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Public Finance Management Performance Report, Seychelles, 2016

Based on the Public Expenditure Financial
Accountability

Framework PEFA 2016

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Framework Contract Beneficiaries – Lot n°11 –
Macro Economy, Statistics and Public Finance
Management

Preliminary Draft Report (not to be quoted)

Client: Delegation of the European Union to Mauritius

ECORYS PFM Consortium



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PEFA Assessment Report of Seychelles (2016)

The quality assurance process followed in the production of this report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK**'.

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Glossary

AFS	Annual Financial Statement
AG	Auditor General
BAS	Business Activity Statement
BSO	Budget Strategy and Outlook
CBS	Central Bank of Seychelles
CEO	Chief Executive Officer
CoA	Chart of Accounts
COFOG	Classification of Functions of Government
DG	Director General
DICT	Department of Information and Communication Technology
DPA	Department of Public Administration
EU	European Union
FAB	Forecasting and Analysis Branch
FPAC	Finance and Public Accounts Committee
FPCD	Financial Planning and Control Division
FY	Fiscal year
GBS	General budget support
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GoS	Government of the Republic of Seychelles
HRM	Human Resource Management
IAD	Internal Audit Division
IAP	Internal Audit Plan
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LPO	Local Purchase Order
MDAs	Ministries, Departments and Agencies
Mln	Million
MoE	Ministry of Education
MOFTEP	Ministry of Finance, Trade and Blue Economy
MOFTEP	Ministry of Finance, Trade and Economic Planning
MoH	Ministry of Health
MoND	Ministry of National Development
MYEFO	Mid-Year Economic and Fiscal Outlook
NA	Not available
NBS	National Bureau of Statistics
NGO	Non-Governmental Organisation
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PDS	Public Debt Section
PE	Public enterprise
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
POU	Public Oversight Unit

PPBB	Programme Performance-Based Budgeting
PS	Permanent Secretary
PUC	Public Utilities Corporation
SCCI	Seychelles Chamber of Commerce and Industry
SCR	Seychelles Rupee
SLA	Seychelles Licensing Authority
SNP	Seychelles National Party
SOE	Stated-Owned Enterprise
SRC	Seychelles Revenue Commission
SR	Seychelles Rupee
TIN	Tax Identification Number
TSA	Treasury Single Account
UN	United Nations
VAM	Visual Accounts Mate
VAT	Value Added Tax
WB	World Bank

Fiscal year:

1 January - 31 December

Exchange rate:

SCR 13.4022 per 1.00 US Dollar (10 Dec 2016)

Executive summary

Purpose and management of the assessment

Since the first PEFA assessment performed in 2008, the Government of Seychelles (GoS) implemented successive Macroeconomic and Financial Reform Programmes (MEFP) 2008-13 and MEFP 2014-16. The 2014-16 MEFP includes a timeframe for the reform measures that are envisaged and is signed by the Minister of Finance and the Governor of the Central Bank.

The purpose of this PEFA assessment is to assess the current performance of the Public Financial Management (PFM) system in the Republic of Seychelles and to analyse the evolution of the performance since the previous assessment performed in 2011. The PEFA/PFM Performance Measurement Framework (PMF) is one of the elements of the Strengthened Approach to supporting PFM reforms developed by the World Bank (WB), the EC and other development partners.

The International Monetary Fund (IMF) in its December 2015 report recommended that a repeat PEFA be undertaken in 2016, in order to assess progress made in implementing the 2012-2014 PFM Action Plan and to identify remaining challenges. The adoption of a revised PFM Action Plan by the end of the year is one of the structural benchmarks retained under the IMF extended arrangement.

This PEFA assessment for the Republic of Seychelles was based on 2016 PEFA methodology. It covered the core financial management and planning systems for the institutions of the central government funded from the national budget. The assessment covered the years 2013-2015. A comparison has also been made with the 2011 PEFA assessment, based on the 2011 methodology, in order to analyse the progress that was made since.

This PEFA 2016 Assessment was performed by two international experts in PFM, MM Jean Marc Philip and Ferdinand Pot from the ECORYS Company.

The PEFA assessment was coordinated by the MOFTEP, who liaised with all the services and institutions concerned with this exercise, including the Auditor General and the National Assembly. The focal point designated on the government side was Mr Patrick PAYET, currently the Principal Secretary for Finance at the MOFTEP, assisted by Damien THESEE, the Comptroller General of the Financial Planning & Control Division in the MOFTEP.

The other focal point was appointed by the Delegation of the European Union, as Mr Rajesh PARBOTEEAH, Project Manager at EEAS-PORT LOUIS, MAURITIUS. Interlocutor vis-a-vis the other stakeholders of the project: the IMF, the World Bank and the PEFA Secretariat.

The World Bank and the IMF took part in this assessment only for reviewing the different versions of the reports and providing comments.

Main strengths and weaknesses

Measures to improve the efficiency of Public Investment Management (PIM) have not been completely addressed and challenges remain to better defining public investments in line with national and line ministries strategies.

The efficient use of public resources is not correctly monitored yet, due to the lack of use of Business Intelligence tools, which would have enabled gathering and consolidation of information (data warehousing) and define Key Performance Indicators

The MOFTEP strongly monitor the budget execution, with a surplus at the end of the year for the recent years, but the level of debt is still high in comparison with similar economies.

More transparency could easily be attained with a timely publication of in-year budget execution reports on the web site of the Ministry of Finance and statistics upon public procurement. Indeed, the number of contracts awarded through open tenders seems to have decreased during the last three years, which is not in line with the international standards

Improvements also remain necessary in the domains of internal and external controls, essentially to move towards a performance audit instead of regularity audit and improve the efficiency of public services delivery.

On-going reforms

A Programme Performance-Based Budgeting (PPBB) has been piloted in five ministries in Seychelles for the 2016 Budget and it will be rolled out to the remaining ministries in the 2017 budget. The PPBB will entail a programmatic presentation of estimates of expenditure with a description of programmes and programme objectives. Presently, indicators to measure programme performance and the resultant changes to budget allocations are not included.

Based on the analysis on how information has been included in the PPBB statements of the five pilot ministries, the programme performance based expenditure allocations will be presented for all line ministries and other budget users for the 2017 and 2018 budgets.

Evolution of the Indicators scoring since the previous PEFA assessment

The use of the PEFA framework 2011 provides a basis for tracking PFM performance progress since the previous assessment and for reviewing the effectiveness of PFM reforms that have been implemented.

Since the PEFA 2011 evaluation, the Government of Seychelles has successfully undertaken major reforms in PFM through the PFM Act 2012 and the 2012-2014 PFM Action Plan. The government has targeted to implement a series of reforms to address public sector governance, including: (i) the alignment of institutions with policy and service delivery mandates; (ii) the completeness and transparency of budget execution and procurement. (ii) the reduction of the number of parastatals, and improving their monitoring/management (iii) redefining the accountability structure between the government agencies responsible for service delivery.

The present assessment points out that the performance of the GoS has carried on improving, in spite of the fact that significant progress had already been observed in comparison with the PEFA assessment performed in 2008.

Indicators with a lower score (1)

PI-11 Orderliness and participation in the annual budget process (M2)

Indicators with a better score (9)

PI-1	Aggregate expenditure out-turn compared to original approved budget (M1)
PI-2	Composition of expenditure out-turn compared to original approved budget (M1)
PI-3	Aggregate revenue out-turn compared to original approved budget (M1)
PI-9	Oversight of aggregate fiscal risk from other public sector entities (M1)
PI-14	Effectiveness of measures for taxpayer registration and tax assessment (M2)
PI-20	Effectiveness of internal controls for nonsalary expenditures (M1)
PI-22	Timeliness and regularity of accounts reconciliation (M2)
PI-25	Quality and timeliness of annual financial statements (M1)
PI-26	Scope, nature and follow-up of external audit (M1)

Indicators with unchanged score (17)

PI-4	Stock and monitoring of expenditure payment arrears (M1)
PI-5	Classification of the budget (M1)
PI-6	Comprehensiveness of information included in budget documentation (M1)
PI-7	Extent of unreported government operations (M1)
PI-8	Transparency of Inter-Governmental Fiscal Relations (M2)
PI-10	Public Access to key fiscal information (M1)
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting (M2)
PI-13	Transparency of taxpayer obligations and liabilities (M2)
PI-15	Effectiveness in collection of tax payments (M1)
PI-16	Predictability in the availability of funds for commitment of expenditures (M1)
PI-17	Recording and management of cash balances, debt and guarantees (M2)
PI-18	Effectiveness of payroll controls (M1)
PI-19	Transparency, competition and complaints mechanisms in procurement (M2)
PI-21	Effectiveness of internal audit (M1)
PI-23	Availability of information on resources received by service delivery units (M1)
PI-24	Quality and timeliness of in-year budget reports (M1)
PI-27	Legislative scrutiny of the annual budget law (M1)
PI-28	Legislative scrutiny of external audit reports (M1).

It shows that only one indicator presents a lower score than of 2011 (PI-11), while 9 indicators present a better score. The score of the other indicators remains unchanged. The downgrade of indicator PI-11 results from a different appreciation of the component: *Guidance on the preparation of budget submissions*. The previous assessment stated that the budget circular included ceilings for recurrent expenditure per administrative unit that had been approved by Cabinet prior to the circular's distribution, while it was not and it is still not the case. Indeed, the budget circular does not contain ceilings (which are provided separately) and are validated only at the end of the budget elaboration process. Annex 3 of this report compares the results of the present assessment with the assessment provided in 2011.

The use of the new PEFA framework 2016 also presents a good image of the Public Finance Management in Seychelles. If the score C can be considered as satisfying the basics of good management of public finances, the table below shows that 23 indicators out of 30 (e.g. 77%) are above this threshold. In addition, a country can be considered as having a good PFM system when the score of the majority is equal or better than B. It is nearly the case in Seychelles, with 14 indicators out of 30 (47%) satisfying this condition

Dimensions	Number
A	2
B	6
B+	6
C	4
C+	5
D	2
D+	5
NA	1
Total	31

The table below presents the indicators and components scores according to the 2016 Framework.

Summary of indicators and components scores according to the 2016 Framework

Indicator/dimension	Score	Justification
Pillar I Credibility of fiscal strategy and budget		
PI-1 Aggregate expenditure outturn compared to original approved budget (M1)	A	
1.1 Aggregate expenditure outturn compared to original approved budget / (i) Aggregate expenditure outturn compared to original approved budget	A	Actual expenditure deviated from budgeted expenditure by an amount equivalent to more than 5% in only one year: 2013. In 2014 and 2015, expenditure deviation was less than 5 per cent.
PI-2 Composition of expenditure outturn compared to original approved budget (M1)	C+	
2.1 Extent of variance in expenditure composition during the last three years	B	Variance in expenditure composition by administrative classification exceeded 10% in 2015 but was below 10% in 2013 and 2014.
2.2 Extent of variance in expenditure composition by economic classification during the last three years	C	Variance in expenditure composition by economic type exceeded 15% in 2014, but was below 15% in 2013 and 2015.
2.3 Average amount of expenditure charged to a contingency vote over the last three years	A	Amounts charged to contingency were much less than 3% of total expenditure.
PI-3 Aggregate revenue outturn compared to original approved budget (M2)	C	
3.1 Aggregate revenue outturn compared to original approved budget	B	Actual revenue collection was between 94% and 112% of budgeted revenue in two of the last three years (2014 and 2015).
3.2 Extent of variance in revenue composition during the last three years	D	Variance in revenue composition was more than 15% in two of the last three years (in 2013 and 2014).
Pillar II Comprehensiveness and Transparency		
PI-4. Budget classification (M1)	C	

Indicator/dimension	Score	Justification
4.1 Classification of budget	C	The Budget estimates are presented in economic and administrative classification. Budget estimates and actual expenditure are not reported in a functional classification.
PI-5 Comprehensiveness of information included in budget documentation (M1)	B	
5.1 Comprehensiveness of information included in budget documentation	B	Budget documentation submitted to the Parliament satisfies 8 elements (All 4 basic elements + 4 additional elements).
PI-6 Central government operations outside financial (M1)	A	
6.1 Expenditure outside financial reports	A	No extra-budgetary expenditure was identified for 2015. All government service bodies and donor-funded projects were included in fiscal reports.
6.2 Revenue outside financial reports	A	No extra-budgetary revenue was identified for 2015 as well. All sources of revenues are included in the budget.
6.3 Financial reports of extra-budgetary units	A	All expenditure and revenues of budget users are recorded in the Annual Financial Statements.
PI-7 Transparency of inter-governmental fiscal relations (M2)	NA	
7.1 Transparent and rules based System for allocating transfers	NA	Not Applicable.
7.2 Timeliness of information on transfers	NA	Not Applicable.
PI-8 Performance information for service delivery (M2)	D+	
8.1 Performance plans for service delivery	D	Policy Framework On Quality Service Principles has been published by the Ministry of Education, but activities to be performed by the frontline service delivery are not published by the Ministry of Health and education.

Indicator/dimension	Score	Justification
8.2 Performance achieved for service delivery	D	Monthly reports on the activities of the ministries of Health and Education highlighting performance achieved for service delivery are produced monthly, but are not published.
8.3 Resources received by service delivery units	A	Information on resources received by frontline service delivery units is collected and recorded by the staff of the MOFTEP.
8.4 Performance evaluation for service delivery	D	Though efficiency assessments of budgetary funds are outlined in the legal framework, in practice they are not performed.
PI-9. Public access to fiscal information (M1)	B	
9.1 Public access to fiscal information	B	The government makes available to the public six elements, including at least four basic elements.
Pillar III Asset and Liability Management		
PI-10 Fiscal risk reporting (M2)	C	
10.1 Monitoring of public corporations	B	A consolidated report on the financial performance of the public corporate sector is published by the central government annually (in the Budget Strategy Outlook). But less than 90% of PEs have submitted audited annual financial statements within six months of the end of the fiscal year.
10.2 Monitoring of SNGs	NA	There is no sub-national government in the Republic of Seychelles.
10.3 Contingent liabilities and other fiscal risks	D	The Budget strategy and Outlook contains a description of macroeconomic risks and the risks related to the SoEs, but the GoS does not quantify any of their contingent liabilities in their financial reports.
PI-11 Public investment management (M2)	D	
11.1 Economic analysis of investment proposals	D	Economic analyses (feasibility studies with estimates of costs and benefits) are rarely conducted. Only a few of the major investment projects are based on such an analysis, but they would not represent more than 25% of the total capital investment.
11.2 Investment project selection	D	The Development Committee is only installed in October 2015 and has only been operational for the budget preparation 2017.

Indicator/dimension	Score	Justification
11.3 Investment project costing	C	The PSIP-database includes the projections of the total capital cost of major investment projects together with the capital costs for the forthcoming budget year, this information is included in the budget documents.
11.4 Investment project monitoring	D	No report that includes the progress of the major investment projects included in the budget 2015 has been prepared.
PI-12 Public asset management (M2)	C	
12.1 Financial asset monitoring	C	The government maintains a record of its holdings in major categories of financial assets including cash, loans and investments in parastatals.
12.2 Non-financial asset monitoring	C	The government maintains a register of its holdings of moveable fixed assets including information on their usage and age. It does not publish this information and it does not maintain a register of land which is required for a B-score.
12.3 Transparency of assets disposal	C	Although procedures and rules for the transfer or disposal of nonfinancial assets are established (which is a benchmark for the C-score), no information on transfers and disposals is included in budget documents, financial reports, or other reports (and partial information would be required for a C-score).
PI-13 Debt management (M2)	B	
13.1 Reporting of debt and guarantees	B	Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least annually based on complete, accurate, and quarterly updated records of domestic and foreign debt and guaranteed debt. Most information is reconciled quarterly but not all as pointed out by the OAG report on the AFS 2014 concerning the reconciliation of the Treasury Bills.
13.2 Approval of debt and guarantees	A	The Debt Management Act grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to the Minister of Finance who will act on the advice of the Debt Management Committee.
13.3 Debt management strategy	D	The annual borrowing plan is approved by the Government and submitted to the Assembly for information as part of the Budget Documentation.
Pillar IV Policy-Based Planning and Budgeting		
PI-14. Macroeconomic and fiscal forecasting (M2)	B	

Indicator/dimension	Score	Justification
14.1 Macroeconomic forecasts	A	The government prepares forecasts of key macroeconomic indicators, which, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by the IMF.
14.2 Fiscal forecasts	B	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years. These forecasts are included in budget documentation submitted to the legislature.
14.3 Macro fiscal sensitivity analysis	C	The government prepares a range of fiscal forecast scenarios based on alternative macroeconomic assumptions. These scenarios are published in the Budget Strategy and Outlook document, together with its central forecast. Figures are provided only for the impact on GDP and fiscal revenues but not on expenditure and debt.
PI-15 Fiscal strategy (M2)	B	
15.1 Fiscal impacts of policy proposals	B	The government prepares separately estimates of the fiscal impact of all proposed changes in revenue, and in expenditure.
15.2 Fiscal strategy adoption	B	Fiscal strategy incorporated in budget outturn achieving the fiscal surplus, in the budget strategy outlook that includes explicit time-based quantitative fiscal goals and targets together with qualitative objectives for 2016, 2017 and 2018. This document is submitted to the Parliament, but it is not published on the web site of the MOFTEP.
15.3 Reporting on fiscal outcomes	C	The government prepares an internal report on the progress made against its fiscal strategy. Such a report has been prepared for the last completed fiscal year in collaboration with the IMF.
PI-16 Medium-term perspective in expenditure budgeting (M2)	D+	
16.1 Medium-term expenditure estimates	B	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative and economic classification.
16.2 Medium-term expenditure ceilings	D	Aggregate and ministry-level expenditure ceilings are defined in the budget proposal for the coming and the two following fiscal years, but they are approved only by the MEF. They are included in the circular after approval.

Indicator/dimension	Score	Justification
16.3 Alignment of strategic plans and medium-term budgets	D	Medium-term strategic plans are prepared only for the ministry of Education. Expenditure proposals in the annual budget estimates do not align with the strategic plan of the Ministry of Education.
16.4 Consistency of budgets with previous year estimates	D	Every expenditure variation between the corresponding years in each medium-term budget can be fully quantified and it is easy to reconcile and explain the differences, but the budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the 2015 medium-term budget and the first year of the 2016 medium-term budget, even at the aggregate level.
PI-17 Orderliness in Budget Process (M2)	C	
17.1 Budget calendar	B	A clear annual budget calendar exists in which MDA is given six weeks to complete their detailed estimates in the PPBB budget calendar. For the preparation of the 2016 budget, MDAs were given only four weeks to complete their estimation.
17.2 Guidance on budget preparation	C	The budget circular is clear and comprehensive and includes a ceiling for expenditure per administrative heads. The budget estimates are approved by Cabinet only prior the submission of the budget to the National Assembly.
17.3 Budget submission to the Legislature	D	In 2013, 2014 and 2015, the executive has submitted the annual budget proposal to the Legislature in December, which is less than one month before the end of the year.
PI-18 Legislative scrutiny of budget (M2)	B+	
18.1 Scope of budget scrutiny.	B	The Legislature's review covers fiscal policies and aggregates for the coming year as well as details of expenditure and revenue. Fiscal policies, medium-term fiscal forecasts, and medium-term priorities are presented in the documents. The legislature vote is only for the coming year.
18.2 Legislative procedures for budget scrutiny	B	The Legislature's procedures to review budget proposals are approved by the Legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures. There is no public consultation but the event is broadcasted live on radio and on national television.
18.3 Timing of budget approval.	A	The budget for the last 3 FYs was approved by the legislature before the end of the year.

Indicator/dimension	Score	Justification
18.4 Rules for budget adjustments by the executive.	B	Clear rules exist for in-year budget amendments by the executive and are usually respected. They allow for extensive administrative reallocations as well as expansion of total expenditure.
Pillar V Predictability and Control in Budget Execution		
PI-19 Revenue administration compliance (M2)	B+	
19.1 Rights and obligations for revenue measures	A	The SRC which is responsible for collecting most revenues uses multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures.
19.2 Revenue risk management	A	The SRC who is collecting about 85% of revenues uses a structured and systematic approach for assessing and prioritizing compliance risks for all categories of revenue with a focus on VAT, business tax, income tax and specific attention to large and medium-sized tax payers.
19.3 Revenue audit and investigation	A	The SRC, collecting most revenue, undertake audits and fraud investigations based on the audit strategy and reported on in the Annual Report.
19.4 Revenue arrears monitoring	C	The stock of revenue arrears at the end of the last completed fiscal year is above 20 percent of the total revenue collection of the year (which would allow for a B-score) and the revenue arrears older than 12 months are more than 50 percent of total revenue arrears for the year (which is the benchmark for a B-score). The performance is better than the benchmarks for a D-score (stock of arrears is more than 40% and more than 75% older than 12 months).
PI-20 Accounting for revenues (M2)	C+	
20.1 Information on revenue collection	A	A central agency obtains revenue data at least monthly from entities collecting all central government revenue. This information is broken down by revenue type and is consolidated into a report. 'B' if the MOFTEP does not collect info on all revenues and the score needs to be based on SRC.

Indicator/dimension	Score	Justification
20.2 Transfer of revenue collections	A	Entities collecting most central government revenue transfer the collections directly into accounts controlled by the Treasury, or transfer the collections daily to the Treasury and other designated agencies.
20.3 Revenue accounts reconciliation	C	The SRC, which collects most government revenue, undertakes complete reconciliation of collections and transfers to Treasury monthly. It does not perform any further reconciliations involving assessments and arrears which would be required for a B-score.
PI-21 Predictability of in year resource allocation (M2)	B+	
21.1 Consolidation of cash balances	A	All bank and cash balances are consolidated on a daily basis. The amount of money kept in other bank accounts is less than 2% of the GoS general account.
21.2 Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated weekly on the basis of actual cash inflows and outflows.
21.3 Information on commitment ceilings	B	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.
21.4 Significance of in-year budget adjustments	B	Significant in-year adjustments to budget allocations take place no more than twice in a year and are done in a fairly transparent way but not initially discussed at the National Assembly.
PI-22 Expenditure arrears (M1)	D	
22.1 Stock of expenditure arrears	D*	No information on the stock of expenditure arrears has been transmitted to the expert team.
22.2 Monitoring of expenditure arrears	D	Data on the stock and composition of expenditure arrears is not generated annually and so performance is less than required for a C-score.
PI-23 Payroll controls (M1)	C+	
23.1 Integration of payroll and personnel records	C	Staff hiring and promotion is controlled by a list of approved staff positions in HRIS and by the budget line for salaries. Payroll data are checked each month against the previous month's payroll data.
23.2 Management of payroll changes	A	Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows corrections in a maximum of 3% of salary payments.

Indicator/dimension	Score	Justification
23.3 Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.
23.4 Payroll audit	C	Partial payroll audits or staff surveys have been undertaken within the last three completed fiscal years.
PI-24. Procurement (M2)	D+	
24.1 Procurement monitoring	D	Databases or records are maintained for contracts including data on what has been procured, the value of procurement and who has been awarded contracts. The data are accurate and complete for the majority of procurement methods for goods, services and works.
24.2 Procurement methods	D	For procurement above the threshold, 45% is done via competitive methods (open tender and restricted tender). This is less than 60% which required for a C-score.
24.3 Public access to procurement information.	D	One procurement information elements are completely made available to the public (bidding opportunities) and two other elements are partially open to the public (legislation and contract awards).
24.4 Procurement complaint management	B	The procurement complaint system does not meet criterion 1 which is a minimum requirement for a C-score.
PI-25 Internal controls on non-salary expenditure (M2)	B	
25.1 Segregation of duties	B	Segregation of duties is prescribed throughout the expenditure process. Except for the Accounting Manual (which is outdated), the segregation of duties in the payment process are up to date and laid down in the PFM Act (2012) and the PFM Regulations (2014). Responsibilities are thus clearly laid down for most key steps while further details may be needed in a few areas.
25.2 Effectiveness of expenditure commitment controls	C	Expenditure commitment control procedures exist for capital expenditures. For recurrent expenditures, no commitment control system is in place (the TIS and LPO system is only effective in limiting payments to the cash availability, but it does not record commitments).

Indicator/dimension	Score	Justification
25.3 Compliance with payment controls	B	Payments are generally compliant with regular payment procedures. Exceptions are properly authorized in advance and justified.
PI-26 Effectiveness of Internal Audit (M1)	D+	
26.1 Coverage of the internal audit	B	Internal audit is operational for all central government entities. All MDAs are subject to internal audit, but no data was provided to support that substantive audit work is carried out across all of them.
26.2 Nature of audits and standards applied	B	Internal audit activities are focused on evaluations of the adequacy and effectiveness of internal controls. Audit activities meet professional standards, including a focus on high-risk areas, but a quality assurance process is not in place.
26.3 Internal audit activity and reporting	D	An Annual audit program exists, but the majority of the audit programme is not completed with an issued final audit report (12 out of 27 planned audits were completed).
26.4 Response to internal audits	C	Management provides a partial response to audit recommendations for the majority of entities (more than 50%) audited within twelve months of the report being produced.
Pillar VI Accounting, Recording and Reporting		
PI-27 Financial data integrity (M2)	A	
27.1 Bank account reconciliation	A	Bank account reconciliation is done daily, weekly or monthly, depending on the bank account, but it is done daily for the Central Bank Account, which hosts more than 90% of the budget.
27.2 Suspense accounts	A	Reconciliation of suspense and advance accounts take place monthly and as a rule is completed within 2 days of the end of the month. The amount of uncleared suspense account is less than 1% of total expenditure.
27.3 Advance accounts	A	Advance accounts only consist of imprest accounts comprising small amounts (petty cash) issued from the Consolidated Fund to Public Officers to meet incidental expenses. They are generally cleared before the end of the year.
27.4 Financial data integrity processes	B	Access and changes to records is restricted and recorded, and results in an audit trail, but there are no internal controls in charge of verifying financial data integrity within the Treasury
PI-28 In-year Budget Reports (M2)	B+	

Indicator/dimension	Score	Justification
28.1 Coverage and comparability of reports	A	Coverage and classification of data allows direct comparison to the original budget. Information includes all items of budget estimates.
28.2 Timing of in-year budget reports	A	Reports for both recurrent and capital expenditures are prepared on a monthly basis and issued within two weeks of the end of the month.
28.3 Accuracy of in-year budget reports	B	There are no material concerns regarding data accuracy. An analysis of the budget execution is provided on at least a half-yearly basis. Information on expenditure is covered at only at payment stages.
PI-29. Annual financial reports (M2)	A	
29.1 Completeness of the financial reports	A	Financial reports for budgetary central government are prepared annually and they are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
29.2 Submission of reports for external audit	A	Complete draft accounts are shared with the Auditor General within 3 months after the end of the previous year.
29.3 Accounting standards	A	Accounting standards applied to all financial reports are consistent with IPSAS. Most international standards have been incorporated into the national standards. Variations between international and national standards are disclosed in AFS.
Pillar VII External Scrutiny and Audit		
PI-30 External audit (M1)	D+	
30.1 Audit coverage and standards	A	Financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using ISSAIs or consistent national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.
30.2 Submission of audit reports to the Legislature	C	Audit reports were submitted to the legislature within nine months from receipt of the financial reports by the audit office for the last three completed fiscal years.

Indicator/dimension	Score	Justification
30.3 External audit follow up	D	Audit issues and recommendation are discussed in exit meetings and these discussions are reflected in the Management Letters. However, in most cases the OAG does not receive a formal response by the auditee on the management letter. Only in some cases when there is a crucial disagreement on the findings and conclusions of the OAG, the audited entity will make a formal response.
30.4 SAI independence	A	The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information for all audited entities.
PI-31 Legislative scrutiny of audit reports (M2)	C+	
31.1 Timing of audit reports scrutiny	D	Scrutiny of audit reports on annual financial reports is not completed by the Assembly within twelve months from the receipt of the audited financial statements.
31.2 Hearings on audit findings	C	In-depth hearings on key findings of audit reports take place with responsible officers from a few (seven out of sixteen entities) audited entities which received a qualified or adverse audit opinion or a disclaimer.
31.3 Recommendations on audit by the Legislature	C	The legislature issues recommendations on actions to be implemented by the executive but there is no follow up on the implementation of the recommendations.
31.4 Transparency of the legislative scrutiny of audit reports	A	All hearings are open to the media (and thus public). Verbatim of the hearings as well as FPAC reports (once they are tabled) are published on the Assembly website. Committee reports are debated in the full chamber of the Assembly.

1 Introduction

1.1 Rationale and purpose

General objective

The PEFA 2016 evaluation of Seychelles has the general objective to provide an analysis of the overall performance of the public finance management (PFM) system in Seychelles and to measure the evolution of this performance since the assessment of the previous PEFA which took place in 2011. The analysis should help to facilitate the dialogue on reform in public finances between the authorities and the financial and technical partners in development on the basis of a common dialogue.

Specific objectives

The specific objectives are presented in the TOR of this assessment. They can be presented as follows:

- To evaluate the performance of the PFM and the progress since the previous PEFA 2011 evaluation, according to the updated 2016 methodology;
- To identify the areas where the performance in PFM has changed during the last three years and the actions of reforms or other factors that contributed to these changes;
- To determine and explain the degree of evolution of the performance as a function of the PEFA indicators ratings, comparing them with the results of the previous assessment;
- To take knowledge of the reasons that may have contributed to the evolution of the ratings;
- To proceed with a contribution to the implementation of reforms in GFP in order to improve the evolution of the ratings;
- To train the government staff according to the 2016 methodology during the assessment.

1.2 Assessment management and quality assurance

This Report of the Public Expenditure and Accountability (PEFA) assessment of the Republic of Seychelles was based on the 2016 PEFA methodology. This is the third PEFA assessment of the country. Two previous assessments have been performed in 2008 and 2011 respectively.

In accordance with the TOR, the quality assurance mechanism, better known under the name of the PEFA check will be used in the course of this evaluation. The two reviewers, in addition to the PEFA Secretariat and the government, as identified in the TOR, would be the World Bank and the IMF.

The following box summarises the Assessment management and quality assurance arrangements. Not all the required information is available yet.

Box 1-1 Assessment management and quality assurance arrangements

PEFA assessment management organization

Oversight Team:

- *Assessment Manager: Danitsja van Winden ECORYS;*
- *Assessment Team Leader and Team Members: Jean-Marc PHILIP, Team Leader, Ferrie POT, Team Member.*

Review of concept note and/or terms of reference

- *Date of reviewed draft concept note and/or terms of reference: 14th July 2016;*
- *Invited reviewers: PEFA Secretariat, the World Bank, IMF and Government;*
- *Reviewers who provided comments: all reviewers commented on the TORs;*
- *Date of the final concept note and/or terms of reference: 20th July 2016.*

First review of the assessment report

- *Date of draft report: January 9^h 2017;*
- *Date(s) of reviewed draft report: February 1st 2017 (PEFA Secretariat), March 10th 2017 (other reviewers);*
- *Invited reviewers: PEFA Secretariat, the World Bank (Patrick Kabuya and Alex Sienaert), IMF (Joseph Thornton);*
- *Reviewers who provided comments: all reviewers commented the draft report.*

Second review of the assessment report

- *Date of revised draft report: May 8th 2017;*
- *Date(s) of reviewed draft report(s): July 20th 2017 (PEFA Secretariat);*
- *Invited reviewers: PEFA Secretariat, the World Bank (Patrick Kabuya and Alex Sienaert), IMF (Joseph Thornton);*
- *Reviewers who provided comments: only PEFA Secretariat provided comments on the revised report;*
- *Date of the second revision of the report: August 31st 2017.*

Third review of the assessment report

- *Date of revised draft report: September 11th 2017;*
- *Date(s) of reviewed draft report(s): September 13th 2017 (PEFA Secretariat);*
- *Invited reviewers: PEFA Secretariat*
- *Reviewers who provided comments: PEFA Secretariat.*
- *Date of the third revision of the report: September 15th 2017.*
- *Date of PEFA check. October 6th 2017.*

1.3 Assessment methodology

Coverage of the assessment

In conformity with the PEFA guidelines, the assessment of the Seychelles' PFM concentrates on the operations of government as set out in successive annual budget proposals and execution statements. The government includes the offices of the President and the Prime Minister, the National Assembly, the Auditor General, different other Ministries, the Social Insurance Funds, as well as the government Commissions and Agencies.

The assessment will be performed on the basis of the Performance Measurement Framework (PFM) issued by the PEFA multi-donor programme in April 2016. This Framework is an integrated

monitoring tool developed to provide reliable information on the performance of PFM systems, processes and institutions. It relies on a set of 31 high-level Performance Indicators (PIs) which measure different aspects of the government's PFM systems. The report will also take into account the detailed guidance issued by the PEFA Secretariat about the operation of the framework.

The PEFA report structure is based on the criteria for each Performance Indicator as set out in the Performance Measurement Framework issued by the PEFA Secretariat and the development partners in April 2016. Because of the change in the methodology, the annex to the report also analyses the Performance Indicators according to the 2011 methodology, so as to provide changes in comparison against the previous performance.

The PEFA/PMF does not seek to assess expenditure policy. The framework rather focuses on assessing the capacity of the elements of the system to facilitate the achievement of desired policy outcomes. Thus the report will not itself put forward specific recommendations for PFM reforms or an action plan. Nevertheless, it is hoped that this report will assist the government to determine its PFM reform priorities and action plan.

As other assessments in the same domain, PEFA assessments reinforce public finance management by ensuring best practices are adhered to through transparent and accountability measures, good monitoring and reporting. Hence, the government has a credible plan pertinent to improving public finance management. Policy orientation continues to lay emphasis on improving PFM as a precursor to macroeconomic stability.

Organisation and calendar of the assessment

This PEFA 2016 Assessment was performed by two international experts in PFM, MM Jean Marc Philip and Ferdinand Pot from the ECORYS Company. The focal point designated from the government side was Mr Patrick PAYET, currently the Principal Secretary for Finance at the MOFTEP, assisted by Damien THESEE, the Comptroller General of the Financial Planning & Control Division in the MOFTEP. On the side of the Delegation of the European Union, who financed the project, the focal point was Mr Rajesh PARBOTEEAH, project manager at EEAS-PORT LOUIS, MAURITIUS. Interlocutor vis-a-vis the other stakeholders of the project: the IMF, the World Bank and the PEFA Secretariat (for reviewing the versions of the reports and provide methodological comments).

As per ToR, the required activities were performed as follows:

Phase one:

1. Desk work was performed to gather the first elements collected and to prepare the main field mission;
2. A first mission was held from 26 September to 7 October to collect information and to explain the evidence required for the assessment, and to hold initial discussions with the main stakeholders;
3. A workshop was held on 29 September to present the project to the ministries and bodies concerned by the assessment and provide training to the staff of the GoS on the PEFA 2016 methodology;
4. Desk work was performed to gather to produce a draft report that was sent to the Ministry of Finance, Trade and Blue Economy (MOFTEP) in order to get its feedback on the first findings.

Phase two:

A second mission was performed from 23 November-7 December during which the assessment team collected the required evidence that could not be collected during the first phase and discussed amendments to the draft proposed by the team to the MOFTEP:

1. A dissemination workshop was held on December 1st in order to present the ratings of all the Performance Indicators in accordance both with the then current 2011 PEFA criteria, and with the January 2016 version of the new PEFA criteria;
2. A second draft report was sent to the Working Group at the MOFTEP on 13 December.

Phase three:

After having received comments from the Seychelles' stakeholders, a final version of the Report was prepared, which was sent the EU Delegation on 4 January 2017 and was sent to the PEFA Secretariat and the peer reviewers for their comments.

The different phases of the assessment are summarised in the table below.

Phases	Beginning date	End date
Documentary phase	5 th September 2016	23 rd September 2016
1 st mission in Seychelles	26 th September 2016	7 th October 2016
Drafting of the PEFA Report 2016 (chapter III), with Annex 2011 and reform strategy of the GFP	9 th October 2016	10 th November 2016
Review of the chapter III by the Government of Seychelles	10 th September 2016	20 th November 2016
2 nd mission in the Seychelles	23 rd November 2016	7 th December 2016
Finalization phase of the interim report the PEFA	5 th December 2016	4 th January 2017
Sending the draft report to the Delegation of the European Union for validation phase, acceptance (PEFA Secretariat)	9 th January 2017	21 st January 2017
Revision for the PEFA check	February 2017	April 2017
Date of PEFA check	October 2017	

Data collection and deliverables

Before the first field mission, the staff of the MOFTEP started compiling the required documentation that was required by the experts. This information was put in a shared Dropbox folder on the Internet.

As proposed in the methodology, a draft report will be sent to the Seychelles administration after the completion of the first field mission, in order to get their comment before coming back for the second mission.

After the second field mission, the complete draft report will be sent by the end of December 2016 to the main stakeholders in the country's government. At the same time, this final draft report will be subjected to a quality review performed by the PEFA Secretariat, the EU Delegation in Mauritius, the World Bank and the IMF (not confirmed yet). The comments received will help to improve and finalise the text and get the PEFA check label. A scheduled calendar is presented in Annex 1.

Most of the PEFA Indicators require data for the three most recent financial years as the basis for the assessment. Thus this assessment is based, where relevant, on the experience of the financial years 2013, 2014 and 2015 (ending in each case on 31 December).

For each of the PIs, which are scored on a rating system from A to D, the report will provide a brief description of the government's procedures and processes concerned and an explanation for the score by reference to the PEFA criteria for that Indicator. Where Indicators have more than one dimension, the scores for each dimension will be combined by one of two methods: for those Indicators where Method M1 applies, the lowest score is taken, with a +sign added where one or more dimensions receive a higher score. Where Method M2 applies, an average score is registered by reference to a scale set out in the PEFA criteria.

Before presenting the PI assessments the report will give information about the country's economic situation, recent budgetary outcomes and the legal and administrative structures within which PFM takes place. The structure of the rest of the report will be as follows: Chapter 2 provides background information on the economic situation, recent budgetary experience, and the administrative and legal structures within which PFM is operated. Chapter 3 presents the scores for each of the 31 PIs, and the reasons for them. Chapter 4 sets out the prospects for further PFM reform as they appear at the time of the assessment.

Because the assessment is being undertaken with the new PEFA 2016 Framework methodology, the assessment team will also provide ratings based on the 2011 methodology in order to point out the evolution of the previous indicator over time. The results, which will help to provide a baseline against which changes in PFM performance, will be presented in an Annex to the main report. A series of other Annexes will provide more detailed information for reference, including lists of the people met, documents consulted, a summary of the ratings of Indicators and Dimensions based on the 2016 criteria.

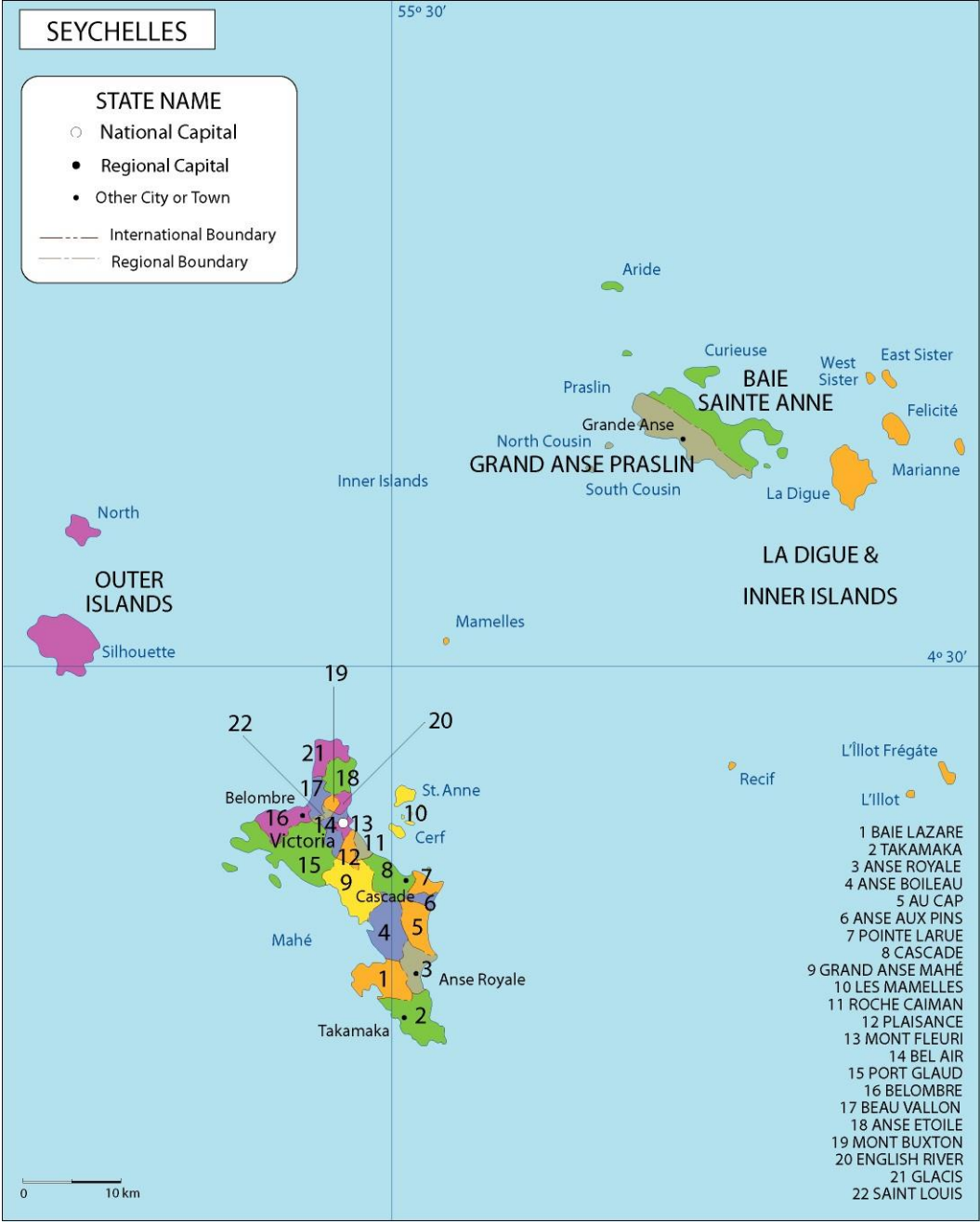
Other methodological issues for the preparation of the report.

Seychelles is just making its first steps in the decentralization process. Hence, indicator PI-7 was not yet applicable. The National Assembly voted in favour of decentralisation in August 2015 and the country should launch the process of setting the mechanism for this election for the various districts. It should also establish the mechanism for funding to the districts in order to make them autonomous.

2 Country background information

Located northeast of Madagascar, the Republic of Seychelles is an archipelago of 115 islands that are home to 92,900 inhabitants, three fourths of which live on the main island of Mahé.

Figure 2.1 Administrative map of Seychelles



Independent since 1976, Seychelles is a relatively young democracy. The first multiparty presidential election was held in 1993, after the adoption of a new constitution. The current Constitution of the Republic of Seychelles was approved by referendum on June 18, 1993 and amended in 1994, 1995, 1996, 2000, and in 2011.

2.1 Country economic situation

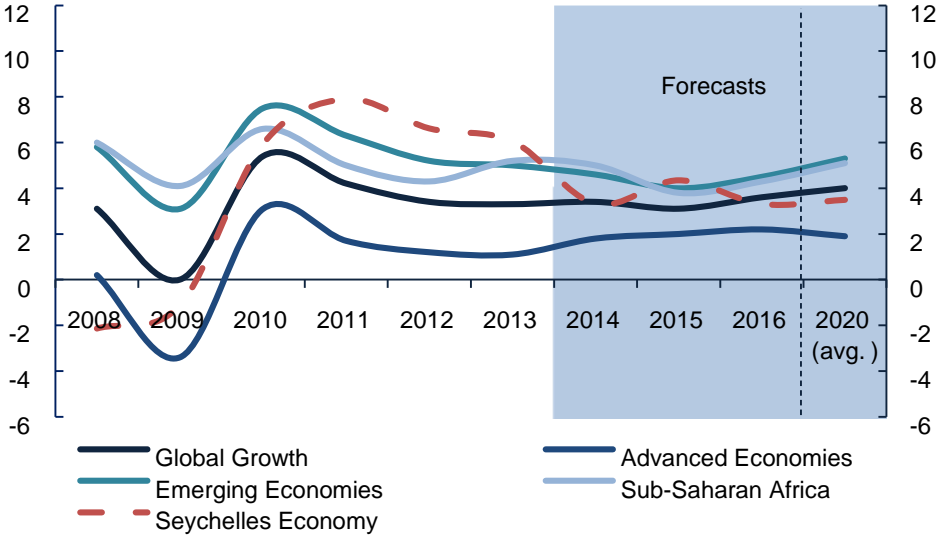
Economic outlook

Seychelles’ main industries are tourism and fishing, though the government has been promoting diversification in the economy by supporting the development of agriculture, small-scale manufacturing and transport of petroleum.

Seychelles records the highest gross domestic product (GDP) per capita in Africa (\$15,476 in 2015). Its economy relies heavily on tourism and tuna export and is particularly at risk to increasing changes in climate.

Seychelles’ economy expanded strongly in 2015, by 4.3%. IMF forecasts Global growth for 2015 at 3.1%. According to the GoS, it is estimated that the economy will grow by 3.3% in 2016.

Figure 2.2 Global growth forecasts of Seychelles against other economic areas



Source: MOFTEP, Budget Strategy and Outlook 2017.

The figure above shows Seychelles’ real GDP growth in comparison to the global growth and that of emerging and advanced economies, and that of sub-Saharan Africa.

