



ST. HELENA

GOVERNMENT OF ST HELENA

RESPONSE TO RECOMMENDATIONS FOLLOWING THE
ADOPTION OF PAC REPORTS

9 DECEMBER 2016

Laid Upon the Table 9th December 2016

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS FOLLOWING THE ADOPTION OF THE PUBLIC ACCOUNTS COMMITTEE REPORTS

THIS RESPONSE PROVIDES AN UPDATE TO THE RESPONSE DATED 15/6/2016 WHICH WAS LAID AT LEGISLATIVE COUNCIL 18/7/2016 FOR REVIEW BY THE PUBLIC ACCOUNTS COMMITTEE

In accordance with Section 69 (9) of the Constitution of St. Helena –

(9) If the Legislative Council adopts a report of the Public Accounts Committee, and requests the responsible member of the Executive Council to advise the Legislative Council of the action proposed to be taken by the Government of St Helena in respect of the report, the member concerned shall convey the Government’s response to the Council not later than the first sitting day following the expiration of six weeks after the date of the Council’s request, unless the Council extends the time for the response.

Open Register as at 15/11/2016

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations [Yes]
1	7/10/2014	ESH	ESH should place more emphasis on output and outcome measures both in strategic plans and in non-financial performance reporting.	Chief Executive for Economic Development	Implemented. ESH is continually developing procedures and policies to ensure that outcomes are measurable and in line with strategic plans. ESH is registered with the Institute of Economic Development (IED) in the UK and has recently been awarded an IED Certificate of Excellence.	[Yes]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
2	7/10/2014	ESH	ESH will need to develop management information systems to capture timely and accurate information for internal management and external performance reporting to stakeholders.	Chief Executive for Economic Development	Implemented. ESH has implemented systems and processes to ensure that reporting is accurate and received in a timely manner in order to report accurately to all our stakeholders. The post of Quality Standards and Information Manager has been created to ensure that this process is done.	[Yes]
3	7/10/2014	ESH	ESH should use the commissioning relationship with provider organisations to require data returns, which measure not only inputs but also outputs and measures of impact.	Chief Executive for Economic Development	Implemented. ESH is continually developing procedures and policies with the various organisations to ensure that data is returned timely and accurately in order to show the impact of the investment to that organisation.	[Yes]
19	29/4/2015	Bulk Fuel Installation	The 2003 Bulk Fuel Agency Ordinance is reviewed to determine whether it is relevant to the operations of the new BFI and either applied for that purpose or repealed.	Financial Secretary	Implemented. The review was completed and concluded that an Ordinance is not necessary as an Agency was not appointed. A bill to repeal this ordinance will be laid at LegCo on 9 December 2016.	[Yes]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
22	29/4/2015	Bulk Fuel Installation	For accounting and asset management purposes infrastructure assets are tested for impairment annually and revalued at intervals not exceeding 5-years.	Financial Secretary	No longer applicable. This recommendation has been superseded by subsequent management arrangements for the "new" BFI. The current reporting arrangements for the BFI which will cease during 2016/17. We have no plans to revalue assets or carry out an impairment review during that period. The cost of such an exercise is disproportionate to any benefit.	[Yes]
29	29/4/2015	St Helena Fisheries Corporation	Internal management capacity remains a concern and the appointment of a counterpart General Manager will be required if the Corporation is to continue going forward.	SHFC Management Board	Implemented. The SHFC management team now includes a Business Manager.	[Yes]
31	29/4/2015	St Helena National Trust	The Trust plans to report audited accounts within six-months of the financial year end and requests a standing extension from the Governor until such time as section 18(1) of the Ordinance may be amended.	Trust Director & President	In progress. The Trust President and Director are currently reviewing the Ordinance with a view to suggesting amendment to section 18(1) along with a number of other amendments.	[No]
33	29/4/2015	St Helena National Trust	The Trust reviews requirements for reporting on individual donor funded projects, to ensure that specific conditions are met in respect of any project completion audits, required by donors, in addition to the Trust financial statements.	Trust Director	In progress. The requirements for reporting on individual donor funded projects are reviewed to identify specific conditions that may not be met by the annual financial statement audit.	[No]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
