

VERBATIM REPORT

Committee: Finance and Public Accounts Committee
Meeting: Meeting with the **Seychelles Bureau of Standards** to discuss the Auditor General's Report of 2009 and 2010
Room: Committee Room 3
Date/Time: Thursday 23rd August, 2012 at 0900 hours

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

Seychelles Bureau of Standards
Mrs. Shreekla Nair – *Manager for Biochemical Testing Services*
Mr. Andy Ally – *Manager for Standardization and Information Services*
Mrs. Zitanne Joubert – *Accounts Supervisor*

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. Saviona Isaac - *Secretary Assistant*

HON DAVID PIERRE

Ok, good morning to you and your delegation. We are the FPAC, the Finance and Public Accounts Committee and you are here today to answer to our queries in respect to SBS. But before we even start I must tell you that, Article 104 of our Constitution gives the Assembly the power to form Standing Committees of which PFAC is one of them, and Article 104 (3) states very clearly and I quote that: "For the purposes of effectively performing its functions, a standing or any 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) enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise;
- (b) compelling the production of documents; and
- (c) issuing a commission or request to examine a witness abroad."

So, basically we get our powers from the Constitution itself and before I even go further I will first of all introduce to you Committee Members and then you will have the opportunity to introduce yourself and your delegation and then we will take it from there. I myself is the Chairperson of the Committee Honorable Pierre, and the we have as Vice-Chairperson of the Committee Honorable De Commarmond, we have another Member who is absent for the time being and who should be coming anytime soon, that would be Honorable Volcere. We have Honorable Barbe, Honorable Arnephy, Honorable Lebon and another one who is coming, Honorable Pillay, so we have altogether 7 Members. And then I will ask Sandra to introduce those at the back please.

MS SANDRA HALL

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

MRS SHREEKLA NAIR

I am Shreekla Nair, I am the Manager of the Biochemical Testing Services at SBS, I deputize Mrs. Quatre when she is on overseas or whenever she is on leave. Mr. Andy Ally is the Manager of the Standardization and Information Services and Mrs. Zitanne Joubert, she is the Accounts Supervisor. We do not have an Accountant at SBS, we have an Accounts Supervisor.

HON DAVID PIERRE

Ok, thank you very much. So basically we are here, like I have said before, we are here today to ask questions so as to clarify issues with respect to the 2009 and 2010 reports from the Auditor General and the Committee expects that any witness will speak the truth and nothing but the truth and everything that is said here remains for the consumption of the Committee. So, basically, we have one question for you and I will be asking you this question but I should also refer you to page 26, 27 of the 2010 report. Do you have a copy of the report?

MRS SHREEKLA NAIR

Yes I have made copies, I don't know if you have copies of the 2009, 2010 reports because we were not submitting reports to AG's office because it was not

a requirement and as per the SBS Act we were submitting it to...

HON DAVID PIERRE

No, I think there is a misunderstanding here. I am referring to the report of the Auditor General. Do you have a copy of the report?

MRS SHREEKLA NAIR

I don't have.

HON DAVID PIERRE

Ok because I will be referring you to page 26 of that report ok. Go to page 26, paragraphs 70 and 71 and my question will be based on this. Now, paragraph 70 says that, 'the Bureau was established under the Seychelles Bureau of Standards Act, 1987 for the main function of promoting standardization in industry and commerce. Section 9 of the Act requires the Bureau to prepare a statement of accounts for each year and have them audited by the auditor appointed, in the case, the Auditor General, by the Minister acting after consultation the Minister responsible for Finance. Accordingly, the Minister appointed the Auditor General as the statutory auditor of the bureau in February 2011. Under the appointment, no audit work has been undertaken so far in view that the statement of accounts has yet to be submitted by the Bureau.' So, basically, there has been no submission of statements of account. Now, the question to you would be; why have you not submitted your accounts as per provisions of Section 9 of the Act and for how long have you not provided those accounts? Thank you very much.