The fall in oil prices has had a significant positive impact on Seychelles’ economy. This has reduced the price of imports and has resulted in increased competitiveness in the local business environment.

Despite the recent robust pace of growth, inflation has remained contained, partly due to favourable imported energy and food prices. However, following years of rapid debt consolidation, fiscal policy has turned more expansionary, raising some risks of the economy overheating. This puts into focus the need for continued reforms and implementation to make the public sector more efficient, and to lay the foundation for sustainable, private sector led growth.

Key economic indicators for the past three years are presented in table 2.1 below.

Table 2.1 Selected economic indicators

	2013	2014	2015	2016	2017	2018
				←-----Forecast----->		
National income and prices						
Nominal GDP (SR'm)	17,015	18,133	19,348	20,453	21,726	23,281
Real GDP growth	6	3.3	4.3	3.3	3.6	3.5
GDP deflator growth	6.7	3.1	2.3	2.3	2.5	3.5
CPI (annual average)	4.3	1.4	4.3	2.5	2.4	2.8
External sector (in UDS m)	-220					
Current account balance including official transfers	-1,266	-300	-290	-242	-245	
Imports	1,102	-1,400	-1,264	-1,273	-1,347	
Exports		1,182	1,052	1,154	1,231	
Exchange Rate Assumption						
SR per Euro (period average)	16.01	16.87	14.78	14.89	15.22	15.75
SR per USD (period average)	12.06	12.57	13.3	13.33	13.47	13.53

Source: MOFTEP, Budget Strategy and Outlook 2017.

As far as External Debt is concerned, Seychelles is on track to achieving debt sustainability in the medium term and attaining our debt target of 50% of GDP by 2018. In fact we expect our Debt to fall from 63% year end 2015 to 49.6% by 2018 based on our current scenario.

This debt reduction will be financed by an annual primary surplus of 3.8 per cent of GDP between 2015 and 2018. This is equivalent to an average surplus of SR 796m for the period.

Challenges

Low unemployment and high labour force participation (70% in 2015) mask several structural weaknesses in Seychelles' labour market. Skill mismatches hinder high-quality job creation. Youth unemployment is about three times higher than national unemployment, with female youth unemployment ranking nine percentage points higher than male youth unemployment.

Poverty rates in Seychelles are expected to remain among the lowest in the world outside the Organization for Economic Cooperation and Development (OECD). Recent estimates show that extreme poverty, using the international poverty line of \$1.90 per day in 2011 purchasing power parity (PPP), stood at 1.1% of the population in 2013. Moderate poverty based on the \$3.1 per day (in 2011 PPP) poverty line was 2.5% of the population in 2013. However, inequality is substantial, with a gross income-based Gini index of 0.46 in 2013.

2.2 Fiscal and budgetary trends

By the end of the fiscal year 2015, the Government achieved a primary surplus of 3.8 per cent of GDP. The primary fiscal target for Government remains the reduction of public debt to 50 per cent by 2018. Information on fiscal data is reported in the tables below.

Table 2.2 Government Budget aggregate fiscal data (in % GDP)

	2013	2014	2015
Total revenue, including grants	36.7	37.7	35.1
Total revenue, excluding grants	34.5	34.6	34.3
Grants	2.2	3.1	0.8
Expenditure and net lending	35.7	35.2	33.9
Current expenditure	27.9	28.3	28.9
Of which: interest payments	4	2.4	3.1
Capital expenditure	7.3	5.8	3.8
Net Lending	0	0.7	0.4
Primary balance	5	4.9	4.3
Overall balance (accrual basis), including grants	1	2.5	1.2
Overall balance (accrual basis), excluding grants	-1.2	-0.6	0.4
Overall balance (cash basis), including grants	1	2.5	1.2
Overall balance (cash basis), excluding grants	-1.2	-0.6	0.4
Domestic bank financing (net)	-2.8	-2.4	0.7
Current account balance including official transfers	-12.1	-23	-17.7
Imports	77.8	80.1	67.9
Exports	47.8	39.9	33.1
Foreign Direct Investment	1.3	7.6	7.8
Gross official reserves In months of imports, c.i.f.	3.2	3.9	4.3
Total debt outstanding	68.8	68.6	69
Domestic debt	29.2	31.5	33.3

Source: MOFTEP, IMF tables – Budget Strategy and Outlook 2017.

The budget for Seychelles, does not provide a functional classification. However, as the following table presents, the fields of education and health got the strongest funding in Seychelles' national budget –for the last 3 FY.

Table 2.3. Budget allocations by administrative classification (as a % of total expenditure)

Administrative heads	2013	2014	2015
MINISTRIES/DEPARTMENTS	37.10%	40.75%	41.20%
Ministry of Education	7.00%	7.12%	8.08%
Ministry of Health	9.06%	9.00%	3.54%
Ministry of Home Affairs	5.37%	5.09%	5.55%
Department of Defence	2.82%	6.38%	3.50%
Landscape & Waste Management Agency	1.86%	2.30%	2.30%
Ministry of Finance, Trade and Economic Planning	1.09%	1.16%	1.13%
Ministry of Social Affairs, Community Development, & Sports	1.28%	1.27%	0.84%
Seychelles Land Transport Agency	1.08%	0.92%	1.10%
Office of the President	0.87%	0.96%	0.97%
Ministry of Foreign Affairs	1.24%	1.09%	0.00%
Seychelles Tourism Board	0.00%	0.00%	2.03%
The Judiciary	0.61%	0.62%	0.73%
Ministry of Environment, Energy & Climate Change	0.62%	0.61%	0.50%
Ministry of Tourism & Culture	0.53%	0.59%	0.47%
Seychelles Agricultural Agency	0.47%	0.46%	0.46%

Administrative heads	2013	2014	2015
National Sports Council	0.00%	0.00%	1.30%
Department of Legal Affairs	0.42%	0.42%	0.41%
Seychelles Broadcasting Corporation	0.00%	0.00%	1.11%
Ministry of Foreign Affairs and Transport	0.00%	0.00%	1.09%
National Assembly	0.47%	0.53%	0.00%
Ministry of Land Use & Housing	0.36%	0.63%	0.00%
Centralized payments	50.64%	51.81%	48.84%
Interest	11.17%	6.57%	9.17%
Contingency	1.09%	0.87%	0.79%
Total	100.00%	100.00%	100.00%

Source: MOFTEP, IMF tables – Budget Strategy and Outlook 2017.

Furthermore, according to the budget speech 2013, delivered by the Minister for Finance, 55% of total investments are from social related areas, namely health, education, housing and community, and social protection.

As far as the allocation by economic classification is concerned, Central Government's wages experienced an increase in 2014 vis-a-vis 2013, but a decrease in 2015 vis-a-vis 2014, which reflects variation originating from usual salary enhancements, promotions and recruitment, but also Government efforts of maintaining the wage bill at sustainable levels. The other components most significant variation to point out are the increase of transfers to the public sector from central government and the decrease of capital expenditure.

Table 2.4 Budget allocations by economic classification (in percentage of total expenditure)

Economic heads	2013	2014	2015
Wages and salaries	20.54%	22.81%	18.94%
Goods and services	22.04%	22.74%	16.49%
Interest due	9.62%	10.23%	10.75%
Social programs of central government	6.46%	6.93%	5.98%
Transfers to public sector from central government	13.00%	13.11%	24.05%
Capital expenditure	25.08%	20.93%	19.68%
Other	3.27%	3.25%	4.12%
Total expenditure	100.00%	100.00%	100.00%

2.3 Legal and regulatory arrangements for PFM

The current Constitution of the Republic of Seychelles was approved by referendum on June 18, 1993, that was amended many times since. The last amendment was made in 2011.

The Constitution provides a strong statutory basis for PFM and the economic management of the country. The President is the Head of the State and the Government, as well as the Commander in Chief of the country's armed forces (Article 50). The President is elected by direct universal suffrage and is restricted to three terms of office of five years each (Article 52). The Legislative power is vested in a unicameral parliament, the National Assembly (Article 85).

The judicial system comprises of a Court of Appeal, a Supreme Court and subordinate courts and tribunals (Article 119). The President of the Court of Appeal, the head of the Supreme Court and all

other judges are appointed by the President from candidates nominated by the Constitutional Appointments Authority (Articles 123, 127).

PFM legislation and regulatory arrangements are mainly supported by the Public finance management act 2012, (Act 9 of 2012) and the Public Finance management regulation, 2014.

Public procurement is regulated by the Public Procurement Act of 2008 (Public Procurement Act, PPA), enacted in December 2008, derived from COMESA regulation, so that it generally aligns with international standards and contains most elements of a modern legal and regulatory framework for procurement. The relevant regulations, published in the Official Gazette in January 2014, state that this law only applies to ministries, departments and offices (MDOs) and other bodies financed by the public budget and expressly excludes public entities established under the law on companies and all contracts concluded in accordance with the rules and procedures of activities financed by donors.

The PPA defines and prescribes the hierarchy of the different procurement actors in the public procurement sector: the Public Procurement Supervision Unit (POU), the National Procurement Council (NTB), the Independent Review Committee, procurement boards and procurement units.

Based on the Act, the Procurement Oversight Unit (POU) is the regulatory body responsible for formulating procurement policies and monitoring compliance with the procurement legislation. It does not participate in the procedures for the award of contracts or the resolution of disputes relating to them. The NTB's responsibilities include receiving and publicly opening bids, reviewing the recommendations of bid evaluation reports, publishing contract award information, and recommending the exclusion of certain companies. Procurement units are responsible for procurement planning and case management, procurement processing and contract management. In accordance with the regulations, Procurement Commissions are now more decentralized, as stipulated in the law. By January 2015, there were 86 procurement entities as defined by the 2008 Public Procurement Act and the 2014 regulations¹.

The Office of the Auditor General (OAG) is responsible for the external audit of public funds, while the Chief Internal Auditor (CIA) performs internal audit and investigative functions to verify that the funds have been used for the intended purposes.

2.4 Institutional arrangements for PFM

Under the Constitution, the Republic of the Seychelles has only one central government and no provincial and municipal local governments with local revenue collection and spending autonomy as well as autonomous regions.

The public sector in Seychelles 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, as then consolidated with the reported activities of the state owned enterprises as scheduled by the Public Enterprise Monitoring Commission Act, 2013.

So extra budgetary units of a small amount are identified outside the budget, but no consolidated reports can be produced by the administration.

¹ African Development Bank – Country Strategic Paper 2011 – 2015.

The Social Security Fund was established by the Social Security Fund Act, 1987. The principal functions of the Fund were to collect contributions from employers and employees and disburse various benefits to eligible persons, in accordance with the provisions of the Act.

The Social Security Act, 2010 repealed the previous Act with effect from July 2010. Under the new legislation, the Social Security Fund continued without the mandate to collect contributions which was replaced by a personal income tax to be collected by the Seychelles Revenue Commission.

Table 2.5 Structure of the public sector (number of entities and financial turn-over (in million SR) for FY 2015

Government subsector	Budgetary Unit	Extra budgetary Units	Social security fund Social security funds ^{1/}	Public subsector Nonfinancial public corporations	Public corporation Financial public corporations
Number	64	-	1	11	6
Financial turn-over	9 974	-	139.9	218,3	373.9

Source: Detailed budget estimates 2015, AFS 2015 and author's calculation.

Table 2.6 Financial structure of central government – budget estimates (in millions SR) for the FY 2015

Central government	Budgetary Unit	Extra budgetary Units	Social security funds 1/	Total aggregated
Revenue	6,639.3	-	-	6,639.3
Expenditure	-5,234.9	-	-	-5,234.9
Transfers to public sector from central government	-1,443.4	-	-	-1,443.4
Net Incurrence of Liabilities	-111.0	-	-	-111.0
Net acquisition of nonfinancial assets	-1,145.1	-	-	-1,145.1
Net Acquisition of Financial Assets	148.4	-	-	148.4

Source: AFS 2015

Social security funds are now part of budgetary units. Social security funds was shifted from "Social Programs of Central Government" to "Benefits and Programs of Social Security Fund", and some other expenditure that fell under "Goods and Services" and "Social Programs of Central Government" are now classified under "Transfers to the Public Sector".

Table 2.7 Financial structure of central government – actual expenditure (in millions SR) for the FY 2015

Central government	Budgetary Unit	Extra budgetary Units	Social security funds ^{1/}	Total aggregated
Revenue	6,349.0	-	-	6,349.0
Expenditure	-5,475.1	-	-	-5,475.1
Transfers to public sector from central government	-1,438.4	-	-	-1,438.4
Net Incurrence of Liabilities	475.8	-	-	475.8
Net acquisition of nonfinancial assets	-806.8	-	-	-806.8

Central government	Budgetary Unit	Extra budgetary Units	Social security funds ^{1/}	Total aggregated
Net Acquisition of Financial Assets	542.9	-	-	542.9

Source: AFS 2015.

2.5 Other important features of PFM and its operating environment

According to the Corruption Perceptions Index of the Transparency International, Seychelles has made steady progress in the fight against corruption, from the 50th place in 2008 to 43th in 2014 out of 175 countries, and occupying the 3rd position in sub-Saharan Africa after Botswana and Cape Verde.

The legal basis for the fight against corruption in the Seychelles are considered adapted, although the opposition party and the media have called for actions on a larger scale against corruption, supported by a more comprehensive legislation whose implementation would be ensured by a body responsible for the fight against corruption. A presidential election in December 2015 was closely-fought, and President James Michel was narrowly elected for a third and last term. In September 2016, the opposition coalition Linyon Democratic Seselwa (LDS) won the country's parliamentary elections for the first time. This was also the first time that the ruling Parti Lepep lost its majority in the parliament. President Michel resigned on October 16 and was replaced by current Deputy-President Danny Faure.

In public procurement, Section 103 of the law on public procurement requires that a bidder or supplier participating in a public contract does not commit or encourage any act of corruption. However, there is no report and no information available regarding the sanction mechanism among the public bodies responsible for the governance and the fight against corruption include the Office of the Ombudsman, established under the Constitution of the Republic of Seychelles in 1993, which has the power to investigate any of the country's public authorities².

² African Development Bank – Country Strategic Paper 2011 – 2015.

3 Assessment of PFM performance

3.1 Pillar I. Budget reliability

PI-1. Aggregate expenditure outturn

Description

This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. There is one dimension for this indicator. The ability to implement the budgeted expenditure is an important factor in supporting the government's ability to deliver the public services for the year as expressed in policy statements. Budget credibility requires actual budget expenditures to in line with the initially approved budgets and requires appropriate fiscal discipline to be in place.

Coverage: Budgetary central government (BCG).

Time period: Last three completed fiscal years.

The years considered for calculation are 2013 to 2015. Data are based on the ISPAS financial statements prepared for the Auditor General for 2013 and 2014 and on provisional data for 2015.

1.1. Aggregate expenditure outturn

According to the new methodology, PI-1: aggregate expenditures, includes both contingency items and debt interest payments.

Budget data are voted by economic and administrative and economic classification. Breakdown by ministries distinguishes two categories of expenditure:

- Recurrent expenditure;
- Capital expenditure.

The table below presents the allocated and total expenditure for the years 2013 to 2015. The detailed tables supporting these figures are reported in Annex 3.

Table 3.1 Originally budgeted and actual expenditure 2013 to 2015 (in millions SR)

Head	2013			2014			2015		
	Budget	Real.	%	Budget	Real.	%	Budget	Real.	%
Allocated expenditure	5,363	4,956	92%	5,467	5,699	104%	5,844	5,537	95%
Interests	529	631	119%	566	404	72%	645	564	87%
Contingency	50	62	123%	45	53	119%	45	49	108%
Total expenditure	5,942	5,648	95%	6,078	6,157	101%	6,535	6,149	94%

Source: Budget execution reports and Annual financial statements.

In aggregate, actual expenditure was 95.1% of budgeted expenditure in 2013, 101% in 2014 and 94% in 2015, respectively.

The resulting matrix of calculation tables reported in Annex 3 is presented below.

Table 3.2 Result matrix of originally budgeted and actual expenditure 2013 to 2015 (in %)

Year	% of original budget
2013	95.1%
2014	98.7%
2015	94.1%

Source: Budget execution reports, AFS and authors' calculations.

Because actual revenue was between 95% and 105% of approved budgeted expenditure in 2013 and 2014, the rating for this indicator is A.

Performance change since the previous assessment

Data includes interest and externally-funded expenditures in the new methodology, while it was not the case for the previous assessment, which used the 2011 methodology.

The previous PEFA assessment pointed out a budget outturn that seemed to be a common practice. This situation resulted from the fact that budget generally presented a surplus instead of a deficit, which enabled an increase in budget ceilings during budget implementation (without supplementary vote) in order to allow additional public expenditure.

For the last three years under consideration, actual budget expenditure was always below the level of the original budget.

Recent or ongoing reform activities

Seychelles government is implementing Programme Performance-Based Budgeting (PPBB) since 2013.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-1. Aggregate expenditure outturn	A	
1.1. Aggregate expenditure outturn	A	Actual expenditure outturn was between 95% and 105% of the approved budgeted expenditure in two of the last three years (2013 and 2014). In 2015, expenditure deviation was less than 95% of the initial budget.

PI-2. Expenditure composition outturn

Description

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. It contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

Coverage: BCG.

Time period: Last three completed fiscal years.

2.1. Expenditure composition outturn by administrative heads

For this component, the new methodology PEFA 2016 excludes both contingency items and debt interest payments.

According to the administrative classification, the total variances for the three years 2013-15 were 15.9 per cent, 11.4 per cent and 11.0 per cent respectively. The table below shows the overall results of this calculation.

Table 3.3 Composition variance in budget outturns based on the administrative classification (2013 - 2015)

Year	Total exp. Deviation	Composition variance
2013	95.1%	6.8%
2014	98.7%	9.0%
2015	94.1%	13.9%

Source: Budget estimates and actual expenditure 2013 to 2015 and authors' calculation.

The variance in budget outturns according to the administrative classification was equivalent to more than 5% in three years, but less than 10% in 2013 and 2014, which qualify for the B score.

2.2. Expenditure composition outturn by economic type

For this component, the scoring method analyses aggregate expenditures including debt interest payments but excluding contingency items. Data supporting the calculation for this component is extracted from the Annual Financial Statements.

Table 3.4 Budgeted and actual revenues for 2013 – 2015 (in billions SR)

Economic head	Budget	Actual	Budget	Actual	Budget	Actual
Wages and salaries	1,129	1,068	395,770	409,722	1,137	1,149
Goods and services	1,212	955	329,492	508,956	990	1,048
Capital projects	1,201	962	325,473	298,292	1,069	685
Public debt interest	529	631	188,540	134,832	645	564
Transfers	1,070	1,248	470,319	465,236	1,868	1,917
Development grants	144	129	64,727	27,612	93	90
Social benefits	443	448	176,689	172,753	557	622
Others	215	207	74,931	35,019	177	74
Total expenditure	5,942	5,648	2,025,940	2,052,423	6,535	6,149

Source AFS 2013, 2014, 2015.

Table 3.5 Budgeted and actual revenues for 2013 – 2015 (in percentage deviation)

Economic head	2013	2014	2015
Wages and salaries	5.4%	3.5%	1.1%
Goods and services	21.2%	54.5%	5.9%
Capital projects	19.9%	8.4%	35.9%
Public debt interest	19.2%	28.5%	12.7%
Transfers	16.6%	1.1%	2.6%
Development grants	10.4%	57.3%	2.8%
Social benefits	1.2%	2.2%	11.7%
Others	3.7%	53.3%	58.0%
Total expenditure	4.9%	1.3%	5.9%

Source AFS 2013, 2014, 2015.

The table below presents the summarized results of the previous calculations enabling the calculation of the composition variance according to the PEFA methodology.

Table 3.6. Composition variance in budget outturns based on the economic classification (2013 - 2015)

Year	Composition variance
2013	13.8%
2014	17.9%
2015	14.8%

Source: AFS 2013, 2014 and 2015 and authors' calculation.

The variance in budget outturns according to the economic classification was equivalent to more than 10% in all three years, but less than 15% in 2013 and 2015, which qualify for the C score.

2.3. Expenditure from contingency reserves

The component refers to actual expenditures charged to the contingency vote compared to the original budget for aggregate expenditures.

To manage the risk of further unforeseen expenses, a contingency item has been included in the budget to cover any costs associated with natural disasters, a sharp increase in international food and prices and other unforeseen events. A contingency line is included in the budget estimates and actual expenditure, which is part of the budget documentation.

As shown in the table below, actual expenditure charged to a contingency vote was less than 1% of the original budget for the three years 2013-2015.

Table 3.7 Contingency share of budget for the years 2013 - 2015

Year	Percentage of contingency compared to the original budget	Average contingency share
2013	1%	0.9%
2014	0.9%	
2015	0.7%	

Source: Budget estimates and actual expenditure for 2013, 2014, 2015.

The spreadsheet provided on the PEFA website for all dimensions related to the PI-1 and PI-2 according to the PEFA 2016 and 2011 methodologies are presented in Annex 3 of this report.

Because amounts charged to contingency were much less than 3% of total expenditure, the score for this component is A.

Performance change since the previous assessment

The performance change cannot be compared because the indicators are not directly comparable.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-2. Expenditure composition outturn	C+	

Indicator/Dimension (M1)	Score	Brief justification for score
2.1. Expenditure composition outturn by administrative classification	B	Variance in expenditure composition by administrative classification always exceeded 5% but was below 10% in 2013 and 2014.
2.2. Expenditure composition outturn by economic type	C	Variance in expenditure composition by economic type exceeded 15% in 2014, but was below 15% in 2013 and 2015.
2.2. Expenditure from contingency reserves	A	Amounts charged to contingency were much less than 3% of total expenditure.

PI-3. Revenue outturn

Description

This indicator measures the change in revenue between the original approved budget and end-of-year outturn. It contains two dimensions and uses the M2 (AV) method for aggregating dimension scores.

Coverage: BCG.

Time period: Last three completed fiscal years.

3.2. Revenue outturn

The table below presents budgeted and actual revenues.

Table 3.8 Revenue outturns by type of tax (2013 - 2015)

	2013		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual
Economic head						
Tax	4,922.5	4,696.3	5,080.8	5,185.8	5,496.9	5,428.3
Nontax	692.9	726.9	665.6	622.5	715.1	705.1
Grants	647.8	43.8	483.5	94.4	427.4	215.6
Total revenue	6,263.2	5,467.0	6,230.0	5,902.7	6,639.3	6,349.0

Source: Annual financial statements for 2013 to 2015.

Tax and internal non-tax revenues have performed well during the reviewed period. Receipts were slightly above projections for 2013 and 2014 and nearly reached the target in 2015. However, with grants falling short, total revenues and grants were significantly lower than projected. Foreign-funded expenditures fell below projections (largely due to technical delays), leading the primary surplus to be exceeded by over $\frac{3}{4}$ percent of GDP.

The table below presents a synthesis of revenue outturns deviation in comparison with an initial budget.

Table 3.9 Synthesis of revenue outturns deviation in comparison with initial budget (2013 - 2015)

Years	Budget	Actual	Revenue deviation
2013	6,263.2	5,467.0	87.3%
2014	6,230.0	5,902.7	94.7%
2015	6,639.3	6,349.0	95.6%

Source: Annual financial statements 2013, 2014, 2015.

This table shows that revenue collection was between 87% and 94% for all three years. Since the aggregate revenue deviation was between 94% and 112% for 2 of the last three years, the rating is B for this component³.

3.2. Revenue composition outturn

A further analysis of revenue composition outturn shows that actual tax and non-tax revenue were not too far from the amounts scheduled in the initial budget, with the exception of business tax collections that were disappointing in all three years. This discrepancy can be explained that there have been large and unexpected refund payments (relating to Business tax and VAT).

The main factor that hampered revenue forecast was the overall decrease in total revenue and grants (by SR 104.7 million in the revised 2015 budget according to the budget documents).

Revenue outturn over the last three years is presented in the table below.

Table 3.10 Breakdown of budgeted and outturn revenue (2013 - 2015)

Economic head	2013			2014			2015		
	Budget	Actual	Perc. Diff.	Budget	Actual	Perc. Diff.	Budget	Actual	Perc. Diff.
Tax									
Personal income tax	752	754	0.27%	864.7	877.5	1.48%	929.8	947.8	1.94%
Value added tax	1,511	1,446	-4.32%	1,677.8	1,813.6	8.09%	1,846.4	1,822.8	-1.28%
Trade tax	429	431	0.54%	203.3	381.1	87.46%	282.3	330.8	17.18%
Excise tax	768	652	-15.16%	840.9	858.3	2.07%	894.4	961	7.45%
Business tax	922	882	-4.33%	991.6	906.5	-8.58%	849.5	758.6	-10.70%
Goods and Services Tax	84	178	112.44%	0	6.5	-	0	4.4	-
Other tax	457	354	-22.48%	502.4	342.3	-31.87%	694.4	603	-13.16%
Nontax									
Fees and charges	234	301	28.71%	267.5	346.1	29.38%	331.6	330.1	-0.45%
Dividends from parastatals	330	408	23.56%	225.5	225.7	0.09%	261.7	341.2	30.38%
Other nontax	129	19	-85.63%	172.6	50.7	-70.63%	121.8	33.8	-72.25%
Grants	648	44	-93.24%	483.5	94.4	-80.48%	427.4	215.6	-49.56%
Total revenue	6,263	5,467	-12.71%	6,230	5,902.7	-5.25%	6,639.3	6,349	-4.37%

Source: Annual financial statements.

Table 3.11 Synthesis of composition variance of budget outturn (2013 - 2015)

Years	Budget	Actual	Composition variance
2013	6,263.2	5,467.0	24.9%
2014	6,230.0	5,902.7	21.8%
2015	6,639.3	6,349.0	12.8%

Source: Annual financial statements.

The synthesised table shows that variance in revenue composition was more than 15% in 2013 and 2014, which lead to a D score according to the PEFA 2016 methodology.

³ As external funding is taken into account in the new methodology, it must be pointed out that actual grants were far below the level initially budgeted. If grants would have been excluded from the calculation - as it was the case when the 2011 methodology was used - the component would have been eligible for the highest score (see Annex 1).

Performance change since the previous assessment

The indicators are not directly comparable, but the external funding is now included in the calculation, which explains the lowest score.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-3. Revenue outturn (M2)	C	
3.1. Aggregate revenue outturn	B	Actual revenue collection was between 94% and 112% of budgeted revenue in two of the last three years (2014 and 2015).
3.2. Revenue composition outturn	D	Variance in revenue composition was more than 15% in two of the last three years (in 2013 and 2014).

3.2 Pillar II. Transparency of public finances

PI-4. Budget classification

Description

The budget classification system provides the conditions to track government spending. This indicator assesses the extent to which the government budget and accounts classifications are consistent with international standards. The international standards for classification systems are the Government Finance Statistics Manual (GFSM 2001) and the Classification of Functions of Government (COFOG) which provides the framework for economic and functional classifications.

Coverage: BCG.

Time period: Last completed fiscal year.

4.1. Budget classification

The Government of Seychelles presents the recurrent budget estimates and realizations in the financial statements according to administrative and economic classifications. Specifically, the economic classifications used for presenting, executing and reporting budget expenditures (current and capital) for each MDA is based on GFSM 2001. It is then compatible with at least level 2 of the GFS standard 2 digits.

Expenditure is budgeted and reported separately as different types of budgets, called respectively "Recurrent expenditure" and "Capital expenditure".

The PEFA 2012 report states that the Ministry of Finance was able to produce information according to the Classification of Functions of Government (COFOG) standards since 1998, the budget is yet to be classified according to the COFOG. These tables are built from MS Excel spreadsheets in which a first level COFOG code has been added in order to present reports to the IMF as part of its annual cash-based GFSM 2001 reporting exercise.

Performance change since the previous assessment

The GoS has received technical assistance to move towards full implementation of GFSM 2001 in March 2011 in order to generate a monthly budget execution report with data in GFSM 2001 format, but the evolution cannot be judged as budget execution data based on COFOG has not been provided. Hence, no specific change since the previous assessment has been observed.

Nevertheless, the Chart of Accounts (CoA) has been updated in order to include complete list of dependent bodies into the budget.

In summary, Budget estimates are presented in economic and administrative classifications. Budget estimates and actual expenditure are not reported in a functional classification.

The score for this dimension C.

Recent or ongoing reform activities

PPBB will facilitate the presentation and reporting of budget and actual expenditures by a programme classification, and eventually, functional classification of programme classification is defined as a sub classification.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-4. Budget classification	C	
4.1. Budget classification	C	The Budget estimates are presented in economic and administrative classification. Budget estimates and actual expenditure are not reported in functional classification.

PI-5. Budget documentation

Description

This indicator assesses the comprehensiveness of the information provided in the annual budget documentation, as measured against a specified list of basic and additional elements. There is one dimension for this indicator.

The dimension scoring requirements refer to the number of elements that are included in the last annual budget proposals submitted by the central government. The full specification of the information benchmark must be met to be counted in the score.

Coverage: BCG.

Time period: Last budget submitted to the legislature.

The budget documentation presented to the Parliament of Seychelles is included into the document: "Estimates of revenue and expenditure", which is composed of the following parts:

- Page 1 Summary of Fiscal Outcome;
- Page 2 Statement of Government Operations in GFSM 2001 Classification;
- Page 3 Summary of Fiscal Outcome as a Percentage of GDP;
- Page 4 2015 budget Where it comes from;
- Page 5 Summary of 2015 Receipts;
- page 6 2016 budget where it goes;
- Page 7 to 13 Details of Revenue;
- Page 14 to 20 Summary of Expenditure;
- page 21 to 127 Details Budget of Expenditure for Ministries and Departments;
- Page 128 to 216 Details Budget of Expenditure for Entities;
- Section 4 page 1 to 4 Constitutional Appointees Emoluments;
- Section 5 page 1 External and Domestic Debt Stock;
- Section 5 page 2 External Debt Service Profile 2011 to 2025;

- Section 5 page 3 Statement of Outstanding Guarantees by CBS and Government;
- Section 5 page 4 Statement of Official Reserves;
- Section 6 page 1 to 8 Summary of Government Owned Enterprises Financial Position;
- Section 6 page 9 to 11 Summary of Government Owned Enterprises Financial Position.

This documentation is submitted to the Parliament in November each year for the next fiscal year. The fiscal year coincides with the calendar year.

The following table presents the basic elements included in the budget documentation.

NB	BASIC ELEMENTS	CRITERIA	REMARKS
1	Forecast of the fiscal deficit or surplus or accrual operating result.	Yes	The budget documentation includes a summary of the fiscal outcome, defined on the basis of international standards.
2	Previous year's budget outturn, presented in the same format as the budget proposal.	Yes	Previous year's budget outturn is presented in tables with the same format as the budget proposal, both for current outlays and for capital outlays, which are presented separately.
3	Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.	Yes	Current fiscal year's budget as well as the revised budget are presented in tables for current outlays and capital outlays having the same format as the budget proposal.
4	Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates. (Budget classification is covered in PI-4.)	Yes	The budget documentation gives summarised data for revenues and recurrent expenditure for current, forecast and previous years, as well as a summary of capital expenditure.

Budget documentation submitted by the central administration to the legislature satisfies all 4 basic elements.

NB	ADDITIONAL ELEMENTS	CRITERIA	REMARKS
5	Deficit financing, describing its anticipated composition.	Yes	The Summary of fiscal outcome present the Overall balance, cash basis (after grants), which is a surplus, describing the anticipated composition of its financing.
6	Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.	Yes	The Budget Strategy and Outlook, which is part of Estimates of Revenue and Expenditure and Appropriation Bill sets out the economic and fiscal context for the preparation of the budget. It presents an overview of Seychelles economy, provides revenue and expenditure estimates for the current year and the medium term. This document contains macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.
7	Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with	Yes	The budget documentation includes the composition of public and publicly guaranteed external and domestic debt. The document also contains external and domestic debt stock by the type of debt.

NB	ADDITIONAL ELEMENTS	CRITERIA	REMARKS
	GFS or other comparable standards.		
8	Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standards.	No	Financial assets of year N-1 are presented in the annual financial statements in accordance with IPSAS, but detailed financial assets for year N are not included in the budget documentation submitted by the MOFTEP.
9	Summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structure. Financing instruments such as public-private partnership (PPP) contracts, and so on.	No	Only one paragraph in the Budget Strategy and Outlook document relates to risks to budget and Economic Outlook. This paragraph is short and does not include contingent liabilities such as guarantees, and contingent obligations embedded in the structure in order to comply with the criteria.
10	Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs.	No	The Budget Strategy and Outlook document briefly covers key measures and strategies influencing the budget and gives a brief overview of the main economic reforms being undertaken by Government but does not quantify the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs.
11	Documentation on the medium-term fiscal forecasts.	Yes	The Budget Strategy and Outlook presents the medium-term fiscal forecasts.
12	Quantification of tax expenditures.	No	There is no quantification of tax expenditures in the budget preparation documentation.

Budget documentation submitted by the central administration to the legislature satisfies 4 additional elements out of 8.

In summary, budget documentation submitted by the central administration to the legislature satisfies 8 elements, which qualifies for a B score.

Performance change since the previous assessment

Financial assets, including details for at least the beginning of the current fiscal year, are presented more in accordance with GFS standard. These elements were not available during the previous PEFA assessment.

Recent or ongoing reform activities

Reform activities relate to the implementation of PPBS.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-5. Budget documentation	B	
5.1. Budget documentation	B	Budget documentation submitted to the Parliament satisfies 8 elements (All 4 basic elements + 4 additional elements)

PI-6. Central government operations outside financial reports

Description

This indicator measures the extent to which government revenue and expenditure are reported outside central government financial reports.

Definitions

Entities with individual budgets not fully covered by the main budget are considered extra budgetary in accordance with the IMF's GFS Manual 2014. Assessors should refer to the GFS manual for further guidance and explanation of which institutions, revenues, and expenditures are considered extra budgetary when assessing this indicator.

Coverage: Central Government.

Time period: Last completed fiscal year.

6.1. Expenditure outside financial reports

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, as then consolidated with the reported activities of the state-owned enterprises as scheduled by the Public Enterprise Monitoring Commission Act, 2013.

In Seychelles, Budget expenditure reports present the current outlays of ministries/departments, government services bodies, pension funds, social security fund, transfers and subventions, social programs, the interest on debt, as well as capital outlays (compensation for land acquisition, development grants, capital projects and SSF capital grant).

The Ministry of Finance is notified of all funding received by ministries/departments or budget dependent and Capital projects are classified in the detailed Budget Estimates by project and by ministry/department, for the current year. Expenditure financed by external funds is included in the Annual Financial Statements.

Nevertheless, the 2015 OAG report states that the financial statements for 2015 have consolidated the affairs of the public enterprises, but exclude extra-budgetary entities and other funds under the control of the government. This includes reporting upon the extra-budgetary funds of government including extra-budgetary receipts and expenditures which have been received and disbursed during the year by or on behalf of its agencies,

In practice, only financial information of l'Union Estate, whose level of activity is below 1% of central budget expenditure, was not included in the consolidated cash flow statement as did not submit their Financial Statements for the year ending 31st December 2015.

In summary, **all** budget users' expenditure is included in the budget. The Annual Financial Statements (AFS) include all expenditure of Government service bodies and projects financed by donors.

The score for this component is A.

6.2. Revenue outside financial reports

All internal revenues are accounted for in the budget. All ministries and government bodies use the Treasury Single Account if they receive more than 50% of their current expenditure from the Government. These entities are not allowed to hold bank accounts, except for specific purposes with approval of the Ministry of Finance (for instance for a project in a small island financed by a donor). The Central Bank of Seychelles notifies the MOFTEP if any of the ministries holds commercial bank accounts.

As stated before, l'Union Estate did not submit their Financial Statements for the year ending 31st December 2015, but their revenues were below 1% of the total budget of the Central Government.

In summary, **all** sources of revenues are included in the budget and in 2015 AFS. All donor funded projects are also included in the budget and in the Annual Financial Statements. All details of grants are included in a separate note.

The score for this component is A.

6.3. Financial reports of extra budgetary units

All expenditure and revenues of budget users are recorded in the Annual Financial Statements.

The score for this component is A.

Performance change since the previous assessment

No significant performance change since the previous assessment. All expenditure and revenues of Central Government were already included in the budget and AFS.

Recent or ongoing reform activities

The Ministry of Finance has engaged the technical assistance of the IMF on the implementation of the IPSAS, which includes the identification of all extra-budgetary funds for their inclusion in the annual financial statements of the government.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-6. Central government operations outside financial reports (M2)	A	
6.1. Expenditure outside financial reports	A	All government service bodies expenditure and donor-funded projects were included in 2015 financial reports.
6.2. Revenue outside financial reports	A	All sources of revenues were included in the budget and in 2015 AFS.
6.3. Financial reports of extra budgetary units	A	All expenditure and revenues of budget users are recorded in the Annual Financial Statements.

PI-7. Transfers to subnational governments

Description

This indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships with it. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate budget planning.

Coverage: CG and the subnational governments which have direct financial relationships with CG.

Time period: Last completed fiscal year.

7.1 System for allocating transfers

This component is not applicable as the Republic of Seychelles has no sub-national government.

7.2 Timeliness of information on transfers

Not applicable as the Republic of Seychelles has no sub-national government.

Recent or ongoing reform activities

The National Assembly voted in favour of decentralisation in August 2015. The election may take place in 2017.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-7. Transfers to subnational governments	NA	
7.1 System for allocating transfers	NA	
7.2. Timeliness of information on transfers	NA	

PI-8. Performance information for service delivery

Description

This indicator examines the service delivery performance information in the executive's budget proposal or its supporting documentation in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information on resources received by service delivery units is collected and recorded.

Definitions

"Performance information" refers to output and outcome indicators and planned or achieved results against those indicators. Output indicators measure the quantity of outputs produced or services delivered or planned. Outcome indicators measure the outcome, impact, or effectiveness of the services and their outputs. More advanced performance measurement systems may also seek to assess the gender responsiveness of budget resources through collecting and analysing gender disaggregated data on outputs and outcomes.

Coverage: CG.

Time period: Dimension 8.1: Performance indicators and planned outputs and outcomes for the next fiscal year. Dimension 8.2: Outputs and outcomes of the last completed fiscal year. Dimensions 8.3 and 8.4: Last three completed fiscal years.

8.1. Performance plans for service delivery

The government has approved a policy on common service standards designed to improve the overall level of public service. In 2014 government conducted a public service delivery survey where the overall mean score for all services surveyed was 64.1% satisfaction. The level of satisfaction sought on six aspects of service namely: accessibility, timeliness, staff competency, fairness, attitude and adequacy of service delivery showed the need for improvement in all six aspects general.

The Department of public administration issued the circular No. 3 of 2016 on 22nd February 2016 on policy guidelines on common government service standards. A template has been provided in order to enable Ministries/Departments and Agencies to publish their standards applicable to their service. The purpose of the Common Service Standard was to be used as a guide to help all public servants concerned with service delivery and customer care not only to understand and apply common principles of service and customer care, but also to assess the strengths and weaknesses of their current practice and improve on them as necessary.

The standard principles clarify the basic service expectations to be delivered by all Government Ministries/Departments and Agencies. It is mandatory for Public Sector organizations to show that they are putting the service standards into practice in a way that reflects their structure and is applicable to their mandate. These Common Service Standards for Customers entail: In-person service, Telephone normal calls and hot lines, Correspondence standard emails, telefax or written correspondence, Walk-in service, Customer service feedback complaint resolution.

However, the ministry of Education seems to be one of the few ministries having an Action Plan on Quality Services Principles Standards and Customer Service Delivery⁴. The MoE produces a PPBB statement including Strategic objectives and measures by programs and sub programs, which sets out the performance measures by which the programme will be monitoring its achievement of these objectives. The ministry of Health does not seem to have set up such an Action Plan and its spending units do not include information about key performance indicators and targets of their budget proposals.

In summary, activities to be performed by the frontline service delivery are not published yet. The ministry of Education has simply published a Policy Framework on Quality Service Principles.

The score for this component is D.

8.2. Performance achieved for service delivery

Since 2013, internal control entities are composed of staff from the Ministry of Finance. The supervision is performed by the MOFTEP.

⁴ Fostering Quality Service Delivery. A Policy Framework on Quality Service Principles / Standards and Customer Service Charter For Service Delivery 11th April 2016.

Just a few ministries produce annual performance report, but the ministries of Health and Education produce monthly reports highlighting performance achieved for service delivery are produced.

Because these reports are not published, the score for this dimension is D.

8.3. Resources received by service delivery units

All the resources received by service delivery units are collected and processed by an accountant in order to demonstrate that the resources were actually received.

Both the ministries of Education and Health prepare monthly reports on resources received and expenditure incurred at the service delivery level, disaggregated by sources of funds that have been shown to the mission. This information is used by management at the central level and can also be distributed to service delivery units.

The staff in charge of controlling the performance achieved for service delivery belongs to the Programme Performance Based Budget. Any approval above 150 000 rupees requires the authorization of the Committee. The PS of the front line ministries is accountable for the results while the funds are managed by the ministry of Finance.

In summary, information on resources received by the ministries of Education and Health is collected and recorded, disaggregated by sources of funds. Monthly reports are prepared.

The score for this component is A.

8.4. Performance evaluation for service delivery

The line ministries produce a monthly budget execution report for their own use, but this information is not a performance evaluation report. In addition, it is not used as a support for independent evaluation.

No annual performance report presenting information related to non-financial performance of service delivery in their respective sectors is published on the web site of the Ministries of Education and Health. In addition, no independent evaluation of the efficiency and effectiveness of service delivery has been carried out during the last three fiscal years.

The score for this component is D.

Performance change since the previous assessment

The previous assessment pointed out that availability of information on resources received by service delivery units had deteriorated, because the practice to break down the financial reports to the separate health clinics was limiting the reporting information in the health sector. Now, all the staff that control budget execution and payment belongs to the Ministry of Finance since 2013, which improved follow-up of budget execution.

Recent or ongoing reform activities

Annual Performance Plans and Annual Performance Report will be put in place during the implementation of PPBB.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-8. Performance information for service delivery	D+	
8.1. Performance plans for service delivery	D	Activities to be performed by the frontline service delivery are not published yet. Policy Framework On Quality Service Principles has been published by the Ministry of Education.
8.2. Performance achieved for service delivery	D	Reports on the activities of the ministries of Health and Education highlighting performance achieved for service delivery are produced monthly, but are not published.
8.3. Resources received by service delivery units	A	Information on resources received by frontline service delivery units is collected and recorded by the staff of the MOFTEP.
8.4. Performance evaluation for service delivery	D	Though efficiency assessments of budgetary funds are outlined in the legal framework, in practice they are not performed.

PI-9. Public access to fiscal information

Description

This indicator assesses the comprehensiveness of fiscal information available to the general public based on pre-specified elements of information to which public access is considered critical. There is one dimension for this indicator.

Coverage: BCG.

Time period: Last completed fiscal year:

The web site of the Ministry of Finance presents different parts of the national budget (see indicator PI-5) plus the following documents:

- Summary of Revised 2016 to 2018 Budget Forecast Final MYEFO;
- Summary of expenditure Revised 2016 to n2018 Budget Forecast Final MYEFO;
- Detailed Revenue Revised 2016 to 2018 Budget Forecast Final MYEFO;
- Mid-Year Economic & fiscal Outlook 2016 to 2017;
- Macroeconomic Assumptions;
- 2016 Budget Speech;
- 2016 Budget Strategy and Outlook document;
- 2016 Debt Strategy and Borrowing Plan;
- Annex to the 2016 Budget Page 1 to 250 Programme Performance Based Budget (PPBB) Statements for Pilot Portfolios;
- Supplementary Budget 2016.

The analysis of the above-mentioned documents enables to assess whether the Public has access to the following basis or additional elements.

	Basic elements	Criteria	Comments
1	Annual executive budget proposal documentation.	Yes	A complete set of executive budget proposal documents is available to the public within one week of the Executive's submission of them to the Legislature.

Basic elements		Criteria	Comments
2	Enacted budget.	Yes	The annual budget law approved by the Legislature is publicized within two weeks of passage of the law.
3	In-year budget execution reports.	No	A mid-year budget report is published on the web site of the MOFTEP, but it does not present the budget execution according to the different types of classification as assessed in PI-27. Only main aggregates are presented in this document.
4	Annual budget execution report.	Yes	Annual budget report is made available on the web site of the MOFTEP within six months of the fiscal year's end.
5	Audited annual financial report, incorporating or accompanied by the external auditor's report.	Yes	Report of the Auditor General on the accounts of the government for the year 2013 and 2014 and the results of the audit of ministries, departments and offices were available on the web site of the auditor general. Financial statements of the Central bank of Seychelles including the opinion of the auditor general is made available on the web site of the Central bank. The report of the OAG 2015 was available on the web site by the end of 2016.
Additional elements		Criteria	Comments
6	Pre-budget Statement.	No	The broad parameters for the executive budget proposal are not made available to the public.
7	Other external audit reports. All non-confidential reports on central government consolidated operations are made available to the public within six months of submission.	Yes	Reports of the auditor general are made published on its web site.
8	Summary of the budget proposal. A simple, clear summary of the executive budget proposal or the enacted budget accessible to the non-budget experts, often referred to as a "citizens' budget," and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the executive budget proposal's submission to the legislature and within one month of the budget's approval.	No	There is no citizen budget, but parts of the budget documentation (where does the budget go and come from?) are similar to the citizens' budget. However, these documents are not available within one month of the budget's approval.
9	Macroeconomic forecasts. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	Yes	Macro-economic forecasts are included in the Budget Strategy and Outlook document, which is included in the budget documentation. The Budget Strategy and Outlook document 2017 has been

Basic elements	Criteria	Comments
		published on the web site of the Ministry of Finance before the end of the year 2016 ⁵ .