36	29/4/2015	St Helena Government	The MTEF process is maintained with the objective of establishing a 3-year financial budget for SHG	Financial Secretary	Implemented. MTEF approach is embedded in SHG's processes with the objective of establishing a three year budget. Directors continue to prepared budgets for a three year period however whilst DFID has stated that they are looking for a three year budget settlement in the future, a one year settlement was approved for 2016/17.	[Yes]
37	29/4/2015	St Helena Government	The Chief Secretary provides a written statement of progress against recommendations and the Chief Auditor performs a substantive follow-up review on the progress made, in six-nine months and report his findings to PAC in due course.	Chief Secretary	Chief Secretary to provide a written statement.	[No]
38	11/11/2015	St Helena Government	Consistent with the report recommendations Earned Value (EV) calculations on the airport project are commissioned by SHG for the years ended 31 March 2015 and 31 March 2016 so as to ensure that the valuation is available for the SHG annual financial statements.	Financial Secretary	In progress. The Airport and non-exchange element of the Wharf are reported in the SHG financial statements at Replacement Cost in line with IPSAS requirements. Management judgements and estimates were used to estimate Replacement Cost and this uncertainty led to an audit qualification and the recommendation to have a qualified independent valuer come out and value the infrastructure when it is operationally ready. A TOR has been released and it is hoped that the qualification will be cleared for the 2016/17 annual financial statement audit.	[No]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
39	11/11/2015	St Helena Government	SHG must ensure that a risk management strategy is developed for the Airport Project Phase 2 and it must conform to risk management standards and best practice. The red risks (major risks) on the Airport Project should be tracked and mitigated to ensure that it do not affect the achievement of goals/objectives of the project.		No response provided.	[No]
40	11/11/2015	St Helena Government	Airport Management must implement the 8 recommendations contained in the audit report on the Airport project. The recommendations that have been provided by audit should be used by management to develop control mechanisms for Phase 2 so as to transfer the learning from Airport Project Phase 1.		No response provided.	[No]
41	11/11/2015	St Helena Government	Management must develop an integrated assurance and approval plan for Phase 2 of the Airport Project Operations. Management must also determine areas where they require assurance so that its internal and external assurance providers can assist in that regard.		No response provided.	[No]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
42	11/11/2015	St Helena Government	<p>A Project Board is established as a matter of urgency with an elected member and the SHG shipping officer amongst its membership to advise Executive Council and oversee the disposal process of the RMS St Helena and ensure that the following is in place:</p> <ul style="list-style-type: none"> • Management engages the services of reputable independent expert to determine the value of the RMS St Helena and also advise on the disposal options based on the condition of the ship and current trends in the industry. • Management prepare a report on the disposal options for the RMS St Helena for consideration by the Project Board and Executive Council decision. • Ensure that a list of assets (inventory/heritage assets/fixed assets/movable assets) is maintained, currently up to date and a copy held by SHG. In addition an asset verification should be performed by the Audit Service. 	Shipping Officer	<p>In progress.</p> <p>As stated previously a professional broker has been appointed for this purpose.</p> <p>The decision on the sale of the RMS St Helena will be on financial grounds and recommendations made to EXCO as part of EXCO process will be through an EXCO Memorandum submitted to EXCO providing the relevant information for EXCO to make an informed decision.</p> <p>AWS have prepared a list of all assets and this has been provided to SHG. The auditors of AWS will carry out final verification audits as part of the decommissioning of the vessel.</p>	[No]
43	11/11/2015	St Helena Government	<p>In view of the uncertainty of the withdrawal date of the RMS St Helena, Executive Council makes appropriate budgetary provisions in the event that the service is extended.</p>	Financial Secretary	<p>Implemented.</p> <p>RMS St Helena subsidy is funded through DFID and the 2016/17 budget included an agreed settlement with DFID on the subsidy required.</p> <p>Budgets are continuously monitored. Forecast spend is based upon the most up to date information and data and supplementary appropriation sought if required.</p>	[Yes]
44	11/11/2015	St Helena Government	<p>SHG ensures that interested stakeholders and the public at large are kept informed on both the proposals for the provision of a cargo shipping service and the decommissioning of the RMS St Helena.</p>	Shipping Officer	<p>Implemented.</p> <p>This is the case and has always been the case, the public are informed and timely announcements are made. We will continue with the agreed approach</p>	[Yes]