MRS SHREEKLA NAIR

Ok, for the year 2009 we have prepared the report, I have made copies for all the Members, we have submitted it to Ministry of Finance and our procedure is that we have to get the approval of the board and then submit it to our Minister and to Ministry of Finance, this the what the present SBS Act says but in 2011, early 2011 we received a letter from Auditor General's office saying that we should submit reports to AG's office. So, for the year 2010, we did not manage to do the audit in 2011 because the auditor appointed to do the audit was not in the country and he was facing some problem, he was not available. So, the audit was not conducted in 2011, the audit was conducted early 2012 and now we have the report with us. So, I discussed with Mrs. Quatre and she said we have a Board, SBS Board but the Chairman Dr. Payet is a Minister now, so we do not have a Chairman at the moment. So the Board did not meet after that, so she was waiting for the Board to approve the report and then to send it to the Minister, AGs Office and to Finance. So, this is why, the report is ready but it is not sent to AG's office yet. I have copies of the report.

HON DAVID PIERRE

Thank you very much. So, basically the Act is from 1987, right?

MRS SHREEKLA NAIR

Yes.

HON DAVID PIERRE

And it has been made very clear that you have not at all prepared, even if

section 9 of the Act states very clearly that you should prepare statements of account but this has never happened.

MRS SHREEKLA NAIR

At the SBS, yes.

HON DAVID PIERRE

Give us details as to why this has never happened.

MR ANDY ALLY

..... clarification Mrs. Nair mentioned, I think according to the SBS Act what was understood was that each year we would prepare our financial report and if they ask for it that we should submit it to the Ministry of Finance and the Minister responsible for Industry. So, what we did SBS, internally we did have a previous Accountant, we prepared our own financial report then what we did we contracted out an independent consultant, I think we used UBS & Company. So what they do, they prepared another report, an independent report, and this report this is the one that we submit to Ministry of Finance. So we have for the 2009, it has been prepared, it has been seen by the Board, the 2010 which has been prepared and has been seen by the Board, we have sent it to the Ministry of Finance. But then in 2011 or 10 when there was a reclassification, I think SBS was classified as a category 2 regulatory body. So according to the requirement is regulatory 2 a body ... that you have to submit your report to the Auditor General according to the Auditor General Act, article 58. So, this is what for 2011, UBS which was doing

our report, so they started to do our report but then they stopped, I don't know if he was away. Since we need to submit that report we have contracted out another independent auditor, I think they are finalizing this report.

MRS SHREEKLA NAIR

That is for the 2011. For the 2010 it was done early this year.

MR ANDY ALLY

And this is what we will send to Ministry of Finance, to Ministry of Industry but also to AG, but for the 2 previous ones Mrs. Nair has submitted the report that was prepared by the independent auditor which we submitted every year to the Ministry of Finance.

MRS SHREEKLA NAIR

But for the 2010 we have the report but we have not submitted yet because it is not approved by the Board. The Board did not meet afterwards.

HON DAVID PIERRE

Before you ask your question, did you have sight of ...

MR MARC BENSTRONG

If I can clarify Mr. Chairman.

HON CHARLES DE COMMARMOND

That is what I was going to ask.

MR MARC BENSTRONG

Section 9 (2) of the SBS Act, 1987 states that the accounts and the statement of accounts shall be audited by an auditor. ... the Auditor General, appointed by the Minister and since the

passing of the Act this is what SBS has been doing, appointing their own auditor and we have not been involved in the audit of SBS. Following this reclassification on the side of the Ministry of Finance, certain Government Agencies that were not being audited by my office were categorized under this category whereby they shall be audited by the office of the Auditor General.

HON CHARLES DE COMMARMOND

Starting when?

MR MARC BENSTRONG

The work was half done.

HON DAVID PIERRE

In what year was that?

HON CHARLES DE COMMARMOND

Starting which year?

MR MARC BENSTRONG

It started in 2008, 2009, during the economic reform, but the work was half done by the Ministry of Finance because they should not have done and detailed this requirement in the Act but as at today this requirement in the Act of SBS still stands, so they are free. Because if they follow the provision of the Act, they can still appoint their own auditor in spite of Finance saying that it shall for the Auditor General to be audited. Now in 2011,

HON DAVID PIERRE

So, basically you believe that Section 9 (2) of the Act must be repealed.