In summary, the government makes available to the public seven elements, including at least four basic elements.

The score for this indicator is B.

Performance change since the previous assessment

Previous assessment stated that monthly and quarterly reports, when published, were put on the website within 15 and 30 days, respectively. This fact could not be verified.

Recent or ongoing reform activities

No specific ongoing activities.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-9. Public access to fiscal information	B	
9.1. Public access to fiscal information	B	The government makes available to the public six elements, including at least four basic elements.

3.3 Pillar III. Management of assets and liabilities

PI-10. Fiscal risk reporting

Description

This indicator measures the extent to which fiscal risks to the central government are reported. Fiscal risks can arise from adverse macro-economic situations, financial positions of subnational governments or public corporations, and contingent liabilities from the central government's own programs and activities, including extra-budgetary units. They can also arise from other implicit and external risks such as market failure and natural disasters.

Definition

Public corporations for the purpose of this indicator are defined in accordance with GFS 2014. In this regard, it is possible that certain institutional units that are legally constituted as corporations may not be classified as corporations for statistical purposes if they do not charge economically significant prices. Assessors should refer to the GFS manual for further guidance and explanation. Additional guidance is provided in the PEFA Handbook.

Coverage: Dimension 10.1: CG-controlled public corporations. Dimension 10.2: Subnational government entities that have direct fiscal relations with the CG. Dimension 10.3: CG.

Time period: Dimensions 10.1, 10.2, and 10.3: Last completed fiscal year.

⁵ http://www.finance.gov.sc/uploads/national_budget/BSO%202017.pdf

10.1. Monitoring of public corporations

Dimension 10.1 assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements. It also assesses the extent to which the central government publishes a consolidated report on the financial performance of the public corporation sector annually.

The entity that is mandated by the GoS to monitor the level of risks originating from public enterprises (PEs) is the Public Enterprise Monitoring Commission (PEMC). With the adoption of the Public Enterprise Monitoring Commission Act (2013), the Commission replaced the Public Enterprise Monitoring Division (PEMD) that was established in 2009 as part of the Ministry of Finance. The status of Commission is supposed to endow the oversight role a higher degree of independence.

According to the law, the functions of the Commission are:

- analyse the approved annual budgets of PEs and advise the appropriate Board as to its adequacy in compliance with the governance law;
- monitor the implementation of all the actions laid out in the annual plan of PEs;
- assess the implementation of projects carried out by PEs to ensure compliance with procedures and regulations of capital expenditure;
- monitor and identify factors inhibiting the realization of set revenue targets of any PEs;
- ensure adherence by PEs to policies and procedures formulated by their Responsible Ministry or Board to ensure sound and efficient management, including finances of PEs;
- arrange investigation or inspection into the affairs of PEs where necessary in the public interest;
- submit a report of all its activities on a quarterly basis to the Minister of Finance;
- advise the Minister of Finance of any weaknesses or shortcomings in relation to the functioning of Boards of PEs.

The Act also stipulates the reporting requirements of PEs to the PEMC. These include:

- a statement of corporate intent (incl. objectives, scope of activities, ratio of shareholders' funds to the value of the total assets of the PE, performance target, estimated dividends, estimated commercial value of Government investments and when this value is reassessed) within one month after the commencement of the fiscal year;
- an annual report together with annual audited accounts (within three months after the end of its financial year);
- a monthly report to the PEMC within fifteen days after the end of the month, including details of debt performance;
- estimates of profit and loss, capital expenditure, cash flow and balance sheet projections in respect of the next financial year, when requested by the PEMC.

It is beyond the scope of this assessment to determine the degree of compliance with all provisions, but the provisions of the PEMC Act are not yet fully implemented. For example, the PEMC reports quarterly to the MOFTEP, but does not yet prepare annual reports on the performance (and fiscal risks) of each PE. However, it does support the MOFTEP in the consolidation of the financial information of all PEs in the Annual Financial Statements (AFS) of the GoS as required by the IPSAS cash accounting standards.

For dimension 'i', the main criterion is oversight of audited financial statements of PEs. The table below gives an overview of compliance with fiscal reporting by PEs. The PEMC published the audited statements on its website directly after their submission.

Table 3.12 Dates of reception of the last audited accounts of PEs by the PEMC

Nbr	Public Enterprise	Date of submission of most recent audited accounts	of which the audited accounts refer	Financial year to which the audited accounts refer	Number of months between the end of the financial year and the date of submission
1	Air Seychelles Ltd.	23-jun-16		2015	< 6
2	Development Bank of Seychelles	29-apr-16		2015	< 4
3	Financial Services Authority	10-may-16		2015	< 5
4	Housing Finance Company	16-sep-16		2015	< 9
5	Island Development Company	23-aug-16 ⁶		April, 1, 2015 – 31-3-2016	< 5
6	L'Union Estate Company Limited	9-jun-16		2015	< 6
7	National Information Services Agency	Not submitted		2015	>12
8	Nuovo banque	19-apr-16		2015	< 4
9	Petro Seychelles	20-Jun-16		2015	< 6
10	Property Management Corporation	24-jun-16		2015	< 6
11	Public Utilities Corporation (PUC)	29-mar-16		2015	< 3
12	Seychelles Civil Aviation Authority (SCAA)	14-jun-16		2015	< 6
13	Seychelles (Savings) Commercial Bank	14-jun-16		2015	< 6
14	Seychelles Pension Fund	13-apr-16		2015	< 4
15	Seychelles Petroleum Company Ltd. (SEYPEC)	23-jun-16		2015	< 6
16	Seychelles Port Authority	9-jun-16		2015	< 6
17	Seychelles Postal Service	15-jun-16		2015	< 6
18	Seychelles Public Transport Corporation	19-apr-16		2015	< 4
19	Seychelles Trading Company	13-mei-16		2015	< 5
20	Société Seychelloise d'Investissement (SSI)	16-jun-16		2015	< 6

Source: PEMC.

From the table, it can be derived that:

⁶ The financial year of the IDC ends 31 March. The audited statements are thus received within 6 months year-end.

- Except for the PUC, no other PE has submitted its audited accounts within the legal deadline of 3 months from year-end (but 18 PEs out of 20 PEs submitted the audited accounts within 6 months from year-end);
- Except for L'Union Estate Company Limited, all public enterprises submit the year-end annual report including audited accounts and audit reports to PEMC who sends it through to the National Assembly;
- Except for 2 PEs, all PEs have submitted the audited accounts within 6 months from year-end.

It is noted that the PEMC does not have full mandate for all PEs. After the enactment of the PEMC Act in 2013, the GoS has established two new public enterprises that are not included under the mandate of the PEMC (as defined in Schedule 1, section 47) and audited financial statements for 2015 have not been submitted in 2016:

- 2020 Development (Seychelles) Ltd;
- Paradis Des Enfants Entertainment Ltd.

As stated above, the PEMC consolidates the financial statements of the PEs but does not analyse and report on the financial risks that can be derived from the statements. Some analysis of the financial situation of PEs is carried out by the Fiscal Analysis Division of the MOFTEP and this is summarised in the Budget Strategy and Outlook (BSO) which constitutes part of the budget document presented to the Assembly. In the chapter on 'risks to the Budget and Economic Outlook', information on financial performance of the PEs is presented (including 'net cash flows from financial and non-financial operations', 'debt to asset ratio's' and 'profitability' for each of the PEs).

In summary, **most** PEs (less than 90% but more than 75%) have submitted audited annual financial statements to the PEMC within six months of the end of the fiscal year. After the receipt of these financial statements by the PEMC, it publishes the statements on its website AFS are published on its web site⁷. A consolidated report on the financial performance of the public corporate sector is published by the central government annually (in the Budget Strategy Outlook).

The score for the component is B.

10.2. Monitoring of subnational governments

Not applicable. There is no sub-national government in the Republic of Seychelles.

10.3. Contingent liabilities and other fiscal risks

This dimension assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects. Significant contingent liabilities are defined as those with a potential cost in excess of 0.5 percent of total BCG expenditure and for which an additional appropriation by the legislature would be required.

The Public Finance Management Regulations (2014) include as provision 27(k) that an accounting officer has the duty "to report on all contingent liabilities of the public body in its annual report and provide information on liabilities including contingent liabilities and in the form and within the time required by the Ministry of Finance.

The fiscal document in which the GoS reports on the financial risks related to the Budget is the Budget Strategy and Outlook (BSO) which constitutes part of the budget document presented to the

⁷ <http://www.pemc.sc/index.php/reports/annual-financial-reports>.

Assembly. In the chapter on 'risks to the Budget and Economic Outlook', the following macro-economic risks are described and quantified:

- Shocks on Exchange Rate and Prices;
- Shocks on Visitor Arrivals;
- Risks Related to State Owned Enterprises (see dimension 10.1);
- Risks Due to Uncertainty of Foreign Aid.

Although very relevant for the GoS' fiscal position, these macro-economic risks are not the same as contingent risks related to GoS' programs and projects. A first requirement is to have such a list and a second requirement is to have a quantification of some, most or all. The list should cover contingent liabilities arising from (i) umbrella state guarantees for various types of loans—for example, mortgage loans, student loans, agriculture loans, and small business loans; (ii) state insurance schemes, such as deposit insurance, private pension fund insurance, and crop Insurance; (iii) financial implications of ongoing litigation and court cases; (iv) state guarantees for no sovereign borrowing by private sector enterprises; and (v) guarantees on private investments of different types, including special financing instruments such as PPPs.

The table below notes that none of the main categories of contingent liabilities are captured by the GoS fiscal reports.

Table 3.13 Explicit contingent liabilities and their incorporation in GoS fiscal reports

Explicit contingent liabilities include	Applicable to GoS and included in a GoS' Fiscal Report
Umbrella state guarantees for various types of loans — for example, mortgage loans, student loans, agriculture loans, and small business loans.	Not observed.
State insurance schemes, such as deposit insurance, private pension fund insurance, and crop insurance.	Not observed.
The financial implications of ongoing litigation and court cases.	Not observed.
State guarantees for non-sovereign borrowing by private sector enterprises and guarantees on private investments of different types, including special financing instruments such as PPPs.	Not observed.
Risks from engagement in Public Private Partnerships.	Not observed.
Implicit contingent liabilities such as bank bailouts, the failure of non-guaranteed pension funds, natural disasters.	Not observed.

Consequently, there is no document in as part of the budget and financial documents that list the applicable contingent liabilities for the Seychelles.

In summary, the Budget strategy and Outlook contains a description of macro-economic risks and the risks related to the SoEs, but the GoS does not quantify any of their contingent liabilities in their financial reports.

The score for the dimension is D.

Performance change since the previous assessment

A comparison from PEFA 2011 and PEFA 2016 based on the PEFA methodology, would signal an increase in performance from a score C to a score A based on the improved analysis of the financial

situation of PEs and the financial risks to the budget associated with PEs as presented in the Budget Strategy Outlook.

Using the PEFA 2016 methodology, the score on dimension 1 'Monitoring of Public Enterprises' is rated as B. This is because the PEFA 2016 methodology puts a benchmark for 90% of the PEs to comply with the submission of audited financial statements and this benchmark is not yet reached by the GoS.

Recent or ongoing reform activities

In the domain of oversight on PEs. The following activities are ongoing or planned:

- PEMC is expecting technical assistance from AFRITAC to support a methodology to analyse fiscal risks from the PEs;
- PEMC in cooperation with the World Bank is conducting governance reviews of the different PEs. To date, the reviews of three PEs have been completed and the reports are expected to be public in the next months. Three other PEs are currently under review by the WB and 2 PEs have been under review by the PEMC;
- A Financial Stability Committee (FSC) is to be set up and will be chaired by the Governor of the Central Bank of Seychelles. The FSC will provide a platform for discussion on pertinent local and international developments that may impact the financial stability of Seychelles.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-10. Fiscal risk reporting	C	
10.1. Monitoring of public corporations	B	Most PEs have submitted audited annual financial statements to the PEMC within six months of the end of the fiscal year. After reception by the PEMC, it publishes the statements on its website.
10.2. Monitoring of subnational governments	NA	There is no sub-national government in the Republic of Seychelles.
10.3. Contingent liabilities and other fiscal risks	D	The GoS does not quantify any of their contingent liabilities in their financial reports.

PI-11. Public investment management

Description

This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, with emphasis on the largest and most significant projects. It requires that the ratings are determined on the basis of the major investment projects included in the budget of the last fiscal year.

Coverage: CG.

Time period: Last completed fiscal year.

11.1. Economic analysis of investment proposals

This dimension assesses the extent to which feasibility studies for major investment projects have been carried out. Such feasibility studies include economic cost-benefit analysis or assessment of the health and environmental impacts. For the analysis to have objectivity, it must be reviewed by an

entity other than the sponsoring entity, results should be published and it should be relevant enough to be meaningful.

A Public Investment Management Manual has been drafted in June 2015, in order to facilitate the coordination of public investment management for all public ministries, departments and agencies (MDAs) of the Government of Seychelles (GoS). The PIM Manual builds on the Public Finance Management Act of 2012, and its respective directives (the Public Finance Management Regulations of August of 2014) that introduced through regulations a Programme Performance Based Budgeting (PPBB) system and the Public Sector Investment Program (PSIP).

The GoS maintains a PSIP database since 2013. For each project, it is determined whether an economic analysis is available, whether the projects were selected from a systematic decision process and whether the capital and recurrent costs are included in the budget. However, economic analysis (feasibility studies with estimates of costs and benefits) is rarely conducted. Quantitative data were not provided, but less than 25% in value of the major investment projects are based on such an analysis.

Economic analyses are rarely conducted. Only a few of the major investment projects are based on such an analysis, but they would not represent more than 25% of the total capital investment.

The score for this dimension is D.

11.2. Investment project selection

As per October 2015, a Development Committee is established with the mandate to review project appraisals submitted by the parent MDA. Till then, the selection of investment projects resulted from a discussion between the senior management of the MOFTEP and the management of the parent MDA. Although a Development Committee is established, no aggregate, central list covering all MDAs from which priority projects were selected based on clearly defined criteria has been prepared in 2016.

In summary, the Development Committee is only installed in October 2015 and has only been operational for the budget preparation 2016.

The score for this dimension is D.

11.3. Investment project costing

This dimension evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated.

In Seychelles, prior to the adoption of the Public Investment Manual in June 2015, the preparation of investment projects was guided by the "Guidance Document for the Development of Public Investment Proposal Submissions" issued by the Ministry of Finance, Trade and Investment (MOFTEP) in June 2012. For projects to be included in the Public Sector Investment Programme (PSIP), the Guidance Document required submission of the total investment costs but not the implications of the recurrent costs.

There has been no analysis of the recurrent cost implications of major investments and, consequently, no change of the recurrent budget ceilings of the parent MDAs. The information on

total capital cost is included in the PSIP database which has been operational since 2013. However, the information is used for internal purposes and it is not included in the budget documents.

In summary, although the PSIP-database includes the projections of the total capital cost of major investment projects together with the capital costs for the forthcoming budget year, this information is not included in the budget documents.

The score for this dimension is D.

11.4. Investment project monitoring

Investment project monitoring has not been systematic up to 2016. With the establishment of the Public Investment Unit within the MOFTEP and the Development Committee, also requirements for quarterly reports to the parent MDAs are laid down. Compliance by the MDAs is partially conditional on the MDA's capacity.

The PSIP-database, which is presented as part of the budget documents, includes the projections of the total capital cost of major investment projects combined with the capital costs for the forthcoming budget year. The PSIP does not include estimates of the recurrent costs. The 2014 report of the OAG states: "Reporting of expenditure not linked to projects: As first noted in 2013, following the introduction of the new chart of accounts (AR13), it was again observed that capital expenditure for 2014 is reported at the ministry or department organisational level by account code, and not by individual projects unlike earlier years. As a result, the reader of the financial statements is unable to assess spending against budget at a more informative level of detail, ideally one more in line with the Public-Sector Investment Programme (PSIP) itself.

In summary, the PSIP-database includes the projections of the total capital cost of major investment projects together with the capital costs for the forthcoming budget year, this information is included in the budget documents. For 2015, no report that includes the progress of the major investment projects included in the budget 2015 has been prepared.

The score for this dimension is D.

Performance change since the previous assessment

This indicator has been newly introduced in the PEFA 2016 methodology. Comparison with the PEFA 2011 is not applicable.

Recent or ongoing reform activities

The GoS has adopted a more systematic approach to Public Investment Management (PIM) since 2015 with the adoption of the Public Investment Manual in June 2015, the establishment of the Public Investment Unit in the MOFTEP⁸ in October 2015 and the instalment of the Development Committee in October 2015.

The manual outlines how projects undertaken in the public sector are to be screened, prepared, approved and selected for inclusion in the GoS' budget:

- Project preparation and appraisal by the parent MDA;
- Approval by the Development Committee;

⁸ The Public Investment Unit is staffed with 6 persons. Four staff focus on public investment; two staff focus on asset management.

- If approved by the Development Committee the project enters the PSIP and can potentially be selected to be included in the budget;
- Before budget selection, the cost estimates of all projects need to be updated to most recent economic circumstances and forecasts. The Ministry of Finance, taking into consideration the advice of the Development Committee, selects ongoing and new projects for inclusion in the upcoming budget year and in the medium-term budget.

Once budgeted projects are under implementation, reports need to be filed with the Project Implementation Unit (PIU) in MOFTEP on the financial and physical progress prior to completion. Where significant changes occur in the costs and/or demand for services of projects under implementation prior to completion, then the project needs to be adjusted and resubmitted for approval. Finally, after completion of the project construction and installation, a completion report needs to be filed and the project assets registered and, in addition, for selected operational projects, an independent ex-post evaluation needs to be undertaken.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-11. Public investment management	D	
11.1. Economic analysis of investment proposals	D	Economic analyses are rarely conducted. Only a few of the major investment projects are based on such an analysis, but they would not represent more than 25% of total capital investment.
11.2. Investment project selection	D	The Development Committee is only installed in October 2015 and has only been operational for the budget preparation 2016.
11.3. Investment project costing	C	The PSIP-database includes the projections of the total capital cost of major investment projects together with the capital costs for the forthcoming budget year, this information is included in the budget documents.
11.4. Investment project monitoring	D	No report that includes the progress of the major investment projects included in the budget 2015 has been prepared.

PI-12. Public asset management

Description

This indicator assesses the management and monitoring of government assets and the transparency of asset disposal.

Definitions

Definitions of the terms relating to assets that are used in this indicator are based on the GFS Manual 2014.

Coverage: Dimension 12.1: CG. Dimension 12.2: BCG. Dimension 12.3: CG for financial assets and BCG for nonfinancial assets.

Time period: Last completed fiscal year.

12.1. Financial asset monitoring

This dimension assesses the performance of monitoring of financial assets. Financial assets include cash, securities, loans, and receivables owned by the government. They may also include foreign reserves and long-term funds such as sovereign wealth funds and equity in state-owned and private sector institutions.

The GoS accounting standards are based on IPSAS Cash and recognize transactions and events when cash (including cash equivalents) is received or paid. In line with IPSAS Cash, the GoS Annual Financial Statement (AFS) presents the cash flow statement (providing information about the sources of cash raised during the period, the uses to which those funds were applied and the balances of cash and cash equivalents).

While this is not required by IPSAS Cash, the AFS also include a Statement of Assets and Liabilities. The financial assets presented in this statement include the following:

1. 'cash and bank balances' comprising cash on hand, balances with banks and investment in short-term money market instruments;
2. remittances comprising cash in transit (mostly for the foreign embassies of the GoS);
3. investments comprising deposits with the Central Bank of various Other Funds);⁹
4. advances and loans comprising advances and loans made to public enterprises;
5. imprest accounts comprising small amounts (petty cash) issued from the Consolidated Fund to Public Officers to meet incidental expenses.

In addition to the management of cash and loans, the GoS discloses its investments by way of assigned capital and equity in public enterprises and parastatal organisations as a 'Statement of Government Investments in Parastatal Organisations and other Companies' in the AFS. The GoS values these investments based on historical costs but does not make a valuation of the performance of these investments (in the form of dividends, interest, and capital appreciation or loss).

In summary, the government maintains a record of its holdings in major categories of financial assets (including cash, loans and investments in parastatals), but it does not provide annual information on the performance of these assets.

The score for this dimension is C.

12.2. Nonfinancial asset monitoring

Dimension 12.2 assesses the features of non-financial assets monitoring for BCG. Every economic asset other than financial assets is classified as a non-financial asset.¹⁰ Recognizing non-financial asset values and economic potential is important for assessing the financial position of the government, determining the requirement for future maintenance costs, capital investment, maximizing the return on investments, and ensuring efficient utilization of resources.

⁹ This does not include Government investments by way of assigned capital and equity in public enterprises and parastatal organisations. These investments are disclosed separately in the AFS as a 'Statement of Government Investments in Parastatal Organisations and other Companies'.

¹⁰ Assets are resources controlled by a government entity as a result of past events from which future economic benefits are expected to flow.

Whereas the PFMA 2012 provides for the recognition of non-financial assets in the statement of assets and liabilities and the chart of accounts introduced in 2013 has provided for the recognition of balances of non-financial assets as well, it is noted that the decision to do so has not yet been taken to do so. The value of fixed assets held by the government is neither incorporated in the statement of assets and liabilities nor disclosed by way of a footnote to the accounts.

Reporting on non-financial assets should identify the assets and their use. Maintaining a register of fixed assets is a basic requirement. A list of categories of non-financial assets is provided in table 2.10 including the performance of the GoS to capture information on these assets.

Table 3.14 Categories of nonfinancial assets and their incorporation in GoS records¹¹

Categories	Subcategories	Where captured
Fixed assets	Buildings and structures	The mandate for creating a register of Government Buildings is given to the Ministry of Housing and Land Use. So far, the creation of such a register is work in progress.
	Machinery and equipment	Captured by the Asset Register managed by the Public Investment Management Unit of the MOFTEP.
	Other fixed assets	The GoS does not capture other fixed assets such as bridges, roads, water works in a register.
Inventories	Educational materials	Not captured.
	Medicines	Not captured.
Valuables		Not applicable for GoS.
Non-produced assets	Land	The Ministry of Land Use and Housing keeps records of the lands for fishing, agricultural use and tourism. The Ministry has been asked by the MOFTEP to put a value on the lands, but so far this work is in progress.
	Mineral and energy resources	Not applicable for GoS.
	Other naturally occurring assets	An important asset for GoS is the fishing grounds. As stated above, the Ministry of Housing and Land Use keeps records of the GoS' lands for fishing. The Ministry of Environment and the Fishing Authority are responsible for the fishing permits.
	Intangible non-produced assets	Not applicable for GoS.

In summary, the government maintains a register of its holdings of moveable fixed assets including information on their usage and age. It does not publish this information and it does not maintain a register of fixed assets (e.g. government buildings).

The score for this component is C.

12.3. Transparency of asset disposal

Dimension 12.3 assesses whether the procedures for transfer and disposal of assets are established through legislation, regulation, or approved procedures.

¹¹ The categories in the table are based on the GFS 2014, but different categories applied by the government may be used.

At a general level, the procedure for the sales of assets is included in article 17(3) of the PFM Act (2012). Assets that have a value of more than 100,000 SR need Cabinet approval to be sold and the National Tender Board and the procedures included in the Public Procurement Act should be used. The OAG annual report for the fiscal year 2014 notes that this requirement is not always complied with.¹²

For the disposal of moveable assets that are included in the asset register such as office furniture and vehicles, further procedures are detailed in Part III of the PFM Regulations which refer to the accounting manual, instructions by the Ministry of Finance and the need to get the approval of the Principal Secretary of Finance. One key step in the process for the disposal of moveable material assets is the verification and validation by the Internal Audit Division on the MDA's write-off request (see also indicator 26).

An asset of significant importance to the Republic of Seychelles is land. The relative scarcity of land and the high demand for land makes the land sale a critical procedure for the public finance management system to control. The Ministry of Housing and Land Use is responsible for the sale and lease of land which is governed by the State Land and River Reserves Act (originally from 1903).¹³ The President is authorized to approve the sale and/or lease of land without the approval of the Assembly. Although the preferred mechanism for the sale or lease of land is a public auction or public tender, the Law allows the President to approve by private contract.

Another asset of significant importance for Seychelles are the fishing grounds. Disposal of these assets is not applicable, but the granting of fishing right can be considered as a transfer of assets.

Information on asset disposal is included in the budget documents and the annual financial statements under the heading 'privatisation, sale of assets and long-term leases'. The AFS 2014 states the following figures:¹⁴

Table 3.15 Revenues from asset transfer and disposal (in million SR)

Administrative heading	Categories	Estimate	Actuals
Ministry of Natural Resources	Annual EU fishing license fees	44,899	46,242
	EU Fishing license: Vessel fee	26,974	21,447
	Non-EU fishing license fees	47,506	42,691
	Local fishing license fees	139	77
Ministry of Land Use and Housing	Long term lease Land & Building	24,425	34,786
	Sale of State Lands	5,000	408
	Sale of Plots	8,000	14,557
Ministry of Finance, Trade and Investment	Sale of assets	1,500	0
	Auction sales	0	750
	Privatisation	25,767	28,683
Seychelles Fishing Authority	Stores sales	0	266

Source: AFS (2014).

¹² The OAG annual report refers to the disposal of SACOS shares: where it was not clear from the audit whether the requirements section 17 (3) of the PFMA 2012 have been met (approval by cabinet and sale through the NTB).

¹³ It is not clear to the mission whether or not the PFM Act, promulgating that assets that have a value of more than 100,000 SR need to be sold using the National Tender Board and the procedures included in the Public Procurement Act, is preceding the State Land and River Reserves Act. Interviewees referred to the latter act as the legal framework for the sale of land.

¹⁴ The PEFA methodology assigns a 'B' score for the availability of information on transfers and/or disposal of assets. A 'C' score is given for partial information.

In summary, procedures and rules for the transfer or disposal of non-financial assets are established, but without the requirement to involve the Assembly for approval. Information on asset disposal is included in the budget documents and the annual report. However, the information is aggregated and there is no further explanation of the estimates and the outturns.

The score for this component is C.

Performance change since the previous assessment

This indicator is newly introduced in the PEFA 2016 methodology. Therefore, a comparison with performance in the PEFA 2011 is not applicable.

Recent or ongoing reform activities

In 2013, a new Chart of Account has been adopted which allows for the recording of assets.

The 2015 – 2018 PFM action plan is being implemented with considerable progress in the asset and capital project management. It includes the following activities:

- Installation of fixed asset register software to all MDAs;
- Establish an updated government fixed asset register;
- Provide training to MDAs on the asset register;
- Asset register also to capture land and buildings.

The first two activities are finalised. The asset register software also allows to register land and buildings. However, these have not been filled with data yet.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-12. Public asset management	C	
12.1. Financial asset monitoring	C	The government maintains a record of its holdings in major categories of financial assets (including cash, loans and investments in parastatals), but it does not provide annual information on the performance of the assets.
12.2. Nonfinancial asset monitoring	C	The government maintains a register of its holdings of moveable fixed assets including information on their usage and remaining life. It does not publish this information and it does not maintain a register of fixed assets (e.g. government buildings).
12.3. Transparency of asset disposal	C	Procedures and rules for the transfer or disposal of nonfinancial assets are established without Assembly approval. Aggregated Information on asset disposal is included in the budget documents and no explanation of the estimates and the outturns is provided.

3.4 PI-13. Debt management

Description

This indicator assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements.

Coverage: Dimensions 13.1 and 13.2: CG. Dimension 13.3: CG, except in federal states.

Time period: Dimension 13.1: At time of assessment. Dimension 13.2: Last completed fiscal year. Dimension 13.3: At time of assessment, with reference to the last three completed fiscal years.

13.1. Recording and reporting of debt and guarantees

The primary responsibility of debt recording and reporting lies with the Public Debt Section (PDS) of the Ministry of Finance. This section is responsible for managing government and government-guaranteed debt as well as monitoring all non-guaranteed public enterprise debt with a view to assessing the macroeconomic impact of existing and new borrowing.

For the recording of external and domestic loans, the PDS makes use of the 'off the shelf' debt management software 'Commonwealth Secretariat Debt Recording and Management System' (CSDRMS). For securities, an MS Excel spreadsheet is being used by the Central Bank.

Comprehensive records on domestic and external debt are compiled and are updated monthly. With regard to debt servicing, reconciliation of the CSDRMS with the treasury records takes place monthly, while reconciliation with the creditors' statements is done when the statements come in. Information on external debt and domestic debt is complete and audited debt statements of 2013 and 2014 were shared with the mission.

The AG's audit of the GoS' Annual Financial Statements 2014 notes that "reconciliation of the treasury bills with the Central Bank of Seychelles has not been performed". However, such reconciliation between the records for securities (treasury bills) and the Central Bank of Seychelles is being picked up again in 2015 and 2016 as confirmed by the AG's audit of 2015.

The following management and statistical reports are produced:

- Reports comparing forecasts versus actuals are prepared monthly and shared with the PS of the MOFTEP;
- A comprehensive statistical report providing information on debt stocks, debt service and debt management operations is prepared annually as part of the three-year rolling Debt Strategy.
-

Although the Debt Law requires the National Debt Committee to prepare quarterly debt and budget execution reports, such reports are no longer produced.

In summary, domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. But comprehensive management and statistical reports covering debt service, stock, and operations are produced only annually and not monthly.

The score for the component is B.

13.2. Approval of debt and guarantees

The Public Debt Management Act of 2008 (amended in 2009 and 2012) gives the Minister of Finance the power to raise debt on behalf of the Republic's newly formulated act and to issue government guarantees (Article 4, 9 and 14). However, for raising domestic and foreign loans and issuing guarantees, the Act requires the Minister to act on the advice of the National Debt Committee

composed of PS Finance, PS Foreign Affairs, Attorney General, Governor of the CBS, DG of the Treasury section of MOFTEP and Director of FPCD of MOFTEP.

There are no indications suggesting that the legislation is not fully complied with. The National Committee meets quarterly and prepares quarterly debt and budget execution reports. The OAG annual audit report 2015 does not refer to any non-compliance. In addition, the Republic of Seychelles currently operates under an Extended Fund Facility (EFF) arrangement with the IMF. One of the performance targets is a ceiling for raising new loans of to the maximum of 55 million US dollar.

In line with article 29 of the Act, the Minister of Finance prepares for Government approval an annual borrowing plan that includes the financial needs of the Government and the proposal for domestic and foreign financing and their sources. This borrowing plan is submitted for information to the National Assembly as part of the budget documents.

In summary, the Debt Management Act grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to the Minister of Finance. The annual borrowing plan is approved by the Government and submitted to the Assembly for information as part of the Budget Documentation.

The score for the component is A.

13.3. Debt management strategy

The Debt Law (article 29) and the amendment in 2009 require the Minister of Finance to prepare a Debt Strategy three months prior to the commencement of the fiscal year. Based on this Act, the Public Debt Section (PDS) of the MOFTEP formulates and updates on a yearly basis a three-year Debt Management Strategy. The current strategy runs for the period 2016–2018. The debt strategy is included in the budget documents submitted to the National Assembly.

With reference to the general fiscal objective to achieve a Debt to GDP ratio of 50% by 2018, the strategy includes the following goals:

- Work towards an optimum structure for public debt that minimizes cost and risks, including currency mismatch, adverse movement in interest rates, refinancing and operational risks;
- Limit public borrowing to an amount that is consistent with the country's medium-term payment capacity assessed from both a fiscal and balance-of-payments perspective;
- Ensure that the fiscal and monetary authorities are aware of the impact of government's financing requirements and monetary policies on the levels and the rate of growth of public debt;
- Assist towards the development of the domestic financial market.

The strategy includes a detailed description of the existing debt portfolios' composition and evolution over time. The strategy (2016 – 2018) also includes an analysis of the market risks including the interest rate, exchange rate, and refinancing/rollover risks—and the environment for debt management in terms of the projection for the fiscal, monetary, external and real sectors. However, the DMS and the risk analysis is only descriptive and does not give the intended direction and/or quantitative targets for the future composition of the debt in terms of risk-indicators such as the Average Time to Maturity, debt maturity profile (external and domestic debt), Average Time to Re-fixing and the currency risk in the debt stock.

In summary, a debt management strategy is updated annually and includes a detailed description of the recent developments in the debt portfolio and an analysis of the main risk indicators for the current

portfolio. However, it does not link the strategic objectives to the risk indicators in terms of the preferred future evolution of risk indicators.

The score for the component is D.

Performance change since the previous assessment

This is a new indicator so a comparison with PEFA 2011 is not applicable. However, no significant reforms have been implemented in the last year. This is also reflected in indicator 17 of the PEFA 2011 framework which has remained unchanged.

Recent or ongoing reform activities

No recent or ongoing reform activities were observed.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-13. Debt management	B	
13.1. Recording and reporting of debt and guarantees	B	Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, but operations are produced only annually.
13.2. Approval of debt and guarantees	A	The Debt Management Act grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to the Minister of Finance who will act on the advice of the Debt Management Committee. The annual borrowing plan is approved by the Government and submitted to the Assembly for information as part of the Budget Documentation.
13.3. Debt management strategy	D	A debt management strategy is updated annually and includes a detailed description of the recent developments in the debt portfolio and an analysis of the main risk indicators for the current portfolio. However, it does not link the strategic objectives to the risk indicators in terms of the preferred future evolution of risk indicators.

3.5 Pillar IV. Policy-based fiscal strategy and budgeting

PI-14. Macroeconomic and fiscal forecasting

Description

This indicator measures the ability of a country to develop robust macro-economic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances.

Coverage: Dimension 14.1: the whole economy. Dimensions 14.2 and 14.3: CG.

Time period: Last three completed fiscal years.

14.1. Macroeconomic forecasts

The government prepares forecasts of key macro-economic indicators based upon an MS Excel model, with assumptions on growth rate of sectoral added value. The forecasts cover the budget year and the two following fiscal years. They are presently prepared until 2019 and are updated three times a year: firstly in February in order to provide support to the indicative ceilings that are included into the circular, then in July and in October in order to fix the ceilings before submission of the budget to the Parliament.

In summary, macro-economic forecasts are included in budget documentation submitted to the legislature, together with the underlying assumptions. The projections have been reviewed by an entity separate from the preparing entity. The macro-economic framework is elaborated on the basis of discussion with IMF.

The score for this component is A.

14.2. Fiscal forecasts

The government has prepared fiscal forecasts for the budget year and the two following fiscal years based on updated macro-economic projections and that reflects government-approved expenditure and revenue policy settings (ceilings are reflected in the fiscal forecast).

Revenue projections are presented by revenue type and underlying assumptions are identified in the Excel worksheets (including rates, coverage, and projected growth).

In summary, expenditure estimates are based on the current year's budget and a basic trend, adjusted to take into account policy decisions, including approved adjustments for public wages index and employment for the N+1 budget. Variations between the final approved fiscal forecast for 2016 budget and the projections included in the 2015 approved budget are not explained in the budget documentation.

The score for this component is B.

14.3. Macro fiscal sensitivity analysis

The budget documentation briefly mentions external risk factors that may have a potential impact on revenue, expenditure, and debt.

The Budget Strategy and Outlook (BSO) document presents the baseline macro-economic assumptions, which are derived from the projections contained in the MFTI budget 2014-2016 forecast and the IMF staff report of article IV consultation and Seventh review under the EFF.

Shock scenarios for market rates as follows were used to assess four alternatives strategies:

- A 30 percent depreciation of the SCR that materializes in the second year, 2015, and is sustained through the remainder of the time horizon;
- A sharp increase in interest rates taking place in 2015 and lasting for two years before normalizing. The domestic rates will suffer the largest shock;
- A combined shock scenario, which assumes a depreciation of the SCR by 15 percent with respect to US dollars and euro, combined with a shock to interest rates.

The last available document published on the web site of the Ministry of Finance is the Budget Strategy and Outlook (BSO) 2017. The document presents the Risks to Budget and Economic Outlook, with identified risks as follows:

- Shocks on Exchange Rate and Prices;
- Shocks on Visitor Arrivals;
- Risks Related to State Owned Enterprises;
- Risks Due to Uncertainty of Foreign Aid.

The Debt Management Strategy document for the years 2016–2018 also presents four alternative scenarios based on different hypothesis about the Refinancing Risks, the Interest Rate Risks and the Foreign Exchange Risks. This document presents only the impact on GDP but not on estimates of expenditure and revenues. A debt sustainability is based on these unexpected changes in macro-economic conditions.

In summary, the above mentioned documents present alternative scenarios based on a plausible change in macro-economic conditions, but quantitative figures are provided only for GDP and fiscal revenues and not for expenditure.

In summary, the macro fiscal forecast budget documents do not provide quantitative figures on revenue, expenditure and debt, in order to assess the potential impact different scenarios.

The score for this component is C.

Performance change since the previous assessment

Macro fiscal sensitivity analysis is more detailed than in the previous assessment.

Recent or ongoing reform activities

No specific reform activities in this domain.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-14. Macroeconomic and fiscal forecasting	B	
14.1. Macroeconomic forecasts	A	The government prepares forecasts of key macro-economic indicators, which, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by the IMF.
14.2. Fiscal forecasts	B	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years. These forecasts are included in budget documentation submitted to the legislature. There is no explanation of the differences from the forecast made in the previous year's budget.
14.3. Macro fiscal sensitivity analysis	C	The government prepares a range of fiscal forecast scenarios based on alternative macro-economic assumptions. These scenarios are published in the Budget Strategy and Outlook document, together with its central forecast. Figures are provided only for the impact on GDP and fiscal revenues but not on expenditure and debt.

PI-15. Fiscal strategy

Description

This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals.

Coverage: CG.

Time period: Dimension 15.1: Last three completed fiscal years. Dimensions 15.2 and 15.3: Last completed fiscal year.

15.1. Fiscal impact of policy proposals

The Ministry of Finance prepares estimates of the fiscal impact of all proposed changes in revenue, as it can be seen in the cabinet memorandum revised budget policies. Details of the costs and assumptions of policy proposals approved by the government are included in the budget documentation, submitted to the Legislature and published.

In addition, the impact of all policy measures on expenditure are integrated into an MS Excel file in the PPBB framework and different scenarios are produced.

However, no macroeconomic model is used to quantify the economic impact on growth of an increase of public expenditure. Consequently, no linkage has been established the two approaches.

In summary, the government prepares separate estimates of the fiscal impact of proposed changes in revenue and in expenditure policy for the budget year. Only impacts on revenue are included in the budget documentation.

The score for this component is B.

15.2. Fiscal strategy adoption

The Government of Seychelles signed an agreement with the International Monetary Fund (IMF) in order to benefit from the Extended Fund Facility arrangement (EFF). The GoS has defined a Structural Agenda within the EFF programme including performance criteria¹⁵. The third review under the extended arrangement and request for modification of performance criteria concluded that all performance criteria for end-June 2015, the program's third test date, were met. Based on preliminary data, all the third quarter indicative targets were also met.

The last IMF mission was performed during October 19–November 1, 2016 in order to conduct discussions on the fourth and fifth reviews under the Extended Fund Facility (EFF) Arrangement with Seychelles¹⁶

In addition, this strategy is presented in the Budget Strategy and Borrowing Plan, which is produced yearly and submitted to the National Assembly as a part of the Estimates of Revenue and Expenditure and Appropriation Bill.

In summary, the government has adopted, in accordance with the IMF, a current fiscal strategy that includes explicit time-based quantitative fiscal goals and targets together with qualitative objectives for at least the budget year and the following two fiscal years. This document is part of the documentation submitted to the Parliament, but it is not published on the web site of the MOFTEP.

The score for the component is B.

15.3. Reporting on fiscal outcomes

From its collaboration with the IMF, the government produces a periodic assessment of its achievements against the defined fiscal objectives and targets. The assessment includes an explanation of any deviations from the approved objectives and targets as well as proposed corrective actions, but the targets were generally met in 2015 and 2016. However, these results are not included in the Budget Strategy and Outlook that is submitted to the National Assembly.

The score for this dimension is C.

Performance change since the previous assessment

The Government of Seychelles has defined a fiscal strategy, as a result of the arrangement agreed with the IMF under the Extended Fund Facility arrangement (EFF).

Recent or ongoing reform activities

No specific ongoing activities apart from meeting the targets defined in the fiscal strategy.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-15. Fiscal strategy	B	
15.1. Fiscal impact of policy proposals	B	The government prepares separate estimates of the fiscal impact of <i>all</i> proposed changes in revenue, and in expenditure.

¹⁵ <http://www.imf.org/external/pubs/ft/scr/2016/cr1615.pdf>.

¹⁶ <https://www.imf.org/en/News/Articles/2016/11/01/pr16477-%20IMF-Staff-Completes-Review-Mission-to-Seychelles>.

Indicator/Dimension (M2)	Score	Brief justification for score
15.2. Fiscal strategy adoption	B	Fiscal strategy, incorporated in the budget strategy outlook document, includes explicit time-based quantitative fiscal goals and targets together with qualitative objectives for the next three following years. This document is part of the documentation submitted to the Parliament, but it is not published on the web site of the MOFTEP.
15.3. Reporting on fiscal outcomes	C	The government prepares an internal report on the progress made against its fiscal strategy in collaboration with the IMF. However, these results are not included in the Budget Strategy and Outlook that is submitted to the National Assembly.

PI-16. Medium-term perspective in expenditure budgeting

Description

This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans.

Coverage: BCG.

Time period: Dimensions 16.1, 16.2 and 16.3: Last budget submitted to the Legislature. Dimension 16.4: Last budget approved by the Legislature

16.1. Medium-term expenditure estimates

Medium-term budget estimates are prepared and updated as part of the annual budgetary process. These estimates are disaggregated into administrative and economic classifications at the same level as the yearly budget. The administrative classification identifies the relevant budget head of appropriation by ministries and government services bodies. The budget is presented to the National Assembly for the three coming years but is voted only for one year.

In summary, the annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative and economic classifications.

The score for this component is B.

16.2. Medium-term expenditure ceilings

Aggregate and ministry-level expenditure estimates are defined in the budget proposal for the coming and the two following fiscal years. However, no budget circular with aggregate ceilings is issued by the GoS for the budget year and the two following years. Ceilings are discussed by the budget users and the MOFTEP until they are finally approved by the Ministry of Finance and a budget circular is then produced. Ceilings are not approved by the Cabinet of the Government.

In summary, aggregate expenditure ceilings for the budget year and the two following fiscal years are not approved by the government before the first budget circular is issued.

The score for this component is D.

16.3. Alignment of strategic plans and medium-term budgets

Medium-term strategic plans have been prepared for some of the ministries, such as agriculture, education, health, etc. to a varying degree of quality. They account for more than 25% of expenditure in value because the Ministry of Education's current budget already represented 27% of the total allocated current budget 2016.

On the other hand, ministries' proposals in the 2016 budget are not aligned with their strategic plans. Even the Education Sector Medium-Term Strategic Plan 2013-2017, which is one of the most detailed strategic plans, simply presents the amount of global financing required to finance their six programs. There is no clear distinction between recurrent expenditures, capital costs, and future recurrent costs resulting. When new expenditure policy proposals are expressed, they are not consistent with the Government Strategy and the PSIP, as agreed in the Budget. This situation leads to ongoing discussions with the Ministry of Finance and requires to propose a yearly supplementary budget to the National Assembly.

In summary, no clear link presently exists between strategic plan costing by budget users and the budgeting. Even when costing is included into strategic plans, they are generally not consistent with government policy objectives of investment commitments, fiscal aggregates determined through the fiscal strategy (considered in PI-15), and revenue projections and ongoing expenditure policy budgetary requirements (considered in PI-14).

The score for this component is D.

16.4. Consistency of budgets with previous year's estimates

The comparison between the expenditure estimates in the last medium-term budget and the expenditure estimates in the current medium-term budget can be performed easily because they are based on the same template in a dynamic process. For instance, the estimates for the 2015 budget present the actual budget 2014, the budget 2015, the revised budget 2015, plus the forecast 2016, 2017 and 2018. As a result, every expenditure variation between the corresponding years in each medium-term budget can be fully quantified.

No document referring to the explanations of changes from the previous year's medium-term budget, which would explain why these changes occurred, such as changes in macro-economic conditions, changes to government policy and expenditure priorities, and so on is produced by the GoS.

In summary, the budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the 2015 medium-term budget and the first year of the 2016 medium-term budget, even at the aggregate level.

The score for this component is D.

Performance change since the previous assessment

No major changes since the previous assessment.

Recent or ongoing reform activities

The budget for 2016 and 2017 were both classic and PPBB budgets. The 2016 budget was presented in the traditional line item format for some MDAs and by programme for 5 pilot MDAs. The 2017 budget has been presented by programme for all MDAs, but appropriation was still voted at the administrative level.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-16. Medium-term perspective in expenditure budgeting	D+	
16.1. Medium-term expenditure estimates	B	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative and economic classification.
16.2. Medium-term expenditure ceilings	D	Aggregate and ministry-level expenditure ceilings are defined in the budget proposal for the coming and the two following fiscal years, but they are approved only by the MEF. They are included in the circular after approval.
16.3. Alignment of strategic plans and medium-term budgets	D	Medium-term strategic plans are prepared only for the ministry of Education. Expenditure proposals in the annual budget estimates do not align with the strategic plan of the Ministry of Education.
16.4. Consistency of budgets with previous year's estimates	D	The budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the 2015 medium-term budget and the first year of the 2016 medium-term budget, even at the aggregate level.

