



2023

# Report of the Auditor General



Office of the Auditor General



# **Report of the Auditor General**

**Results of the audit of Financial Statements of Government for 2023**

**Results of the audit of Ministries, Departments, Divisions and Offices**

**Results of the audit of Statutory Bodies**

**Office of the Auditor General  
Block C, 3rd Floor, Unity House, Victoria  
Victoria, Mahe  
Republic of Seychelles**

## **Office of the Auditor General**

### **AUDITING FOR SEYCHELLES**

The Auditor General is head of the Office of Auditor General (OAG).

The OAG assists the Auditor General to carry out his duties under the Constitution, Auditor General Act and other relevant laws to undertake financial statement audits, compliance audits, performance audits and special reviews of public sector bodies and to provide independent reports and advice to the National Assembly and the Seychelles Government.

Our aim is not just to identify and report on shortcomings but also to assist and advise managers throughout the public sector on how to improve on financial performance and administration while promoting the principles of good governance, transparency and accountability.

Our products include annual reports, special reports and performance reports to the National Assembly and management letters and advisory notes to Accounting Officers.

#### **For further information contact:**

Office of the Auditor General

Block C, 3<sup>rd</sup> Floor, Unity House, Victoria

Republic of Seychelles

(P.O.Box 49), Phone: (248) 4672500/Fax: (248) 4610365

Email: [auditgen@oag.sc](mailto:auditgen@oag.sc)

Website: [www.oag.sc](http://www.oag.sc)

Facebook Page: OAG Seychelles

YouTube: SAI Seychelles

25 November 2024

**Honourable Speaker of the National Assembly**

In accordance with Article 158 (5) of the Constitution of the Republic of Seychelles, I have the honour to submit the report on my examination of the financial statements of the Government of Seychelles for the year ended 31 December 2023 and the results of various other audits undertaken of the accounts and records in the public sector bodies for presentation to the National Assembly.

Following its presentation, the report will be placed on the website of the Office of the Auditor General — <http://www.oag.sc>



Gamini Herath  
Auditor-General  
Office of the Auditor General  
Victoria, Republic of Seychelles

## **Acknowledgement**

I wish to record my personal gratitude to members of my staff who sincerely carried out their duties with dedication and devotion despite some constraints. I also acknowledge the assistance and co-operation extended by the accounting officers and the staff of various ministries, departments and statutory bodies. It is my duty to extend also a word of appreciation to private sector audit firms who have assisted me by carrying out audits on my behalf on contractual basis.

A very special thank-you goes to the Honourable members of the Finance and Public Accounts Committee (FPAC) of the National Assembly who review my reports and make appropriate recommendations to the Government for remedial action and improvements.

## Overview

This is my eighth (8) consecutive annual report being presented to the National Assembly since my appointment. My previous reports were presented two months or earlier than the statutory 'December' deadline. While this report also falls within the said timeframe, I believe that this report could have been issued earlier. More efforts are continuing, however, to reduce the time taken to produce annual reports even further and, hopefully, to present them at the end of October each year.

The report presents the results of my audit of the Annual Financial Statements (AFS) of the Government for 2023 and various other audits undertaken in ministries, departments, officers and Agencies (MDAs) subject to my audit. These audits were completed during the audit cycle from September 2023 to August 2024. The matters included in this report are selective as they are the matters being brought to the attention of the National Assembly as per my reporting requirements. I am pleased to note that many matters raised during audit inspections and through management letters issued to Accounting Officers have been dealt with satisfactorily. However, some still remain to be addressed, as discussed in this report.

The main objective this report is to:

1. draw the attention of the National Assembly, Government, accounting officers and other decision makers to matters arising from carrying out my oversight role as the Auditor General;
2. comment and provide information on various public financial management aspects, governance and administrative issues;
3. highlight some matters of recurring nature and make some observations on the status of action taken or planned on previous audit reports; and
4. provide an update on the status of remedial action taken by various MDAs based on previous audit reports.

It is to be noted that this report does not include the results of numerous other audits carried out at request during the same audit cycle, for example, special audits and the audit of funded projects undertaken at request. The results of these audits have been included in separate reports and submitted to the requesting authority.

Generally, the results of financial and compliance audits conducted in various Ministries, Departments, Divisions, Offices and Agencies (statutory bodies) are more or less similar and recurring. These are mainly the issues of non-compliance with prescribed financial rules, procedures and instructions; (a) lack of adherence to the prescribed regulations in the procurement of goods and services by public bodies; and (b) in some instances, the essential accounting records and control documents were either not kept or not updated timely, particularly, in the areas of revenue, stores, transport and fixed assets; and (c) control procedures, such as, reconciliation of accounts and records not being performed. These deficiencies impacted negatively on effective management of day to day operations and maintenance of proper and timely accounting records in many MDAs including Treasury.

As for statutory bodies (Agencies, Boards, Councils, Institutes, etc.) with legal provisions to produce annual financial statements and subject to my audit, more are now up to date with their annual accounts. This is a satisfactory.

The preparation of Annual Financial Statements (AFS) of Government under the IPSAS accounting framework comprising several statements of accounts is the responsibility of Ministry of Finance. The

audit of these statements is of paramount importance to the Seychellois citizens. In this respect, my role is to provide assurance to the National Assembly and other stakeholders that these statements properly present the budget allocations, expenditure, revenue collection and other government's financial activities, such as, public debt and outstanding guarantees and the financial position of the government for the year to which they relate.

The Ministry of Finance is stepping up its efforts to produce better quality AFS, however, more needs to be done to ensure that the AFS are produced not only timely but also fully in accordance with the IPSAS framework to receive a clean audit opinion. There are also other matters of concern which need to be addressed going forward to improve the quality of the financial statements and overall public finance management. For example, formulation and application of a clear policy on the recognition and accounting for the grant-in-kind is of importance. The increasing trend in the continuation of roll-over of funds from one fiscal year to the next without a clear policy and procedures is also of audit concern. More needs to be done to minimize/close the number of inactive/dormant bank accounts, suspense accounts, trading and operating accounts and bank accounts outside the treasury system. Further, the need for timely reconciliation of remittance accounts of the overseas missions continues unabated. The operation of the Point of Sale (POS) mode for the revenue collection at numerous MDAs has produced some new challenges as many of these accounts in the TIS remain unreconciled. A clear policy and detailed procedures are needed to ensure adequate control over these operations as failure to do so may result in the loss of funds through misappropriation.

It is noted that effective January 2023, the public procurement Act was amended and accordingly, new procurement procedures were promulgated through a MoF circular including new thresholds for the procurement of goods, services and works. The MDAs compliance with the same is being examined in the current audit cycle.

I note that Ministry of Finance is yet to roll out the new Accounting Manual, which was supposed to have been done effective 2021 but delayed due to some technical issues. I would like to urge the Ministry to see an early implementation of the same considering the fact that it is one of the essential tools required by the MDAs to better manage their financial operations in an efficient and orderly manner, in compliance with the public finance regulations. Also, I encourage the Ministry of Finance to accelerate its efforts to obtain and implement the Integrated Financial Management Information System (IFMIS) as it will go a long way to improve the public finance management framework.

Finally, I would like to advise the readers to refer to a complete set of the AFS of Government published by the Ministry of Finance to gain a better understanding of the structure of budget allocations, revenue collection, public debt, consolidated fund and the results of government financial operations and the financial position of Government at the end of 2023.



Gamini Herath  
Auditor General

## CONTENTS

|   | <b>Page</b>  |
|---|--------------|
| <b>CHAPTER 1</b><br>Mandate of the Auditor General  | <b>1-5</b>   |
| <b>CHAPTER 2</b><br>Comments on the audit of AFS of Government                              | <b>6-21</b>  |
| <b>CHAPTER 3</b><br>Attorney General Office   | <b>22-25</b> |
| <b>CHAPTER 4</b><br>Seychelles Defence Forces   | <b>26-30</b> |
| <b>CHAPTER 5</b><br>Public Service Appeal Board   | <b>31-33</b> |
| <b>CHAPTER 6</b><br>Department of Police  | <b>34-38</b> |
| <b>CHAPTER 7</b><br>Seychelles Prison Services  | <b>39-42</b> |
| <b>CHAPTER 8</b><br>Ministry of Education   | <b>43-50</b> |
| <b>CHAPTER 9</b><br>Ministry of Education - Agency for National Human Resources Development | <b>51-56</b> |
| <b>CHAPTER 10</b><br>Ministry of Health   | <b>57-60</b> |
| <b>CHAPTER 11</b><br>Department of Agriculture  | <b>61-66</b> |
| <b>CHAPTER 1</b><br>Department of Youth and Sports  | <b>67-70</b> |
| <b>CHAPTER 13</b><br>Seychelles Revenue Commission - Customs Division                       | <b>71-74</b> |
| <b>CHAPTER 14</b><br>Seychelles Bureau of Standards   | <b>75-77</b> |



|  |                |
|--|----------------|
| <b>CHAPTER 15</b>  |                |
| Seychelles Human Rights Commission                           | <b>78-81</b>   |
| <b>CHAPTER 16</b>  |                |
| Public Health Authority                                      | <b>82-86</b>   |
| <b>CHAPTER 17</b>  |                |
| Seychelles Maritime Security Agency                          | <b>87-91</b>   |
| <b>CHAPTER 18</b>  |                |
| Seychelles Infrastructure Agency                             | <b>92-93</b>   |
| <b>CHAPTER 19</b>  |                |
| Seychelles Fire, Rescue Services Agency                      | <b>94-96</b>   |
| <b>CHAPTER 20</b>  |                |
| Health Care Agency   | <b>97-105</b>  |
| <b>CHAPTER 21</b>  |                |
| Health Care Agency - Mortuary and Post Mortem Fee Collection | <b>106-115</b> |
| <b>CHAPTER 22</b>  |                |
| Social Workers Council                                       | <b>116-117</b> |
| <b>CHAPTER 23</b>  |                |
| Truth, Reconciliation and National Unity Commission          | <b>118-121</b> |

## Acronyms and Abbreviations

|                |   |
|----------------|---|
| AfDB           | African Development Bank                                  |
| AFRITAC- South | Regional Technical Assistance Center for Southern Africa  |
| AFS            | Annual Financial Statements                               |
| AIDS           | Acquired Immune Deficiency Syndrome                       |
| AR             | Annual Report   |
| ASP            | Agency for Social Protection                              |
| ASYCUDA        | Automated System for Customs Data                         |
| BAPS           | Benefits and Approved Programmes                          |
| BAS            | Business Activity Statement                               |
| BoE            | Bill of Entry   |
| CBS            | Central Bank of Seychelles                                |
| CCTV           | Closed-Circuit Television                                 |
| CEO            | Chief Executive Officer                                   |
| CIS            | Creole Institute of Seychelles                            |
| CLISSA         | Competitive Local Innovations for Small-Scale Agriculture |
| CMS            | Client Management System                                  |
| CSR            | Corporate Social Responsibility Tax                       |
| DICT           | Department of Information, Communication and Technology   |
| DPA            | Department of Public Administration                       |
| EITI           | Extractive Industries Transparency Initiative             |
| FC             | Finance Controller  |
| FIQCU          | Fish Inspection and Quality Control Unit                  |
| FIU            | Financial Intelligence Unit                               |
| FPAC           | Finance and Public Accounts Committee                     |
| FSA            | Financial Services Authority                              |
| GFSM           | Government Finance and Statistics Manual                  |
| GL             | General Ledger  |
| GOS            | Government of Seychelles                                  |
| GRB            | General Revenue Balance                                   |
| GRN            | Goods Received Note                                       |
| HQ             | Headquarters  |
| IBRD           | International Bank for Reconstruction and Development     |
| IDC            | Island Development Company                                |
| IEA            | Industrial Estate Authority                               |
| IFRS           | International Financial Reporting Standards               |
| IMF            | International Monetary Fund                               |
| IML            | Interim Management letter                                 |
| IPSAS          | International Public Sector Accounting Standards          |
| ISSAI          | International Standards of Supreme Audit Institutions     |
| LDTF           | La Digue Trust Fund                                       |

|        |   |
|--------|---|
| LMS    | Land Management System                                    |
| LPO    | Local Purchase Order                                      |
| Ltd    | Limited Company   |
| LTF    | Livestock Trust Fund                                      |
| MDAs   | Ministries, Departments, offices and Agencies             |
| MHILT  | Ministry of Housing, Infrastructure, Land and Transport   |
| MLUH   | Ministry of Land Use and Habitat                          |
| MoEHRD | Ministry of Education and Human Resource Development      |
| MoF    | Ministry of Finance                                       |
| MOFTEP | Ministry of Finance, Trade and Economic Planning          |
| MSME   | Micro Small and Medium Enterprises                        |
| MTC    | Maritime Training Centre                                  |
| MTS    | Medium Term Strategy                                      |
| NAC    | National AIDS Council                                     |
| NBA    | National Biosecurity Agency                               |
| NBS    | National Bureau of Statistics                             |
| NCDP   | National Council for the Disabled Persons                 |
| NFA    | Non-Financial Asset                                       |
| NISA   | National Information System Agency                        |
| NISTI  | National Institute for Science and Technology Innovations |
| NQF    | National Qualifications Framework                         |
| SWC    | Social Workers Council                                    |
| NTB    | National Tender Board                                     |
| OAG    | Office of the Auditor General                             |
| PE     | Public Enterprise   |
| PFMA   | Public Finance Management Act                             |
| PFMR   | Public Finance Management Regulations                     |
| PHA    | Public Health Authority                                   |
| PIT    | Personal Income Tax                                       |
| POU    | Procurement Oversight Unit                                |
| PPBB   | Programme Performance-Based Budgeting                     |
| PS     | Principal Secretary                                       |
| PSF    | Principal Secretary of Finance                            |
| PSO    | Public Service Order                                      |
| PSSW   | Public Security Support Wing                              |
| PUC    | Public Utilities Corporation                              |
| PV     | Payment Voucher   |
| PPA    | Public Procurement Act                                    |
| PPR    | Public Procurement Regulation                             |
| RDT    | Residential Dwelling Tax                                  |
| SAA    | Seychelles Agricultural Agency                            |
| SADC   | Southern Africa Development Community                     |
| SBC    | Seychelles Broadcasting Corporation                       |

|          |   |
|----------|---|
| SBFA     | Small Business Financing Agency                         |
| SBS      | Seychelles Bureau of Standards                          |
| SCAA     | Seychelles Civil Aviation Authority                     |
| SCAC     | Seychelles Airport Cargo                                |
| SCB      | Seychelles Commercial Bank                              |
| SCCP     | Seychelles Code of Civil Procedure                      |
| SCG      | Seychelles Coast Guard                                  |
| SCPO     | Seychelles New Port Office                              |
| SCR      | Seychelles Rupees                                       |
| SCRP     | Statement of Cash Receipts and Payments                 |
| SEPEC    | Seychelles Petroleum Company                            |
| SEYCCAT  | Seychelles Conservation and Climate Adaptation Trust    |
| SFRA     | Seychelles Fire and Rescue Agency                       |
| SHF      | Seychelles Heritage Foundation                          |
| SI       | Statutory Instrument                                    |
| SIMBC    | Seychelles International Mercantile Banking Corporation |
| SIT      | Seychelles Institute of Technology                      |
| SIA      | Seychelles Infrastructure Agency                        |
| SLA      | Seychelles Licensing Authority                          |
| SNYC     | Seychelles National Youth Council                       |
| SPA      | Seychelles Ports Authority                              |
| SPA      | Seychelles Planning Authority                           |
| SPDF     | Seychelles People's Defence Force                       |
| SPTC     | Seychelles Public Transport Corporation                 |
| SQA      | Seychelles Qualification Authority                      |
| SRC      | Seychelles Revenue Commission                           |
| SSF      | Fund Social Security                                    |
| STA      | Seychelles Tourism Academy                              |
| STB      | Seychelles Tourism Board                                |
| TMT      | Tourism Marketing Tax                                   |
| TNUNI    | Tertiary Non-University Education                       |
| TSA      | Treasury Single Account                                 |
| TRNUC    | Truth, Reconciliation, National Unity Commission        |
| VAT      | Value Added Tax   |
| VC       | Vetting Committee                                       |
| YSB      | Youth Services Bureau                                   |
| HCA      | Health Care Agency                                      |
| Covid-19 | Pandemic declared by Health authorities in Seychelles   |



## CHAPTER 1

### Mandate of the Auditor General

1. Article 158 of the Constitution requires the Auditor General to audit the accounts of the Cabinet Office, the National Assembly, all government departments and offices, all courts and those related to moneys withdrawn from the Consolidated Fund, all the accounts of any statutory corporation or such other body as may be specified by or under an Act and report to the National Assembly within twelve months of the end of the immediately preceding financial year drawing attention to irregularities in the accounts audited and to any other matter which in the opinion of the Auditor General should be brought to the notice of the Assembly.
2. Section (11) of the Auditor General Act, 2010 requires the Auditor General to satisfy himself that:
  - adequate precautions have been taken to safeguard the proper collection of revenue to which an audit in terms of this Act relates, and that the laws and instructions relating thereto have been duly observed;
  - adequate precautions have been taken in connection with the receipt, custody and issue, and accounting for, property, money, stamps, securities, equipment, stores and other assets;
  - receipt, payments and other transactions have been in accordance with the applicable laws and instructions and supported by adequate vouchers; and
  - satisfactory management measures have been taken to ensure that resources are procured economically and utilised efficiently and effectively.
3. The mandate covers the transactions of all ministries, departments and offices and those statutory bodies and authorities where specific provisions for audit by the Auditor General exist. The Auditor General Act, 2010 also makes provision, among others, for the conduct of performance audits in public authorities and submitting special reports to the National Assembly on any matter of importance or urgency. A number of other Acts provide for the audit of accounts and records of various funds and persons by the Auditor General. In

addition, the Auditor General is the appointed auditor of a number of entities receiving and/or dealing with public funds. The OAG also undertakes audit of the foreign funded programmes and projects on request.

4. The Act also established the Office of the Auditor General (OAG) with certain financial and administrative autonomy from the Government and a requirement for producing an annual report including financial statements of the Office. Another significant provision in the Act is the Finance and Public Accounts Committee of the National Assembly having to consider the annual estimates of the expenditure prepared by the OAG.

**Audit methodology**

5. At the core of the external audit function is the responsibility to ensure accountability of public funds. This responsibility is discharged through the conduct of regularity audits by obtaining evidence supporting compliance with applicable laws, regulations and procedures; compliance with applicable accounting standards and practices; evaluation of systems of control in place; and financial statement items with a view to express an opinion on the accounts presented for audit. In order to provide an independent and professional audit service, the OAG is guided by the International Standards of Supreme Audit Institutions (ISSAIs) auditing standards and practices.
6. The OAG prepares an annual audit programme including all audits identified to be undertaken during a twelve-month period, known as audit cycle. The programme is reviewed periodically in the light of changing circumstances and to adjust the overriding priorities. Except in the case of certification audits required to be undertaken on an annual basis, the selection of entities to be included in the audit programme is influenced largely by the materiality of the entity's annual expenditure or the amount of revenue the entity is required to raise. Other relevant factors such as, known audit risks, topicality, previous experience and the relative significance of operations of an entity are also considered in audit programming. The principal objective of an audit is to carry out sufficient audit work to provide a basis for the Auditor General to form an opinion on the accounts and records of an entity. In determining the extent of work to be undertaken in each audit, a critical assessment is carried out of the strengths and weaknesses of internal control systems in operation, the nature of the transactions involved and the type of opinion required to be expressed.
7. The audits are, however, intended to provide an overall assurance of the general accuracy and propriety of the government financial and accounting transactions, and, as such, although undertaken in accordance with prescribed standards, practices and methods, they

do not guarantee absolute accuracy of the accounts, nor the detection of every accounting error, financial irregularity and loss through fraud or otherwise.

**Government accounting framework**

8. The government's accounting framework is based on the requirement to ensure proper accounting of funds appropriated by the National Assembly or by other statutory provision and to provide the necessary information for the production of annual statements of accounts. For the purpose of financial reporting, the public sector may be defined as the government comprising ministries, departments and offices provided for in the budget and coming under the direct financial administration of the Treasury together with any extra-budgetary activities undertaken and other funds separately accounted for, and the financial activities of the state-owned enterprises as scheduled by the Public Enterprise Monitoring Commission Act, 2013.
9. In terms of Article 151 of the Constitution, all revenue and other moneys raised or received for the purposes or on behalf of the government are paid into the Consolidated Fund at the Treasury, not being monies that are payable by or under an Act for some specific purpose or into some other fund established under an Act for a specific purpose. Payments out of the Consolidated Fund, other than those charged by the Constitution or any other Act, are required to be authorised by the National Assembly through an Appropriation Act. Spending authority granted in the Appropriation Act lapses at the end of the year for which it is granted. Revenue and expenditure accounting is on a cash basis, meaning that arrears of revenue are not reflected in the Statement of Assets and Liabilities and payments are included in the accounts only if actually incurred before the end of the financial year.
10. The Public Finance and Management Act, 2012 provides for the annual financial statements to be prepared in accordance with international public sector accounting standards (IPSAS), and for the time being a cash-basis has been adopted. The financial statements for 2019 have consolidated the affairs of the public enterprises, on a voluntary basis, with certain exceptions. The financial statements as presented are found in line with the Constitution and as provided for under the Act.
11. The government financial transactions recorded by Treasury are classified as receipts, expenditures and other statutory transactions chargeable to the Consolidated Fund, and below-the-line transactions. The last type mainly involves the acquisition or disposal of financial claims or the creation or discharge of financial obligations which are disclosed on a net basis in the Statement of Assets and Liabilities. The receipts and expenditure balances shown in the accounts are net of refunds and recoveries that might be payable under a legal

provision or an administrative arrangement. In view that the collection of revenue arrears and settlement of prior years' financial obligations arising from earlier procurements of goods and services are not accounted for separately, many above-the-line accounts do not always reflect an accurate outcome as compared to the approved budget estimates.

12. Short term borrowings by the government and lending by way of general and parastatal advances are incorporated in the accounts. The financial statements also include a large number of accounts termed as general and trading/operating accounts which are actually operational accounts of various ministries and departments maintained for specific purposes.
13. Public debt in the form of long-term loans, which constitutes the bulk of government's liabilities, is not included in the accounts but shown separately in the Public Debt statement attached to the accounts. The Government's investment in the public corporations, companies and other entities are expensed and disclosed separately by way of a statement attached to the accounts. The value of fixed assets held by MDAs are neither incorporated in the statement of assets and liabilities nor disclosed by way of a footnote to the accounts. In view of the cash basis accounting adopted for the preparation of financial statements, the statement of assets and liabilities of the government thus does not reflect the complete/entire financial position of the government for any given period, but the various account balances in the Treasury ledger only.

**Submission of several statements of accounts**

14. In order to enable the Auditor General to comply with Article 158 of the Constitution, the Minister for Finance is required under Section 32 of the Public Finance Management Act, 2012 to transmit the financial statements within three months after the close of each financial year including (a) annual financial statements prepared in accordance with the IPSAS; (b) the accounts of the Consolidated Fund and other funds established under this Act giving full particulars of all receipts and expenditure of moneys accounted for in those funds during the financial year and a comparison of budget with actual; (c) a statement of fiscal outcome and effect; (d) a statement of outstanding guarantees and other financial liabilities of Seychelles at the close of the financial year; and (e) as far as practicable, a statement of assets and liabilities of Seychelles at the end of the financial year and the manner in which the assets are invested or held at the close of the financial year. The audit of the submitted accounts is to be completed within three months of submission of documents under section 32 according to Section 33 of the Act.



15. The first draft of the several statements of accounts required by the Public Finances Management Act was submitted to Audit on 31 March 2024. These statements were examined and the matters were formally communicated to the Ministry on 04 October 2024 through an Interim Management Letter (IML), followed by an exit meeting held on 14 October 2024. A second draft financial statements and formal response to the IML were submitted by the Ministry on 31 October 2024 and between 10 and 21 November 2024 respectively, further to which a Management Letter was issued by the Office on 22 November 2024. Comments and analysis included in this report are therefore, based on the second draft financial statements and further amendments made in the treasury ledger as at 21 November 2024. The readers may like to refer to the complete set of several statements of accounts published by the Ministry of Finance to gain a comprehensive understanding of the structure, presentation and the various disclosures of the annual statements of the government.

# 2

## CHAPTER 2

### Audit of annual financial statements

#### IPSAS reporting framework

1. In line with the International Public Sector Accounting Standards (IPSAS) reporting framework established under the Public Finance Management Act (PFMA), 2012, the government must report fully upon all of the receipts and expenditures of all entities and funds under its control, including any extra-budgetary funds which have been received and disbursed during the year by or on behalf of its agencies.
2. The cash basis IPSAS has been adopted by the government to report on the financial position and transactions under the Consolidated Fund and various other funds.
3. Under the IPSAS cash-basis framework, the annual financial statements of government are required to include a statement of comparison of budget and actual for revenue and expenditure of the government for the year, where operational performance for the year is detailed, and the explanation for material differences between budget and actual amounts provided by way of a disclosure note.
4. As has been observed in previous audits, the annual financial statements, submitted for audit, include two statements presenting substantially the same information in this respect, in the form of a ‘Comparison of budget and actual amount for the year 31 December 2023’ and ‘Comparison of budget and actual amount for the year ended 31 December 2023 (GFSM 2014 classification)’. This is said to be done for administrative reasons.
5. Audit examined the AFS for 2023 and other accounts and records relevant to the same and noted that the statements as presented do not fully comply with the existing cash basis IPSAS framework, for the following reasons stated briefly:
  - some extra-budgetary revenues and expenditures of public bodies are not included in the financial statements of the government; and
  - some government-controlled bank balances are not included in the financial statements of the government.

6. Though not required under the IPSAS reporting standards, a consolidation of the activities of the SOEs through a consolidated cash flow statement is also prepared as part of the AFS for the year ended 31 December 2023.

### Revenue

7. Revenue derived from various sources, including direct and indirect taxes, fees and charges and dividends on behalf of the Republic, is credited to the Consolidated Fund as per the relevant constitutional provisions. Government agencies responsible for the collection of revenue are given targets in terms of approved estimates for each fiscal year.
8. Revenue figures included in the annual accounts of the government are actual receipts net of refunds, some of which may not necessarily relate to the current financial year. Similarly, some revenue arrears, relating to previous years, realized during the year are accounted for as current revenue in the year of collection.

### Collections in comparative figures

9. The original revenue estimates for 2023 were R10.7b, revised downwardly to R9.9b, against which the actual collections were R9.8b. This shows a lower performance by R860.5m and R118.3m against the original and revised estimates respectively. However, the actual revenue collections of R9.8b during the year 2023 shows an over-performance by R994.5m or 11 per cent when compared to R8.8b reported for the previous year. Revenue collections reported in the years 2019/2023 are as follows.

Figure 1

| Head             | Revenue collection R (m) |                |                |                |                |
|------------------|--------------------------|----------------|----------------|----------------|----------------|
|                  | 2019                     | 2020           | 2021           | 2022           | 2023           |
| Taxes            | 7,428.2                  | 6,371.3        | 6,724.3        | 7,395.0        | 8,169.2        |
| Fees and Charges | 340.9                    | 261.9          | 366.6          | 393.4          | 445.9          |
| Dividends        | 477.4                    | 412.4          | 441.1          | 790.5          | 581.5          |
| Other Non-Tax    | 49.2                     | 240.7          | 66.2           | 75.0           | 102.5          |
| Sale of Assets   | 54.9                     | 62.7           | 71.9           | 80.4           | 250.0          |
| Grants           | 58.5                     | 602.5          | 633.2          | 101.5          | 281.2          |
| <b>Totals:</b>   | <b>8,409.1</b>           | <b>7,951.5</b> | <b>8,303.3</b> | <b>8,835.8</b> | <b>9,830.3</b> |

10. The performance of specific revenue heads against the original and the revised estimates are summarised in Figure 2.
11. **Sale of assets:** A higher collection of R146.4m or 141% was reported against the upwardly revised sum of R103.6m, originally estimated at R92.0m. This mainly arose from the sale and leaseback of Long Island where revenue recorded from this agreement was R173.5m. In terms of value, this was the highest over-performance reported for the year 2023.

12. **Other non-tax:** An over-performance of R59.2m or 136%, against a downwardly revised estimate of R43.4m, originally estimated at R48.1m was reported under this revenue category. The net receipt under the general revenue balance which is included in other non-tax revenue was R58.2m.
13. **Fees and charges:** Revenue from fees and charges also performed better by R22.0m or 5% against an upwardly revised estimate of R423.9m, originally projected at R392.1m.
14. **Tourism Marketing Tax:** Actual revenue collections was above the revised estimates of R87.7m by R21.2m or 24%. There was no projection for this tax in the original budget submission.
15. **Dividends:** Actual collections for the year 2023 slightly surpassed the projections by R1.8m against the revised projection of R579.8m originally set at R547.1m.
16. Aside from the positive performances reported under the above revenue heads, lower collections was noted under other revenue heads as noted below.
17. **Value Added Tax (VAT):** VAT performed lower than anticipated by R110.5m or 4% against a revised budget of R3.1b, originally estimated at R3.3b. In terms of value, this was the largest under-collection reported for the year.
18. **Grants:** Actual receipt of R281.2m was reported against a downwardly revised projection of R367.1m, initially estimated at R402.6m, hence representing lower receipt by R85.8m or 23%.
19. **Other Taxes:** Actual performance was R467.2m, representing a lower collection by R76.5m or 14% than its downwardly revised estimate of R543.7m, originally projected at R643.3m.
20. **Excise Tax:** A lower collection by R49.9m or 3% was reported against the downwardly revised forecast of R1.5b, originally anticipated at R1.7b.
21. **Personal Income Tax (PIT):** PIT performed below the projections of R1.2b, by R24.8m or 2%.
22. **Business Tax:** An under-performance of R17.0m or 1% of the revised estimates of R1.6b was reported. Original projection was R1.9m.
23. **Customs Tax:** Actual collections was below the revised revenue estimate of R335.9m, formerly set at R335.8m, by R3.6m or 1%.
24. **Property tax:** This revenue category fell slightly short of the revised estimates by R0.3m or 1% against an original projection of R50.0m.