MR MARC BENSTRONG

I think it should be repealed, so I think this is an issue that has to be brought to the attention of the PS for Finance.

HON CHARLES DE COMMARMOND

But you didn't stipulate that in the report?

MR MARC BENSTRONG

In the report we say that under the appointment no audit has been undertaken. So, this is the 2010 report so therefore the 2009 accounts or 2010 accounts have not been submitted.

HON CHARLES DE COMMARMOND

No, you didn't say what you have just explained to us now in that report?

MR MARC BENSTRONG

In my report? Which one is it?

HON CHARLES DE COMMARMOND

AG, what you are saying, even in 2020 if this Act is not repealed SBS is free. You cannot audit them.

MR MARC BENSTRONG

If I can continue Mr. Chairman? Well, there is a letter of appointment from the Minister for Investment, which is the parent Ministry of SBS, in February 2011 whereby it is stated that 'I have no objection to the appointment of the Auditor General'. 'I have no objection', so, it is not an agreement, as you are hereby appointed the audit officer. So, when we got this letter from the Minister it was discussed with CBS and they forwarded it to my office, the audited account for the year 2010 and that was in April of this year. The 2010 audited accounts were submitted to my

office in April 2010 and as SBS has mentioned, the accounts were audited by an audit firm UBS & Co. So, upon receiving this letter from the Minister, we have not yet audited the accounts of SBS. But until such time that this particular requirement is there in the Act, there is a conflict in the Act and what Finance is saying that we should go and audit. And we have other cases, not only SBS but we have other cases whereby we are now in conflict with the particular agency with regards to the audit.

HON DAVID PIERRE

But in spite of that, they should have prepared statements of accounts.

MR MARC BENSTRONG

I don't know what is the status of

MRS SHREEKLA NAIR

Yes, we have the reports for both years, 2009, 2010 and now the private auditor is doing for 2011.

HON DAVID PIERRE

But those accounts, they are audited accounts?

MRS SHREEKLA NAIR

Yes.

HON DAVID PIERRE

Audited by, what is it UBS?

MRS SHREEKLA NAIR

Yes, UBS & Company.

MR MARC BENSTRONG

For 2010 it was UBS, I don't know for 2011.

MRS SHREEKLA NAIR

Yes 2010 it was UBS, for 2011 is by Jivan.

HON DAVID PIERRE

2008, 2009, 2010 UBS, and all these accounts are there? Audited accounts?

MRS SHREEKLA NAIR

Yes.

HON BERNARD ARNEPHY

So, you mentioned that you have the audited accounts.

MRS SHREEKLA NAIR

Yes.

HON BERNARD ARNEPHY

But they have not been approved because the Board has not met?

MRS SHREEKLA NAIR

Yes.

HON BERNARD ARNEPHY

Why is it that the Board did not find it necessary to meet to approve those?

MRS SHREEKLA NAIR

The problem is we don't have a Chairman for the Board now, our Chairman is a Minister now so he is no more the Chairman.

HON DAVID PIERRE

He was Chairman until when?

MRS SHREEKLA NAIR

Until he was appointed as the Minister.

HON BERNARD ARNEPHY

That is this year.

HON DAVID PIERRE

Let me have some clarifications. Let us take the accounts for 2008, now the accounts for 2008 have been audited? And approved?

MRS SHREEKLA NAIR

Yes.

HON DAVID PIERRE

And it is only for 2010 that the account has not yet, the accounts have been audited but not yet approved because you do not have a Chairman at this point in time. So, what is SBS doing about the fact that they do not have a Chairman?

MRS SHREEKLA NAIR

We are reporting directly to the Minister whenever there is anything to be discussed since the board doesn't meet, we meet with the Minister. But the procedure is that it should be approved by the Board and then go the Minister. So, this is why we have to wait for the board to meet first. But for 2008 and 2009 it is approved by the Board, it is sent to the Minister. The report is sent to the Minister and to the Ministry of Finance.

MR ANDY ALLY

Just to clarify, I think the 2010 was signed by Dr. Payet, it means that it was approved.