PI-17. Budget preparation process

Description

This indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely manner.

Coverage: BCG.

Time period: Dimension 17.1 and 17.2: Last budget submitted to the Legislature. Dimension 17.3: Last three completed fiscal years.

17.1 Budget calendar

The Ministry of Finance is responsible for the preparation of annual budget. The MOFTEP prepares a budget calendar and issues a budget circular annually. The objective of this circular is to provide the budget calendar for the coming year.

Budget 2015 was still allocating resources by Ministry and Agency, the allocations were determined by MOFTEP through a portfolio-based process, starting with the preparation of Portfolio Medium-Term Expenditure Strategies.

The PPBB 2016 process is still in the pilot stage for the 2016 budget, with only 5 MDAs preparing their budgets on PPBB.

The PPBB budget process occurs in three main phases:

Phase 1: Strategic phase

During this phase, the pilot Portfolios prepare a Portfolio Medium Term Expenditure Strategy for discussion in the Policy Review. A PoMTES sets-out the high-level expenditure plan for the Portfolio,

within available resources over a three year period. The PoMTES Circular articulates the detailed requirements for a PoMTES and provides a process for drafting the strategy. The MOFTEP will meet with the Portfolio during the Policy Review to review the PoMTES.

Phase 2: Budget Planning Phase

The Budget Planning Phase is the Phase during which the PPBB Ministry and its agencies prepare a detailed budget proposal within the ceilings issued by the MOFTEP, for review during the Budget Review meetings.

This phase starts when the MOFTEP issues the Budget Circular and ceilings for the Ministry and Agencies in the Portfolio. The ceilings by Ministry and Agency are based on the proposals from the Portfolio in the PoMTES, as reviewed during the Policy Review.

During the budget preparation, each Ministry and Agency must prepare draft PPBB Statement, together with the detailed excel tables, indicating how the ceiling is to be allocated by budget programme, sub-programme and economic items of classification.

Budget Review Meetings take place in order to review, if necessary, the proposed allocation of the ceiling, discuss performance targets, and review any substantive changes proposed compared to the PoMTES.

The Budget Planning phase closes with the MOFTEP issuing Budget Allocation letters to the PPBB Ministries and Agencies. These letters provide the final allocations by Ministry, Agency and Programme, as well as the amounts that have been approved for projects over the medium term.

Phase 3: Final PPBB Statement and Presentation Phase

In the Final PPBB Statement phase, pilot Ministries and Agencies update their draft PPBB Statements, for submission to the Parliament with 2016 Estimates of Revenue and Expenditure. The MOFTEP reviews the PPBB Statements and prepare them for submission to the Parliament as an annex to the Estimates of Revenue and Expenditure.

One budget calendar and submission of estimates is issued, both for MDAs implementing according to the traditional line-item budget process, and those implementing according to PPBB.

The table below sets out the calendar for the 2016 PPBB budget. The Ministries and Agencies were advised to note the dates in their calendars.

Table 3.16 Different phases of 2016 PPBB budget calendar

Particulars	Calendar Date	Effective date
Development of PoMTES	17.2.15 to 25.04.15	23.02.15-30.04.15
Issue Budget Circular and Ministry and Agency Budget Ceilings	21.07.15	03.08.15
Submission of allocations and Draft PPBB Statement on allocations within ceilings and expected performance to MOFTEP	1.09.15	07.09.15
Circulate the Mid-Year Budget Review Document to National Assembly	29.08.15	24.09.15

Particulars	Calendar Date	Effective date
Final Draft for President's Approval	24.09.15	3.11.15
Lock all numbers	26.09.15	5.11.15
Presentation of Budget to Cabinet	1.10.15	09.11.15
Allocation letters to PPBB Ministries and Agencies	3.10.15	17.11.15
Presentation of 2016 Final Figures to Cabinet	8.10.15	25.11.15
Submission of Finalised PPBB Statements to MOFTI	8.10.15	23.11.15
Gazetting of Budget Figures	14.10.15	27.11.15
Releasing Budget Documents, including PPBB Statements, to National Assembly	14.10.15	23.12.15
Finalisation of the Budget and Strategy Outlook Document Finalisation of the Medium Term Debt Strategy Finalisation of 2016 Budget Gazetting of all laws that have an impact on the 2016 Budget	17.11.15	21.12.15
Presentation of 2016 Budget to the National Assembly	25.11.15	23.12.15

Source: MOFTEP.

In summary, a clear annual budget calendar exists. MDA is given six weeks to complete their detailed estimates. However, the table above shows that, for the 2016 PPBB budget calendar, budgetary units had only 4 weeks to comply with the deadline. Most MDAs were able to provide their estimates on time.

The score for the component is B.

17.2 Guidance on budget preparation

The circular includes expenditure ceilings or other allocation limits that are set for ministries or other budgetary units or functional areas. The budget for the coming year and for medium-term budget systems is covered in the circular.

For instance, the 2016 circular contains Draft Estimates of Revenues Expenditures and Financing Requirements for the next three financial years. These Estimates are based on the assumptions for inflation rate, real GDP Growth and Exchange Rate. This circular enables all budget users to prepare their detailed budget.

Estimates of Revenues, Expenditures and Financing Requirements are sent to the ministries by way of electronic communication. However, the ceilings are not included in the first budget circular and they are determined afterwards solely by the MOFTEP. There is no specific process for reviewing and approval of the ceilings that are specified in the budget circular.

In summary, a budget circular is issued by the MOFTEP to budgetary units, including ceilings for expenditure by administrative heads for the coming and the two following years. The budget estimates are determined and the MOFTEP and approved by Cabinet only after they have been completed by ministries and government bodies, prior the submission of the budget to the National Assembly.

The score for the component is C.

17.3 Budget submission to the Legislature

- For the 2014 Appropriation Bill, the Budget speech was delivered to the National Assembly on 10 December 2013 by the Minister of Finance, Trade and Investment and the national Assembly approved the budget on December 16th;
- For the 2015 Appropriation Bill, the Budget Speech was pronounced on Monday 15th December, 2014 and the Seychelles National Assembly approved the proposed budget for 2015 budget on Friday December 19th;
- For the 2016 Appropriation Bill, the presentation of the 2016 budget has been postponed due to the Presidential runoff. The Budget Speech was pronounced on 23rd December 2015.

In summary, the executive has submitted the annual budget proposal to the Legislature in December for the last 3 FY, which is less than one month before the end of the year.

The score for the component is D.

Performance change since the previous assessment

In the previous evaluation, the MOFTEP had submitted the annual budget proposal to the Legislature more than one month before the end of the year.

Recent or ongoing reform activities

In 2016, there will be 5 portfolio ministries operating on a program-performance based budget. Partial roll out is expected in 2017 for the remaining 7 portfolio ministries.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-17. Budget preparation process	C	
17.1 Budget calendar	B	A clear annual budget calendar exists in which MDA is given six weeks to complete their detailed estimates in the PPBB budget calendar. For the preparation of the 2016 budget, MDAs were given only four weeks to complete their estimation.
17.2 Guidance on budget preparation	C	The budget circular is clear and comprehensive and includes a ceiling for expenditure per administrative heads. The budget estimates are approved by Cabinet only prior the submission of the budget to the National Assembly.
17.3 Budget submission to the Legislature	D	In 2013, 2014 and 2015, the executive has submitted the annual budget proposal to the Legislature in December, which is less than one month before the end of the year.

PI-18. Legislative scrutiny of budgets

Description

This indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the Legislature scrutinizes, debates, and approves the annual budget, including the extent to which the Legislature's procedures for scrutiny are well established and adhered to. The indicator also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature.

Coverage: BCG.

Time period: Dimension 18.1, 18.2 and 18.4: Last completed fiscal year. Dimension 18.3: Last three completed fiscal years.

18.1. Scope of budget scrutiny

The process of budget preparation is solely handled by the Executive specifically by the Ministry of Finance. The Legislature comes in only to debate on and approve the proposed budget. The budget speech or the Appropriation Bill is just an annual event whereby the Minister for Finance comes before the Assembly to give details on revenue, expenditure and other financial related affairs such as welfare and policy measures.

The Parliament reviews all elements presented in the budget documentation, such as fiscal policies, medium-term fiscal forecasts, and medium-term priorities in addition to the details of expenditure and revenue estimates. However, as the legislature vote is only for the coming year, debates are not focused on the following years.

In summary, the Legislature's review covers fiscal policies and aggregates for the coming year as well as details of expenditure and revenue. Fiscal policies, medium-term fiscal forecasts, and medium-term priorities are presented in the documents. The Legislature vote is only for the coming year.

The score for the component is B.

18.2. Legislative procedures for budget scrutiny

Legislative procedures for budget scrutiny include internal organizational and committee arrangements, technical support, and negotiation procedures. A FPAC (Financial Public Account Committee) has been set up and is working directly with the budget department.

The hearings are not public, but the media is present. The debates may proceed for several days or weeks. This event is given national importance as it is broadcast live on radio and on national television. Hearings are published on the web site of the National Assembly and in the press.

All Legislature's procedures to review budget proposals are approved by the Legislature in advance of budget hearings and are adhered to.

In summary, the legislature's procedures to review budget proposals are approved by the Legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures. Although there is no public consultation involved in the whole process, however, the event is broadcasted live on radio and on national television.

The score for the component is B.

18.3. Timing of budget approval

For the 2014 Appropriation Bill, the Budget speech was delivered to the National Assembly on 10 December 2013 by the Minister of Finance, Trade and Investment and the national Assembly approved the budget on December 16th.

For the 2015 Appropriation Bill, the Budget Speech was pronounced on Monday 15th December, 2014 and the Seychelles National Assembly approved the proposed budget for 2015 budget on Friday December 19th.

For the 2016 Appropriation Bill, the presentation of the 2016 budget has been postponed due to the Presidential runoff. The Budget Speech was pronounced only on 23rd December 2015 but the budget was approved by the National Assembly before the end of the year. Let us also add that, according to PFM regulations the MOFTEP has until the 13th day after the beginning of each financial year to prepare and finalise the budget for the coming year.

In summary, the budget was approved by the Legislature before the end of the year for the last 3 FY.

The score for this component is A.

18.4. Rules for budget adjustments by the executive

The rules for budget adjustments are included in the Public Finance Management Regulations, 2014 S.1.57 of 2014 that derives from the Public finance management act, 2012.

These regulations allow for extensive administrative reallocations under the supervision of the Principal Secretary of Finance, as presented below:

The Principal Secretary of Finance shall, prior to any virement of funds between divisions, wages, salaries and services and non-financial assets heads in an Appropriation Act, approve such virements and ensure that-

(a) the application for virement clearly shows the need could not have been reasonably foreseen when the current estimates were prepared, and the fact that the funds are not expended under one subhead is not sufficient reason to request additional expenditure;

(b) when it is essential to incur additional expenditure under a head or sub-head of a Department's estimate, and where equivalent savings can be made on one or more other heads or sub-heads within the same Department, internal virements may be made by the Accounting Officer;

According to the Constitution, in-year amendments that will change the votes included in the Appropriation Bill (such as expansion of the budget, re-allocations between MDAs or between recurrent and capital expenditure) need to be approved by the Assembly through a supplementary appropriation. The rules do not set strict limits on the extent and nature of such amendments. The rules may allow extensive administrative reallocation (which is unlikely to happen in practice) as well as expansion of total expenditure (which may happen in practice).

Source: S.1.57 of 2014. Public Finance Management Regulations, 2014 Part VIII - expenditure management (extract).

A supplementary budget was voted in 2015 in order to account for additional expenditure including wages, goods and services, and other payments like the capital injection in Air Seychelles. A session of the National Assembly was called on 13th April 2016, in order to approve a Supplementary Budget. The Supplementary Budget of SR 347 352 971 was brought to the National Assembly on 11th October 2016.

In summary, clear rules exist for in-year budget amendments by the executive and are usually respected. They allow for extensive administrative reallocations. Expansion of total expenditure needs to go through a supplementary budget adopted by the National Assembly.

The score for this component is B.

Performance change since the previous assessment

No significant performance since the previous assessment.

Recent or ongoing reform activities

No recent or ongoing reform activities.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-18. Legislative scrutiny of budgets	B+	
18.1. Scope of budget scrutiny	B	The Legislature's review covers fiscal policies and aggregates for the coming year as well as details of expenditure and revenue. Fiscal policies, medium-term fiscal forecasts, and medium-term priorities are presented in the documents. The vote in the Legislature is only for the coming year.
18.2. Legislative procedures for budget scrutiny	B	The Legislature's procedures to review budget proposals are approved by the Legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures.
18.3. Timing of budget approval	A	The budgets for 2013, 2014 and 2015 were approved by the National Assembly before the end of the year.
18.4. Rules for budget adjustments by the executive	B	Clear rules exist for in-year budget amendments by the executive and are usually respected. They allow for extensive administrative reallocations as well as expansion of total expenditure.

3.6 Pillar V. Predictability and control in budget execution

PI-19. Revenue administration

Description

This indicator relates to the entities that administer central government revenues, which may include tax administration, customs administration, and social security contribution administration. It also covers agencies administering revenues from other significant sources such as natural resources extraction. These may include public enterprises that operate as regulators and holding companies for government interests. In such cases the assessment will require information to be collected from entities outside the government sector. The indicator assesses the procedures used to collect and monitor central government revenues.

Coverage: CG.

Time period: Dimension 19.1 and 19.2: At the time of assessment. Dimension 19.3 and 19.4: Last completed fiscal year.

19.1. Rights and obligations for revenue measures

This dimension assesses the extent to which individuals and enterprises have access to information about their rights and obligations, and also to administrative procedures and processes that allow

redress, such as a fair and independent body outside of the general legal system (ideally a “tax court”) that is able to consider appeals.

Legislative framework is clear and comprehensive following the major tax reform in 2009 and VAT is applied since 2012. No further unclarified taxes and discretionary powers are raised by private sector (Seychelles Chamber of Commerce).

The table below shows the different tax and other revenue types in Seychelles.

Table 3.17 Revenues by responsible entity (2015)

Revenue type	Percentage of total revenues	Entity responsible for collection
Value added tax	29.8%	SRC
Excise tax	14.2%	SRC
Income tax	14.6%	SRC
Business tax	13.0%	SRC
Sales tax (GST)	0.1%	SRC
Trade tax	6.2%	SRC
Corporate social responsibility tax	1.4%	SRC
Tourist marketing tax	0.7%	SRC
Other taxes (licenses)	7.8%	SRC (about 50%) ¹⁷ , MoNR and other MDAs
Fees and charges	5.8%	Various MDAs
Dividends income	2.5%	MOFTEP
Other non-tax	2.6%	Various MDAs
Privatisation and long term lease receipts	1.3%	MOFTEP and MoLUH
TOTAL	100%	

Source: MOFTEP.

The Table shows that 85% of the central government revenues are collected by the Seychelles Revenue Commission (SRC). The VAT, which is introduced per 2012, is now the main source of tax revenue. Other revenue collecting entities include the Ministry of Natural Resources (MoNR) and the Ministry of Land Use and Housing (MoLUH).

For the purpose of this dimension, the assessment focused on the activities of the SRC to provide payers with easy access to comprehensive and up-to-date information on the significant revenue rights and obligation areas and on redress processes and procedures.

The SRC undertakes a number of measures to ensure that tax payers are well-informed on their rights and obligations. First of all, all the applicable legislation is available for download on the SRC’ website including:

- Seychelles Revenue Commission Act, 2009 and 2008;
- Revenue Administration Act, 2009;
- Business Tax Act, 2009;
- Income & Non-Monetary Benefits Tax Act, 2010;
- Value Added Tax (VAT) Act 2010, Act 35 of 2010;
- Excise Tax Act, 2009;
- Trades Tax Schedule (2009);

¹⁷ License fees collected by SRC on behalf of other Government agencies.

- Customs Management Act (CMA);
- Seychelles Business Number Act, 2009.

All taxes are recently modernised originating from a major tax reform approved in 2008 following the country's public finance crisis and the economic reform plan agreed with the IMF.

Other measures to inform the taxpayers of its duties and obligations that are reported in the SRC Annual Report are:

- Four *Advisory Centres* which provide assistance to the taxpayers;¹⁸
- Workshops with STC Duty-Free staff in relation to the passenger allowance;
- A poster campaign explaining the VAT Refund process;
- Leaflets that contain information on different taxes, tax computations and the rights and responsibilities of the taxpayers (etc.);
- Weekly publications to explain different Customs and Tax procedures in print media;
- Two ASYCUDA World training sessions were conducted for 34 new ASYCUDA World users;
- Participation in the 2015 Road Mode Campaign organized by Small Enterprise Promotion Agency (SEnPA) and the Seychelles Investment Board's (SIB) incentive scheme forum for Small and Medium Enterprises, with the aim of educating small businesses about their tax obligations and to respond to any queries;
- New business registration meetings: following registration of a new business, one-to-one meetings are held to explain the tax legislation.

The Revenue Administration Act (2009) also establishes a tax appeal system comprising of four appeal levels: (1) objection to the Revenue Commissioner; (2) appeal to the Revenue Tribunal; (3) the Supreme Court and (4) the Court of Appeals. The Revenue Tribunal was set up in 2014 and has only become operational since 2015. The website of the SRC allows easy access to the website of the Revenue Tribunal on which further information on appeal procedure is published.¹⁹

In 2015, in 43 cases the objection to Revenue Commissioner was not granted. Only 5 cases were referred to the Revenue Tribunal. The Tribunal decided in four cases in favour of the SRC. Taxpayers in three of these cases have appealed to the Supreme Court.

In summary, the SRC which is responsible for collecting most revenues uses multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights including, as a minimum, the redress processes and procedures.

The score for the component is A.

19.2. Revenue risk management

This dimension assesses the extent to which a comprehensive, structured and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks. To assess this dimension, the assessment team has focused on the procedures for risk management in the SRC as the entity responsible for collecting most of the taxes of the GoS.

The Audit Strategy is prepared on the basis of the risk management approach adopted by the SRC. The audit strategy (2016-2017) has three objectives:

1. Yield additional revenue - Assessing and collecting the right tax liability when taxpayers fail to assess and report;

¹⁸ Advisory services are offered at SRC sub-offices at Baie Saint Anne and Grand Anse on Praslin, La Digue and Providence.

¹⁹ <http://www.src.gov.sc/pages/generalinfo/RevenueTribunal.aspx>.

2. Detect non-compliance - Promptly detecting and sanctioning non-compliance by focusing on major areas of risk and individual taxpayers most likely to be evading their responsibilities;
3. Encourage voluntary compliance - Deter non-compliance and encourage voluntary compliance by educating and reminding taxpayers of the risks of non-compliance and create confidence in the broader community by ensuring that serious abuses of tax laws are detected and appropriately penalized.

These objectives are pursued along three strategic lines that are elaborated in different chapters:

- Strategy 1: Optimizing Audit Capacity. This strategy will set out the overall number of audit case targets for the year. It takes into account the total number of registered taxpayers, set against the total available resources, and the types of audits considered necessary by the audit division;
- Strategy 2: Intelligence program- Identifying cases with potential risk: This strategy comprises of the development of a comprehensive intelligence program that will efficiently identify potential cases for audit. Using methods that focus on high risk tax payers to select files for audits;
- Strategy 3: Adopting priority-risk case selection: This strategy will aim to identify the most risky returns/cases for audit, then allocate these, in priority risk order, to the available resources.

As part of the first strategic line, the following audit plan is derived from the analysis of different tax payer segments (separated between small, medium and large tax payers), the number of audit staff employed by the SRC and standards for different types of audit (single issue audits, issue oriented audits and comprehensive audits), the SRC.

Table 3.18 Audit plan 2016

Taxpayer segment	No of taxpayers	No of single issue audits	No of issues oriented audits	No of comprehensive audits	Coverage
Large	350	30	84	13	36.1%
Medium	1,456	140	55	5	13.7%
Small	13,304	30	47	5	0.6%

Source: Audit Strategy 2016.

As part of the second and third strategic line, the SRC's Intelligence Unit has the responsibility to identify individual cases for audit. The Unit is following a risk-based approach by focusing on the tax types and industries with the highest risk and profiles of the tax payers. The audit strategy mentions Business Tax, VAT and Income tax and Non-Monetary Benefits (INMB) and selects tourism, retail/wholesale and construction as high-risk areas. In addition, the SRC applies an approach for profiling tax payers based on various indicators of the tax payers (e.g. previous compliance record, trends in income, etc.).

In summary, the SRC who is collecting about 85% of revenues uses a structured and systematic approach for assessing and prioritizing compliance risks for all categories of revenue with a focus on VAT, business tax, income tax and specific attention to large and medium-sized tax payers.

The score for the component is A.

19.3. Revenue audit and investigation

This dimension assesses to what extent audit and fraud investigation are conducted to ensure that once risks have been identified, there is a follow-up to minimize revenue leakage. To assess this dimension, the assessment team has focused on the performance regarding audit and fraud investigations of the SRC being the entity responsible for collecting most of the taxes of the GoS.

Relevant information regarding the SRC's audit performance is derived from SRC's Annual Report 2015. For 2015, the SRC reports over-performance regarding the number of audits and the revenue yield in comparison to the audit plan.

Table 3.19 Implementation of audit plan 2015 (source: SRC Annual Report 2015)

Taxpayer segment	Audits planned	Audits completed	Forecast revenue yield (in 000 SR)	Actual revenue yield (in 000 SR)
Large	80	92	10,400	10,162
Medium	90	131	71,400	87,598
Small	90	100	109,200	317,375
Total	260	323	191,000	415,136

In addition, the Annual Report details the performance across the different tax types:

Table 3.20 Audit results per tax type (source: SRC Annual Report 2015)

Audit type	Business	CSR	GST	INMB	SSF	Tourism	VAT	With-holding
Comprehensive audits								
Nbr of audit	22	-	4	37	7	-	24	3
Result (in 000 SR)	83,863	-	4,111	9,448	6,181	-	30,028	115,004
Issue-oriented								
Nbr of audit	89	35	24	35	9	4	25	5
Result (in 000 SR)	108,820	3,314	4,693	14,820	1,244	641	16,370	16,594

The SRC does not carry out any fraud investigations. There is a Financial Intelligence Unit (FIU) at Central Bank which deals with fraud investigations. These are undertaken at the request of the government.

In summary, the SRC, collecting most revenue, undertake audits and fraud investigations based on the audit strategy and reported in the Annual Report.

The score for the component is A.

19.4. Revenue arrears monitoring

This dimension assesses the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears. Request for Data on revenue arrears has been submitted to the SRC which is responsible for collecting most of the revenue.

The SRC reports the following data on arrears by the end of 2015.

Table 3.21 Balance of tax arrears (in 000 SR), 31 December 2015

Total tax collection 2015	Stock of arrears (end of 2015)		As % of total collection in 2015	Of which more than 12 months	As % of total stock of arrears
	Category	Amount (000SR)			
5,210,824	Domestic tax:	796,581	12,9%	420,761	62.5%
	Customs	266,758	5,1%	42,076	15.8%

Total tax collection 2015	Stock of arrears (end of 2015)		As % of total collection in 2015	Of which more than 12 months	As % of total stock of arrears
	Category	Amount (000SR)			
	Government	229,867	4.4%	229,867	100%
	Total	1,169,987	22.4%	692,704	59.2%

Source: SRC

The table shows that the total stock of arrears represents about 22% of total tax revenues. In case the outstanding balances of government agencies are excluded, this percentage drops to 18%. However, the GoS has not yet approved a decision to write-off the government-owned tax arrears. The share of arrears aged longer than 12 months in total arrears varies across the categories. The government debt is dated from three years and has not increased since 2013. For domestic taxes, the largest category, the share is 62,5%. Notwithstanding a tax debt amnesty program carried out during 2015, a significant share of old debt remains to be cleared.

For the purpose of comparison with PEFA 2011, the following table calculates the collection rate on gross tax arrears in 2014 and 2015.

Table 3.22 Collection rate SRC in 2015, 31 December 2015²⁰

	Stock of arrears as per 1 st of January (in 000 SR)	Payments on the arrears up to 31/12 (in 000 SR)	Collection ratio for gross tax arrears
2014	442,774	117,412	26,5%
2015	483,337	109,644	22,7%

Source: SRC

The stock of revenue arrears at the end of the last completed fiscal year is above 20 percent of the total revenue collection of the year and the revenue arrears older than 12 months are more than 50 percent of total revenue arrears for the year.

In summary, the stock of revenue arrears at the end of fiscal year 2015 is more than 40% and more than 75% is older than 12 months.

The score for the component is C.

Performance change since the previous assessment

The comparison between PEFA 2011 and PEFA 2016 based on the PEFA 2011 methodology demonstrates a strong improvement on indicator 14 on the “Effectiveness of measures for taxpayer registration and tax assessment”. With the support of IMF, the SRC has successfully introduced a risk-based audit plan (see dimension 19.2 and 19.3) which was absent in 2011.

Performance has not changed on the issue of tax debt which was a weakness in the PEFA 2011 assessment (indicator 15, dimension i). Tax debt is still significant and the collection rate on outstanding arrears is low.

²⁰ The arrears include: business tax, withholding tax, value added tax, trade tax and social security fund contributions.

Recent or ongoing reform activities

- The Ministry of Finance has planned to introduce a system so that debtors can be monitored on a monthly basis, enabling line ministries, departments and agencies to more effectively pursue outstanding debts;
- A main substantive reform for the coming years will be the introduction of a progressive system for income tax. In terms of processes, the SRC is committed to addressing the high level of tax debt. It has adopted a 'collection enforcement strategy 2016-2018'. The strategy distinguishes three strands: (1) Limit accumulation of current debts (Early Collections); (2) segmenting and prioritizing debt (strategic recovery) and (3) expanding our actions and use of the law to collect debt (firmer action).

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-19. Revenue administration	B+	
19.1. Rights and obligations for revenue measures	A	The SRC which is responsible for collecting <i>most</i> revenues uses multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures.
19.2. Revenue risk management	A	The SRC who is collecting about 85% of revenues uses a structured and systematic approach for assessing and prioritizing compliance risks for <i>all</i> categories of revenue with a focus on VAT, business tax, income tax and specific attention to large and medium-sized tax payers.
19.3. Revenue audit and investigation	A	The SRC, collecting <i>most</i> revenue, undertake audits and fraud investigations based on the audit strategy and reported on in the Annual Report.
19.4. Revenue arrears monitoring	C	The stock of revenue arrears at the end of FY 2015 was more than 40% and more than 75% was older than 12 months.

PI-20. Accounting for revenue

Description

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and non-tax revenues collected by the central government.

Coverage: CG.

Time period: At the time of assessment.

20.1. Information on revenue collections

Dimension 20.1 assesses the extent to which a central ministry, i.e., the Ministry of Finance (MOF) or a body with similar responsibilities, coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue.

As demonstrated in the narrative of dimension 19.1, the Seychelles Revenue Commission bears responsibility for around 85% of revenues. For the remaining 15%, other MDAs are responsible for

the administration including the Seychelles Licensing Authority (SLA) for most license fees, the Ministry of Natural Resources (MoNR) for fishing licenses, the Department of Legal Affairs (DoLA) for stamp duties, the Ministry of Land Use and Housing (MLUH) for receipts from land lease and sale.

The central entity collecting information on all revenues is the Fiscal Analysis Division of the MOFTEP. On a monthly basis, they prepare a fiscal report broken down by revenue type including information from the different revenue generating MDAs covering all central government revenue.

In summary, the MOFTEP is the central agency that obtains revenue data at least monthly from entities collecting all central government revenue. This information is broken down by revenue type and is consolidated into a report.

The score for this component is A.

20.2. Transfer of revenue collections

Dimension 20.2 assesses the promptness of transfers to the Treasury or other designated agencies of revenue collected. For the assessment of this dimension, we focus on the performance of the SRC who is responsible for 85% of revenue collection.

The SRC has four revenue collection points on the main island Mahe. More than 90 percent of the tax payers pay their tax liabilities in cash. On daily basis, the cash is collected and deposited at the end of the day in the GoS' main account at the Central Bank. Transfer receipts are sent to the Accountant General supported by copies of bank deposit slips from the Central Bank of Seychelles. All taxes collected on Praslin and La Digue Islands are paid in on a weekly basis to the TSA via a commercial bank. These collections are insignificant in respect to the overall collections and are estimated to represent less than 1% of total collections.

The SRC applies the same procedure of daily collection of cash payments and depositing at the GoS' main account for the receipts from licenses collected by the Seychelles Licensing Authority.

In case taxes are paid by the bank, the revenues will flow directly into the GoS' STA account. The SRC does not have its own bank account.

In summary, entities collecting most central government revenue transfer the collections directly into accounts controlled by the Treasury, or transfer the collections daily to the Treasury and other designated agencies.

The score for this component is A.

20.3. Revenue accounts reconciliation

This dimension assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears and transfers to (and receipts by) the Treasury take place regularly and are reconciled in a timely manner. This will ensure that the collection and transfer system functions as intended and that the level of arrears and revenue float are monitored and minimized.

The SRC keeps records for each payer in its in-house accounting system (Client Management System) including data for tax assessments, collections, and arrears. However, the functionality of the system is not adequate and the system is not able to run certain basic queries to get some aggregate information such as for example, an overview of all taxpayers that did not file their tax returns. Consequently, the SRC does not carry out full reconciliation on how much of the amounts levied are (a) not yet due, (b) in arrears (the difference between what is due and what has been paid

in) and (c) collected by the responsible entity but not yet transferred to the Treasury as that would be too time-consuming. Only the reconciliation between collections and deposits into the TSA are being reconciled. This is done on a monthly basis. Treasury statements are sent to the SRC within 10 days from the end of the month and it takes up to two weeks for the SRC to reconcile their records with the Treasury records.

In summary, the SRC, which collects most government revenues, undertakes complete reconciliation of collections and transfers to Treasury monthly. It does not perform any further reconciliations involving assessments and arrears.

The score for the component is C.

Performance change since the previous assessment

In comparison to the PEFA 2011, there are no significant changes. Dimension I is a new dimension which was not measured in the PEFA 2011. Dimension ii compares with PI -15 (dim ii) of the PEFA 2011 framework and is rated unchanged. Also, the issue of accounts reconciliation is unchanged on the basis of the comparison with PEFA 2011 (see PI-15, dim iii).

Recent or ongoing reform activities

No recent reform activity in this domain. Improvement in the score for dimension 20.3 would require investments in the IT-system of the SRC. It has submitted an investment proposal for the 2017 budget, but funding has not yet been secured.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-20. Accounting for revenue	C+	
20.1. Information on revenue collections	A	The MOFTEP is the central agency that obtains revenue data at least monthly from entities collecting <i>all</i> central government revenue. This information is broken down by revenue type and is consolidated into a report.
20.2. Transfer of revenue collections	A	Entities collecting <i>most</i> central government revenue transfer the collections directly into accounts controlled by the Treasury, or transfer the collections daily to the Treasury and other designated agencies.
20.3. Revenue accounts reconciliation	C	The SRC, which collects most government revenue, undertakes complete reconciliation of collections and transfers to Treasury monthly. It does not perform any further reconciliations involving assessments and arrears.

PI-21. Predictability of in-year resource allocation

Description

This indicator assesses the extent to which the central ministry of finance is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery.

Coverage: BCG.

Time period: Dimension 21.1: At the time of assessment. Dimensions 21.2, 21.3 and 21.4: Last completed fiscal year.

21.1. Consolidation of cash balances

This dimension assesses the extent to which the MOF can identify and consolidate cash balances as a basis for informing the release of funds. The cash balances are calculated by the Treasury. The GoS utilises a centralised payments system. All payments for government expenditures are done from the Treasury Single Account (TSA) at the Central Bank of Seychelles (CBS) which consists of the GoS general account, various accounts for donor funded projects and accounts for monetary purposes. The TSA balance is calculated daily and the information is sent to the MOFTEP on a daily basis.

These are 5 other government controlled bank accounts held at commercial banks for operations at the islands. The Treasury is informed on these balances on a weekly basis. The total balance of these accounts is less than 2% of the GoS general account at the CBS.²¹

In addition, the notes to the AFS 2014 refer to some government-controlled bank accounts maintained by various ministries and departments that are not included in the AFS. Partly, these accounts are used for operational reasons by government institutions, such as fund raising activities by a school, and it would involve only small amounts of money. Also, they include bank accounts from the past that have not been integrated into the TSA from institutions such as the Social Protection Agency (formerly the Social Security Fund). These non-consolidated cash balances add up to SR 170 million which are around 43% of the general government account. In case that cash balances for monetary purposes are also included, the share of these non-consolidated cash balances is only 7 per cent.

Table 3.23 Cash balances and consolidation

Bank accounts	Frequency of consolidation	Description	Balance in Mln SR (as per 31/12/2014)
TSA	Daily	General government account	390
		Project accounts (donor-funded)	127
		Accounts for monetary purposes	1,931
Commercial bank accounts in the islands	Weekly	Various	7
Non-TSA accounts operated by certain MDAs	Not consolidated	Various	170

Source: AFS 2014.

In summary, the amount of cash kept at other bank accounts that is not consolidated is less than 10% of the TSA cash balance, which is consolidated on a daily basis.

The score for the component is A.

²¹ The bank balance at these commercial banks is SR 7.3 mln (source AFS, 2014).

21.2. Cash forecasting and monitoring

Dimension 21.2 assesses the extent to which cash flows are forecasted and monitored. Cash management is the responsibility of the Financial Planning and Control Division (FPCD) of the MOFTEP on the basis of the following inputs:

- MDAs provide their input at the beginning of the year by submission of their expenditure cash plan. The submission of the cash plan is a requirement in order to release the MDAs budget for the first quarter. MDAs are expected to submit updates on the cash plan, but this does not happen in practice except for some large MDAs;
- The Fiscal Analysis Branch (FAB) of the MOFTEP provides, on a weekly basis, revenue forecasts to the FPCD;
- Daily information on TSA consolidation of cash balances (see dimension 21.1);
- Meetings of the Committee for Cash Management to discuss liquidity position take place on a weekly basis and include representatives from FAB, Treasury, CBS and FPCD including public debt section.²² The Committee updates the cash flow forecast on the basis of actual cash inflows and outflows.

In summary, the overall cash forecasting is calculated and monitored on a weekly basis.

The score for the component is A.

21.3. Information on commitment ceilings

Dimension 21.3 assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods. Predictability for budgetary units as to the availability of funds for commitment is necessary to facilitate planning of activities and procurement of inputs for effective service delivery and to avoid disruption of the implementation of these plans once they are underway.

MDAs are given their full budget in order to allocate their spending requirements for the year according to their needs on a monthly basis. But while they receive their indicative commitments ceiling for the whole year, they can only make expenses through the TIS system guiding the issuance of Local Purchase Orders. This system issues quarterly warrants throughout the budget year and MDAs cannot incur spending until the warrant is issued. The MOFTEP issues the first warrant within 2 weeks from the Appropriation Act. The quarterly releases are reliable and the MOFTEP does not reduce the amount of funds for quarterly spending made during that quarter.

While financial warrants for recurrent spending are issued/updated quarterly, project (capital) expenditures are demand driven and are therefore requested and approved on ad-hoc basis by the Ministry of Finance. For certain type of expenditure, such as the purchase of a fleet of vehicles, the whole year budget can be spent at one time.

Commitment control for capital expenditure is centralised at the Public Investment Management Unit of the MOFTEP. The Unit keeps an MS-Excel worksheet in which it records and controls commitments.

In summary, budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.

The score for the component is B.

²² These meetings of the Committee for Cash Management have been dormant in 2016 but is supposed to revived in 2017.

21.4. Significance of in-year budget adjustments

Dimension 21.4 assesses the frequency and transparency of adjustments to budget allocations.

As per the PFM regulations 2014, MDAs can make unlimited virements between budget lines, but only with the approval of the MOFTEP. Virements between budget lines are widely used to induce flexibility in the expenditure controls (as the expenses are strictly maximized to the budget line ceilings in the TIS. After the approval of virement, the expenditure ceilings in the TIS are changed accordingly.

Adjustments of the total expenditure ceilings and the disaggregation across MDAs can only be done with the ex-ante authorisation of the National Assembly through a Supplementary Budget procedures.²³ In-year budget adjustments are governed by the mid-year review taking place in July. The Budget Management Section of the MOFTEP will meet each MDA and discuss the budget execution in the first half year and the expectations for the second half. Based on these discussions, the MOFTEP revises the appropriation ceilings per administrative head. After Cabinet approval, the MDAs are informed in writing of any increase or cut in their overall ceiling and a supplementary budget is presented to the National Assembly. In both 2014 and 2015, only one supplementary appropriation was presented to the National Assembly for approval during the fiscal year in respectively September and October. For the revised Budget 2015, Government revenue excluding grants presented a slight upward revision of SR 8m, compared to the initial Budget of SR 6.18bn. This positive adjustment was equivalent to only a 0.7 per cent increase²⁴.

In summary, significant in-year adjustments to budget allocations did not take place more than once during the last two fiscal years and were done in a transparent way, but the revised budget is not discussed at the National Assembly prior to the request for approval.

The score for the component is B.

Performance change since the previous assessment

No significant change.

Recent or ongoing reform activities

No recent activity in this domain.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-21. Predictability of in-year resource allocation	B+	
21.1. Consolidation of cash balances	A	The amount of money kept in other bank accounts and that is not consolidated is less than 10% of the TSA cash balance which is consolidated on a daily basis.
21.2. Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated weekly on the basis of actual cash inflows and outflows.

²³ The formal mechanism for in-year budget adjustments is specified in the Constitution (Chapter XII, Art. 154). When the amount appropriated by the Appropriations Act is insufficient or no budget head has been appropriated, a supplementary estimate should be laid before the National Assembly. The Constitution does not emphasise that the Supplementary Budget needs to be approved ex-ante, but in 2009 an addendum was approved to clarify that a supplementary budget needs to be approved ex-ante.

²⁴ The additional appropriation in 2014 and 2015 amounted, respectively, SR 224 and SR 146 mln, which is about 3.9 % and 2.4 % of total expenditure outturns in 2014 and 2015.

Indicator/Dimension (M2)	Score	Brief justification for score
21.3. Information on commitment ceilings	B	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.
21.4. Significance of in-year budget adjustments	B	Significant in-year adjustments to budget allocations take place no more than twice in a year and are done in a transparent way following the mid-year reviews and approved by the Cabinet and Assembly, but not discussed at the Assembly first.

PI-22. Expenditure arrears

Description

This indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control. It contains two dimensions and uses the M1 (WL) method for aggregating dimension scores.

Coverage: BCG.

Time period: Dimension 22.1: Last three completed fiscal years. Dimension 22.2: At the time of assessment.

22.1. Stock of expenditure arrears

No expenditure arrears in debt payments and the payroll exist as evidenced by the GoS debt statement and the payroll system by the Treasury.

In line with the problems in data collection on expenditure arrears, the administration could not provide information on expenditure arrears.

As a result, the score for the component is D*.

22.2. Expenditure arrears monitoring

With regard to expenditure arrears on payments for goods and services, MDAs recognize the existence of such arrears as the TIS and LPO system is a payment control system but it does not control commitments. In practice, MDAs can and do incur commitments beyond their expenditure ceilings in the TIS. These commitments are not recorded and MDAs are confronted only at the moment that the invoice gets in and the payment cannot be done as the quarterly payment ceiling in the TIS will not allow them to issue the payment order. There is no requirement to record an invoice in the creditor's list module in the TIS as soon as the invoice comes in. The creditor's list in the TIS is thus incomplete. Instead, the budget section of the MOFTEP requests MDAs to provide information on outstanding invoices at two moments during the fiscal year. Firstly, as part of the budget submission of MDAs to the MOFTEP. Secondly, before the closure of the fiscal year (15 December). It is acknowledged by the MOFTEP that these methods have not resulted in reliable information on arrears and the data is incomplete.

In summary, data on the stock and composition of expenditure arrears is not generated annually.

The score for this component is D.

Performance change since the previous assessment

The score in 2016 reflects a downgrade since 2011. The score in PEFA 2011 was based on the comprehensive exercise to clear arrears, was carried out in 2009 and that was part of the IMF-supported economic reform programme. Also, at that time, the exercise to monitor expenditure arrears via the creditor's list was taken seriously and provided largely complete information. As the debt crisis of 2008 has been overcome and the financial situation of the GoS has improved, the discipline to monitor the payment arrears has slid down as outstanding invoices are commonly cleared in upcoming quarters. The score for dimension 22.1 is D* which reflects that no information has been presented by the GoS to rate this indicator.

Recent or ongoing reform activities

The Ministry has begun to address the issue of audited financial statements in arrears which would block the consolidation of financial information for such other funds and entities activities not yet considered in the financial statements. With a view of developing an adequate system, the Government is in the process of developing an expenditure and payment policy to guide departments on the issue of payment delays. Suppliers and subcontractors will also be sensitized so that all the parties are aware of the payment terms and their respective obligations.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-22. Expenditure arrears	D	
22.1. Stock of expenditure arrears	D*	No information on the stock of expenditure arrears has been transmitted to the expert team.
22.2. Expenditure arrears monitoring	D	Data on the stock and composition of expenditure arrears is not generated annually.

PI-23. Payroll controls

Description

This indicator is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. Wages for casual labour and discretionary allowances that do not form part of the payroll system are included in the assessment of non-salary internal controls, PI-25.

Coverage: CG.

Time period: Dimension 23.1, 23.2 and 23.3: At the time of assessment. Dimension 23.4: Last three completed fiscal years.

23.1. Integration of payroll and personnel records

This dimension assesses the degree of integration between personnel file, payroll, and budget data. For the GoS, there are four main institutions which are involved in the management of payroll: Department of Public Administration (DPA), the MOFTEP, the Treasury and the corresponding MDAs. The table below summarizes the tasks and responsibilities.

Table 3.24 Entities involved in payroll controls

Entity	Responsibility
MDA	Human resource management is a delegated responsibility of the PS of MDAs. The MDA is responsible for: <ul style="list-style-type: none"> • Complete human resource files at the MDA (MDA-nominal roll); • Updating the Human Resource Information System HRIS (in case the MDA has a connection) or informing the DPA on revisions of the nominal roll (in order for DPA to update the centralized nominal roll in HRIS).
DPA	The responsibility includes: <ul style="list-style-type: none"> • Government-wide HR policies such as job classification and the appraisal system; • Maintaining the establishment and the available posts in HRIS; • Maintaining up to date and correct information in the HRIS government-wide; • Approval for senior management posts above SG9 level (but not below SG9-level); • Checking / reconciling the payroll with the HRIS data on a monthly basis.
MOFTEP	As all MDA's account staff has been transferred to the MOFTEP (as per circular no 2 of 2013), the MOFTEP has the following responsibility: <ul style="list-style-type: none"> • Approve any request of the MDA to amend the payroll (and this will be done in view of the MDA's budget line for 'wages and salaries' as included in the TIS and in view of the establishment in HRIS).
Treasury	The responsibility includes: <ul style="list-style-type: none"> • Revising the centralized payroll following a MDA request approved by the MOFTEP; • Running the centralized payroll and making the payments.

- The table shows that for the integration of payroll and personnel records, the Treasury, DPA and MDAs are responsible. At the moment, the nominal roll (HRIS) and the payroll are not integrated into one IT software. Consequently, the nominal roll does not necessarily match the payroll and monthly reconciliation is carried out. The Treasury is sending the payroll data monthly to the DPA and each MDA. While each MDA is performing the reconciliation between its MDA personnel roll and the payroll, the DPA is doing the reconciliation for the entire HRIS. Nevertheless, some discrepancies between the payroll and the nominal roll can still persist, mostly because:
 - Not all MDAs are linked to the HRIS and can make updates in the system themselves. These MDAs need to inform the DPA in writing and this may not always be done as there are no sanctions for the MDA in case the HRIS is incomplete²⁵;
 - The DPA's monthly reconciliation is done on a sample basis and it may overlook some deviations between the payroll data and the HRIS data.

To move towards integration between the payroll and HRIS, the Department of Information and Communication and Technology (DoICT) in collaboration with the DPA has carried out complete reconciliation for 5 MDAs on a pilot basis. The results showed data inconsistencies but primarily wrong post numbers due to staff movements and administrative personal details. In the pilot exercise, the inconsistencies are cleared after which the DoICT will merge the data.

In summary, the payroll which is managed by Treasury is supported by full documentation for all changes made to personnel records. Staff hiring and promotion is controlled by a list of approved staff positions in HRIS and by the budget line for salaries. Payroll data are checked each month against the previous month's payroll data. However, data justifying **all** changes made to personnel records each month was not provided.

The score for the component is C.

²⁵ DPA Circular of 1980 requires MDAs to submit to the DPA staff movements on a monthly basis.

23.2. Management of payroll changes

Dimension 23.2 assesses the timeliness of changes to personnel and payroll data. As described in the narrative of dimension 23.1, the PS of the MDA initiates changes to the payroll. Upon completing the required documentation, the request for a payroll change needs to be approved by the accounts staff of the MOFTEP (since 2013, the accounts staff have been transferred from the MDA's authority to the MOFTEP). The approval of the MOFTEP will hinge on alignment with the available postings (as demonstrated by the HRIS) and available budget (as demonstrated by the TIS). Upon approval by the MOFTEP, the request is submitted to the Treasury who will check on the completeness of the documentation. The procedure would normally be completed in one month and be incorporated within the next pay period and there is rarely the need for retroactive adjustments, as seen in the table below for 2016.