**Figure 2**

| Head                  | R (m)             |                  |                |                |
|-----------------------|-------------------|------------------|----------------|----------------|
|                       | Original Estimate | Revised Estimate | Actual         | Variance R (m) |
| Personal Income Tax   | 1,223.3           | 1,214.8          | 1,190.0        | (24.8)         |
| VAT                   | 3,340.9           | 3,112.7          | 3,002.2        | (110.5)        |
| Customs duties        | 335.8             | 335.9            | 332.3          | (3.6)          |
| Excise Tax            | 1,689.5           | 1,476.7          | 1,426.7        | (49.9)         |
| Business Tax          | 1,852.1           | 1,618.1          | 1,601.0        | (17.0)         |
| GST                   | -                 | 0.7              | 0.7            | -              |
| CSR Tax               | 74.2              | 5.3              | 4.9            | (0.4)          |
| Tourism Marketing Tax | -                 | 87.7             | 109.0          | 21.2           |
| Other Taxes           | 643.3             | 543.7            | 467.2          | (76.5)         |
| Property tax          | 50.0              | 35.6             | 35.3           | (0.3)          |
| Fees and Charges      | 392.1             | 423.9            | 445.9          | 22.0           |
| Dividends             | 547.1             | 579.8            | 581.5          | 1.8            |
| Other Non-Tax         | 48.1              | 43.4             | 102.5          | 59.2           |
| Sale of Assets        | 92.0              | 103.6            | 250.0          | 146.4          |
| Grants                | 402.6             | 367.1            | 281.2          | (85.8)         |
| <b>Totals:</b>        | <b>10,690.9</b>   | <b>9,948.7</b>   | <b>9,830.3</b> | <b>(118.3)</b> |

### Expenditure

25. Withdrawals from the Consolidated Fund must be by annual appropriation or under provision of other law. The annual spending limits are included in detail in the budget document under various heads. The Appropriation Act, 2023 totalled R10.5b (2022: R10.1b). The Ministry of Finance, National Planning and Trade (MOFNP&T) sought budget cut, amounts totalling R621.4m, in October 2023 following its mid-year review. Additionally, the Ministry also sought supplementary estimates of some R275.5m before the National Assembly to cater for re-allocations which together provide for a net budget savings of R345.9m, against the revised budget.
26. The overall changes in budgeted revenue, expenditure and financing amounts are explained in the AFS under Note 25 to the financial statements- Change in Float.
27. The accounts and records relating to expenditure out of appropriated/budgeted funds are maintained by the respective Accounting Officers while Treasury has responsibility for effecting payments other than petty cash on behalf of the MDAs/entities concerned and to maintain the general ledger of the Government. In a similar way to the collection of revenue, financial transactions in respect of payments for goods and services are accounted for in the year the payments are effected.
28. Due to the classified nature of the activities involved, an independent audit examination of the expenditures incurred in the year 2023 was not undertaken in respect of the information reward funds of the Police (R429.5m) and the Seychelles Intelligence Services (R1.2m). The Accounting Officers for the accounts concerned have provided written representations to the effect that all payments effected, where applicable, were properly authorised, and that adequate controls existed while granting approvals for making these payments as per

the relevant laws/ regulations. The Seychelles Defence Forces reported nil expenditure towards security equipment for the year 2023.

### Spending for the year

29. Actual expenditure overall in the years 2021 to 2023 is summarised as below.

| <b>Figure 3</b>                                |  | <b>R (m)</b>    |                |                 |                             |
|--|--|-----------------|----------------|-----------------|-----------------------------|
|  |  | <b>2021</b>     | <b>2022</b>    | <b>2023</b>     | <b>Variance<br/>(22/23)</b> |
| <u>Current and other outlays</u>               |  |                 |                |                 |                             |
| Wages and salaries                             |  | 2,762.2         | 2,792.6        | 3,009.5         | 216.9                       |
| Goods and services                             |  | 2,826.2         | 3,128.7        | 3,559.2         | 430.5                       |
|  |  | <b>5,588.4</b>  | <b>5,921.3</b> | <b>6,568.6</b>  | <b>647.3</b>                |
| Interest due                                   |  | 740.6           | 736.4          | 981.0           | 244.6                       |
| <u>Transfers</u>                               |  |                 |                |                 |                             |
| Social programmes of central government (SPG)  |  | 471.4           | 270.5          | 243.2           | (27.3)                      |
| Public Subvention                              |  | 240.1           | 276.8          | 47.7            | (229.1)                     |
| Benefits and approved programmes of ASP (BAPS) |  | 1,414.9         | 1,369.7        | 1,187.5         | (182.2)                     |
| Other  |  | 259.2           | 43.4           | 3.3             | (40.1)                      |
| Capital expenditure                            |  | 1,226.2         | 711.4          | 1,157.5         | 446.1                       |
| Net lending                                    |  | 27.3            | (8.7)          | (29.2)          | (20.5)                      |
| Contingency                                    |  | 57.7            | 35.8           | 36.1            | 0.3                         |
| <b>Totals:</b>                                 |  | <b>10,025.8</b> | <b>9,356.6</b> | <b>10,195.7</b> | <b>839.1</b>                |

30. As shown in **Figure 3**, overall actual expenditures for the year 2023 were above the prior year's balance by R839.1m or 8%. Spending under the capital expenditure category was the largest as compared to the other expenditure categories by R446.1m or 62.7% against the previous year. Highest expenditures were also reported under current outlays where wages and salaries and goods and services were more than the preceding year by R216.9m and R430.5m respectively. Payment of interests also saw an increase as compared to the previous year by R244.6m.
31. Other expenditure categories reported lower spending during the year 2023 as compared to the previous year. Reduced spending was largely observed under public subvention by R229.1m, BAPS by R182.2m and SPG by R27.3m. During the year 2023, transfers were made to only three state-owned enterprises (SOEs) contrary to five SOEs in the prior year.
32. The decrease of R40.1m reported under "Other" is primarily attributed to the budget for subscription to international organisations being allocated to individual Ministries, Departments and Agencies (MDAs) for processing of payments as of 2023. Hence, actual spending totalling R48.4m in 2023, (2022: R43.4m) for subscription to international organisations were accounted for under the respective MDA. Net lending was also lesser than the prior year expenditure by R20.5m.

### Centrally managed expenditures

33. These expenditures do not fall under the public sector entities (MDAs) budgets. They include other centralised wages and salaries and other goods and services costs, as well as social programmes of central government, subventions to SOEs, benefits and approved programmes of ASP, other, contingency and development grants. Actual expenditure reported as compared to the revised budget figures is summarised in **Figure 4**.

**Figure 4** **R (m)**

|  | <b>Revised<br/>Budget</b> | <b>Actual</b> | <b>Variance</b> |
|--|---------------------------|---------------|-----------------|
| <u>Other current Outlays</u>                   |                           |               |                 |
| Other Wages and Salaries                       | 375.6                     | 315.3         | (60.3)          |
| Other Goods and Services                       | 142.3                     | 139.5         | (2.8)           |
| Transfers                                      |                           |               |                 |
| Social programmes of central government (SPG)  | 294.2                     | 243.2         | (51.0)          |
| Public Subvention                              | 47.7                      | 47.7          | -               |
| Benefits and approved programmes of ASP (BAPS) | 1,202.9                   | 1,187.5       | (15.4)          |
| Others   | 10.0                      | 3.3           | (6.7)           |
| Capital expenditure                            |                           |               |                 |
| Development Grants                             | 165.9                     | 156.6         | (9.3)           |
| Net Lending                                    | (23.9)                    | (29.2)        | (5.3)           |
| Contingency                                    | 50.0                      | 36.1          | (14.0)          |

34. **Social programs of Central Government (SPG):** Overall, a lower actual spending of R51.0m was reported under SPG against a revised budget estimate of R243.2m. Reduced outlays viz revised budget forecasts were observed under various programs under SPG such as SMEs scheme by R17.5m, Housing Finance Scheme by R11.2m, National Grants for Other Non-for-profit organisations by R4.3m and Home Improvement/ re-roofing scheme for pensioners. Additionally, no or minimal actual spending where recorded against the revised budgetary projections of various programs which aggregated to R9.8m, namely Education Loan Scheme, ADF Schemes, Innovation Trust Fund, Women Trust Fund, PV rebate scheme and SEEREP Incentive Scheme.
35. **Benefits and Programs of ASP (BAPS):** Lower spending was largely reported under Retirement Benefits by R8.8m followed by lesser outgoings under various other Schemes resulting in an overall underspending of R15.4m against the revised budget estimates of R1.2b.

### Capital expenditure

36. **Rollover of funds:** Audit noted year-end fund transfers totalling R133.3m to some 25 trading and operating accounts with corresponding entries largely to capital expenditure

accounts (R125.9m) and use of goods and services (R7.4m). In addition, there were 27 similar accounts in operation with a total ending balance of SR70.7m as at 31.12.2023 (SR76.7m 2022), which received roll-over funds during the years prior to 2022.

37. The roll-over of funds, in principle, do not represent actual expenditures incurred at year end, or committed financial obligations, such as, invoices received but not paid at the yearend, in terms of the definition of the IPSAS cash basis reporting framework. The parking of funds for indefinite future use does not necessarily represent prudent public financial management and, if continues unchecked, it will erode the confidence in the budgetary controls and lead to wasteful and extravagance spending and misuse of funds.
38. However, a note to the financial statements is to be added providing details of the suspense accounts under this category as at end of 2023.

#### **Grant-in-kind**

39. Grant or benefit in kind accounted for in the Government's books in 2023 totalled R82.3m. Excluded in this balance is a donation of two ambulances to the Health Care Agency (HCA) during the year 2023 as the initial conversion of the donated amount and the invoice value were deemed to be unrealistic. *Upon inquiry with the MOFNP&T, the Ministry acknowledged the observation and in response noted that the recording of the donation will be effected in the year 2024 upon receipt of the correct value of the donation from the HCA.*
40. Also, as previously reported, the Ministry is still accounting for grants or benefits-in-kind without a formal accounting policy and also without adequate disclosure notes being included in the financial statements of the government, despite encouraged by the standards.
41. Audit reiterates that the Ministry prepares a policy on the matter and the accounting treatment is effected accordingly for grants-in-kind with sufficient details being disclosed in the notes to annual financial statements of the government.

#### **Withdrawals requiring supplementary appropriation**

42. According to the Constitution, withdrawals of monies from the Consolidated Fund should be authorised by an Appropriation Act or by other law. The principal mechanisms for the appropriation of budgeted funds for ministries and departments and centralised payments are the annual Appropriation Act and supplementary appropriations approved by the National Assembly thereafter.
43. At the time of writing, overspending totalling R120,433,099 in respect of two entities namely the Institute of Early Childhood Development (R82,446) and the Ministry of Lands



and Housing (R120,433,099) against the revised budget, remained to be regularised through supplementary appropriation.

### Consolidated Fund

44. The Consolidated Fund is established in accordance with Article 151 of the Constitution. It is credited with all revenue collected on behalf of the Republic and debited with withdrawals by annual appropriations and charges under the provision of law.

### Overall fiscal balance

45. For the purpose of this analysis, an overall fiscal deficit is the excess of expenditures incurred, including capital expenditure and interest payments as compared to total revenue receipts, including grants. The original budget for the year 2023, before supplementary estimates and budget cuts, projected a deficit of R539.4m, while the actual outcome was a deficit of R365.4m, which represents a lower deficit of R174.0m or 32% against the original projection.

**Figure 5** **R (m)**

|                 | <b>Original<br/>Estimates</b> | <b>Actual</b> | <b>Variance<br/>in R (m)</b> | <b>Variance<br/>%</b> |
|-----------------|-------------------------------|---------------|------------------------------|-----------------------|
| Revenue         | 10,690.9                      | 9,830.3       | (860.5)                      | (8%)                  |
| Expenditure     | (11,230.3)                    | (10,195.7)    | 1,034.6                      | (9%)                  |
| Fiscal balance: | (539.4)                       | (365.4)       | 174.0                        | (32%)                 |

### Movements on the Consolidated Fund

46. Production of a final balance on the Consolidated Fund for the year requires adjustment of the overall fiscal balance by recording financing inflows and outflows, which is the difference between loan drawdowns and amortisation costs adding in privatisation, sale of assets and long term lease receipts under the current accounting practice adopted, after ignoring movements on financial balances.
47. Calculated on a basis to take account of these amounts in a summary of the activity in the Consolidated Fund, **Figure 6** shows an adjusted overall movement of R198.1m for the year.

**Figure 6** **R (m)**

|                                       | <b>Actual</b> |         |
|---------------------------------------|---------------|---------|
| Balance brought forward 01.01.23      |               | (124.5) |
| Overall fiscal balance                | (365.4)       |         |
| Add: Net lending                      | (29.2)        | (394.6) |
| Financing                             | 365.4         |         |
| Add/Less: Movement in Cash and Bank   |               |         |
| Balances                              | (472.1)       |         |
| Movement in Liabilities               | 303.2         | 196.5   |
| Adjusted overall movement in the year |               | (198.1) |
| Balance carried forward 31.12.23      |               | (322.6) |

**Cash and bank balances**

48. Government maintains a Treasury Single Account (TSA) at the Central Bank of Seychelles (CBS) to deposit revenue receipts and make payments. In addition, the Minister may authorise Accounting Officers to open separate bank accounts at the CBS or other commercial banks for specific operations.
49. Cash and bank balances recorded by Treasury at the end of 2023 totalled R1.2b (2022:R1.6b) of which R350.0m was held with the CBS against monetary policy purpose issues of Treasury bonds.
50. Several other bank accounts confirmed to be in the name of Government with an aggregate balance of R152.2m, excluding 'Integral Health Brigade' account holding R22.0m, are further disclosed in note 3.1 to the AFS.
51. During the year 2023, Audit did not sight bank reconciliation records mainly relating to POS accounts. Audit is of the view that in the absence of bank reconciliation, fraudulent activities, such as unauthorised withdrawals or deposits may go undetected. Errors such as incorrect postings, duplicate postings or omissions of transactions may also go undetected. With the passage of time, it is likely to be more difficult and time-consuming to identify and rectify accumulated errors or misstatements. In some cases, this may be futile, resulting in requests for write-off of the unreconciled balances.
52. As regular bank reconciliation is paramount for maintaining accurate and complete financial records and also for providing reliable information to key stakeholders for decision-making and strategic planning purposes, Audit recommended that the Treasury should set a realistic and consistent schedule for performing bank reconciliations as also ensuring adherence to this schedule. There should be a clear review and approval process for all reconciliations to verify and ensure accuracy and completeness thereof. The Ministry should also ensure that this process is properly documented and understood by all involved in this process to ensure consistency and accountability.
53. *In response, the MOFNP&T explained that regarding the POS transaction, multiple meetings have been conducted with the concerned commercial Bank as it is currently experiencing some issues, primarily with the opening balances in which instance there was a discrepancy between the bank statement, POS Slip and the revenue voucher of which the amount does not tally between the bank statement and the reconciliation slip.*
54. *The Ministry further added that an exercise is currently being carried out to identify both active and inactive accounts. Once the reconciliation is finalized, it will provide an update*

*on its action, particularly regarding the variances. Additionally, it is working on determining the opening balances for each POS bank statement.*

55. Audit also identified and queried about 75 bank accounts, mostly held with CBS, which had a nil balance or no movement in the accounts in 2023 or both 2023 and 2022.
56. Audit recommended that the MOFNP&T considers having defined and documented policies regarding the closure and removal of bank accounts from its accounting system once they are closed or inactive. This may include regular bank reconciliation where discrepancies and inactive accounts are identified. Review of the list of bank accounts in the accounting system against that confirmed by the bank at year end may also be performed to ensure that the accounting system reflects only active and valid accounts.
57. *In response, the MOFNP&T noted that a meeting was held with CBS and the Bank will send a complete list of accounts with no transactions for several years.*
58. As also observed and reported in the prior year, for two bank accounts with CBS, the treasury ledger balance differed to the balance confirmed by the Central Bank of Seychelles (CBS) giving rise to a variance of R3.3m at year end.

#### **Remittances**

59. Typically, the remittance accounts should represent cash in transit in respect of the overseas missions. Similarly to reporting in previous years, against the total remittance balance of R32.1m (excluding a credit balance of R1.6m under First Abu Dhabi Bank) reported in AFS 2023, only R3.6m were available in the overseas missions' bank accounts as at year end, resulting in an unreconciled balance of R28.5m.

#### **Advances**

60. The outstanding advances totalled R960.7m at the end of 2023 (2022: R1.0b) consisting primarily of on-lending facilities to the Public Utilities Corporation (R808.4m), the Development Bank of Seychelles (R67.5m) and Seychelles Marketing Board (R79.9m).
61. The status of the longstanding balance of R79.9m since 2010 in respect of Seychelles Marketing Board (SMB) under 'Parastatals/Companies in Liquidation' remains unchanged for the stated reason that it is under investigation by the ACCS.

#### **Trading and operating accounts**

62. The Treasury maintains a number of trading and operating accounts under this head which are utilised for various purposes, including Treasury Single Account (TSA) balances, revolving funds, unidentified items under short term clearance, dishonoured cheques and others. These accounts are also known as suspense accounts. Movements on the balances on these accounts during 2023 is summarised below.

Figure 7

R (m)

| Name                  | Balances<br>2022 | Balances<br>2023 | Movements |
|-----------------------|------------------|------------------|-----------|
| General               | 16.5             | 81.4             | 64.9      |
| Trading and Operating | 437.3            | 515.1            | 77.8      |
| Totals:               | 453.8            | 596.5            | 142.7     |

63. The increase in general accounts largely reflects increase in SRC Unidentified items balance by R45.6m whereas the increase under Trading and Operating was on account of the levies on PET, can and glass bottle by R29.2m in total as compared to the prior year balance. Increases and decreases were also noted under other account balances.

### Public debt

64. The Statement of External Debt and the Statement of Domestic Debt shows the particulars of outstanding long term external and domestic loans respectively. While external loans are raised from bilateral, multilateral and commercial sources, domestic loans are raised by the sale of development stocks, Treasury bonds and through banking institutions.

65. The accounting policy for long and short term borrowings by the Government differs in that long term borrowings are not accounted for as a liability in the Statement of Assets and Liabilities, but are included in the public debt statements.

66. Short term borrowings, comprising Treasury bills and deposits made with the Government by various governmental and private entities, on the other hand, are included as liabilities in the Statement of Assets and Liabilities but not included in the public debt statements.

### Legislative framework for public debt

67. The Public Debt Management Act, revised and consolidated the laws relating to loans and guarantees and provides for the establishment of a National Public Debt Management Committee. Under this Act, it is provided that borrowings other than in the case of Treasury bills, shall not be valid unless the particulars of the loans are published in the Official Gazette through a Statutory Instrument (S.I.).

68. During the year 2023, a total drawdown of R640.1m in respect of three loans were made by the Government without an SI at the time of loan drawdown. Two of the loans were gazetted during the year 2024 and for the third loan, the MOFNP&T provided Audit with a copy of the letter dated 10.10.2024 to the Attorney General's Office by the Ministry to prepare the order to gazette this loan.

69. Audit also noted that for the year ended 31.12.2023, an outstanding debt of USD50m was confirmed by a lender which did not feature on the loan confirmation request issued by the MOFNP&T nor included in the Statement of External Debt. There was also no statutory

instrument and no drawdown or repayments pertaining to this debt from the treasury ledgers for the year 2023. Further to inquiry with the MOFNP&T, the Ministry responded that the USD50m provided to the Government of Seychelles is currently the subject of legal proceedings before the Supreme Court of Seychelles. It is liaising with the concerned party to ascertain if the USD50m was a loan or a grant it did not have documents from its side.

### Public debt portfolio

70. The debt portfolio decreased by R871.7m (or 5%) in 2023 as compared to the previous year ending at R16.5b at the end of 2023. Long-term debt predominantly constitutes 89% of the total debt portfolio and represents a decrease of R418.0m or 3% over the previous year. Similarly, short-term borrowings reduced by R453.7m or 20% during the year as compared to the previous year.

**Figure 8 Public Debt Portfolio R (m)**

|                            | 2019            | 2020            | 2021            | 2022            | 2023            |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Long term loans            | 7,113.9         | 12,625.9        | 13,673.5        | 15,068.5        | 14,650.5        |
| Short term borrowings      | 4,891.9         | 5,473.4         | 3,635.6         | 2,303.0         | 1,849.3         |
| <b>Total:</b>              | <b>12,005.8</b> | <b>18,099.3</b> | <b>17,309.1</b> | <b>17,371.5</b> | <b>16,499.8</b> |
| <b>Increase/(decrease)</b> | <b>0.6</b>      | <b>6,093.5</b>  | <b>(790.2)</b>  | <b>62.4</b>     | <b>871.7</b>    |
| <b>Long term debt %</b>    | <b>59.3%</b>    | <b>69.8%</b>    | <b>79.0%</b>    | <b>86.7%</b>    | <b>88.8%</b>    |

### Long-term debt

71. External debt decreased by around R273.7m (or 3%) during the year 2023 mainly due to drawdowns on existing loans.

72. On the domestic front, there was a redemption of a R500m treasury bond and issuance of six new treasury bonds with a total value of R429.9m (**Figure 9**) during the year 2023. Repayments on other domestic debts totalled R70.9m, including full settlement of an outstanding sum of R10m under land acquisition, leaving only one outstanding land acquisition case as reported in the Domestic Debt Statement at 31 December 2023.

**Figure 9 Outstanding public debt R (m)**

|                            | 2019           | 2020            | 2021            | 2022            | 2023            |
|----------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| <b>External debt</b>       |                |                 |                 |                 |                 |
| Bilateral                  | 1,397.9        | 2,142.9         | 1,336.0         | 1,805.1         | 971.7           |
| Multilateral               | 2,311.6        | 4,994.1         | 5,153.8         | 5,096.7         | 5,985.4         |
| Commercial                 | 292.3          | 405.0           | 254.9           | 401.2           | 310.6           |
| External bonds             | 1,638.6        | 2,149.1         | 1,211.6         | 924.2           | 685.8           |
| <b>Sub-total:</b>          | <b>5,640.4</b> | <b>9,691.1</b>  | <b>7,956.4</b>  | <b>8,227.2</b>  | <b>7,953.5</b>  |
| <b>Domestic debt</b>       |                |                 |                 |                 |                 |
| Treasury bonds             | 550.0          | 2,000.0         | 4,955.9         | 6,102.2         | 6,032.0         |
| Others                     | 923.5          | 934.7           | 761.2           | 739.1           | 665.0           |
| <b>Sub-total:</b>          | <b>1,473.5</b> | <b>2,934.7</b>  | <b>5,717.1</b>  | <b>6,841.3</b>  | <b>6,697.0</b>  |
| <b>Grand total:</b>        | <b>7,113.9</b> | <b>12,625.8</b> | <b>13,673.5</b> | <b>15,068.5</b> | <b>14,650.5</b> |
| <b>Increase/(decrease)</b> | <b>135.9</b>   | <b>5,511.9</b>  | <b>1,047.7</b>  | <b>1,395.0</b>  | <b>(418.0)</b>  |

73. With regards to outstanding long-term debts at the end of the year 2023, Audit noted that four loans relating to one lender (IMF) totalling around R1.8b or 23% of the total external debt of R8.0b were not supported by an external confirmation by the lender at the time of writing. *The MOFNP&T noted that this lender does not provide any loan confirmations.*

### Short term borrowings

74. Short term borrowings comprise funds raised from Treasury bills and deposits. A reduction in Treasury bills in 2023 underlies the overall decrease of R453.7m or close to 20% in short term borrowings.

| Figure 10                       | Short term borrowings |                |                  |                  |                | R(m) |
|---------------------------------|-----------------------|----------------|------------------|------------------|----------------|------|
|                                 | 2019                  | 2020           | 2021             | 2022             | 2023           |      |
| Treasury bills                  | 4,853.3               | 5,427.2        | 3,590.9          | 2,258.1          | 1,804.4        |      |
| Parastatal/fund deposits        | 38.5                  | 46.2           | 44.7             | 44.9             | 44.9           |      |
| <b>Sub-total</b>                | <b>4,891.9</b>        | <b>5,473.4</b> | <b>3,635.6</b>   | <b>2,303.0</b>   | <b>1,849.3</b> |      |
| <b>Increase/(decrease) in R</b> | <b>(135.3)</b>        | <b>581.6</b>   | <b>(1,837.8)</b> | <b>(1,332.6)</b> | <b>(453.7)</b> |      |
| <b>Increase/(decrease) in %</b> | <b>(2.7)</b>          | <b>11.9</b>    | <b>(33.6)</b>    | <b>(36.7%)</b>   | <b>(19.7%)</b> |      |

### Public debt servicing

75. Overall, the total actual public debt servicing cost, comprising repayments of principal and interest payments, increased to R2.3b, from R1.5b in the previous year. Interest payments were higher on both external and domestic fronts during the year 2023 as compared to the preceding year, resulting in an overall increase in total interest payments by R244.6m.

76. Correspondingly, repayment of principal amounts of external and domestic debts in 2023 was higher than the previous year by R575.5m or close to 78%.

| Figure 11           | Public debt servicing |                |                |                |                | R (m) |
|---------------------|-----------------------|----------------|----------------|----------------|----------------|-------|
|                     | 2019                  | 2020           | 2021           | 2022           | 2023           |       |
| <b>Interest</b>     |                       |                |                |                |                |       |
| External            | 243.7                 | 298.4          | 227.4          | 232.5          | 392.4          |       |
| Domestic            | 203.2                 | 413.6          | 513.2          | 503.9          | 588.6          |       |
| <b>Sub-total:</b>   | <b>446.9</b>          | <b>712.0</b>   | <b>740.6</b>   | <b>736.4</b>   | <b>981.0</b>   |       |
| <b>Amortisation</b> |                       |                |                |                |                |       |
| External            | 419.1                 | 595.5          | 542.2          | 525.8          | 751.8          |       |
| Domestic            | 346.6                 | 143.3          | 81.7           | 213.9          | 563.4          |       |
| <b>Sub-total:</b>   | <b>765.7</b>          | <b>738.8</b>   | <b>623.9</b>   | <b>739.7</b>   | <b>1,315.2</b> |       |
| <b>Grand total:</b> | <b>1,212.6</b>        | <b>1,450.8</b> | <b>1,364.5</b> | <b>1,476.1</b> | <b>2,296.2</b> |       |

### Outstanding Guarantees

77. A statement of outstanding guarantees is required to be presented under Article 154 (8) (d) of the Constitution. The aggregate balance outstanding in respect of guarantees was R728.0m at the end of 2023 (2022: R850.7) in line with the amounts incurred and

outstanding in the undertaking by GOS of various public sector borrowings. This represents a reduction of R122.7m or 14% in comparison to the previous year.

78. Two new loans were guaranteed by the Government during the year 2023 with respect to DBS and 2020 Development at R75.15m and R12.65m respectively which principally match the total drawdowns for the year at R84.1m.
79. Total repayments for the year aggregated to R186.3m which largely relates to existing guarantees. Six existing guaranteed loans were also fully repaid during the year 2023.
80. Overall, total repayments exceeded total drawdowns during the year, consequently reducing the total outstanding balance guaranteed by the Government at year-end.