HON DAVID PIERRE

So, even if the Board did not meet, the accounts were approved by the Minister?

MRS SHREEKLA NAIR

The Chairman.

HON DAVID PIERRE

The Chairman who is now a Minister.

MR ANDY ALLY

We have a signed copy for 2010, usually we have the CEO and Dr. Payet. So, this is what the UBS prepared, so, these are proof that the Chairman has seen this document.

HON DAVID PAYET

And he has signed?

MR ANDY ALLY

He has signed, and this is the one for 2010 that was submitted to the AG in April. Just to add up with regards to the reclassification, currently our Act has already been revised, we are still on the final draft, we are still discussing with the AGs office. The provision with regards to Article 58 is already incorporated in a the Act and hopefully we will finalize the Act and maybe I don't know, maybe by November of December we might finalize, send to the Minister to have a look then it will be submitted to the National Assembly. So, already after the reclassification of SBS as a category 2 and to abide to the Article we have repealed the issue of auditor, independent auditor.

HON DAVID PIERRE

Amended?

MR ANDY ALLY

We have amended, it is still draft, it is already at AGs office, so once the Act comes into effect, we will ...

HON DAVID PIERRE

So, this will no longer be an issue?

MR ANDY ALLY

Yes, this is the improvement we have made with the Act to ensure that we abide to the Constitution and everything that the Act specifies.

HON DAVID PIERRE

Thank you very much. Honorable De Commarmond.

HON CHARLES DE COMMARMOND

Mr. Chair I believe that we should not continue this discussion, this meeting and after that we have to meet with AG for him to tell us the other regulatory bodies

HON DAVID PIERRE

This we will take up with the Committee afterwards.

HON CHARLES DE COMMARMOND

But we cannot move because SBS they are not obliged to give any report. I don't see why se should continue...

HON DAVID PIERRE

Honorable De Commarmond we understand your point but there are other things that we need to ask SBS. For example, the accounts for 2010 it has been signed by the Minister who was the Chairman of the Board, right? But normally, once the accounts are prepared the Board meet to discuss the

accounts and then after discussions the accounts will be signed by the Chairman and basically be approved. But the Board meets and discuss, now in the case of 2010, the Board did not meet to discuss the accounts. The accounts were sent to the Minister and the Minister signed, do you find this proper?

MR ANDY ALLY

The Board did meet in 2010 for the report 2010 that is why it was signed. It is the 2011 report, usually what we will do is...

MRS SHREEKLA NAIR

2011 is not ready yet it is still being prepared.

MR ANDY ALLY

So, it means that after preparing the Board has to meet for the 2011 report, for it to be signed.

HON DAVID PIERRE

So, basically the Board met and discussed the accounts?

MR ANDY ALLY

Yes, 2010, 2009, 2008.

HON DAVID PIERRE

So it was not a question of the Minister just signing the report.

MR ANDY ALLY

No.

HON DAVID PIERRE

The report was discussed?

MR ANDY ALLY

Yes.

HON BERNARD ARNEPHY

If the Board met, then did the Board Members add their signatures to the report because normally when the Board meets any report, all Board Members should at least endorse.

MRS SHREEKLA NAIR

Usually it is signed only by the CEO and the Chairperson. Yeah I have the copies. This is for 2010.

HON SEBASTIEN PILLAY

..... is it UBS or is it USB?

HON DAVID PIERRE

UBS.

MRS SHREEKLA NAIR

UBS.

HON SEBASTIEN PILLAY

It's written USB & Co. at the front, non?

MRS SHREEKLA NAIR

It's UBS.

HON DAVID PIERRE

Then secondly, if we look at the report for 2010 signed by Minister Payet, the Chairman and CEO Madam Amy Quatre, but it is not dated.

MR ANDY ALLY

I think the report was, if you see on page 2, I think UBS finalized the report in March, 19th March 2012, finalized the review for the 2010 report but maybe the way he has presented it could have been good if we have a date

when the Board CEO signed it, but for both reports that he prepared it is the same, 2009 there was no date just the date that he submitted this report.

