Ambassador will come to Headquarters in early 2015 so when that happens, he would be adjusted, the other Ambassador we had wanted to rotate him from a mission to another mission, but that was not approved. So, he's still currently in New York and he has not moved to Geneva and as such we have not been able to modify, but we will of course do that. We have a second chance of maybe doing it before the rotation when we receive the new approved scheme of service effective July 2013, where now all the scheme of service salaries are denominated in Euro so everywhere, whether you are in Belgium or whether you are in New York, the salary of Ambassadors in the countries are worked out in Euro. Of course it is country specific depending on the cost of living and other indicators, but it is Euro driven. Now, when that happens, we will do the arithmetic because there are changes in the salary, there are changes in allowances and so on, we will be able to aggregate and see the take home and if it is within reason then we could ...... That’s the commitment I can give you, but for the moment we will do that for these two, only the two Ambassadors, Vice-Chairman which have not yet converted, but all the others have converted.

**HON CHARLES DE COMMARMOND**

Mr Chair, my other question is, you know, doing this reconciliation there, if that is done within a different period then you get this imbalance. It was advised by the Auditor General that if it is done on a monthly basis then you won’t have this imbalance, no, in the exchange rate and so on. Had that been done yet? What is the position?

**MR MAURICE LOUSTEAU-LALANNE**

Yes, for all those that we have converted, we used the bank rate, ok and there will still be if you want a little bit of adjustment, but the adjustment would be in hundreds of rupees on a monthly basis or thousands of rupees rather than in millions of rupees like we have seen some of these balances you know. So, as far as I’m concerned I think the situation is resolved with the
exception of these two Ambassadors and we are using the bank rate.

HON DAVID PIERRE
Any other questions? Hon. Pillay.

HON SEBASTIEN PILLAY
Thank you Hon. Chair, good afternoon Ambassador and your delegation. I would like to refer your attention to point 2.6 in the report which talks about exchange gains and losses, the part that you’ve just explained, but I’m more concerned with the outstanding balances. And the question I have is; has action been taken by the Ministry to clear the outstanding balances which was referred to in the report of the Auditor General?

MR MAURICE LOUSTEAU-LALANNE
Yes, this actually has been cleared by the Ministry of Finance and we can provide the support documents.

HON DAVID PIERRE
Please.

HON SEBASTIEN PILLAY
My second question relates to point 2.7 which is about miscellaneous expenses not cleared, ok and in this case Audit was unable to sight evidence of two amounts; one R8,000 for the Indian mission and for the China mission totalling R5,200. So, the question we have is; are the overseas mission complying with the new policy that has been put in place to ensure that it submits its cashbook during the four working days of the month following the month to which it relates? Is that in practice and is it in application in all the missions?

MR MAURICE LOUSTEAU-LALANNE
Yes, there have been a lot of improvements done. I will accept that at the time of the Audit this is a valid finding, there were some missions that were very late in submitting, there were missions that were not even submitting and even when they were submitting, the accuracy of the submissions were not entirely correct. But we have done a huge effort to clear this and I can assure you now maybe they don’t submit it within the 4 days that you referred to, but it is submitted simply because the ... is if they do not then the monthly remittances to the missions are not sent. So, whatever is agreed on the cashflow for the month for the particular mission, if we do not receive the accounting documents, we suspend the monthly remittance to that mission and this has happened on a few case, I remember one in particular, until the accounting documents have been sent.

HON SEBASTIEN PILLAY
So, you’ve answered part of the supplementary questions which I would have to this. So, you’ve had instances where you have actually had to refer to this state which you mentioned there whereby you delay the transfer of funds until you’ve seen the ... For how many missions has that happened since you’ve put in place this new provision?

MR MAURICE LOUSTEAU-LALANNE
I know of one mission, but that is no longer the case now, it has been cleared. I will of course as I pledged, I
will tell the truth, I would tell the Committee that the mission in New York unfortunately kept very poor records until such time as we beefed up the mission by recruiting one extra person and then we recruited the spouse of the current Ambassador and he received some training by the Ministry of Finance, he received some training with our Finance Department before going to New York. And he has ...... a lot of these paper work necessary and now this particular mission is in a very good situation. But I will confess that it appears that for many years although they were submitting what was being submitted was not the proper or the correct information. So, we apologize for this, there was an issue of _ketfwa pa anvi fer ou napa letan pou fer, ou konpran?_ But it is a requirement that you must do and has to be done. So, to answer your question, I feel that there is improvement and today all missions are submitting.

**HON DAVID PIERRE**

Was it because of a lack of capacity or a lack of training? What really was the problem then?

**MR MAURICE LOUSTEAU-LALANNE**

I think the problem was Mr. Chairman that you know, in New York in particular we have one Ambassador, we have one Counsellor and one Administrative Officer to run the mission. And just for the U.N General Assembly the work those 3 persons are totally inadequate, totally insufficient, you cannot be at meetings ...... to be at meetings, when we need to cast a vote sometimes we can’t. So, I think maybe they know the requirement that the Ambassador may have said to Debra, “look, make sure you send it”, he's given the instructions, he think it’s being done, Debra does something to get the remittance, she sends some sort of bank balance or whatever, but there is no thoroughness in it, you know. So, I think this is probably what happened. But with the new Ambassador there, she’s a lot more thorough and she got a very good briefing from here before she went, so we managed to improve the situation and then we employed a second person to do this sort of administration work. But having said that I must also admit, doing these accounts, and I’m talking under the control of my own Financial Controller and the Auditor General, we are not dealing with hundreds and thousands of entries, you know we are not purchasing thousands of items, so doing it on a daily basis is very easy to do. So, there’s also that discipline which I think they must do, some ... are purely like rent, there are some fixed amounts that fall on quarters or on a monthly basis, they are fixed amounts and then purchaseb.

**HON DAVID PIERRE**

But it shouldn’t be that difficult.

**MR MAURICE LOUSTEAU-LALANNE**

It should not be that difficult, I must also ......

**HON DAVID PIERRE**

Thank you very much. Hon. Volcere.

**HON MARC VOLCERE**
Thank you Mr. Chairman. Ambassador I want to refer you to point 2.10 and 2.11. In reply to queries by Auditor in 2.10, the Ministry said in 2.11 that, ‘there was no proper monitoring of the budget and therefore any significant variances would not have been highlighted’. My question to you will be; why was the Ministry not monitoring its budget? And didn’t the Ministry find that important to at least to monitor to see if there could be any variances? And the second; was the Ministry of Finance made aware of any such variances ....?

**MR MAURICE LOUSTEAU-LALANNE**
Yes. Well I think it is true that we do consult with the Ministry of Finance on an ongoing basis, as you know, when we prepare the monthly cash flow for each of the missions against the approved budget, this is also approved by the Ministry of Finance and they are the ones that actually make the remittances. On the submission of returns ..... as I indicated earlier, I think the situation was not good, was not one of proper control you know, I think we spent a lot of our time just ensuring that ok, the remittance is gone and that’s it. I don’t think we did it because we did not want to effect control, but maybe we were not sufficient, we did not want to be ... enough to rectify the situation earlier. But I can assure you now that this is no longer the case.

**HON DAVID PIERRE**
But I assume that this would have been one area whereby you would have made sure that there is proper monitoring. I mean, we’re talking about the budget, we’re talking about a lot of cash. So, are you telling the Committee that everything in relation to that has been corrected and all the mechanisms are in place to ensure proper and adequate monitoring of the budget?