### Status of matters reported in previous reports

| AR22, Page, para, audit brief   | Status   |
|---|--|
| <b>AR22, 10, 2.39</b><br>Transfers totaling R153.4m to trading and operating accounts with corresponding entries largely to capital expenditure and use of goods and services accounts at 31.12.22 did not represent actual expenditures incurred at yearend. | Observation persists.<br>Transfers to trading & operating accounts at 31.12.2023 totaled R133.3m.<br><i>The MOFNP&amp;T noted that all transfers to suspense accounts for capital projects were done based on request and recommendation by SIA.</i>   |
| <b>AR22, 10, 2.41</b><br>Under-utilisation of capital expenditure budget by R1.1b or 71 per cent of original budget and R391.9m or 47 per cent of the revised capital expenditure budget.   | Observation persists.<br>Actual capital expenditure utilisation was R700.0m or 60 per cent of revised budget (R1,173.5m). Hence, R473.5m or 40 per cent of revised capital expenditure budget remained unutilised at year end.<br><i>The MOFNP&amp;T noted that the under-utilisation are due to delays due to procurement procedures, lack of construction materials and delays by contractor. A performance of 60% is within the norm for capital project which is 60% to 80%.</i> |
| <b>AR22, 11, 2.44</b><br>Lump sum budget of R20m for small projects implemented at district levels without details.   | As per PSIP budget allocation for 2023, R20m budget was distributed towards District small projects, however without any detailed breakdown of this allocation.  |
| <b>AR22, 11, 2.47-2.49</b><br>Renovation of NIHSS building not accounted for or disclosed in the AFS 2022.  | Observation persists.<br><i>The MOFNP&amp;T noted that no records or information were received by it.</i>  |
| <b>AR22, 12, 2.50-2.51</b><br>Overspending totalling R1,821,818 to be regularised through supplementary appropriation at 31st December 2022.  | Resolved.  |
| <b>AR22, 13, 2.59</b><br>Treasury ledger balance (nil), differed to the balance of R489,355 confirmed by CBS in respect of one bank account at 31.12.2022.  | Observation persists.<br>As per treasury ledger, the bank balance remained unchanged (nil) whereas the balance confirmed by CBS stood at R441,563.49 at 31.12.2023.  |
| <b>AR21, Page, para, audit brief</b>  |  |
| <b>AR21, 7, 2.15</b><br>Budgeted dividends not received.  | Resolved.  |
| <b>AR21, 7, 2.15</b><br>No policy to guide the auction sale process.  | Work-in-progress.<br>A draft of the proposed amendment to the PFM Regulations and procedures relating to auction sales were provided to Audit.   |
| <b>AR21, 12, 2.40</b><br>Inadequate documentary evidence in support of Government's affiliation with Shelter Afrique and a sum of USD2,101,309 identified as a liability towards this organisation.   | Observation persists.  |

|   |   |
|---|---|
| <b>AR21, 12, 2.41-2.42</b><br>Funds provided for gratuity payments to IOT workers without a formal agreement.   | Work-in-progress.<br>The shareholder's agreement is yet to be finalized.  |
| <b>AR21, 13, 2.46-2.49</b><br>No documented policy to guide the treatment of grants-in-kind and reporting in the Government financial statements  | Work-in-progress.   |
| <b>AR21, 13, 2.50-2.52</b><br>Grant in transit (GIT) accounts with debit balances   | Observation persists.<br>A total of 6 (2022: 4) GIT accounts, including 3 accounts noted in the previous year's audit, reflected debit balances totalling R2.3m at the end of 2023.   |
| <b>AR21, 15, 2.63</b><br>GOS accounts balance recorded in AFS 2021 not supported by bank confirmation.  | Partly resolved.<br>One bank account remained unresolved with an overdraft balance of R112,478.65.  |
| <b>AR21, 15, 2.64-2.66</b><br>Dormant bank accounts.  | Observation persists.<br>As at 31.12.2023, there were 9 SCB accounts with balances totaling R393,879.49 and 18 CBS accounts with balances totaling R6,922,295.53.   |
| <b>AR21, 18, 2.85-2.86</b><br>Public debt not supported by lender confirmations   | Observation persists.<br>Lender confirmations were not received for four loans with debts totalling R1.9b as at 31.12.2023. <i>The MOFNP&amp;T noted that this institution does not provide loan confirmations.</i>   |
| <b>AR21, 19-20, 2.91-2.92</b><br>Land acquisition liability due since 2020 remains unsettled as at 31st December 2021.  | Observation persists.   |
| <b>AR21, 20, 2.94-2.98</b><br>Companies under ownership of SSIL pending share transfer to Government.   | Resolved.   |
| <b>AR18, Page, para, audit brief</b><br><b>14,45</b><br>Twenty (20) trading and operating accounts were noted with rolled over funds totalling R81.1m, amounts charged to capital expenditure in 2018 and credited to these accounts. | Observation persists:<br>Closing balances at 31.12.2023 on 27 accounts with rolled over balances totalled R70.8m (2022: R48.3m).  |
| <b>AR17, Page, para, audit brief</b><br><b>8,12</b><br>Policy to enable assessment, monitoring and establishment of reporting mechanism for accounts relating to extra-budgetary activities is under finalisation.                    | The Management had previously stated that it has been agreed that going forward, the extra-budgetary activities would be disclosed as a note to AFS.  |
| <b>8,14</b><br>Review of Accounting Manual to be completed.   | Work-in-progress.   |
| <b>17,47</b><br>Bank reconciliations for accounts held outside of the Treasury accounting system were not found.  | Resolved  |
| <b>17,49</b><br>Remittance accounts not reconciled to fund balances held by overseas missions   | Observation persists.<br>Treasury balances of R32.1m (2022: R20.0m) are backed by overseas bank balances of R3.6m (2022: R2.0m) equivalent, resulting in overstatement of assets by R28.6m. In 2023, the Write-off Committee of the MOFNP&T approved write-off of unreconciled balances pertaining to 3 closed embassies totaling R3.3m to GRB.         |
| <b>18,51</b><br>Recoverability of R79.9m advanced to SMB doubtful.  | Observation persists.   |
| <b>19,59</b><br>Ten (10) dormant trading and operating accounts held a total balance of R7.1m. (2016: 30: R10.8m).  | Work-in-progress:<br>At 31.12.2023, 30 Trading and Operating accounts remained inactive with balances totalling R17.2m. Of the 10 accounts reported in AR17, three (n=3) accounts still had an ending balance of R3.3m. During the year 2023, the MOFNP&T approved for closure of 38 trading and operating accounts as part of its monitoring exercise. |



|  |  |
|--|--|
| <p><b>19,60</b><br/>Dishonoured cheques of R23.6m outstanding.</p>                                       | <p>Observation persists.<br/>Longstanding dishonoured cheques Treasury ledger balances remains un-cleared at year end. Dishonoured cheques treasury ledger balance at 31.12.2023 is R26.5m (2022: R23.0m).<br/>Also, the Customs treasury ledger balance has increased during the year 2023 by R1.7m, from R15.0m to R16.7m.</p> |
| <p><b>19,60</b><br/>GIT balance of R107.6m includes 128 inactive accounts (2 years) totalling R7.6m.</p> | <p>Work-in-progress.<br/>By 31.12.2023, there were 115 (2022:104) inactive GIT accounts dating back to 2015, with balances totalling R52.3m (2022: R26.6m). The MoF is currently liaising with the respective MDAs to identify accounts requiring closure.</p>   |
| <p><b>20,67</b><br/>S.I to be issued for the Russian loan.</p>   | <p>Resolved. Loan gazetted as per S.I 88 of 2024.</p>  |

# 3

## CHAPTER 3

### Department of Legal Affairs

#### Attorney General's Office

##### **Introduction**

1. Article 76 of the Constitution provides that there shall be an Attorney General who shall be the principal legal advisor to the Government. The Attorney General's Office, which comes under the Department of Legal Affairs, is headed by the Attorney General.
2. An audit was undertaken of the accounts and records of the Attorney General's office (AGO) for the year 2022 with the main objective to ensure that financial transactions were in line with the applicable financial rules and regulations. Matters arising were first communicated through an interim management letter (IML) dated 21 February 2024 with a request that an exit meeting be organised to discuss the same. The AGO did not convene a exit meeting to discuss the IML despite our requests. Hence, the matters arising were conveyed through a management letter (ML) issued on 20.05.2024.

##### **Wages and salaries**

3. The audit review of the accounts and records relating to the payment of wages and salaries revealed the following.
4. **Overpayment of salary not recovered:** There was no evidence of recovery of an overpayment of salary made in March 2021 to one state counsel upon termination of his service contract. In this case, the last salary paid was SR47,610 for the month of March 2021 which was in excess of the salary due by R32,454 due to the termination of the contract by employee giving short notice from overseas.
5. *The reply (05.11.2024) stated that the office is actively following up on the issue to ensure the collection of the refund.*
6. **Rental contributions not deducted:** The AGO disbursed a sum of R1,570,800 for the provision of staff housing/accommodation, one government and five privately owned, in 2022. The audit of relevant records revealed two instances where the rental contributions

due from the expatriate employees were not collected for several months. In one case, the rental contributions for the period July to December 2022 was not seen on the employee's monthly pay slips. Similarly, in the other case, the rental contributions for the period September to December 2022 were not seen deducted on the employee's monthly pay slips. In the absence of any documentation stipulating the rental contributions due from these two employees, Audit is of the view that SR1,500 should have been collected per month from each of the two employees during the respective periods, which is based on the rental amounts paid by AGO.

7. *The reply stated that after reviewing the cases, it was confirmed that the rental deductions were not made. Of the two staff in question, one staff has left after ending the contract in August 2024 and in the other case, necessary deductions will be made in September 2024.*

#### **Use of goods and services**

8. The Attorney General's Office incurred R12,140,646 on Use of Goods and Services during the year 2022. Audit examined a sample of twelve (12) payments worth R465,243 and noted the following.
9. **Quotations not sought:** In one (1) instance the payment for SR73,875 effected on 18.07.2022 was without the requisite three quotations. The expenditure was for disassembling, transportation and reassembling of the furniture upon sifting of the AGO from one location to the new location.
10. *The reply stated that three quotes were not sought as the supplier was selected based on their proven reliability and ability to meet the specific requirements of the office relation which was within a tight timeframe and during non-business hours with minimum disruption to the office operation.*
11. **Overpayment of subsistence allowance:** Audit observed that in two (2) instances the overpayment of overseas subsistence allowance for a total sum of R15,309 where head of delegation rates were awarded without causing documentation to show why such rates should be applied in the two cases. It is to be noted that Section 5.1 of Circular No. 7 of 2013 requires at least four officials excluding the head of delegation to qualify for the head of delegation rates.
12. *While acknowledging the overpayments, the AGO stated in its reply that moving forward the office will ensure that the criteria in the circular will be met.*
13. **Payment not supported:** Audit observed in previous audit that payment voucher 037P180251 dated 28.05.2018 was raised for SR94,600 was only supported by an invoice

for a total value of R9,900, resulting in a difference of R84,700. There was no documented explanation for the difference between the invoice value and the payment value.

14. *The reply stated that while the invoice for the sum of SR84,700 has been obtained, the office is committed to maintain proper documentation and will take appropriate measures to prevent such issues in the future.*

#### **Transport Management**

15. The AGO had four (4) vehicles during the audit period for which SR180,569 was incurred for their operation and repair costs. The examination of vehicle log books and other related records disclosed the following.
16. **Vehicle log books not maintained properly:** Vehicle log books were sighted in respect of all four (4) vehicles, however, there were lapses in daily mileage records in respect of three (3) vehicles.
17. *The reply stated that previously the senior driver was responsible for the records. However, in 2024, the responsibility for overseeing and updating vehicle related records have been transferred to HRBMA, who will ensure that the vehicles records are updated on a monthly basis.*
18. **Fuel consumption analyses not performed:** Audit did not find any evidence of monthly fuel consumption analyses performed for all four vehicles which was confirmed, in discussion, by management on 29 August 2023. Nevertheless, two hundred and ninety (290) fuel coupons worth of SR58,000 fuel was noted to have been issued to the four (4) vehicles during the year 2022.

#### **Non-financial assets**

19. A total of R435,373 was expensed towards the procurement of 55 non-financial assets. The verification of a sample of 50 assets in relation to the relevant accounts and records revealed the following.
20. **Fixed asset register (FAR):** Audit noted that eight (8) assets (heavy duty shredder, vacuum cleaner, 3 kettles and split unit of AC) costing SR23,315 purchased during 2021 were yet to be entered in the FAR at the time of audit in 2023. Furthermore, ten (10) assets physically verified during the previous audit were yet to be entered in the FAR.
21. *The reply stated that the under the current administration team, some proactive steps have been taken to address the concerns, and as part of the initiative a through exercise to verify and update the FAR will be performed.*

22. **Asset identification numbers:** A physical verification of a sample of assets performed on 09 August 2023 revealed that in 33 cases costing a total of SR366,888 were still not yet to be allocated with identification numbers.
23. **Non-physical inspections of assets:** Audit did not find any documented evidence to confirm performance of physical verification of assets during the financial year 2022. According to the documentation available (submitted from past audits), the last physical inspection was performed on 18 September 2017. As per the asset register, the AGO held 1,165 items of assets which costed SR5,415,186 at the end of December 2022.
24. *The reply stated that AGO is reviewing the status of any potentially obsolete or non-functional assets and will proceed with the write off of bad assets in line with our assets management policy. The write off process will be done after proper verification, with the appropriate approval and documentation. The exercise is to be completed tentatively by December 2004.*

#### **Revenue**

25. Revenue is derived from the sale of laws and official gazettes, notice in gazettes, official legal publications and legislative enactment. The total collection for the year under review was R1,312,317.
26. Audit noted that, in some cases, the revenue documents lacked the necessary particulars and break down of figures to ascertain if the amounts collected were correct in terms of the applicable price list.
27. *The AGO stated in its reply that as of end of 2023, the office transitioned to the Digital Government Cashier module. The new system is designed to capture and document all relevant transaction details including the necessary breakdown of figures and applicable price list references for each collection. The move to the digital platforms will significantly improve the accuracy, transparency and completeness of revenue records.*

#### **Bank account**

28. The AGO maintained a commercial bank account for the collection of retainer fees from public enterprises. The collection during the year 2022 totalled SR282,000.
29. Audit noted that the (a) cheque books were not entered in an Accountable Document Register (RA-001) and (b) receipts raised for the collection fees were not pre-numbered.
30. *The reply stated that OAG moving forward it will ensure (a) all cheques books promptly recorded in the RA-001 register to maintain accurate tracking and accountability; (b) all receipts for collection fees are pre-numbered to help maintain a systematic and audible record of receipts issued.*

# 4

## CHAPTER 4

### Department of Defence

#### Seychelles Defence Forces

##### **Introduction**

1. The Seychelles Defence Forces (SDF) is regulated by the Defence Act, 1980. The primary function of SDF is to defend Seychelles and any other area over which the Republic has proclaimed its jurisdiction. The SDF headquarters are situated at Bel Eau and the remaining units are located mainly around Mahe.
2. An audit of the accounting records maintained by SDF was undertaken for the year 2022 with the principal objective to perform sufficient tests to ensure that financial transactions were conducted in conformity with the applicable provisions of the financial laws and regulations. The matters arising were presented to the management through an Interim Management Letter (IML) dated 28.11.2023, which was discussed during an exit meeting held on 20.02.2024, and subsequently, through a Management Letter dated 05. 08.2024. It is to be noted that the management comments including this report were obtained at the exit meeting as well as through the follow up work done in July 2024.

##### **Procurement of goods and services**

3. The SDF procured various consumable goods including cleaning materials for a total value of SR5,227,275 from one supplier during the year. It also purchased the more or less similar items from another supplier for a total value of R309,444. In the case of both suppliers, the method of selection was not substantiated by price quotations of any other cost comparison to ensure their price advantage. In the case the former, the POU advised SDF to enter into an MOU. However, the SDF was yet to sign the MOU with the supplier.
4. The SDF also effected three (3) procurements, totaling SR1,155,592, (a) for air-conditioning services costing SR37,919, (b) supply of meals for SR841,744 and (c) for the upgrading of an electrical distribution panel costing SR275,928. As for the (a), Audit did find three quotations for ensuring competitiveness of the servicing charges paid. As for the

(b) and (c), there was no approval sought from POU/NTB or signed contracts to ensure proper conduct of the transactions resulting from such engagements.

5. *The management stated that, in the case of STC, direct bidding was the best fit following POU's approval vide letter dated 31.03.2022 but was yet to sign a Memorandum of Understanding (MOU) as advised by POU. The Department agreed that in the case of Cost Price Pty Ltd as the annual amount R309,444 was spent on consumables and cleaning materials three quotations were not sought. Two exemptions letters to proceed with direct bidding from POU and MoF dated 31.03.2022 for STC was obtained but no formal MOU was signed as advised by POU. The SDF updated its response through its reply (05.11.2024) stating that the air condition contract tender was conducted in July/August 2024. It was divided into three lots and awarded to 3 suppliers for a duration of 2 years. The reply also stated that STA is no longer providing the services to SDF.*

#### **Computerised Stores System**

6. A main store is maintained for uniforms, shoes, blankets and other store items. The total value of the stock items could be very high. During the year, uniforms costing SR1,597,710 were purchased. However, the computerised stores/inventory system being used at the Coast Guard was not in use for monitoring the stock levels, reorder levels and value of the stocks of the main store at Head Quarters.
7. *The SDF stated that a computerised stock management system was procured for the HQ Main Store. However, for 2022, the receipts and issues for stores items were not posted to the new system as they introduced the software in 2023 and decided to include stores records as of then only. As for the Consumables Store, the newly introduced computerised stores system is yet to be introduced as only manual bin cards are presently in use.*
8. An audit follow-up done in July 2024 revealed that SDF is currently updating their computerised system with 2023 and 2024 HQ Store's receipts and issues information.

#### **Transport Management**

9. In 2022, the Department's Vehicles and Heavy Plant Register had a fleet of vehicles, ships, fast response boats and airplanes, for which R20,955,829 was spent as fuel costs. Audit tests carried out to satisfy the requirements of PFMR revealed as below.
10. **Vehicle logbooks needs improvements:** Use of vehicles under Section 78(d) of the PFMR 2014 states that the Government vehicle is used for authorised journeys. It further states that all mileage is correctly noted and accounted for in the Log Book which is safely kept and produced for verification whenever called for. Audit review of the mileage records of eight (8) vehicles and two (2) ships/boats revealed that the Vehicle Log Books were still

not being properly maintained as they lacked vital details, such as, the journeys undertaken.

Additionally, the following:

- Journeys undertaken, distances travelled, drivers' names and signatures, journey details fuel in litres, amount and fuel coupons, etc. were not, in some cases, recorded in logbooks;
- independent checks were not recorded, in some cases, authorising the journeys undertaken by supervisory personnel; and
- drivers' names, kilometres travelled, fuel coupon numbers and fuel litres received were not recorded, in some cases, in the respective vehicle log books

11. *The SDF stated in its reply that the log book has been combined and record is being kept of all journey, fuel intakes and it is countersigned by driver and duty officers on every trip.*

12. **Fuel consumption analysis not recorded:** Audit review of nine (9) vehicle log book records disclosed that fuel consumption analysis was being calculated in an excel database. However, the same was not tabulated monthly and recorded in the relevant area of vehicle log books during the year for monitoring purposes despite SR3,253,730 was spent on fuel for vehicles in 2022.

13. *The SDF stated that they are now carrying out monthly fuel consumption analyses as of 2023 which are being recorded on the last page of the Vehicle Log Books.*

14. Audit follow up in July 2024 noted that monthly fuel consumption analyses were now being calculated by SDF.

15. **Accident case file incomplete:** The SDF maintained an accident document records file, however, the accident report form, insurance and repairs or any refunds received are not being documented therein. It contained only the Police Report, pictures and drivers' statements. The decisions taken, the cause of accidents, parties at fault and actions taken to recover loss/(es), etc. were not recorded in the file. This was not in line with the requirements in Accounting Manual.

16. *The reply stated that SDF internal investigation board determines whether the SDF driver is at fault or not and they make the necessary recommendation on necessary action.*

17. **Vehicles records at SLA and SDF differ:** Audit compared the SDF heavy plant register with the SLA records of vehicles and found differences as follow:

- nine (9) vehicles on the SDF vehicles and heavy plant register were not found on the list obtained from the SLA;



- twelve (12) vehicles appearing on the SLA list could not be traced to the SDF vehicles and heavy plant register.
18. *The SDF stated that a batch of transport is being written-off and their Vehicles and Heavy Plant Register as well as SLA List are being updated. The Transport Supervisor provided a copy of thirty-three (33) vehicles now being written-off with the updated SLA List and Vehicles and Heavy Plant Register.*
19. Follow-up in July 2024 revealed that SDF was updating its vehicles and heavy plant register.

**Non-Financial Assets**

20. The SDF incurred expenditure totalling SR6,971,038 in 2022 for the procurement of non-financial assets. Audit examined the fixed assets register (FAR) and relevant records and noted that the physical verification of assets undertaken during 2022, had covered only SDA and SDF Medical Centre, and was yet to be extended to cover all units of the SDF. On the other hand, the physical verification undertaken by Audit on sixty-six (66) assets revealed that (a) two (2) items of assets costing SR17,115 were not physically sighted; and (b) in seventeen (17) cases (nine (9) for DFHQ and eight (8) for SCG), the items of assets did not have physical identification numbers affixed on them.
21. *The reply indicated that (a) both items have been found; and (b) physical identification number have been affixed.*

**Status of action taken on previous audit matters**

| page, para. Audit brief in 2020<br>ML                              | Status   |
|--|--|
| Page 1- 3.3<br>Absence of requisite quotations                     | Three quotes were not sought in some cases, ( <b>Issues still persist</b> ).         |
| Page 3-3.9<br>POU approvals and supply contracts not sighted       | Some issues relating to procurement <b>still persist</b> , as included in the report |
| Page 4-3.14<br>Misclassification of Expenditure                    | <b>Issue resolved</b>  |
| Page 4-3.19<br>Lack of approval on invoice.                        | <b>Issue resolved</b>  |
| Page 5-3.24<br>Payment of R30,719 in excess of invoice attached    | <b>Issue resolved</b>  |
| Page 6-4.1<br>Stores records (bin cards) not always maintained.    | <b>Partly resolved</b>   |
| Page 8-4.8<br>Inconsistencies and delays in settlement of invoices | <b>Issue resolved</b>  |

|   |   |
|---|---|
| Page 8-4.14, Late payment and settlement of exorbitant mobile phone bills:                    | <b>Issue resolved</b>   |
| Page 9-5.2, Salary Input form not sighted   | <b>Issue resolved</b>   |
| Page 10-5.7, Nominal Roll / Establishment Register not up to date                             | Efforts being made to create new documents under delegated authority from PSB ( <b>Issue persists</b> ) |
| Page 11-5.12, Overpayment and underpayment of leave pay                                       | <b>Issue resolved</b>   |
| Page 12-6.3, Disparity between the vehicle records of the SLA and the Department:             | SDF is now updating their Registers. ( <b>Issue still remains</b> )                                     |
| Page 13-6.10, Vehicles and Heavy Plant Register were not maintained as per prescribed format. | <b>Issue resolved</b>   |
| Page 14-6.15, Fuel Coupon Register not maintained at all for fuel purchased in 2020:          | <b>Issue resolved</b>   |
| Page 14- 6.21, Vehicle log books not always properly maintained                               | <b>Some issues still persist</b> , as included in this report   |
| Page 15-6.27, Fuel Coupons Books not sighted and receipts not always acknowledged by drivers: | <b>Issue resolved</b>   |
| Para 16- 6.32, Lack of a database of vehicle accidents and Accident Report Form               | Some issue as stated in the report <b>still persist</b>   |
| Page 17- 7.2, Misclassification of Expenditure  | <b>Issue resolved</b>   |
| Page 17- 7.7, Fixed Assets Management Software not updated with assets purchased              | <b>Issue resolved</b>   |
| Page 18-7.12: Payment Voucher and procurement approval not sighted                            | <b>Issue resolved</b>   |
| Page 19-7.17, Assets Write-Off Register not maintained  | <b>Issue resolved</b>   |
| Page 19-7.23, Year-end physical verification of assets not evidenced                          | <b>Issue partly resolved</b>  |



## **CHAPTER 5**

# Public Service Appeal Board

### **Introduction**

1. The Public service Appeal Board (Board), established under Article 145 of the Constitution of the Republic of Seychelles, hears complaints regarding personnel matters from public servants and have the investigative powers as specified in Article 147 of the Constitution. A new Board was appointed effective November 2021.
2. An audit of the Board was undertaken to test compliance with relevant rules and regulations governing the utilization and accounting of public funds during the year 2022. The matters arising were conveyed to the Board through an interim management letter dated 21.07.2023 and subsequently, through a management letter dated 14.11.2023.

### **Salaries and wages**

3. The Board had 3 employees and incurred a total expenditure of SR575,482 during 2022, which was disbursed through the centralised system of payments by Treasury. The audit of the employees' personal files revealed that the documents were not folio numbered, properly filed and kept loose leaf form in the respective files. Furthermore, leave taken was not recorded in a chronological order nor were updated regularly, thus resulting in incorrect leave balances at the time of the audit. Further, in one case, the leave accumulated was 71 days (allowed upper limit is 42 days per PSO) for which there was no recorded approval by the Board.

### **Budget funds and expenditure**

4. As per the budgetary arrangement in place with the MOF, the Board being a constitutional body, the appropriated funds for the payments for goods and services are transferred on a quarterly basis into the Board's bank account. The Board make payments by issuing cheques drawn on the bank account. During the year, Treasury transferred SR 591,123 in the Board bank account of which SR231,988 was for payments of goods and services and SR359,135 for the acquisition of non-financial assets respectively.

5. Audit tested a sample of 26 payments from the Board's cashbook totaling SR280,176 and observed the following:
- in 11 instances, for the payments totaling SR132,451 the requisite minimum three quotations were not sighted for procurements various non-financial assets;
  - in 3 cases, totaling SR14,550, no invoices were found to have been attached for supporting the payments;
  - seven (7) payments were not supported by any documents to substantiate payments, such as, approved original invoices, receipts/acknowledgement and purchase orders;
  - the Board rented two office rooms in the Premier building, however, Audit did not sight the relevant rental agreement without which it is difficult to establish the terms and conditions of tenancy and rental payable. In this respect, two payments equivalent to three months deposit were made in the sums of SR17,940 and SR31,740 on 10.01.22 and 20.01.22 respectively; and
  - a payment in the of sum of SR4,500 (per cheque # 77 dated 31.03.22) representing 1st instalment for maintenance work to be carried out at the Board's office was made to an individual named X instead on the business name (BGC Construction) which submitted the quotation.

#### **Fixed assets**

6. The Board did not maintain a Fixed Assets Register over the years. Consequently, it could not provide this essential record to Audit for examination. Further, Audit conducted a physical verification of the assets acquired in the year and noted that the Board acquired 2 air-conditioning units costing R21,990, however, only one was physical verified. In view that a register was not maintained, as prescribed by FI/AM, the exact number and the value of assets in the custody of the Board is in doubt.

#### **Cashbook incomplete**

7. Audit examined the Board's cashbook maintained during the year and noted that the same was incomplete as some pertinent details, such as, the payee name and expenditure code were not entered therein.

#### **Refunds not substantiated**

8. From the cheque counterfoils remaining in the used cheque books during the period September 2019 to November 2021, it was noted that a total of SR865,000 was paid by various cheques with reference 'refund JR', which was not supported by any documentation. Consequently, the admissibility of the payments is in doubt.

**No handing over documents**

9. New members were appointed to the Board effective 11 November 2021 replacing the outgoing members which have served four consecutive terms for 28 years. However, Audit did not find any handing over document caused to have been for the handing over of the financial and non-financial assets and other essential records.



## CHAPTER 6

### Ministry of Internal Affairs

#### Department of Police

##### **Introduction**

1. The Department of Police (the Department), is primarily responsible for maintenance of law and order, preservation of internal security and prevention and detection of crime as provided for in Article 161 of the Constitution read with Section 6 of the Police Force Act.
2. An audit was undertaken for the year 2022 with principal objective of performing sufficient tests to verify compliance with the applicable financial rules and Regulations and assess the reliability and adequacy of the accounting records relating to the revenue collection.
3. The matters arising were communicated to the Department through an Interim Management Letter (IML) issued on 09 October 2023, which was discussed at an exit meeting held on 09 November 2023, and subsequently through a management letter (ML) issued on 24.11.2023. Audit received a written response to the IML on 23 November 2023.

##### **Revenue**

4. The Department collected a total of SR13,535,995 during the year 2022, showing an increase of R3,660,186 (or 37 %) over the previous year. The Department primarily earns revenue through provision of static/ escort duties by the Public Security Service Wing (PSSW) and Seychelles Vessel Protection Detachment (SVPD). The Department also collects miscellaneous income from other services, such as, the learners' permits, character certificate, on-road and off-road tests, lost ID/passport, armed security service and security at sea by SVPD. In addition, the Department accounts for the proceeds of crime and money laundering cases as ruled by the Court under 'criminal fees and fines', which is normally collected and handed over by other law enforcement agencies to the Department. The audit of the revenue system and the relevant records revealed the following.
5. **Annual reviews of fees not undertaken:** Despite the requirement in the financial regulations, Audit noted that the applicable rates, fees, or charges for the services provided

- by the Department were not reviewed annually, except for the review of rates for the Seychelles Vessel Protection Detachment (SVPD in 2022 and driving theory test in 2023.
6. *In response, the Department noted that some rates were last revised in 2013 and it will need to take up further discussion with the Ministry of Finance and see the need for further revision.*
  7. **Sentry/ escort duty:** A request form is required to be filled out at the Public Order and Tactical Response Services Unit (POTRUR) to request for the Unit's services. Approval should be given by the respective officers in charge, i.e. Armoury Unit and POTRUR. Signature and stamp of the requesting client is also required on request form. Audit examined 73 request forms and noted that there was no form of verification by the Accounts Section to confirm that all forms were submitted to it for billing. Audit also noted that the sentry/ escort forms were not pre-numbered to enable sequential checks of the forms.
  8. In the absence of adequate checks/ controls, clients may not be billed for all services provided by the Department which may potentially lead to under-collection of revenue. Therefore, Audit recommended that the Department implements a client request register to record all requests received and timely monitoring of the same. Audit also recommended that the Department considers the use of pre-numbered/ duplicate request forms.
  9. *The Department replied that in order to maintain control and oversight on such services, it will be introducing pre-printed and pre-numbered duplicate forms and clients will be submitting an LPO before services are rendered. Such documents will be submitted to Accounts for both invoicing and Payroll purposes. The said documents will be reconciled against the register to ensure that all services are accounted for at all times. The reply dated 24.10.24 further stated that the process of design has been completed and the sample is awaited. The Department will start using the documents as soon as the sample has been approved and batch printing has been completed.*

#### **Revenue collection from criminal fees and fines**

10. Audit examined 14 revenue transactions totalling SR4,911,309, accounted for under the criminal fees and fines revenue category in the Department's ledger, for the year 2022 and noted as under.
11. **Long delays in the disposal of seized assets:** Audit noted that other than cash in hand and/or in bank there were also some assets (land and vehicles) valued at some SR4.6m ruled by the court to be disposed by government. Over a year has passed since the court rulings and the passage of more time may deprive the Government from maximizing revenue from the disposal due to wear and tear of assets in question.