HON DAVID PIERRE

If you look at 2009, just above the 2 signatures, the financial statements set out on pages 4 to 10 which have been prepared on the going concern basis were approved by the board on August 2nd, 2010 and was signed on his behalf by So, it states very clearly that it was approved by the Board on the 2nd of August, 2010. Whereas for the 2010 report, it does not state at all, so it is not dated, it has to be dated.

HON SEBASTIEN PILLAY

Mr. Chair, sorry, can I ask the Auditor General, if your auditors review the accounts in 2010 but then they submit the report in 2012, is that normal practice for it to take that long?

MR MARC BENSTRONG

In line with the Statutory Annual Audit it should be one year later, so the 2010 should have been audited and finalized in 2011, and 2011 should be 2012.

HON SEBASTIEN PILLAY

Would you care to comment on that?

MRS SHREEKLA NAIR

We did not manage to do the audit in 2011 because the Auditor was not available, what we heard there was fire incident in his place and his office was destroyed and he was not available. So the audit was done in 2012, early 2012.

HON SEBASTIEN PILLAY

I am talking about the audit for 2010 which was only submitted to you in 2012 according to your delegate. So, if you can comment on why would you accept that an audit that was done in 2010 only submitted in 2012, which would then run into other audits which have to be carried out in 2011. Because the 2011 should be submitted in 2012, but the 2010 one should be submitted in 2011. So, this audit when it was submitted in 2012 it does not give a picture of what was happening in the company at 2012.

MR ANDY ALLY

For the audit of 2010, in 2011 the auditor Mr. Raja at UBS, he started doing some work, he came to SBS and he started doing some work then he left. I think he left for overseas, then something happened I think there was an incident because the CEO was requesting for the final report. Then I think he mentioned to the CEO that there was some incident that happened, there was a loss of information that he was using, he was compiling so that delayed. So, when we tried to contact Raja then he was overseas, so that is why this year we have not contracted him to prepare our report because of this delay also. We have contracted somebody else which we got the approval from the Minister that this auditor will be doing the independent audit, then if the Minister accepted. So, with Raja yes there was this delay, he started the work and then it took a long time for us to get the report. There were delays because as you have said we had to submit this report in a timely manner

HON DAVID PIERRE

You stated earlier that the report for 2010 was discussed by the Board, basically the board met, discussed and approved the report. Will you remember when that meeting was held, and will you have records of that meeting and can we have the records?

MRS SHREEKLA NAIR

I don't remember the date because this year we had only one meeting, the board met only once. It was in February.

HON DAVID PIERRE

You should have all the records.

MRS SHREEKLA NAIR

Yes, we have.

HON DAVID PIERRE

Can we have the records?

MRS SHREEKLA NAIR

I don't have now.

HON DAVID PIERRE

Not just now, can we have it within a week?

MR ANDY ALLY

At this level it is the CEO and the Chairman who had this discussion, Mrs. Nair I think you are part of the Board as Secretary, so you might have evidence of the Minutes.

MRS SHREEKLA NAIR

I have the minutes of the meeting.

MR ANDY ALLY

Or we might have evidence through email that Mrs. Quatre has communicated with Dr. Payet. I think there are some evidence as to how the Chairman arrived to make the decision to sign the report.

HON DAVID PIERRE

We will have all the details and all the evidence and everything.

HON DAVID PIERRE

Do you have any other questions?

MR MARC BENSTRONG

In line with the National Auditing Standards, once the accounts are approved by the Board, it should be signed and dated.

HON DAVID PIERRE

And it is not dated. But this problem must be rectified and the corrections on this done.

MRS SHREEKLA NAIR

But I think that the Board met in February, I have to look at the minutes, I cannot remember if the report was discussed. So, give me one or two days I will submit all the details if it was discussed.

HON DAVID PIERRE

Thank you very much. Any other questions? Ok, it remains for the Committee to thank you very much, yourself and your delegation, we will wait for the details that we have requested from SBS, once again thank you very much.

MRS SHREEKLA NAIR

We shall be sending all the information, all the documents to the Secretary?

HON DAVID PIERRE

Yes, and we would also like to have the corrected versions of those 2, thank you. Ok thank you very much.