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
45	11/11/2015	St Helena Government	SHG must ensure that a Deputy Shipping Officer be appointed to ensure there is no disruption of services in the absence of the Shipping Officer.	Financial Secretary	Disagreed. There has been no disruption of services in the absence of the Shipping Officer and we see no need for a deputy. The Shipping Officer remains contactable whilst overseas. Recommendation not accepted and will not be implemented. Matter is now closed	[Yes]
46	11/11/2015	St Helena Government	SHG confirm the adequacy of the resources within Corporate Finance for maintaining both normal business and statutory reporting responsibilities after the arrears recovery programme is complete.	Financial Secretary	Confirmed. Adequate resources are in place once we have caught up with the Financial Statements. This will form part of normal day to day management of the service through budgets and planning.	[Yes]
47	04/02/2016	St Helena Government	SHG set out a technical proposition with resource assessment and timeline for the preparation of the financial statements of Government on a consolidated basis in accordance with IPSAS 6.	Financial Secretary	In progress. SHG commenced a plan for staged consolidation in 2015/16. Currently preparing a 'dry run' set of 2015/16 consolidated accounts in line with IPSAS 6 with a view to addressing this recommendation in 2016/17.	[No]
48	04/02/2016	St Helena Government	SHG give some priority to validating historic social benefit cases to assess the level of financial exposure with a realistic timeline for completion.	Financial Secretary	Implemented. SHG appointed an additional Adjudication Officer for the Social Security Office in October 2016. Their primary role will be the review, updating and collating of eligibility data for all recipients who were brought over from the old system in 2011 to provide assurance on the payment of the current Basic Island Pension. This should be completed by June 2017.	[Yes]

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49	04/02/2016	St Helena Government	SHG advises the steps proposed, to obtain fixed asset valuations before expiry of the transitional provisions for asset recognition under IPSAS 17.	Financial Secretary	Implemented. A RICS qualified valuer carried out a valuation exercise on SHG's Land & Buildings in November 2016. Final valuation report expected to be received in January 2017, which will allow SHG to comply with IPSAS 17 after the expiration of the relevant transitional provision.	[Yes]
50	04/02/2016	St Helena Government	SHG advise PAC what action is being taken in respect of those matters raised by the Chief Auditor in his Final Accounts Memorandum.	Financial Secretary	PAC is hereby informed of the action taken. Revised Financial Regulations, which will incorporate a requirement for the publication of an Annual Governance Statement, will come into force from 1 April 2017. The recommendation related to bank reconciliations will be implemented from December 2016.	[Yes]
51	04/02/2016	St Helena Government	SHG maintain active interest in the FCO sponsored governance review and take all necessary steps to apply the model framework proposed for the Overseas Territories to strengthen financial governance, audit and parliamentary scrutiny in St Helena.	Chief Secretary	All other issues have been addressed. Can confirm this to be the case.	[Yes]

Previous Recommendations before new monitoring scheme introduced

No	Date Reported to LEGCO	Body	Recommendation	Responsibility	Response	Transfer To Closed Recommendations
1PR	10/2/2014 Updated 7/10/14	SHG Financial Statements 2011/12	The Financial Secretary should improve the timeliness of accounts preparation. Legislative Council should amend the Public Finance Ordinance to require the Financial Secretary to present financial statements to the Chief Auditor for audit within 4 months of year end consistent with the PEFA report of February 2014.	Financial Secretary	Implemented. The 2015/16 SHG annual financial statements were submitted to the Chief Auditor in July 2016.	[Yes]
2PR	10/2/2014	SHG Financial Statements 2011/12	The Financial Secretary should continue with plans to introduce accruals based budgeting in time for the 2016/17 budget process.	Financial Secretary	In progress. We agree with the recommendation but not the timeline and we are aiming to introduce for the 2019/20 financial year following appropriate training sessions with Accounting Officers and finance officers across SHG.	[No]
3PR	10/2/2014	SHG Financial Statements 2011/12	The Financial Secretary should prepare an analysis of the costs of consolidating subsidiary bodies in the Financial statements, to allow Executive Council to assess whether the costs outweigh the benefits of accurate reporting of the Government's financial position.	Financial Secretary	The decision to consolidate subsidiary bodies is that of the Financial Secretary. Further consideration will be given to consolidation of the Financial Statements for the 2016/17 financial year – response to recommendation 47 refers.	[No]
5PR	10/2/2014	SHG Financial Statements 2011/12	The Financial Secretary should prepare a phased programme of valuation of Government land and buildings to ensure that all land and buildings are valued by 31 March 2017.	Financial Secretary	Implemented. The programme is in place. Response to recommendation 49 refers.	[Yes]