12. The Audit recommended that the Department should strengthen controls in place to ensure timely disposal of seized assets to limit wear and tear and in turn realize the optimum price from the disposal of assets.
13. *The Department explained that arrangements to dispose the assets are work-in-progress. From the time the respective orders were obtained, the Seychelles Police initiated discussions with the Ministry of Finance on the best way to dispose, whether by public auction or by tender. Several meetings were carried out to discuss the most appropriate manner to proceed. At one point, it was thought that public auction be carried out, several meetings were organized with the Public Auctioneer. Pending all of the above, the properties were maintained by the Department of police. In 2021, a new legislation was enacted bringing about the creation of an Assets Management Unit. It was then decided that this new Unit takes up the properties that were pending disposal.*
14. **Delays in remittance of crime proceeds:** PFMR 35 (d) and the Accounting Manual require revenue receipts to be remitted promptly and banked the same day or the next working day at the latest.
15. For the 14 revenue transactions reviewed by Audit, it was noted that all cash handed over by FCIU to Accounts Section was banked by the latter on the same working day. However, in most cases, long delays were noted in handing over of the cash (crime proceeds) by FCIU to the Accounts Section. The delays varied between 6 and 124 working days from the date of the court ruling. Moreover, Audit did not find any documented valid reason, an approved policy or authorization from the Ministry of Finance for the Department to deviate from the prescribed procedures.
16. In view that undue delays in handing over of cash may result in misappropriation and also deprives the government its revenue, Audit recommended that the Department adheres to a reasonable and agreed timeframe for cash hand overs.
17. *In reply, the Department explained that delays are imminent in practice owing to several reasons such as:*
  - i. *It is not always the case that the FCIU is the actual Unit which seizes the cash.*
  - ii. *There are other units involved such as the Narcotics Section whereby some seizures take place on other inner islands, so handing over process to FCIU may take some time.*
  - iii. *The seizing officer who usually reports to the Accounts Office for deposit may not be available on the date and at the time that the Accounts Office requests for handing over of the funds and at times, cash is needed as exhibits in the case. Either way, the cash is securely kept in an industrial safe in the FCIU's exhibit store.*



18. **Cash handing over form not in use:** Audit noted from the revenue records, in five of six cases, that the cash handed over by the FCIU to the Department was not supported by a cash handing over certificate/form as prescribed in PFMR (41) and Accounting Manual. Instead, different forms of records were in use to support cash handed over to the Accounts Section by the FCIU for banking. These included a table indicating the cash denominations which was signed by an Accounts Section and an FCIU Officer, copies of the ‘money seized form’ which is a form completed by ANB (these forms were not pre-numbered), an ‘acknowledgment of receipt’ form prepared by FCIU and signed by Accounts Section and FCIU Officers, and records of evidence bag maintained by FCIU.
19. Audit is of the opinion that those involved in cash handling activities should consider the use of prescribed cash handing over certificate form for exercising better control over the such activities.
20. *The reply (24.10.2023) stated that the cash handing over is being used when Accounts Section receives the cash from FCIU.*

#### **Accountable Documents Register**

21. Audit checks performed over the use of receipt books revealed that all receipt books received from the Treasury were recorded Accountable Documents register. However, Audit noted that, in some instances, the register was not updated, upon return of the used receipt books to the issuer.
22. In view that this may lead to misuse of receipt books by unauthorized persons or even cash embezzlement, Audit recommended adherence to procedures in Accounting Manual, 6.10.1(b).
23. *The Department stated in reply that the register has been completed and updated when documents are received.*

#### **Aged debtors**

24. The aged debtors balance stood at SR2,339,574 as at 31.07.2023 (SR629,495 as at 31.12.2020) of which the debts older than 30 days (the credit limit) stood at SR1,821,774 which constitute 78% of the total debt.
25. The aged debtors’ composition showed that over 50% of the debtors were private sector entities, followed by some Government entities and lastly individuals.

| Debt period       | Private SR          | Government SR     | Individuals SR   | Total SR            |
|-------------------|---------------------|-------------------|------------------|---------------------|
| <b>31-60 days</b> | 163,900.00          | 100,000.00        | 400.00           | <b>264,300.00</b>   |
| <b>61-90 days</b> | 350,000.00          | 425,000.00        | 2,900.00         | <b>777,900.00</b>   |
| <b>90+ days</b>   | 487,299.36          | 258,415.00        | 33,860.00        | <b>779,574.36</b>   |
| <b>Total</b>      | <b>1,001,199.36</b> | <b>783,415.00</b> | <b>37,160.00</b> | <b>1,821,774.36</b> |

26. Despite provisions in PFMR 49 for timely collection of revenue debts, Audit did not sight records, such as, reminder letters or statement of accounts or other forms of correspondences with debtors in evidence of the recovery action taken. Further, it was noted that the accounting system in use had some limitations in the production of accurate debtors reports at any given cut off point, which required some manual adjustments. In part, this may have also inhibited the Department in chasing its debtors effectively.
27. The Audit recommended that the Department should strengthen its debt monitoring mechanism and ensure timely follow up and recovery of outstanding debts. A comprehensive review may be undertaken to ascertain recoverability of the outstanding debts.
28. *In response, the Department explained that it does monitor the debt balances, which fluctuates everyday due to various reasons. The Department may have issued more invoices in terms of value or quantity, additionally payment may have not been recorded at the time of retrieving the report. The balance owed by private companies are being monitored as the Department sends statement every month. In view that collection is slow, the Department needs to strengthen on this area. The Department also added that as to understand its client more, it will need to meet with them and start a conversation on the debt settlement. Usually, Debtor/ creditor relations is a binding agreement due to credit terms but for the Department it needs to be strengthened as it is a continuous exercise. The management further stated it do send reminders in terms of statement of account through email on a monthly basis.*



## CHAPTER 7

### Ministry of Internal Affairs

#### Seychelles Prison Services

##### **Introduction**

1. The Seychelles Prison Services (SPS), under the portfolio of the Ministry of Internal Affairs, is responsible for management of all prisons in the country, more specifically it keeps under constant supervision those convicted, on remand and detained on the order of a court or of the President.
2. An audit of the SPS recurrent expenditure was undertaken for the year 2023, including a follow up of the matters raised in the previous year annual report of the Auditor General.
3. The matters arising were presented to the management firstly, through an Interim Management Letter (IML) dated 25.09.2024, which was discussed at an exit meeting held on 11.10.2024, and subsequently, through a Management Letter (ML) issued on 31.10.2024.

##### **Payments for goods and services**

4. The SPS incurred expenditure for procurement of goods and services amounting to SR47,454,662 during the year under review. The audit of the relevant records revealed some issues as discussed below.
5. **Delays in settling invoices:** Two payments totaling SR 315,549 were made in 2023 for expenses incurred in 2022. The two payments were in settlement of a total of 21 invoices relating to the repairs of vehicles during the year 2022. The Payment Voucher 087P231566 was in settlement of 12 invoices for a total of SR 183,842 from August to December 2022 while the Payment Voucher 087P230330 for a total of SR131,707 was in settlement of 9 invoices from June to October 2022. These delays lacked justification and violated the SPS's procurement policy, which requires payments to be made within one week of receiving invoices, given adequate funds and documentation are available.
6. *Management, in response, stated that the late payments are a result of delays in receiving invoices from suppliers. Additionally, when receiving the invoices, the responsible Officer*

*must first compile the reconciliation to ensure that everything is in order before handing over the invoices to Accounts for payment processing. SPS is currently engaging with suppliers to ensure timely submission of invoices for prompt payment.*

7. ***Uneconomical expenditure:*** Audit noted a substantial increase in vehicle repair and maintenance costs due to an aging fleet, which increased from SR 859,503 in 2022 to SR 1,826,239 in 2023.
8. Additionally, SR2,092,256 was spent on vehicle hire, which included SR1,581,178 paid to a specific transport operator for buses used in the staff transport and inmate transfer. The audit found that SPS did not follow proper tender procedures when hiring buses from the operator to ensure economy and competitiveness of the prices being paid. Audit is of the view that purchasing vehicles would have been more cost-effective than high repair costs and rentals for hiring the vehicles, which was not even subject to procurement procedures.
9. *Management, in response, stated that the Audit concerns have been noted. The Seychelles Prison Service will do its utmost to reduce the cost of repair and hirer. Seychelles Prison Service is also currently in discussions with the Ministry of Finance to review and replace its vehicle fleets. In addition, the SPS is in the process of reviewing its transport management procedures to ensure proper maintenance and upkeep of vehicles.*
10. ***Internal procurement policy not followed:*** As per SPS's Internal Procurement Policy, the approval of POU is required when the expenditure in relation to a single procurement exceed SR150,000. Audit noted in three (3) instances the procurement of services relating repairs of vehicles and hire of vehicles totalling SR1,517,157 that SPS did not obtain the approval of POU for direct bidding, despite each procurement was in excess of SR150,000.
11. *Management, in response, stated that SPS is currently liaising with Procurement Oversight Unit (POU) to help them draft an SOP for the Seychelles Prison Service.*

### **Food and Ration**

12. The SPS procured food and rations for inmates amounting to SR10,053,237 during the year under review. Audit noted that SPS did not have re-order level in place for various items to ensure proper management of the stock items to avoid under stocking and over stocking thus resulting in inefficient use resources. This issue has been highlighted in the past audits without improvement.
13. *In response, management stated that they are in the process of fixing re-order level on stock cards for goods being purchased.*

**Suspense Account**

14. The SPS operates a suspense account (No.062X000-EC20301-32174300-000) for accounting of the inmates' income earned from Resettlement of Day Release Programme (RDRP), from which the inmates can purchase items from the on-premises tuck shop. The tuck shop sells various items to the inmates and includes their costs in monthly bills to be deducted from their respective accounts.
15. It was revealed that the tuck shop operator also receives funds from family members for assisting their related inmates. Family members also deposit funds with the SPS Head Office in Victoria, which in turn is handed over to the tuck shop operator for selling items to the respective inmates.
16. During the year, the tuck shop operator received a total of SR1,262,840 comprising of SR 715,030 in terms of the value of vouchers issued by SPS and the cash handed over from the SPS head office in Victoria amounting to SR547,810.
17. The audit reviewed the relevant records and observed following a tender for bids, the internal procurement committee of the SPS issued a notice on 23.06.2021 to the best evaluated bidder for operating the tuck shop. Audit revealed that:

- there was no signed rental agreement with the tuck shop operator spelling out the terms and conditions of the use the space, however, a draft contract document indicated that the shop area was offered to the operator rent free basis thus denying itself some income; and
- the tuck shop voucher books in use were not pre-numbered for control purpose and abuse of the same.

18. *According to the management, the initial agreement with the tuck shop operator was dated 15th July 2021 and expired on 14th July 2022. The SPS is in the process of reviewing terms of agreements to include rental fees. The new tender for tuck shop operator will be published in the 4th quarter 2024. The reply (18.11.2024) stated that the necessary would be done in January 2025 for the printing of tuck shop vouchers on carbonated paper pre-numbered.*

**Status of matters reported in annual report for 2022**

| <b>Page, para, audit brief</b>  | <b>Status</b>   |
|---|---|
| <b>Page 36, Para 3</b><br>Delays in issue of Letter of Appointment:                                     | <i>Issue resolved</i>   |
| <b>Page 36, Para 5</b><br>3 quotes not obtained for procurements  | <i>Issue partially resolved.</i><br>Quotes were sighted for expenditure above the procurement threshold as per SPS Internal Procurement Policy. However, in some instances, the approval of POU not obtained for 2023 |
| <b>Page 37, para 6</b><br>Payments not supported by adequate invoice.                                   | <i>Issue resolved</i>   |
| <b>Page 37, para 9</b><br>SPS incurred surcharge for late payment of invoices dates 2020 and 2021       | <i>Issue partially resolved.</i> SPS were still making late payments for repairs and maintenance of vehicles during the year under review. Though no surcharge were sighted   |
| <b>Page 38, para 12</b><br>7 vehicle log books not maintained, fuel consumption analysis not performed. | <i>Issue resolved.</i>  |
| <b>Page 38, para 14</b><br>long term hires of vehicles.   | <i>Issue Remains.</i> SPS is still hiring vehicles on a long-term basis in the current year audit.  |



## CHAPTER 8

# Ministry of Education

### **Introduction**

1. The Ministry of Education is mandated to build a coherent and comprehensive system of quality education and training reflecting universal and national values, which will promote the integrated development of all Seychellois. It also implements Government policy on education and manages primary, secondary and post-secondary schools. The Ministry comprises two departments namely, the Education Services and the Education Sector Development, each headed by a Principal Secretary.
2. The audit undertaken in 2023 encompassed a review of the accounts and financial records and a follow up on the status of remedial action taken on the matters reported to the Ministry in 2022. The matters arising were presented to the management through an Interim Management Letter (IML) dated 20 October 2023, which was discussed during exit meetings held on 21 November and 18 December 2023, subsequently, through a management letter dated 30 April 2024.

### **Provision of school meals**

3. The school meals programme was in existence for over two decades on the three main islands. The provision of school meals has been outsourced to one caterer since 2012. Total expenditure incurred on the school meals was SR19,447,613 for 2022. Audit examination of the relevant records revealed the following deficiencies.
4. ***Basis of direct bidding not justified:*** As part of the government programme of privatization, the supply of school meals was outsourced to one catering operator in 2012. The operator has been providing school meals on the basis of a management contract effective from January 2012 to January 2022. In April 2022, the same operator was awarded a contract for the period 01 April 2022 to 01 May 2023. The contractor was paid a total of SR19,447,613 for the above period under the contract. Despite the significant amount involved, Audit did not find any documented justification for not following the open tender procedures and the steps taken by the relevant authorities for ensuring competitiveness of

the prices being paid and transparency in the contract awarding process. In fact, even the initial contract for 10 years was not awarded on competitive terms and following the tender procedures, as reported in a special audit report issued in 2017.

5. Under the contract, a fixed cost of SR3,976,200 per annum was payable to cover the employee benefits, such as, 5% supplementation allowance introduced on 01 April 2019 and the long service allowance effective 01 July 2019. In addition, the Ministry is to pay the contractor the costs related to compensation/long service/gratuity and 13th Month salary of its employees, drivers and building and vehicle insurance in respect of the property of the Ministry of Education.
6. In terms of variable costs, the Ministry is to pay the contractor school meals at SR10 for Creche and Primary pupils, SR12 for Secondary Students and SR12 for teachers.
7. In Audit opinion, the above contract is questionable and should have been adequately justified before awarding the contract. Moreover, it would appear that the contract is not subject to periodic reviews and, further they are open for automatic renewal without following the tender procedures, thus not in the best interest of the government.
8. *The reply (18.11.2024) stated that Management stated that following the issues raised by audit, an internal committee was appointed and the members met on 09 April 2024. It was decided not to go for open tender as there is a need to have continuity in service with a very reliable and established service provider however with the assistance of their Legal Advisor the contract has been reviewed. However, the revised contract was not submitted for audit's review.*
9. **Monitoring of meal services not performed:** Under the contract, as part of the monitoring of the outsourcing, the client ministry is responsible for conducting monitoring visits, audits of financial and nonfinancial records of the contractor and prepare monthly reports for management.
10. However, Audit did not find any documented operating procedures, site visit programmes or reports prepared following such visits in evidence that the school meals provided meet the quality and quantity requirements and the payments are made according to the agreed upon terms and conditions.
11. In response, a letter (dated 25 January 2021/unsigned) from POU was furnished to Audit. However, audit review of the letter indicated that it was only a conditional approval under exceptional requirements for deviation and for the financial years 2020/2021 with



retrospective from 01.01.2020. Audit reiterates that the conditional approval did not cover the year 2022 and beyond.

12. Audit recommended that the Ministry should ensure that the procurements undertaken are compliant with the provisions of the PPA and PPR; requisite approvals are obtained from the POU/NTB. Management should also ensure that contracts are flagged and promptly renewed. Furthermore, relevant monitoring aspects stipulated per the contracts should be assumed and evidenced accordingly through relevant reports.

13. *At the exit meeting, the Principal Secretaries were of the view that this matter should be addressed to the Comptroller General of the Ministry of Finance since it was subject to revision and is within the purview of the latter Ministry.*

14. *The reply (18.11.2024) further stated that the monitoring of meal services and surrounding premises were performed at Perseverance and Grand Anse Praslin on 14 and 16 May 2024 respectively. Several shortcomings were highlighted both inside and outside of the premises which were addressed to the owner of the service provider at the meeting held on 23 August 2024.*

#### **Procurement of printing services**

15. The Ministry outsourced the management of textbook and printing services to one operator located at the Ministry's headquarters. The latest contract available on file was dated 01 March 2021 and valid for thirteen (13) months ending 31 March 2022. Other than variable costs, fixed costs of SR945,592 were payable at SR78,799 per month during the year 2022. A monthly sum of SR15,000 was payable by the service provider to the Ministry towards utilities including telephone and waste collection services provided by the Ministry.

16. Against the stipulated fixed cost agreement, the Ministry actually disbursed R83,987 per month resulting in an excess of R5,188. On being pointed out, it was explained that this pertained to 5% supplementation allowance of SR2,188 effective 01 April 2019 in accordance with Circular No. 12 of 2019 to staff of the service provider, while the balance of SR3,000 was for long service allowance due to six (6) staff members of the printing firm effective May 2020.

17. It is unclear as to why this amendment was not incorporated in the renewed contract effective March 2021. Moreover, there was no evidence of contract renewal following expiry in March 2022. As per email dated 13 July 2023, management stated that the contract was not renewed following expiry in April 2022 and is now being addressed.

18. The total variable costs (SR1,767,050) and the fixed costs (SR1,007,8440) paid to the service provider for the year 2022 amounted to SR2,774,894. However, despite the contract value being over and above the threshold of SR750,000 for which PPA and PPR prescribes an open bidding method and the prior approval of the NTB, there was no evidence of having followed the required procedures to ensure transparency, economy and competitiveness of the process.
19. The issues being pointed out, in response, a letter (dated 25 January 2021/unsigned) from POU was furnished to Audit. However, audit review of the letter indicated that it was only a conditional approval under exceptional requirements for deviation and for the financial years 2020/2021 with retrospective from 01.01.2020. Audit reiterates that it did not cover the year 2022 and beyond.
20. *The Principal Secretaries were of the view that the matter should be addressed to the Comptroller General of the Ministry of Finance since it was subject to revision and is within the purview of the latter Ministry.*

**Completion of Anse Royale crèche project doubtful**

21. According to the Ministry, the contract for the Anse Royale creche project was awarded to one construction company on 07.08.2019 selected through the open tender at a total cost of R15,000,976 (excluding VAT) with an anticipated completion date of 11 March 2021. Major delays were encountered due to the covid-19 pandemic, following which the contractor requested a revision in the work plan for completion of works to September 2021. In view of inflation in rates and costs as a result of the pandemic, a decision was taken to increase the project cost by 14.5% - 19% to cover inflated rates following discussions between the POU and the Ministry of Finance. The project cost was increased by 14.5% with the revised contract value of SR17,176,417 and completion date of 16 September 2021, the project has not been completed at the time of audit in 2023.
22. Audit also noted that there was no project file kept at the Ministry including such important documents as the tender documents, selection of the contractor, contract and the works measurement book, inspection register and certification of the works completed and the invoices received from the contractor.
23. Furthermore, the Seychelles Infrastructure Agency (SIA) has found that the contractor has been overpaid by SR4,415,060 and the work has been stalled without completion.
24. *Management advised, in discussion, for the matter to be taken up with SIA's CEO and further added that the contractor's contract has been terminated. SIA's CEO in his e-mail*

*response dated 27 February 2024, stated that they were in final negotiations with the contractor regarding whether they will continue the works or if the Agency would terminate their contract. He added that it has taken a few months to get to this point as the contractor had requested a meeting with the Minister. He affirmed that once the issue was resolved, Audit would be provided with all the necessary update.*

### **Non-Financial Assets**

25. The Ministry's spending towards non-financial assets as at December 2022 aggregated to R19,122,200. The audit review of the relevant records revealed the following.
26. ***FAR not up to date:*** Although the Ministry maintained a Fixed Assets Register (FAR) in the prescribed software, it was found to be incomplete as the assets costing SR19,122,200 procured during 2022 were not recorded in the FAR. At the time of the follow up in March 2024, only twenty assets costing SR63,305 out of R19,122,200 had been updated.
27. *The management stated that the Ministry finds it challenging to keep the FAR up to date in view that there is only one Asset Manager. Hence, in the new structure, a Unit for Asset Management has been created comprising of three staff members.*
28. ***Assets identifications:*** The audit exercise to trace a sample of physical assets could not be undertaken as the FAR lacked the asset identification numbers. During the follow up audit as at 13 February 2024, it was noted that the Asset Management Unit had been established and one staff was receiving on the job training.
29. Similarly, a large number of items, i.e. 369, purchased at the cost of SR2.2m during 2022 and prior years were not allocated and affixed with identification numbers at the time of inspection.
30. *Management stated that relevant documents were given to schools officers with instructions on how to register their assets. However, the officers claimed difficulty in availing time to update the FAR. In the new structure a Unit for Asset Management has been created comprising of three staff. The management further explained that work had started, however, with only one Asset Officer undertaking this task, work was progressing slowly. The plan was to tag assets as soon as they reach the store. Further improvement is expected in this regard with the new organizational structure whereby three staff members will be allocated with this task.*
31. ***Evidence of physical inspections not kept:*** The Ministry stated that a physical verification of assets was carried out at the headquarters and respective educational establishments. However, Audit could not find a documented evidence supporting the purported exercises, the results thereof and any action taken based on the findings.

32. *According to the management, the Asset Officer conducted inspections in schools but she could not keep any records due to heavy workload. The exercise was planned effective March 2024.*
33. **Write off register not maintained:** A write off register was not maintained, despite a total of 1,613 assets were approved in 2022 for write off as per the write-off forms raised. Audit, however, noted that the write-off forms did not include the original cost of the items being written off.
34. *The management stated that the Ministry will reinforce its effort to ensure the maintenance of its write-off register to provide training for the Asset Officers. The write-off register has not yet been introduced and that the PS for Education Sector Development is establishing a committee for the write-off of assets after which all assets that have been written off will be updated in the register.*
35. **Asset not put to use:** It was noted that twenty-five (25) assets costing SR157,125 were yet to be installed and put into use at the time of the audit in August 2023. These comprised various items of furniture and a specialized equipment (3D wheel aligner and 4 posts lifts) to be used at the Mechanical Engineering Workshop at the Seychelles Institute of Technology (SIT).
36. Management stated, in discussion, that the furniture had been delivered to respective educational institutions, however were yet to be assembled. Quotes for installation of the 3D wheel aligner and 4 posts lift received by SIT were R80,000 and above. They were still in the process of sourcing a supplier. A new warranty period agreement was being negotiated with the supplier in consideration of the delay encountered in installation.
37. **Fire incident at SIAH:** A fire incident occurred in the Director's Office of the Seychelles Institute of Agriculture (SIAH) on 17 January 2022. In a letter dated 19 January 2022 to Principal Secretary for Education Sector Development, the Director informed that the estimated cost of the fire damages was SR92,500.
38. Conversely, a letter dated 05.01.2024 from the Seychelles Fire and Rescue Services Agency estimated that the cost of damage approximated to SR125,000. The Agency was of the view that the exact cost of damage should be determined by a competent licensed assessor. The cause of the fire was presumed to be electrical as no other source was detected.
39. Other than the internal incident report dated 17.01.2022 by the Health, Safety and Risk Management Section of the Ministry and the above report by SFRSA, there was no police report on the indent or a report to the Ministry of Finance on the action taken to remedy the damage and losses to the Ministry.

40. *According to management, the onus was on SIAH management to request necessary report from the Police and SFRSA and to submit same to the Ministry.*
41. **Loss of laptop at residence:** In another incident, a laptop assigned to an employee was reported stolen in June 2021 at the residence. In a letter dated 22 June 2021 by the employee informing the loss, it was indicated that the Seychelles Police was notified, fingerprint tests completed. At the time of audit in August 2023, the officer concerned indicated that there has been no update either from the teacher or the Seychelles Police. It was also noted that the teacher was no longer an employee of the Ministry.
42. In view that such incidents may happen more often across the Ministry, Audit recommended that it should consider introducing a laptop policy stipulating terms and conditions for use and safe custody. And, the relevant documents should be placed on the staff personal file.
43. *In reply management informed that effective 2025, the Ministry will have three Asset Officers. Assets at educational institutions are being recorded by Office Managers. The Fixed Asset Management System has been installed on the Head Teachers' computers / laptops and they are responsible for monitoring. Training will be conducted for Head Teachers, Office Managers and Administrative Officers in the year 2025. Tagging of assets has commenced at Ministerial level only. The two Asset Officers are undertaking regular visits and write-off of assets.*

### **Transport Management**

44. The Ministry had in its fleet sixteen (16) vehicles and incurred expenditure towards refueling, servicing, maintenance and insurance which together with the cost of acquisition of two new vehicles amounted to SR3,261,823 for 2022. The audit examined the relevant records and noted as follows.
45. **Log books not submitted:** The Ministry did not produce the log books in respect of two (2) vehicles; GS37089 and GS12849 both located on Praslin. It was indicated that GS12849 was non-operational since June 2022 and pending write-off. However, as per copy of write-off form, request for write off was only made in 2023. In addition to the non-availability of the log books, the audit noted that there were no other records kept at the Ministry for monitoring, issue of fuel and use of the vehicles on Praslin.
46. *The management stated, in discussion, that all relevant documents regarding the transfer of GS12849 had been submitted to the desk officer at the Ministry of Finance and no copies had been retained. Management further informed that it is the responsibility of the Office Manager on the inner islands to ensure that relevant procedures are followed whilst*

*monitoring is done by Head Teachers. The Office Manager concerned had indicated that she was new to the post and was not necessarily familiar with the procedures.*

47. **Long gaps in recording of mileage:** It was noted that total of 10,059 kms was not recorded in the relevant logbook of S10958. To illustrate, the mileage not recorded during the period 13.08.2021 to 24.07.2022 was 7,898km whereas during the period 08.12.2022 to 13.06.2023 a mileage of 2,161km was not recorded. Audit physically verified the vehicle on 13.06.2023 and noted that the mileage reading was at 114217kms. Furthermore, there was no record of the fuel issued to the above vehicle and a fuel consumption analysis performed to monitor the usage of the vehicle.
48. **Fuel consumption analysis not performed:** Audit noted that the ministry did not perform the monthly fuel consumption analyses in respect of four (4) vehicles (two on Mahe and two on Praslin) to ensure proper, economic and efficient use of the vehicles.
49. *The management responded vide e-mail dated 03 November 2023 stating that when S10958 was with the Minister's Secretariat, no log book was kept and no fuel consumption analysis was performed. However, the exercised are now being performed. Out of the four sampled vehicles, only GS12849 was awaiting write-off. Vehicle registration number GS37079 and GS37089 were new vehicles (one on Mahe and one on Praslin) and mileage were logged accordingly. GS23069 was the transport that is being used by the Minister's Secretariat. The Transport Officer informed that due to existing workload he has not performed monthly fuel consumption analyses for all vehicles in the Ministry's fleet since November 2023.*
50. *According to management the analysis is being done for vehicles on Mahe. For those located on Praslin, it is the Head Teacher's responsibility in ensuring that the analysis is performed by the Office Manager.*



## **CHAPTER 9**

### Ministry of Education

#### Agency for National Human Resources Development

##### **Introduction**

1. The Agency for National Human Resource Development (the Agency) was set up under the National Human Resource Development Act, 2013, to implement government policies in relation to Human Resource Development (HRD); advise and support all concerned parties, public and private alike on HRD related matters and make recommendation regarding HRD initiative in line with national needs. Following the repeal of the Act, effective January 2023, it forms part of the portfolio of the Ministry of Education.
2. An audit of the Agency was undertaken for the year 2023 with emphasis on matters raised in the last audit in 2022 to ascertain remedial action taken on unresolved matters to ensure conformity with the applicable provisions of the financial laws and regulations. The matters arising were presented to management through an Interim Management Letter (IML) dated 11 March 2024 and discussed during an exit meeting on 09 May 2024. Subsequently, the matters were addressed in a management letter dated 09 September 2024.

##### **Tertiary Education Training Fund**

3. Spending on tertiary education both local and overseas for 2023 was R193,062,667. Audit examined thirty-eight (38) new scholars (twenty-eight (28) overseas and ten (10) local training), whose scholarships totaling R45,492,305 to ascertain the extent of management's compliance to prescribed policies, and noted as below.
4. ***Students database not up to date:*** The Agency administers local, online and overseas training fund and is responsible for placement, monitoring of students' welfare and academic progress while on training. As noted during past audits, a Student Training Management System (STMS) is maintained for this purpose. The Agency was unable to produce relevant reports with particulars of new scholars and graduates for the financial year 2023 upon request, which was alternatively provided as per excel sheets. At the time of the inspection it was indicated that students' particulars were yet to be updated in the

system. Audit recommends that the STMS is updated without further delay. The Agency should collaborate with DICT to ensure that the STMS is functional and up to date at all times.

5. *Management indicated as per e-mail dated 05 August 2024 that the Department of Information and Communications Technology (DICT) is assisting with the review of the STMS and is adding additional variables to make it more comprehensive, effective and reliable for managing student training details.*
6. **Prescribed training venues not availed:** The approved countries for respective fields of study are listed as per the Student Information Handbook. Audit observed eight (8) cases totalling R14,950,668 where chosen fields of study were awarded in countries other than the approved ones.
7. *No response was provided by management at the time of reporting.*

8. **Recovery of outstanding loans:** The tertiary education training fund is used to support students in the event of additional funding to cater for unforeseen expenditures such as; re-sits of examinations and additional stipends. Money is disbursed in the form of an interest free loan subject to repayments upon completion of studies or taking up employment based on agreed repayment schedules. This facility has an approved ceiling of R100,000 per student. In the previous audit, it was noted that a total of R6,757,053 loaned to students was outstanding for recovery. Audit could not get information on the current status of the outstanding amounts in the 2024 despite our requests directed to the Ministry.

9. Audit also noted a disbursement of R100,000 to one student during the year 2022. He agreed to repay the loan in monthly sum of R2,500 over a period of forty (40) months following completion of his studies. At the time of the last audit in 2024, Audit noted that although he was in employment with in public sector Agency in the country, no repayment has been made even after being contacted by the Ministry.
10. Furthermore, a sum SR805,431 was disbursed during the period August 2009 to July 2021 to one student following the approval of his initial training in 2009 for R387,530. He was also granted additional funding in the form of an acknowledgement of debt of R97,446 in 2014/2015 to re-sit failed exams. He was then allowed to extend his studies for three more years which costed SR417,901. The audit in 2023 found that only R20,000 of the debt of R97,446 had been recovered, and there was no evidence of recovery action taken by the Agency. Furthermore, there was no evidence that the Agency effected addendums to his



bonding agreements to incorporate the additional funding of R417,000. Nor did the Agency follow-up to ascertain if he has returned to and is in employment in the country.

