

Minutes of the Meeting of the Executive Council held on 26<sup>th</sup> June 2018 at 9.30am in the  
Council Chamber

Present: Her Excellency the Governor (Mrs L Honan)  
Chief Secretary (Mrs S O’Bey)  
Financial Secretary (Mr D Richards)  
Attorney General (Mrs S O’Donnell)  
The Hon A A Green  
The Hon L A Henry  
The Hon C Scipio O’Dean  
The Hon D F Thomas  
The Hon R K Yon

In attendance: Solicitor General (Mr A Cansick)  
Head of Corporate Support (Mrs C A George)  
Clerk of Councils (Miss L H Buchanan)

Overseas: Head of Governor’s Office (Ms L McMorran)

**OPEN SESSION**

26.1 Welcome

The Governor welcomed all present.

26.2 Investment Policy 2018 (ExCo Memo 30/2018)

The Government Economist was present for this item.

The Chairperson of the Economic Development Committee (EDC) introduced this memorandum, highlighting the background to the item. He clarified that the 2018 Investment Policy was an update to the 2011 version, explaining that the key principles still remained the same. The Government Economist went on to explain that if the Investment Policy was approved, then an Investment Strategy and Investor Prospectus would then be developed to ensure that there was continued progress being made. She explained that work had commenced on the Investment Strategy and that a first draft would be going to the EDC in August 2018 and that by the end of the year the final version would be put before Executive Council. The Financial Secretary added that a matrix had been developed in order to determine who would be an eligible investor for St Helena. He confirmed that with the current requests coming through the Finance Directorate, by potential investors, they were able to test the matrix system to ensure that nothing was missed when it comes into full working use.

The Government Economist explained that Enterprise St Helena (ESH) would be playing a key role in implementing the Investment Policy and all agreed it was important that ESH adhered to the policy intention of the document once it was approved. It was agreed that this

could be put in to the Service Level Agreement between SHG and ESH to ensure that the policy was being adhered to. The Chief Secretary stated that the Investment Enabling Working Group would be able to monitor this once implemented.

All agreed that the policy was important for the future of St Helena, but that the public needed to be fully informed about all elements of the policy, including the impact of inward investment.

After some discussion, Members advised and the Governor agreed to approve the Investment Policy, 2018.

### 26.3 Matters Arising from the 2016/17 SHG Financial Statements Audit (ExCo Memo 31/2018)

The Assistant Financial Secretary was present for this item.

The Financial Secretary introduced this memorandum, briefly explaining the background to the item. The Assistant Financial Secretary then proceeded to go through each qualification and recommendation set by the Chief Auditor, highlighting any resource implications that would arise from meeting each objective.

- Qualification 1 related to the need for SHG to conduct a thorough valuation on all strategic assets i.e St Helena Airport, Ruperts Wharf and Infrastructure roads to determine a value for financial statements. He explained that there would be a resource implication to meeting this qualification, but that a figure had been budgeted for within the Technical Corporation budget for this financial year.
- Qualification 2 referred to Special Funds particularly DfID Infrastructure and DfID Project Fund, where the transactions were incorrectly coded to either fund. The Assistant Financial Secretary confirmed that work was being done on this matter to reconcile the transactions to the correct fund. This also related the EDF Special Fund. He confirmed that there were no resource implications from rectifying this qualification and it should be removed on the 2017/2018 financial statements.
- Qualification 3 related to the advice provided to the Governor for the uplift in SHG Pensions in payment, where the advice did not reference the uplift in wages to the Public Servants. The Assistant Financial Secretary confirmed that this was a legacy issue and that it had been rectified as the advice provided to the Governor on the 1<sup>st</sup> April reflected this information. Therefore it was anticipated that the qualification would clear for 2017/2018 Financial Audit.
- Qualification 4 related to expenditure in excess and the fact that figures had to be amended during the audit process. However, it was anticipated that this process would be done much earlier this year, which would ensure that any expenditure in excess was appropriately dealt with before the accounts were signed off. Also, there was uncertainty as to the definition of ‘close of accounts’ therefore, in order to ensure some clarity on the matter, **all agreed that the Attorney General Chambers and Corporate Finance would look into the definition of ‘close of accounts’ within the Constitution.**

(Action: Attorney General/ Assistant Financial Secretary)

- Adverse Opinion on Other Matters related to non-consolidation of the SHG Group accounts. In order to prepare full consolidated accounts, additional resources of £120,000 would be needed year on year to comply with IPSAS 6. The Assistant

Financial Secretary explained that the Financial Secretary could invoke Public Finance Ordinance Section 10(2) which would allow him to override the need to comply with IPSAS 6 if in the circumstances of St Helena, he doesn't deem it appropriate. This was expected to remove this qualification. Executive Council gave their full support for this approach to be used.

