

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

The Financial Secretary in his capacity as the responsible member of Executive Council submits an update on the action that has either been taken or is planned in response to recommendations contained in the reports of the Public Accounts Committee which have been adopted by Legislative Council.

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

This report provides responses to the recommendations in Session Paper 06/18 and an update on previous recommendations.

Recommendations will continue to be reported upon until such time as the Public Accounts Committee has confirmed that it is their view that the recommendation has been implemented.

The table below explains the colour coding applied by the Public Accounts Committee for the disposal of recommendations.

Implemented - no further action required and the matter is recommended to be closed.
Accepted – but matter not fully implemented and remains open for action in monitor.
Disputed – requires reconsideration and therefore remains open to monitor.

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
36	29/04/2015	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. SHG continue to prepare budgets for a three year period however only a one year settlement was agreed with DFID for 2017/18. Discussion around a longer term settlement was discussed at the recent DFID Financial Aid mission but this decision is entirely with DFID. Updated response March 2018 – The establishment of a three year budget is dependent on the terms of the budget settlement approved by DFID.	Closed
37	29/04/2015	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 reports his findings to PAC in due course.	Chief Secretary	Chief Secretary to provide a written statement. Updated response December 2017 - Superseded by SHAS Follow Up on previously issued Value for Money/Performance Audit Recommendations, November 2016 SP 12/16. Updated response January 2018 – No further update.	Remain open
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	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 was been issued and it was hoped that the qualification will be cleared for the 2016/17 annual financial statement audit. Updated response July 2018 – Funding has been allocated for this valuation as part of the 2018/19 draft Government budget. A procurement exercise will be undertaken as soon as the budget is approved. The specification for the works including the tender pack has been drafted and is pending final budget approval.	Remain open

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
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.	Financial Secretary	<p>SP 10/17: This is in progress. Aspects of Phase 1 of the Airport Project (construction phase) are continuing alongside Phase 2 works (Airport Operations). St Helena Airport is not currently dealing with the volume of traffic anticipated due to the delay in commencement of scheduled air services to St Helena. In this interim period, the same risk management methodology is being applied to both Phase 1 and Phase 2. At operational level, separate reports are generated for the Construction and Operations aspects of the Airport Project but the escalation feeds into the same reporting structure (i.e. the same overarching Risks and Issues Registers). This is because both areas are under the same management responsibility at present (i.e. within the Airport Directorate and under the oversight of the Airport Project Board). As Phase 2 becomes more established, the two will be delinked and a separate risk management strategy will be devised for Phase 2. A review will be scheduled in late 2017 Updated Response December 2017 - Aspects of Phase 1 of the Airport Project (construction phase) are continuing alongside Phase 2 works. The same risk management approach is being applied to both but risks that are purely operational (Phase 2) are identified for the eventual delinking of the two. Target deadline is end June 2018 (to tie in with the projected conclusion of Phase 1) Updated response March 2018 – No further update.</p>	Remain open
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.	Financial Secretary	<p>SP 10/17: See response to recommendation 39 above. We are currently recruiting for an Airport Contracts Manager who will support this work. Updated response December 2017 - See response to recommendation 39. Airport Contracts Manager now in post. Updated response January 2018 – No further update.</p>	Remain open

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
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.	Financial Secretary	See response to recommendation 39 and 40 above.	Remain open
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	The RMS St Helena has been sold. Evidenced advice was provided to Executive Council by an independent consultant on the best option for St Helena Government in the disposal of the vessel. The sale was concluded in April 2018.	Closed - the disposal process has been concluded.