**MR MAURICE LOUSTEAU-LALANNE**
Yes.

**HON DAVID PIERRE**
And do you have any documents which would support what you are telling us today?

**MR MAURICE LOUSTEAU-LALANNE**
Sure, I think we can provide you some of the recent reports that we get on a monthly basis. We can provide you the controls that is done at the Ministry level against .... I know that since Peggy has come, she’s also digitised you know, so some of the reporting that she also done electronically. So, we’ll probably provide you with that also so that we try to move with the times, you know .... also make their work even simpler although as I said there aren’t a thousand entries, there’s a hundred entries. I think we can provide you and the Committee with this information.

**HON DAVID PIERRE**
Those kinds of mistakes or irregularities would not be repeated or would not be picked up again by the Auditor? This is what you’re telling us basically?

**MR MAURICE LOUSTEAU-LALANNE**
No, of course. I think there could be the odd anomaly in the sense that the book says X ....

**HON DAVID PIERRE**
The exception not the norm.

**MR MAURICE LOUSTEAU-LALANNE**
Exactly. I authorise why and then I need to convince him why .... and I’m prepared to do so.

**HON DAVID PIERRE**
Thank you very much. Hon. Volcere.

**HON MARC VOLCERE**
Mr. Chairman, just wanted to ask a supplementary question with regards to specific cases, would that have any financial impact on the budget of the other missions and Embassy? For example, I mean now you can see in the case of India, they received more funds than what budgeted, would that have any impact on the other? Because you will need more funds to give to India.

**MR MAURICE LOUSTEAU-LALANNE**
In fact, on a fairly regular basis we look at the .... and there cases of late where I have authorized changes for example I said, ‘ok, New York needs some for more funds for obvious reasons’, we will hold the remittance of India, I'm giving an example of India because they are quite healthy in their account, transfer it to New York, and vice-versa. As you know in Abu Dhabi, we do get some financial assistance by the UAE Government for our mission in Abu Dhabi which goes into the account. So, we are able to monitor these balances and we do do transfers. The intention is not to allow these missions to run out of money, because you know it becomes a big embarrassment. In fact, as we speak now New York is a mission but because, here I don’t want to personalize it, but I have no choice, I need to explain, Ambassador Jumeau is still in New York. Now, the original budgeting was only for Ambassador Potter and all that is in the cash flow of 13 indicates there is one Ambassador, I don’t, I have two Ambassadors. So, we've had to talk to the Ministry of Finance, make an adjustment to the monthly remittance to New York to cater for the expenses of Ambassador Jumeau which was not intended. So, we are able to explain that, but I think your point is a very good point, so it is .... to have some better control on it to actually make money transfers from one mission to another to ensure that Seychelles incorporated does not get embarrassed in any one of these areas. But New York if we don’t fix it very soon, we could be embarrassed prior to the ...... which is in September.

**HON DAVID PIERRE**
That was what I was going to ask, this issue of two Ambassadors would be resolved very soon?

**MR MAURICE LOUSTEAU-LALANNE**
It will be resolved, yes, it will be resolved, of course.

**HON DAVID PIERRE**
Any other? Hon. Volcere.
**HON MARC VOLCERE**
You just mentioned in the case of Abu Dhabi where you get assistance for the functioning of, do you know exactly how much they have been assisted with or is it ...?

**MR MAURICE LOUSTEAU-LALANNE**
No, no, I know the figure. It’s ...... it’s quite a big amount. Incidentally, for clarity .... working under control over there, when we opened the mission in the UAE, just to show you again the flexibility sometimes, the UAE we were short of money and we did transfer some money from India to the UAE to set up the office and that money we are about to refund India, because it’s good to take, but it’s part of their budget so we have to refund it. So, with the subvention that came it, or the financial assistance that came in recently, we are making a refund transfer back to India.

**HON DAVID PIERRE**
But in the case of Abu Dhabi, if there’s excess and you borrow from the excess, do you still have to refund?

**MR MAURICE LOUSTEAU-LALANNE**
To refund India? Yes, we have to refund.

**HON DAVID PIERRE**
No, no, no. If you borrow from Abu Dhabi for example where there is an excess, you borrow from the excess, do you still have to refund even if it is, or you don’t have to?

**MR MAURICE LOUSTEAU-LALANNE**
No. Chairman what we can do though is to say to Government not to send the approved remittance for a particular month to Abu Dhabi, let them wind down, so that Seychelles incorporated is able to breathe a bit on its budget, so all this we do, we track it now so ...

**HON MARC VOLCERE**
Does the sum reflect in the total budget of the Ministry? The sum that you are now getting for Abu Dhabi.

**MR MAURICE LOUSTEAU-LALANNE**
Well, it now is in the bank, because we received it recently, so it has just come into the bank account and then we will have to adjust.

**HON DAVID PIERRE**
No, I think what he was trying to ask was is it reflected in the budget, in the national budget for your Ministry?

**MR MAURICE LOUSTEAU-LALANNE**
It will now.

**HON DAVID PIERRE**
It will? Before it was not?

**MR MAURICE LOUSTEAU-LALANNE**
No, because we did not know the extent of the of the gratuity ...... right term here ......

(Interruption)

**HON DAVID PIERRE**
Hon. Barbe.

**HON NICHOLE BARBE**
Still on the remittance accounts 2.11, from the report you’ve replied that, ‘as
of January 2012 the Principal Accountant is personally responsible for the monitoring of the budget for missions’. And I know you’ve talked a little bit about the monitoring, but would you say that the overseas missions is, are you currently monitoring on a regular basis and who is monitoring your overseas’ missions budget?

**MR MAURICE LOUSTEAU-LALANNE**

Yes, I think we are now monitoring and indeed the first protocol is the Financial Controller, so she would check it all and then there is this crosscheck if you want with the Ministry of Finance now that a lot of the financial matters are done by the Ministry of Finance, so we have an appointed Desk Officer with the Ministry of Finance, and this crosscheck has a ........ on the remittance for the following month, because we have two sets of remittances, we have goods and services remittances and then we have salaries. The salaries has now changed is that we pay the salary individually in the account of the person directly, some time ago we used to have one big cheque every month that was transferred to the Embassy account and then from there he draws his salary, he draws the salary of his driver and he draws the salary of everybody else and then what’s left he use to pay for goods and services. With the ..., like we here in Seychelles are paid in our individual accounts we’ve had to do the same for the Ambassadors, so they are paid directly into their account. So, to answer your question, I think yes, there has been a lot of improvement, we are monitoring at the moment yes, and we don’t monitor for the sake of monitoring, I have also indicated to them that on the bank statements in particular, we need to do some sort of reconciliation, you know, because we notice even here in Seychelles sometimes in commercial banks, if you’re not careful you can lose to R300,000 just like that. So, they have to see if they’re paying by check or whatever it is they have to crosscheck that the banks are not taking more than what they should be taking and it happens sometimes.

**HON DAVID PIERRE**

Hon. Pillay.

**HON SEBASTIEN PILLAY**

Just a small clarification, you’ve mentioned that the salary of the Ambassadors are transferred directly to their accounts, does that also include transfers for salaries of the drivers and the support staff which they have in the Embassy or is that still being paid under the lump sum that is sent to the Embassy?