11. *Management indicated that (a) this facility has not been extended to any student in the year 2023; and (b) no updated status as to the repayment of the additional funding was forthcoming from management at the time of reporting.*
12. ***Inadequate supporting documents:*** The Manual of Procedure issued in December 2020 specifies in paragraph 2.2, the lists of required documents to be submitted together with application forms for scholarships. Against the required documents, Audit observed fifteen (15) instances for a total sum of SR16,039,092 where the requisite documents were not submitted together with the application forms. The documents which should have been submitted, but not submitted included organizational training plans for in service applicants, banking details, ID and academic certificates.
13. *No response was obtained from management at the time of reporting.*
14. ***Award of full scholarship despite part financing:*** Audit noted that approval was given for a student to be awarded with a part-finance scholarship in view that he did not meet the criteria for a scholarship. It was agreed that the government would fund the three-year period tuition fees of R450,000 whilst the student was to self-finance his allowances to the value of R145,944. However, the review of relevant records disclosed that he was also receiving his monthly stipend of R4,054 contrary to the approved scholarship award terms and conditions. According to the records, his study course is still continuing from 01.09.2023 to 31.08.2026, and so is the anomaly.
15. *Management has not offered any comments on the above at the time of reporting.*
16. ***Bonding agreements not yet finalised:*** In three (3) instances, the bonding agreements effected in 2022 with an aggregated bonded cost of R1,387,783 had not been finalised at the time of audit in 2024.
17. ***Scholarship in an unapproved venue:*** Viewed against the Agency's internal policy for the award of overseas scholarship, in one (1) instance, the award of the scholarship worth R1,601,211 was non-compliant in the following:
  - the applicant had scored only 24 academic points instead of the required 30 points;
  - the scholar's course did not fall within the list of priority 2-5;
  - the venue (UK) was not an approved venue;

- against the total cost of SR1,601,211, the Agency stipulated the parental contribution at R240,182, of which a sum of R65,000 had been settled with an outstanding balance of R175,182, at the time of audit.

18. *Management indicated that the decision to study in the said venue was approved by the then Chief Executive Officer which indicates that the authority was satisfied with the fact that the student had found difficulty in identifying an institution elsewhere. The usual practice is that student forward to the Scholarship team only approved letter from institutions. The team seldom keeps exchange mails between students and the institutions which they are applying for.*

19. Audit was not provided with any proof of the alleged scarcity of available venues. In view that there are policies in place for award of scholarships, any deviation therefrom should be adequately documented and supported with sufficient appropriate evidence for ease of audit trail.

#### **Revenue**

20. The Agency collected revenue from tertiary fees, parental contributions and breaching of bonds. As for the parental contributions, it is to be noted that the Agency offers the parents four (4) options to pay their contributions, namely, lumpsum, annually, quarterly or monthly, according to their financial ability. The audit revealed the following.

21. ***Non-settlement of parental contributions:*** Out of ten (10) new parental contributions for the year 2022 totaling to R1,137,938, in five (5) cases for a total of R405,350, there was still no evidence of any payment effected since the award of scholarships in 2022 (with different course durations ending in 2025). Further, in one (1) instance, the sum of R62,890 due from the parents of student had not been recorded in the parental contribution listing at the time of inspection in June 2024.

22. With reference to the Agency's list of parental contribution as at 28 February 2023, it was noted that in one hundred and thirty-four (134) instances out of two hundred and twelve (212) cases listed as per the register, students who had completed their studies still had outstanding contributions aggregating to R3,822,257. In relation to the remaining seventy-eight (78) cases for an aggregate of R4,242,669, Audit could not obtain the course duration of the respective scholars, despite requests from the respective Desk Officer.

23. *Management indicated that the Accounts and Scholarship Units are working in close collaboration to update records and contact the students and guarantors in respect to their*

*payments. The Desk Officers are following up with parents for compliance and those who have not specified their chosen modes of settlement are being revisited for confirmation.*

24. **Register of parental contributions incomplete:** To help monitor payments of parental contributions a register is kept. Following review of its contents it was observed that details of course periods, (deemed essential as payments / settlement terms are spanned over course durations) were lacking. Audit further observed that ten (10) new parental contributions totalling SR1,137,938, in respect of 2022 scholars had not yet been recorded as per the register at the time of the follow up in June 2024.

25. *Management stated that discussions have been initiated with the Department of Information and Communication Technology (DICT) for the implementation of an automated e-mail system to serve as reminders to debtors. Additionally, the Scholarship Section will receive automated prompts alerting of upcoming payments and students' return due dates for their prompt actions. Desk Officers have been instructed to place copies of receipts raised on the students' training files.*

26. **Recovery of long overdue debts:** Defaulters and parental contribution listings as at 28 February 2023, submitted during the last audit, revealed arrears of SR87,668,376. At the time of the follow up, the listings as at 07 June 2024 disclosed debts of SR88,369,297 resulting in an increase of R700,922. Credibility of the records as per the defaulters' list was, however, doubtful as in four (4) instances, the defaulters were duplicated in the list. Although documentary approval was not submitted in support, management indicated that effective 2023, parental contributions were not applicable.

27. *Management stated that they recognise the issues with the defaulters' list and the increase in outstanding debts adding that they are reviewing all students' files with parental contributions and statuses to update their information and decide on a way forward with the recovery of debts. They are reviewing the list of defaulters to remove duplicates and to identify individuals who have been contributing to the Seychelles economy, some, for many years and that they are collaborating with the Legal and Regulatory Affairs team to develop and enforce a debt recovery strategy.*

28. Based on management's response, Audit is of the opinion that the utmost is not being done to recover the outstanding amounts. Although similar responses were provided in past, no remedial action has been initiated as the debts continue to accumulate. During previous audits, it was found that the clauses/terms and agreements of the standardised bonding agreement were deficient warranting revision to enable legal actions to be initiated against

defaulters where deemed applicable. This matter has been repeatedly addressed to the then Agency, without much success.

### **Transport**

29. Audit examined the records relating to transport management and noted that there was no any record of performance of the monthly fuel consumption analyses by the Agency in respect of its vehicle to ensure efficiency and economic use for the months of January to March 2022 and October to December 2022.
30. *Management has not commented on the above.*

### **Non-Financial Assets**

31. Audit examined the records relating to fixed assets management and noted as below.
32. ***Fixed Asset Register not up to date:*** In the previous audit, a sample of eighteen (18) assets were physically selected (twelve (12) from the Agency's premises and six (6) from their warehouse located at the premises of the Ministry of Education to trace to the Agency's FAR. However, Audit was unable to trace four (4) of the assets to the FAR and in another four (4) cases the asset identification numbers differed from the ones on assets to those stated in the FAR. At the time of the follow up in 2023, the four (4) assets have still not yet been accounted for as per the FAR as their values remain unknown. Regarding the different identification numbers of the other four (4) assets, the management was yet to confirm the status of the assets; i.e. whether they were still in the container or not. The cost of assets procured during the year 2023 totalled R139,625, and at the time of the follow up, the items have not yet been updated in FAR.
33. ***Non-performance of asset verifications:*** The audit did not find any documented evidence to confirm the performance of a physical verification of assets during the year 2022 or in 2023, as required by the relevant financial procedures.
34. *Management has not offered any comments on the above.*

# 10

## CHAPTER 10

### Ministry of Health

#### **Introduction**

1. The Ministry of Health (MOH) is mandated to promote, protect and restore the health of Seychelles citizens through a caring, efficient and comprehensive national health system by the mobilization of national resources and efforts.
2. An audit of the accounting records of the central administration office of the Ministry, Division for Substance Abuse Prevention Treatment and Rehabilitation (DSAPTR) and National Institute for Health and Social Studies (NIHSS) and was undertaken for the year 2022 with the principal objective to perform sufficient tests to verify the propriety of financial transactions and compliance with the applicable rules and regulations. The matters arising were presented to the management through an Interim Management Letter (IML) dated 01.12.2023, which was discussed during an exit meeting held on 23.01.2024, and subsequently, through a management letter (ML) issued on 20.06.2024.

#### **Procurement of goods and services**

3. Audit noted that, in two (2) procurements, totaling R1,019,880, made by DSAPTR for methadone and cups for SR875,880 and SR144,000 respectively and, in two (2) other procurements costing SR264,793 made by NIHSS in the form of works, the respective entities did not follow the required procurement procedures, such as, three quotes and seeking POU approval where required depending on the amount involved.
4. *The management stated, in discussion, that has an Internal Procurement Committee that approves all medicine procurement. However, for both cases the procurement of methadone and paper cups involved direct bidding for the following reasons (a) there was only one supplier, which could provide the required quantity and quality of methadone; and (b) the supplier X was selected for the purchase of cups as it was the cheapest and provided the required quantity and storage capacity since DSAPTR did not have the*

*required storage space; and (c) in the case of NIHSS, they did not have the required procurement approval and in future this will be sought.*

5. Audit is of the view that the verbal justifications provided should have been duly documented with evidence in conformity with the relevant provisions of the PPA and PPR and kept together with other relevant documents for future reference and audit trail.

#### **Transport management**

6. The MOH excluding the Minister's Office had a fleet of nine (9) vehicles, one (1) for the Principal Secretary's office, one (1) for NIHSS and the remaining seven (7) for DSAPTR. The running costs incurred in 2022 totalled R4,523,364.
7. **Monthly Fuel Consumption Analysis:** Audit review of nine (9) logbooks disclosed that the required performance of monthly fuel consumption analysis to ensure economic and efficient use of the vehicles was not undertaken. This was despite the spending of SR892,051 as fuel costs, of which SR40,250 for PS Secretariat; SR133,390 for NIHSS and SR589,576 for DSAPTR respectively.
8. *The Ministry acknowledged the weaknesses in transport management arising mainly from the lack of a dedicated, trained Transport Manager. Transport is manned by untrained officers doing their best and often in addition to their own other jobs, hence lacking details. Management was cognisant of the points raised by audit and henceforth every effort will be made to improve in accordance with recommended best practice. At time of follow-up the Administrative Officer at PS Secretariat said they are now using a new fuel consumption analysis based on the newly introduced fuel system.*
9. **Records of accidents:** Audit did not find a complete record of all accidents occurred, including those in 2022 and thereafter. Some incomplete files were noted where the information was lacking in respect of the number of accidents in 2022 and recovery actions taken for losses in instances of the drivers' fault/negligence. This was a departure from AM 2020, section 7.10.2.1.3. (g) Use of vehicles and AM 2020 10.5.2 loss due to damage. The loss due to damage in one instance totalled to SR99,536 directly attributable to potential accidents from a total of R437,407 repair costs incurred in 2022.
10. *It was initially stated that the database will have been created by January 2024, however, during follow-up the management said that they have an accident file and will introduce an Accident Database for MoH.*
11. **Fuel Coupon Register:** Audit observed that the Fuel Coupon Register for NIHSS was being maintained by both Accounts and Administration units. The former lacked date and payment voucher numbers to show the stock of the fuel coupons received. Audit noted that

the receipt of fuel books in batches from Accounts was also not recorded. The Administration unit was receiving the fuel voucher books in batches, but they were recording only the issue details in their Fuel Coupon Register when issued to the driver. Audit was, therefore, unable to verify the proper use of the 51 fuel coupons voucher books worth SR102,765 purchased in Mary, June and August in 2022, which was indicative of poor monitoring over the use of fuel coupons.

12. *NIHSS informed Audit that their Administrative Officer passed away earlier this year they are in the process of requesting access to her e-mail and they are attending to the issues highlighted by Audit.*
13. **Incomplete vehicle records:** Audit compared the vehicles records of the MOH with that of SLA and observed that three (3) vehicles appearing in SLA records did not feature in the Vehicle and Heavy Plant Register of the DSAPTR. The vehicles noted were S14368 dated 15.03.2018, S19468 dated 25.06.2009 and S2687 dated 07.03.2011.
14. *The management stated that all MoH and DSAPTR vehicles fall under the PS Secretariat for central management and furthermore, all vehicles including NIHSS have now been installed with GPS for better monitoring.*
15. **Journeys not authorised:** As per the Procedures Manual Amend 2011, Chapter VIII, paragraph 3(a), the designated Transport Officer should ensure better control over the use of public service vehicles. The audit review of the relevant records revealed the following:
  - the vehicle logbook for GS36470 attached to MOH-PS secretariat revealed that 502 kms run during February 2022 to July 2022 executed by drivers was not authorised by the management and evidenced as such in the logbook/daily sheet; and
  - daily journeys performed by drivers for three vehicles (211kms) during March to May 2022 by vehicles S33326, 36471 and S17041 of DSAPTR were not authorised and evidenced in the relevant logbooks/daily sheets by management.
16. *The Administrative Officer said that as of now the journey authorisation and independent checks are done by herself and are being evidenced.*

#### **Non-financial assets**

17. The non-financial assets actual costs for the year 2022 totalled R2,540,530. The audit of the relevant records revealed the following:
  - in fourteen (14) cases, the purchase of assets costing R258,733 in 2022, the items were yet be recorded in the FAR;
  - year-end physical verification for assets was not performed for the last two years in respect of the items of asset of the minister's / PS Secretariat, DSAPTR and NIHSS; and

- certain assets lacked identification numbers for reference purposes as per AM requirements.
18. *The Director of HR stated that Secretariat's fixed assets have been updated in the FAR while that for both NIHSS and DSAPTR were yet to be updated. As for the physical verification of assets, the Administrative Officer said that PS Secretariat's physical verification is nearly complete while for DSAPTR this will be done this year and as for NIHSS the verification will be done once a replacement is found for the staff who passed away.*





## CHAPTER 11

### Ministry of Agriculture, Climate Change and Environment Department of Agriculture

#### **Introduction**

1. The mandate of the Department of Agriculture of the Ministry of Agriculture, Climate Change and Environment (MACCE) is to provide a conducive policy and legal setting and facilitate modernisation with appropriate physical infrastructure, facilities and institutional framework to attract investment and create the enabling environment for agricultural development and businesses to prosper. It also facilitates implementation and enforcement of all relevant policies, strategies and legislation to deliver on the mandate and services in accordance with obligations and functions as stipulated in these instruments to enhance food and nutrition security and food sovereignty, facilitate safe trade and protect the country from biosecurity risk.
2. An audit of the Department of Agriculture was conducted for the year 2023 including the expenditure towards livestock support up to end 2023. The matters arising were communicated to the management in an interim management letter dated 05.07.2024, which was discussed with management on 19.07.2024 in an exit meeting, and subsequently, a management letter dated 30.08.2024. A follow up was also conducted in November 2024.

#### **Livestock Trust Fund disbursements**

3. The government provided financial assistance through the Livestock Trust Fund in the form of subsidies to local farmers. The subsidies including part funding of abattoir operation costs, payment for carcass weight of slaughtered animal produce, importation of day-old chicks, animal feed and its transportation from Mahe to Praslin.
4. The disbursement of various subsidies during the years 2020 to 2023 totalled SR240,091,487, of which animal feed representing 50% to 60%, as per the treasury's records. This significant increase in expenditure over the past 3 years, mainly in the animal feed subsidy, has prompted the Ministry of Finance to discontinue the support for animal feed effective September 2023.

5. Audit review of the disbursements revealed a difference of SR9,441,603 between the Treasury ledger and that of the Department for the year 2022, which was not satisfactorily resolved through a proper reconciliation, as required by applicable financial control procedures.
6. *Management indicated as per e-mail dated 08 November 2024 that the variance has been reconciled and available for verification. However, at the time of the follow up on 11 November 2024, management was unable to provide the documents for verification.*
7. ***No policy for administration of Fund:*** Following dissolution of the Board in March 2020 through the Livestock Trust Fund (Amendment) Notice, 2020 the administration of the Fund was vested in the Ministry responsible for Agriculture. However, there were no new policies, procedures and controls put in place for effective administering the Fund despite the fact that new subsidies for animal feed was introduced during the Covid-19 pandemic time.
8. Further, the Senior Accountant who processed and, in some cases, authorized the payments for animal feed and importation of day-old chicks left the service of the Department effective 13 October 2023. This inhibited Audit from obtaining any documented control system procedures and her specimen signature for verifying the disbursements over the three-year period to December 2023. Although the animal feed subsidy which was enforced in 2020 has been phased out, it is to be noted that substantial amounts were disbursed during 2022-2023, and in the absence of relevant internal control regime coupled with the large volume of invoices involved in the payment cycle, Audit was unable to confirm the accuracy and propriety of the disbursements.
9. According to management, there was no policy in place but after the dissolution of the Livestock Trust Fund (LTF) Board, all expenses incurred by the Agriculture Department under the LTF were approved by the Minister responsible for Agriculture. The Department will organize meetings with the Ministry of Finance to clarify the present administration of the LTF.
10. *In response, management indicated as per e-mail dated 08 November 2024 that a meeting has been held with the Ministry of Finance however the Agriculture Department is still sorting out the administration of LTF. However, no documents were submitted to Audit at the time of the follow up on 11 November 2024.*
11. ***Anomalies in animal feed subsidy:*** Audit reviewed some 20 disbursements effected towards animal feed subsidy based on the invoices/summary of invoices submitted by

various operators during the year 2023 for the total value of SR21,743,148 and noted as below.

- payment voucher number 067P230430 dated 13.03.2023 for SR714,281 and the relevant supporting documents were not submitted for verification;
- in three (3) instances totalling SR4,630,166, there was no evidence of independent checks performed by the Ministry for accuracy of the invoices submitted by the relevant company;
- Audit was unable to confirm the accuracy of amounts refunded to the respective companies for the twenty (20) payments included in the sample in view that the summarized reports of invoices, which the Department used as the basis for refunds, were not supported by a list of items excluded for refunds and clear guidelines relating to disbursements of subsidies; and
- in four (4) instances worth SR3,012,113, the payments made in 2023 were in respect of the invoices relating to the year 2022.

12. *Management responses were as follows:*

- *payment voucher number 067P230430 (and supporting documents) for R714,281 could not be located;*
- *the Department acknowledged that invoices and payment vouchers were certified and authorized by the Director of Human Resource and Administration. This was due to the absence of the Principal Secretary and Senior Accountant. The Department will ensure that signatures of all parties concerned are obtained in future; and*
- *the Department has, over the years, been receiving invoices late from suppliers, and it is working on a mechanism to ensure that suppliers submit invoices timely.*

### **Wages and Salaries**

13. The Department had a total of one-hundred and eighty-eight (188) employees as per the October 2023 payroll analysis. The total payroll costs during the year was SR31,980,389. Audit examined monthly payrolls, personnel files and other related records and observed that in five (5) out of ten (10) cases examined, the leave accumulation was in excess of the maximum upper limit of 42 days, ranging from 50 to 86 days.

14. *At the time of the follow up on 11 November 2024, there were three (3) of the above five (5) cases where leave accumulation as at October 2024 were still beyond the prescribed limit (ranging from 46 to 55 days). Records nonetheless showed that the employees concerned have planned to proceed on leave in the upcoming months.*

**Transport Management**

15. The Department had a fleet of thirty-seven (37) vehicles under its responsibility for which total expenditure incurred for repairs, maintenance, fuel and other related vehicle running costs for the ten months to October 2023 was R1,221,605. Audit examination of the records maintained in respect of the vehicles revealed the following.
16. **Fuel consumption analysis:** Audit scrutiny of vehicle log books in respect of ten (10) vehicles did not disclose any evidence that a monthly fuel consumption analysis required for ensuring the fuel economy and efficiency was not performed, as required.
17. *The management stated, in discussion, that the analyses were not performed, however following the introduction of the new fuel system, the analysis is being done in excel after receipt of monthly reports received from the fuel station. The Transport Officer is responsible to ensure that the analyses are performed.*
18. Audit reviewed the excel documents submitted on 11 November 2024 and was able to sight performance of the analyses for the three (3) vehicles maintained on Praslin. Other excel documents submitted for vehicles maintained by the Biosecurity Services, Extension Services and the Admin Section were in respect to fuel consumption (in terms of litres and costs) only. Number of kilometres assumed for the months were not recorded. Audit further examined log books of four (4) vehicles and in three (3) instances it was seen that the cost of fuel were being recorded instead of the number of litres of fuel received at the pump. Although the number of litres of fuel received had been recorded in the remaining case examined, the analysis was not performed. Management has again been advised on the proper performance of the analyses.
19. **Fuel request forms not submitted:** Following the new fuel management system implemented effective July 2023, as per Circular 9 of 2023 issued by the Ministry of Finance, the fuel request forms (printed in duplicate booklet form) were introduced for requesting fuel at the designated petrol station. However, despite requests from Audit, the Department could not produce the used forms/booklets for the refuelling of its vehicles attached to the Crop Research and Pest Disease Control and Diagnostic Sections. Consequently, Audit could not ascertain the level of fuel consumption (monetary and in liters) in respect of these vehicles during the period July to October 2023.
20. *The Department will ensure that, in future, respective Heads of Divisions and Admin Officers provide all requested information /documents timely.*
21. Request for fuel forms were submitted for verification on 11 November 2024. Audit observed that they were manually numbered and in some instances lacked numbering.

Furthermore, they were not always being filed in sequential order. Audit therefore recommends the procurement of pre-numbered fuel books in future.

22. ***Procurements through direct bidding:*** The Department spent a total of SR747,851 for repairs, maintenance and spares, of which R433,911 was paid to three (3) different suppliers for various purchases without obtaining 3 quotations for ensuring the competitiveness of the prices paid.

23. *The management stated, in discussion, that it is liaising with different suppliers, for example, with garages for motor vehicles, procurement of toners etc., for the possibility of annual contracts with them for the provision of goods and services.*

### **Revenue**

24. The Department collected revenue from various agricultural products and services. Total collection for the Audit period January to October 2023 aggregated to R3,108,011. Audit examined twelve (12) revenue receipts valued at R48,825 and noted that (a) there was no updated list of approved prices to be charged for different services and products available at the Department; and (b) in six (6) cases, the amounts charged and collected on revenue receipts totalling SR41,665 could not be traced to the price list in use. The collection included various items such as market fees, dog control fines, rent of vet clinic, agriculture land and farmer registration.

25. *The Department stated that it is finalizing a list of revenue fees and rates to be incorporated in the new Agricultural Act. Cabinet approval will be sought accordingly.*

26. As per e-mail dated 08 November 2024, management indicated that revision of rates and fees has been discussed with the Ministry of Finance and that Cabinet Paper is being worked on. First draft of the revised fees dated September 2024 was submitted to Audit on 11 November 2024.

**Status of matters reported in previous reports**

| Year, Page, para.Audit brief   | Status  |
|--|---|
| <b>AR 20, 68, 4.2</b><br>Asset Register not kept up to date                          | Fixed asset register as at July 2024 was submitted. Discrepancies were observed, in the two (2) cases, in that price of the items inserted in the register was net of VAT paid. |
| <b>AR 20, 68, 4.4</b><br>No evidence of physical inspection of assets                | Observation persists.   |
| <b>AR 20, 69, 4.6-4.8</b><br>Fire loss remains inconclusive                          | Observation persists.   |
| <b>AR 20, 69-70, 5.2-5.4</b><br>No approved price lists                              | Observation persists.   |
| <b>AR 20, 71-72, 5.12-5.15</b><br>Overdue debts                                      | Observation persists.   |
| <b>AR 20, 72, 5.17</b><br>Matters connected to the irrigation system                 | Observation persists.   |
| <b>AR 20, 72-73, 6.2</b><br>Stock levels not established                             | Observation persists.   |
| <b>AR 20, 73, 6.4</b><br>Non-performance of year-end stock count                     | Observation persists.   |
| <b>AR 20, 73, 6.8</b><br>Expired products on stores                                  | Observation persists.   |
| <b>AR 20, 74, 6.10</b><br>Disparity upon physical inspection of stocks               | Observation persists.   |
| <b>AR 20, 74, 6.12-6.14</b><br>Infestation of freshly imported stocks                | Observation persists.   |
| <b>AR 20, 75, 6.16-6.17</b><br>Stocks of substantial value written-off               | Observation persists.   |
| <b>AR 17, 151-152, 553</b><br>Non-Compliance with the Public Procurement Regulations | Observation persists.   |
| <b>AR 17, 154, 562</b><br>Asset Register not kept up to date                         | Observation persists.   |



## CHAPTER 12

### Ministry of Youth, Sports and Family

#### Department of Youth and Sports

##### **Introduction**

1. The Youth and Sports Department is mandated to empower the youth of Seychelles to participate actively in the realization of their aspirations and in national development and to promote a sports, leisure and recreational culture for health improvement and the well-being of our people.
2. An audit of the Department including the minister's secretariat was performed for the year 2023 with the principal objective to gain reasonable assurance on the reliability and completeness of the accounts and records and financial propriety of the expenditure.
3. The matters arising were presented to the management through the Interim Management Letter (IML) dated 23.09.2024, which was discussed at an exit on 01.10.2024, and subsequently, through a management letter dated 17.10.2024.

##### **Payroll**

4. The audit of the personnel records for the year 2023 disclosed that two employees continued to receive their salaries from the Department despite being transferred to two other Agencies under the parent Ministry, as below.
  - a Senior Office Assistant was transferred to an Agency in June 2023 but continued receiving salaries on the Department's payroll amounting to R55,110 for 5 months from June to October 2023, at the rate of SR11,002 per month; and
  - a Senior Human Resource and Budget Management Officer was transferred to another Agency in July 2023 but remained on the Department's payroll for 4 months receiving a monthly salary of SR19,557, totaling SR78,228.
5. *The management, in response, stated that the Senior Office Assistant was initially removed from the Youth & Sports Department payroll. However, the employee was reinstated due to a salary package disagreement. Due to an omission YSD did not request for refund of*

*salary during that period but will now take steps to recover the amount. Similarly, for the other employee due to an omission and the absence of a Senior HR at YSD, the employee was not removed from the payroll. YSD will do the necessary to seek a refund for the salary paid.*

### **Payments of Goods and Services**

6. The Department consists of four sections, namely, Administration, Policy, Duke of Edinburgh Award Program, and Minister's Secretariat. During the year under review, the Department incurred expenditures totaling R6,485,656. Audit review of the records revealed the following issues.

7. ***Abuse of telephone facilities:*** The Department had outstanding telephone bills amounting to SR900,173 relating, mainly, to the years from 2019 to 2022. Of this sum, a part settlement of SR450,087 was made on 28.12.2023 to the relevant Company. Audit noted from the supporting documents that except for the outstanding bills of SR38,273 relevant to the Youth and Sports department, the balance of SR861,900 was in respect of eight (8) different individuals of that only one was stated to be an ex-employee of the Department while the other 7 individuals were stated to be non-employees. These bills were in the sums of; (a) SR549,890, (b) SR152,578, (c) SR53,206; (d) SR34,290 (e) SR34,768, (f) SR17,400, (g) SR10,418; and (h) SR9,344, of which only (e) related to the ex-employee. The accumulation of bills and the acceptance of its responsibility by the Department, demonstrate a high level of abuse of the facilities, which had gone unnoticed for a long time in the absence of a usage contract setting a limit for the ex-employee and monitoring of the bills by senior management to ensure their financial propriety.

8. Audit is of the view, that the Department should investigate into this matter more vigorously, perhaps, with the assistance from police to establish who was responsible for abusing the administrative authority and take legal action against such individuals be it current or ex-employees. Further, the Department should stop any further payments until a proper investigation is carried out.

9. ***Consultancy without tender:*** A consultant was awarded a contract to provide audit and assurance services relating to the internal process and procedures in line with the PFM Act covering the Family, Youth and Sports Departments. The total contract sum was SR800,000 to be paid in monthly installments of SR88,888 for nine months from 14.09.2022 to 13.06.2023. The Department paid a total SR296,111 in March, May and October 2023 to the consultant, as outlined in the contract.



10. The contract sum being above the threshold of SR250,000, it required the National Tender Board approval for consultancy fees. However, Audit could not find the relevant documents, such as, the need assessment, tender documents, selection of the consultant, and the POU approval in evidence that the procedures were duly complied in the selection process, as stipulated in the PPA and PPR.
11. Further, it was noted that the contract stipulated that if the consultant's performance rating falls below 80%, only 80% of the monthly fee should be paid. However, despite the consultant receiving only a rating of 78% from the Evaluation Committee (report date 18.08.2023), the full monthly fee of SR88,889 was paid without any deduction.
12. *The management, in response, stated that the consultant was contracted, but the procedure was not carried out correctly. After discussions with the POU and the Ministry of Finance, an evaluation committee was formed to assess the work completed by the consultant.*
13. **Procurements without competitive quotes:** The Department purchased air tickets mainly from one particular travel agency, which amounted to SR360,859 in 22 instances during the year. In the absence of competitive quotes from different travel agents, Audit could not determine as whether any attempts were made to ensure economy of the fares paid.
14. *The management, in response, stated that the Ministry of Youth, Sports, and Family has various international commitments, and obtaining tickets at short notice or on credit with airlines or other travel agencies is a constant challenge. The travel agency had a meeting with the Ministry to discuss the possibility of establishing a contract with the Parent Group, of which the travel agency is a subsidiary. The agreement is not solely between the travel agency and the Ministry; it also provided incentives for the Ministry's employees, which is a good way to motivate the staff.*

#### **Non-financial assets**

15. The Department purchased non-financial assets costing SR72,567 during the year under review of which assets costing SR41,628 were for the minister's secretariat. These were yet to be updated in the fixed assets register at the time of the audit.
16. *Management, in response, stated that the fixed asset for Ministers Secretariat was being maintained with the Youth and Sports Department before. The Secretariat does have a list of all its asset as at 2021 in an excel documents. However, the secretariat has not yet been able to input all its asset into the asset register in view that it has not yet been given access. Once this is done, all the asset from the excel will be inserted into the fixed asset register.*

**Follow-up on audit matters raised in AR 2020**

| <b>Page, Para. audit brief</b>                           | <b>Status</b>   |
|--|---|
| 49, 2.4, Procurements without requisite quotations/bids  | <i>Issue Persists.</i>  |
| 49, 2.6, Imprudent and avoidable expenditure             | <i>Issue resolved, however, unusually high telephone bills were noted this year</i> |
| 51, 3.2, Assets not assigned with identification number  | <i>Issue resolved.</i>  |
| 51, 3.4, Physical verification of assets not carried out | <i>Issue persists.</i>  |
| 51, 3.6, Assets not physically sighted                   | <i>Issue partially resolved, however, FAR not up to date.</i>                       |

# 13

## CHAPTER 13

### Seychelles Revenue Commission

#### Customs Division

##### **Introduction**

1. The Seychelles Revenue Commission (SRC), established under the Seychelles Revenue Commission Act, 2009, is responsible for the administration of the revenue laws, specified in the Schedules to the Act, in accordance with the provisions of the Revenue Administration Act, 2009. SRC has two divisions viz. the Customs Division and the Tax Division. The Customs Management Act, 2011, as amended, provides the Customs Division with mandate in respect of administrative and operational procedures.
2. An audit of the Customs Division was undertaken for the year 2023 with the objective to perform sufficient tests to ascertain completeness, correctness, and credibility of the accounts and records maintained by the Customs Division in relation to revenue collection.
3. The audit examined the accounts and records relevant to the revenue collection and included a follow-up on the matters reported in previous Annual Reports. The matters arising were communicated to the Commission through an Interim Management Letter (IML) issued on 07.11.2024, which was discussed at an exit meeting held on 21.11.2024 followed by a written management response on the same day. Subsequently, the management letter was issued on the 22.11.2024.
4. ***Inconsistencies in the documents submitted for bill of entry assessment:*** Audit noted that all the invoices in support of one bill of entry, submitted for tax assessment were in the same format, although the invoices were from different suppliers. Audit further noted that the invoices were without a proper company logo/header and lacked the necessary supplier information that would ideally be present on the supplier invoices from this particular country. Audit is of the view that tax evasive practices by importers will result in lower revenue collection.