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
44	11/11/2015	St Helena Government	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.	Shipping Officer	Implemented. 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. Updated response March 2018 – PAC view and proposed action noted.	Closed
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. 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 Updated response December 2017 – The current shipping arrangements will cease in February 2018, thereafter t. Updated response March 2018 – the RMS St Helena shipping service has now come to a close and the new Freight service contract will be managed by the Contract Management Unit.	Closed
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	The Executive Council has accepted the advice of the Financial Secretary that he will make a determination under s10(2) of the PFO. Any commitment for additional resources must add value. On the basis that there is already mitigating disclosures on the results of SCE into the SHG entity financial statements (recognising it is not full consolidation) and the limited value that full consolidation will add at this time, it is deemed that compliance with IPSAS 6 is not appropriate at this time to the circumstances of St Helena and it is the recommendation of the Corporate Finance that additional resources are not committed to prepare consolidated financial statements in accordance with IPSAS and that the Financial Secretary will make a determination under the Public Finance Ordinance 2010, s10(2) to divert from IPSAS 6. This will be revisited in the future.	Open Action to be monitored

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
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	<p>Implemented.</p> <p>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.</p> <p>Updated response December 2017 – In progress, approximately 70% complete.</p> <p>Updated response March 2018 – this work has been completed and the audit qualification has been closed. It is proposed that this matter is now closed.</p>	Closed
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	<p>The valuation of land and buildings has taken place.</p> <p>Updated response March 2018 – complete. It is proposed that this matter is now closed.</p>	Closed
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	Can confirm this to be the case.	Open
79	09/12/2016	SHG - Expenditure in Excess	The Financial Secretary prepares a statement of Expenditure in Excess soonest after the closure of the relevant financial year end and presents that statement annually to Legislative Council in accordance with section 106.	Financial Secretary	<p>A Statement of Expenditure in Excess was prepared soon after the end of the financial year 2015/16 and was presented to formal Legislative Council.</p> <p>Statement of Expenditure in Excess for 2016/17 was be laid at LegCo on 19 December 2017.</p> <p>Updated response March 2018 – SHG is compliant. It is proposed that this matter is now closed.</p>	Closed

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
80	09/12/2016	SHG - Expenditure in Excess	The Financial Secretary issues regular communiqués to all accounting officers to remind them of their responsibilities with regards to budgetary control, expenditure spending and monitoring.	Financial Secretary	This will be done periodically over the coming financial year. Updated response March 2018 – This is an ongoing process. There are regular communications with directorates to ensure that the necessary action is taken to prevent unauthorised expenditure in excess of that appropriated; these include requests for forecast revenue and expenditure to the year end and routine monitoring such as explanations for variations from budget. On this basis it is proposed that this matter is now closed.	Open
81	09/12/2016	SHG 2013/14 and 2014/15 AFS and ML	SHG maintain a register of all audit recommendations, action plans and timelines to ensure that all qualifications are resolved by 31 March 2018.	Financial Secretary	SHG monitors all agreed recommendations and realistic timelines are set for each. Updated response March 2018 – SHG remains committed to addressing the qualification issues and reducing them year on year.	Open
82	09/12/2016	SHG 2013/14 and 2014/15 AFS and ML	SHG sets clear project deliverables with timelines to ensure that the asset valuation project meets its objectives and assets are completely disclosed in the 2016/17 Annual Financial Statements. A committee of relevant stakeholders be convened with clear Terms of Reference for the duration of Asset Valuation project, which could expedite the retrieval of required information.	Financial Secretary	This project has been completed and the final Property Valuation Report has been received and will be incorporated into the 2016/17 financial statements. Updated response March 2018 – Completed. It is proposed that this matter is closed.	Closed
83	09/12/2016	SHG 2013/14 and 2014/15 AFS and ML	SHG ensure that instructions for the valuation of the pension liability is issued timorously to the Government Actuary Department (GAD) to ensure that the movement in the pension liability is recorded as part of the 1st draft Annual Financial Statements submitted for audit to the Chief Auditor.	Financial Secretary	The instruction for the 2016/17 DBPS Valuation has been given to the Government Actuary's Department and a Commissioning Letter has been issued by them confirming their acceptance of the work and agreeing to the delivery date of the Report which is June 2017. Updated response March 2018 – Implemented. This is a routine step in the accounts preparation process. It is proposed that this matter is closed.	Closed

