



**St Helena
Government**

Corporate Finance
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16 April 2019

P Sharman
Chief Auditor
St Helena Audit Service
Post Office Building
Jamestown
St Helena STHL 1ZZ

Dear Sir

St Helena Government Letter of Representation for the Financial Year ended 31 March 2018

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other members and officers of St Helena Government, the following representations given to you in connection with your audit of the Government financial statements for the year ended 31 March 2018.

Compliance with the statutory authorities

I acknowledge my responsibility for the preparation of the financial statements in accordance with the International Public Sector Accounting Standards, which present fairly the financial position and financial performance of the Government, as set out in the terms of the audit engagement letter dated 30 May 2018 and supplementary plan dated 18 September 2018, for the completeness of information provided to you and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the Government has been made available to you for the purpose of your audit, and all the transactions undertaken by the Government have been properly recorded and are reflected in the financial statements. All other records and related information, including any additional information that you have requested from us and minutes of all Government and committee meetings, have been made available to you.

Fraud and Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

St Helena Government, St Helena Island, South Atlantic Ocean, STHL 1ZZ

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I confirm there has been no:

- fraud, or suspected fraud, affecting the entity involving management or employees who have significant roles in the system of internal control; or
- fraud, or suspected fraud, affecting the entity involving others where the fraud could have a material effect on the financial statements

I also confirm that I have disclosed:

- the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud
- my knowledge of fraud, or suspected fraud affecting the entity, involving either management, employees who have significant roles in the system of internal control or others where fraud could have a material effect on the financial statements; and
- My knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Significant assumptions

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

I also confirm for material estimates:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the process;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures;
- the completeness and appropriateness under the financial reporting framework; and
- If subsequent events require adjustment to accounting estimates this is disclosed within the financial statements.

Laws and regulations

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Otherwise I confirm that transactions and events have been carried out in accordance with law, regulation or other authority.

I am satisfied on the completeness of disclosure of contractual commitments existing at the reporting date.

The Government has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

Litigation claims and contingent liabilities

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed and accounted for and disclosed in accordance with the applicable financial reporting framework.

I also confirm that there are no material contingent liabilities existing at the reporting date which would require disclosure in the financial statements.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties and all the related party relationships and transactions of which I am aware.

The identity of, and balances and transactions with, related parties have been properly accounted for and where appropriate, adequately disclosed in the Financial Statements.

Events after the reporting period

All events occurring subsequent to the date of the Financial Statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Uncorrected misstatements

I acknowledge the existence of errors and uncertainties as listed in Appendix C to the Management Letter and which may affect the presentation of the Financial Statements once further work has quantified the full extent of these unadjusted misstatements.

These uncorrected misstatements have been discussed with Executive Council as those charged with governance within the Government of St Helena.

I understand and accept those unquantified adjustments arising from limitations in audit scope will have reporting consequences in terms of modification of the auditor's report. Otherwise I am satisfied that the remaining uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.

Restatement of prior year information

I confirm the restatement to the items listed in Note 9.4 to the Financial Statements were necessarily made in response to the following:

- Income Tax – to accurately reflect the financial year in which income tax was due to us after cessation of IPSAS transitional provisions
- Non-Current Investments – prior year figures were adjusted to take into account restatements made to the financial statements of subsidiaries i.e. BOSH and Solomon and Co PLC.
- Special Funds – various amounts were moved between DfID Projects, DfID Infrastructure, EDF Projects and Locally Funded Projects to correct errors pertaining to prior periods.

Comparative figures for the prior period have been revised where appropriate to be comparable with changes in classification in the current year.

Specific representations

i) Going concern

I confirm that the going concern basis of preparation remains appropriate notwithstanding the uncertainty in respect of the formal agreement on financial assistance to be provided by DFID as grant-in-aid for the next financial year.

ii) Inventory

I confirm that at the reporting date of the Financial Statements, there were no inventory items on consignment.

iii) Aid funded infrastructure

In respect of the Roads, Airport and Wharf infrastructure funded by DFID I confirm that there are no conditions giving cause for SHG to recognise a liability in respect of either the transferred asset or funds advanced to the constructor. Furthermore, the carrying value of both the Roads, Airport and Wharf are based on management's best estimate using information available at reporting date.

iv) DFID funded assets

I confirm that Capital assets (purchased directly and indirectly through DFID as well as Infrastructure assets both completed as well as under construction), reported within Note 11.7 – Property, Plant & Equipment, are accounted for on the basis of rights and obligations vesting in SHG, albeit that legal title may vest with DFID pending the formal transfer of these assets to SHG.

v) Capital work in progress

I confirm that assets under construction (Note 11.7 – Property, Plant & Equipment) represent genuine assets under construction and the listings provided for audit are complete in all material respects, and that where assets are completed these are signed off by personnel of appropriate knowledge and expertise to do so.

vi) Biological Assets

I confirm, consistent with accounting policies and recognition criteria under IPSAS 27, SHG does not have any material biological assets.

vii) Defined benefit pension liability

The actuarial assessment of the defined benefit pension scheme was arrived at using the projected unit method and represents the best estimate of the expert appointed by SHG for the purpose of quantifying SHG's post retirement liability under statute.

I acknowledge the responsibility for setting the assumptions used by the actuary rests with SHG. As explained in Note 9.3.1 these assumptions represent the best unbiased estimates of the variables that will determine the ultimate cost of providing post-employment benefits. They include reasoned management judgements relating to the discounts used, the rate at which salaries are projected to increase, the rate of projected pensions increases and changes and mortality rates.

I confirm that the recognition of a constructive obligation for future pensions increases arises from a reasoned management judgement based on the pattern of historic behavior rather than an absolute legal right to annual pensions increases.

viii) Overdrawn Reserves and Special Funds

I confirm there is no contravention with any legislation or regulations of St Helena in respect of those reserves special funds reporting negative balances at 31 March 2018.

ix) Material misstatements in controlled entities

I confirm that the Financial Statements of SHG controlled entities, as listed in Note 13 to the Financial Statements, do not contain any material misstatements.

x) Accruals vs Cash basis of accounting in respect of the Statement of Budget and Actual Amounts

I confirm that accruals expenditure recognised in the financial statements, such as the litigation provision, need not be recognised as an actual amount for the purposes of the Statement of Comparison of Budget vs Actual Amounts as listed in Note 8.0 and therefore do not require appropriation.

xi) Expenditure in Excess

I confirm that a Statement of Expenditure in Excess for applicable Heads of Expenditure in Note 10.3 was laid and duly approved to stand charged to public funds in accordance with section 106 of the Constitution.

xii) Provision for decommissioning costs

I confirm that the assumptions taken into account in the determination of the provision for decommissioning cost by management's expert, are appropriate and reasonable based on current estimation of remediation works.

Authority for management representation

I confirm that this letter has been discussed and agreed by the Executive Council on 16 April 2019.

Signed for and on behalf of St Helena Government

Yours sincerely,

(Signature)

Dax L Richards
Financial Secretary