5. Audit recommended that the Commission should consider investigating the reported case to confirm any possibility of tax evasive practices by the consignee.
6. *In response, the Commission noted that this bill was classified “green”, indicating it was not initially selected for verification. However, following the Audit observation, the Commission has verified the invoices and acknowledged that there is a disparity with the invoices. This case has been referred to the Investigation Unit of the Commission for further review. The Commission added that the international best practice of 80/20 principle is being adopted where 20% of the imported goods are sampled for verification and 80% will be cleared without further verification. Moreover, the Commission noted that as part of its compliance measures, it is exploring initiatives to include the selection of “green” bills for review. The Post Clearance Audit Unit will also be engaged in this process, ensuring thorough scrutiny.*
7. Follow-up of unpaid bills in ASYCUDA: Audit conducted a follow up review on 18 outstanding bills which remained unpaid at the time of 2022 audit, and observed as discussed below.
  - 7.1 In eight (8) cases, the unpaid bills totaling SR1,329,543, were either fully or partially settled with total payments made as at 30.09.2024 totaling SR1,096,704.51; (a) in (4) four cases, the debts were fully settled by the consignees and included two cases whereby the consignees simply agreed to settle the outstanding debts and in the other two (2) cases, the unpaid amount totaling SR919,426 was reduced to SR112,404 due to a revised tax assessment and the consignee agreed to settle the revised amount; (2) Two other cases pertain to a court ruling where the Commission has confirmed receipt of R500,000 against a debt of R750,000. Settlement of the final payment of R250,000 is being investigated by the Commission; (3) Two other cases are being settled as part of a compromise agreement.
  - 7.2 *The Commission noted, in response, that the Legal Department will proceed with enforcing the relevant provisions of the Revenue Administration to recover the uncollectible revenue of SR250,000.*
  - 7.3 In one case, Audit was informed that the goods with taxes amounting to SR171,645 are being followed up by Customs Division. Meanwhile, goods belonging to the company were transferred to the Government Warehouse and disposed of through

public sale. The proceeds from the sale will be used to offset the company's outstanding debt.

- 7.4 Five cases which had outstanding balances of SR686,282 were resolved, where the consignees agreed to settle the debts, the debts were cancelled or the goods were transferred to the Government warehouse.
- 7.5 In two cases, Audit was informed that the debts totaling SR420,257 have been referred to the Enforcement Unit to pursue the debt.
- 7.6 In two cases with outstanding debts of SR675,680, Audit was informed that discussions are underway to determine whether the consignees are eligible for exemption of taxes on the items imported.
- 7.7 *The Commission noted that it is continuing discussions with the Department of Foreign Affairs to resolve one of the two cases and if it is confirmed that the individual was not entitled to an exemption, payment of the outstanding amount will be enforced. As regards the other case, the relevant contract provided by the Ministry of Finance, National Planning and Trade is currently under internal review by the Commission. The company's transactions will undergo a risk analysis and appropriate actions will be taken in relation to the outstanding bill.*
8. **Payments and amendments to outstanding bills:** Based on the follow up of unpaid bills, Audit identified 10 bills in total where payments had either been made fully or partially, outstanding debts revised and goods transferred to the Government warehouse and disposed but the original outstanding debts, amounting to over SR2.0m, remained unchanged in ASYCUDA.
9. Audit, therefore, is of the view that unpaid bills' balances are overstated in ASYCUDA which may lead to inaccurate information on the unpaid bill, which can further lead to incorrect financial analyses and decision-making.
10. Audit recommended that the Commission should have a mechanism in place to enable it to generate an accurate status of the unpaid bills at any point in time.
11. *In response, the Commission noted the Audit recommendation and highlighted that the Internal IT Unit is currently undertaking internal activities, including data cleanup to ensure warehousing data in the system is correct.*

**Status of actions taken on audit matters reported previously**

| <b>AR 21 Page, Para No., audit brief</b>  | <b>Status</b>   |
|---|---|
| <b>Page 48, Para No. 7</b><br>Settlement of tax assessment of R26.9m in respect of one importer.  | Resolved through recovery.  |
| <b>Page 50</b><br>Cases referred to SRC's Legal Unit.   | <b>Work-in-progress.</b><br>(1) One importer is included in the list of cases under consideration for write-off. The Write-Off Committee will undertake a thorough analysis to determine whether the case should be appropriately written off and (2) the Legal Department will enforce the relevant provisions of the Revenue Administration Act to recover the uncollectible revenue. |
| <b>AR 20 Page, Para No.</b>   |   |
| <b>Page 84, Para No. 2.4 to 2.5</b><br>Cash box not properly secured.   | Resolved.   |
| <b>Page 84, Para No. 2.6 to 2.7</b><br>Revenue collected at the Post Office not adequately supported.   | <b>Observation persists.</b><br>The Commission noted that it will ensure that revenue collected is adequately supported in accordance with the guidelines outlined in the Accounting Manual.  |
| <b>AR 18 Page, Para No.</b>   |   |
| <b>Page 57/58, Para 3.116/119</b><br>An ongoing reconciliation exercise on one importer, dating back to 2013, of BOEs raised in ASYCUDA against the importer's records is being undertaken by SRC.  | Resolved.   |
| <b>Page 59, Para 3.122</b><br>As at 31.12.2018, the dishonoured cheques <i>Treasury ledger balance</i> totalled R13.5m.   | <b>Observation persists;</b> Dishonoured cheques Treasury ledger balance stood at R16.7m as at 31.12.2023 whereas SRC had a balance of R18.0m. As at end of September 2024, SRC's balance was at R24.1m. The Commission has drafted internal procedures regarding the management of dishonoured cheques.  |
| <b>AR 17 Page, Para No.</b>   |   |
| <b>Page 91, Para No. 247</b><br>Despite having debts going as far back as 2008, no interest is being charged on the outstanding amounts as per the Revenue Administration Act, 2009, Section 41(1). | <b>Work-in-progress;</b> The Commission noted that the audit observation will be referred to the Customs Technical Committee for discussion and appropriate action.   |
| <b>AR 17 Page, Para No.</b>   |   |
| <b>Page 92, Para No. 255</b><br>No evidence of write-off of irrecoverable debts.  | <b>Work-in-progress;</b> Legislation enacted in December 2022 and the Write-off committee was set up in 2023. No cases of write-off were processed in 2023.   |

# 14

## CHAPTER 14

### Seychelles Bureau of Standards

#### **Introduction**

1. The Seychelles Bureau of Standards was initially established in 1987 under the SBS Act which was repealed in June 2014 and replaced by the Seychelles Bureau of Standards Act (Act 2 of 2014). The main functions of the Bureau include; "to promote standardization in industry and commerce; and to prepare draft standards and to declare them as Seychelles Standards."
2. An audit of the Bureau for the year 2022 was undertaken. The matters arising were presented to the management through the Interim Management Letter (IML) dated 22.07.2024, which was discussed at an exit meeting held on 07.08.2024. The final Management Letter was issued on 20.09.2024.

#### **Income debtors**

3. The Bureau had accumulated debts of SR1,335,520 as at 31.12.2022 against SR996,757 in 2021 or as at 31.12.2021, showing an increase of 34%. Audit reviewed 17 debtors with outstanding balances totaling SR1,134,328, from the aged debtors listing to confirm the effectiveness of follow-action taken for recovery. It was noted that reminders or other evidence of follow-up action taken was not maintained in the case of eight (8) debtors totaling SR 524,148 for periods exceeding 30 days as at 31.12.2022, contrary to PFMR 3(3) 2014. The regulations require the Accounting Officer to collect outstanding debts within the approved credit period. However, the Bureau did not have an approved credit policy or an effective follow up procedures.
4. *Management, in discussion, informed that debtors follow-up is done through telephone and mails and the date and time recorded on a file maintained together with the debtors age analysis. Audit follow-up, however, did not find any documented evidence of the action taken.*

**Payments for goods and services**

5. *Considerable delays in delivery of laboratory supplies:* In 4 cases, laboratory supplies ordered from overseas suppliers totaling SCR267,634 were received after 5 to 6 months following the date of payment. In view that undue delays in delivery of spares etc. may have an adverse impact on the ability of the Bureau to continue with its service delivery.
6. *Management explained that global shortages and restrictions on laboratory supplies, compounded by increased freight charges and delays due to COVID-19 and the Ukraine war, have caused significant delays in receiving items. Despite maintaining prices and justifying supplier choices, SBS has faced challenges with stock availability, manufacturing delays, and cargo freight issues. that issues with the shipment of laboratory supplies have persisted since COVID-19, affecting all suppliers.*

**Status of action taken on matters in Annual Report 2021**

| <b>Page, para, Audit brief</b>  | <b>Status</b>   |
|---|---|
| <b>70, 3</b><br>Bureau had not performed monthly reconciliation between the Quick books and Ledger.                       | <b>Unresolved:</b> Reconciliation is yet to be done properly and timely between QB and ledger   |
| <b>70,3</b><br>Daily collection at the year-end was not deposited to the bank promptly.                                   | <b>Unresolved:</b> banking was not being done timeously.  |
| <b>70,3</b><br>Accumulated debts of 1,424,226 as at 31.12.2020 of which 38% (SR542,331) were overdue in excess of 90days. | <b>debt collection efforts improved:</b> SR1,335,519 outstanding as at 31.12.2022 of which SR214,920 (16%) was due for periods exceeding 90 days. |
| <b>70,3</b><br>Revenue vouchers were not supported by the relevant receipts issued  | <b>Unresolved.</b> Same issue was sighted in audit performed in current year.   |
| <b>70,4</b><br>GRN were not signed by the preparer in certain instances   | <b>Issue remains:</b> GRNs were signed by the preparer  |
| <b>70,4</b><br>No evidence of performance of requisite checks by Accounts personnel on the GRNs.                          | <b>Issue remains:</b> 7 GRNs were note signed by Accounts   |
| <b>71,5</b><br>Incorrectly classification of non-financial assets and repairs and maintenance accounts.                   | <b>Issue remains:</b> Misclassification of air-conditioning units and related installation costs in 2 items                                       |
| <b>71.5</b>   | <b>Issue resolved:</b> Alternative quotes were sighted for purchase of assets.  |



---

|  |  |
|--|--|
| No alternative quotations relating to the purchase of non-current assets       |  |
| <b>71.5</b><br>The fixed Asset Register was not updated                        | <b><i>Issue remains:</i></b> Laboratory equipment and furniture were not recorded in the register. |
| <b>71.5</b><br>The physical verification has not been performed over the years | <b><i>Issue cleared:</i></b> Physical verification was performed during the year                   |

# 15

## CHAPTER 15

### Seychelles Human Rights Commission

#### **Introduction**

1. The SHRC (Commission) was set up under the Seychelles Human Rights Act, 2018. The Commission has powers to resolve any dispute or any act or omission emanating from or constituting a violation of or threat to any human right through mediation, conciliation and negotiation.
2. An audit of the accounting records maintained by the Commission was undertaken for the year 2023 with the principal objective to perform sufficient tests to verify that financial transactions of the Commission were in conformity with the applicable provisions of the financial laws and regulations. The matters arising were presented to the management through the Interim Management Letter (IML) dated 07.05.2024, which was discussed at an exit meeting held on 23.05.2024, and subsequently, through a management letter dated 14.06.2024.

#### **Wages and Salaries**

3. The Commission had 12 employees and a total expenditure of SR3,871,222 was incurred towards their payroll at the year-end 2023. The payroll was processed through the Treasury centralised system of payments. Audit examined the payroll and relevant records and observed that:
4. ***No approved establishment register:*** The commission was yet to put in place an approved Establishment Register/nominal roll for the orderly processing of the payroll and to facilitate better personnel management. Normally, an approved Establishment Register would provide different post numbers to different levels of staff according to the organization structure. It was noted that all employees were allocated the same post number (0000-0000-000) on the payroll. This was not in line with the PSPM (Order 29 read with procedures manual 9) requiring that the Public Service Organisations shall update and maintain their respective Establishment Register. It is further provided that all positions in the Public Service shall feature on the register that is to be approved by the authority

responsible for Public Administration (erstwhile DPA and now PSB). PSO 30 and 31 further refer to variations to the establishment register and the appointments to be limited to establishment register, respectively.

5. *The Commission in its reply dated (04.06.2024), taking note of the relevant provisions of the Policy and Framework on the Reclassification and Standard of Budget Dependent Public Bodies, 2015 – 2nd Edition as contained under the “Governance and Accountability” section, advised that this is a policy matter. The Commission will address the matter to determine if the Commission is a public body or an independent institution when the new Commission convenes.*
6. **Leave records not updated:** In the two instances, the leave records of two staff were not updated correctly resulting incorrect leave balances at the time of the audit. These were however, rectified following the audit.
7. *The commission replied (18.10.2024) stating that these (the above two cases) were rectified following the audit.*

#### **Goods and Services**

8. **Supporting documents not sighted:** In the case of 14 payments for goods and services, totaling SR333,838, Audit noted that the required supporting documents, such as, a completed cheque requisition form (control document) and/or a proper invoice were not sighted. To illustrate, (a) in 7 payments the cheque requisition form was not found attached; (b) in six (6) cases, the original/proper invoice was not seen instead a pro -forma or a quotation was attached; (c) in three cases, the required three quotations were not found.
9. *Due to late purchases in December 2023 there were some delay in filing. Hence, these documents were not sighted at the time of audit. The Commission agrees with recommendation that approved cheque requisition form along with all the relevant supporting documents should be properly maintained in the respective payment files ensuring their retrievability to substantiate the payments made for ease of reference and audit trail. To note that the filing exercise is being carried out and all documents will be made available. The reply (18.10.2024) stated that the filing exercise has been completed.*
10. **Payments made to individual:** In 13 cases totalling SR102,000, the monthly payments based on a contract for IT services were made to an individual instead of in the name of the businesses name appearing on the relevant invoices and other documents.
11. *The reply stated that supplier has been providing the service to SHRC since its inception. He has advised that he transacts his business in his personal account. Hence payment made to him was on his personal account. Management agrees with the recommendation*

*that payment of invoice from one service provider should have been made on business account. Immediate action has been taken for Supplier to transact on a business account. He has already supplied SHRC with his business account details and tax details. Effective 13th May 2024 all payment is being done to the Supplier on his newly open business account.*

12. **Acknowledgement of goods:** As per Accounting Manual 2020, section 7.6 for Delivery states that a) for all goods received by an MDA, an officer responsible for stores or the head of admin shall prepare a Goods Received Note (GRN) (FG-002). Contrary to this, in 43 cases, the purchases (including some fixed assets) amounting to SR1,125,903, the receipt of the goods was not acknowledged through GRN, or alternatively, by stamping and signing on the relevant documents that the goods ordered has been received in good condition and in the correct amount.
13. *GRN was not in practice in the SHRC. The management agrees with recommendation of the OAG. The reply stated that GRN has been introduced.*

#### **Fixed Assets**

14. **Fixed Assets Register:** The Commission provided a softcopy of an Asset Register in excel format exported from the Asset Management Software. Scrutiny of the register revealed a lack of pertinent details, such as, the cheque number reference and the purchase price. In some cases, the purchase price was wrongly disclosed.
15. *The management agrees with Auditor General's comment. From 2019 to 2023 All assets are already recorded in the Fixed Asset Register. However, a few descriptions need to be verified. The reply (18.10.2024) stated that the exercise has been completed.*
16. **Assets not Physically verified:** Section 12.3 (f) –Other Assets- of the Department Accounting Manual specifies that “physical verification of assets is to be carried out at frequent intervals and at year end” and that any discrepancy found is to be investigated and appropriate action/adjustment is to be made. All such checks carried out must be evidenced in the respective registers being maintained. However, there was no recorded evidence that the Commission did perform a physical verification of the assets in its custody.
17. *The reply stated that a new system has been set up, and further, every quarter physical verification will be conducted by the Administration Officer and the CEO and approve.*
18. **New assets not updated:** Section 12.3 (e) of the departmental accounting manual requires that all registers are to be kept up to date at all times. However, Audit noted 16 purchases costing SR273,513 were not up-dated in the Assets Register at time of the audit. Further, one filing cabinet was not sighted by Audit during the physical verification of assets. When

queried, Audit was informed that the cabinet is yet to be collected from the supplier albeit payment was made in December 2023.

19. *The reply stated that the 16 purchases have been updated in fixed asset register, and further, the filing cabinet has now been received and documented.*
20. **Rush of expenditure:** During the year under review, the Commission made procurements of Non-Financial Assets (NFA) costing some SR450,153, against a budget allocation of SR39,680. Of these, the most of the assets (costing SR376,363) were purchased in the month of December indicating a rush of expenditure before the closure of the budget.
21. These assets included MS office standard 2021-desktop perpetual version for 20 users (SR151,800), a heavy-duty printer (SR 86,250), chairs (SR81,200), computer monitor, projector and laptops (SR42,375). Audit was informed that although the cheque was made in December 2023 for SR151,800 for the MS Office standard, it has not been installed/released at the time of audit in March 2024.
22. *According to the management, Commissioners approve the list of items to be purchased in December at a meeting held on 06.12.2023.*



## CHAPTER 16

# Public Health Authority

### **Introduction**

1. The Public Health Authority established 2013 has a mandate to regulate, monitor and evaluate all health-related services and to ensure they adhere to good practices in the interest of the general public.
2. The audit covered the year 2023 with the objective of ensuring that the financial transactions relating to various accounting areas were in order and in accordance with the applicable rule and regulations. The matters arising were firstly conveyed to the management through an Interim Management Letter (IML) dated 02.10.2024, and in the absence of an exit meeting, secondly through a management letter (ML) dated 17.10.2024. At the time of drafting the report no reply was received from management.

### **Use of Goods and Services**

3. **Procurement without quotations:** In two (2) instances, the payment of SR64,000 towards the buffet lunch for team building event and SR57,000 for rentals of tents/marquees, Audit did not find required three (3) quotations obtained to ensure competitiveness of the prices being paid.
4. *In reply (19.11.2024), the management indicated that two quotes were sought for the payment of SR64,000 but only one was received. Audit, however, did not find the evidence during the follow up.*
5. **Overpayment of board fees:** A member of the PHA Appeals board was overpaid by R9,000 in March 2023. In this case, the appointment took effect from 15 August 2022 at an applicable fee of R3,040 per month, however, the member was paid at a rate of SR1,500 up to the end of February 2023 resulting in an underpayment of SR1,540 per month (SR3,040-SR1,500). In March 2023, the member was back dated resulting in the overpayment of SR9,000, as the back pay was SR19,085 instead of SR10,085.
6. *The reply did not address the above.*

7. **Consultancy works:** One consultant was paid SR405,420 for the national heart survey carried out in Seychelles under the local consultancy fee vote. However, audit did not find the procurement approval from NTB as per Circular No 11 of 2017, where such approval is required for consultancy works for any amount.

8. *The reply (19.11.24) stated that the consultant was chosen under direct bidding 63 (2) (a,b) as he was assisted with previous four (4) surveys and because of the need for the continuity, standardization, reliability and confidentiality of the information collected and the work completed within the time frame provided.*

9. **Procurement without TB approval:** Audit observed that a payment of R853,476 was made to a genetics corporation as a prepayment for 120 tests for ongoing Hereditary Cancer Research, vide Payment Voucher No. 029P233619 dated 18.12.2023. However, the procurement approval from NTB was not sighted, as required for works over SR850,000 per Circular No. 2 of 2023 – Amendments in Procurement Thresholds, Goods and Services and Works.

10. *While justifying the need for the procurement in historical context, the reply stated that given that the financial year was closing on 10.12.2023, and allocated funds for the research project would have expired in less than a week, we decided to proceed with prepayments of the kits which were to be used throughout the next year. the prepayment ensured that the funds allocated for this project were not lost.*

#### **Transactions without essential supporting documents**

11. It is essential for the audit to review payments documents together with their supporting documents to ensure that the financial transactions of the Authority have been carried out properly with due consideration for the applicable rules and regulations. However, audit could not obtain the relevant payment vouchers and their supporting documents as described below.

- a. the payment vouchers no 029P220073 dated 27.01.2022 under which one company was paid a sum of SR1,231,865 for the purchase of various medical supplies could not be located putting in doubt the propriety of the financial transaction; and
- b. according to the treasury ledger, two (2) vehicles, Toyota Hyrider Jeep, were acquired for a total of SR1,110,000. However, the audit could not confirm the payment details in the absence of the relevant payment voucher #029P233503.

### Non-Financial Assets

12. **Year-end physical verification not performed:** Audit did not find any evidence that periodic physical verification of assets as conducted during the year under review, as there was no signed documentation to support such activity. This is a departure from the AM 2020 paragraph 12.3 (g).
13. *The physical verification which is in progress is anticipated to be completed by mid-December this year.*
14. **Assets physically sighted not traced to the FAR:** A sample of ten (10) assets was selected and traced to the FAR, whereby five (5) assets comprising 3x Dell monitors, 1x Dell laptop and 1x wooden table were untraceable in the Register, as they lacked identification numbers.
15. *The reply indicated that Management will ensure that all assets are properly recorded in the FAR going forward, and that the identification numbers listed in the FAR are accurate. Additionally, the Asset Officer has issued an email reminding staff that identification numbers are always affixed to the assets.*
16. **Discrepancies upon physical verification:** Fourteen (14) payment vouchers worth R161,816 for newly acquired assets in 2023 and twenty (20) pre-owned assets was also selected from the FAR for their physical verification, revealed that:
- in two instances, the assets, namely, 1x HP Laserjet Pro printer and 1x locker (4 doors), were found in locations which did not agree to the recording in the FAR; and
  - in one instance, audit was unable to physically sight 1x Sharp Air conditioner costing SR7,800, which was allocated to PHO-Anse Aux Pins.
17. *The reply stated that (a) the unit requesting the item specified a particular location upon purchase. However, when the unit received the item it was delivered to a different location without notifying the Asset Manager of the change; and (b) the make was a mistake and incorrectly stated and has since been corrected. Audit will verify during the next audit.*

### Stores - medical and material supplies

18. **Quoted / purchase order amount differed from the invoice amount:** In two (2) cases, audit found that the payments for the purchase of a labscrape and vector control consumables for SR457,551 and SR1,068,470 respectively, did not agree to the supporting documents such as invoices/quotations/purchase orders, for which no justification/clarification was provided.



19. *The reply did not address the issue satisfactorily, and the documents provided did not relate to the issue.*

20. **Goods purchased not received by PHA:** A payment for SR173,718 to a company in Kenya under the laboratory supplies vote was paid vide PV 29P231741 dated 07.07.2023 for nucleic acid extraction for PHL, categorized as a non-stock item. In the absence of Goods Receipt Note (GRN), which was not made available to Audit to confirm the receipt of the goods. The procurement file, however, showed a request for a refund as the supplier was no longer a distributor of the requested supplies. At the time of this report (November 2024), no refund had been made to the Authority.

21. *While providing copies of email correspondence with the supplier on the issue, the reply indicated that a refund is being sought. The latest email was dated 11.10.2024.*

### **Wages and Salaries**

22. Audit reviewed a sample of ten (10) overtime payments made in 2023 and verified the amounts paid. It was observed that in three (3) cases, employees who received overtime pay totalling R13,329 were also awarded commuted overtime allowances.

23. *In reply, management stated that a program was initiated by the Public Health for fumigating of mosquitoes in the evening due to the increase in dengue cases. With the re-allocation of drivers, the overtime claims for drivers have been discontinued.*

### **Transport Management**

24. **Non-computation of fuel analysis:** Although the Authority recorded the total amount of fuel used for each transport on a monthly basis, they were not completing the fuel consumption analysis as per the Accounting Manual, 2020.

25. *Management acknowledged the deficiency adding that the calculation will be performed according to standard.*

26. **Log Books unavailable:** Audit could not ensure that the vehicle log books of GS30558, GS31465 and GS38702 were maintained properly, as per the Accounting Manual, 2020, in view that the same were not produced for audit review.

27. *Management's response was that misuse of GS30558 and GS31465 was detected and appropriate action was taken resulting in termination of the driver's employment. In the case of GS38702 was an exchange for GS21170 which had a recurring issue with its push-start button.*

28. ***Log Books not maintained properly:*** Audit review of a sample of log books revealed the following:

- journeys of two different vehicles, GS36956 and GS36955, were being maintained in the same log book;
- a total of 294 kms of GS1179 were not recorded in the vehicle log book between 20.03.2023 and 11.09.2023; and
- employee/driver name and/or his signature were not recorded in the log book of GS1179 on 01.01.2023.

29. *According to management the car assigned to the driver who usually drives GS36955, was under repair and since the driver of GS36956 was on sick leave the car was available. The driver of GS36955 was therefore authorised to drive GS36956. It was an oversight on the driver's part to log GS36955 instead of GS36956. Management will communicate with all drivers to be more attentive and careful in future, and will also ensure that management personnel record their journey details appropriately.*



## CHAPTER 17

# Seychelles Maritime Safety Authority

### **Introduction**

1. The Seychelles Maritime Safety Authority (Authority), previously a Department, was set up under the Seychelles Maritime Safety Authority Act, 2019 (as amended) and is mandated to administer, regulate, co-ordinate and oversee maritime affairs. The Authority came into operation effective April 2020.
2. An audit of the Authority was undertaken for the year 2023 with emphasis on the systems of revenue, payroll, procurement for works, goods and services, fixed assets and transport management. The principal objective of the audit was to perform sufficient tests to ensure that transactions of the Authority were conducted in conformity with applicable financial regulations, procedures and policies, as prescribed in the relevant manuals and circulars.
3. The matters arising were conveyed to the Authority through an interim management letter (IML) dated 18.03.2024, which was discussed at a meeting held on 15.04.2024, and subsequently, through a management letter dated 28.05.2024.

### **Revenue**

4. The Authority collects fees from different activities namely; registration of ships; undertaking surveys; inspection and issuance of safety certificates for ships; including the fishing vessels; issuance of licenses for ships, operating ferries, dive centres, dive operators, and marine surveyors; providing certification relating to examination, revalidation, authentication, endorsements and marine surveyors; exemption from certification and issuance of dispensations for seafarers and all other commercial water sports activities.
5. The revenue collection during 2023 was SR10,569,209, which was over the budget estimates of R4,430,000 for the year. The factors contributed to the increase, as explained by the Authority, were a new upwardly revised fee structure introduced subsequent to formulation of budget estimates and that earlier the license fees, which were collected by the SLA, are now being collected by the Authority.

6. In the year under review, the Authority installed a new software known as Maritime Licensing System (MLS) which has provision for maintaining database relating to the above-mentioned types of licenses. The system is stated to be a workflow-based management platform designed to streamline the submission, processing, and approval of maritime licenses and offers other key features including support for document imaging and electronic attachments, authentication and authorization, revenue collection module providing features for generating debit notes, managing payments (receipts), and receipt management. Its 2nd and 3rd phases are yet to be implemented which will include:
  - implementation of an electronic service allowing consulting agencies to lodge inspection report and/or assessments via the internet.
  - launch of an electronic service enabling businesses to apply for new licenses and renew existing ones via internet
7. Although, the system is under implementation, it does not enable a mechanism to verify completeness of the database in terms of licensable vessels, ships, boats etc., including flagging of licences due for renewals. In the absence of a complete and updated database with the Authority, there is a possibility of revenue leakage taking place. During discussion, it transpired that there is no deterrent mechanism available with the Authority to deal with the matters regarding delayed and non-payment of fees.
8. *The management stated, in its reply dated 13.03.2024, that the system is not automated and was provided by the DICT. It requires manual inputs, processing, verification and monitoring of data by the Authority officers. The Authority also does not know if the database is complete and to ascertain this, an exercise has not yet been carried out due to lack of capacity. Furthermore, the data can only be verified against SMSA' current database of vessels which is in respect of the vessels measuring above 10 metres in length only; since until the proper legal framework is enacted for the creation of a database of vessels measuring below 10 metres in length, the Authority does not have such data to compare to the current data in the MLS.*
9. **Outstanding debtors:** Audit was informed although the fee payments are normally collected upfront and there is no credit policy in place, certain situations do arise which results in non-payment of invoices. Such situations include, departures of vessels, etc. Audit is of the view that the monitoring and control mechanism need to be revisited and strengthened to prevent such situations, in accordance with good practices in similar situations.