**MS PEGGY NASIB**

No, it’s for all the staff that are on our payroll, that includes Ambassadors, Principal Counsellors, ........ staff which are paid from the Embassy accounts are the overseas staff, they are not Seychellois, those are paid from the Embassy itself. So, all staff which are Seychellois are on our payroll and the money is transferred in their bank account monthly.

**HON DAVID PIERRE**
Any specific reason for that? I mean, those expats who are employed with an Embassy in their country, expats in our sense, on which payroll are they?

**MR MAURICE LOUSTEAU-LALANNE**
I think they are employed by us, and since they are paid from the Embassy’s budget, so we could pay their salary, whatever else required by .......

**HON DAVID PIERRE**
It wouldn’t make sense for you to pay them directly in their account just like for Ambassadors and other employees? Is there any particular reason for that? Or is it a question of, what are the reasons behind it?

**MS TESSIE JULIENNE**
We’ve got a budget for basic salary and we’ve got a budget for goods and services. The payroll staff is paid under the budget basic salary and non-payroll staff is paid under goods and services. So, the remittance that is sent, they are paid from that whereas the payroll staff, the Ambassadors ..... 

**HON DAVID PIERRE**
So, they are non-payroll staff?

**MS TESSIE JULIENNE**
They are non-payroll staff.

**MR MAURICE LOUSTEAU-LALANNE**
But I think to answer your question we might need to do a little research and find out, because you know for example in France, the salary of a French man that we employ in our mission, there’s the salary plus there are other statutory charges put in by the French employment rules and one salary sometimes with the other charges, is worth two salaries, it may not necessarily be the case in India. So, we need to maybe research a little bit more and find out what is the most beneficial. I think it’s a good question, I think I’ll take a note and see, we’ll research it a bit more.

**HON SEBASTIEN PILLAY**
How do you then monitor that the missions are paying or fulfilling all the requirements in the country in which they’re supposed to pay the person ....? How do you ensure as the Ambassador has stated, the charges, whatever there is, charges, social security, as we have here are being honoured by the mission and that we do not end up with a situation whereby an employee is not paid according to their Employment Regulations of their country? How are you ensuring that?

**MS TESSIE JULIENNE**
On a monthly basis they have to complete a cashbook, and all the expenditure will feature on the cashbook, be it for the operational cost or the payment on the non-payroll staff, all this has to be there on the cashbook.

**HON SEBASTIEN PILLAY**
So, you’re telling us that in the cashbook you will know whether if I’m a French man and I’m employed as a driver, whether all that is being paid ... my salary, then my employer like we have here is paying my social security, that features on there, you know that everything is recorded?
MS TESSIE JULIENNE
Yeah, because they call this management fees. They pay the salary of the non-payroll staff including the management fees which includes the social security and whatever fees they have to pay the agencies, because some of the foreigners they've been recruited by agencies. For example in China, we have to pay an agency, because we've recruited these foreigners from an agency, so we have to pay the agency management fees.

HON DAVID PIERRE
And all the relevant information are properly recorded?

MS TESSIE JULIENNE
Yes, yes.

HON DAVID PIERRE
Ok, Hon. Barbe.

HON NICHOLE BARBE
So page 44, with regards to overseas missions, cashbooks, and 3.2, that’s monitoring of transfers ineffective. So, is the Ministry currently receiving all the necessary supporting documents like book transaction vouchers, authorisation letters from the respective entities for transfers to various missions? Is it happening?

MR MAURICE LOUSTEAU-LALANNE
Yes, I think this is now happening, so the answer is yes, and as I've said, some of them is actually electronic, yes some of them is electronic.

HON DAVID PIERRE
Any supplementary questions? No? Hon. Lebon.

HON LENNY LEBON
Yeah thank you Mr. Chair. Good afternoon Mr. Ambassador, page 44, Seychelles Mission to United Nations, if you look at section 4.1 to 4.2, the last sentence from 4.1, ‘Audit noted that the Ministry gave approval for the First Secretary to rent an apartment at US$3,400 per month’. And your Ministry replied that, ‘they are currently reviewing the current Conditions of Service for Diplomatic Staff as the scheme is not practical for all missions given that the cost of living in different countries varies greatly’. So, the question would be; why was approval given to rent an apartment above the maximum rent limit in breach of the Conditions of Service for Diplomatic Staff?

MR MAURICE LOUSTEAU-LALANNE
Yes, I think in the case of New York, we did exceed the limit, I think the cheapest we could find, was in a reasonable area you know, because we tend to find accommodation fairly close the UN Headquarters and if you go further ..... you might fall within the limit for a two bedroom apartment, if not, if you want to stay within the area then you can save on transportation cost and other costs, there’s a trade-off that one has to do and it is true we did because the apartment is very close to US$5,000 a month in New York. Now, we did as I said, indicate that we have this salary review again. I don’t know whether it covers rent as well, has the rent changed or it’s still the same?
MS TESSIE JULIENNE
Still the same.

MR MAURICE LOUSTEAU-LALANNE
Ok, so the rent is still the same. It’s as you indicated, it ranges between 800 Euros and 1,200 Euros a month currently in the scheme, but for New York and of course for London, because now we’re having a rotation of Principal Counsellor in London where the apartment for Mrs. Accouche who’s leaving at the end of August, will also exceed this. So yeah, it’s getting more and more expensive and you know sometimes the best thing to do is to ask the input of the resident Ambassador. I know for example when Ambassador Potter went to New York, the apartment we gave her, she had issues with it you know for the price. It’s a lot more ...... still very small, very cramped, very different, you know for a cheaper rent you have to go and rent or wait your turn to get an iron for you to iron your clothes, you have to queue to get your clothes to wash it, so there’s a communal apartment washing machine and so on. I cannot subject my Ambassadors to such conditions, I’ve taken the decision to ...... and I take full responsibility Hon. Lebon for this. So yes, I am not following the ceiling, but I think I would appeal that you know they are representing Seychelles, they have been sent with full ... you know, claiming potansyel and ekstraordiner, they are ekstraordiner. We need to support them so that they would operate properly.

HON DAVID PIERRE
But don’t you think there may be other ways around it which are more legal? I mean, so that you don’t have to answer questions before this Committee. There must be a way of dealing with it so that it becomes legal. I don’t want you to come here next year and answer the very same question again.

MR MAURICE LOUSTEAU-LALANNE
We do make representation as you know, we do make representation. We would touch another item a bit later where we have made it legal now, through the scheme of service, so at least we’ve made it legal. This one ...... the guidance I’m getting is it was not modifying the rent so maybe we need to do that exercise.

HON CHARLES DE COMMARMOND
Mr. Chair, not a question but just something I would like to maybe share with you, I think in those cases like in the foreign countries there housing also depends on the area, the family size of the Ambassador, and also on the estate agent. Because most of the time you go through the estate agent otherwise you yourself you won’t be able to get a house at a good rate and those estate agents at times if you are new they can put the rent high ......

HON JENIFFER VEL
I would tend to agree with you Honourable, just to make a brief comment, we just come from India and we’ve had had the chance to interact with the Ambassador there and we have to be realistic so that we adapt practical solutions to address these issues. For instance in India, there are certain
issues with regards to housing and those landlords they have issues with respect to paying of taxes and they don’t want all the money to go into their personal bank account and if you do otherwise, you won’t get it and they will talk to other landlords, they have like a cartel and you will not get an apartment like next to your mission, you will get it very far away, so there are certain situations that we have to agree it’s quite difficult.