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
85	09/12/2016	SHG - Managing Grants and Subsidies Value for Money report	SHG ensure that a Grants & Subsidies policy is developed and implemented as recommended by the Chief Auditor as a matter of priority to provide a proper framework for decision making and management in these awards.	Financial Secretary	A Grants & Subsidies Policy has been drafted and will be finalised by the end of March 2018. Updated response March 2018 – A draft policy was created in November 2016. It is now the intention to follow the policy making process and so the draft will be completely reviewed by Corporate Services during the 1st quarter of 2018 with a view of being taken to Executive Council in due course.	Open
86	09/12/2016	SHG - Managing Grants and Subsidies Value for Money report	SHG ensure that all grant and subsidy receiving entities/organisations sign Service Level Agreements (SLA) with SMART targets and deliverables. (SMART – Specific, Measurable, Attainable, Realistic and Time bound).	Financial Secretary	SLAs are being prepared for these organisations which will have effect from 1 April 2017. Updated response March 2018 – All organisations in receipt of a grant or subsidy will be required to sign up to an SLA.	Open
87	09/12/2016	SHG - Managing Grants and Subsidies Value for Money report	SHG ensure that there is alignment of the Strategic Objectives to targets/key performance indicators in the SLA of grants/subsidy receiving organisations/entities and their business plans.	Financial Secretary	This will be incorporated into the SLAs being prepared. Updated response March 2018 – The organisations in receipt of a grant or subsidy are required to sign up to an SLA which is linked to achieving the targets set out in the 10 year plan.	Open
88	09/12/2016	SHG - Managing Grants and Subsidies Value for Money report	SHG ensures that performance reports are independently and objectively validated before they are published for stakeholders.	Financial Secretary	A review is currently being undertaken by the Internal Audit Office to provide assurance over the process currently in place. IAO has produced a governance audit report with moderate assurance. Updated response March 2018: No further update.	Open
89	09/12/2016	SHG - Managing Grants and Subsidies Value for Money report	SHG provide updated implementation timelines for recommendations in the Managing Grants and Subsidies report.	Financial Secretary	A response will be provided for the 24/03/2017 formal Legislative Council meeting. Updated response March 2018: A verbal update on the implementation of recommendations was provided to Legislative Council at the formal session on 19 December 2017. The recommendations will be progressed in 2018.	Open
90	09/12/2016	SHG - NAO – Realising the Benefits of the St Helena Airport Project report	SHG provides responses to questions that were asked during the formal session that officials could not furnish the public with appropriate responses.	Chief Secretary	The questions posed ask officials for an opinion on the project design and delivery. The matters identified will be considered by the project review to be conducted by DFID. It would be inappropriate to speculate on the outcome of that review.	Closed

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
91	09/12/2016	SHG - NAO – Realising the Benefits of the St Helena Airport Project report	SHG updates its Strategic Risk Register with risks that have been raised in the NAO Airport report so that they can be monitored.	Chief Secretary	SHG's Corporate risk Register contains such risks which are managed through the risk management process.	Closed
92	09/12/2016	SHG - NAO – Realising the Benefits of the St Helena Airport Project report	SHG briefs elected members on any significant public report that pertains to the business of St Helena Government irrespective of responsibility or authorship.	Chief Secretary	Agreed. This will be done as and when it is necessary to do.	Closed
93	09/12/2016	SHG - NAO – Realising the Benefits of the St Helena Airport Project report	SHG ensures that the public are informed timely on matters that affect their livelihood.	Chief Secretary	Agreed. This is currently SHG practice and we will continue to do so in the future as and when it is necessary to do.	Closed
94	09/12/2016	SHG response to PAC recommendations	Financial Secretary as the responsible member of ExCo must ensure completeness and timeliness of the Government response being laid under section 69(9).	Financial Secretary	This will be done on a timely basis going forward.	Closed
117	01/05/2017 (SP 30/17)	St Helena Government 2015/16 Audited Annual Financial Statements	PAC notes with disappointment that information submitted originally for Basic Island Pension was not retained on case files by SHG. SHG should review record management practises and file retention policies and implement necessary improvements/ enhancements to the record management systems.	Financial Secretary	This is an historical issue. With effect from September 2015 action was taken to ensure that evidencing documentation was obtained and retained on case files o support applications for the Basic Island Pension. <i>Update March 2018: This work has been completed and the audit qualification has been cleared. It is proposed that this matter is now closed.</i>	Closed

