

VERBATIM REPORT

Committee: Finance and Public Accounts Committee
Meeting: Meeting with the **Ministry of Natural Resources and Industry** to discuss the Auditor General's Report of 2009 and 2010
Room: Committee Room 3
Date/Time: Tuesday 21st 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

Ministry of Natural Resources and Industry

Mr. Michel Nalletamby – *Principal Secretary for the Ministry of Natural Resources and Industry*

Mr. Damien Thesee – *Director for Public Budget Management at Ministry of Finance*

In Attendance: Office of the Auditor General

Mr. Marc Benstrong - *Auditor General*

The Secretariat

Ms. Sandra Hall - *Secretary to the Committee*

Ms. Angelic Appoo - *Committee Advisor*

Ms. Farzana Jumaye – *Legal Advisor*

HON DAVID PIERRE

Ok, good morning everybody. Let me welcome you and your delegation. Once again, let me welcome you and your delegation and you've been asked to appear before this Committee to answer a few questions. Before you do so, let me just give you an overview of what the Committee is all about. Article 104 of our Constitution gives the Assembly the power to form Standing Committees of which FPAC is one of them. And 104 (3) and I quote reads:- "For the purposes of effectively performing its functions, the Standing Committee or other Committees may summon any person who the Committee believes may assist the Committee in the performance of its functions and the Committee shall have the powers, rights and the privileges of the Supreme Court for, first of all:

- a. Enforcing the attendance of witnesses and examining them on oath or otherwise;
- b. Compelling the production of documents; and
- c. Issuing a commission or request to examine a witness abroad.

So, basically our powers come from the Constitution and we here are the FPAC Committee and let me please introduce the Committee to you. I myself, Honorable Pierre is the Chairperson of the Committee, we have Honorable De Commarmond who is the Vice-Chairperson of the Committee, and other Members are Honorable Volcere, Honorable Barbe, Honorable Arnephy, Honorable Lebon and we have another Member who is Honorable Pillay. He should be coming shortly and we have, please Sandra introduce yourself and others from the Secretariat.

MS SANDRA HALL

Good morning. My name is Sandra Hall, I am the Committee Secretary, on my left we have Mr. Marc Benstrong who is the Auditor General, and sitting

on my far right is Ms. Angelic Appoo, she is the Committee Advisor and also present is Ms. Farzana Jumaye, our Legal Advisor.

HON DAVID PIERRE

Ok, please kindly introduce yourselves.

MR DAMIEN THESEE

I am Mr. Michel Nalletamby, Principal Secretary for Natural Resources and Industry. With me is Mr. Damien Thesee who is an officer in the Ministry of Finance, the Director for Budget, and I've brought him with me because it is in fact the Ministry of Finance that has been handling the LTF, the Livestock Trust Fund since its formation.

HON DAVID PIERRE

So, basically, we are here as I said, to ask you questions so as to clarify issues with respect to the Auditor General's report for 2009 and 2010 and obviously, the Committee expects any witness to speak the truth and nothing but the truth, and everything that is said here remains for the consumption of the Committee. So, we shall now, if you don't have any questions we can now start, and in fact we have only one question basically prepared for you. And based on the answer that you give us, we may also have supplementary questions. And now I will be asking you the question. So, I refer you to

MR MICHEL NALLETAMBY

Can I seek one clarification first? As I said, the Livestock Trust Fund has been handled by the Ministry of Finance, so will it be possible for him to answer certain questions?

HON DAVID PIERRE

No problem at all.

MR MICHEL NALLETAMBY

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HON DAVID PIERRE

If you feel that he is better prepared to answer the question that we are asking you, then he is free to do so. Ok, I will refer you to page 27 of the 2010 report, 76, with respect to Livestock Trust Fund, and the question is can you tell us what is the status of the Livestock Trust Fund? And based on 76, 77, 78 and 79; if I read 78, it clearly says that no audit work of the fund has been undertaken yet in view that the board is yet to publish statements of account to the office of the Auditor General. So no statement of account, can you kindly tell us what is the status of the Livestock Trust Fund? Thank you very much.

MR MICHEL NALLETAMBY

(Interruption) As far as I understood it, but like I have said, the Ministry of Finance, since the formation of the Livestock Trust Fund, has been handling the account of that and as I understand, since then the Ministry of Finance, it is handled through the Treasury, all the figures, all the records are within the Treasury system. But Damien will explain clearer how it is operational.

MR DAMIEN THESEE

The LTF was formed into March/April 2010, and for two years I was their finance representative on the board, so I was naturally given the of the accounts, which we did. And prior to being the of the accounts, whereby the funds were initially placed in Commercial Banks, then we changed that in 2009 where its finance came back to Treasury. So in effect all transactions of the LTF are being made through Treasury. So we have the records there already. But however, I did provide a copy of the email I sent to audit for the income and expenditure statement, I do not know if whether you would like to see it? Whereby we gave

out the G.L from the system and our summarized incoming statement which gave details of the activities. But however it's likely to raise an issue, because usually when something like this arise, audit usually writes to us.