(Interruption)

**HON DAVID PIERRE**

Still, it will be important for Foreign Affairs to make it, to do things in a manner which is legal, even if those conditions or situations exist overseas you will have to find an intelligent way of dealing with it so as to make it legal. The point is you cannot, it will not be nice for you to come before the Committee here again to answer the very same question or for the Auditor to pick up the issue year after year after year. So, you need to find corrective measures with respect to this issue. So, that would mean you will need to get all the information that is necessary so that you can work out a solution to those problems.

**HON CHARLES DE COMMARMOND**

Maybe now ...... you should think of purchasing some houses in all these countries you know, so that you’ll have the residence of the Ambassador and the offices as well.

**MR MAURICE LOUSTEAU-LALANNE**

No, no this is a very good point, because I think, as you know .......... missions and when I joined Foreign Affairs in 2010 we had four, we now have nine, so not only did we expand but we expanded quite rapidly. And talking to the British High Commissioner, I know they’ve decided to go back to Madagascar for example, now they own land, they own Embassies in Madagascar, the Labour Government decided to close it, they sold it, now the Conservative Government wants to reopen and it’s costing them 10 times more just to go and find the land, built and so on. So you’re quite right, I think what you’re saying is that it can become a very costly affair. And we have the example of Paris, we bought .......... it’s a building that, you know it’s a five-storey building and it belongs to us and it allows us a lot of flexibility, you know, so we should, we had one in Baker Street for example, but we also let it go, and of course prices in London, the property prices in London, are extremely .....  

**HON DAVID PIERRE**

The one in France was sold as well? In France, no?

**MR MAURICE LOUSTEAU-LALANNE**

No, no, not France, France belongs to .......

**HON CHARLES DE COMMARMOND**

In London you sold, no?

**MR MAURICE LOUSTEAU-LALANNE**

In London yes, in London, we own nothing in London anymore.
HON CHARLES DE COMMARMOND
And now it’s difficult I know.

HON SEBASTIEN PILLAY
Mr. Chair, I would like to clarify something, you have explained very clearly ….. the salary for the Ambassador ….., but I am still trying to grapple the justification that any other staff .... should exceed the allotment by twice of what it should be. In this case it’s US$3400 growing from US$1600 for a First Secretary. So, I’m trying to understand here, so the Ambassador I can understand why of course, because most of our Ambassadors even their conditions here would be better wherever they go because they are people that have worked very hard ….., but the First Secretaries ….. or something like that. So, I would like to ask; do you have a system in place where you can on the ground monitor that what you have been told are the cost is realistically the cost? That’s the first question and the second one; have you made representation with Government to have these rates reviewed in subject to the specificities of the area, of the place where the Ambassador is posted? For example subject to the rates that we know, this is the rate, subject to the rates of India, this is the rate, subject to the rates of London, this is the rate, rather than have a flat rate and then come back here and tell us that we have to …..

HON DAVID PIERRE
Just like they do with per diem. They give us R2,400 for South Africa and then something else for ….. (Interruption)

HON SEBASTIEN PILLAY
Do we have some way of on the ground monitoring what is happening, first of all? The second thing is that, have you made representation with Government to be more country specific with the rates allotments, because otherwise it is a breach of instructions? So, has there been any representation made to Government to that effect and do you have a monitoring structure on the ground to check whether ...? Hon. Lebon is now the First Secretary in UK, he's renting an apartment of UK£5000 whereas the Ambassador is staying in one which is UK£2500, so do you have a mechanism .......

MR MAURICE LOUSTEAU-LALANNE
Yes, I think, actually I quite like this question, I think the first part of the question, yes, no Ambassador, no First Secretary, or nobody can actually commit unless they get our approval. In fact, it is my approval last, so they can go, they can use agents, they can use the internet to look for accommodation or offices or whatever it may be and then they have to come back, so there is that monitoring indeed. The Government yes, Ministry of Finance is aware that we are paying top dollar and that the schemes if you want, at the moment is likely to ..... What we have not done is sufficient research I don’t think, for me to able to say ok property prices are going up, maybe if we’re going to be renting for the next 10 years in this location for two or three we might as well buy the plot where we would have Embassy on the ground
floor, we’ll have the First Secretary on the first floor residing, we’ll have the Ambassador on the top floor residing and we own the whole thing and that’s the Seychelles Embassy with residences on top and work premises on the ground floor. A little bit of what we have in ...... I think that’s also the question that you asked and I think this I will go and ...... I have not done it yet, because we’ve been busy opening here, opening there. For example in Addis Ababa, Addis Ababa is a country where Ethiopia is prepared to give us the land, so I’m waiting for them to allocate a piece of land and once I have the land I can borrow against it and build something in Addis Ababa. So, at the moment, temporarily Mr. Nourrice is renting office space, of course it’s cheaper, an office space and a house, but in the long run ...... we are going to, since we’ve been given property we are going to build and that could be the way we may wish to go. So, I think I need to do that exercise, I have not done it yet, but I think your question is an important question maybe we need to do that, to look at the .... lease options, one; legalise and regularize the situation which I agree; two, in the medium term, look at these options of maybe purchasing, a purchase of putting everything in one as we have in Paris and we know it works.

HON CHARLES DE COMMARMOND

Mr. Chair, you might get a different scenario in different countries, so, but on this line I think we should go, especially if we know that in a particular country we’re going to be there for a long time, our presence and so on, it’s worth doing it. Tomorrow a decision comes, we can sell it, we don’t lose the money, I don’t think we lose, because property it goes up all the time.

HON DAVID PIERRE

Hon. Lebon.

HON LENNY LEBON

Page 55, Mr. Ambassador the South African Embassy. If you look at section 5.1, ‘the Ministry replied that the mission has agreed to provide the relevant supporting documents’. So, two very simple questions; why was the Ministry not complying with financial regulations when making payments? And has the mission provided relevant supporting documents?

MR MAURICE LOUSTEAU-LALANNE

In fact, the answer to both questions, we still don’t and cannot provide you with the supporting documents as we speak. Conrad .... in Pretoria is still trying to find them, I know they exist, they must exist, they basically involved the house rent of the First Secretary again, apparently the previous house he saw staying in was not, had an accident of some sort so he moved into new premises, and then when we recalled him back to the office, he evacuated the premises and I know that there was a rental agreement for it, but we still need to find it and that’s the query that is being raised on this one. So, unfortunately I cannot provide it to you now, but I will definitely find it. We did look in some of our box files, in our archives, because it goes back some years and we could not find it for this
meeting, so I apologize for this. And as for the other one, these also I think payments, just give me a quick minute.

(Interruption)

**MR MAURICE LOUSTEAU-LALANNE**
Yes, the ZAR67,810 and ZAR65,310 relating to the lease rental and then there was, yeah, sorry it does refer to most lease rentals I think, yes, correct I thought it included something else …..

(Interruption)

**HON DAVID PIERRE**
But the serious issue here is the authorization of payment without proper document; you see this is very very serious.

**MR MAURICE LOUSTEAU-LALANNE**
Yes, but I think the document does exist, we would not have been renting an apartment for …. without …

**HON DAVID PIERRE**
But we are in 2013 and that issue was in 2011.

**MR MAURICE LOUSTEAU-LALANNE**
Well, actually it was goes way before. When did Conrad come back, Tessie?

**MS TESSIE JULIENNE**
Last year, no, 2011, July 2011.

**MR MAURICE LOUSTEAU-LALANNE**
But he had been renting this location that we are talking about even prior to that you know, but I would provide you the document.