10. Further, according to an aged Debtors' summary, an amount of SR393,036 was outstanding for collection. Of the same, SR101,180 was over 90 days, however, there was no monitoring mechanism including a credit policy in place to deal with debtors and ensure that the same is recovered in a timely manner.
11. *SMSA has a procedure manual in place. However, the Authority does not have a dedicated employee to review the debtors on a daily basis and this leads to backlog of debtors.*

### **Payroll**

12. Audit tested a sample of ten (10) employees' personal file to ascertain as to whether the leave records were correctly maintained and the same was up to date, and noted that:
- the leave balances on record were incorrect (over/under) in respect of three (3) staff members;
  - two employees had accumulated 73 and 54 days respectively, which were in excess of the upper ceiling of 42 days;
  - the ex-CEO, following his end of contract employment, was paid 147 days accrued leave encashment amounting to R322,586 (net of progressive income tax R123,799). In this regard, Audit could not find the Board approval for the excess leave accumulation and the personal file to establish the admissibility of the payment made;
- three (3) employees on 2 years continuous employment contract with the Authority subject to renewal every 2 years, were not included on payroll. Their monthly salary was instead paid through payment vouchers at the Treasury. The payroll information of the Authority was thus incorrect and incomplete. The monthly salary of the three employees holding key senior technical positions was SR97,800, SR36,000 and SR45,000 respectively.
13. *Management responded in writing that: (a) the leave record has been updated and same can be reviewed at the Head Office; (b) due to the complexity of staff duties and a shortage of personnel at SMSA, employees were unable to take their annual leave. As a result, annual leave has accumulated. The Authority plans to implement an Annual Leave plan; (c) the Board was aware; however, no document was issued for such approval. The employee's personal file was sent to the PSB at the time of auditing. When it returns to SMSA it can be made available; and (d) despite the complexity of their job titles and salary, these staff members have not been included in the payroll. The situation arose due to multiple attempts by the Authority to seek approval from the DPA and now the PSB. Additionally, the certification of their respective certificates by the SQA is still pending.*

*Given that these three individuals hold technical roles that are challenging to replace, the Authority has decided to retain them on continuous contracts, as approved by the PSB.*

### **Goods and Services**

14. Authority incurred total expenditure of SR4,675,090 during the period under review. Audit examined a sample of 48 payments, amounts totaling SR1,608,436, and observed that in 9 instances, the procurement of goods and services totaling SR120,876 were without minimum three quotations to ensure the competitiveness of the prices; (a) toner cartridges (SR45,014); IT support (SR13,680); Office partition (SR28,155); stationeries (SR5,905); and printing (SR28,122).
15. *Management stated, in reply, that despite facing challenges in procuring non-financial assets and having only one willing supplier, the Authority will ensure compliance with the provisions outlined in the Public Procurement Regulations (PPR) for the acquisition of non-financial assets. Subsequent to the audit exit meeting, the management further stated that the Authority encounters difficulties when seeking pro-forma invoices for goods and services. Suppliers are often unwilling to provide a quotation if goods have not been bought from them and vice versa for services. Also, the new 2023 circular (07 of 2023) from POU does not mention the need for three quotations.*
16. Audit would like to point out that despite the changes in various thresholds and the approval levels, as per the above stated Circular, the requirement for transparent and competitive procurement of goods and services in the public sector is still entrenched in the procurement procedures and, as such, the competitive price quotes should be obtained prior to approval by the Accounting Officer.

### **Transport**

17. The Public Finance Management Act 2012 (PFMA) and Regulations 2014 (PFMR) stipulates that (i) details of all Government vehicles and heavy plant are recorded in a Register of Vehicles and heavy plant, (ii) all mileage is correctly recorded and accounted for in log books; and (iii) other details such as fuel and fuel consumption are to be registered in log book and a Register of Vehicle Repairs.
18. The Authority had two vehicles for operations for which an expenditure of SR106,389 was incurred during the year 2023; R35,700 related to purchase of fuel, SR36,362 to repairs and maintenance and SR34,327 for insurance/license. Scrutiny of the transport records maintained revealed the following:
  - as per the Accounting Manual section 7.10 (e) a fuel consumption analysis is to be prepared on a monthly basis in respect of all government vehicles. This should be

recorded in the Vehicle Log Book. Fuel consumption per month is calculated by dividing the total mileage covered for the month by the number of fuel in litres issued/used. However, the Authority did not perform the required analysis for ensuring the efficiency and economic use of vehicles;

- in the daily mileage logbook, the number of kilometres travelled for each journey was not recorded in the specified column. There is also no sign-off to indicate that there is monitoring by a supervisor;
- fuel coupons/forms issued to vehicle for the period 18.07.23 to 28.07.23 (SR3,400) and 03.08.23 to 28.12.23 (SR24,100) were not found recorded in the vehicle logbook;
- it was noted from the fuel register that fuel coupons totaling SR12,600 were issued for GS21576 during the period January 2023 to June 2023. However, the vehicle logbook for the same period was not found inhibiting further audit work; and
- the logbooks were not maintained properly as there were gaps in the mileage recording whereby the closing meter reading did not correspond to the opening one the following day and, further, in some instances, the number of kilometers traveled was not entered in the book resulting in incomplete record of vehicle usage.

19. Management stated, in reply, the following:

- *The fuel consumption was not carried-out, however, now considering the acquisition of a new transport for the Authority a mechanism has been established to ensure that same is not repeated.*
- *Corrective action commenced when the new driver took post in May. Corrective action is ongoing and checked regularly.*
- *Corrective actions undertaken to ensure fuel coupons are stated in the vehicle logbooks.*
- *Prior to introduction of vehicle logbook, the records were kept in a binder. The said binder has been misplaced. However, logbooks are being stored safely. Furthermore, a check system will be implemented to ensure no loss of records. Subsequent to the exit meeting management stated that the logbook is still missing, apparently misplaced by the previous driver who no longer in employment with the Authority.*
- *Corrective action to be taken and verification procedure to be implemented.*



## CHAPTER 18

# Seychelles Infrastructure Agency

### **Introduction**

1. The Seychelles Infrastructure Agency (SIA), established under the Seychelles Infrastructure Agency Act, 2021, is mandated to provide technical services for civil engineering and construction projects to all Government ministries, departments and agencies, and to provide maintenance to government properties.
2. The Agency commenced operations with the transfer of personnel from the former Infrastructure Division of the Ministry of Lands and Housing, and other government institutions, to the Agency effective March 2022. The appointment of the Chief Executive officer took effect from 12 March 2022.
3. An audit of the Agency was to performed for the period from March to 31 December 2022 with a principal objective to gain reasonable assurance on the reliability and completeness of the accounts and records and that the financial transactions were conducted in conformity with the applicable procedures.
4. The matters arising from the audit were conveyed to the Agency through a discussion paper dated 23.11.2023, which was discussed at an exit meeting held on 11.01.2024 and, subsequently, through a management letter dated 12.07.2024.

### **Payroll**

5. The Agency employed some 132 staff as at December 2022. The Agency's personnel were those transferred from the former Division of Infrastructure of the Ministry of Land Use and Habitat and others different Ministries and Departments of the government.
6. **Excessive leave balances:** Audit examined the payroll records to confirm compliance with the relevant procedures and noted, in six (6) cases, the leave balance staff members were well above the permissible limit of 42 days as at 31 December 2022. In another case, the staff had a negative (deficit) leave balance of 6.25 days, indicating excessive leave taking, as at December 2022.
7. *The management, in discussion, while commenting that the Agency had inherited the problem, explained that steps would be taken to prepare leave plans prior to the beginning*



*of every year and the staff are being encouraged to take their leave as per their respective leave plans. With regards to the staff who had a negative leave balance, the Agency explained that the staff was overseas attending to personal matters and needed additional days.*

8. **Delays in updating the payroll:** From a sample of ten (10) leavers examined, it was noted that four (4) ex-employees were still on the payroll (without pay) at the time of audit.
9. In view that delays in the removal of leavers may lead to salary over payments, Audit pointed out the need to update the payroll in a timely manner considering also the treasury deadlines for such amendments.
10. *The management stated, in discussion, that the necessary steps would be taken to conduct appropriate checks on the payroll to prevent a recurrence of the issue.*

#### **Mileage records**

11. The audit review of the mileage records in logbooks maintained in respect of three (3) vehicles revealed gaps in the recording of mileage in all three cases. Audit pointed out that this may lead to misuse of the Agency vehicles, and advised that steps should be taken to ensure proper mileage record keeping in line with the relevant governmental procedures.
12. *The management responded, in discussion, that taking into consideration the fact that many trips are done per day as a result of the nature of their work, the agency has adopted an easier way to verify the mileage records; that is to perform checks on mileage records on a weekly basis to verify if the mileage done is within a reasonable amount and within the average weekly usage. Any anomaly observed while performing the checks are investigated.*

#### **Fixed Assets register**

13. The Agency procured various assets costing SR2,854,341, inclusive of three (3) vehicles, during the period under review. Audit examined a sample of fifteen (15) payment documents and noted that (a) an interactive screen (75",4K) purchased at SR129,950, (PV 222432 dated 21.12.2022) was recorded twice in the asset register; and (b) in 12 cases, costing a total of SR1,851,760, the various assets purchased during the year, including the three vehicles, were not entered in the Fixed Assets register.
14. *The management, in discussion, accepted the finding and explained that checks are being done. Further, the Agency did not have an administrative officer, hence there were some backlogs of assets that had not yet been recorded in the asset register and now they are being dealt with. The Agency will provide Audit with the updated asset register once this is completed.*

# 19

## CHAPTER 19

### Seychelles Fire Rescue and Services Agency

#### **Introduction**

1. The Seychelles Fire and Rescue Services Agency (SFRSA), established under Act 16 of 2010, comes under the purview of Minister of Internal Affairs. The primary functions of the SFRSA is to protect life and property when a fire or other emergency occurs.
2. An audit of the Agency was undertaken for the year 2022 with the principal objective to perform adequate tests on the financial transactions of the Agency to gain reasonable assurance as to the proper occurrence of transactions, authorization, adequacy of documentation, correct accounting and recording of the expenditure, in accordance with the applicable financial regulations, instructions, orders and circulars.
3. The matters arising were conveyed to the Agency first through a discussion paper (IML) dated 17.07.2023, which was discussed at an exit meeting held on 27.07.2023, and subsequently, through a management letter (ML) dated 02.11.2023.

#### **Payments for Goods and Services**

4. The Agency's operating costs relating to goods and services for the year under review was SR13,007,235. Audit examined sixty-two (62) payments totaling SR877,908 and observed the following.
5. **Requisitions made post procurement:** In 14 cases, the internal requests for the purchase of goods and services and LPOs were raised after the goods had already been procured and received indicating that the authorisation procedures were merely a formality, and the same was not operating effectively. It was further observed that, in 3 cases, where multiple items were required, the requisitions and the LPOs were made by grouping of items, without indicating the names of the individual items falling in the group; for example, "ration", "goods", "stationery" etc. This method of requisition could not be considered transparent and proper as it did not detail the items being purchased.
6. *In discussion, the Agency acknowledged that there were some instances where goods were purchased before raising LPO. This was done mainly in time of emergencies. The reply (17.10.2024) further added that the Agency being a first responder it is sometimes unable*

*to follow proper procurement procedures. In instances of prolonged emergencies, we have procured goods and made requisition procedures post procurement. Due to our limited and in appropriate storage facilities we cannot store a lot of consumables goods for long periods. This has been brought to the attention of POU.*

7. **Other procurement issues:** Audit also noted that (a) in five (5) payments totalling SR161,097, the acknowledgement of the receipt of goods and services was not recorded on the relevant documents in evidence of the delivery of the goods and services ordered and received; and (b) in 4 cases, the purchase of minor consumable items, such as food, juice, cleaning and consumables supplies were made from a single supplier without any price comparison from other suppliers.
8. *The Agency, in discussion, while acknowledging the audit findings stated that Accounts will be more vigilant on checking/verifying of documents before processing payments. As per communication with Stores, the stock system can generate GRNs, which will be used from henceforth. The reply added that the GRN form is operational and was in use from 2023, notwithstanding some ongoing issues with the computer system that needs to be rectified.*
9. **Re-order level not established:** The Agency maintain stores containing cleaning materials, foodstuff, stationery, other consumable items, spares and others. Audit observed that whereas a stock system is maintained electronically, re-order levels and quantity were not input in the system.
10. Upon enquiry, Audit was informed that procurements were initiated when a reduction on stocks was physically observed. Audit is of the view that given that Agency is providing fire-fighting services, which are of emergency nature, it is important to maintain sufficient stocks of the items it requires at all times and a reorder level will help in this respect and minimize the need for emergency purchases.
11. *The Agency stated in its reply (17.10.2024) that the stock system does have a reorder level that can be viewed on screen, however, does not appear on printed documents due to the programming design of the system. We are working with the service provider to rectify this printing issue.*
12. **Procurements without quotations:** In two (2) instances, totaling SR193,327 (SR63,027 and SR130,000), for the purchase of uniforms from two companies, Audit did not find the requisite minimum three quotations to ensure competitiveness of the prices being paid.
13. *The management explained that when making purchases, it is difficult to get quotations because of limited suppliers and the available one refuse to give quotation if purchase is*

*not done with them. Besides, SFRSA has an internal procurement policy whereby two (2) quotations only are required for purchases exceeding SR20,000 to SR50,000. Its internal procurement committee will try their best to obtain 3 quotes. The reply (17.10.2024) added that uniforms which were previously procured from only two companies are now being procured from five companies; three on Mahe, one on Praslin and one on La Digue.*

14. Audit is of the view that the internal procurement policy should be in conformity with the requirements of the Public Procurement Act and Regulations. Further, for the two (2) procurements of SR63,027 and SR130,300, the requisite two (2) quotations were not obtained, which is contradictory to even the internal policy. Moreover, the Agency could not provide evidence that the internal procurement committee was approved by the POU.
15. The reply stated that it acknowledges the above comments and will take measures to ensure that internal policy and committee adheres to the POU Act and PPRs.

#### **Fixed Assets**

16. The Agency purchased non-financial assets at a total cost of SR6,606,095 during the year under review comprising vehicles, firefighting equipment and machinery. Audit examined the records maintained and noted the following.
17. **Asset register not updated:** Section 12.3(b) of the Accounting Manual states that a register of inventory is to be kept by each Ministry or Department to record the contents of all Government offices, workshop, schools, houses and other enclosures occupied or in charge of public offices.
18. Audit review of the asset register revealed that it was not updated with 19 items out of a sample of 20 items purchased during the year.
19. **Asset identification numbers not allocated:** Audit attempted to conduct physical verification of a sample of twenty-three (23) items of fixed assets purchased during the year. However, Audit could not conduct the exercise in the absence of identification numbers (ID) assigned/affixed to the assets.
20. *The Agency stated, in reply, that the newly formed Asset Management and Support Service Section is undertaking the task of carrying out an inventory of the Agency assets and updating the asset registry which has proven to be difficult due to the system which frequently malfunction and poses usability challenges. In this regard, assistance for training has also been requested from Internal Audit, and still awaited. The reply also stated that identification numbers are being provided to the assets while the inventory is being made.*



## CHAPTER 20

# Health Care Agency

### **Introduction**

1. The Health Care Agency (HCA), established as a body corporate under the Health Care Agency Act, 2013, with the principal objective to promote, protect and restore the health of the public by modernisation of the health services in the country for which it has been mandated for providing and managing health services in the hospitals and community health centres.
2. An audit of the accounting records maintained by the Agency was undertaken for the year 2022 with the principal objective to perform sufficient tests to verify that financial transactions of the Agency. The matters arising were presented to the management through an Interim Management Letter (IML) dated 21.08.2024, and subsequently, through a Management Letter issued on 27.09.2024, in view that an exit meeting was not convened by the Agency to discuss the IML. The exit meeting was held only on 25.10.2024 and the comments offered are included in the following report.

### **Use of Goods and Services**

3. The Agency's actual expenditure for use of goods and services for the year 2022 amounted to R517,824,268. Audit examined fifty-three (53) payments totaling SR22,409,398 and noted the following.
4. **Absence of three quotations:** Audit did not find the required three (3) quotations in three (3) payments, totaling R362,627, in respect of sewing uniforms R110,400, cleaning services inclusive of fungus treatment for R134,206 and spare parts for syringes/infusion pump for R118,021. The payments were made based on the invoices received from the suppliers without seeking prior quotations for price comparison. This indicated a lack of regard for economy of the use of public funds, despite the procurements were approved by the CEO/DCEO.
5. *Management responded, in discussion, that certain services were being affected as a result of fungus infestation, hence the service provider for cleaning services, who had already*

provided effective service delivery was sought urgently. The procurement of spare parts for the syringes /infusion pump, was procured from the initial supplier of the equipment for compatibility purposes.

6. **High value procurements lack economy and transparency:** Audit examined a sample of high value procurements of recurrent nature and noted (9) cases where the suppliers were paid multiple times for a total of SR13,722,403 during the year 2022, without observing the necessary tender procedures, the prior approval of POU and, further, the contracts stipulating the terms and conditions of both parties and the payment conditions. The anomalies noted are indicated against each procurement as below.

| Supplier | Procurement     | No of payments | Amount-SR  | Audit remarks                         |
|----------|-----------------|----------------|------------|---------------------------------------|
| A        | CCTV coverage   | 12             | 270,000    | Contract and POU approval not sighted |
| B        | Vehicle repairs | 13             | 1,756,736  | Contract and NTB approval not sighted |
| C        | Vehicle repairs | 18             | 3,610,688  | Contract and NTB approval not sighted |
| D        | Works           | 5              | 828,700    | Contract and NTB approval not sighted |
| E        | Staff shuttling | 10             | 4,109,498  | Contract and NTB approval not sighted |
| F        | Tracker         | 11             | 248,331    | Contract and POU approval not sighted |
| G        | Cleaning        | 12             | 542,218    | Contract and POU approval not sighted |
| H        | Car rentals pou | 8              | 588,000    | POU approval not sighted              |
| J        | Pest treatment  | 26             | 835,842    | Contract and NTB approval not sighted |
| K        | K Works c       | 3              | 408,775    | Contract not sighted                  |
| L        | Solid waste     | 13             | 523,615    | Contract and POU approval not sighted |
|          |                 | Total          | 13,722,403 |                                       |

7. Management stated that a written responses will be provided to Audit. This has not been received at the time of this report (25.11.2024).
8. **Lack of payment documents:** In ten (10) cases, each payment exceeding SR50,000, and all totaling SR5,780,511, Audit did not find the requisite payment vouchers and the supporting documents to verify the accuracy and propriety of the payments effected. They payments were charged under different expenditure codes, such as, hospitality, training, repairs and maintenance, uniforms and bed linen. Of the total, SR3.9m was paid to Air Seychelles under the medical referral vote.
9. The Financial Controller will attempt to locate the payment vouchers and an updated status will be provided to Audit.
10. **Lease agreement not found:** The HCA was renting a warehouse situated at Providence with Seychelles Pension Fund at a monthly sum of R13,000 exclusive of VAT. A total of R74,750 was spent in 2022 as per the Treasury ledger. However, the relevant lease agreement was not made available for audit review, except for two letters from SPF captioned "Notice of prospective management transfer at Providence Warehouse".

11. *In reply, it was indicated that the agreement was terminated in late 2022. Relevant documents in evidence will be provided to Audit.*

12. **Procurement of security services:** The HCA obtained security services at different health centres on Mahe, Praslin and La Digue through 15 security firms for a sum of SR19.7m during 2022. Audit examination of the relevant documents revealed that, in 14 cases, totaling SR12,913,204, the procurement of the firms was without obtaining the prior approval of POU and the payments made were without contract documents stipulating the terms and conditions of services and payment conditions.

13. *The Agency has direct liaison with a contract manager at POU for this purpose. Attempts will be made to obtain copies of the contracts.*

### **Food and Rations**

14. The Agency's expenditure on food and ration supplies for the year 2022 included payments totaling SR23,228,981 to one supplier A. The audit review of the relevant records revealed that the engagement of the supplier was without the tender documents, prior approval of the POU and a contract stipulating the terms and conditions and payment terms.

15. Furthermore, the payments were made without issuing Good Receipt Notes (GRN) in acknowledgement of the food supplies received by the Agency from the supplier. Nor did the Agency obtain and retain copies of the Delivery Notes issued by the supplier. The payment vouchers were only supported by monthly supply summaries/table of deliveries on which there was no evidence of checks performed by the Agency to ensure the accuracy and completeness of the food and beverages being paid for.

16. *The management stated, in discussion, that the food supply contract has been finalised, and the delivery notes which they sign as evidence /in acknowledgement of the total meals received were not retained. A copy of the delivery note was only retained late in 2022 following an internal audit. Furthermore, a GRN is not always raised in acknowledgment. The Agency further explained that in 2023 a review of the usage (including assessment of food leftovers or food not used) and quality of foods was being assessed by HCA to mitigate food wastage.*

### **Non-Financial Assets**

17. The non-financial assets purchases amounted to SR65,696,074 in 2022. Audit examined the Fixed Assets Register (FAR) and other relevant records and noted as below.

18. **Lack of handing over certificate:** HCA recruited a new Asset Management Officer in 2023 following the resignation of the previous one. However, there was no proper Handing over

Certificate caused to have been prepared in evidence of the handing over of the relevant accounts and records to the Agency.

19. *It was explained that at times no proper handing over is performed, especially, in cases where resignations take place abruptly. More detailed written response will be provided to Audit.*

20. **Fixed Assets Register:** The audit noted that, in twenty-five (25) cases, involving a total of five-hundred and eighty-two (582) asset items costing SR18,147,276 were not yet recorded in the FAR.

21. *The Agency stated that this has been done, and an updated copy of the register is to be provided in evidence to Audit.*

22. **Physical inspections of assets:** Audit observed that physical verification of assets was not properly performed by the Agency during the year 2022. In the physical inspection performed by Audit, it was noted that:

- twenty-three (23 items) and twenty-four (24) items selected from the FAR were not physically found at the head office and other locations respectively;
- fifty-one (51) assets selected physically from the head office and other locations were not found recorded in the FAR, which was incomplete and not up to date; and
- thirty (30) asset items did not have identification numbers affixed thereon.

23. *The management confirmed that inspections have been completed, and documentary evidence will be provided to Audit.*

24. **Write-off records:** The Agency could not produce the Write-Off Register/ the Write-Off file maintained for audit verification, despite the provisions in AM to maintain a write-off register and update it each time an asset is written off. Also, it is required to maintain a file where all write-off applications and the approval received from Ministry of Finance are to be kept for record purpose. In the absence of these records, Audit was unable to ascertain the quantity and value of the assets written-off during the year under audit.

25. *In response, the Agency management stated that the needful has been done, and that documentary evidence will be provided during week ending 01 November 2024.*

### **Central Medical Stores**

26. HCA operates a Central Medical Store (CMS) which is headed by a Store Manager. A computerised system is used to record all receipts and issues of medicines, medical and laboratory supplies. Separate store is maintained for medicines as well as for medical and laboratory supplies, which is manned by an inventory officer under the supervision of a



Senior Inventory Accountant. The expenditure on medicines and other supplies amounted to R182,362,180 in 2022. Audit examination of the related transactions and the relevant records revealed the following.

27. ***Incurring a loss of some SR679,641:*** Audit observed that a batch of dental supplies costing GBP50,628 was ordered from company X in the UK. On placing the order, the relevant payment was made in for GBP50,628 in June 2022 to the bank account shown in the pro-forma invoice (MHS030 dated 18.02.2022). However, the supplier notified HCA that they were still awaiting the transfer of the funds.

28. Following an internal enquiry, it was noted that:

- the Senior Procurement Officer's official MoH email was hacked and bank details were changed on the pro-forma;
- an employee of the Procurement Unit made a statement stating that Procurement Unit received from the store a request for dental supplies as well as other non-sock items respectively. A quote was received on 18.02.2022 and the payment formalities for GBP50,628.85 equivalent to R1,002,957 was processed; and
- when Procurement Unit sent the swift copy to the supplier to confirm the payment, they were told that they paid into the wrong account. The FC was informed who then contacted MOF.

29. However, audit did not find any documentation showing that the service of an independent IT specialist from DITC or private sector was obtained for the alleged hacking of the email account of the Senior Procurement Officer to confirm or deny the incident.

30. Following the incident, the supplier and Barclays was informed through the Ministry of Finance. A letter from Barclays dated 23 June 2022 informed the Agency that only GBP16,320 was recovered and when this account was opened locally it complied with all regulatory requirements and they had no previous suspicions in relation to/around its operations.

31. However, audit did not find documentation showing that the Agency/MoF informed the Police, FIU or ACCS to investigate into this local account and establish its beneficial owner and take necessary action against the perpetrator.

32. The Agency repaid GBP50,628 to the same supplier on 07.04.2022 as per their debit advice equivalent to R963,553 and received all the goods as ordered. As a result, the loss occurred to the government of Seychelles was some SR679,641 (GBP50,628-GBP16,320=GBP34,308 @19.81).

33. *Management indicated that these scams were more common during the covid-19 pandemic and since then due diligence is being done with new suppliers given that such issues were not experienced with existing suppliers. Assistance is sought from the Ministry of Foreign Affairs in countries where there is an embassy for ease of the due diligence checks. It was further indicated that although the matter was not reported to the Police / CID, the Ministry of Finance and the Central Bank of Seychelles were informed accordingly.*
34. **Re-order level not computerised:** The Agency is using a computerised system for the management of its two stores. Audit noted however, that the computerised system was not used for obtaining vital information, such as, reports on the re-order levels. Re-orderings are being assessed by higher management, the Senior Inventory Accountant and the Inventory Officer based on consumption or level of stock. Audit further noted that both manual and computerised bin cards were being kept and were recording the GRN receipts details, Issue Note details and serial numbers respectively.
35. *Management stated that re-order is based on lead times. This matter is also discussed at weekly management meetings so as to ensure that there are sufficient stocks while also mitigating excessive stocks with eventual expiry of shelf lives.*
36. **Discrepancies in Stock count:** Audit reviewed the reports on the latest stock counts performed by the Agency and noted stock value discrepancies as follows:
- for medical and laboratory supplies, a variance of SR3,345,155 was noted between the physical stock valued at SR61,977,484 and the stock records value of SR58,640,296 as at 07.06.2023; and
  - for medical supplies, the variance between the physical stock items valued at R46,272,995 and the stock records value of R46,046,918 was SR226,078 as at 28.08.2023.
37. *In response, management indicated that there are several factors influencing discrepancies. In some cases, units of measurements are not necessarily accounted for in the correct way by some staff while in some other instances there may be recording errors. It was added that a recent exercise has been completed and copy will be provided to Audit.*
38. **Expired medical and laboratory items:** Audit reviewed the lists of expired items compiled by the Agency and noted that the expired medical and laboratory supplies were R6,043,626 and R5,123,363 respectively.
39. However, the expired items lists lacked the reasons for expiry, such as, slow moving, overstocking or being obsolete.

40. *In response, the Agency stated that the figures were inclusive of long outstanding accumulations. It was also explained that there are substantial stocks of antibody test kits that were ordered at the time of covid-19 pandemic which are not being used since the antigen test kits proved more effective. At the time of the pandemic there was a need to order substantial stocks to avoid stock outs hence a six months' stock of the antibody kits was procured. However, when it was observed that the results were more reliable with antigen tests, the former was substituted. Additionally, it was highlighted that in view of minimum order quantity requirements with certain suppliers coupled with extensive delay prior to receipt of the stocks, those with short shelf lives inevitably expires prior to full issue and use.*

### **Transport Management**

41. The Agency had a fleet of sixty-four (64) vehicles as per its Vehicles and Heavy Plant Register. Audit of the relevant records revealed the following.
42. **Vehicle Log Books not kept properly:** Audit examined the Vehicle Log Books for nine (9) vehicles and noted that:
- journeys were not always being authorised and evidenced in the daily mileage sheet/vehicle log book maintained;
  - independent checks were not always being carried out and evidenced by the authorised personnel;
  - fuel consumption analysis was not performed for ensuring the proper and economic use of the vehicles by comparing the number of km travelled against the amount of fuel used for a given period; and
  - purpose of trips, start time and end time were not always recorded.
43. An awareness letter addressing all of the above issues has been issued to all drivers and disciplinary action are taken for non-compliances. Documentary evidence of corrective measures implemented will be provided to Audit.
44. **Vehicle records not reconciled:** Audit obtained a list of vehicles registered in the name of HCA from SLA and compared it to the Agency's Vehicle and Heavy Plant Register. Audit noted that fifteen (15) vehicles not found on the Agency's list were included in the SLA records and two (2) vehicles on the Agency's list were not found on the SLA records. These differences need to be resolved through a reconciliation of the two records.
45. *The management stated that, in one particular case, the vehicle had been seized by the garage where it had been taken for repairs on the basis of outstanding payments. Further,*

*a reconciliation of the two records will be undertaken and an update will be provided to Audit.*

46. **Repeated accidents:** Audit reviewed the Accident Database and the case files on accidents maintained by the Agency and observed the following:

- ten (10) accidents were recorded in the Accidents Database in 2022 but, in three (3) instances, the information recorded were incomplete in that one ambulance involved in four (4) accidents and a 15-seater involved 3 accidents were not recorded. Further, in one case, the repair cost of the vehicle involved in an accident was not recorded;
- the Accident Report Form (FA-001) in duplicate with original to be retained in the concerned MDA; and duplicate to the Principal Secretary of Finance was found not completed for the ten (10) accidents occurred in 2022; and
- the Agency's accident file was incomplete in that the relevant police reports, driver statements, internal investigation reports and the evidence of refunds collected from the drivers who were found at fault.

47. *The management stated that, in cases, where the drivers were found at fault, the necessary deductions were deducted from their respective salaries. A review of the issues highlighted will be undertaken after which an update will be provided to Audit.*

#### **Revenue collection**

48. The Agency collects revenue from various sources. The audit examined the relevant records and noted as below.

49. **Receipt books not in accountable register:** The Agency received from Treasury 1550 triplicate receipt books and 100 duplicate receipt books in 2022 while it printed the invoice books. However, the receipt and issuance of these books were not recorded in an Accountable Document Register.

50. *It was affirmed that a register is being kept for this purpose. Management is yet to check and respond.*

51. **Debtors of R12.9m:** According to the Excel Debtors report as at 31 December 2022, the outstanding debts amounted to R12,976,485. However, the recovery action was slow and ineffective in that in seventeen (17) cases totalling SR2,250,498 there were no reminders sent out, as required by AM 6.9.1- Collection of dues (c).

52. *The management stated that there are cases where follow up actions have proved futile as debtors claim to have settled the balances. Management also pointed out that there is much*

*difficulty to substantiate this balance in the absence of proper accounting software for ease of maintenance of debtors' accounts.*

53. **Computerised Cashier Module not in use:** Audit observed that HCA was yet to introduce the Cashier Module for the invoicing and revenue collection processes. As a result, there were deficiencies in revenue collection as the invoicing and collection processes were through manual invoices and receipts which can be prone to errors, delays and manipulation.