MR MICHEL NALLETAMBY

This is the email that was sent, but the attachment, we did not bring sufficient copies but I can let you have my copy.

HON DAVID PIERRE

But we don't have the attachment?

MR MICHEL NALLETAMBY

I can let you have a copy of what I have.

MR DAMIEN THESEE

But just to clarify, but usually when there is an email like this, Audit provides a management letter, whereby they wish to discuss certain issues with the officers, or the Ministry first, to clarify before this goes final, in the final Audit report. So this letter never came out, because I gave the actual physical copies to the officer of Audit, so if they had an issue, they should have come back and state all the time. Because if they see a missing document they will come, they will be behind you to provide a document until you provide. So in this instance, nothing was ever raised. So I do not see that it's right to put this in the final report without even having this discussion.

HON DAVID PIERRE

So, there was absolutely no discussion between your office and that of the Auditor General?

MR MARC BENSTRONG

Mr. Chair, with regards to the email, being after all the circulars, so it came at a time after the 2010 report, so it was addressed to I am not aware of this email. But regarding the issue of management letter, as part of the audit

process, we do an entry meeting, after that meeting we go on site, we do a few work, then there is a discussion paper, it is discussed with the Auditee, and issues that are still outstanding are included in a management letter which is then issued to the Auditee. Now, according to what is said on the report, no audit work of the fund has been undertaken. So therefore if no audit work has been done, so there won't be a management letter, because this will be drawn after the audit is completed. So since the report is saying that no audit work was undertaken, so there would be no need for a management letter to be issued. And Mr. Thesee is correct saying that yes, once the full work is completed they would be issued a management letter, if there are issues to be discussed anyway.

HON DAVID PIERRE

But because there was no audit work, then

MR MARC BENSTRONG

So since no audit work had been undertaken, so there won't be a management letter at this stage.

HON LENNY LEBON

So basically we relate the question to the Ministry of Finance.

MR MARC BENSTRONG

Regarding?

HON DAVID PIERRE

The state of the Livestock Trust Fund.

MR MARC BENSTRONG

Because it says that the board was yet to publish a statement of accounts, so in the absence of a statement of accounts I suppose that would be difficult.

HON CHARLES DE COMMARMOND

Mr Chair, we have to decide where we will proceed from here, because the report says one thing, real life situation is another thing. Now, who is supposed to do what first? Ministry of Finance or the board?

MR MARC BENSTRONG

The board. The board has to produce their accounts and submit to audit.

HON CHARLES DE COMMARMOND

And according to Mr. Damien, the board did submit the accounts which you see there, that is the accounts? So, now your office has the accounts?

MR MARC BENSTRONG

Yes Mr. Chairman, but this is dated August 2011. Was there a reply Mr. Thesee from my office?

MR DAMIEN THESEE

No, because we usually deal with Stephanie, because I gave her the actual physical copies. But one other thing, I think there is some sort of confusion which you need to address. It is as if prior to the Treasury account whereby everything was in the commercial banks, so definitely we need to produce reports. But now since everything is on the system, so basically you have everything available.

MR MARC BENSTRONG

Now Mr. Chairman, I think the Committee needs to know that Stephanie is just a so if your accounts was submitted to Stephanie and it did not come to the Auditor General, then perhaps we did not know that your accounts had been submitted.

MR MICHEL NALLETAMBY

Thank you Mr. Chair. It is the same account that we've sent by email. That means there are at least two persons who received it.

HON DAVID PIERRE

So, you sent the account by email to Stephanie and to

MR MICHEL NALLETAMBY

To Anthony Miller.

MR MARC BENSTRONG

Anthony Miller, the audit manager. Subsequent to the email was there any communication between my office and you as

MR DAMIEN THESEE

No, because usually when it's quiet we assume everything is fine.

HON DAVID PIERRE

So there was no communication between Mr. Miller's office and you?

MR DAMIEN THESEE

And I think it is the same situation with 2011 as well.

MR MARC BENSTRONG

2011 has been submitted to my office, the accounts?

MR DAMIEN THESEE

Yes, this one there has been a few correspondences with your office, regarding formats, procedures, which we still need to finalize.

HON DAVID PIERRE

So, the 2011 accounts has been already submitted?

MR DAMIEN THESEE

Yes. But like I've said

HON DAVID PIERRE

To Mr. Miller?

MR DAMIEN THESEE

Mr. Herath. But he has responded, and there are two issues which we need to sort out regarding formats which we need to agree on.

HON DAVID PIERRE

Ok, so for the 2011, there is communication between yourself and Mr. Herath, which was, there was a lack of communication in 2010.

MR DAMIEN THESEE

A lack of communication perhaps procedure wise what should be provided.

HON CHARLES DE COMMARMOND

In order not to waste more time Mr. Chair, let us finish here, and

HON DAVID PIERRE

Yes, we will investigate and we'll see what next. Ok, let me thank you for your clarification and we will contact your office as soon as we get an answer from the Auditor General, ok. Thank you once again.