Table 3.25 Retroactive adjustments in 2016

Retroactive adjustments	Jan	May	Sep
Wages and salaries	200.431.889	153.971.905,24	177.056.103,88
Retroactive payments	145.920	242.731,29	331.950,30
No of payments	23	33	42
% of total	0.07%	0.16%	0,19%

Source: MOFTEP.

Casual workers are not on payroll but they are paid under wages and salaries of the respective Ministry.

In summary, required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows corrections in a maximum of 3% of salary payments.

The score for the component is A.

23.3. Internal control of payroll

Dimension 23.3 assesses the controls that are applied to the making of changes to personnel and payroll data. In line with the narrative of 23.1 and 23.2, the authority to make changes to the payroll is centralised in the Treasury. Prior to 2014, some MDAs (e.g. ministry of education, Social Welfare, NSC, SAA, Fire Brigade, Police, Security, SBC, SBS etc.) were managing their own payroll and only the payments are done by the treasury. However, by the circular N°1 of 2014 of March 31, 2014, the payroll is completely centralised to the Treasury.

Changes to the payroll are effectuated following three controls:²⁶

- Initiation by PS of the MDA (based on information of the TIS and HRIS);
- Approval by account staff of the MOFTEP (based on information of the TIS and HRIS);
- Following a compliance check, effectuation of the payroll change by Treasury.

For both the HRIS and the payroll, there is audit trail including files of the hard copies and the electronic data log file. Within the Treasury, access to the payroll is restricted to IT staff and three payroll officers. Ex-post controls on the integrity of the payroll include the monthly reconciliation of

²⁶ Four controls apply for posting decision of senior management above SG9 level as also DPA approval is required.

the copy of the payroll and the changes compared to last month sent by Treasury and the corresponding MDAs for consistency checks.

In summary, authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.

The score for the component is A.

23.4. Payroll audit

The last dimension assesses to what extent payroll audits are undertaken to check the integrity of the payroll and to identify ghost workers, fill data gaps, and identify control weaknesses.

Although, no comprehensive payroll audits have been undertaken in the last year, the payroll is commonly included in the internal audit by Internal Audit Division (IAD). Also, the Auditor General audits include the payroll every year as part of its statutory audit. Its reports contain findings on payroll wrong postings, inconsistencies between the payroll and personnel records, irregularities in overpayments, advances and other payments made to employees. No findings on ghost workers have appeared during these audits. Ghost workers may only occur to casual workers which are paid outside the payroll.

In summary, ghost workers are not considered a risk in Seychelles, given the small size of the island and the culture. Also, the controls are strict (see dim 23.2 and 23.3). In addition, annual payroll audits are done regularly by the OAG. These audits only cover a part of the MDAs and would extend to the entire central government across a 3 years period. However, data justifying that a payroll audit covering more than 90% of central government entities has not been provided.

The score for the component is C.

Performance change since the previous assessment

No performance change since PEFA 2011.

Recent or ongoing reform activities

The management of the payroll has been centralised. Previously, some MDAs (e.g. ministry of education, Social Welfare, NSC, SAA, Fire Brigade, Police, Security, SBC, and SBS etc.) managed their own payroll, in while the payments are done by the treasury. The payroll of these MDAs represent about 20% of the total government payroll. Now the payroll is fully centralised in the Treasury.

Pilot exercises to integrate the payroll and HRIS. There are challenges with this exercise due to: financial regulations in force; staff movement policies; lack of infrastructure to bring all organizations on line; many organizations occupy privately owned office accommodation – whether these private owners will agree to bring E-Government network to their premises is a concern.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-23. Payroll controls	C+	
23.1. Integration of payroll and personnel records	C	The payroll which is managed by Treasury is supported by full documentation. Staff hiring and promotion is controlled by a list of approved staff positions in HRIS and by the budget line for

Indicator/Dimension (M1)	Score	Brief justification for score
PI-23. Payroll controls	C+	
		salaries. Payroll data are checked each month against the previous month's payroll data. Data justifying all changes made to personnel records each month was not provided.
23.2. Management of payroll changes	A	Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows corrections in a maximum of 3% of salary payments.
23.3. Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.
23.4. Payroll audit	C	Payroll audits or staff surveys have been undertaken within the last three completed years.

PI-24. Procurement

Description

This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements.

Coverage: CG.

Time period: Dimensions 24.1, 24.3 and 24.4: Last completed fiscal year. Dimension 24.2: Last completed fiscal year.

24.1. Procurement monitoring

The Public Procurement Act (PPA) 2008 provides separate thresholds for the procurement of goods and services, works and consultancy services for which approval is required from respectively the Chief Executive Officer, the Procurement Committee or the Tender Board (see table below).

Table 3.26 Procurement thresholds (in SR)

Approval by:	Goods and services	Works	Consultancy services
Chief Executive Officer	100,000	150,000	50,000
Procurement Committee²⁷	100,000 – 500,000	150,000 – 750,000	50,000 – 150,000
National Tender Board	500,000	750,000	150,000

Source: Public Procurement Act.

For each procurement above the threshold for the Chief Executive Officer, the POU needs to be informed. The POU will refer the procurement to either one of the Procurement Committees (or the Tender Board (NTB)). The POU will be informed of the results of the procurement procedures by either the Procurement Committees and/or the Tender Board and records the information in their internal excel database. The database includes information on the item that was procured goods/services/works, the value of the contract and the contract award.

²⁷ Three Procurement Committees are established separating procurement for infrastructure, goods and services and consultancies.

There are no indications that the database is incomplete for the procurement above the threshold levels. However, the database does not include information on government purchases below that threshold. Assuming that the full amount of the budget line 'goods and services' and 'capital expenditure' involves procurement, the database includes 40% of all procurement in 2015²⁸. Assuming that only capital expenditures include procurement, the database includes 88% of all procurement.²⁹

In summary, databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contracts. The data are accurate and complete for at least 40% of the procurement methods for goods, services and works.

The score for the component is D.

24.2. Procurement methods

This dimension analyses the percentage of the total value of contracts awarded with and without competition. The PPA adopts competitive bidding as preferred method of public procurement (section 42) which could be done by restricted tender and by open tender. For restricted tender, at least three potential bidders need to be invited. Decisions on the type of procurement method that is to be applied are taken either by the Procurement Committees or the Tender Board. In case these bodies advise to deviate from competitive methods and to allow direct sourcing, they need to provide proper justification of the deviation (Section 63). The justification needs to be submitted to the POU and validated by either one of the Procurement Committees or the NTB. The POU confirms that in all cases such a justification is submitted.

Upon request from the mission, the POU has compiled the following data for 2015:

Table 3.27 Use of procurement methods (in SR)

	Total funds through POU	Open bidding	Limited bidding	Request for quotation	Direct bidding
Amount	691,097,604	275,511,571	35,455,649	654,636	379,475,746
% of total	100%	39.9%	5.1%	0.1%	54.9%

Source: Procurement Oversight Unit.

The table shows that the amount of procurement done above the threshold that has passed the POU is SR 691 million. Direct sourcing has been granted for nearly SR 380 million which is about 55%. This percentage does not include the amount of direct sourcing that is done for procurement below the threshold of SR 150,000.

These results are different from the 2013 NTB Activity Report that shows that 81% of procurement (national and international) have been awarded through competitive methods. The NTB report also indicates that 84% were reported in 2011 and 94% reported in 2012.

²⁸ Based on the following figure: total procurement in 2015 in the POU database: SR 691mln and total expenditures on goods and service and capital in 2015: 1,746mln.

²⁹ Based on the following figure: total procurement in 2015 in the POU database: SR 691mln and total capital expenditures in 2015: 789mln.

In addition, according to NTB's 2012 annual report, contracts won by local companies represented more than 78% of the value of contracts). This figure is explained by the fact that the law restricts participation in national open tenders to national tenderers only.

One of the justifications given for the use of direct sourcing is the practice of 'authorised dealers' for certain products. For example, it is noted that the Public Utility Cooperation is required to purchase the parts for the electricity generating plant from the builder of the plant (Wartsila). Another explanation is the small size of Seychelles' domestic market. Findings from an interview with the Seychelles Chamber of Commerce and Industry (SCCI) indicates that procurement is done in a fair, competitive and transparent manner. The SCCI did not experience serious deviations in that respect.

Finally, let's note that section 58 of the PPA only allows Seychelles citizens and local bidders to participate in open tenders, which is not compliant with international standards.

In summary, 45% of procurement above the threshold are done via competitive methods (open tender and restricted tender).

The score for the component is D.

24.3. Public access to procurement information

This dimension reviews the level of public access to complete, reliable and timely procurement information against 6 benchmarks included in the PEFA methodology. The following table shows the performance of the GoS against these benchmarks.

PEFA benchmark on transparency	Met / not met	Justification
1. Legal and regulatory framework for procurement	Not met	The Procurement Act (2008) can be downloaded from the websites of the POU and the National Tender Board, but the Procurement Regulation (2014) is not (yet) available for download.
2. Government procurement plans	Not met	As per required by Clause 71 of the Public Procurement Act 2008, MDAs are obliged to submit their procurement plan to the POU. In practice, only a few MDAs comply with this requirement. For those procurement plans that have been prepared, neither the POU nor any other GoS body makes them publicly available.
3. Bidding opportunities	Met	All bidding opportunities above the threshold value are advertised weekly in the national newspaper "Seychelles Nation" for three days. In addition, tender opportunities are published on the website of the Tender Board. International bidding opportunities are announced by the Seychelles Investment Board and on COMESA website.
4. Contract awards (purpose, contractor and value)	Met	Contracts awards are published in the newspaper Seychelles Nation as per each quarter. The POU website does not include contract awards. The website of the Tender Board publishes contract awards including project description, contractor and the contract value. However, the website is only up to date to 2014.

PEFA benchmark on transparency	Met / not met	Justification
5. Data on resolution of procurement complaints	Not met	No information on resolution of procurement complaints by the Review Panel is published.
6. Annual procurement statistics	Not met	The annual report of the National Tender Board includes relevant statistics. However, some factors reduce the completeness and reliability of these statistics: <ul style="list-style-type: none"> • The statistics only relate to procurement above the threshold 750,000; • The last annual report on the website dates from 2014; • The information has not been cross-checked on reliability.³⁰

In summary, two procurement information elements (out of six) are completely made available to the public (bidding opportunities and contract awards).

The score for the component is D.

24.4. Procurement complaints management

This dimension assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism against 6 benchmarks included in the PEFA methodology.

The POU is expected to play a prominent role in monitoring procurement as it is an element of public procurement control systems. The Law on Procurement provides that the POU consists of four members: a president, a representative of the Attorney General, a representative of the Commission of competition and a representative of a NGO. Currently, the president is from the private sector, the other members are two public officials and a representative of the National Consumer Forum. In addition, an officer from the Ministry of Finances manages the Committee secretariat.

According to the Law, the POU is responsible for the preparation of audit reports on the procurement markets and annual reports on the performance of procurement for the entire system, as well as for the publication of procurement plans, types of call records offers and decisions rendered on the website of the POU.

The following table shows the performance of the POU against these benchmarks.

PEFA benchmark on transparency	Met / not met	Justification
Complaints are reviewed by a body which:		

³⁰ For example, the annual report includes a figure that 87% of tenders use the method 'open, national' which is not consistent with the data from the POU's database.

PEFA benchmark on transparency	Met / not met	Justification									
1. is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	Met	Based on section 99 and 100 of the Procurement Act, the Procurement Review Panel reviews GoS decisions on procurement decisions. This Review Panel consists of four members who are appointed by the President. These include a Chairperson, a representative of the Attorney General, a representative of Fair Trading Commission and non-governmental consumer welfare organization. The Review Panel is assisted by a Secretary who is a staff member of the Ministry of Finance. Although this situation may affect the independence of the Review Panel, the criterion is considered as met as the Secretary is not a voting member.									
2. does not charge fees that prohibit access by concerned parties	Met	A fee of 500 SR is charged. This is not considered to be prohibitive.									
3. follows processes for submission and resolution of complaints that are clearly defined and publicly available	Met	The process for submission and resolution of complaints is clearly established in the Public Procurement Act (section 100) which is publicly available. The POU reports that a rejection letter to an unsuccessful bidder will specify where he may object and within what timeframe.									
4. exercises the authority to suspend the procurement process	Met	The procurement act (section 100) sets out that the Review Panel can suspend the procurement proceedings until the appeal is heard.									
5. issues decisions within the timeframe specified in the rules/regulations, and	Not met	<p>The Act (article 100.8) requires the Review Panel to make a decision within thirty days of the date of submission of an application for review. In 2015, three complaints were filed. In none of the cases, the term of 30 days was met.³¹</p> <table border="1"> <tbody> <tr> <td>Ministry of Land Use and Housing</td> <td>13.03.15</td> <td>24.04.15</td> </tr> <tr> <td>Ministry of Education</td> <td>09.12.15</td> <td>12.02.16</td> </tr> <tr> <td>Financial Services Authority (FSA)</td> <td>24.12.15</td> <td>12.02.16</td> </tr> </tbody> </table>	Ministry of Land Use and Housing	13.03.15	24.04.15	Ministry of Education	09.12.15	12.02.16	Financial Services Authority (FSA)	24.12.15	12.02.16
Ministry of Land Use and Housing	13.03.15	24.04.15									
Ministry of Education	09.12.15	12.02.16									
Financial Services Authority (FSA)	24.12.15	12.02.16									
6. issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Met	The Procurement Regulations (Article 175.4) states that “a decision by the Review Panel is binding on all parties concerned subject to judicial review where the parties so appeal”.									

³¹ For the latter two complaints, the reason for the delay was that the Board's term had expired and had to wait for the President to re-appoint them.

In summary, the procurement complaint system meets criterion '1' and four other criteria (but not all criteria).

The score for the component is B.

Performance change since the previous assessment

Using the PEFA 2011, methodology, the performance on procurement remains unchanged at 'B' as there was no change in the underlying dimension scores.

Under the PEFA 2016 methodology, the performance on procurement drops to a D because the revision of dimension in which is measuring the percentage of procurement via competitive methods (open tender and restricted tender) that stands currently at 45% and does not meet the benchmark of 60%.

Recent or ongoing reform activities

Through Circular No. 10 of 2011, attempts were made to professionalize the procurement function through an 18-month certification program covering: procurement planning and procurement methods and procedures. The Chair of the POU noted the following scheduled activities:

- Review of the Procurement Act is planned to take place at the end of 2016 with the support of experts of Zambia;
- Update of the website;
- Preparation of an annual performance report of the POU.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-24. Procurement	D+	
24.1. Procurement monitoring	D	Databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contracts. The data are accurate and complete for at least 40% of the procurement methods for goods, services and works.
24.2. Procurement methods	D	For procurement above the threshold, 45% is done via competitive methods (open tender and restricted tender).
24.3. Public access to procurement information	D	Two procurement information elements (out of six) are completely made available to the public (bidding opportunities and contract awards).
24.4. Procurement complaints management	B	The procurement complaint system meets criterion '1' and four other criteria (but not all criteria).

PI-25. Internal controls on non-salary expenditure

Description

This indicator measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23.

Coverage: CG.

Time period: At the time of assessment.

25.1. Segregation of duties

This dimension assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.

Although separation of duties was already well-established within the administration of Seychelles, the segregation of duties has been recently reinforced by the transfer of all accounts staff to the Ministry of Finance as per Circular No.2 of 2013.

The Circular changes the subordination of the accounts staff from the MDA's Principal Secretary to the Comptroller General. In practice, this reform transferred all the accounting staff to the Financial Planning and Control Division (FPCD) of the MOFTEP. For some of the accounts staff, this also implied a physical relocation from the MDAs office to the Centralised Payment Unit (CPU) of the MOFTEP. Other staff are still decentrally located.

Taking into account the above reform, the process of expenditure authorisation follows the following process:

1. authorization of payments from the recurrent budget by MDAs is initiated by the responsible program manager of the MDA and approved by the PS of the MDA;
2. A further approval is required by the Head of Finance & Accounts (who is since 2013 subordinated to the Comptroller General of the MOFTEP);
3. After F&A has completed the payment order by the MDA, the payment order will be transmitted to the Treasury (supervised by the Accountant General) whose verification unit will control the payment order;
4. After approval of the Treasury's verification unit, the Treasury's cashier will execute the payment;
5. Reconciliation of the MDA accounts with the TIS is done by the MDAs and they are obliged to submit them monthly to the Treasury (upon the sanction of cancellation of the release of funds);
6. Treasury's reconciliation unit validates the MDAs accounts reconciliation and conducts its own bank reconciliation. Procedures.

For expenditures from the capital budget, an additional control is included involving the Comptroller General approval (following the advice of the Public Investment Management Unit of the FPCD in the MOFTEP) before the payment request is submitted to the Treasury. For payments of goods and services (both recurrent and capital) above a certain threshold, approval from the procurement oversight committee is required.

Except for the Accounting Manual (which is outdated), the segregation of duties in the payment process is updated and laid down in the PFM Act (2012) and the PFM Regulations (2014).

In summary, Segregation of duties is prescribed throughout the expenditure process. Except for the Accounting Manual (which is outdated), the segregation of duties in the payment process are up to date and laid down in the PFM Act (2012) and the PFM Regulations (2014). Responsibilities are thus clearly laid down for most key steps while further details may be needed in a few areas.

The score for the component is B.

25.2. Effectiveness of expenditure commitment controls

In Seychelles, different systems for commitment control are applied to recurrent and capital expenditures.

For recurrent expenditures, the Controller General of the MOFTEP quarterly releases the budget based upon the MDAs cash flow projections and in respect of the annual budget appropriations. The quarterly release is effectuated by inputting an expenditure ceiling in the Treasury Information System (TIS). All MDAs are connected to the TIS and are able to view their expenditures versus their quarterly ceilings and their annual budget. The TIS is not used to record commitments. The TIS is used for checking the budget balance against the quarterly ceiling and to initiate the payment process.

Once an invoice comes in, MDAs check the balance in the TIS and if sufficient funds are available a 'payment requisition form' is prepared. The MDA manager will submit the payment requisition form with the applicable documentation to the designated account officer of the Financial Planning and Control Division of the MOFTEP. The FPCD will prepare a Local Purchase Orders (LPO) with the use of the LPO-module. The system will not issue an LPO in case the payment will exceed the TIS ceiling. Payments do not require that a prior commitment to make the payment is inserted into the system. The system is focused on limiting payments and not commitments to the quarterly expenditure ceilings. As result, in cases that the MDA's incurred commitments exceed the quarterly ceiling, the issue will only come out once the request for payment is inserted into the system. In case the ceiling is surpassed, the system will not issue the LPO and the invoice needs to wait for further action by the MDA (e.g. virements from another budget line or the next quarterly release). As a result, payment arrears can potentially build up (see PI 22).

For capital expenditures, a different system is applied. Expenditure control for projects is carried out by the Public Investment Management (PIM) Unit in the MOFTEP through an excel worksheet in which it records and controls commitments and payments. The information from the spreadsheet is uploaded into the TIS by the PIM unit. MDAs may incur commitments for capital expenditure only with the authorization of the PIM unit, in interviews officials reveal that such expenditure may be initiated by the MDA without prior approval of the MOFTEP. Given the separation of the commitment control for project expenditures, the effectiveness of the commitment control for project expenditures is questionable.

In summary, expenditure commitment control procedures exist for capital expenditures.

For recurrent expenditures, no commitment control system is in place (the TIS and LPO system is only effective in limiting payments to the cash availability, but it does not record commitments).

The score for the component is C.

25.3. Compliance with payment rules and procedures

Dimension 25.3 assesses the extent of compliance with the payment control rules and procedures. For the GoS, no evidence for assessing dimension can be retrieved from the information management system (TIS). The records of the Treasury do not separate payments for which the control rules and procedures are not fully complied. It is assumed that all payment procedures need to be complied with before a payment order can be processed for payment without any exceptions.

Evidence of non-compliance should be retrieved from internal and external audit reports. These audit reports do indicate instances of non-compliance including cases of posting mistakes or insufficient documentation within the procurement files. Neither the IAD nor the OAG makes an attempt to quantify the degree of non-compliance in a percentage of total transactions or total expenditures. However, the impression from these reports is that they do not reveal irregularities from the applicable rules and procedures in more than 10% of payments.

In summary, all payments seem to be compliant with regular payment procedures and exceptions are properly authorized in advance and justified. While the reports of the OAG did not point out any major lack of compliance, no quantitative data was provided to justify the A score.

The score for the component is B.

Performance change since the previous assessment

Following Circular No.2 of 2013 accounts staff are no longer sub-ordinated to the PS of the MDA but to the Comptroller General of the MOFTEP. This reform has strengthened the grip of the MOFTEP on compliance with the PFM regulations.

Recent or ongoing reform activities

No reform activities have been identified.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-25. Internal controls on non-salary expenditure	B	
25.1. Segregation of duties	B	Segregation of duties is prescribed throughout the expenditure process. Except for the Accounting Manual (which is outdated), the segregation of duties in the payment process are up to date and laid down in the PFM Act (2012) and the PFM Regulations (2014). Responsibilities are thus clearly laid down for <i>most</i> key steps while further details may be needed in a few areas.
25.2. Effectiveness of expenditure commitment controls	C	Expenditure commitment control procedures exist for capital expenditures. For recurrent expenditures, no commitment control system is in place (the TIS and LPO system is only effective in limiting payments to the cash availability, but it does not record commitments).
25.3. Compliance with payment rules and procedures	B	All payments are compliant with regular payment procedures. All exceptions are properly authorized in advance and justified.

PI-26. Internal audit

Description

This indicator assesses the standards and procedures applied in internal audit.

Coverage: CG

Time period: Dimensions 26.1 and 26.2: At the time of assessment. Dimension 26.3: Last completed fiscal year. Dimension 26.4: Audit reports used for the assessment should have been issued in the last three fiscal years.

26.1. Coverage of internal audit

Internal audit is organised as a centralised division within the Ministry of Finance (Internal Audit Division, IAD). The legal mandate is derived from Section 27 of the Public Finance Management Act (2012) and further detailed in Part XI of the PFM Regulations (2014).

Based on section 27 of the PFM Act, the mandate of the Chief Internal Auditor encompasses all MDAs. Not all MDAs are covered on an annual basis. The strategy of the IAD is to cover each entity across a 5-year period. Audit topics within MDAs are selected on the basis of a risk assessment of the government entities' operations. Based on statistics provided by IAD annual reports, 27 audits based on a risk-based approach were planned for 2014 and 2015.

In comparison with the previous evaluation, actions have been taken to improve the institutional framework for internal audit by introducing new tools and manuals, including internal audit procedures and a risk-based audit approach. Improved audit functions were implemented both within the Ministry of Finance and in each department. The Ministry for Finance now establishes internal audits to review financial management systems of all ministries, government departments, agencies, divisions and public enterprises.

SRC has also been provided with a comprehensive and stable legal framework ensuring audit and post-clearance controls, efficiently and effectively. Risk management and internal control processes have been introduced in internal audit activity in order to support the management in carrying out its responsibilities.

A Government Audit Committee (GAC) was created in 2012 to function in an advisory capacity to the Ministry. This provides sufficient audit work to provide a basis for the Auditor General to form an opinion on the accounts and records of an audited entity. The independence of the government commission on auditing addressing audit issues was strengthened by the inclusion of members from the private sector (Chamber of Commerce and Industry of Seychelles) and civil society (CEP). This improvement was put in place with the help of the IMF and the World Bank.

However, insufficient capacity prevents IAD to execute all planned activities (see PI-26.3). By February 2015, the Government had 16 auditors among its staff, compared with 25 under the staffing plan.

In summary, internal audit is operational for **all** central government entities, upon a risk-based approach, but no data was provided to support that substantive audit work is carried out across all of them.

The score for this component is B.

26.2. Nature of audits and standards applied

As part of its audit activities (as differentiated from the non-audit activities), the IAD separates the following types of audit: compliance audits, performance audits, operational audits, system audits and follow up audits. It does not carry out financial audits (focused on the validation of the government's financial reports). The IAD states that no performance audits and follow up audits have been carried out in 2014 and 2015 due to staff constraints. The audit activity is thus focused on the adequacy and effectiveness of internal controls.

With regard to audit standards, PEFA 2011 reports on outstanding work on the draft Internal Audit Manual. Completion of this manual was also strategic objective for 2015, but again it has not materialised due to staff constraints. Notwithstanding the lack of an updated manual, the audit reports that were reviewed by the PEFA mission demonstrate sufficient adherence to internal audit standards.

The quality of the reports and the underlying audit work are being reviewed by the Chief Internal Auditor. As she is also responsible for signing off on the audit report and thus part of the audit team,

this review would not qualify as a quality assurance process conducted by a qualified auditor that has not been part of the audit process.

In summary, internal audit activities are focused on evaluations of the adequacy and effectiveness of internal controls. Audit activities meet professional standards, including a focus on high-risk areas, but a quality assurance process is not in place.

The score for the component is B.

26.3. Implementation of internal audits and reporting

The IAD prepares annual audit plans and reports on the implementation of these plans.³² Based on the Annual Internal Audit Report for the years 2014 and 2015, only 12 out of 27 programmed audits were completed. According to the IAD's Annual Report (2015), 9 per cent of the government's recurrent revenue and 10 per cent of the government expenditure was covered by audit in 2015.

Staff constraints are one of the reasons that causes the low fulfilment of the audit plan. Although the IAD's capacity has been increased from 18 posts (of which 9 posts were filled) in 2011 to 26 posts (of which 17 posts are filled), the IAD feels it is continuously understaffed.

Another reason is that 60 per cent of IAD's staff time in 2014 and 2015 has been spent on non-audit activities. Such non-audit activities include work on investigations and inspections undertaken on specific requests from the MFTBE, the Audit Committee and the management of other MDAs. Once the specific request is received, such work is given higher priority as reflected by a higher completion rate (13 out of 19 specific requests were completed in the period 2014 – 2015). Another non-audit activity that consumes staff capacity is the IAD's duty to assess write-off requests on assets from government entities in terms of the legitimacy, eligibility and best interest for the government. During 2014 and 2015, 286 write-off requests were received by the IAD.

In summary, an annual audit programme exist, but less than the majority of the audit programme is completed with an issued final audit report (12 out of 27 planned audit were completed).

The score for the component is D.

26.4. Response to internal audits

The audit procedure of the IAD includes closure meeting in which findings, conclusions and draft recommendations are discussed with senior management of the auditee. Following that meeting, the auditee has the opportunity to submit its views on the IAD's findings and recommendations in writing. These written comments will be included in the final audit report. In more than 50 percent of the audit reports, the auditee's management makes use this opportunity. The IAD's Annual Report (2014/2015) includes evidence that from 21 audit report submitted to the auditee for comments, 12 entities replied with written comments. The IAD has not conducted any follow-up audits in 2014 and 2015 due to time constraints and lack of staff capacity.

In summary, Management provides a partial response to audit recommendations for the majority of entities (more than 50%) audited within twelve months of the report being produced.

The score for the component is C.

³² Although the report for the year 2014 was prepared in 2016 in combination with the year 2015.

Performance change since the previous assessment

No changes in the PEFA scores based on the PEFA 2011 methodology: in both 2011 and 2016, the performance was rated as C+. Although not reflected in the report, a general improvement in the performance has been observed. The IAD is being staffed with more auditors (2011 18 posts and 9 filled, in 2016 26 posts and 17 filled) and, relatedly, more internal audit reports have been prepared. In addition, the IAD has managed to prepare a strategy for further improvement of the internal audit function and an informative Annual Report on its performance in 2014 and 2015. The 'D' score on the basis of the 2016 methodology is partly caused by the too high ambition in the annual audit plan. Given the requirement of the IAD to be responsive to requests from the MOFTEP and other Ministries, the audit plan for system audits has proven to be not realistic.

Recent or ongoing reform activities

In 2013, IMF East AFRITAC carried out a mission to support the IAD in the preparation of an internal audit strategy and a risk-based audit plan.

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-26. Internal audit (M1)	D+	
26.1. Coverage of internal audit	B	Internal audit is operational for all central government entities. All MDAs are subject to internal audit although substantive audit work is not carried out across all of them.
26.2. Nature of audits and standards applied	B	Internal audit activities are focused on evaluations of the adequacy and effectiveness of internal controls. Audit activities meet professional standards, including a focus on high-risk areas, but a quality assurance process is not in place.
26.3. Implementation of internal audits and reporting	D	An Annual audit programme exist, but less than the majority of the audit programme is completed with an issued final audit report (12 out of 27 planned audit were completed).
26.4. Response to internal audits	C	Management provides a partial response to audit recommendations for the majority of entities (more than 50%) audited within twelve months of the report being produced.

3.7 Pillar VI. Accounting and reporting

PI-27. Financial data integrity

Description

This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data.

Coverage: BCG.

Time period: Dimensions 27.1, 27.2, and 27.3: At the time of assessment, covering the preceding fiscal year. Dimension 27.4: At time of assessment.

27.1. Bank account reconciliation

The Treasury is responsible for managing the Treasury Single Account (TSA) that is opened in the Central Bank. For Central Government, most of all expenditure and revenue transactions are executed via the STA. Because of the existence of the TSA, A daily reconciliation between the government bank account transaction data and its cash books.

Reporting of accounts are made daily, monthly and quarterly reporting of accounts along different budget classification.

In summary, bank account reconciliation is done daily, weekly or monthly, depending on the type bank account, but it is done daily for the Central Bank Account, which hosts more than 90% of the budget.

The score for the component is A.

27.2. Suspense accounts

According to the meetings that were held at the MoF, suspense accounts are reconciled monthly, not later than two years after the end of the month and generally reconciled before the end of the year.

Most entities are compliant within deadlines which is 10 working days after closure by the treasury, but dates may vary every month among entities.

The following table presents the dates of submission for Nov 2016 suspense reconciliation by MDAs.

Table 3.28 Timeline after the end of the month of reconciliation done by respective MDA after closure by Treasury (Oct/Nov 2016)

MTEF by ministries	Monthly periodicity	Dates
Ministry of Health	✓	12.01.17/12.12.16/ 17.11.2016
Ministry of Education	✓	27.12.2016
Ministry of Home Affairs	✓	5.01.17
Department of Defence		n/a
Landscape & Waste Management Agency	✓	10.1.2017
Ministry of Social Affairs, Com Development, & Sports	✓	13.12.2016
Ministry of Foreign Affairs	✓	29.12.2016
Ministry of Finance, Trade and Economic Planning	✓	Varies
Seychelles Land Transport Agency	✓	19.12.2016
Office of the President		n/a
Ministry of Environment, Energy & Climate Change		n/a
The Judiciary		n/a
Seychelles Agricultural Agency	✓	14.12.2016
Ministry of Tourism & Culture	✓	22.11.2016
Department of Information Technology & Communication		n/a
National Assembly		n/a
Department of Legal Affairs		n/a
Ministry of Land Use & Housing	✓	17.01.2017

MTEF by ministries	Monthly periodicity	Dates
Ministry of Labour and Human Resources Development	✓	11.01.2017
Department of Public Administration		n/a
Others	✓	Varies according to MDA

Source: Treasury – MOFTEP.

The last audited Annual Financial Statements (2014) shows that the net credit balance at the end of 2014 was of about 48.6 million. This amount represents about 0.79% of the actual total expenditure outturn, which is not a significant amount. The reports of the OAG do not make any issue on the suspense accounts. The report on the AFS 2014 simply mention a mistake in the imputation of suspense accounts, such as the 2015 report that states: “*The Ministry had under its management, a Treasury suspense account entitled “National Theme Account”. Audit scrutiny of payments revealed that they have been affected from the recurrent expenditure budget and not from the suspense account created for such purposes.*”

In summary, reconciliation of suspense and advance accounts takes place monthly and as a rule is completed within 2 days of the end of the month. The need to be cleared at the end of the year. A small amount of suspense accounts remains uncleared, but they are justified by the PS and appears in the AFS.

The score for this component is A.

27.3. Advance accounts

Advances cover amounts paid to vendors under public procurement contracts as well as travel advances and operational imprests.

In the case of public procurement contracts, there is no advance in the sense that they directly correspond to payments in line with contractual arrangements. Travel advances are also paid directly and accounted as such.

There is no provision in the Public Finances Act, 2016 for making advances. According to the Auditor general, however, some advances comprising general and parastatal advances have been made over the years under Section 17 (1) of the previous Public Finances and Management Act. A number of general advances brought forward from 2008, which could have been better classified as parastatal advances in that year, were reclassified during 2009 under parastatal advances. The car loans and general purpose loans (GPL) made to public servants over the years, net of repayments, amounted to 7.5 million Rupee at the end of 2008. Given that these accounts serve as loan facilitation accounts rather than advance accounts in the common sense, the requirement to clear balances is not applicable.

The following table presents the timeline of advance account reconciliation by MDAs.

Table 3.29 Timeline after the end of the month of reconciliation of advance accounts done by respective MDA after closure by Treasury (Oct/Nov 2016)

MTEF by ministries	Monthly periodicity	Timeline after the end of the month
Ministry of Health	✓	Reconciliation done by the treasury.
Ministry of Education	✓	
Ministry of Home Affairs	✓	Reconciliation of Advance accounts for car loan only
Department of Defence	✓	
Landscape & Waste Management Agency	✓	After closure at month end which is normally on the 5 th working day of the following month.
Ministry of Social Affairs, Community Development, & Sports	✓	April-11.05-13.05/May- 13.06-16.06
Ministry of Foreign Affairs	✓	June- 12.07-15.07
Ministry of Finance, Trade and Economic Planning	✓	July- 10.08-12.08
Seychelles Land Transport Agency	✓	Aug- 12.09-15.09
Office of the President	✓	Sept- 12.10-17.10
Ministry of Environment, Energy & Climate Change	✓	Oct- 14.11-17-11
The Judiciary	✓	Nov- 12.12-15.12
Seychelles Agricultural Agency	✓	Dec- 22.01.2017-25.01.2017
Ministry of Tourism & Culture	✓	
Department of Information Technology & Communication	✓	
National Assembly	✓	
Department of Legal Affairs	✓	
Ministry of Land Use & Housing	✓	
Ministry of Labour and Human Resources Development	✓	
Department of Public Administration	✓	
Others	✓	

Source: Treasury – MOFTEP.

In summary, advance accounts only consist of imprest accounts comprising small amounts (petty cash) issued from the Consolidated Fund to Public Officers to meet incidental expenses. Reconciliation takes place monthly and as a rule it is completed within 2 days of the end of the month. Apart from rare and small exceptions, these accounts are generally cleared before the end of the year.

The score for the component is A.

27.4. Financial data integrity

There are sufficient levels of controls and segregation in treasury itself, between the Examiner of accounts, the computer room, the input-output audit, the reconciliation section and the bank recon section to ensure data integrity. The central system used by the Treasury is the VAM (Virtual Account

Module). The VAM is interfaced with the Treasury Information System (TIS), which has been designed to control budget utilization and is now deployed within all ministries (with all budget lines). However, there is no specific unit control in charge of verifying the log files of the VAM system used by the Treasury in order to check the authorized access.

In summary, access and changes to records is restricted and recorded, and results in an audit trail, but there is no specific unit control in charge of verifying access of the system used by the Treasury.

The score for the component is B.

Performance change since the previous assessment

Improvement in bank accounts reconciliation, because the Central Unique Account is now fully operational. The previous PEFA assessment pointed out an increase in uncleared suspense account following the establishment of the Single Treasury Account. This situation has been normalized.

Recent or ongoing reform activities

No recent or ongoing reform activities.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-27. Financial data integrity	A	
27.1. Bank account reconciliation	A	Bank account reconciliation is done daily, weekly or monthly, depending on the bank account, but it is done daily for the Central Bank Account, which hosts more than 90% of the budget.
27.2. Suspense accounts	A	Reconciliation of suspense and advance accounts take place monthly and as a rule, is completed within 2 days of the end of the month. The amount of uncleared suspense account is less than 1% of total expenditure.
27.3. Advance accounts	A	Advance accounts only consist of imprest accounts comprising small amounts (petty cash) issued from the Consolidated Fund to Public Officers to meet incidental expenses. They are generally cleared before the end of the year.
27.4. Financial data integrity processes	B	Access and changes to records is restricted and recorded, and results in an audit trail, but there is no specific unit control in charge of verifying access of the system used by the Treasury.

PI-28. In-year budget reports

Description

This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures.

Coverage BCG.

Time period: Dimensions 28.1, 28.2 and 28.3: Last completed fiscal year.

28.1. Coverage and comparability of reports

The classification of the Chart of Accounts allows full direct comparison to the budget for the recurrent and capital expenditures. At the expenditure level, coverage classification of the data is managed by the Treasury Information System (TIS), which is deployed among ministries and allow authorizing officers having access to the system service to make direct comparisons with the last budget voted by the Assembly according to the different classifications available in the COA. TIS is interfaced with the VAM (Virtual Account Module). Follow reports are provided monthly by the Treasury for its own needs in order to follow the execution of budget expenditure³³.

In addition to the internal reporting that can be produced from the TIS, the MOFTEP produces and publishes a Mid-Year Economic and Fiscal Outlook for years N and Year N+1 two months after the end of the Mid-year term. This report presents detailed figures for revenues and aggregate figures for expenditure according to the economic classification for years N-1, N, and N+1. For instance, the Mid-Year Economic and Fiscal Outlook 2016 presented aggregate figures of expenditure and revenues for years 2015 (actual) 2016 (Budget), 2016 (Revised budget) and 2017 (outlook).

The tables presented in the Mid-year report enable full direct comparison to the budget for revenues (at a detailed level) as well as recurrent and capital expenditures (at an aggregate level). For both recurrent and capital expenditures, the reports only include payments and no commitments.

In summary, coverage and classification of data allows direct comparison to the original budget. Information includes all items of budget estimates.

The score for the component is A.

28.2. Timing of in-year budget reports

Internal reports on the recurrent and the capital expenditures are prepared monthly within two weeks after the end of the month (on the 15th of every month).

The Treasury is closing its accounts 5 days after the end of the month and sends the expenditure reports to the Financial Planning & Control Division of the MoF. The Treasury reports constitute the basis for the reports on recurrent expenditure. For the reports on capital expenditure, the Treasury reports are reconciled with the registration held by the unit Project and Asset Management. This unit administers the capital budget transactions separately in an MS-Excel spreadsheet. Reports on capital expenditures are established from this MS-Excel spreadsheet.

In summary, Reports for both recurrent and capital expenditures are prepared on a monthly basis and issued within two weeks of the end of the month.

The score for the component is A.

28.3. Accuracy of in-year budget reports

In the monthly internal reports as well as in the MYEFO, expenditure is provided only at the payment stage, but not at the commitment phase, which is a limitation for monitoring budget implementation, utilization of funds released and arrears of payments.

³³ Let's note however, that when the original budget is revised by the Assembly, figures of the original budget are overwritten by the ones of the revised, which means that the budget user has to save the amounts of the original budget in an Excel file if he needs to compare actual budget with the original budget.

Data issues are not analysed monthly and they are not analysed in the MYEFO. They are analysed only in the report of the Auditor General. However, such reports do not raise material concerns about data accuracy. Consequently, there is no reason to refer to such issues in the monthly budget execution follow-up or in the MYEFO.

In summary, there is no concern about data accuracy. An analysis of the budget execution is provided on at least a half-yearly basis in the MYEFO. Information on expenditure is covered at only at the payment stage.

The score for the component is B.

Performance change since the previous assessment

The main improvement is that now internationally recognized accounting standards IPSAS are being used. However, In-year budget reports are still only reporting on cash transactions and still do not contain commitments.

Recent or ongoing reform activities

- The Treasury Information System (TIS) was implemented in 2015, as an extension of LPO (Local Purchase Order) system for budget control purposes. All budget entities are within the TIS, which is now managed by the treasury. The TIS enables to follow budget execution from the commitment phase, but only within the financial year. The accounting system is the VAM (Virtual Account Mate);
- Presently, the TIS handles a 30 digit budgetary code, while the LPO could handle only 11 digits.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-28. In-year budget reports	B+	
28.1. Coverage and comparability of reports	A	Coverage and classification of data allows direct comparison to the original budget. Information includes all items of budget estimates.
28.2. Timing of in-year budget reports	A	Reports for both recurrent and capital expenditures are prepared on a monthly basis and issued within two weeks of the end of the month.
28.3. Accuracy of in-year budget reports	B	There are no material concerns regarding data accuracy. An analysis of the budget execution is provided on at least a half-yearly basis. Information on expenditure is covered at only at payment stages.

PI-29. Annual financial reports

Description

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. It contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

Coverage: BCG.

Time period: Dimension 29.1: Last completed fiscal year; Dimension 29.2: Last annual financial report submitted for audit. Dimension 29.3: Last three years' financial report.

29.1. Completeness of annual financial reports

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 present the financial statements 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 money 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.

Annual financial statements are produced from a cash-based system, which is both complete and consistent with generally accepted accounting principles and standards. These financial reports include detailed tables providing full information on revenue, expenditure for ministries and government bodies enabling a comparison of the outturn with the initial government budget. AFS also provide full information on assets, liabilities, guarantees, and long-term obligations. Clearance of suspense/advance accounts after bank account reconciliation are presented in the AFS.

In summary, AFS contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and are supported by a reconciled cash flow statement. They are comparable with the approved budget.

The score for this component is A.

29.2. Submission of reports for external audit

In order to enable the Auditor General to comply with Article 158 of the Constitution, the Minister of Finance is required to transmit the financial statements and the related documents mentioned in 29.1 within three months after the close of each financial year.

All the information for the report is held by the MOFTEP, which starts to share the AFS with the Auditor General in March of the following year.

The first draft of the various statements of accounts required by the Public Finances Management Act referring to the 2015 exercise was submitted to Audit in March 2016. second draft was received in October 2016, with the completed consolidated cash flow statement (including government and state-owned enterprises). The certification of the same was completed in December 2016.

In summary, completed draft accounts are shared with the Auditor General within 3 months after the end of the previous year.

The score for the component is A.

29.3. Accounting standards

The standards used for accounting are consistent with recognized international standards such as IPSAS. Most IPSAS standards have been incorporated into the annual reports. The AFS explain which international standards methodology has been used and where the information on compliance with those standards is disclosed. Variations between IPSAS and AFS are disclosed and any gaps are explained in the AFS.

However, the OAG annual report 2015 states that the statements of accounts as presented for 2015 are not in complete compliance with the cash-basis IPSAS framework for reasons outlined below.

The note 1-2 of the AFS 2015 explain that they are not in compliance with the cash-basis IPSAS for the following reason:

[Deviations from the cash-basis IPSAS](#)

- a. The financial information of some government controlled entities is not included in the financial statements on a line-by-line basis.
- b. Some extra-budgetary revenues and expenditures of government entities are not included in the financial statements.
- c. Some government controlled bank accounts are not included in the financial statements.
- d. Some cash movements are reported on a net basis rather than gross basis.
- e. Some cash transfers from Treasury to bank accounts held by certain government entities are reported as expenditures rather than movements within cash.
- f. Some of the cash transactions between entities within the scope of consolidation are not eliminated.
- g. The financial information of the Island Development Company included in the consolidated cash flow statement is for the period 1 April 2014 to 31 March 2015.
- h. The financial information of L'Union Estate is not included in the consolidated cash flow statement as they have not submitted their Financial Statements for the year ending 31st December 2015.

The report of the OAG reproduces basically the same information.

[Extract from the report of the OAG annual report 2015](#)

The financial information of some government controlled funds and entities are not included in the financial statements on a line-by-line basis;

Some extra-budgetary revenues and expenditures of government entities are not included in the financial statements;

Some government controlled bank accounts are not included in the financial statements;

Some cash transfers from Treasury to bank accounts held by certain government entities are reported as expenditures rather than movements within cash;

Some cash movements are reported on a net basis rather than gross basis;

All of the cash transactions between entities within the scope of consolidation are not eliminated;

The financial information for the Island Development Company is included for the period 1 April 2015 to 31 March 2016;

The financial information of the state-owned enterprise l'Union Estate Co. Ltd. is not included in the financial statements;

Following the IPSAS cash-basis framework, the consolidated cash flow statement of government (including government and the state-owned enterprises) and the separate cash flow of government, are also to be accompanied in the annual financial statements by a statement of comparison of budget and actual for revenues and expenditures of the government for the year, where operational performance for the year is detailed, as well as by way of note disclosure, the explanation for material differences between the budget and actual amounts;

The financial statements for 2015 include statements of comparison in both the dated 1986 and newer 2014 GFSM (Government Finance and Statistics Manual) formats together with a reconciliation between the two presentations. In the case of both statements the figures shown for the previous year have been restated in line with the 2015 presentation which for the first time incorporates actual net lending under expenditure and movements in cash balances and liabilities under financing during the period, together with movements on grant in transit accounts and general revenue balance, the latter transactions previously reflected under the

Consolidated Fund directly and now appearing under grants revenue and other nontax income/other expense for the years 2014/2015 respectively.

In summary, annual financial statements must be prepared in accordance with international public sector accounting standards (IPSAS). Practically, *most* international standards have been incorporated into the national standards. Variations between international and national standards are disclosed and explained in AFS.

The score for the component is A.

Performance change since the previous assessment

AFS are more compatible with IPSAS than previously.

Recent or ongoing reform activities

The Ministry of Finance has engaged the technical assistance of the IMF on the implementation of the IPSAS.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-29. Annual financial reports	A	
29.1. Completeness of annual financial reports	A	Financial reports for budgetary central government are prepared annually and they are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
29.2. Submission of reports for external audit	A	Complete draft accounts are shared with the Auditor General within 3 months after the end of the previous year.
29.3. Accounting standards	A	Accounting standards applied to all financial reports are consistent with IPSAS. <i>Most</i> international standards have been incorporated into the national standards. Variations between international and national standards are not disclosed and explained in AFS.