(Interruption)

**MR MAURICE LOUSTEAU-LALANNE**
I shall provide you the document. It’s overseas in South Africa, because we looked here and we don’t have it and I apologize for this, but we will find the document and we will make sure you have it.

**HON DAVID PIERRE**
Thank you very much. Hon. Vel.

**HON JENIFFER VEL**
Thank you Mr. Chair, good afternoon everybody. May I guide you to page 45, point 6.1 an 6.2 relating to the China Embassy. I know you have stressed a bit on this, but in order to ensure accuracy of information, how frequently does the monitoring of the submission and recording of transactions takes place? And my second question with regards to same issue is; why hasn’t the Head of mission provided the supporting documents and what is the Ministry doing about it, as this in itself is a contravention to the requirements of financial regulations?

**MR MAURICE LOUSTEAU-LALANNE**
Ok, with the Chinese, the Embassy in China, it is the same as all the others are. They are now everybody is submitting their documentation as required. There were two principal issues as far I recall in China; the first one was Ambassador Le Gall was also operating as a wheeler-dealer, he was receiving instructions from different Departments here and organizations and he was approaching the Chinese community sometimes officially to
Government Departments, sometimes foundations or charitable organizations to assist in different way. Now, what we found out is that as the Ministry of Culture, I'll use an example, Ministry of Culture wanted t-shirts for Festival Kreol, they maybe lacked some local budget to do it, so they called Ambassador Le Gall said can you please send me 1,000 t-shirts for Festival Kreol. So, he went and he asked someone there and he helped and the guy said ‘well, there’s a $1,000 go and buy your t-shirts. So, he took the $1,000 and he kept it and he ordered the t-shirts and he sent it to the Ministry of Culture, and we were on the ..... So, Ministry of Foreign Affairs we didn’t know that this was happening, so there was a little bit of that ... which we have now stopped. He used to also get some money sometimes as revenue for VAT claims which were not being entered into the account, which we have now also rectified. We had the same issue with Abu Dhabi not so long ago, where we do sell services at Embassies, because we have ... in Embassies and we provide ... documents. Ok, we don’t have VISA requirements, so we are not selling VISAs and getting money, but this ... people come and they pay, we have prescribed fees and they pay. And this money was also not being accounted for, it was being kept in a safe. So, all these we have put these controls there now and we’ve tried to ..... the request from the Festival Kreol from the Minister of this, the Minister of that or whatever, because the Ambassador there represents Seychelles as you can see, he’s doing his level best. But in China in particular, the way the community functions there is a lot of this in-kind of assistance and sometimes we were not tracking the Finances properly. So, to answer your question, now I think all of this is being done, the proper financial report is being done and it is being checked on a monthly basis like we’ve talked about. That for me was a principal issue with China and then of course there is the problem of his salary, he’s not very pleased, we’re not very pleased, but that will resolve itself when we ... and we will fix that.

HON JENIFFER VEL
Just a quick question with regards to rotation of Ambassadors, is that ...... China Embassy?

MR MAURICE LOUSTEAU-LALANNE
No, it ........ In fact the policy is that the Ambassadors when they are posted overseas to a particular mission, their term of office is usually 4 years with 1 year, if they request, we can agree to an extension of 1 year and then the Ambassador wherever he may be should return back to Head Office first and then be posted again to another mission. But there has been in the case of China a particular request for an extension of Ambassador Le Gall and this is being granted until March 2015. So, Ambassador Le Gall would have done 6 years on his current post, but Ambassador Le Gall will return to Head Office in March 2015 or thereabout before he is considered for another post.

HON DAVID PIERRE
Thank you very much. You were also having problems with cashbook for revenue bank account, the question that begs itself would be, why were the bank statements and cashbook details not provided by the mission? What steps has the Ministry taken to address this issue? What difficulties the Ministry is facing to implement cashbooks for the revenue accounts? Those are questions that we need to answer and we need to find solutions to those.

MR MAURICE LOUSTEAU-LALANNE
It is now all resolved Mr. Chair, in terms of China and in terms of everybody.

HON DAVID PIERRE
So, as a matter of, do you have new policies? What can you give us to show us? Or how can you prove to us?

MR MAURICE LOUSTEAU-LALANNE
We will provide, for example if you want China, we shall send you the last two months worth of Chinese account documents if you want, and see the control that we do and so on. We can submit that to you if you want.

HON DAVID PIERRE
I think it would be necessary for you to submit.

MR MAURICE LOUSTEAU-LALANNE
No problem, we shall submit that to you so that you and your Committee can sight ........

HON DAVID PIERRE
And what is the Ministry doing to ensure that financial regulations are followed by all missions? Not only China or not specifically India, but all missions, what is the Ministry doing?

MR MAURICE LOUSTEAU-LALANNE
Well, I think at the moment we make sure that everybody that is posted overseas whether he’s an Ambassador, whether he’s a Counselor, whether he’s a support staff, because as you also know, we do send secretaries from our Head Office to overseas mission. They all must come to the Ministry before, get some training, before they go and we have beefed it up, like I said in some areas where I think, because an instruction has been given do it and send it, it is automatically ... that it’s done, so the Ambassadors themselves are now more engaged in this process after they have received that training. When they come in August you see, all the Ambassadors come for a meeting here in Seychelles in August, Finance and Administration now address them, we have a whole day with them where we do only finance and administration reporting, so we do tackle them with issues and we listen from them as well. So, these are some of the procedures that we have now put in place so that they are more au fait, they cannot say that mon pa ti konnen and so on.

HON DAVID PIERRE
Do you evaluate the kind of training you give them, so as to improve on the training? Or do you just give them training, let them go for 2, for 3 years and that’s it?
**MR MAURICE LOUSTEAU-LALANNE**

Ah no, because on a monthly basis now we can see, for example I mean maybe I can ask both Tessie and Peggy to input a little bit and see at the quarter ... of the returns that we receive now, you know. I'm not saying it is perfect, but as we said isn't a complicated matter, you know, for example in one Embassy the Ambassador used to do it himself, so he used to raise his payment voucher himself, he used to certify himself, he used to sign it off himself, I don’t think he paid himself. So, we had to, we picked it up in the documentation and we have told him you cannot do that, you see, and this is a fairly recent case. So, we have taken the Office Manager and we have told the Office Manager it is your job for you to raise it, it is your job to sign it, it is your job to bring it to your Ambassador for him to approve it, so that we see these, so we are picking it up at the moment. But maybe you would like input a bit more.

**MS PEGGY NASIB**

If we see, if we don’t like the way the account is presented we can always call them and ask them to amend, yes to amend or suggest ways in which they can go. So, based on the accounts they send us, as and when we pick up anomaly we let them know ...

**MR MAURICE LOUSTEAU-LALANNE**

For example in Brussels, I can assure you now that Ambassador Fock-Tave pays particular attention to our accounts, so if we ..... by 10 Euros she’s screaming down the phone to Tessie. So, I think it is a good sign that they are a little bit more conscious, you know it is part of their duty to also look at the money side of it, not just ....

**HON CHARLES DE COMMARMOND**

She’s an Economist.

**MR MAURICE LOUSTEAU-LALANNE**

Yes.

**HON CHARLES DE COMMARMOND**

That’s the advantage of when you get someone who really ...