- Recommendation 1 referred to the need for a technical accounting review to be conducted on all Crown Forests to estimate the current commercial value. The Assistant Financial Secretary confirmed that a review had been conducted but a valuation had not yet been done. He confirmed that this would be included in the 2017/2018 Financial Statements.
- Recommendation 2 related to the legal requirements surrounding financial work completed within SHG. The Assistant Financial Secretary confirmed that a quarterly review had begun on all legal processes relating to financial work, including compliance with Regulations and Ordinances. **All agreed that this work needed to be done in conjunction with the Attorney General Chambers.**

**(Action: Assistant Financial Secretary/ Attorney General)**

- Recommendation 3 referred to the use of accruals for the budgeting process. It was explained that a thorough review needed to be conducted on whether this would be the right approach for SHG. This review would be conducted within the Corporate Finance team and would therefore not require any additional resources, but it would be a long term item.
- Recommendation 4 related to the Financial Management Improvement Plan and it was explained that Members had already had sight of this plan. The Assistant Financial Secretary explained that resources had been secured for this financial year and that it had been budgeted for in the next financial year.
- Recommendation 5 referred to the accuracy of statutory accounts. The Assistant Financial Secretary confirmed that they were looking into using software in order to help with the preparation process, but that this wasn't going to be implemented until the next financial year. There would be no resource implications associated with this.
- Recommendation 6 related to the Financial Secretary producing an action plan outlining how the directorate would address outstanding actions. He explained that a PAC recommendation Register was in use and that work was being done on this matter. However, it was likely that certain recommendations would remain outstanding due to budget constraints, but they would continue to be monitored.

After further discussion, Council advised and the Governor agreed to the course of actions proposed to address the issues causing the qualifications on the 2016/17 SHG Financial Statements and the associated recommendations made by the Chief Auditor in his letter to management. All also noted the Engagement Letter by the Chief Auditor for the Audit of the SHG Financial Statements for 2017/2018.

#### 26.4 Immigration (Amendment) Regulations, 2018 (ExCo Memo 32/2018)

The Chairperson of the Social and Community Development (SCDC) introduced this memorandum, explaining that the proposed changes would only affect those visiting the Island on a short term entry permit. Some Members argued that visitor numbers were already low and this increase may deter visitors further.

The Financial Secretary explained that this increase had already been accounted for within the budgeting process and if this increase was not approved, the equivalent revenue would have to be found elsewhere.

After some discussion, the majority of Members advised and the Governor agreed to approve the Immigration (Amendment) Regulations 2018, to come into force on the 10th July 2018.

#### 26.5 Aerodrome Charges (Amendment) Regulations, 2018 (ExCo Memo 33/2018)

The Chairperson of the Economic Development Committee (EDC) introduced this memorandum, highlighting that the proposed increase to charges would affect everybody using the Airport. The Solicitor General confirmed that it was likely the price increase would take three months before coming into effect, as the system that implements ticket pricing would need time to input the new pricing structure.

It was explained that a review on the Airport would be taking place and that this review might find that ticket prices needed to be decreased. It was confirmed by the Financial Secretary that the review was expected to be completed by the end of July 2018. Members agreed that an increase to the Aerodrome Charges should only be considered the Airport review was completed and members have seen the report and taken into account any impacts arising from this.

Therefore, Members advised and the Governor agreed to defer consideration of the Aerodrome Charges (Amendment) Regulations, 2018 until the Airport review had been completed. This meant the item would likely be coming back to Executive Council in August 2018.

#### 26.6 Pharmacist (Qualifications) Regulations, 2018 (ExCo Memo 35/2018)

The Chairperson of the Health Committee introduced this memorandum, explaining the background to the item. It was explicated that the current locum Pharmacist had qualified in South Africa, but that the Pharmacy and Poisons Ordinance only permitted persons qualified in the United Kingdom to practice Pharmacy in St Helena. All wanted to ensure that an oversight like this did not occur again and emphasised the need for matters such as this to be raised in the recruitment process.

The Attorney General confirmed that the enactment of the Regulations would amend the matter going forward and that it was not a retrospective change to the law. **She also recommended that a change to the Ordinance should be done, to ensure that it is not necessary to include a Schedule of approved countries. It was hoped that an amendment ordinance could be prepared soon, to enable early enactment at the next Formal Legislative Council meeting.**

**(Action: Attorney General)**

After some discussion, the majority of Members advised and the Governor agreed to enact the Pharmacist (Qualifications) Regulations, 2018.

#### 26.7 Confirmation of Open Session Minutes of the 12<sup>th</sup> June 2018

The open session minutes of the 12<sup>th</sup> June 2018 were confirmed.

26.8 Matters Arising from the Open Session Minutes of the 12<sup>th</sup> June 2018

26.8.1 (25.3.1) Increase in Fees and Charges: Trademarks, Patents and Companies Registration (ExCo Memo 07/2018)

**The Attorney General confirmed that she was in the process of informing all committees of the need to remain diligent when revising fees and that she would update Members once this had been completed.**

**(Action: Attorney General)**