3.8 Pillar VII. External scrutiny and audit

In comparison with PEFA 2008, there is no change in the score for each of the indicators. The Office of the Auditor General (OAG) has continued to operate appropriately for a small island public institution. The newly adopted Auditor General Act provides room to improve its operations even further in the coming years.

The role of the Parliament has remained largely unchanged. The exception is its role in the approval of supplementary budgets and extending the Parliament's oversight to capital budgets. Since 2009, the Parliament is actively involved in the approval of supplementary budgets before appropriations can be made. Other than that, the role of Parliament in budgetary affairs is limited. It has less than three weeks to approve the annual budget in December.

With regard to the scrutiny of audit reports, the Public Accounts Committee has taken an active stance. It is deeply involved in hearings following the annual reports of the Auditor General. However, due to capacity constraints, no formal reports have so far ever been issued.

PI-30. External audit

Description

This indicator examines the characteristics of external audit. It contains four dimensions and uses the M1 (WL) method for aggregating dimension scores.

Coverage: CG.

Time period: Dimensions 30.1 and 30.4: Last three completed fiscal years. Dimension 30.2: Last three completed fiscal years. Dimension 30.3: Last three completed fiscal years.

30.1. Audit coverage and standards

The Supreme Audit Institution of the Republic of Seychelles is the Office of the Auditor General (OAG) and is based on the Westminster model.

The mandate is based on Article 158 of the Constitution and includes “the accounts of the Cabinet Office, the National Assembly, all government departments and offices, all courts and those related to money 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”.³⁴

Up to 2015, the main report of the AG has been issued together with the audited financial statement. The report is based on a financial audit of the governments’ statement of assets and liabilities and the accounts on revenue and expenditures. In addition, the report contains the results of a number of ministry-based compliance audits that focus on the regularity of revenue and expenditures. For compliance audits, the AG lacks the capacity to cover all ministries every year and selects MDAs on the basis of materiality of the MDA’s expenditures and/or revenues and a risk assessment.

Based on the OAG Performance Report 2015, the table below shows the coverage by the AG in 2014 for financial audit. The table shows that for financial audits all central government entities have been audited except for 18 public bodies providing non-government services. The latter bodies represent less than 1% of total expenditures of central government.

Table 3.30 Coverage by the AG in 2014 for financial audits

Mandate	Financial audit coverage
30 Ministries and departments	100% (MDAs and Agencies are included and consolidated in the GoS’ Annual Financial Statements).
7 Agencies (Public bodies providing essential government services)	
38 Public bodies providing non-government services	52% (20 audits completed while 18 audits could not be taken up due to non or late submission of the accounts).

³⁴ In practice, the mandate excludes the “Information Reward Fund of the Police” and the “security infrastructure, equipment and services of the Seychelles People’s Defence Force (SPDF) due to the classified nature of expenditures (see the OAG Annual Report, 2014). The amount of expenditures involved is 4% of total government expenditure (SR185 mln on total expenditure of SR 5,721mln) as per the AFS (2014).

Mandate	Financial audit coverage
7 Public enterprises ³⁵	100%

Source: own compilation based on the OAG Annual report.

The financial audit of the OAG includes all elements of the AFS including revenue, expenditure, assets, and liabilities. According to the OAG, the audit has been carried out on the basis INTOSAI standards (ISSAIs). This self-declaration has not been validated as that would be outside the scope of the PEFA assessment. However, the OAG has been peer-reviewed by AFROSAI-E in 2015 and no fundamental shortcomings in terms of the ISSAIs were reported and the OAG was appreciated in terms of the significant improvements that have been made in the quality assurance mechanism since a similar peer review in 2013.

Furthermore, the AG financial audit reports show a focus on significant and systemic issues including the following:

- A number of deviations from cash-basis IPSAS;
- Recovery of outstanding advance balances from 3 parastatal organizations was deemed doubtful as those organizations were in liquidation;
- Reconciliation of recorded balances under Treasury bills had not been performed.

In summary, financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using ISSAIs or consistent national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.

The score for the component is A.

30.2. Submission of audit reports to the Legislature

The Constitution (chapter XII, 158-5) requires the OAG to submit the audit report regarding the Annual Financial Statement within 12 months of the end of the financial year. This provision has been recalled in the new Auditor General Act.

The Performance Audit report titled "Is the MLUH Efficiently and Effectively Managing Residential State Land" (Ministry of Land Use and Housing) covering the period January 2009 to December 2014 was submitted to the National Assembly in December 2015. The Report was tabled (made public) in the National Assembly on 1st March 2016.

The relevant Constitutional and Auditor General Act, 2010 provisions in regard to submission of Audit Reports read as under:

Under section 32 according to section 33 of the PFM Act, 2012, the audit of the submitted accounts is to be completed within three months of submission of documents. However, before the OAG issues a final opinion on the AFS, it provides the GoS, in line with the ISSAIs for financial audit, the opportunity to correct the draft financial statements. Part of the 9 months that the OAG requires for finalising the audit is thus spent by waiting for the GoS' Treasury to revise the draft AFS in line with the received comments of the OAG (which out of control of the OAG).

The AG has audited the AFS of the fiscal years 2013 to 2015 and delivered its reports in the month of December of the year following the audited fiscal year.

³⁵ Under the Public Enterprise Monitoring Act, the OAG is mandated to audit 7 state owned enterprises (SoEs). As governed by their respective law provisions of these enterprises, the other 14 SoEs are to select their own external auditor.

As shown in the table below, the time needed by the OAG to audit the AFS is thus calculated as 9 months.

Table 3.31 Dates for the financial audit by the OAG related to the 2013, 2014 and 2015 budgets

Type of delivery	2013	2014	2015
1 st draft AFS submitted to OAG	March 2014	March 2015	March 2016
Final audit report	December 2014	December 2015	December 2016
Total	9 months	9 months	9 months

Source: Treasury and OAG.

In summary, Audit reports were submitted to the legislature within nine months from receipt of the financial reports by the audit office for the last three completed fiscal years.

The score for the dimension is C.

30.3. External audit follow-up

For each audit, the audit team issues a Discussion Paper which is subject to discussion during the exit meeting with the auditee. In case that the auditee confirms to take action on the specific audit finding/recommendation, the concerned audit team members will conduct a follow-up audit and review the implementation of the recommendations as discussed during the exit meeting. Any issues that are not acted upon in a satisfactory manner will be included in the Management Letter that will be sent within 6 weeks after the completion of audit. A formal response to the Management Letter is in many cases not received as the audited entities only respond in case they have a crucial difference of opinion with the AG's findings and conclusions. In case no action is taken by the auditee subsequent to the issue of the Management Letter, the issue may be incorporated in the OAG's Annual Report.

It is the practice that action taken on the previous year's report is discussed and invariably covered during next year's audit, but the OAG does not keep systematic track of the implementation of his recommendations per MDA through a so-called audit action lists.

In summary, Audit issues and recommendation are discussed in exit meetings and these discussions are reflected in the Management Letters. However, in most cases the OAG does not receive a formal response by the auditee on the management letter. Only in some cases when there is a crucial disagreement on the findings and conclusions of the OAG, the audited entity will make a formal response.

The score for the component is D.

30.4. Supreme Audit Institution (SAI) independence

The Constitution and the Auditor General Act (Act 9 of 2010) provide the AG and the OAG with a large degree of independence. With regard to the independence of the Head of the SAI, the Auditor General, the appointment, mandate and responsibilities of the Auditor General (AG) is set out in the Constitution (1993). Chapter XII (section 158) provides for an AG appointed by the President based on candidates proposed by the Constitutional Appointments Authority. The term of appointment is

seven years. Article 158 (3) specifically provides for full access to the accounting books, all records, reports, info, etc. to AG or his staff.

The duties and powers of the AG and the OAG are further elaborated in the Auditor General Act (Act 9 of 2010). The Act allows for the operational independence of the OAG as employment contracts of auditors are now directly decided by the AG. The Act also provides the OAG with functional independence by non-interference in the planning and implementation of the audit program, the SAI's audit unrestricted access to documents, records and information and a broad audit mandate including financial, compliance and performance audit.

Also, financial independence is significant as article 25 allows the AG to discuss the audit plan and the required budget with the Speaker of the Assembly and the Finance and Public Accounts Committee (FPAC). Article 25.5 of the Act notes, furthermore, that the FPAC can make recommendations to "the Minister of Finance for the Minister's consideration in the preparation of the Appropriation Bill for the ensuing financial year". In case the Minister of Finance does not adopt the recommendations, the Assembly will have the ultimate vote on the allocation to the OAG. Potentially, the MOFTEP has the power to reduce the OAG's independence during budget execution as the OAG is also bound by the quarterly releases decided by the MOFTEP. However, in practice, the OAG has not faced any interference in its decisions to allocate its budget.

In summary, the SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information for all audited entities.

The score for the component is A.

Performance change since the previous assessment

Comparison between the PEFA 2011 and PEFA 2016 on the 2011 methodology reflects a downgrade in performance due to a D-score on audit follow up. The institutionalisation of performance audit by the OAG since 2011 is recognised by PI-8 as PI-30 is focused on the financial audit of the government's annual financial reports.

Recent or ongoing reform activities

No major reform activities are ongoing.

Summary of scores and performance table

Indicator/Dimension (M1)	Score	Brief justification for score
PI-30. External audit	D+	
30.1. Audit coverage and standards	A	Financial reports including revenue, expenditure, assets, and liabilities of <i>all</i> central government entities have been audited using ISSAIs or consistent national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.
30.2. Submission of audit reports to the Legislature	C	Audit reports were submitted to the legislature within nine months from receipt of the financial reports by the audit office for the last three completed fiscal years.
30.3. External audit follow-up	D	Audit issues and recommendation are discussed in exit meetings and these discussions are reflected in the Management Letters. However, in most cases, the OAG does not receive a formal

		response by the auditee on the management letter. Only in some cases when there is a crucial disagreement on the findings and conclusions of the OAG, the audited entity will make a formal response.
30.4. Supreme Audit Institution independence	Audit (SAI)	A
		The SAI operates independently from the executive with respect to procedures for appointment and removal of the Head of the SAI, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of the SAI's budget. This independence is assured by law. The SAI has unrestricted and timely access to records, documentation and information for all audited entities.

PI-31. Legislative scrutiny of audit reports

Description

This indicator focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf.

Coverage: CG.

Time period: Last three completed fiscal years.

31.1. Timing of audit report scrutiny

The Rules and Procedures for Committees of the National Assembly of Seychelles (2009) establish a Standing Committee on Finance and Public Accounts (FPAC) with the following functions:

- To consider the financial accounts (referred to in Article 158 of the Constitution) in conjunction with the Auditor General's report;
- To report to the Assembly on any excess of authorised expenditure; and
- To propose measures it considers necessary to ensure that the funds of Government are properly and economically spent.

The FPAC is functioning and is chaired since 2011 by the Leader of the Opposition. During the mission, the new Assembly was sworn in. The PEFA 2011 noted that the scrutiny of the GoS Annual Finance Statements and the financial statements of other statutory bodies by the FPAC was not concluded by a report. Since 2011, the FPAC has been able to improve on this weakness. Although it takes the FPAC more than 12 months to conclude its scrutiny, it has issued formal reports including recommendations to the Executive. However, to date, the FPAC reports on the audited GoS financial statements of the last three years have not yet been tabled in the Assembly.

Table 3.32 Reports on the audited GoS financial statements for 2012, 2013 and 2014 budgets

	AFS 2012	AFS 2013	AFS 2014
AFS +OAG report submitted to the Assembly	December 2013	December 2014	March 2016
Scrutiny and hearings by the FPAC	Combined with AFS 2013	May August 2015	Not started yet

	AFS 2012	AFS 2013	AFS 2014
Report by FPAC completed	See AFS 2013	September 2016	
Tabled and voted in Parliament	See AFS 2013	Not yet tabled	
Total		Not completed and more than 12 months	

Source: Auditor general.

The above table refers to the legislative scrutiny of the OAG Annual Report and does not include the scrutiny of the OAG's performance audits. Since 2012, the OAG has produced a number of performance audit reports and some of them have been reviewed by the FPAC and tabled to the Assembly within 12 months.

The problem lies in the time taken for the Committee to receive these reports. With only a few members sitting on the Committee, some issues are difficult to follow up on.

In summary, scrutiny of audit reports on annual financial reports is not completed by the Assembly within twelve months from the receipt of the audited financial statements.

The score for the component is D.

31.2. Hearings on audit findings

In its scrutiny of the GoS' financial statements, the FPAC makes use of hearings with responsible officers. For the scrutiny of OAG's annual report 2012 and 2013, the FPAC has conducted 27 hearings (15 pertaining to the 2012 report and 12 pertaining to the 2013 report).³⁶ For the OAG report for 204, the FPAC has not carried out yet any hearings on audit findings.

The Finance and Public Accounts Committee is responsible for reviewing the Auditor General's report and other financial statements.

The GoS AFS 2013, including the ministries, department and offices, was certified without qualification. The selection of the entities for public hearings is derived from the compliance audit by the OAG. For the statutory bodies (49 in 2013), the following table links the audit results and the selection of entities for hearings on audit findings:

Table 3.33 Status of the audit of statutory bodies as per the OAG Annual Report 2012

Audit of statutory bodies	Frequency	Invited for hearing by the FPAC
Accounts certified without qualification	14	None
Qualification of the accounts or other serious issues ³⁷	2	2
Audit was carried out without submission of the accounts	3	2
Accounts were not yet submitted	11	3
Accounts submitted, audit ongoing	14	None
Other issues (e.g. changes in legislative status of the body)	5	None

Source: PAC.

³⁶ Source "Examination of the 2012 and 2013 reports of the auditor general", report by the FPAC, September 2016 (not public as it is not yet tabled by Parliament).

³⁷ Seychelles Tourism Board, Seychelles Heritage Foundation).

The Table demonstrates that the PAC has invited all entities with qualified accounts (it concerns two entities) for public hearings. In addition, the PAC has invited five out of fourteen entities that have not yet submitted its accounts. In total seven out of sixteen entities with a qualified opinion or a non-submission are invited for a public hearing.

In summary, in-depth hearings on key findings of audit reports take place with responsible officers from a few (seven out of sixteen entities) audited entities which received a qualified or adverse audit opinion or a disclaimer.

The score for the component is C.

31.3. Recommendations on audit by the Legislature

Following the scrutiny of the audit reports including hearings with responsible officers, the FPAC issues reports including recommendations. The methodology of the FPAC also includes a step to follow-up on recommendations which were made in the previous Committee's - Examination of the Report of the Auditor General. However, in practice, this step is not performed because the FPAC lacks the staff to do its own follow up and because the FPAC's hearings are not done with the same entities as the previous year.

In summary, the legislature issues recommendations on actions to be implemented by the executive but there is no follow up on the implementation of the recommendations.

The score for the component is C.

31.4. Transparency of legislative scrutiny of audit reports

The hearings are not open to the public due to reasons of inadequate facilities to receive the public. However, all hearings are open to the media and the media is notified in advance. In addition, the verbatim transcripts of the hearings are publicly available³⁸ as well as the FPAC reports once they are tabled in the Assembly.

In summary, all hearings are open to the media (and thus public). Verbatim of the hearings as well as FPAC reports (once they are tabled) are published on the Assembly website. Committee reports are debated in the full chamber of the Assembly.

The score for the component is A.

Performance change since the previous assessment

As reflected by dimension 3, performance has improved since the PEFA 2011 as the FPAC has finalised its scrutiny and laid down its considerations and recommendations in a formal report. Based on the PEFA 2011 methodology, the improvement is, however, not reflected in an overall higher score of the indicator as dimension 1 remains weak due to the delay in finalising the legislative scrutiny by tabling the FPAC reports relating to the OAG Annual Report in the Assembly. Based on the PEFA 2016 methodology, the performance change is reflected in a higher aggregate score as the M2 scoring method is applied (instead of M1 in PEFA 2011 methodology).

³⁸ See for example: <http://nationalassembly.sc/index.php/2013/02/13/verbatim-2/>.

In addition, the Assembly has also operated more effectively with regard to performance audits, but this aspect is not measured by the PEFA methodology.

Recent or ongoing reform activities

During the mission, the new Assembly was sworn in and a new FPAC is going to be formed. As the Secretary of the FPAC is also leaving her post, there is a risk of the loss of institutional memory.

Summary of scores and performance table

Indicator/Dimension (M2)	Score	Brief justification for score
PI-31. Legislative scrutiny of audit reports	C+	
31.1. Timing of audit report scrutiny	D	Scrutiny of audit reports on annual financial reports is not completed by the Assembly within twelve months from the receipt of the audited financial statements.
31.2. Hearings on audit findings	C	In-depth hearings on key findings of audit reports take place with responsible officers from a few (seven out of sixteen entities) audited entities which received a qualified or adverse audit opinion or a disclaimer.
31.3. Recommendations on audit by the Legislature	C	The legislature issues recommendations on actions to be implemented by the executive but there is no follow up on the implementation of the recommendations.
31.4. Transparency of legislative scrutiny of audit reports	A	All hearings are open to the media (and thus public). Verbatim of the hearings as well as FPAC reports (once they are tabled) are published on the Assembly website. Committee reports are debated in the full chamber of the Assembly.

4 Conclusions of the analysis of PFM systems

4.1 Integrated assessment of PFM performance

Budget reliability

For the past three financial years, variances between budgeted and actual levels were relatively small, both for revenues and for expenditures. GoS succeeded in keeping aggregate expenditure close to the approved budget, with the exception donor funded project. The main explanation of the discrepancy related to external funding is that donor agreements are concluded all along the year and relatively disconnected from budget preparation.

Revenue budgets are similarly reliable in aggregate, but mainly on the domestic revenue side. Most of the budget/actual variance has been due to unreliable projections of donor grants. However, the close monitoring of budget execution of the MOFTEP and control of both expenditure and domestic revenue enabled the GoS to present a surplus instead of a fiscal deficit.

Contingency reserve in the annual budget is quite small according to good international practice.

In summary, the reliability of the budget is quite adequate, due to appropriate control:

Transparency of public finances

The transparency of public finances resources is quite satisfactory in the sense that all types of resources and expenditure are presented in the budgeted and reported in the AFS, including social security, as well as financial and non-financial public enterprises.

The budget classification is clear, comprehensive and has recently evolved in order to be compliant with the PPBB. There are nevertheless some weaknesses in the budget reporting, particularly because the in-year reports do not present budget execution along with the original budget, but with the revised budget.

Budget documentation covers all central government revenue and expenditure with insignificant exceptions. The insignificant level of unreported extra budgetary operation is a good factor that positively affects both the budget reliability and the transparency of public finances.

The POU and the NTB do not collect and publish in their annual activity reports, public procurement statistics showing the types of procurement methods, the types of contract awards, the participation of local industries and local entrepreneurs in public procurement, etc. Also, the MOFTEP does not provide sufficient good quality budget information to the public on its web site, such as in-year budget execution reports according to the different types of classification.

Management of assets and liabilities

Fiscal risks to the central government budget are adequately monitored. State-owned enterprises send their annual reports (except for one enterprise), including audited financial statements, to the MOFTEP within six months of the end of the year. Summary information on their revenue and expenditure is included in the Annual Financial Statements.

In Seychelles, the management of public investments is decentralized to line ministries and agencies. Projects are not subject to economic analysis (except for large donor-funded projects). Feasibility studies do not routinely include life-time recurrent costs in the evaluation of economic merit. In addition, project monitoring is not systematically undertaken by the MoFTEP.

The supervision of financial activities of state-owned enterprises by the MOFTEP is well done, which positively influences its ability to monitor and improve the provision of public services to citizens, but a performance monitoring system has not been implemented yet. The management of large investments is not linked to the adequate consideration of the strategic component of the State or ministries' strategies and action plans. Results-based management is still lacking in the budget implementation process.

In spite of the absence of compliance with accrual IPSAS, asset accounting, public assets, particularly non-financial assets, are (partially) known and reporting in notes in AFS.

The MOFTEP manages conventional debt arising from GoS borrowing (domestic and foreign), as well as the restructuring of state-owned enterprises. The MOFTEP produces an annual report on the debt situation and a report on the debt strategy. These reports are of good quality but it does not take into account all the risks associated with contingent liabilities.

Policy-based planning and budgeting

The government prepares forecasts for key macro-economic indicators and underlying assumptions as well as budget forecasts. These medium and long-term forecasts are included in the budgetary documentation submitted to the National Assembly.

The government prepares estimates of the budgetary impact of all changes on revenue and expenditure policies for the budget year. The authorities prepare a report on the achievement of the objectives announced in the strategy, but this report is not shared with the legislative authority.

The authorities have recently started to put the budget in a multi-year perspective with the preparation of CBMT. Medium-term estimates are neither shared with the Legislature nor voted. The budget remains annual and presents only the estimated revenue and expenditure for year T+1. The expenditure ceilings, not approved by a Council of Ministers or equivalent body, notified to the MDAs relate only to year T+1.

The annual budgetary calendar is well established and is largely respected. It leaves the MDA with a reasonable period of time to allow most of them to complete detailed estimates within a one month period. However, the legislative body has little time to examine the draft budget law and carry out a strategic reflection on public policies. It is, however, active, but its deliberations remain limited in scope because of the limited weight of the technical ministries in budget preparation, the weak involvement of civil society and the still limited influence of the Court of Auditors in controlling Budget implementation.

Predictability and control of budget execution

A certain weakness in the programming of cash flows reduces the capacity of budgetary regulation and leads to major budget readjustments during the financial year. Efforts have been made to better take external funding into account in budgetary planning, but they seem to be overestimated. Hence, revenue is reduced accordingly during budget execution, which also leads to adjustments in budget allocations.

However, domestic revenues are generally performing well and the transfer of resources collected from Treasury accounts is efficient. It allows the Treasury to dispose of revenues very quickly, within one day for the most part.

The overall cash forecasting is calculated and monitored on a weekly basis based on collecting information essentially from the Seychelles Revenue Commission and the Central Bank, which is reinforced by the implementation of the Treasury Single Account System.

Budget users still do not have a clear idea about the resources they will have available for the execution of their budget, which leads to continued discussions with the MOFTEP in order to adjust their credits during the budget implementation. Due to these inadequacies, particularly those relating to cash management, budgetary regulation is short or non-existent.

The organization of payroll management and controls do not face particular difficulties. Procedures for tracking personnel movements permit a timely updating or updating of files managed by the public service. Moreover, the procedures for recruiting new staff or for recording changes resulting from statutory advances are long and exceed the three-month period, often nine months for recruitment. Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data. Ghost workers are not considered a risk given the small size of Seychelles and the good level of control by the hierarchy. In addition, annual payroll audits are done by the OAG.

Public Procurement is broadly in line with international standards. Most of the monitoring and follow-up procedures are in place. The National Tender Board (NTB) and the Procurement Oversight Unit (POU) are currently pursuing the strengthening of their operational capacities, in particular through computerization projects and the development of their databases. However, concerns remain about the publication of information on awarded contracts. This last point concerns, in particular, the contracts awarded for direct contracts for the realization of donors-financed projects.

Databases or records are maintained for contracts including data on what has been procured, the value of procurement and who has been awarded contracts. The data are accurate and complete for at least 40% of the procurement methods for goods, services and works. For procurement above the threshold, 45% is done via competitive methods (open tender and restricted tender).

The internal control of non-salary expenditures is based on a system that is robust in its principles. Internal audit activities are focused on evaluations of the adequacy and effectiveness of internal controls. Audit activities meet professional standards, including a focus on high-risk areas, but a quality assurance process is not in place. An annual audit programme exists, but less than the majority of the audit programme is completed with an issued final audit report.

Accounting, Data Recording and Reporting

Accounting is still based on IPSAS cash but they are nearly IPSAS compliant. Assets and liabilities are not complete yet, but they are already reported in notes of the AFS.

Reconciliations of accounts in the Central Bank accounts are done daily and generally on a monthly basis for accounts detained in commercial banks. The Treasury produces reliable accounting balances on a monthly basis. Advance and suspense accounts are generally reconciled by the end of the months and cleared by the end of the end, with some exceptions that are reported in AFS.

Annual and in-year reports on budget implementation are generally produced in A timely MANNER and the information content contained in AFS is consistent and reliable.

External monitoring and audit

The Office of the Auditor General (OAG) has qualified personnel with good experience and its independence firmly secured by the legislation.

The OAG has the role to certifying annual financial statements produced by public entities, as well as the control of the proper use of public funds with a power of sanction at its disposal. The OAG certifies the AFS and produces its annual reports that it puts at the disposal of the public.

4.2 Effectiveness of the internal control framework

The first objective focuses on compliance with the applicable laws and regulations. A new PFM Act and Regulations were adopted in, respectively, 2013 and 2014, clearly stipulating tasks, responsibilities and separation of duties. The segregation of duties to ensure compliance with the regulations has recently been reinforced by the transfer of all accounts staff to the Ministry of Finance as per Circular No.2 of 2013. The Circular changes the subordination of the accounts staff from the MDA's Principal Secretary to the Comptroller General. Taking into account the above reform, the process of expenditure authorisation follows the following process:

1. authorization of payments from the recurrent budget by MDAs is initiated by the responsible program manager of the MDA and approved by the PS of the MDA;
2. A further approval is required by the Head of Finance & Accounts (subordinated to the Comptroller General of the MOFTEP);
3. After F&A has completed the payment order by the MDA, the payment order will be transmitted to the Treasury (supervised by the Accountant General) whose verification unit will control the payment order;
4. After approval of the Treasury's verification unit, the Treasury's cashier will execute the payment;
5. Reconciliation of the MDA accounts with the TIS is done by the MDAs and they are obliged to submit them monthly to the Treasury (upon the sanction of cancellation of the release of funds);
6. Treasury's reconciliation unit validates the MDAs accounts reconciliation and conducts its own bank reconciliation. Procedures.

Evidence from internal and external audit reports indicate instances of non-compliance including cases of posting mistakes or insufficient documentation within the procurement files (PI-25). Neither the IAD nor the OAG makes an attempt to quantify the degree of non-compliance in a percentage of total transactions or total expenditures. However, the impression from these reports is that they do not reveal irregularities from the applicable rules and procedures in more than 10% of payments. A shortcoming is the limited capacity of both the IAD and the OAG limiting the coverage of MDAs for systemic compliance audits (PI-26 and PI-30).

The second objective focuses on the efficiency and effectiveness of budget execution. It is observed that cash availability is still dominating budget execution. Debt and cash management is still not sufficiently advanced to allow a commitment horizon of one year, and consequently, budgets are released to MDAs only on a quarterly basis in Seychelles (PI-21). On the other hand, MDAs do not face unexpected re-allocations during the budget year and budget credibility is high (PI-1 and 2) so they are facilitated in planning their expenditures over a year. A further weakness in the control system is that the expenditure controls focus on the payments and not on commitments: MDAs can accrue commitments without having the budget available for the payment which is only identified after

the services have been delivered and the invoice is received for payment (PI-25). The resulting payment arrears are not strictly monitored, because incoming invoices are not recorded. The urgency of the lack of commitment controls is thus not precisely known (PI-22). In this regard, it is noted that commitment control is only lacking for the recurrent budget and not for the capital budget. For the capital budget, the commitments are controlled centrally by the MOFTEP.

In terms of the efficiency of budget execution, it is noted that the procurement act and regulations are comprehensive and largely applied. Nevertheless, in practice, a large room for non-competitive procedures or single source bidding is allowed (PI-24). Although this practice is not violating the legislation, the efficiency of public spending may be compromised.

In terms of the effectiveness of budget execution, the GoS has initiated a few important reforms in the recent years. First, public investment management is professionalised by the information base on which investment decisions are taken (PI-11). Furthermore, the reform towards programme-based budgeting requires the collection and presentation of performance information to inform budget allocation decisions (PI-8). Both reforms are still in their infancy, but ideally, this should over time increase the effectiveness of spending.

7. The third objective focuses on accountability. On this aspect, it is positive that the GoS captures nearly all public spending in the budget documents (PI-6) and that the GoS is transparently disclosing most of the relevant documents. Furthermore, the introduction of performance information in the budget document enhances the accountability of the GoS. The Annual Financial Statements is largely prepared on the basis of IPSA Cash with only a few diversions from the accounting standards(PI-29). The AFS is audited on an annual basis by the Auditor General who has a broad mandate and operates independently from the executive (PI-30). The OAG reports comply largely to the international standards. A weakness is that the OAG has not been able to audit the financial statement of all governmental agencies.

Another weakness is that the audited AFS is not released before 12 months after the year-end. A faster preparation of the audit AFS would benefit the political debate on the financial state of affairs of the GoS (PI-29). Such benefits can only be reaped if the Assembly makes further progress in preparing and tabling the reports of the Finance and Public Accounts Committee (PI-31).

On the positive side, the GoS has made further progress in the accountability of the public enterprises. Nearly, all PEs submit audited statements within six months and the MOFTEP prepares an informative analysis of the financial risks associated to the PE-sector in the budget documents (PI-10).

The fourth objective focuses on the controls to safeguard assets against loss, misuse and damage. The GoS operates tight controls on its financial assets. With regard to the management of its non-financial assets, the GoS has taken steps to improve the registers of the various types of assets. Most complete is the register of moveable assets (PI-12). Also, there is a register of government lands and fishing grounds. There is no register yet of government buildings and non-moveable assets.

For the disposal of moveable assets that are included in the asset register such as office furniture and vehicles, further procedures are detailed in Part III of the PFM Regulations which refer to the accounting manual, instructions by the Ministry of Finance and the need to get approval of the Principal Secretary of Finance. One key step in the process for the disposal of moveable material assets is the verification and validation by the Internal Audit Division on the MDA's write-off request (PI-26).

For the disposal of moveable assets that have a value of more than 100,000 SR need Cabinet approval to be sold and the National Tender Board and the procedures included in the Public Procurement Act should be used. However, the OAG annual report for the fiscal year 2014 notes that this requirement is not always complied with. Furthermore, it is also not clear whether the National Tender Board and the procedures included in the Public Procurement Act is applicable to the sale of land which is an asset of significant value to the Republic of Seychelles due to the relative scarcity of land and the high demand. The sale of land is governed by the State Land and River Reserves Act that dates from 1903 and that authorizes the President to approve the sale and/or lease of land without the approval of the Assembly.

4.3 PFM strengths and weaknesses

1. Aggregate fiscal discipline

The fiscal discipline is well in place in Seychelles, due to the strong weak control of the budget execution by the MOFTEP.

However, budget elaboration is not managed through a computerized process yet, but this is the case of budget execution, in spite the fact that it is not linked to the procurement process. Consequently, the adequate aggregate fiscal discipline is hampered by the lack of interconnection between the different systems (such as data warehousing). In addition, better monitoring of revenue and expenditure is still to be improved, particularly to shorten the processing time for incorporation of donor funds.

In spite the fact that arrears have been significantly cleared out as part of the IM-supported economic reform programme, the exercise to monitor expenditure arrears via the creditors did not lead to the implementation of the monitoring system. Hence, the discipline to monitor the payment arrears has diminished as outstanding invoices are commonly cleared in upcoming quarters, but data on the stock and composition of expenditure arrears is not generated annually.

The MOFTEP keeps wage costs and investment expenditure under control. Nevertheless, the Parliament may be more involved at the stage of budget preparation in order to contribute to a less rigid management of public finances.

The GoS presents a three-year central program (CBMT) to the Parliament, which remains indicative and is not supported by sectoral MTEFs. Budget control is still based on an orderly annual procedure but PPBB is in the process to be put in place.

The collection of revenue by the SRC is based on clear texts on collection and control procedures, capable of ensuring regular and increasing internal resources. The rules for public procurement comply with international best practices, with the exception that competition is not always open to foreign companies for open tenders in Seychelles. In addition, the number of direct contracts given to Seychelles' companies was above 40% over the recent years.

The accounting and reporting tools have been brought to good levels of quality. Mid-year budget execution reports are produced by the MOFTEP, but they are not published on its web site and the computerized system for budget execution management does not keep track of the original budget (the information on the original is overwritten the one on revised budget. Hence it is not possible to monitor from the system the trajectory of the State budget since the time of appropriate.

The first draft of Annual financial statements is produced within a three months period. AFS are still based on IPSAS cash basis, but their quality is improving. They will soon evolve to an IPSAS accrual compliance. Nevertheless, the reports of the Auditor General still points-out some weakness with IPSAS compliance in AFS.

Budget implementation is under the tight control of the MOFTEF. All control and accounting personnel is a staff of the ministry of Finance. Excessive expenditure procedures may nevertheless continue to be used because of the lack of visibility of the level of commitment of the budget users. Modern risk control methods have not penetrated the internal audit functions.

As the supreme audit institution, the Office of the Auditor general operates independently from the executive and this independence is assured by law. The OAG makes a good contribution to budgetary discipline by ensuring that all public officials, first and foremost public accountants, comply with the budgetary and financial rules. Its reports, published on its web site, inform citizens about discrepancies and deviations that can be observed. Hence, deviations are relatively rare and not particularly significant, which may explain the little degree of response of the GoS to the observations formulated by the OAG on the AFS.

On the side of the Parliament, there is room for improvement in order to increase efficiency and effectiveness. For instance, it presently takes more than one year to the Parliament for scrutinizing audit reports on AFS provided by the OAG.

2. Strategic allocation of resources

In Seychelles, resources are allocated within a medium-term framework, but this framework is not closely related to the National Strategy or to the ministerial strategic documents, all the more because these strategic documents are not precisely costed. Significant changes can be observed from year to year as program priorities change, which constantly obliges the MOFTEP to look for in which ministry funds remain available, in order to keep a sustainable budget on track.

Investment programming does not sufficiently take into account the national and line ministries strategies, as these strategies are not very much detailed. This inadequacy sometimes results in low rates of realization of investments and disbursements of external support.

The economic analysis of major projects (except some funded by donors) is rather limited and the differentiation between recurrent and capital expenditure in the budget elaboration and reporting limits the visibility of allocation of resources. It is difficult to know where recurrent expenditure associated with capital expenditure has been included in the budget lines. Capital expenditures may be prioritized during budget execution, at the expense of non-wage recurrent expenditure in one year and the other way in another year.

In the procurement domain several areas of weaknesses have been identified by the national tender Board (NTB) in its annual reports, such as: (i) lack of adequate procurement planning; (ii) lack of fair competition due to lack of clarity or lack of technical or other specifications in tender documents; (iii) failure to apply the principles of transparency, fairness and consistency in the evaluation of bids; (iv) the lack of clarity in defining the evaluation process; and (v) the non-compliance with procedures, or inadequate procedures or unfair submission procedures.

More generally, the lack of using modern computerized tools such as that data warehousing and business intelligence and specialized tools of strategic action for which line ministries are responsible

is also a limitation for improving the strategic allocation of resources. The absence a *Business Intelligence* approach of applies to all the pillars of the PFM.

However, with the progressive implementation of a programming budget, the coordination between lines ministries may be improved, as they are now more pushed to better define their sector strategies. The short-term budgetary choices are supported by a good cash flow forecast but are not also sufficiently related to a medium-term strategy. The timing and budgetary procedures also need to be improved, due to the lack of interconnection between the different systems.

As far as procurements are concerned, the use of non-competitive procurement procedures appears to be more frequent than generally acknowledged, due to the existence of a small and the lack of competitive domestic companies.

In the domain of external control, the office of the Auditor General remains focused on the control of the regularity of budgetary and accounting acts. It still produces few performance audit reports and does not pay enough attention to the results of public action in the strategic allocation of public resources.

3. Efficient use of resources for service delivery

The management of basic public services is carried out by lines ministries services or public establishments, which have their own strategy and view of the best way to reach the targets. Harmonizing their view of development with the GoS' own strategic and performance oversight is somewhat difficult.

The efficiency and effectiveness use of public services is not subject to systematic review by the central government. Neither the line ministries, public operators nor the MOFTEP have the necessary tools, such as a Business Intelligence layer associated with programme budgets in order to evaluate service delivery properly. For the same reason, the performance targets are not linked with overall targets defined by the ministries that provide the basic public services. However, lets' point out that even on a cash basis accounting system and a non-programming budget, it was already possible to set up performance indicators in order analyse the performance of public service delivery and make rough comparisons among schools, hospitals, health centres and other service delivery units.

While the POU is required to produce a yearly report to the Minister on overall functioning of the procurement system, it is not compliant with this requirement yet, nor has the POU produced an annual report on the performance of the procurement system, as required by law. In addition, the POU does not have established an inspection unit yet, in order to monitor procurement performance of public procurement entities. Neither the POU nor the internal audit department of the ministry of Finance have produced an annual report on the performance of the budget expenditure and the procurement system, as required by law, so that information on the performance of the PFM system is still limited. Finally, the POU has not yet deployed an electronic portal to disseminate information on public procurement; The NTB portal is currently used for this purpose.

The programmatic responsibility, which conditions the quality of the provision of public services to citizens, is still emergent and so information on the performance of the system remains limited.

Analytical accounting, budgets and performance reports are not yet regularly published or systematically used, both at the national level of ministries and at the level of operators and local authorities for basic services. As the lack of transparency is not an issue in Seychelles, the main

reason explained that situation is a management culture that is not following a performance approach yet based on the use of data warehouse, OLAP³⁹ cubes and KPIs⁴⁰

Until recently, the Auditor General has mainly proceeded with regularity controls and has engaged in the field of performance checks only recently. But the recent adoption of a PPBB and performance management system is expected to provide data for the calculation of unit costs and other measures of efficiency in the delivery of public services that will also enable internal and external audit to focus much more on performance audit.

The Parliament's role of controlling the use of public funds by the government is not extremely active yet but all the legislation and the commissions are in place. The Parliament simply lacks to provide more observations, criticisms and recommendations on the use of public funds in order to foster a more efficient use of public resources.

4.4 Performance changes since a previous assessment

Budget reliability

The government has made significant improvements in fiscal credibility since the last PEFA assessment in 2011, when the PI-1 and PI 3 indices were rated C. Because of the improvements in the organization of budget preparation, the budget is still marked by significant discrepancies between the initial estimates of the budget law and the achievements. Actual budget expenditure was more in line with the initial budget than in 2011 important steps have been taken to rectify the situation in 2009 as part of a standby arrangement with the IMF, complemented by the implementation of new measures in recent years under the Plan of PFM action covering the period 2012-2014.

The payment of government suppliers has improved considerably, with payments being made within one month, but there is still no clear policy on how to pay suppliers. However, no periodic reporting on expenditure payment arrears is available, because no specific monitoring system has been put in place yet.

Transparency of public finances

These measures included the alignment of the budget nomenclature with international standards and in 2013 the Government revised its chart of accounts to incorporate the 2001 GFMS nomenclature. Since fiscal year 2010 and even more 2011, Budget has been made more comprehensive by the new strategy and budgetary prospects prepared by the Department of Finance's FAB, created in 2009. The FAB also contributes to the monthly budget reports By the Financial Planning and Control Division and the revenue forecast used for the weekly cash flow estimates. These efforts have contributed to better planning and control of spending and have resulted in an improvement in the gap between the original approved budget and expenditure achievements from 20% in 2006 and 2007 to less than 12% In 2014. Revenue forecasting has also improved significantly. It is expected that a new PEFA over the last three years will be a significant step forward in the areas concerned.

Management of assets and liabilities

Progress has also been made in addressing weaknesses in the monitoring of fiscal risk arising from the management of public enterprises. Since 2011, the Government has established a Department

³⁹ On Line Analysing Process.

⁴⁰ Key performance Indicators.

for Monitoring Public Enterprises and agreed on a number of structural references under the enlarged IMF (2014-2015), including the approval of a policy to further strengthen the supervision of public enterprises operating on commercial terms, including an independent review of large-scale investment plans. The Government also planned to audit five public enterprises in 2015.

Improvements remain necessary to ensure public access to essential budgetary information, including by publishing budget information on the Government's website. The website of the Ministry of Finance, Trade and the Blue Economy, on which budget information should be available, is under reconstruction since 2014, so that this information is not readily available. This could translate into a decrease in the PEFA score on budget transparency.

Policy-based fiscal strategy and budgeting

Seychelles is making good progress in policy-based budgeting; The budget process is characterized by better organization and participation. Since the last PEFA in 2011, the Government has also gradually introduced a multi-year perspective in its financial planning.

A medium-term budgetary framework (MTBF) was approved for 2015 and the Government will begin this year to apply budgeting to priorities and performance in two ministries. The National Development Strategy (NDS) 2015-2019 has recently been approved and will be supplemented by a new medium-term fiscal framework. The government is also working to improve its Public Sector Investment Program, which will be revised in 2015 to cover a five-year period and respond to the priorities of the NDS and the MTTC.

Although the government has made all of this progress, it would benefit more by strengthening budgetary transparency, comprehensiveness, credibility and budgetary control by involving civil society in a more organized manner, in particular by establishing mechanisms for consultation with the main groups of civil society in the preparation of annual budgets. In this regard, civil society has organized itself and has formed the Citizen Engagement Platform (COP), the umbrella body of civil society organizations) in order to take an active part and speak with one voice in the process of formulating the budget and in monitoring its implementation. It follows that it would be easier to rely on civil society to monitor the implementation of the budget.

Predictability and control in budget execution

PEFA in 2011 identified weaknesses in the predictability and control of budget execution and assigned D or C ratings in the areas of tax collection, internal controls on non-salary expenditures, and Internal audit. The government has begun a thorough modernization of its tax system, notably by introducing a new tax code for companies and a VAT, which will come into effect in 2013. It is also working to clear the arrears: a policy on arrears was submitted to the Council of Ministers in 2014, which provides an amnesty to the taxpayers to encourage them to voluntarily fulfil their obligations. The tax authorities also work with the National Procurement Council to ensure that suppliers pay their tax arrears before new contracts are awarded. The introduction of an electronic registration and filing system, deployed in 2014, should also increase compliance and facilitate payment of taxes. In the field of internal controls, improvements have also been noted, but problems remain. In general, the internal control environment is seriously affected by skill deficits, which detracts from the ability of the internal audit office to properly fulfil its mission. This resulted in a low rating in 2011 compared to 2008.

Procurement in line with the procurement system of the country, in compliance with the 2008 Procurement Act, will be awarded as an operation in support of reforms. The note of the overall risk

to the award of public contracts in the Seychelles has improved since last fiduciary risk assessment conducted in 2013, when that risk was rated as substantial. In view of the progress made in implementing the recommended mitigation measures, specifically the adoption of law enforcement regulations and the deployment of capacity-building activities, this risk is now assessed as "moderate". The Seychelles remain on a positive path in procurement reforms, as evidenced by the good progress of the PEFA note in 2011, which moved to B, against D+ in 2008, with respect to the indicator PI-19 on Competition, Value for Money and Control in Procurement, which has continued to evolve positively; A PEFA self-assessment estimates the score of this indicator.

The evaluation of procurement is based on discussions with various entities, including the Public Procurement Monitoring Unit (POU), the National Procurement Council (NTB), the Review Committee, the Commission Ethics, the Chief Internal Auditor, the Office of the Auditor General, the National Public Service Corporation, the Ministry of Finance, the Ministry of Education, etc. As well as the following reports: Evaluation of the Performance of Public Financial Management in Seychelles, 2011; Draft Bank Summary Report for Seychelles on the evaluation of national tendering procedures; Law on Public Procurement, 2008; Report of the National Procurement Council of 2013 and of the Auditor General for the fiscal year ended December 2013.

By February 2015, the Government had 16 auditors among its staff, compared with 25 under the staffing plan. An increase in the number of auditors is foreseen in spite of the hiring freeze decreed by the Government, but the Government reported difficulties in finding qualified and experienced candidates in the Seychelles for internal audit positions. Steps have been taken to improve the institutional framework for internal audit by introducing new tools and manuals, including a risk-based audit approach. Reforms are underway in this area, but to have the desired impact, they should be accompanied by capacity building measures. These reforms include the setting up of a government commission on auditing which will address audit issues. The independence of this commission is strengthened by the inclusion of members of the private sector (Chamber of Commerce and Industry of Seychelles) and civil society (CEP).

Accounting and reporting

Financial reporting experienced delays in 2011. The non-inclusion of commitments in the reports also influenced the PEFA ratings. The most likely causes of these shortcomings would be the lack of capacity and accounting standards. In this regard, the government has put in place a project that will enable it to monitor debt and commitments, and public assets, while on the other hand, in the PFM Action Plan, the Government committed to adopt the new GFSM 2001 Chart of Accounts and IPSAS Treasury Standards and to implement a capacity building program. IPSAS treasury standards have been introduced in the Government's annual financial statements for 2013. The Government has also implemented several capacity-building programs, including two-year diploma courses at the University of Seychelles as well as seminars and training abroad. The preparation of the accounting procedures manual has been completed and is expected to be approved by the first quarter of 2015. Asset registers including all public assets have also been created with a view to perform a complete count of these assets (Excluding land and buildings) by March 2015. These registers are currently maintained in MS-Excel files, but the Government is working on the deployment of software that will enable all departments to automate this exercise.

With the new Public Finance Act (2012), the Government was able to establish the Department of Planning and Financial Control within the Ministry of Finance. This department is responsible for budgeting, accounting, internal controls and financial reporting. The creation of this department represents a positive development. Headed by a Comptroller General, he now takes care of all accountants working in ministries and other departments and agencies. However, the problem of

capacity remains because there are few qualified accountants in the country and it is difficult to find the required skills.