54. *The Agency management will try to implement the cashier module to mitigate some of the challenges being faced.*



## CHAPTER 21

### Health Care Agency

#### Mortuary and Post Mortem Fees Collection

##### **Introduction**

1. On 13 February 2024, following the suspension of one Senior Mortuary Assistant, the Acting CEO of Health Care Agency (HCA), requested the Office of the Auditor General to undertake a special investigation at the Mortuary, particularly, into the revenue collection from the mortuary and post-mortem fees payable for such services. There were allegations that the collections were not being handed (remitted) to the Cashier's Office located near Ward pharmacy for banking and accounting, as per internal procedures.
2. As was pointed out, the major allegations against the employee were that he:
  - misappropriated a suction machine of the Mortuary for personal gain;
  - was misappropriating the revenue being collected from the post mortem and mortuary services provided in respect of local and expatriate deaths;
  - pilfered medical supplies and other consumables such as syringes, bandages which were sold to outside parties;
  - provided funds illegally obtained through unauthorised practices i.e. embalming of bodies during office hours to the other employees of the mortuary as gifts/bribes;
  - was previously issued with a warning letter for bringing a tortoise at the mortuary to embalm for personal monetary gains.

##### **Audit objectives**

3. The main objectives of this special audit were to verify that:
  - all mortuary and post mortem fees for local and overseas clients for the period January 2022 to January 2024 had been correctly charged as per HCA's approved price list and paid by the family or employer of the deceased.
  - all mortuary and post mortem fees due have been fully collected, accounted for and banked in-tact by the Accounts Section.

- there are adequate controls and procedures in place to mitigate the risk of misappropriation of revenue and other assets.
- all fixed assets allocated to the Mortuary are recorded in the Fixed Asset Register (FAR) with an identification number and were physically held by the Unit; and
- all medical and consumable supplies received by Mortuary are promptly accounted for on the bin cards kept by Mortuary Unit, with the usage being monitored.

### **Audit Scope**

4. The audit covered the revenue collection in respect of the mortuary and post mortem fees during the period from January 2022 to January 2024 from both local residents and foreigners who died in Seychelles, with particular emphasis being on the latter due to the fact that the fees applicable are higher. Audit also examined the records and internal controls over the receipt and use of fixed assets items and any medical supplies and consumables at the Mortuary.

### **Audit Methodology**

5. The main method of gathering information for conducting the audit was the review of the records, accounts and supporting documents obtained from the Mortuary and Accounts Section. These included, mainly, the Mortuary Chain of Custody Forms, Revenue Collection Advice (credit facilities only) Forms. Audit also reviewed the Mortuary database. Audit also physically verified some assets.

### **Limitations**

6. Audit work was constrained by the following:
  - accounting forms and other records required for the audit, such as, the Mortuary Chain of Custody Form, Revenue Collection Advices (credit facilities only), Notification of death/Death Certificate, Accountable Document Register and Cash Book Analysis, receipts and banking documents were incomplete with omissions and errors due to poor record keeping.
  - the monthly mortuary log database could not be relied upon as the Mortuary Chain of Custody Form used for updating the same was not pre-numbered or recorded in a Register to ensure completeness.
  - vital information such as NIN or passport number, nationality status of deceased, time of death, details of person receiving or taking the body, time in and out as well as post

mortem date required for correct calculation of post mortem or mortuary fees were not being consistently recorded on the Mortuary Chain of Custody Form.

### **Conclusion**

7. The system of revenue collection for Mortuary services was largely deficient and unreliable due to inadequate internal controls and poor record keeping. These weaknesses coupled with a lack of monitoring of the revenue collection in relation to the number of deaths being attended to by HCA through the Mortuary Unit led to a leakage of some SR1,460,050 during the period January 2022 to January 2024. Unless proved otherwise, the amount of fees stated as 'unaccounted' in this report is alleged to be the loss of funds through misappropriation.

### **Recommendations**

8. Audit recommended that HCA implements the following measures to enhance control and mitigate the risk of further revenue leakage/loss at the Mortuary Unit:
  - As the audit was done within a limited period of time subject a number of limitations, a more in-depth investigation should be conducted into the sum of SR1.4m identified as unaccounted for and reported as a revenue loss, based on the audit working papers, database available and also by interrogating the staff concerned.
  - HCA should introduce the Cashier Module Systems to capture all invoicing and revenue collections procedures at its Headquarters and other Units. This will mitigate the risks of fraud and reduce most of the internal control deficiencies.
  - A Mortuary Chain of Custody Form should be pre-numbered and recorded in the accountable documents register for control. This should be completely filled in with all the requested information, such as, person receiving the body, time of death, post mortem date, time and date in/out the deceased was admitted to the Mortuary. This will allow the exact number of days to charge. The total number of forms used in a month or year can be ascertained as well as act as a monitoring mechanism during management and independent checks.
  - The pre-numbered Revenue Collection Advice (Credit Facilities only) books should be printed in quadruplicate instead of triplicate so as to retain a copy in the book. All used Mortuary Chain of Custody Forms/booklet and Invoices as well as the booklet should be retained by the Office of the Chief Technologist.
  - A Register should be introduced by the Office of the Chief Technologist to record all the pre-numbered Revenue Collection Advice (Credit Facilities only) raised to bill



clients. Once settled this should be updated with the receipt number to provide evidence of settlement. Any cancelled or outstanding invoices must be investigated by management and the Revenue Accountant.

- A complete approved price list and the procedures to follow for payments should be on display at the Mortuary Unit to educate employees and the public on the procedures. It must also be clearly stated that Mortuary employees are barred from collecting cash from clients and payments are to be done at the Cashier Office near Ward Pharmacy or/and Revenue Unit.
- Duplicate copy of the pre-numbered Revenue Collection Advice (Credit Facilities only) should be attached with its relevant receipts and revenue voucher after banking. The triplicate copy should be attached with its respective Mortuary Chain of Custody Form and kept in a file at the Office of the Chief Technologist.
- A computerised debtors accounting system should be maintained for the collection of credit facilities provided with monitoring and reporting on outstanding debts to the senior management to replace the manual invoicing system in place.
- The incomplete Fixed Assets Register (FAR) should be updated as soon as possible with all Assets allocated with an identification number. Audit also recommends that a fixed assets list per room is also introduced. The serial and identification numbers of all assets should also be recorded in the FAR with complete year-end physical verification done at least once a year. HCA Asset Management Unit should also introduce a system that capture all new assets purchase in the FAR by ensuring a copy of the payment voucher and relevant invoices are obtained from Accounts for their file to facilitate input of asset details in the Assets Management Software.

### **Audit findings**

9. ***Fees of SR1,110,700 not accounted for- foreigners:*** Scrutiny of the deceased foreigner details as per the Mortuary database as well as examination of the Mortuary Chain of Custody Forms and Cash Book Analysis and Revenue Collection Advices revealed that a total of seventy (70) deceased foreigners were charged mortuary and/or post mortem fees between January 2022 to January 2024 with an expected fees collection of SR1,866,077 based on the approved price list. However, as per Audit calculation only SR755,377 was collected via the cashier's office near the ward pharmacy and the revenue unit. As a result, an amount of SR1,110,700 being expected revenue from mortuary and post mortem fees on account of foreigners' dead bodies requiring mortuary and post mortem services was

not accounted for in the relevant records, nor were found included in the outstanding credits to be collected, as tabulated below. Details may be seen in Appendix 1.

| Year         | Deaths of non-citizens | Expected Mortuary fees (a) | Expected Post mortem fees (b) | Expected total c=(a)+(b) | Actual collection (d) | Unaccounted e=(c)-(d) |
|--------------|------------------------|----------------------------|-------------------------------|--------------------------|-----------------------|-----------------------|
| 2022         | 32                     | 315,250                    | 405,000                       | 720,250                  | 535,550               | 184,700               |
| 2023         | 36                     | 610,665                    | 480,000                       | 1,090,665                | 199,165               | 891,500               |
| Jan 2024     | 2                      | 25,162                     | 30,000                        | 55,162                   | 20,662                | 34,500                |
| <b>Total</b> | <b>70</b>              | <b>951,077</b>             | <b>915,000</b>                | <b>1,866,077</b>         | <b>755,377</b>        | <b>1,110,700</b>      |

10. Audit also noted, in some cases, that (a) foreigners were being under charged in the absence of applicable mortuary fees on the admission date or afterwards, especially for police cases; and (b) the Mortuary Unit and the Revenue Unit were charging different rates resulting in inconsistencies, as compared to the applicable price list.
11. *The Financial Controller (FC) explained that a reduction in mortuary and post mortem fees were observed and they had requested a separate vote from Ministry of Finance to monitor collection since a miscellaneous revenue vote was being used but this has not yet materialised to date.*
12. *The Revenue Unit Senior Accountant stated that they had issues with the collection of funds at the Unit, and it is for this reason that she re-designed the Mortuary Chain of Custody Form, which is pending implementation.*
13. **Fees of SR349,350 not accounted for - locals:** Scrutiny of the Mortuary Chain of Custody Form with the Mortuary Database and Cash Book Analysis provided by the Office of Chief Technologist and Accounts-Revenue Unit respectively for the period January 2022 to 31 January 2024 revealed that a total of 1203 Seychellois deaths were attended to by the Mortuary Unit during that period. Based on that number, a total fee collection of SR425,250 was expected for the same period. However, only SR75,900 was collected as per the Cash Book Analysis and credit facilities information from the Revenue Unit, resulting in an unaccounted for sum of SR349,350, as shown below. Details may be seen in Appendix 2..

| Year         | No of deaths (locals) | Mortuary fees due SR (a) | Actual collection SR (b) | Unaccounted SR c=(a-b) |
|--------------|-----------------------|--------------------------|--------------------------|------------------------|
| 2022         | 621<br>1 (credit)     | 238,350<br>5,400         | 56,250<br>5,400          | 182,100<br>-           |
| 2023         | 541                   | 169,250                  | 12,000                   | 157,250                |
| Jan 2024     | 40                    | 12,250                   | 2,250                    | 10,000                 |
| <b>Total</b> | <b>1203</b>           | <b>425,250</b>           | <b>75,900</b>            | <b>349,350</b>         |

14. *Financial Controller, in discussion, said that an audit was done on Mortuary Unit which showed that Praslin was collecting more fees than Mahe and they had requested that a separate vote from MOF to monitor the fees but so far this had not been approved.*
15. **Incomplete Fixed Assets Register:** Audit obtained the current Fixed Assets Register from HCA Asset Management Unit, and attempted to physically verify assets to the value of SR601,384 at the Mortuary Unit. Audit was, however, unable to identify these assets as they lacked identification numbers. Audit further noted that a physical verification of assets was yet to be performed by the Asset Management Unit of HCA, which is said to be lacking sufficient personnel. At the time of the audit, the Asset Management Unit informed that it was currently updating all newly purchased assets during 2022, while the purchases in 2023 and 2024 were not yet attempted.
16. *The FC stated that they are still having issues with updating of fixed assets due to a lack of sufficient competent employees in that unit.*
17. **Reduction of revenue despite relatively the same number of deaths:** Audit noted that four (4) pre- numbered Revenue Collection Advice (Credit Facilities only) books, 50 leaves in each and 200 in total, were issued to and used by Mortuary Unit during the period of January 2022 to January 2024 by the Office of the Chief Technologist.
18. Of the 200, a total of one hundred and forty-nine (149) pre-numbered Revenue Collection Advice (Credit Facilities only) forms were raised by Mortuary Unit between the period of January 2022 to 31 January 2024 for the collection of the mortuary and post mortem fees. Of the 149 forms raised, only one-hundred and eight (108) were found settled for a total of SR834,277 (SR364,862 collected by the Cashier near ward pharmacy and SR469,415 collected by the Revenue Unit). Audit further observed that the total revenue collection in respect of both the local and foreigner deaths reduced to SR211,165 in 2023 from a total collection of SR600,200 in 2022 representing a major decrease, despite the number of deaths was relatively the same in both years; 622 (local) in 2022 and 541 in 2023; 32 (foreigner) deaths in 2022 and 38 deaths in 2023, as recorded in the Mortuary database/Forms provided to Audit.

19. Audit queried the HCA Financial Controller and Revenue Controller as to why a Register and Cashier Module had not been introduced to account for and monitor the collection of revenue. *The FC explained that this is being considered in the Health Information System (HIS) whereby the pre-numbered Mortuary Chain of Custody Form and Revenue Collection Advice Form will be incorporated in this software. As for Cashier Module this is also being considered so as to computerise the invoicing and receipts systems for revenue collections.*
20. **Control deficiencies at the Mortuary/Revenue Unit:** Audit noted there were several control deficiencies in the revenue collection system as well as in the provision of mortuary and post mortem services which led to the revenue unaccounted for (allegedly, a loss of funds through misappropriation) noted at the Mortuary Unit. These are briefly discussed below.
- there was a lack of monitoring on the use of the Mortuary Chain of Custody Form, which is not prenumbered, and the pre-numbered Revenue Collection Advice Form being used to bill the clients. The non-maintenance of a register or any other permanent record of these documents used, and monitoring of the same, led to a situation where staff could have destroyed the documents after collecting cash from the clients.
  - incomplete approved price list and procedures for payment on display at the Mortuary Unit to educate employees and the public on the prices being charged and procedures for settlement.
  - cashier module not yet introduced to computerise the invoicing and receipts process in revenue collections at HCA.
  - duplicate (blue) copies of Revenue Collection Advice (Credit Facilities only) booklet and its accompanying receipts not filed with the banking document. Further, the triplicate copies were not always attached with the Mortuary Chain of Custody Form by the Mortuary Unit.
  - regular supervisory checks were not being performed on the Cash Book Analysis as several omissions, errors were observed by Audit; receipt books not always being chronologically used or receipts numbers or Revenue Collection Advice (Credit Facilities only) numbers incorrectly recorded or not recorded at all.
  - the deceased name was also not always recorded on the receipt or Cash Book Analysis to facilitate verification of the amounts collected on that behalf.

- the redesigned Mortuary Chain of Custody Form proposed by the Revenue Accountant not implemented to date to incorporate information required for monitoring and control purposes such as deceased nationality, the receipt number upon settlement.
- the credit facilities system in place for foreign deaths were inefficient as the 30 days limit on settlement of invoices were found not being adhered to by companies receiving credit.
- Accountable Document Register is not being correctly maintained as per Accounting Manual requirements (Section 4.2) for all accountable documents with monitoring procedures in place by all heads of units to ensure proper use of all accountable documents.
- Bin cards introduced for medical and consumable items not being updated. Bin cards had only one entry dated 21.09.23 with the movement of receipts and issues for the rest of 2022 and 2023 not recorded.

## Appendix I

## MORTUARY FEE UNDER COLLECTION IN RESPECT OF DEAD BODIES OF FOREIGNERS

| Year 2022              | No of dead bodies | Fees due SR      | Actual collection SR | Unaccounted SR   |
|------------------------|-------------------|------------------|----------------------|------------------|
| JANUARY                | 2                 | 31,500           | 31,500               | -                |
| FEBRUARY               | 3                 | 43,500           | 42,500               | 1,000            |
| MARCH                  | 3                 | 84,000           | 71,300               | 12,700           |
| APRIL                  | 5                 | 123,000          | 88,500               | 34,500           |
| MAY                    | 1                 | 3,000            | -                    | 3,000            |
| JUNE                   | 4                 | 115,500          | 100,500              | 15,000           |
| JULY                   | 3                 | 65,100           | 45,600               | 19,500           |
| AUGUST                 | 2                 | 40,500           | 21,000               | 19,500           |
| SEPTEMBER              | 1                 | 34,500           | 15,000               | 19,500           |
| OCTOBER                | 5                 | 91,150           | 40,150               | 51,000           |
| NOVEMBER               | 0                 | -                | -                    | -                |
| DECEMBER               | 3                 | 88,500           | 79,500               | 9,000            |
| <b>TOTAL</b>           | <b>32</b>         | <b>720,250</b>   | <b>535,550</b>       | <b>184,700</b>   |
| YEAR 2023              |                   |                  |                      |                  |
| JANUARY                | 2                 | 73,500           | -                    | 73,500           |
| FEBRUARY               | 2                 | 66,000           | -                    | 66,000           |
| MARCH                  | 4                 | 171,579          | 56,079               | 115,500          |
| APRIL                  | 3                 | 139,500          | 17,500               | 122,000          |
| MAY                    | 3                 | 122,832          | 49,332               | 73,500           |
| JUNE                   | 3                 | 91,254           | 61,254               | 30,000           |
| JULY                   | 1                 | 22,500           | -                    | 22,500           |
| AUGUST                 | 1                 | 22,500           | -                    | 22,500           |
| SEPTEMBER              | 1                 | 24,000           | -                    | 24,000           |
| OCTOBER                | 1                 | 25,500           | -                    | 25,500           |
| NOVEMBER               | 7                 | 126,000          | 15,000               | 111,000          |
| DECEMBER               | 8                 | 205,500          | -                    | 205,500          |
| <b>TOTAL</b>           | <b>36</b>         | <b>1,090,665</b> | <b>199,165</b>       | <b>891,500</b>   |
| YEAR 2024              |                   |                  |                      |                  |
| JANUARY                | 2                 | 55,162           | 20,662               | 34,500           |
| <b>2022-2024 TOTAL</b> | <b>70</b>         | <b>1,866,077</b> | <b>755,377</b>       | <b>1,110,700</b> |

Explanatory notes on Column 2, 3, 4 and 5 in the table above.

- **No of dead bodies** of foreigners as per the database and mortuary form
- **Fees due** for the mortuary services as per current prices
- **Actual collection** as per cash book analysis/BKTR/revenue collection advice
- **Unaccounted** is the difference between the fees due and the actual collection

## Appendix 2

## FEE UNDER COLLECTION IN RESPECT OF THE DEAD BODIES OF LOCALS

| Year 2022              | No of dead bodies | Fees due SR    | Actual collection SR | Unaccounted SR |
|------------------------|-------------------|----------------|----------------------|----------------|
| JANUARY                | 88                | 47,750         | 11,000               | 36,750         |
| JANUARY-CREDIT         | 1                 | 5,400          | 5,400                | -              |
| FEBRUARY               | 62                | 29,600         | 12,000               | 17,600         |
| MARCH                  | 60                | 26,250         | 5,250                | 21,000         |
| APRIL                  | 18                | 6,750          | 4,250                | 2,500          |
| MAY                    | 59                | 32,000         | 3,500                | 28,500         |
| JUNE                   | 55                | 24,750         | 4,250                | 20,500         |
| JULY                   | 55                | 17,500         | 3,250                | 14,250         |
| AUGUST                 | 46                | 9,250          | 1,750                | 7,500          |
| SEPTEMBER              | 44                | 13,000         | 500                  | 12,500         |
| OCTOBER                | 49                | 14,750         | 1,000                | 13,750         |
| NOVEMBER               | 44                | 10,500         | 9,500                | 1,000          |
| DECEMBER               | 41                | 6,250          | -                    | 6,250          |
| <b>TOTAL</b>           | <b>622</b>        | <b>243,750</b> | <b>61,650</b>        | <b>182,100</b> |
| YEAR 2023              |                   |                |                      |                |
| JANUARY                | 39                | 10,000         | 750                  | 9,250          |
| FEBRUARY               | 41                | 19,250         | 3,000                | 16,250         |
| MARCH                  | 51                | 17,250         | 2,000                | 15,250         |
| APRIL                  | 52                | 11,750         | 750                  | 11,000         |
| MAY                    | 49                | 13,000         | -                    | 13,000         |
| JUNE                   | 27                | 5,750          | -                    | 5,750          |
| JULY                   | 38                | 12,000         | 750                  | 11,250         |
| AUGUST                 | 45                | 15,250         | 1,000                | 14,250         |
| SEPTEMBER              | 42                | 8,500          | 1,000                | 7,500          |
| OCTOBER                | 37                | 9,000          | -                    | 9,000          |
| NOVEMBER               | 50                | 16,250         | 1,000                | 15,250         |
| DECEMBER               | 70                | 31,250         | 1,750                | 29,500         |
| <b>TOTAL</b>           | <b>541</b>        | <b>169,250</b> | <b>12,000</b>        | <b>157,250</b> |
| YEAR 2024              |                   |                |                      |                |
| JANUARY                | 40                | 12,250         | 2,250                | 10,000         |
| <b>2022-2024 TOTAL</b> | <b>1203</b>       | <b>425,250</b> | <b>75,900</b>        | <b>349,350</b> |

Explanatory notes on Column 2, 3, 4 and 5 in the table above.

- **No of dead bodies** of locals as per Mortuary database and the Mortuary Chain of Custody Forms
- **Fees due** for the mortuary services in respect of the dead bodies of locals
- **Actual collection** as per cash book analysis/BKTR/revenue collection advice
- **Unaccounted** is the difference between the fees due and the actual collection



## CHAPTER 22

# Social Workers Council

### **Introduction**

1. The Social Workers Council, established under the Social Workers Council Act 2007, is mandated with the role of protecting the service users by upholding the standard in the practice of social work and to regulate and monitor the delivery of all social works practiced in Seychelles.
2. An audit of the accounting records maintained by the Council was undertaken for the year 2023 with the principal objective to perform sufficient tests on financial transactions for their proper occurrence. The matters arising were presented to the management first through an Interim Management Letter (IML) dated 24.06.2024, which was discussed during an exit meeting held on 09.07.2024, and subsequently, through a Management Letter (ML) dated 22.07.2024.

### **Payments for Goods and Services**

3. ***Rental agreement not renewed on time:*** Audit noted that the rental agreement for the renting of office space at SR17,579 per month ended in June 2023. The same was renewed for further two years with retrospective effect in January 2024, which was explained to be a delay on the part of the landlord. Consequently, the Council did not pay the monthly rental for the months of September, October, November and December 2023 totaling R70,319. Audit pointed out that this may have an adverse impact on the following years budget as the rental arrears would be paid out of the following year's budget.
4. *The management stated, in response, that payments were halted in the absence of a valid contract coupled with delays by SPF in drafting a new contract which was only made available in January 2024 despite numerous calls and emails from the Council. In the written response the Council stated that the necessary procedures to cover the arrears have been addressed and a request for additional funds submitted in the mid-year review to the Ministry of Finance. The reply (23.10.2024) further stated that the request for additional funds to settle the payment of arrears has been approved through mid-year review.*



**Fixed Assets Register**

5. Audit review of the fixed assets register and other records showed that (a) five (5) assets found on the Council premises consisting of a wooden cabinet, shelve, workstation, metal cabinet and an Acer monitor were not entered in the register; and (b) the identification numbers found affixed on 4 items of assets were different from those stated in the FAR; and (c) at least two items of assets carried the same identification numbers.
6. *The reply (23.10.2024) stated that the relabeling and tagging process has been completed as per audit recommendation and the necessary procedures for write off of assets that are no longer in use have also been implemented. All assets have been re documented to include their acquisition dates, relevant payment voucher/invoice, costs, and they have been assigned new identification numbers, as can be reflected in the FAR. Moving forward, all necessary steps will be taken by SWC to ensure that we maintain proper record of asset acquisitions and that the FAR is up to date with accurate information.*



## CHAPTER 23

# Truth Reconciliation and National Unity Commission

## **Introduction**

1. The Truth, Reconciliation and National Unity Commission (TRNUC) set up under the Truth, Reconciliation and National Unity Commission Act, 2018, had as its principal objective to unite the people of Seychelles around a common agenda to help them move forward in confidence and with a sense of common purpose. The Commission mandate was for a period of three years ending 31.12.2022. However, the mandate was extended by further three months ending 31.03.2023 vide the amendment Act dated 29.12.2022.
2. An audit was carried out of the Commission's non-financial assets acquired since its inception to ensure the reliability of the accounts and records relating to the assets and their disposal upon the expiry of its mandate on 31.03.2023.
3. The matters arising were first conveyed to the management through an Interim Management letter (IML) dated 25.09.2024, which was discussed during an exist meeting held on 10.10.2024, and subsequently, through a Management letter (ML) issued on 29.10.2024.
4. Regulation 10(1) c of the Public Management Regulations (PFMR) 2014 states that "every Accounting Officer shall apply the asset management procedures provided in the Accounting Manual and establish procedures and system to enable the public body where he or she is employed, to meet the service delivery requirements by achieving greater value for money in the acquisition, use and disposal of assets.
5. Section 12.3 (a) of the Accounting Manual (AM) states that Accounting Officer is to ensure that all other assets under his control are properly maintained. Section 12.3 (b) further states that a register of inventory is to be kept by each Ministry /Department to record the contents of all Government offices, schools, houses and other enclosures occupied or in the charge of public officers. Such items include chairs, computers, photocopying machine, pictures, livestock, etc. To enhance the management of fixed assets across Government and thereby mitigate the possibility of misuse, theft and wastage of assets, the DICT and MOF

introduced the Asset Management Software in 2012 to be used by MDAs for recording of fixed assets.

6. In the case of TRNUC, the Asset Management Unit of the Ministry of Finance was responsible for the accounting and maintenance of the FAR. Audit obtained an updated fixed asset register (FAR) on 25.10.2024 in excel format for the period 2019 to 31.12.2021. The audit review of the register and other related records revealed the shortcomings discussed below.
7. **Fixed Assets Register incomplete:** According to the Treasury Information System (TIS), the cost of assets acquired by the Commission during the period 2019 to 31.03.2023 amounted to SR1,104,511. However, the total cost value of assets recorded in the FAR for the same period amounted to SR563,755 resulting in a discrepancy of SR540,756, as below.

| Year         | Balance (TIS) SR | Balance (FAR) SR | Variance SR    |
|--------------|------------------|------------------|----------------|
| 2019         | 538,170          | 314,519          | <b>223,651</b> |
| 2020         | 262,293          | 23,155           | <b>239,138</b> |
| 2021         | 233,648          | 187,806          | <b>45,842</b>  |
| 2022         | 57,890           | 38,275           | <b>19,615</b>  |
| 2023         | 12,510           | -                | <b>12,510</b>  |
| <b>Total</b> | <b>1,104,511</b> | <b>563,755</b>   | <b>540,756</b> |

8. Audit examined a sample of 37 payments totaling SR1,030,422 and noted that:

- in 17 instances, the assets acquired totaling SR290,944 were not recorded in the FAR. Audit also noted that, in 11 instances, assets recorded in the previous FAR have been excluded from the updated version;
- in 7 instances, the assets totaling SR458,034 were not recorded with complete details or wrongly recorded in the FAR; and
- for 7 payments totalling SR249,795, the supporting documents from the Ministry of Finance were not provided to Audit to ascertain the details of assets acquired.

9. In view of the above shortcomings, Audit concluded that the Commission's FAR was incomplete and not reliable for management information and control purpose.
10. *The officers in the Assets Section of the Ministry of Finance stated that they will retrieve the payment documents for those assets and update the FAR accordingly. Supporting documents for 7 payments not provided to Audit, the Financial Controller stated before proceeding on leave she gave instructions to retrieve the missing documents and to provide Audit and was under the impression that this has already been done. She however stated that she will take up the matter with the concerned officer.*

11. **Physical verification not carried-out:** Section 12.3 (f) –Other Assets- of the Department Accounting Manual states that “physical verification of assets is to be carried out at frequent intervals and at year end” and that any discrepancy found is to be investigated and appropriate action/adjustment is to be made. All such checks carried out must be evidence in the respective registers being maintained.
12. Following the end of the Commission mandate, the Ministry of Finance approved for its assets to be transferred to three (3) entities, namely; Judiciary, Seychelles Fire and Rescue Services Agency (SFRSA) and Law Commission respectively. However, Audit did not find any documented evidence of a physical verification carried-out to identify all assets in the custody of the Commission prior to effecting the transfer.
13. *The Ministry of Finance (Principal Secretary) stated that a physical verification was conducted at TRNUC by officers of the Ministry of Finance and documented. Laptops were provided to Commissioners but were not returned back to the Commission following the end of their tenure and that the matter was taken up with the Deputy Commissioner and no feedback has been forthcoming. Documents for the physical verification conducted will be located and provided to Audit for scrutiny.*
14. **Handing over certificates not sighted:** Section 12.3 (g) –Other Assets- of the Department AM further specifies that “a handing over certificate (Form FH-001) is to be prepared in triplicate when officers entrusted with stores and other assets, hand over to others. Both concerned officers will sign the certificate and the copies are to be distributed (a) Original to receiving officer; (b) Duplicate to issuing officer; and (c) Triplicate to be filed.
15. Contrary to the above provision, the audit did not find the proper documentation of the assets transferred other than a list of assets from the receiving entities confirming the assets received. There was no handing over certificate or evidence of the presence of officials from the Ministry of Finance during the handing over to ensure that assets being transferred are the ones approved by Ministry of Finance. As a result, Audit noted instances where the assets transferred to the above stated entities were at variance (more/less) with the lists approved for the respective entities. See details below.
16. *MOF stated that before an asset is being disposed it has to be approved by the Ministry of Finance and TRNUC was not an exception. PS stated she recalled some computers were handed over to the Plaisance Primary School and that there should be documents available somehow to formalize the transfer of those computers.*
17. **Return of assets not documented:** Audit was informed by the Office of the President that the TRNUC was assisted with ten (10) chairs and one conference table at its inception and

the same was returned to the Office upon expiry of its mandate. However, Audit could not verify the correctness of the transfer in the absence of a handing over certificate or other any document confirming the receipt by the Office of the President to substantiate the initial transfer and the return on the closure of the Commission.

18. **Missing Assets:** As stated elsewhere in this report, the Commission acquired assets costing a total of SR1.1m during the period 2019 to 2023. From these, certain assets were transferred to three governmental entities as approved by the Ministry of Finance. Audit review of the relevant records revealed that there were still some assets which were not transferred or disposed of through write off. The whereabouts of the assets in question could not be established by the audit in view of the closure of the Commission and due to unavailability of records showing their location of existence. The missing assets comprised (15) computer CPUs, (9) laptops, and (22) chairs and others.

19. *The Ministry of Finance stated, in discussion, that as and when documents are located and information available it will be provided to Audit.*