**HON SEBASTIEN PILLAY**

If I may ask, how often does the Ministry perform on-site checks of the different missions, or is that too difficult to do ....?

**MR MAURICE LOUSTEAU-LALANNE**

No, in fact I’m one that love audits, I have a good working relationship with Internal Audit Department, in fact since I’ve been at the Ministry I think Internal Audit Department has been to most missions.

**MS TESSIE JULIENNE**

They’ve been to New York, they’ve been to London, they’ve been to Brussels, Paris, South Africa, Abu Dhabi, etc .... and India has been done.

**MR MAURICE LOUSTEAU-LALANNE**

They have just returned from London for example, they were in Abu Dhabi, in fact the Internal Audit Department did a spot check even on the UAE not so long ago, we had an issue. So, whenever issues flag like this, I will send in the team.
HON DAVID PIERRE
But don’t you think it would be important for those accounts to be audited even if not annually, but once in a while, maybe every 2 years or every 3 years you audit, there’s auditing of the accounts of those offices overseas?

MR MAURICE LOUSTEAU-LALANNE
Yes. For example when the Internal Audit goes, ok, I’m ... talking now of the external auditor, but the Internal Audit when they go they would request from us a ... time to go, we will always send our Accounts person with them, so it’s always a team, usually that are two from the Ministry of Finance and one from us to go there. So, we select the time that the Ambassadors and everybody is present, they produce a report, they have the official report which they submit, once the official report is submitted, like your Committee here, they also have rules and regulations and we have to provide written explanations against the reports and it also goes to an Audit Committee in copy. So, we do all these follow-up work and as I said, for me they are most welcome anytime, I’m still waiting for the one from London, we have not received that yet. We had one done on South Africa not so long ago which we have replied, we have one somewhere which we have not yet replied, India, they have done India, I have not provided the reply yet, but we are about to provide the ...

HON SEBASTIEN PILLAY
If I may Mr. Chair, do you provide the Supreme Audit Institution in the country with the information you’re your audit reports? Do you have sight of those reports from those?

MR MARC BENSTRONG
Mr. Chairman, I do get the report from the Internal Audit of the Ministry of Finance.

MR MAURICE LOUSTEAU-LALANNE
This Audit Committee that we copy it to, is it to your office?

MR MARC BENSTRONG
That’s a separate committee.

MR MAURICE LOUSTEAU-LALANNE
That’s another committee, ok.

HON DAVID PIERRE
Ok, thank you. Hon. De Commarmond.

HON CHARLES DE COMMARMOND
Regarding the Indian Embassy, page 46, 7.1, 7.2, there were some problems there with the cash I think, and for example if I take the sixth line under 7.1, ‘the closing cash book balance as at the 31st March 2011 was INR1.3 something million compared to the opening balance of INR3.8 million, almost INR3.9 million at the beginning of April’. Then, ‘for the total variances in aggregate was, for the said period was over INR13, almost INR14 million’. And as an answer to this query, your Ministry replied to the Auditor General saying that, ‘the Ministry replied that these shortcomings were as a result of monthly remittance not being recorded’, probably for a long time, in the mission account. The Ministry further stated that those shortcomings were dated years back and that it will take
time to effectively perform thorough reconciliations’. Maybe just to give us an update of what has happened with this issue?

**MR MAURICE LOUSTEAU-LALANNE**

I think where we have to accept that things are not done, we have to accept, I think in this particular case it was an omission on their part, it was not recorded, of course you would rebalance it ... should have picked it up, well we did not pick it up until it was brought out. But today I can assure you that the accounting is again under control, we have a different character there and the issue of payment vouchers that I referred to earlier, and not flagging revenue inputs into the account was also ..... syndrome from India and this is why we dispatched the Internal Audit to Abu Dhabi from India to go and make sure that those errors that were being committed in India were not immediately carried forward in Abu Dhabi, and so we have rectified if you want, this problem. The problem was a problem of persons you know, but now it is ok, both India and Abu Dhabi is reporting correctly. So yes, I accept it was an omission on our part ..........

**HON CHARLES DE COMMARMOND**

It doesn’t mean, Mr. Chair, it doesn’t mean that there was embezzlement or loss of ...? Nothing of that sort?

**MR MAURICE LOUSTEAU-LALANNE**

No, no, no, not at all. Otherwise whoever it is would not be .........., that is for sure.

**HON DAVID PIERRE**

Any other questions? Ok, thank you very much. I think we’ll stop there for some tea and then we’ll come back at 10 past.

*(Interruption)*

**HON DAVID PIERRE**

Ok, Hon. Volcere.

**HON MARC VOLCERE**

Thank you Mr. Chairman. Ambassador if I can refer you to page 46, item 8.1, London Embassy. ‘Audit noted that the mission paid nursery fees at 100% pertaining to the Office Manager’s child totalling approximately R218,199 (GBP10,149) for the period January to October 2011 which is a departure from the Conditions of Service for Diplomatic staff. The scheme states that 50% of the tuition fees will be met by the employee’. So, my question will be; why were payments being made in breach of the Condition of Service for Diplomatic staff?

**MR MAURICE LOUSTEAU-LALANNE**

Yes, in fact this is correct. I think at that time the financial situation of the person in question was such that she could not contribute the 50%, so we paid and 2 things since then happened, I don’t know the exact period, but she then started paying in accordance with the scheme which I think is still the case to this day. However, she’s returning back to Seychelles at the end of this month. Again I feel that in some cases like this one has to understand situation, she’s a mother with a very young child, on our rotation policy,
which in fact we started implementing and in the case of London, she was the first one and she had already been selected to go and sometimes you know the particular condition, family situation of a person needs to be taken into consideration you know. Maybe it would be best initially not to suggest ..... to offer it to someone else that would have less commitment or draw a line you know, that the post .... is such that you should not bring your family or whatever it may be, you know. But in this particular case we were faced with a situation where this very young child had to go in a nursery school, or in like a Day-care like we have here, and of course here they tell you they pay a little money, over there it’s a lot more and we had to do it that way, because she just didn’t have enough money to do it, to start with. But now the situation has been regularised, Chairman.

HON MARC VOLCERE
So, has the conditions in overall for staff being amended to cater for this?

MR MAURICE LOUSTEAU-LALANNE
Yes. Here I must admit we have spent two years negotiating with the Department of Public Administration and the Ministry of Finance and we have finally got approval, some funds have been provided in the anticipation in the 2013 budget for us to make the revision applicable, and this will now take effect from July the 1st, 2013. So, there are revision of all salaries in the Diplomatic cadre, there are revisions in payment of electricity and water and other fixed charges to the Diplomatic staff other than the Ambassador, because the Ambassador was being paid, and there are certain limits that have been agreed per country so it varies, the other salient increases are also in clothing allowance, because this in certain countries also we need to be ... so that’s been taking care of and which other one .......? There is one other major one which has been revised, all in all, all our Diplomatic staff will get a revision of salary bearing in mind the cost of living index, we have index it for the different regions and I think the Ambassadors and the Diplomatic staff overseas are happier with what we have communicated with them. Oh, tuition, tuition is another one, tuition especially in the case of Principal Counselors and that is also for their children that are over 18 but yet still in school. You know there was an issue for if you’re over 18 they have to pay the full tuition fee, but we’ve managed to have this modified so that they contribute right up until they complete their secondary school if you see what I’m saying. So, this is a big departure, it was something that was ....... So, when we implement the scheme in July, I think we would have some financial re-compensation for the hardship that they’ve been through.