Although large ministries still process their payroll records, payments are centralized and the salaries of government officials are all paid by the Ministry of Finance (MoF). An automated pay system is used and the balances are transferred and recorded in the main accounting system at the Department of Finance.

External scrutiny and audit

Although progress in this area is slow, the Office of the Auditor General (OAG) continues to perform well, thanks to the existence of favourable legislation. The OAG continues to produce quality reports on time (taking into account the timetable of the financial statements). It is currently working on the second Strategic Plan (the first of which expired in April 2013), which will guide its work over the coming years. The 2011 Consolidated Audit Report contained a qualified opinion with the exception of "except for", while the 2012 audit report contained a qualified opinion due to the non-recognition of advances to public had been liquidated. The Ministry of Finance (MOF) should work with other ministries to try to resolve the issues raised by subsequent audits with an unqualified (favourable) opinion. However, the Government can act more effectively on OAG reports by taking steps to strengthen the Government Audit Commission to ensure that most audit findings are processed in a timely manner and that only unresolved issues are transmitted To the Public Accounts Committee (PAC). Although the OAG is experiencing capacity problems (it has only 30 auditors in 2015), it has been able to carry out financial audits in all major ministries, giving priority to large expenditures.

Progress has also been made in the area of performance audits, with the OAG conducting two such audits in 2013 and one in 2014. It has also conducted audits in the six public enterprises as required by law. The OAG's findings included non-compliance with procedures, weaknesses in internal control and delays in the submission of annual financial statements. However, for the sake of efficiency, OAG will need to be trained in performance audits and evaluation of investment projects.

5 Government PFM reform process

5.1 Approach to PFM reforms

Prior to the period under review by this PEFA, the GoS has embarked on a PFM reform programme as part of the Memorandum of Economic and Financial Policies agreed with the IMF. The reform programme was not formulated as a separate document, but as an Action Plan for the period of 2009–2011.

Following the PEFA 2011, the PFM reform has been continued. A PFM Action Plan was formulated for the period 2012–2014. The Action Plan was built on the PEFA 2011 framework and it considered each of the PEFA indicators one by one. For each indicator, the PEFA 2007 and 2011 scores are recalled and ongoing and planned reforms in the domain of the indicators are listed. Other columns list the current status, the responsible unit and the timeframe for implementation.

A new PFM Action Plan has been prepared for the period 2015–2017. The template of the plan is still in table-format but some improvements to the column headers were introduced. Most importantly, the plan is guided by various PFM areas (in the first column) rather than by the PEFA indicators. In this way, the reform agenda indicated by the PFM Action Plan is less comprehensive but more prioritized. The following priority areas are distinguished:

- Asset management;
- Cash Management;
- Public Private Partnership (PPP);
- Public Investment Management (PIM);
- Programme Performance Based Budgeting (PPBB);
- International Public Sector Accounting Standards (IPSAS);
- Aid Management Policy;
- Medium Term Fiscal Framework (MTFF);
- Medium Term Budget Framework (MTBF);
- Reinforce the monitoring and oversight of State Owned Enterprises (SOEs).

For each priority area, the following elements are described: (-) objectives; (-) deliverables, (-) responsibility; and (-) timeframe. The PFM Action Plan 2015–2017 does not include a narrative explaining the underlying rationale for the sequencing of reforms. Neither does the Action Plan reference to the costs of the reforms and/or the funding.

Overall oversight for implementation of the reforms is vested in the MOFTEP. Responsibility for daily implementation lies with the deputy Comptroller General. Weekly meetings between the Minister of Finance, PS and the deputy director of FPCD take place to take stock of the implementation of the programme and discuss how to deal with eventual bottlenecks.

5.2 Recent and on-going reform actions

Following the structure of PEFA 2016, the table below summarizes the most important recent and ongoing reforms done by the GOS in strengthening the PFM system. An overarching reform is the adoption of the new Public Finance Management Act and the complementary Public Finance Management Regulations that came into operation on the 1st January 2013, in 2014.

PEFA Indicator	Measures undertaken and remarks on implementation status
1. Aggregate expenditure outturn	These indicators are the budget outcomes and improvements reflect reforms in the other indicators.
2. Expenditure composition outturn	
3. Revenue outturn	
4. Budget classification	A program-based classification is currently being piloted. The coding of the new COA includes elements required to anchor the wide ranging reforms included in the PFM Act. The economic segment of the COA includes codes for classifying assets and liabilities even though the financial reports are mainly on cash basis. Accrual elements have been included in the coding structure because for the present Annual Financial Statements of the Government include statements of assets and liabilities, statement of outstanding public debt, statement of outstanding guarantees and statement of government investments. All these statements will continue to be available from the data recorded in the new COA. Moreover, the PFM Act provides for improved budget and financial management procedures including program based budgeting, commitment management, and accrual accounting. The new COA will also be able to anchor these reforms as they are implemented over time.
5. Budget documentation	The PPBB is changing significantly how the budget is presented.
6. Central government operations outside financial reports	No reforms identified.
7. Transfers to subnational governments	Not yet applicable until the GoS will engage in decentralization reforms.
8. Performance information for service delivery	Significant improvement in this area as the GoS has adopted a program-based budget structure including 3-year strategic plan and sub-programme including indicators and targets. The reform has been piloted across a few ministries and will be rolled out in the next years to all line ministries. 2015-2017 <ul style="list-style-type: none"> • Appointment of a Resident Advisor (done in Dec 2014); • Continue to support the first pilot ministries (Ministry of Education and the Ministry of Fisheries and Agriculture and their related agencies) implement the PPBB; • Pilot 3 other portfolio ministries budget on PPBB for 2016 (Ministry of Finance, Trade and the Blue Economy, Ministry of Home Affairs and the Ministry of Land Use and Housing); • Provide technical assistance to the National Assembly to provide better understanding of the PPBB process; • Full roll out on PPBB by 2017.
9. Public access to fiscal information	No reforms identified.
10. Fiscal risk reporting	The Public Enterprise Monitoring Department (established per 2009) has been dissolved and replaced by a Commission in 2013 as per the Public Enterprise Monitoring Act 2013. The PEMC has strengthened its framework for monitoring of SOEs by the:

PEFA Indicator	Measures undertaken and remarks on implementation status
	<p>(i) creation of a web based public information systems to publish reports on the financial performance of SOE's by the PEMC, to be established by the end-June 2014;</p> <p>(ii) full consolidation of SOEs and government accounts by June 2014;</p> <p>(iii) establishment of annual performance objectives for all state-owned enterprises drawing on their Statement of Corporate Intent, including definition of their strategic mandates and scope of activities, starting with the year 2014.</p> <p>The PEMC currently works on a quarterly consolidated report for all SOEs base on the financial statements provided by SOEs on a quarterly basis.</p> <p>Further reforms included in the Action Plan 2015-2017 are:</p> <ul style="list-style-type: none"> • Conduct governance audit of five Public Enterprises (SEYPEC, Nouvo banque, PUC, Seychelles Pension Fund and Air Seychelles); • The Commission will continue to conduct the governance audit/ assessment of the remaining Public Enterprises; • Conduct management audits of the SOEs.
11. Public investment management	<p>Significant groundwork for public investment management based on international good practice has been done by adopting a PIM manual, establishing a dedicated PIM-unit in the MOFTEP and installing a Development Committee to validate appraisals and advice on prioritisation. The challenge for the next years will be to implement the manual.</p> <p>Further reforms included in the Action Plan 2015-2017 are:</p> <ul style="list-style-type: none"> • Produce guidelines on capital project management with templates for project submission and appraisal for various types/groups of projects; • Appoint a Development Committee to appraise all capital projects, with clearly defined Terms of Reference; • Training of projects officers and decision makers in project appraisal; • Training on Project Appraisal and Risk Management (PARM) with the Duke University. <p>The Action Plan 2015-2017 also includes reforms in the area of investment through Public Private Partnership construction:</p> <ul style="list-style-type: none"> • Prepare PPP Policy and submit to Cabinet for approval; • Draft PPP Regulations and submit to cabinet for approval; • Prepare a PPP Development Report comprising of an implementation manual; • To provide training to PIM unit in MOFTEP and to MDA's.

PEFA Indicator	Measures undertaken and remarks on implementation status
12. Public asset management	<p>As part of the Public Investment Unit, two staff are responsible for asset management. So far, an asset register for moveable capital goods has been established. No further plans to record and manage non-moveable assets and financial assets are in place. Although the new Chart of Accounts (2011) caters for recording assets and liabilities, the accounting system remains on IPSAS cash-basis.</p> <p>Further reforms included in the Action Plan 2015-2017 are:</p> <ul style="list-style-type: none"> • Installation of fixed asset register software to all MDAs; • Establish an up dated government fixed asset register; • Provide training to MDAs on the asset register; • Asset register to also capture land and buildings.
13. Debt management	<p>Apart from a minor amendment in 2012, no significant reforms since the adoption of the Debt Management Act in 2008.</p>
14. Macroeconomic and fiscal forecasting	<ul style="list-style-type: none"> • A macro-economic forecasting committee was set up in July 2009 and received support from the Australian treasury department for a period of 2 years; • A more detailed Budget Strategy and Outlook was incorporated in the 2012 budget document submitted to Parliament. The new PFM act makes it a requirement to include the document in the budget.
15. Fiscal strategy	<p>The Budget Strategy and Outlook includes details on fiscal strategy. The Action Plan 2015-2017 also includes the following actions:</p> <ul style="list-style-type: none"> • Prepare the MTFE from 2016-2020 and establish Budgetary ceilings for the 2016 Budget; • Incorporate all medium term fiscal policies into the framework.
16. Medium term perspective in expenditure budgeting	<p>The PPBB is leading to reforms in the top-down determination of ceilings and in improved (more strategic) estimation of budgetary and forward-estimates. In the period 2012-2014, the MTFE and MTBF approach has been further developed. The Action Plan 2015-2017 continues the established practices and mentions the following action:</p> <p>Forecast of the distribution of revenue and expenditure over the medium term within expenditure limits set by a medium term fiscal framework and based on policy priorities for each MDAs.</p>
17. Budget preparation process	<p>The PPBB is changing significantly the overall budget preparation process (including the introduction of a strategic phase).</p>
18. Legislative scrutiny of budgets	<p>The PPBB will lead to changes in how the budget is scrutinised by the National Assembly.</p>
19. Revenue administration	<p>Following the taxation reforms announced in the budget 2010, a VAT was introduced in January 2013 and is now operational. In terms of tax policy, a main reform for the coming years will be the introduction of a progressive system for income tax.</p> <p>In terms of processes, the SRC is committed to addressing the high level of tax debt. It has adopted a 'collection enforcement strategy 2016-2018'. The strategy distinguishes three strands: (1) Limit accumulation of current debts (Early Collections); (2) segmenting</p>

PEFA Indicator	Measures undertaken and remarks on implementation status
	and prioritizing debt (strategic recovery) and (3) expanding our actions and use of the law to collect debt (firmer action).
20. Accounting for revenue	No recent reform activity in this domain. The SRC has submitted a proposal for investment in a modern IT system for the 2017 budget, but funding has not yet been secured.
21. Predictability of in year resource allocation	<p>Prior to 2015, the GOS has put significant efforts in cash management to ensure the predictability of budget execution. Further reforms included in the Action Plan 2015-2017 are:</p> <ul style="list-style-type: none"> • Quarterly reconciliation of all government's budget dependent entities commercial bank accounts to be submitted to Treasury; • Establish cash management committees in large ministries and agencies; • Set up cashier modules to all revenue generating MDAs; • Integration of the cashier modules with the VAM/TIS. <p>The PFM Action Plan includes an action to further develop the LPO and VAM system to enable the ministries to commit their expenditure for the whole year base on the budget appropriation (responsible Treasury and Public Budget Management and Department of Information Communication Technology and the status mentions December 2014 as completed. However, in practice it is not utilized yet.</p>
22. Expenditure arrears	No reforms identified. After a comprehensive operation to clear the stock of arrears has been completed for 2009, 2010 and 2011, no further progress in arrears monitoring through the creditor's listing has been achieved.
23. Payroll controls	<ul style="list-style-type: none"> • The management of the payroll has been further centralised since 2015. Previously, some MDAs, representing about 20% of the total government payroll, managed their own payroll. Now the payroll is fully centralised in the Treasury; • Pilot exercises to integrate the payroll and HRIS have been carried out.
24. Procurement management	Procurement Regulations were adopted in 2014 to complement the Procurement Act of December 2008. No further reforms in the procurement practices have been implemented and are planned.
25. Internal controls on non-salary expenditure	<ul style="list-style-type: none"> • The LPO and VAM system have been complemented with the Treasury Information System (TIS). The TIS is web-based and allows budget users to have an instant view on their budget execution rate. So far, the TIS system is only used to control on payments. The system also allows for recording of commitments (through the line of 'reservations') but this facility is not yet used as there are no instructions yet from the MOFTEP; • The accounting officers were provided with a new job description as from January 2010. In line with new training that will be provided during 2012. All accounting staff in line Ministries/Departments have been transferred on

PEFA Indicator	Measures undertaken and remarks on implementation status
	<p>MOFTEP payroll since January 2013 and falls directly under the Comptroller General office. MOFTEP is currently re-looking on each department accounting structure;</p> <ul style="list-style-type: none"> • The new PFM Act and PFM Regulations were endorsed as per 2013 and 2014; • The revision of the accounting manual is work in progress.
26. Internal audit	In 2013, the IMF East AFRITAC carried out a mission to support the IAD in the preparation of an internal audit strategy and a risk-based audit plan. No further reforms are identified.
27. Financial data integrity	No reforms identified.
28. In-year budget reports	The LPO and VAM system have been complemented with the Treasury Information System (TIS). The TIS is web-based and allows budget users to have an instant view on their budget execution rate.
29. Annual financial reports	<p>In 2013, a new Chart of Accounts has been adopted.</p> <p>The Action Plan 2015-2017 include the following actions:</p> <ul style="list-style-type: none"> • To produce annual reports in accordance to internationally recognize public sector accounting standards; • The use of standardized templates as specified by IPSAS; • Consolidation of state owned enterprise accounts with the government accounts.
30. External audit	Following the enactment of a new Auditor General Bill in 2010, the independence of the AG has been increased and the mandate for performance audits has been put in practice by issuing a number of performance audit reports since 2013.
31. Legislative scrutiny of audit reports	The FPAC has started the preparation of their own reports and recommendations after reviewing the AG's office audit report.

5.3 Institutional considerations

The institutional context of PFM reform in the Republic of Seychelles is largely the same as observed during the PEFA in 2011. The government leadership and ownership of the reform is primarily vested in the Minister of Finance. Responsibility for daily implementation lies with the Deputy Comptroller General of the MoF. Weekly meetings between the Minister of Finance, PS and the deputy director of FPCD take place to take stock of the implementation of the programme and discuss how to deal with eventual bottlenecks.

There is no formal mechanism to coordinate the assistance from development partners to the implementation of the reform programme. The number of active development partners that provide support to the PFM sector has decreased since 2011: only the multilateral organisations World Bank, African Development Bank and the IMF are active partners for PFM reforms.

Certain risks to the PFM reform agenda are rooted in the specific small-island context of the Seychelles. First, the small size of the island constraints the capacity of the GoS to implement certain advanced PFM reforms. Capacity constraints are less inhibitive for reforms that are confined to the authority of the MOFTEP such as the adoption of the more advanced IPSAS standards. However, capacity constraints are more likely to stifle reforms that need to be rolled to all line ministries and departments, such as the programme-based budget and public investment management reforms. The effectiveness of such reforms and their effectiveness will depend on the extent to which the line ministries and departments are able to institutionalize the reforms in their practices.

Another constraint which can affect the effectiveness of implementation is the close distance between government staff and the citizens that are characteristic of small island context. Examples of reforms that are affected by this feature are tax compliance and procurement.

Finally, the sustainability of the PFM reform efforts needs to be ensured by sufficient financial and human resources allocated to their implementation. Although some measures have been included in the Budget Estimates, most of the PFM reforms have not been costed and are consequently not reflected in budgetary allocations. The sustainability of the PFM reforms would be supported by a comprehensive costing of the various reforms within a multi-year perspective so that corresponding budget provisions can be ensured.

Annex 1. Performance indicator summary according to the 2011 framework

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
	A. BUDGET RELIABILITY:						
PI-1	Aggregate expenditure out-turn compared to original approved budget (M1)	C		B			+
(i)	Aggregate expenditure out-turn compared to original approved budget (M1)	C	Actual expenditure deviated from budgeted expenditure by an amount equivalent to more than 15% in only one year: 2007. In 2009, expenditure deviation amounted more than 10 per cent which did not allow for a 'B' score.	B	Actual expenditure deviated from budgeted expenditure by an amount equivalent more than 5% but less than 10% in all three years.	Actual budget expenditure was more in line with the initial budget than in 2011.	
PI-2	Composition of expenditure out-turn compared to original approved budget (M1)	C+		B+			+
(i)	Extent of variance in expenditure composition	C	Variance in expenditure composition exceeded 15% only in 2007 and 10% in 2008.	B	Variance in expenditure composition exceeded 10% only in 2015. It was less than 10% in 2013 and 2014.	Variance in expenditure was also less than in 2011.	
(ii)	Average amount of expenditure charged to the contingency provision	A	A contingency vote was never included in the budget up till 2009. The expenditure from the contingency vote in 2009 was less than 1%.	A	Less than 1% of the value of the original budget.	Same situation than for the previous assessment.	

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-3	Aggregate revenue out-turn compared to original approved budget (M1)	C		A			+
(i)	Aggregate revenue out-turn compared to original approved budget (M1)	C	Actual revenue collection was between 92% and 116% of budgeted revenue in two of the last three years (2007 and 2009). Only in 2008, revenue collection did not meet these thresholds	A	A with 2011 methodology because only actual domestic revenue is considered in this dimension		+
PI-4	Stock and monitoring of expenditure payment arrears (M1)	B+		NR			-
(i)	Stock of expenditure payment arrears	A	The stock of payment arrears has been reduced significantly by clearing most of the debt interest arrears and the exercise in 2009 for other expenditure arrears. The current stock is estimated to be a bit below 2%	NR	No precise information is provided.		-
(ii)	Availability of data for monitoring the stock of payment arrears	B	A comprehensive exercise to clear arrears has been conducted in 2009. The annual procedure of filling the creditors' schedule generates information annually but may not always be complete for recurrent expenditures in utilities and goods/services.	B	Data on the stock of arrears is generated via the creditors' listing in the TIS and via the end-of-year survey of the MOFTEP. Both methods may not result in complete and reliable.	No in-depth, comprehensive exercise to identify and clear arrears has been undertaken since 2009. The annual estimate of the arrears is still based on the same imperfect methods.	-

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
	B. KEY CROSS-CUTTING ISSUES:						
PI-5	Classification of the budget (M1)	C		C			=
(i)	Classification of the budget	C	The Budget Estimates are presented in economic and administrative classification. Even though Budget Estimates are not reported in functional classification, the GoS can produce the 10 main COFOG functions and reports to IMF accordingly.	C	The Budget Estimates are presented in economic and administrative classification. The 10 main COFOG functions are used to report to IMF but not in the budget.		=
PI-6	Comprehensiveness of information included in budget documentation (M1)	A		A			=
	Comprehensiveness of information included in budget documentation	A	The budget documentation as submitted to the Legislature for FY2011 includes the 8 components listed above.	A	Documentation as submitted to the Legislature includes the elements required by the PEFA.		
PI-7	Extent of unreported government operations (M1)	A		A			=
(i)	Level of unreported extra-budgetary expenditure	A	No extra-budgetary expenditure was identified.	A	Some funds are not reported in the budget but the amount is below 1% of the budget.		
(ii)	Inclusion of information on donor-funded projects in fiscal reports	A	For FY2011, all donor-funded projects were included in fiscal reports.	A	All donor-funded projects are reported in notes of the AFS.		=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-8	Transparency of Inter-Governmental Fiscal Relations (M2)	NA		NA			=
(i)	Transparency and objectivity in the horizontal allocation of central government grants to LGUs	NA		NA			
(ii)	Timeliness of reliable information to LGUs on their allocations	NA		NA			
(iii)	Extent of consolidation of financial data for general government according to sectoral categories	NA		NA			
PI-9	Oversight of aggregate fiscal risk from other public sector entities (M1)	C		A			+
(i)	Extent of government monitoring of PEs and AGAs	C	Most major PEs submit audited financial statements on an annual basis. The GoS does not consolidate fiscal risks into a report.	A	PEs submit monthly reports to the PEMC. Most major PEs submit audited financial statements on an annual basis. The GoS consolidates fiscal risks into a report (Budget Strategy Outlook).	A new Public Enterprise Monitoring Commission Act has been adopted in 2013 including the requirement to submit a monthly report to the PEMC within fifteen days after the end of the month; All major PEs submit their annual audited financial statements within 6 months; A Budget Strategy Outlook including	

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
						an analysis of fiscal risks is prepared now on an annual basis.	
(ii)	Extent of central government monitoring of LGUs fiscal position	NA		NA			
PI-10	Public Access to key fiscal information (M1)	B		B			=
(i)	Public Access to key fiscal information	B	The GoS makes available four of the 6 listed types of information.	B	The GoS makes available four of the 6 listed types of information.	No changes	
C. BUDGET CYCLE							
PI-11	Orderliness and participation in the annual budget process (M2)	B+		B			-
(i)	Existence of and adherence to a fixed budget calendar	B	A clear annual budget calendar exists, with some delays in its implementation. For instance, in FY2011, ministries/ departments were only given three weeks to complete their detailed estimates. Some large ministries submitted the budget estimates to MOF with a delay of two to three weeks.	B	A clear annual budget calendar exists. MDA are given six weeks to complete their detailed estimates in the PPBB budget calendar, with some delays in its implementation.	No change	
(ii)	Guidance on the preparation of budget submissions	B	The budget circular is clear and comprehensive and includes a ceiling for recurrent expenditure per administrative unit that has	C	The budget circular is validated only at the end.	No change, but the difference in appreciation regarding the previous evaluation.	-

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			been approved by Cabinet prior to the circular's distribution.				
(iii)	Timely budget approval by the Legislature	A	The approval of the budget by the Parliament was before the start of the fiscal year in the past three years.	B	The 2016 budget was not approved before the end of the year.	Deterioration of the situation.	-
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting (M2)	C		C			=
(i)	Multi-year fiscal forecasts and functional allocations	C	Forecasts of fiscal aggregates are prepared for the two out years. Deviations from the forecast and the budget are not explained in the budget documentation.	C	Same situation than for the previous assessment	No evolution	
(ii)	Scope and frequency of debt sustainability analysis	A	A DSA covering domestic and external debt has been undertaken by the IMF during the last three years.	A	Same situation than for the previous assessment	No evolution	
(iii)	Existence of sector strategies with multi-year costing of recurrent and investment expenditure	D	No costed sector strategies exist or are outdated as the economic recovery program started which in 2008 reduced the validity of the overall long term vision Seychelles Strategy 2017.	D	Same situation than for the previous assessment	No evolution	
(iv)	Linkages between investment budgets and forward expenditure estimates	D	Recurrent cost estimates of capital projects are in general not included in the recurrent budget.	D	Same situation than for the previous assessment	No evolution	

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-13	Transparency of taxpayer obligations and liabilities (M2)	B+		A			+
(i)	Clarity and comprehensiveness of tax liabilities	B	Legislative framework for major taxes is generally clear and comprehensive. As result of the recent changes in the tax framework some of the changes are still not very clearly and consistently reflected in the legislation and regulation (e.g. transfer pricing). While there are some discretionary powers provided to SRC (e.g. in the waiving on penalties) these are not strictly limited but are in practice are guided by internal policy documents and procedures.	A	Legislative framework is clear and comprehensive following the major tax reform in 2009. Also, VAT is applied since 2012. No further unclarified and discretionary powers are raised by the private sector (Seychelles Chamber of Commerce).	All major taxes have been modernized with IMF support in 2009. A new VAT was introduced in 2012 That reform has been stabilized now. Potential discretionary practices such as waivers are guided by internal policy documents and waivers.	
(ii)	Taxpayers' access to information on tax liabilities and administrative procedures	A	Tax payers have ready access to comprehensive and up to date information on tax obligations and administrative procedures. Advisory centres have been established in 2009 on the main islands i.e.	A	Clear and up to date website with comprehensive information and advisory centers have been established in 2009 on the main islands i.e. Mahe, Praslin and La Digue.	No change	
(iii)	Existence and functioning of a tax appeals mechanism	B	Tax appeal comprises three main levels: objection, appeal to the Revenue Tribunal and the law courts. Data on objections demonstrate the objectives system to be rather effective. A	A	A tax appeal system of transparent administrative procedures is completely set up and functional comprising three main levels: objection, appeal to the Revenue	Improvement of performance as the appeal system is operational.	

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			tax appeal system of transparent administrative procedures is completely set up and functional, but it is too early to assess its effectiveness.		Tribunal and the law courts. Data from the complaint indicate that the appeal system is operational		
PI-14	Effectiveness of measures for taxpayer registration and tax assessment (M2)	C		B+			+
(i)	Controls in the taxpayer registration system	C	Taxpayers are registered for all major individual taxes (Traders tax, GST and Income Tax) using a unique Tax Identification Number maintained in a database. However, these databases are not fully and consistently linked. There are no linkages to other relevant government registration systems (e.g. vehicle registration and drivers' license databases) and financial sector databases.	B	Taxpayers are registered in a complete database system with some linkages to other relevant government registration systems and financial sector regulations.	There are links established between the Tax Identification Number (TIN), the Business Registration Number (BRN), the National Identity Number (NIN) and the SWIS (Social Welfare Information System). The links are not complete as there are not yet links to the financial sector.	
(ii)	Effectiveness of penalties for non-compliance with registration and declaration obligations	B	Penalties for most relevant areas of non-compliance exist and are set sufficiently high to act as disincentives for noncompliance. There is no clear regulation on transfer pricing. The penalties are not consistently administered.	B	Penalties for all areas of non-compliance are set sufficiently high to act as a deterrence. However, the frequent use of waivers reduce the effectiveness of penalty system.	No change	
(iii)	Planning and monitoring of tax audit and fraud	D	Tax audits are carried out in accordance with annual audit	A	Tax audits and fraud investigations are managed	The score in 2011 should probably have been a 'C'.	

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
	investigation programmes		work plans. While some risk assessment criteria are incorporated into the selection of audit cases the audit programs are not based on clear risk assessment criteria. The SRC does not carry out fraud investigations. These are undertaken on the request of the government by the Central Bank.		and reported on according to a comprehensive and documented audit plan, with clear risk assessment criteria for all major taxes that apply self-assessment.	The improvement is based on improvements in the risk assessment and the audit plan and its application to all major taxes that apply self-assessment.	
PI-15	Effectiveness in collection of tax payments (M1)	D+		D+			=
(i)	Collection ratio for gross arrears	D	While the overall stock of arrears appears to have decreased from about 8% of total collections in 2007 to about 4% in 2010, the collection rates decreased from 64% in 2007 to 28% and 41% in 2009 and 2010 correspondingly. This explains a change of score from C to D. To qualify for a C score the debt collection ratio should be within the range 60-75%.	D	For 2015, the debt collection ratio was 15% (collection of 74,6 mln SR from a total balance at the beginning of 2015 of 483,3) and the total amount of tax arrears is significant 14,6% (more than 2%).	No change, the overall stock of tax debt remains significant and the tax collection rate is not more than 50%.	=
(ii)	Effectiveness of transfer of tax collections to the Treasury	A	Tax collections are transferred on a daily basis to the Central Bank except for the collections from Praslin and La Digue which are transferred on a weekly basis. Given that the amount transferred from Praslin and La	A	Tax collections are transferred on a daily basis to the Central Bank except for the collections from Praslin and La Digue which are transferred on a weekly basis. Given that the amount	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			Digue is about 1% of total transfers, an A score might be legitimate.		transferred from Praslin and La Digue is about 1% of total transfers, an A score might be legitimate.		
(iii)	Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury	D	Reconciliation of tax assessments, collections, arrears records does not take place while the information could in principle be extracted from the system. Reconciliations between collections and bank statements are done on a monthly basis and is finalised within one month of the end of the month.	D	Reconciliations between collections and bank statements are done on a monthly basis and are finalised within one month of the end of the month, but reconciliation of tax assessments, collections, and arrears records do not take place.	No change	=
PI-16	Predictability in the availability of funds for commitment of expenditures (M1)	B+		B+			=
(i)	Extent to which cash flows are forecast and monitored	A	A cash flow forecast is prepared for the fiscal year and updated monthly on basis of actual cash inflows and outflows. Commitments ceilings are by administrative budget heads and line items.	A	A cash flow forecast is prepared for the fiscal year and updated monthly on basis of actual cash inflows and outflows.	No change	=
(ii)	Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment	B	MDAs are provided quarterly information on commitment ceilings for recurrent expenditures and can commit expenditure for the respective quarter. Expenditure commitment ceilings are	B	Commitments ceilings are by administrative budget heads and line items. MDAs are provided quarterly information (and not half-yearly) on commitment ceilings for recurrent expenditures and	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			provided within two weeks from the beginning of the year; while for the next quarters prior to the start of the quarter ^[1] . The performance under this sub-indicator has improved with the elimination of the practice of the Forex commitments which were decided on a weekly basis.		can commit expenditure for the respective quarter.		
(iii)	Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs	B	Significant in-year adjustments are managed via the procedure for supplementary budgets and are not very frequent. In 2009 and in 2010 three and two supplementary procedures took place correspondingly. According to the Auditor General withdrawals from the Consolidated Fund took place in 2009 but these did not follow the supplementary budget procedure.	B	Significant in-year adjustments are managed via the procedure for supplementary budgets and take place once a year in September (and possibly after the close of the year based on the AG report). The supplementary budget is based on the mid-year review by the MOFTEP and is done in a fairly transparent way.	No change	=
PI-17	Recording and management of cash balances, debt and guarantees (M2)	A		A			+
(i)	Quality of debt data recording and reporting	A	Domestic and foreign debt records are reconciled on a monthly basis. Comprehensive management reports are produced monthly and cover debt	B	Domestic and foreign debt records are reconciled on a monthly basis. Comprehensive management reports covering debt stock,	Comprehensive reporting in 2016 is done only on an annual basis (whereas in 2011 it was still done on a quarterly basis).	-

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			stock, debt service and operations.		debt service and operations are produced annually.		
(ii)	Extent of consolidation of the government's cash balances	B	The payments system utilises the TSA for all payments on Government expenditure (except for a number of donor funded project accounts). This facilitates a monitoring mechanism that reports and reconciles the TSA on a daily basis. Calculation on all other accounts is available on monthly basis. To summarise, most cash balances are calculated and consolidated weekly but some accounts may remain outside the arrangement e.g. donor funded projects (monthly) and Social Security Fund.	A	The payments system utilises the TSA for all payments on Government expenditure (including donor funded project accounts).	The score has been improved, because donor funded project are also monitored by the TSA and the amount of extra-budgetary funds is insignificant.	+
(iii)	Systems for contracting loans and issuing guarantees	A	Central government's contracting of loans and issuance of guarantees are made against transparent criteria and fiscal targets set in the Debt Management Strategy. Contracting of loans and government guarantees is always approved by a single responsible government entity, the National Debt Committee.	A	Central government's contracting of loans and issuance of guarantees are made against transparent criteria and fiscal targets (set in the framework of the Extended Fund Facility arrangement with the IMF) and always approved by a single responsible government entity, the National Debt Committee.	No change, but it is noted that the statement in the PEFA 2011 that the Debt Management Strategy includes transparent criteria and fiscal targets for government's loans is not correct. However, clear targets are included in the IMF Extended Fund Facility.	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-18	Effectiveness of payroll controls (M1)	B+		B+			=
(i)	Degree of integration and reconciliation between personnel records and payroll data	B	Personnel data and payroll data are not directly (electronically) linked. Payroll is however supported by full documentation for all changes made to internal to MDAs personnel records each month.	B	Personnel data and payroll data are not directly (electronically) linked. Payroll is however supported by full documentation for changes made to internal to MDAs personnel records each month	No change	=
(ii)	Timeliness of changes to personnel records and the payroll	A	Internal changes to the nominal roll and the payroll are done generally on a monthly basis, in time for the following month's payroll. Retroactive payroll changes are insignificant and normally included in the payroll within two months.	A	Internal changes to the nominal roll and the payroll are done generally on a monthly basis, in time for the following month's payroll. Retroactive payroll changes are insignificant and normally included in the payroll within two months.	No change	=
(iii)	Internal controls over changes to personnel records and the payroll	A	Authority to change personnel records and payroll is restricted and results in an audit trail.	A	Authority to change personnel records and payroll is restricted and results in an audit trail.	No change	=
(iv)	Existence of payroll audits to identify control weaknesses and/or ghost workers	B	Payroll is audited as part of the statutory audits. A payroll audit covering all central government entities has been conducted at least once in the last three years (in stages). No physical payroll audits to identify ghost workers have been carried out during the period under review. However,	C	The situation is roughly the same as during the previous evaluation as no physical payroll audits to identify ghost workers had been carried out during the period under review, because ghost workers is not reported as being a problem in	No change, but different appreciation in the way the component such be scored in such a situation according to the PEFA methodology.	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			none of the interviewed stakeholders reported ghost workers as a problem in Seychelles. Due to its small size and cultural characteristics, personnel changes are brought into light by the society itself.		Seychelles. For this reason, the component was scored B.		
PI-19	Transparency, competition and complaints mechanisms in procurement (M2)	B		B			+
(i)	Transparency, comprehensiveness and competition in the legal and regulatory framework	B	The legal framework meets fully 4 and partially 2 of the six requirements. The procurement act covers in principles all public funds but allows some exceptions e.g. security, immovable. The act does not require the publication of procurement plans and resolution of procurement complaints.	A	The Procurement Act (2012) together with the Procurement Regulations (2014) constitute a complete legal and regulatory framework. Provisions 24(4) and 175(1c) of the Regulations require the publish procurement plans and resolution of procurement complaints.	In 2014, the Procurement Regulations have been approved in which the missing elements as identified in the PEFA 2011 were addressed.	+
(ii)	Use of competitive procurement methods	B	The MDAs do not keep a log on the procurement tenders, value of the contracts and the type of the procurement methods uses.	B	Both Procurement Committees and the Tender Board need to justify any decisions to make use of direct sourcing. The POU reports that in all cases that the contracts with a value above the threshold but which are awarded by methods	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
					other than open competition such justification is available.		
(iii)	Public access to complete, reliable and timely information about government procurement	C	Only two key procurement information i.e. bidding opportunities and contract awards are made available to the public through the national newspaper. The law does not require to make public the procurement plans and resolutions of procurement complaints. POU reported that the Regulations will require that these two are published too.	C	Bidding opportunities and contract awards are made public by means of the National Newspaper. Information on procurement plans and resolution of procurement complaints is not made public.	No change	=
(iv)	Existence of an independent administrative complaints machinery	B	Six out of seven criteria which shall be complied with by the procurement complaints system are met including i and ii criteria reflecting its independence.	B	Six out of seven criteria which shall be complied with by the procurement complaints system are met including i and ii criteria reflecting its independence.	No change	=
PI-20	Effectiveness of internal controls for non-salary expenditures (M1)	C		C+			=
(i)	Effectiveness of expenditure commitment controls	C	Expenditure commitment control for recurrent expenditures is undertaken through the LPO system which is directly linked to VAM system and is generally considered to be effective except in cases when LPO system is bypassed. Expenditure commitment control for project	C	The VAM system has been upgraded to the TIS system. The LPO system is still operational and checks whether a purchase order can be issued against the quarterly cash ceiling included in the TIS system. This control focuses on the	No change yet. The TIS commitment control module is not operational yet.	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			expenditure is included in LPO system but is managed on a daily basis in a separate Excel worksheet with uploading information in the LPO system on a monthly basis.		payment and cash availability and the TIS system does not include a commitment control module. This situation was the same in 2011.		
(ii)	Comprehensiveness, relevance and understanding of other internal control rules and procedures	C	Other internal control rules and procedures are set in Financial Instructions and Accounting Manual and consist of a basic set of rules for processing and recording transactions. The interviewees suggest that these rules and procedures are generally understood by those directly involved in their application, but non-compliance in certain cases raises concerns over how widely they are understood. The findings of the Auditor General revealed that some controls may be deficient in areas of minor importance.	B	A new PFM Act in 2012 and new PFM regulations were adopted in respectively 2012 and 2014. Both documents constitute a comprehensive set of controls, but the revision of the Accounting Manual is still work in progress.	A new PFM Act in 2012 and new PFM regulations were adopted in respectively 2012 and 2014.	+
(iii)	Degree of compliance with rules for processing and recording transactions	C	Rules are complied with in a significant majority of transactions, but the use of simplified/emergency procedures in unjustified situations is reflected as a concern in the Auditor's General Reports.	A	As per 2013, the accounts staff of the line ministries have been centralized as staff of the MOFTEP. The reason for this reorganization was to enhance compliance with the controls for expenditure.	A major reform was the shift in employment status of the accounts and control staff from staff employed by the line ministries into staff employed by the MOFTEP. As a consequence, all accounts staff are now	+

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
						hierarchically subdued to the Comptroller General.	
PI-21	Effectiveness of internal audit (M1)	C+		C+			=
(i)	Coverage and quality of the internal audit function	C	Internal audit is operational for the majority of MDAs and meets professional standards. Due to lack of staff and requests for special investigations, the capacity devoted to system audits has been reduced to around 20% of staff time.	C	Internal audit is operational for the majority of MDAs and meets professional standards. The Annual report notes that more than 60% of staff time was spent on non-audit activities such as inspections on request.	No change	=
(ii)	Frequency and distribution of reports	B	24 Reports have been issued in 2010 which can be considered to be 'regular'. The IAD-reports are distributed to the audited entity, the PS of the MOFTEP and the auditor general.	B	12 Audit reports and 13 inspection reports have been issued in 2014 and 2015 across different ministries but there is a significant deviation from the audit plan and do not follow a fixed schedule. The IAD-reports are distributed to the audited entity, the PS of the MOFTEP and the auditor general	No change	=
(iii)	Extent of management response to internal audit findings	C	Although action is taken by managers, its degree has come down from being 'prompt' and 'comprehensive' to 'fair'. The dissolution of the Audit Committee in 2008 provides part of the explanation.	C	Out of 23 reports, a management response was received for 13 reports implying that many but not all managers respond. No follow up audits to verify the managerial response have been carried out in 2014 and 2015.	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-22	Timeliness and regularity of accounts reconciliation (M2)	D+		C			+
(i)	Regularity of bank reconciliations	D	The reconciliation of the TSA is done on a daily basis and until recently was being completed within half a day which would result in an A score. Since December 2010 however with the introduction of the core banking by the Central Bank, daily reconciliation takes about 1.5 days. On March 1st the Treasury was reconciling the statements for the 28th of December. The reconciliation of the other (about 20, mainly donor funded projects) treasury managed bank accounts is done on a monthly basis and is usually completed within 2 days. At the time of the assessment, monthly reconciliation is completed in more than 8 weeks of the end of the period.	D	The reconciliation of donor funded projects is done on a monthly basis and is usually completed in more than 8 weeks of end of period.	No change	=
(ii)	Regularity of reconciliation and clearance of suspense accounts and advances	C	Reconciliation of suspense and advance accounts take place monthly and as a rule is completed within 2 days of the end of the month. A significant number of accounts have uncleared balances brought	B	Suspense accounts are now reconciled monthly.	Improvement due to a better clearance of suspense accounts.	+

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			forward. Due to the introduction of the single treasury account, the number of uncleared suspense accounts has further increased.				
PI-23	Availability of information on resources received by service delivery units (M1)	B		A			+
(i)	Availability of information on resources received by service delivery units	B	Reliable information on resources received is available to primary schools by monthly reports. For primary health clinics such information is no longer available since 2009 and is the reporting system focused on aggregate expenditure for clinics and hospitals.	A	Information on resources received by frontline service delivery units is collected and recorded by the staff of the MOFTEP, including how the money is spent.	Reliable information on resources received from health clinics by monthly reports.	+
PI-24	Quality and timeliness of in-year budget reports (M1)	C+		C+			=
(i)	Scope of reports in terms of coverage and compatibility with budget estimates	C	The classification allows full direct comparison to the budget for the recurrent expenditures. For capital expenditures only at the aggregate level. For both recurrent and capital expenditures, the reports only include payments and no commitments.	C	Detailed Information on budget execution but not at the commitment phase.	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
(ii)	Timeliness of the issue of reports	A	Reports for both recurrent and capital expenditures are prepared on a monthly basis and issued within two weeks of the end of the month.	A	Reports for both recurrent and capital expenditures are prepared on a monthly basis and issued within two weeks of the end of the month.	No change	=
(iii)	Quality of information	A	There are no material concerns regarding data accuracy.	A	There are no material concerns regarding data accuracy.	No change	=
PI-25	Quality and timeliness of annual financial statements (M1)	C+		B+			+
(i)	Completeness of the financial statements	B	A consolidated government statement is prepared annually. They include with few exceptions, full information on revenue, expenditure and financial assets and liabilities.	B	Not all information related to funds is included in the budget	No change	=
(ii)	Timeliness of submission of the financial statements	A	Draft accounts are shared with the Auditor General within 3 months after the closure of the year.	A	After 3 months, draft accounts are sent to the Auditor General, and they are complete.	No change.	=
(iii)	Accounting standards used	C	The annual financial statements are presented in a consistent format over time and some of the accounting standards are disclosed.	B	AFS are presented according to IPSAS but are not fully compatible yet (Auditor General reports).	Improvement of AFS presentation.	+
PI-26	Scope, nature and follow-up of external audit (M1)	B		B+			+
(i)	Scope/nature of audit performed	B	The annual report attached to the financial statements is based on financial and regularity audit in	A	The financial audit covers all entities of Central Government including all	Since 2012, the OAG also conducts performance audit	+

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			line with Intosai standards. The regularity audit covers more than 75% of total expenditure and all MDAs are covered in a two-year cycle. No performance audits are yet carried out.		revenues, expenditures, assets and liabilities (compliance audit does cover only 9 ministries out of 20). Also, the OAG has conducted performance audit since 2012 and in 2015 one performance audit report was published. Intosai standards are generally adhered to.	(although not very intensively)	
(ii)	Timeliness of submission of audit reports to the Legislature	B	In the last three years, the AG has received the draft Financial Statements for audit end of March and has submitted the associated audit report in November (thus within eight months).	B	In the last three years, the AG has received the first draft Financial Statements for audit by the end of March and has submitted the associated audit report in December (thus within nine months).	No change	=
(iii)	Evidence of follow up on audit recommendations	B	The audited entity replies on audit findings in a timely manner during the exit meeting two weeks after the closure of the audit. The AG keeps track of implementation of recommendations during follow up audits but does not prepare a systematic audit action list.	B	The audited entity replies on audit findings during the exit meeting two weeks after the closure of the audit. The AG does not prepare a systematic audit action list to track follow up of the recommendations.	No change, but a revision of the 2011 score because there is no formal response.	=
PI-27	Legislative scrutiny of the annual budget law (M1)	D+		D+			=
(i)	Scope of the legislature's scrutiny	C	The legislature reviews may cover in principal fiscal policies and mid-term priorities as well as	B	The legislature's review covers fiscal policies and aggregates for the coming	Detailed estimates are presented to the legislature. The 2016 budget is PPBB.	+

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
			the detailed revenue and estimates. However, the draft estimates are only presented to them when the detailed proposals have been finalised.		year as well as details of expenditure and revenue. Fiscal policies, medium-term fiscal forecasts, and medium-term priorities are presented in the documents. The legislature vote is only for the coming year.		
(ii)	Extent to which the legislature's procedures are well-established and respected	B	Simple procedures exist for the legislature's budget review and are respected.	A	The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures	There is a better organization, specialized comity and negotiation procedures.	+
(iii)	Adequacy of time for the legislature to respond to budget proposals	D	The legislature does not see the estimates until the first week of December and therefore has a maximum of three weeks to review if the Appropriation Bill is to be passed before the start of the year.	D	The legislature does not see the estimates until the first week of December.	No change	=
(iv)	Rules for in-year amendments to the budget without ex ante approval by the Legislature	C	Clear rules exist for in-year budget amendments by the executive and are usually respected, but they allow for extensive administrative reallocations as well as expansion of total expenditure.	C	Clear rules exist for in-year budget amendments by the executive and are usually respected. They allow for extensive administrative reallocations as well as expansion of total expenditure.	No change	=

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
PI-28	Legislative scrutiny of external audit reports (M1)	D+		D+			=
(i)	Timeliness of examination of audit reports by the Legislature	D	Examination of the audit report of the AG usually takes place within 12 months, but it has, so far, never been finalised in terms of a final report from the FPAC to the Assembly	D	Since 2011, the FPAC prepares their own reports on the AFS and the OAG audit report for the AFS 2009, 2010, 2012 and 2013 but usually not within 12 months from receipt of the OAG audit report. Also, so far only the report relating to the AFS 2011 has been tabled in the Assembly. The FPAC reports relating to the AFS 2012 and 2013 are waiting for the new Assembly to be tabled. The AFS 2014 and the OAG report 2014 still needs to be examined by the FPAC.	Improvement in the functioning of the FPAC has been observed as they are preparing reports for the OAG's audit reports. However, the progress is not sufficient to justify a higher rating as the work of the FPAC is not sufficiently used by the Assembly.	=
(ii)	Extent of hearings on key findings undertaken by the Legislature	A	When the committee meets, hearings take place with responsible officers from most audited entities irrespective of whether they receive a qualified or adverse opinion.	B	In-depth hearings on key findings of audit reports take place with responsible officers from a few (seven out of sixteen entities) audited entities which received a qualified or adverse audit opinion or a disclaimer.	No change, but it seems that the score of the component was over evaluated in the previous assessment.	-
(iii)	Issuance of recommended actions by the Legislature and	D	Till date, the FPAC has not issued a report to the Assembly. Consequently, no	C	The FPAC has issued reports on the AFS and the OAG report for the year 2009 –	Improvement in the functioning of the FPAC has been observed as they are	+

Indic	A. PFM OUT-TURNS:	2011	2011 - Comments	2016	2016 - Comments	Explanation	Evol.
	implementation by the executive		recommendations have been issued by the Assembly.		2013, but follow up by the Executive has been piecemeal.	preparing reports for each audit report of the OAG including recommendations.	