HON DAVID PIERRE
So, basically the new scheme will be in July, because of a question of budget?

MR MAURICE LOUSTEAU-LALANNE
Question of budget sir, yes. You see, we are anticipating the increase of course the effective period, we took a guess and I think with the increased money
that we have in the budget of 2013 allows us to implement the scheme with effect from July the 1st. Now, if we get a bit more, and in fact in the mid-term review we went and we did ask for a bit more, in fact we’ve asked for R1.45 million, if we get R1.45 million it should allow us to bring the scheme back to the 1st of January 2013, but at the moment we don’t have this, I don’t know if the Ministry of Finance will come back to the National Assembly for a mid-term review for additional funds or whether they will not do that, the guidance we have had is that this year 2013 there will not be a mid-term review to increase our allocations ... So, this is why we are implementing this scheme from July with what we have. If we do get the additional then it will be retracted from 1st of January 2013.

**HON DAVID PIERRE**

Thank you very much. Hon. Pillay.

**HON SEBASTIEN PILLAY**

Thank you Mr. Chair, my apologies, I lost track of time whilst on the phone. I just wanted to bring you back to 9.2 and 9.1, which is about the Brussels Embassy and it’s in relation to those payments totaling Euro13,940. At 9.2, ‘the Ministry explained that most payments that did not have attachment are those that are made directly to the bank’. Now, the question we have is that; didn’t the bank receive signed authorization by the Head of Mission before processing the payments? And the next question which begs itself is; where are those documents in question?

**MR MAURICE LOUSTEAU-LALANNE**

I think the documents should be there somewhere, but from what I understand there are especially in Brussels a number of payments which are done quarterly, because this is how the payments are done for rent or for other services and these are fixed amounts which is guided by a document of some sort, it could be a contract or whatever. So, this is what triggers it. So, this is why earlier I also said that in the bank statement that we receive we have to cross check those payments that would total 13 in this particular case, to ensure that it is not 14, it is 13 and it reconciles with accumulation of rent, electricity, water, whatever. So, this is the guidance I have now given in preparation for this meeting; that we ensure that we provide the document and I know in the case of Brussels the document exist and we will provide it, and two; to reconcile the bank statement to ensure that we are paying against that amount and not more. But they do feature, there is a ...., they will feature on the bank statement.

**HON SEBASTIEN PILLAY**

So, basically you’re telling us that the documents in question, you have not had sight of those documents?

**MR MAURICE LOUSTEAU-LALANNE**

Not yet.

**HON SEBASTIEN PILLAY**

But do you intend to continue to pursue ...?

**MR MAURICE LOUSTEAU-LALANNE**
Yes, absolutely. And if we can get it, within a week, I'm not sure, but if we can get it, we will also submit to the Secretary in due time.

**HON DAVID PIERRE**
Ok. Hon. Barbe.

**HON NICHOLE BARBE**
May I refer you to page 47 with regards to payroll, payroll not in agreement with the scheme of service. 'Upon verification of the payroll, Audit noted that the monthly salaries of two Ambassadors were not in agreement with the revised conditions of service', and also your Ministry explained that, 'despite the introduction of the new scheme of service, the two Diplomatic staffs concerned were to receive less than they were previously being paid and as a result they requested that they be left unaffected on the old scheme and at frozen exchange rates as if there had been no change'. And, my question is; why were these two Diplomatic staffs allowed to remain on the old scheme of service?

**MR MAURICE LOUSTEAU-LALANNE**
As I had explained before, I think the change in the salary was quite substantial, so we felt that the best administrative way to tackle this would be to wait until they rotated for us to adjust it. So, that is the decision, we have done for all the rest, they've all been changed as and when the new scheme was implemented, so the exception here is Ambassador Le Gall in China and Ambassador Jumeau in New York.

**HON NICHOLE BARBE**
Still on page 48, payments for goods and services. 'Audit was unable to obtain suitable supporting documents for 2 transactions totaling to R117,082. The payments were not supported by suitable documentation'. And your Ministry replied that, 'it would attempt to locate the missing supporting documents and make them available for verification'. In your reply dated 21st of November 2012, ‘the Ministry indicated that supporting documents for the two payments could still not be traced’. And my question is; has the Ministry located the missing documents now?

**MR MAURICE LOUSTEAU-LALANNE**
Yes, unfortunately as we speak we have not. What I can tell you is that, one we paid to the Government, one payment is for the Seychelles Revenue Commission. So, we know what it is for and we know where we've paid it, but I can't find the document, so they will find it and the next one is actually a payment to PUC for electricity. So, one is for electricity, one is for Revenue Commission which amounts R117,000. But we must find it and we must submit it, but the clarity I can bring to you is that we actually paid Government, Revenue Commission and electricity, that’s all I can at this stage confirm to you.

**HON CHARLES DE COMMARMOND**
Mr. Chair on this issue, if maybe it is taking too long for the Ministry to get these documents within the Ministry I don't know, can't you liaise with the two Departments there, PUC and
Revenue Commission to get a copy of whatever? To facilitate your job, otherwise it doesn’t look nice just missing document.

**HON DAVID PIERRE**

Yeah, but that was what I was going to say, I mean there are so many cases of missing documents which gives an impression that your recording of documents are not done in the manner which they should be done. So, it gives a very bad impression on the manner which things are done within those Embassies or within the Ministry itself as the parent Ministry. So, I think that would be an area where you would need to improve drastically for the future.

**HON CHARLES DE COMMARMOND**

But also probably it was before your time these things, no?

**MR MAURICE LOUSTEAU-LALANNE**

Well, I don’t know whose time it was Mr. Vice-Chairman, but I think the point is we have to find it, whether we did it yesterday or the day before yesterday, we have to find it. At least I’m a little happier now that I know its Revenue Commission and electricity, it’s not for payment to somewhere else, it’s to Government, but let’s find the document, our role is to find the document.

**HON DAVID PIERRE**

Hon. Lebon.

**HON LENNY LEBON**

Thank you Mr. Chair. Mr. Ambassador on page 49, section 12.2, 12.3, you have missing receipt book and receipt books not used in serial order. Based on that, ‘the Ministry confirmed that as the cashbook was not being updated as and when revenue was collected, it had to rely on the amount of cash collected and banked. This anomaly has since been addressed. In respect of receipt books, the Ministry stated that these are now being used in serial order’. So the question; one, has the Ministry found the missing receipt books? Two, what mechanism has been put in place to ensure that proper records are kept in the cashbook, receipt books does not go missing and receipt books are used in serial order?

(Interruption)

**MS PEGGY NASIB**

Missing book, it’s only one.

**MR MAURICE LOUSTEAU-LALANNE**

Ok, but now the cashbook is being ...., the cashbook is being updated, the receipt books are serialized and they are kept under lock and key, and recently in the UAE we also had an issue of receipt books, receipt books have been replaced, so we have new receipt books to be used in a serialized order, also kept in the safe under lock and key, because we had some things coming out of a receipt book, then we were issuing receipt from another receipt book and so on. So, that was something that was picked up by Internal Audit and we have also rectified ...... and the Chairman seems to be very firm that our records ...... I wanted to make that point now that we
also changed the issue of receipt books in the UAE for ....

HON DAVID PIERRE
Hon. Pillay.

HON SEBASTIEN PILLAY
Thank you Hon. Chair. Ambassador, one of the things we noted which is a good idea pointed out in connection to what the Chairman said .......... in relation to the receipt books that we talked about, it seems that this was picked up in 2011, we are now 2013, two years since this has been picked up. So, the question I would like to ask and this relates to the issue that was picked up earlier about the payments to SRC and PUC, what kind of mechanism do you have in place to follow-up on what is identified in the Auditor General's report at the time the report is published so that three years later we don't have this situation whereby we're still looking for those documents that was paid in 2011 and we are now in 2013?

MS PEGGY NASIB
For the receipt books, the receipt books are kept in my office under lock and key and I personally issue the books and when it comes back, when one is full it is returned to me and I issue another one in serial number. The person who is doing the banking on a weekly basis, she enters all the payments in a cashbook and this is according to the issue of receipts and everything is in serial order. I can provide you with a copy of the cashbook which will show you that the receipts are in serial order and the cash is banked on a regularly basis.

HON SEBASTIEN PILLAY
That bit is ok, but I'm referring to the bit about the payments for example the two payments to PUC and SRC, that was done in 2011, we are now 2013 and we are being told now that you are talking to SRC now and PUC to get the payments. Should that not have been done before? Because if Audit comes back this year, they will again pick this up and this will be another issue in the Audit report next year and the Ambassador, if he has to answer the same questions next year ...... the same questions next year. So, do you have a mechanism in place to look at this report and then pick out these things about, especially these missing documents bit, you work on that so that you strengthen whatever mechanisms you have in place, is that happening within the administrative part of the ...?

MR MAURICE LOUSTEAU-LALANNE
I think it probably happens, but probably not with the intensity that we want, you know. And I think coming to such meetings here is part of this mechanism that remind us that we must also attend to this, you see what I'm saying, because the original mechanism was good, because Audit submits the draft, we respond, there's an exit interview where .... accounts, we provide some feedback, because of course they know that we may not provide all the feedback, the supporting documents and from May 2012 to now, if you were to ask me if
we’ve spent 10% of our time trying to find these missing documents or 20% of our time or 50% of our time, I really cannot give you …… but I think obviously we still haven’t found it, so we haven’t really pursued it actively. So, I think it is important that we find these documents, normally if we can’t find them we’ve got to explain why not. So, that has been my guidance recently, you know. So, maybe what I need to do is, as Accounting Officer I’m responsible for this, maybe spend a bit more of my time also making sure that these things keeps getting flagged on a monthly basis, in our monthly meetings of Management. Maybe we could put a … you know, audit findings, or audit queries outstanding or something so that it will help you know, we have a traceable mechanism in house. Because I also don’t like this business of missing books, it would appear to me that this one missing book has gone missing and we may not find it, what next? But I’ll face that music when I have to face it, but I have to make sure that we’ve done everything possible to ensure that we ...... a little bit on this.

**HON DAVID PIERRE**  
Perhaps to go a little bit further, I would like to ask you if you have a person, or a group of people or a Committee within the Ministry who are responsible of looking at the Auditor’s report every time it comes out and to deal with the issues pertaining to your Ministry or to your Department? When exactly do you look at the report? Is it when we send you questions you go back to the report, you look at it and you try to solve or you try to find answers to what we are asking you, or do you do it on a regular basis that is when the report comes out, a group of people in your Ministry look at the report and deal with the issues in relation to your Department or your Ministry?

**MR MAURICE LOUSTEAU-LALANNE**  
I think in the case of this report, definitely there’s the part before the report is made public, there, there is a system that is setup. So, whatever is written there, I cannot now say I don’t agree with it because I have been consulted, so whatever is in this report, I take it. And if we look at this particular report, when it was aired publicly we had an internal meeting, because were criticized and it was put in a way that konmsi nou ti pey isi laba or whatever it is. We did not respond of course, but the way the press covered it, it indicated that MFA was a bad boy, that’s what they like to do, you know, they think we are all devils, you know, and playing with the devil is sexier than playing with God, or the Priest, or ...... so it is more intriguing, there are more questions. So this is what we did, so we did meet again to review it, but I don’t think we devoted sufficient quality time to address some of those issues and this is why I think now I’ll have it added at the Management meeting as a chapter, so we review it on a monthly basis …….  
Management meets monthly, and we have a report back, as a mechanism to ensure that we’ve done all we can to provide the supporting documents.

**HON CHARLES DE COMMARMOND**
Mr. Chair, maybe also now that the Ministry has got on board new person from the Ministry of Finance to help with the audit accounts and so on, maybe it could be one of her responsibility to help in that sense, just checking these things and making sure that there’s some follow-ups and remedies and so on, so that we don’t repeat the same thing over and over again. It just looks bad on maybe a Ministry, a Department who was performing well but …..

HON DAVID PIERRE
Thank you Hon. Hon. Vel.

HON JENIFFER VEL
Thank you Mr. Chair. I would like to point your attention to page 49, fixed assets management, 13.2, with regards to query raised with regards to register of inventory which were not fully updated. The Ministry replied that an inventory of assets has been carried out in June 2012 with a view of updating the assets register. However, according to the Principal Accountant the records are still not completely up to date’. Can you tell us if the Ministry has to date an updated register of inventory as prescribed in FI 1206?

MR MAURICE LOUSTEAU-LALANNE
Yes, I think on the fixed asset register we’re about 90% there, I have this little paper on my desk that says MFA/0102 for the flag, the chair, I don’t know what else, so there is this inventory that has been done, but it is not, I cannot give you a 100% yet, so we’re still doing this work. There are some assets also that we’ve required the write-off very recently and that’s taking up actually a little bit of time, I think we still have about two applications with the Ministry of Finance for the write-off. The land register and buildings this has been completed and we will send you the attachment. The loose tools is also about 80% completed. So, we don’t have a lot of tools, I think it is something which we can do very quickly, we have an in-house Carpenter, come handyman, so there’s some bits and pieces. However, I must admit we lost a wheelbarrow, someone stole a wheelbarrow on the premises of the Ministry recently, so that will be picked up, so we lost a brand new wheelbarrow and which we have replaced. So, we have made some progress, I think we’re about 85 to 90% there on two items, and we are 100% there on one item.

HON DAVID PIERRE
Ok, Hon. Pillay.

HON SEBASTIEN PILLAY
I just wanted to know, does your fixed asset register also include what is in the missions overseas?

MR MAURICE LOUSTEAU-LALANNE
Yes.

HON SEBASTIEN PILLAY
The complete, whatever equipment there is, so all of that is in there?

MR MAURICE LOUSTEAU-LALANNE
Yes.

HON SEBASTIEN PILLAY
So, if a mission decides to dispose of something they need the approval of ...?

**MR MAURICE LOUSTEAU-LALANNE**
Absolutely. For example, we’ve replaced the car of Ambassador Lloyd in England and we’ve asked for the sale of the current car and that is still pending with the Ministry of Finance, and Internal Auditors were also there, so they actually went to visit that car in the yard where we keep it and I’m still waiting for that to happen. So, there is a control that is in place.

**HON DAVID PIERRE**
Any other questions? Ok, thank you very much, we have come to the end of this session and we thank you for taking your time to come here to answer our questions, and the Committee wish you well. Thank you very much.

**MR MAURICE LOUSTEAU-LALANNE**
Thank you Mr. Chairman, I enjoyed our ..... I think it was done professionally and I hope by the time ... next time there will be less ....

**HON DAVID PIERRE**
Thank you once again.