Annex 2. Summary of observations on the internal control framework

The assessor is confused by the format of this table as prescribed by the PEFA Secretariat. The table is derived from the COSO Integrated Framework (2013) This Framework is expected to help organizations design and implement internal control at the level of departments. To apply it as a diagnostic tool is problematic as for most of the table entries, except for the control activities, no information from the PEFA assessment is available.

Internal control components and elements	Summary of observations
1. Control environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organisation	No information available from the PEFA assessment
1.2. Commitment to competence	No information available from the PEFA assessment
1.3. The “tone at the top” (i.e. management’s philosophy and operating style)	No information available from the PEFA assessment
1.4. Organisational structure	The administrative organisational structure is described in Section 2.3
1.5. Human resource policies and practices	No information available from the PEFA assessment
2. Risk assessment	
2.1 Risk identification	The PFM regulations (2014) include a provision (article 17) which requires every Accounting Officer to prepare and monitor a risk management plan for financial risks including contingent liabilities. No evidence has been observed that this provision is being implemented.
2.2 Risk assessment (significance and likelihood)	
2.3 Risk evaluation	
2.4 Risk appetite assessment	
2.5 Responses to risk (transfer, tolerance, treatment or termination)	
3. Control activities	
3.1 Authorization and approval procedures	

Internal control components and elements	Summary of observations
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	<p>Except for the Accounting Manual (which is outdated), the segregation of duties in the payment process are updated and laid down in the PFM Act (2012) and the PFM Regulations (2014).</p> <p>The process of expenditure authorisation follows the following process:</p> <p>(1) authorization of payments from the recurrent budget by MDAs is initiated by the responsible program manager of the MDA and approved by the PS of the MDA;</p> <p>(2) A further approval is required by the Head of Finance & Accounts (who is since 2013 subordinated to the Comptroller General of the MOFTEP);</p> <p>(3) After F&A has completed the payment order by the MDA, the payment order will be transmitted to the Treasury (supervised by the Accountant General) whose verification unit will control the payment order;</p> <p>(4) After approval of the Treasury's verification unit, the Treasury's cashier will execute the payment;</p> <p>(5) Reconciliation of the MDA accounts with the TIS is done by the MDAs and they are obliged to submit them monthly to the Treasury (upon the sanction of cancellation of the release of funds);</p> <p>(6) Treasury's reconciliation unit validates the MDAs accounts reconciliation and conducts its own bank reconciliation. Procedures.</p> <p>For expenditures from the capital budget, an additional control is included involving the Comptroller General approval (following the advice of the Public Investment Management Unit of the FPCD in the MOFTEP) before the payment request is submitted to the Treasury. For payments of goods and services (both recurrent and capital) above a certain threshold, approval from the procurement oversight committee is required.</p>
3.3 Controls over access to resources and records	
3.4 Verifications	
3.5 Reconciliations	
3.6 Reviews of operating performance	

Internal control components and elements	Summary of observations
3.7 Reviews of operations, processes and activities	There is no separate unit in the MOFTEP that is responsible for regular performance and/or spending reviews. Operational audits are carried out by the Internal Audit Division which has a broad mandate and appropriate standards. However, a large part of its capacity is being spent on specific inspections on the request of the senior leadership of the MOFTEP and other ministries. In cooperation with the World Bank, the Public Enterprise Commission carries out 'governance' reviews of the state-owned enterprises.
3.8 Supervision (assigning, reviewing and approving, guidance and training)	There are supervisory bodies operational for the supervision of the procurement regulations (Procurement Oversight Unit) and the Public Enterprises (Public Enterprise Commission).
4. Information and communication	No information available from the PEFA assessment
5. Monitoring	
5.1 Ongoing monitoring	Line ministries have online access to the Treasury Information System to check their balance against their expenditure ceilings.
5.2 Evaluations	No business processes have been established to carry out policy evaluations.
5.3 Management responses	Not applicable.

Annex 3. Sources of information

Tables explaining the scoring of indicators PI-1, PI-2 and PI-3 according to the 2016 framework

Expenditure data for the year 2013

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Health	496,187.0	511,506.0	458,521.7	52,984.3	52,984.3	11.6%
Ministry of Education	413,821.0	395,436.0	382,408.0	13,028.0	13,028.0	3.4%
Ministry of Home Affairs	284,912.0	303,544.0	263,284.4	40,259.6	40,259.6	15.3%
Department of Defence	155,357.0	159,008.0	143,563.9	15,444.1	15,444.1	10.8%
Landscape & Waste Management Agency	107,367.0	105,321.0	99,216.8	6,104.2	6,104.2	6.2%
Ministry of Social Affairs, Community Development, & Sports	80,666.0	72,358.0	74,542.7	-2,184.7	2,184.7	2.9%
Ministry of Foreign Affairs	66,441.0	70,001.0	61,397.5	8,603.5	8,603.5	14.0%
Ministry of Finance, Trade and Economic Planning	61,823.0	61,657.0	57,130.0	4,527.0	4,527.0	7.9%
Seychelles Land Transport Agency	60,447.0	61,284.0	55,858.5	5,425.5	5,425.5	9.7%
Office of the President	43,134.0	48,983.0	39,859.7	9,123.3	9,123.3	22.9%
Ministry of Environment, Energy & Climate Change	36,567.0	34,865.0	33,791.2	1,073.8	1,073.8	3.2%
The Judiciary	33,711.0	34 355.0	31,152.0	3,203.0	3,203.0	10.3%
Seychelles Agricultural Agency	31,220.0	26,353.0	28,850.1	-2,497.1	2,497.1	8.7%
Ministry of Tourism & Culture	27,642.0	29,740.0	25,543.7	4,196.3	4,196.3	16.4%
Department of Information Technology & Communication	28,440.0	28,406.0	26,281.1	2,124.9	2,124.9	8.1%
National Assembly	26,689.0	26,500.0	24,663.0	1,837.0	1,837.0	7.4%
Department of Legal Affairs	28,143.0	23,793.0	26,006.7	-2,213.7	2,213.7	8.5%
Ministry of Land Use & Housing	23,183.0	20,305.0	21,423.2	-1,118.2	1,118.2	5.2%

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Labour and Human Resources Development	20,315.0	20,515.0	18,772.9	1,742.1	1,742.1	9.3%
Department of Public Administration	21,121.0	17,990.0	19,517.7	-1,527.7	1,527.7	7.8%
21 (= sum of rest)	101,274.0	43,679.0	93,586.3	-49,907.3	49,907.3	53.3%
Centralized payments	3,214,697.0	2,860,443.0	2,970,670.7	-110,227.7	110,227.7	3.7%
allocated expenditure	5,363,157.0	4,956,042.0	4,956,042.0	0.0	339,352.8	
interests	529,091.0	630,815.0				
contingency	50,000.0	61,538.0				
total expenditure	5,942,248.0	5,648,395.0				
overall (PI-1) variance						95.1%
composition (PI-2) variance						6.8%
contingency share of budget						1.0%

Expenditure data for the year 2014

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Health	535,402.0	554,059.0	558,142.7	-4,083.7	4,083.7	0.7%
Ministry of Education	439,423.0	438,637.0	458,087.1	-19,450.1	19,450.1	4.2%
Ministry of Home Affairs	289,274.0	313,252.0	301,560.6	11,691.4	11,691.4	3.9%
Department of Defence	192,999.0	392,717.0	201,196.4	191,520.6	191,520.6	95.2%
Landscape & Waste Management Agency	111,794.0	141,831.0	116,542.3	25,288.7	25,288.7	21.7%
Ministry of Social Affairs, Community Development, & Sports	81,787.0	78,502.0	85,260.8	-6,758.8	6,758.8	7.9%
Ministry of Foreign Affairs	73,097.0	66,852.0	76,201.7	-9,349.7	9,349.7	12.3%
Ministry of Finance, Trade and Economic Planning	68,164.0	71,594.0	71,059.2	534.8	534.8	0.8%
Seychelles Land Transport Agency	56,336.0	56,448.0	58,728.8	-2,280.8	2,280.8	3.9%
Office of the President	46,661.0	59,226.0	48,642.9	10,583.1	10,583.1	21.8%
Ministry of Environment, Energy & Climate Change	38,800.0	37,689.0	40,448.0	-2,759.0	2,759.0	6.8%
The Judiciary	36,696.0	38,263.0	38,254.6	8.4	8.4	0.0%
Ministry of Tourism & Culture	34,176.0	36,281.0	35,627.6	653.4	653.4	1.8%
National Assembly	33,211.0	32,635.0	34,621.6	-1,986.6	1,986.6	5.7%
Ministry of Land Use & Housing	22,093.0	38,810.0	23,031.4	15,778.6	15,778.6	68.5%
Seychelles Agricultural Agency	31,562.0	28,625.0	32,902.6	-4,277.6	4,277.6	13.0%
Department of Information Technology & Communication	31,184.0	27,162.0	32,508.5	-5,346.5	5,346.5	16.4%
Department of Legal Affairs	27,177.0	26,010.0	28,331.3	-2,321.3	2,321.3	8.2%
Ministry of Labour and Human Resources Development	23,787.0	23,706.0	24,797.3	-1,091.3	1,091.3	4.4%
Department of Public Administration	16,109.0	14,609.0	16,793.2	-2,184.2	2,184.2	13.0%
21 (= sum of rest)	46,863.0	32,348.0	48,853.5	-16,505.5	16,505.5	33.8%
Centralized payments	3,230,607.0	3,190,160.0	3,367,823.8	-177,663.8	177,663.8	5.3%
allocated expenditure	5,467,202.0	5,699,416.0	5,699,416.0	0.0	512,117.8	
interests	565,619.0	404,496.0				

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
contingency	45,000.0	53,357.0				
total expenditure	6,077,821.0	6,157,269.0				
overall (PI-1) variance						98.7%
composition (PI-2) variance						9.0%
contingency share of budget						0.9%

Expenditure data for the year 2015

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent deviation
Ministry of Education	479,086.0	563,158.9	453,866.4	109,292.4	109,292.4	24.1%
Ministry of Home Affairs	336,943.0	368,550.4	319,206.0	49,344.5	49,344.5	15.5%
Department of Defence	206,783.0	274,490.6	195,897.7	78,592.9	78,592.9	40.1%
Ministry of Health	204,293.0	220,744.1	193,538.8	27,205.3	27,205.3	14.1%
Landscape & Waste Management Agency	135,834.0	141,931.2	128,683.6	13,247.7	13,247.7	10.3%
Ministry of Habitat, Infrastructure and Land Transport	47,713.0	207,335.7	45,201.3	162,134.4	162,134.4	358.7%
Seychelles Tourism Board	128,211.0	125,106.2	121,461.8	3,644.3	3,644.3	3.0%
Agency for National Human Resources Development	21,425.0	176,426.2	20,297.2	156,129.0	156,129.0	769.2%
Seychelles Land Transport Agency	58,377.0	133,512.3	55,304.0	78,208.4	78,208.4	141.4%
Ministry of Social Affairs, Community Development, & Sports	79,492.0	88,596.3	75,307.5	13,288.8	13,288.8	17.6%
Ministry of Finance, Trade and Economic Planning	74,859.0	91,135.9	70,918.3	20,217.5	20,217.5	28.5%
National Sports Council	72,398.0	82,277.2	68,586.9	13,690.3	13,690.3	20.0%
Seychelles Broadcasting Corporation	59,025.0	82,028.7	55,917.9	26,110.9	26,110.9	46.7%
Ministry of Environment, Energy & Climate Change	39,157.0	86,583.7	37,095.7	49,487.9	49,487.9	133.4%
Office of the President	57,516.0	65,072.6	54,488.3	10,584.3	10,584.3	19.4%
Ministry of Foreign Affairs and Transport	31,085.0	78,541.1	29,448.7	49,092.5	49,092.5	166.7%
Ministry of Tourism & Culture	64,939.0	29,219.0	61,520.5	-32,301.6	32,301.6	52.5%
The Judiciary	46,738.0	47,204.8	44,277.7	2,927.2	2,927.2	6.6%
Seychelles Agricultural Agency	29,874.0	31,755.8	28,301.4	3,454.4	3,454.4	12.2%
Small Business Finance Agency	6,445.0	53,693.8	6,105.7	47,588.1	47,588.1	779.4%
21 (= sum of rest)	205,821.0	393,708.9	194,986.4	198,722.5	198,722.5	101.9%
Centralized payments	3,458,150.0	2,195,447.6	3,276,109.4	-1,080,661.8	1,080,661.8	33.0%
Allocated expenditure	5,844,164.0	5,536,521.1	5,536,521.1	0.0	2,225,926.7	
Interests	645,487.0	563,768.8				

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Contingency	45,000.0	48,541.0				
Total expenditure	6,534,651.0	6,148,830.9				
Overall (PI-1) variance						94.1%
Composition (PI-2) variance						40.2%
Contingency share of budget						0.7%

Expenditure data for the year 2013

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Wages and salaries	1,129,082.0	1,068,361.0	1,073,247.2	-4,886.2	4,886.2	0.5%
Goods and services	1,211,675.0	955,250.0	1,151,755.9	-196,505.9	196,505.9	17.1%
Capital projects	1,200,893.0	962,435.0	1,141,507.1	-179,072.1	179,072.1	15.7%
Public debt interest	529,091.0	630,815.0	502,926.7	127,888.3	127,888.3	25.4%
Transfers	1,070,011.0	1,247,776.0	1,017,097.4	230,678.6	230,678.6	22.7%
Development grants	144,000.0	129,000.0	136,879.0	-7,879.0	7,879.0	5.8%
Social benefits	442,938.0	448,152.0	421,034.1	27,117.9	27,117.9	6.4%
Others	214,558.0	206,606.0	203,947.8	2,658.2	2,658.2	1.3%
Total expenditure	5,942,248.0	5,648,395.0	5,648,395.0	0.0	776,686.3	
Overall (PI-1) variance						95.1%
Composition (PI-2) variance						13.8%

Expenditure data for the year 2014

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Wages and salaries	1,187,311.0	1,229,167.0	1,202,831.3	26,335.7	26,335.7	2.2%
Goods and services	988,475.0	1,526,869.0	1,001,396.1	525,472.9	525,472.9	52.5%
Capital projects	976,418.0	894,877.0	989,181.5	-94,304.5	94,304.5	9.5%
Public debt interest	565,619.0	404,496.0	573,012.7	-168,516.7	168,516.7	29.4%
Transfers	1,410,958.0	1,395,707.0	1,429,401.7	-33,694.7	33,694.7	2.4%
Development grants	194,181.0	82,837.0	196,719.3	-113,882.3	113,882.3	57.9%
Social benefits	530,066.0	518,258.0	536,994.9	-18,736.9	18,736.9	3.5%
Others	224,793.0	105,058.0	227,731.4	-122,673.4	122,673.4	53.9%
Total expenditure	6,077,821.0	6,157,269.0	6,157,269.0	0.0	1,103,617.2	
Overall (pi-1) variance						98.7%
Composition (pi-2) variance						17.9%

Expenditure data for the year 2015

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Wages and salaries	1,136,670.0	1,149,030.5	1,069,558.5	79,472.0	79,472.0	7.4%
Goods and services	989,627.0	1,047,618.3	931,197.3	116,421.1	116,421.1	12.5%
Capital projects	1,069,004.0	685,155.4	1,005,887.7	-320,732.3	320,732.3	31.9%
Public debt interest	645,487.0	563,768.8	607,376.0	-43,607.3	43,607.3	7.2%
Transfers	1,867,601.0	1,917,001.6	1,757,333.8	159,667.9	159,667.9	9.1%
Development grants	92,500.0	89,889.1	87,038.6	2,850.5	2,850.5	3.3%
Social benefits	557,118.0	622,161.0	524,224.5	97,936.4	97,936.4	18.7%
Others	176,644.0	74,206.3	166,214.6	-92,008.3	92,008.3	55.4%
Total expenditure	6,534,651.0	6,148,830.9	6,148,830.9	0.0	912,695.7	
Overall (pi-1) variance						93.7%
Composition (pi-2) variance						14.8%

Revenue data for the year 2013

	Original budget	Actual
Tax	4,922.51	4,696.28
Personal income tax	752.12	754.08
Value added tax	1,511.23	1,445.88
Trade tax	428.61	430.87
Excise tax	768.38	651.91
Business tax	921.65	881.8
Goods and Services Tax	83.65	177.58
Other tax	456.87	354.16
Non-tax	692.93	726.93
Fees and charges	233.75	300.83
Dividends from parastatals	329.79	407.51
Other non-tax	129.39	18.59
Grants	647.77	-
Total revenue	6,263.21	5,423.21

Revenue data for the year 2014

	Original budget	Actual
Tax	5,080.83	5,185.82
Personal income tax	864.7	877.52
Value added tax	1,677.84	1,813.63
Trade tax	203.33	381.08
Excise tax	840.92	858.28
Business tax	991.61	906.52
Goods and Services Tax	-	6.49
Other tax	502.43	342.29
Non-tax	665.67	622.54
Fees and charges	267.5	346.14
Dividends from parastatals	225.54	225.74
Other non-tax	172.63	50.66
Grants	483.48	94.38
Total revenue	6,229.98	5,902.75

Revenue data for the year 2015

	Original budget	Actual
Tax	5,491.88	5,526.08
Personal income tax	929.83	947.75
Value added tax	1,846.37	1,822.98
Trade tax	277.33	330.8
Excise tax	894.4	961.92
Business tax	849.51	756.97
Goods and Services Tax	-	4.37
Corporate Responsibility Tax	67.7	79.49
Tourism Marketing Tax	53.1	45.43
Other tax	573.64	576.38
Nontax	715.06	579.71
Fees and charges	331.61	326.84
Dividends from parastatals	261.66	228.23
Other nontax	121.8	24.64
Grants	427.39	121.37
Total revenue	6 634.34	6 227.16

Calculation tables for PI-1 to PI-3 according to the 2011 framework

Expenditure data for year 2013

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Health	496,187.0	511,506.0	453,302.7	58,203.3	58,203.3	12.8%
Ministry of Education	413,821.0	395,436.0	378,055.4	17,380.6	17,380.6	4.6%
Ministry of Home Affairs	284,912.0	303,544.0	260,287.7	43,256.3	43,256.3	16.6%
Department of Defence	155,357.0	159,008.0	141,929.8	17,078.2	17,078.2	12.0%
Landscape & Waste Management Agency	107,367.0	105,321.0	98,087.5	7,233.5	7,233.5	7.4%
Ministry of Social Affairs, Community Development, & Sports	80,666.0	72,358.0	73,694.2	-1,336.2	1,336.2	1.8%
Ministry of Foreign Affairs	66,441.0	70,001.0	60,698.7	9,302.3	9,302.3	15.3%
Ministry of Finance, Trade and Economic Planning	61,823.0	61,657.0	56,479.8	5,177.2	5,177.2	9.2%
Seychelles Land Transport Agency	60,447.0	61,284.0	55,222.7	6,061.3	6,061.3	11.0%
Office of the President	43,134.0	48,983.0	39,406.0	9,577.0	9,577.0	24.3%
Ministry of Environment, Energy & Climate Change	36,567.0	34,865.0	33,406.6	1,458.4	1,458.4	4.4%
The Judiciary	33,711.0	34,355.0	30,797.4	3,557.6	3,557.6	11.6%
Seychelles Agricultural Agency	31,220.0	26,353.0	28,521.7	-2,168.7	2,168.7	7.6%
Ministry of Tourism & Culture	27,642.0	29,740.0	25,253.0	4,487.0	4,487.0	17.8%
Department of Information Technology & Communication	28,440.0	28,406.0	25,982.0	2,424.0	2,424.0	9.3%
National Assembly	26,689.0	26,500.0	24,382.3	2,117.7	2,117.7	8.7%
Department of Legal Affairs	28,143.0	23,793.0	25,710.7	-1,917.7	1,917.7	7.5%
Ministry of Land Use & Housing	23,183.0	20,305.0	21,179.3	-874.3	874.3	4.1%
Ministry of Labour and Human Resources Development	20,315.0	20,515.0	18,559.2	1,955.8	1,955.8	10.5%
Department of Public Administration	21,121.0	17,990.0	19,295.6	-1,305.6	1,305.6	6.8%
21 (= sum of rest)	101,274.0	28,210.0	92,521.1	-64,311.1	64,311.1	69.5%
Centralized payments	2,627,759.0	2,283,291.0	2,400,647.6	-117,356.6	117,356.6	4.9%

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
allocated expenditure	4,776,219.0	4,363,421.0	4,363,421.0	0.0	378,540.5	
contingency	50,000.0	61,538.0				
total expenditure	4,826,219.0	4,424,959.0				
overall (PI-1) variance						91.7%
composition (PI-2) variance						8.7%
contingency share of budget						1.3%

Expenditure data for the year 2014

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Health	535,402.0	554,059.0	573,923.5	-19,864.5	19,864.5	3.5%
Ministry of Education	439,423.0	438,637.0	471,038.9	-32,401.9	32,401.9	6.9%
Ministry of Home Affairs	289,274.0	313,252.0	310,086.9	3,165.1	3,165.1	1.0%
Department of Defence	192,999.0	392,717.0	206,885.0	185,832.0	185,832.0	89.8%
Landscape & Waste Management Agency	111,794.0	141,831.0	119,837.4	21,993.6	21,993.6	18.4%
Ministry of Social Affairs, Community Development, & Sports	81,787.0	78,502.0	87,671.5	-9,169.5	9,169.5	10.5%
Ministry of Foreign Affairs	73,097.0	66,852.0	78,356.2	-11,504.2	11,504.2	14.7%
Ministry of Finance, Trade and Economic Planning	68,164.0	71,594.0	73,068.3	-1,474.3	1,474.3	2.0%
Seychelles Land Transport Agency	56,336.0	56,448.0	60,389.3	-3,941.3	3,941.3	6.5%
Office of the President	46,661.0	59,226.0	50,018.2	9,207.8	9,207.8	18.4%
Ministry of Environment, Energy & Climate Change	38,800.0	37,689.0	41,591.6	-3,902.6	3,902.6	9.4%
The Judiciary	36,696.0	38,263.0	39,336.2	-1,073.2	1,073.2	2.7%
Ministry of Tourism & Culture	34,176.0	36,281.0	36,634.9	-353.9	353.9	1.0%
National Assembly	33,211.0	32,635.0	35,600.5	-2,965.5	2,965.5	8.3%
Ministry of Land Use & Housing	22,093.0	38,810.0	23,682.6	15,127.4	15,127.4	63.9%
Seychelles Agricultural Agency	31,562.0	28,625.0	33,832.8	-5,207.8	5,207.8	15.4%
Department of Information Technology & Communication	31,184.0	27,162.0	33,427.6	-6,265.6	6,265.6	18.7%
Department of Legal Affairs	27,177.0	26,010.0	29,132.4	-3,122.4	3,122.4	10.7%
Ministry of Labour and Human Resources Development	23,787.0	23,706.0	25,498.4	-1,792.4	1,792.4	7.0%
Department of Public Administration	16,109.0	14,609.0	17,268.0	-2,659.0	2,659.0	15.4%
21 (= sum of rest)	46,863.0	18,231.6	50,234.7	-32,003.1	32,003.1	63.7%
Centralized payments	2,506,360.0	2,589,065.0	2,686,689.4	-97,624.4	97,624.4	3.6%
allocated expenditure	4,742,955.0	5,084,204.6	5,084,204.6	0.0	470,651.7	
contingency	45,000.0	53,357.0				

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
total expenditure	4,787,955.0	5,137,561.6				
overall (PI-1) variance						92.7%
composition (PI-2) variance						9.3%
contingency share of budget						1.1%

Expenditure data for the year 2015

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Ministry of Education	479,086.0	496,582.0	444,954.5	51,627.5	51,627.5	11.6%
Ministry of Home Affairs	336,943.0	341,159.4	312,938.2	28,221.2	28,221.2	9.0%
Department of Defence	206,783.0	215,287.6	192,051.2	23,236.5	23,236.5	12.1%
Ministry of Health	204,293.0	217,602.6	189,738.6	27,864.0	27,864.0	14.7%
Landscape & Waste Management Agency	135,834.0	141,264.9	126,156.8	15,108.2	15,108.2	12.0%
Seychelles Tourism Board	128,211.0	124,903.6	119,076.9	5,826.7	5,826.7	4.9%
National Sports Council	72,398.0	79,911.1	67,240.2	12,670.9	12,670.9	18.8%
Ministry of Finance, Trade and Economic Planning	74,859.0	69,765.6	69,525.8	239.8	239.8	0.3%
Ministry of Social Affairs, Community Development, & Sports	79,492.0	51,715.0	73,828.8	-22,113.8	22,113.8	30.0%
Seychelles Broadcasting Corporation	59,025.0	68,246.9	54,819.9	13,427.0	13,427.0	24.5%
Seychelles Land Transport Agency	58,377.0	67,903.7	54,218.0	13,685.7	13,685.7	25.2%
Office of the President	57,516.0	59,462.6	53,418.4	6,044.2	6,044.2	11.3%
Ministry of Foreign Affairs and Transport	31,085.0	67,288.1	28,870.4	38,417.7	38,417.7	133.1%
Ministry of Tourism & Culture	64,939.0	28,889.3	60,312.6	-31,423.3	31,423.3	52.1%
Ministry of Habitat, Infrastructure and Land Transport	47,713.0	45,089.3	44,313.8	775.5	775.5	1.8%
The Judiciary	46,738.0	44,963.8	43,408.2	1,555.6	1,555.6	3.6%
Ministry of Environment, Energy & Climate Change	39,157.0	30,892.8	36,367.3	-5,474.5	5,474.5	15.1%
Seychelles Agricultural Agency	29,874.0	28,156.1	27,745.7	410.4	410.4	1.5%
Department of Legal Affairs	28,723.0	25,059.4	26,676.7	-1,617.3	1,617.3	6.1%
Ministry of Youth, Sports and Culture	0.0	43,646.1	0.0	43,646.1	43,646.1	#DIV/0!
21 (= sum of rest)	157,098.0	285,722.2	145,905.9	139,816.3	139,816.3	95.8%
Centralized payments	2,856,402.0	2,290,958.9	2,652,903.4	-361,944.5	361,944.5	13.6%
allocated expenditure	5,194,546.0	4,824,471.1	4,824,471.1	0.0	845,146.6	
Contingency	45,000.0	48,541.0				

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
total expenditure	5,239,546.0	4,873,012.1				
overall (PI-1) variance						93.0%
composition (PI-2) variance						17.5%
contingency share of budget						0.9%

Year	Total exp. Deviation	Composition variance	Contingency share
2013	91.7%	8.7%	1.1%
2014	92.7%	9.3%	
2015	93.0%	17.5%	

Revenue data for the year 2013

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Tax						
Personal income tax	752.1	754.1	726.4	27.7	27.7	3.8%
Value added tax	1 511.2	1 445.9	1 459.5	-13.6	13.6	0.9%
Trade tax	428.6	430.9	413.9	16.9	16.9	4.1%
Excise tax	768.4	651.9	742.1	-90.2	90.2	12.2%
Business tax	921.7	881.8	890.1	-8.3	8.3	0.9%
Goods and Services Tax	83.6	177.6	80.8	96.8	96.8	119.8%
Other tax	456.9	354.2	441.2	-87.1	87.1	19.7%
Non-tax						
Fees and charges	233.7	300.8	225.7	75.1	75.1	33.3%
Dividends from parastatals	329.8	407.5	318.5	89.0	89.0	27.9%
Other non-tax	129.4	18.6	125.0	-106.4	106.4	85.1%
Total revenue	5 615.4	5 423.2	5 423.2	0.0	611.0	
overall variance						96.6%
composition variance						11.3%

Revenue data for the year 2014

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Tax						
Personal income tax	864.7	877.5	874.0	3.5	3.5	0.4%
Value added tax	1 677.8	1 813.6	1 695.9	117.7	117.7	6.9%
Trades tax	203.3	381.1	205.5	175.6	175.6	85.4%
Excise tax	840.9	858.3	850.0	8.3	8.3	1.0%
Business tax	991.6	906.5	1 002.3	-95.8	95.8	9.6%
Goods and Services Tax	0.0	6.5	0.0	6.5	6.5	0.0%
Other tax	502.4	342.3	507.8	-165.5	165.5	32.6%
Non-tax			0.0	0.0	0.0	0.0%
Fees and charges	267.5	346.1	270.4	75.8	75.8	28.0%
Dividends from parastatals	225.5	225.7	228.0	-2.2	2.2	1.0%
Other non-tax	172.6	50.7	174.5	-123.8	123.8	71.0%
Total revenue	5 746.5	5 808.4	5 808.4	0.0	774.7	
overall variance						101.1%
composition variance						13.3%

Revenue data for the year 2015

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Tax						
Personal income tax	929.8	947.8	917.9	29.8	29.8	3.2%
Value added tax	1 846.4	1 822.8	1 822.8	0.1	0.1	0.0%
Trades tax	282.3	330.8	278.7	52.1	52.1	18.7%
Excise tax	894.4	961.0	883.0	78.1	78.1	8.8%
Business tax	849.5	758.6	838.7	-80.1	80.1	9.5%
Goods and Services Tax	0.0	4.4	0.0	4.4	4.4	n/a
Corporate Responsibility Tax	67.7	79.5	66.8	12.7	12.7	18.9%
Tourism Marketing Tax	53.1	45.4	52.4	-7.0	7.0	13.3%
Other tax	573.6	478.0	566.3	-88.3	88.3	15.6%
Non-tax	715.1	705.1	705.9	-0.9	0.9	0.1%
Fees and charges	331.6	330.1	327.4	2.7	2.7	0.8%
Dividends from parastatals	261.7	341.2	258.3	82.9	82.9	32.1%
Other no-ntax	121.8	33.8	120.2	-86.5	86.5	71.9%
Total revenue	6 927.0	6 838.4	6 838.4	0.0	525.3	
overall variance						98.7%
composition variance						7.7%

List of persons met

DATE	TIME	MEETING	VENUE
Monday 26 th 2016	09.00hrs 09.45hrs	Introductory meeting with PS Finance & Trade Mr. Patrick Payet	Ministry of Finance, 2 nd floor boardroom
	10.00hrs 12.00hrs	Introductory Meeting with Financial Planning and Control Division and FAB Mr. Damien Thesee Ms. Ginny Elizabeth	Ministry of Finance, 1 st Floor
	13.30hrs 15.00hrs	Meeting with Internal Audit Ms. Joan Valmont	5 th Floor Le Chantier Mall
Tuesday 27 th 2016			
	11.00hrs 12.00hrs	Meeting with Public Debt Division Mr. Brian Charlette	Ministry of Finance, 1 st Floor
	14.00hrs 16.00hrs	Meeting with Chief Accountant Mrs. Marcia Loizeau	Treasury CBS Building
Wednesday 28 th 2016	08.30hrs 09.00hrs	Introductory Meeting with Ministry of Education Ms. Linda Barallon, Ms. Merida Delcy and Mrs. Linda Monthy	Ministry of Education HQ
	09.00hrs 11.00hrs	Meeting with Ministry of Education, Budget Department Mrs. Linda Monthy & team	Ministry of Education HQ
	13.30hrs 15.00hrs	Meeting with Auditor General. Mr. Marc Benstrong	Unity House
Thursday 29 th 2016	09.00hrs 12.00hrs	PEFA methodology workshop All stakeholders	STC conference room
	13.30hrs 14.00hrs	Introductory Meeting with the Ministry of Health Mr. Bernard Valentin & Mr. Terence Morel	Red Roof
	14.00hrs	Meeting with Ministry of Health	Red Roof

DATE	TIME	MEETING	VENUE
	16.00hrs	Accounting Department Mr. Terence Morel & team	
Friday 30 th 2016	09.00hrs 11.00hrs	Meeting with the Department of Public Administration Ms. Jessie Esparon Mrs. Marie Annette Rosalie	National House
	13.00hrs 14.00hrs	Meeting with Central Bank Ms Caroline Abel	CBS building
	14.30hrs 15.00hrs	Meeting with the PIM Unit, MOF Mr. Jude Commettant	Ministry of Finance 1 st floor boardroom
Monday 3 rd October 2016	09.00hrs 11.00hrs		Independence House
	10.30hrs 12.00hrs	Meeting with Director Procurement Oversight Unit Ms. Annie Dugasse	National Tender Board
	13.30hrs 15.00hrs	Meeting with Department Information Communication and Technology Mr. Benjamin Choppy Mr. Hendrick Andre	Caravel House
Tuesday 4 th October 2016	08.30 10.00	Meeting with the Seychelles Revenue Commission Ms Georgette Pillay	Maison Colette
	13.30hrs 14:30hrs	Meeting with Clerk of the National Assembly Ms. Shelda Commettant	National Assembly
Tuesday 5 th October 2016	08.30 10.00	Meeting with Public Enterprise Monitoring Commission Ms. Sitna Cesar	Orion Mall
	10.30 11.00	Introductory Meeting with the Ministry of Land Use & Housing Mr. Joseph Francois	Independence House

DATE	TIME	MEETING	VENUE
		Mr. Yves Choppy	
	11.00 12.30	Meeting with Ministry of Land Use & Housing accounting department Mrs. Rose Marie Richard	Independence House
	2.00 3.00	Meeting with the Government Audit Committee	Ministry of Finance 1 st floor boardroom
Thursday 24 th November 2016			
	10.00hrs 11.00hrs	Meeting with Financial Planning and Control Division and FAB Mr. Damien Thesee	Ministry of Finance, 1 st Floor
Wednesday 30 th November 2016			
		Meeting with Financial Planning and Control Division and FAB Seylina Verghese	Ministry of Finance, 1 st Floor
Friday 25 th November 2016			
	14.00hrs 16.00hrs	Meeting with Chief Accountant Mrs. Marcia Loizeau	Treasury CBS Building
Friday 2 nd December 2016	16.00hrs 17.00hrs	Debriefing Mr. Patrick Payet	Ministry of Finance, 2 nd floor boardroom

Sources of information used for scoring the indicators

Legislation, Regulations, Agreements:

- MoF, Accounting Manual and MoF, Financial Instructions, July 1997;
- Debt Law 2008 and Debt Law Amendment;
- Public Debt Management (amendment) Act, 2009 (Act 31 of 2009), Supplement to Official Gazette 30 December 2009;
- Public Finance Mgt Act 2012;
- Auditor General Act (Act 9 of 2010), Supplement to Official Gazette, 7 July 2010;
- The Public Enterprises (Monitoring) Act (Act No. 19 of 2009);
- Republic of Seychelles, Public Service Orders, January 2011;
- Republic of Seychelles, Public Service Procedures Manual, January 2011;
- Public Procurement Act, Supplement to Official Gazette, 29 December 2008;
- Revenue Administration Act (Act 27 of 2009), Supplement to Official Gazette, 30 December 2009;
- Seychelles Revenue Commission Act (Act 26 of 2009), Supplement to Official Gazette, 30 December 2009;
- Value Added Tax Act, (Act 35 of 2010), Supplement to Official Gazette, 31 December 2010;
- Excise Tax Act (Act 25 of 2009), Excise Tax (Amendment of Schedules 1 and 2) Regulations 2009, Supplement to Official Gazette, 30 December 2009;
- Business Tax Act, (Act 28 of 2009), Supplement to Official Gazette, 30 December 2009;
- Goods and Services Tax Act (Act 10 of 2001), Goods and Services Tax Regulations, 2003;
- Income and Non-Monetary Benefit Tax Act (Act 10 of 2010), Supplement to Official Gazette, 5 July 2010;
- Seychelles Business Number Act, (Act 24 of 2009), Supplement to Official Gazette, 30 December 2009.

Ministry of Finance:

- Annual Borrowing plan supported by Medium Term;
- Debt Strategy;
- Estimates of revenue and expenditure and appropriation bill;
- Section 1 Copy of Appropriation Bill for the Fiscal Year Ending December 31st 2015;
- Section 2 Estimates of Revenue and Expenditure for the Fiscal year ending;
- 31st December 2015 and Forecast for 2016 – 2017;
- Summary of 2013 Actual, 2014 Fiscal Outcome, Estimates for 2015 and Forecast for 2016 – 2017;
- Summary of Revenue and Expenditure 2013, 2014, 2015;
- Detailed Estimates of Revenue 2013, 2014, 2015;
- Detailed Estimates of Expenditure 2013, 2014, 2015;
- Detailed Estimates of Expenditure of Budget Dependent entities 2013, 2014, 2015;
- Public Sector Investment Program;
- Constitutional Appointees Emoluments;
- Statutory Statements in accordance with Article 154 of the Constitution;
- Summary of Government Owned Enterprise Financial position;
- Appropriation Bill for the Fiscal Year Ending December 31,2015;
- IPSAS Financial Statements 2013, 2014, 2015;
- Domestic Debt Statement 2013;
- External Debt Statement 2013;
- Statement of Outstanding Guarantees Dec 2013;
- 2014 Budget Speech (English);
- 2015-2017 ceilings;
- 2015 Budget execution changes;

- 2015 Budget speech (English);
- 2016 Budget Calendar revised 24.09.15;
- 2016 Budget Speech- English version;
- 2016 Budget Strategy and Outlook document;
- 2016 Debt Strategy and Borrowing Plan;
- 160106b - Budget Strategy and Outlook 2014, 2015, 2016;
- Mid-Year Economic and Fiscal Outlook Tax Revenue (Rd 3);
- Mid-Year Economic and Fiscal Outlook 2016 Final Report;
- Action Plan on Quality Services Principles Standards and Customer Service Delivery Final;
- Budget Calendar 2017 PPBB;
- Budget Circular No 3 2017 PPBB;
- Budget Strategy and Outlook 2014;
- Cabinet Memorandum - Revised Budget Policies for 2017 Budget - 29 11 2016;
- CBS Financial Statements 2015;
- Circular 1 of 2014 PPBB Budget Calendar;
- Circular 2 of 2014 Budget Calendar - others;
- Circular 3 of 2014 - PoMTES;
- Circular Heading MTES 2016;
- Circular no 3 PPBB implementation circular;
- Circular No 4 of 2013;
- Consolidated 2014 Public Sector Investment Programme;
- Debt Strategy 2014 – 09 Dec2013 Final;
- Detail Revenue Revised 2016 to 2018 Budget Forecast Final MYEFO;
- Details of Estimate of Revenue page 14 to 21;
- Details of Expenditure page 22 to 191 - Budget 2015;
- Details of Expenditure page 192 to 266 - Budget 2015;
- Domestic Debt Statement 2014 02 10 2015;
- Domestic Debt Statement 2014;
- Education Portfolio Ceiling;
- External Debt Statement 2014;
- Final 2015 Budget Constitutional Appointees Emoluments 12.12.14;
- Financial Report 2016;
- IECD PPBB Statement 10 Dec;
- Macroeconomic Assumptions Final;
- Medium Term Debt Management Strategy;
- MOE - 2017 Budget Ceiling 27.06.2016;
- Mid-Year Economic and Financial Outlook 2013;
- Mid-Year Economic and Financial Outlook 2015;
- Original Budget & Actual 2013-2015;
- 2016 budget where it goes;
- Summary of Fiscal Outcome;
- Graph where it comes from;
- Statement of Government Operations in GFSM 2001 Classification;
- Summary of Fiscal Outcome as a Percentage of GDP;
- Summary of Revenue'
- 2015 budget Where it comes from;
- Graph where it goes;
- Summary of 2015 Receipts;
- Payroll circular no 1 of 2014 - implementation of pub service salary table;
- PFM Action Plan 2015 -2017;
- PFM action plan for January 2012 to December 2014_19th May 2014;

- PFM regulations 2014;
- PPBB 2016 Scenarios Workbooks;
- Procedures manual Amend 2011;
- Public financial corporations' overview;
- Public Financial Management Assessment;
- Public Investment Management Manual June 22;
- Public Procurement Regulations 2014;
- Public Service Order 319 - Drafting of Legislation;
- Revised 2012 Budget and 2013 to 2014 forecasts 15th Nov 2012;
- Revised 2013 Budget and 2014 to 2016 forecasts Final;
- Revised 2015 Budget and 2016 to 2018 Budget Forecast 25.11.2015;
- Revised 2017 Budget Template Govt Restructuring 08.12.2016 Final;
- SAA Report 2014 -Internal Auditor - 20.06.2014 - Final Sent to the Minister;
- Constitutional Appointees Emoluments;
- External and Domestic Debt Stock;
- External Debt Service Profile 2011 to 2025;
- Statement of Outstanding Guarantees by CBS and Government;
- Summary of Government Owned Enterprises Financial Position;
- SI 57-2014 Public Finance Management Regulations 2014 ;
- Statement of Government Operations in GFSM 2001 Classification page 2;
- Strategic plan - IAD MFTI;
- Summary of Fiscal Outcome for 2009 to 2017 as a percentage of GDP;
- Summary of Fiscal Outcome for 2013 and 2014 to 2017 forecasts;
- Summary of Revised 2016 to 2018 Budget Forecast Final MYEFO;
- The Public Finances (Control and Management) Act.

Other DMAs:

- Programme Performance Based Budget Statements for Pilot Portfolios;
- Portfolio 1 Education Portfolio:
 - Ministry of Education;
 - Seychelles Qualification Authority;
 - Tertiary Education Commission;
 - Institute of Early Childhood Development.
- Portfolio 2 Natural Resources Portfolio:
 - Ministry of Natural resources;
 - Seychelles Agricultural Agency;
 - Seychelles Fisheries Agency;
 - Reclassification and Standardisation Policy.
- Seychelles Agricultural Agency PPBB STATEMENT FINAL;
- Seychelles PPBB Implementation Guideline Final June;
- Seychelles Qualification Authority PPBB statement 10 Dec;
- SFA PPBB Statement- 12-12-2014-Final;
- Final PPBB MNR statement;
- Ministry of Education Internal Procedures Manual;
- MOE - Seychelles Education MTS 2013-2017 and Beyond;
- Ministry of Education PPBB statement final;
- TEC PPBB statement 10 Dec.

Central bank:

- Central Bank of Seychelles Annual Report 2013;
- Statement of Official Reserves;

- Bank accounts reconciliation.

Office of the Auditor General:

- Office of the Auditor General annual report 2014;
- Office of the Auditor General Annual Report 2013;
- Office of the Auditor General audit financial statements final fs 2014;
- Office of the Auditor General opinion on accounts siba Feb. 2014.

National Assembly:

- Committee Report: Finance & Public Accounts Committee - Examination of the Auditor General's Report for 2009 and 2010. 22nd;
- February, 2013;
- HRDC Annual Report 2010 26th March, 2013;
- Year End 2012 Government Report 16th April, 2013;
- Central Bank Annual Report and Financial Statement for the year ended Dec, 2013 16th April, 2013;
- Speaker's Determination (No. 1 of 2013) - Conditions governing Media Coverage of Proceedings of the National Assembly of Seychelles 16th April, 2013;
- SIBA 2009 Audited Accounts 16th April, 2013;
- Seychelles Pension Fund, Annual Report, 2012 - 21st May, 2013;
- Seychelles Revenue Commission, Annual Report, 2012 - 21st May, 2013;
- Committee Report: Finance & Public Accounts Committee-Examination of the Seychelles Tourism Board Performance Audit Report of the Auditor General. 11th June, 2013;
- Annual Report 2010: Fair Trading Commission. 25th June, 2013;
- Committee Report: Committee on Government Assurances – Report of Assurances given to the House in 2012. 23rd July, 2013;
- Annual Reports of Public Enterprises (23rd July 2013):
 - Air Seychelles Limited;
 - Development Bank of Seychelles;
 - Housing Finance Company;
 - Praslin Transport Corporation;
 - Public Utilities Corporation;
 - Seychelles Civil Aviation Authority;
 - Seychelles International Mercantile Banking Corporation Limited;
 - Seychelles Pension Fund;
 - Seychelles Public Transport Corporation;
 - Seychelles Savings Bank.
- Committee Report: International Affairs Committee, Annual Report 2012 30th July, 2013;
- FPAC Report Examination Of PUC 9th September 2013;
- Performance Audit Report HIV AIDS November, 2013.

Other publications:

- PEFA Report 2011;
- AfDB - Seychelles – Country Strategic Paper 2011-2015;
- IMF - 3rd review under extended arrangement 01-2016;
- IMF - 8th Review under extended arrangement 01-2014;
- BAD-Seychelles Document de Stratégie Pays 2016-2020 ;
- WB Grant for an implementation of the extractive industries transparency initiative project;
- Seychelles Extractive Industry Transparency Initiatives 2013 & 2014;
- Seychelles Annual Progress Report Extractive Industry Transparency Initiatives.
- Seychelles Financial and Regulatory Capacity Support Project Factsheet - March 2016.

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