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
118	01/05/2017 (SP 30/17)	St Helena Government 2015/16 Audited Annual Financial Statements	The Financial Secretary set out an updated rationale with supporting analysis to determine a minimum and preferred level of working balance on the Consolidated Fund for approval of SHG and DFID in partnership.	Financial Secretary	The working balance for the Consolidated Fund is being reviewed and will be subject to discussion with DFID. Update March 2018: A revised minimum level has been determined for the Consolidated Fund and a paper was presented and agreed by Executive Council.	Closed
119	01/05/2017 (SP 30/17)	St Helena Government 2015/16 Audited Annual Financial Statements	PAC notes with concern the two overdrawn Special Funds amounting to £350,000. Financial Secretary should arrange for these balances to be approved for write off in accordance with Financial Regulations. Further the Financial Secretary takes specific steps to avoid project expenses being incurred prior to the operative date of donor funding agreements.	Financial Secretary	The overdrawn balance on the DFID Technical Cooperation Special Fund of £230K has now been cleared through the utilisation of other unspent DFID project funding claimed in advance. Approval from DFID has been received. The overdrawn balance on the Unallocated Stores Trading account will be write off in this financial year 2018/19.	Remain open - action part complete.
120	01/05/2017 (SP 30/17)	St Helena Government 2015/16 Audited Annual Financial Statements	SHG submits a written rationale for the write-off of the Fairhurst Water Design Consultancy in the amount of £665,000 (PAC recommendation SP 35/16 also refers). The Financial Secretary to confirm the accounting treatment adopted for the write-down of the Connect Shareholding in this amount conforms to Financial Regulations and required authorisations.	Financial Secretary	Confirmed.	Remain open - pending report from Corporate Finance.
1PR	10/02/2014 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	Once the backlog of Financial Statements has been addressed we will aim to produce the Financial Statements within four months of the year end for audit by the SHAS. The aim will be for Financial Statements to be signed off (i.e. Opinion given by the Chief Auditor) by the end of December each year). Updated response March 2018 – Current plans remain as originally reported.	Open Awaiting legislation changes

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS ON THE PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS AND PROGRESS REGISTER AS AT 19 JULY 2018

No	Date Reported to LEGCO by PAC	Body/Name of report	Recommendation	Responsibility	Response	Management's Recommendation
2PR	10/02/2014	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	<p>We agree with the recommendation but not the timeline and we are aiming to introduce for the 2019/20 financial year.</p> <p>Updated response July 2018 – Introduction date to be agreed as a part of the plan to strengthen the public finance function. Additional resource has been secured in the form of three qualified Management Accountants who will lead on this process. As agreed with Executive Council in June 2018, a review is required (planned for the second quarter of 2018/19) to determine the legislative requirements for budgeting and to consider the best method of budgeting that SHG should adopt that meets legislative requirements and the needs of decision makers.</p> <p>The review will consider the benefits and challenges of cash based, modified cash based and accruals based budgeting and make a recommendation to Executive Council on the best course of action. Importantly the review will determine the recognition criteria of expenditure and revenue for budgeting purposes in accordance with the law for the recommended method. The review will also recommend the legislative and policy changes required to implement the recommended course of action.</p>	Open
3PR	10/02/2014	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	<p>The decision to consolidate subsidiary bodies is that of the Financial Secretary. Further consideration has been given to this matter and as it currently stands SHG do not have the resources to implement a full consolidation. We have procured an additional three people to address the backlog of the Financial Statements as it currently stands. The additional resources are being focused on the backlog, in line with the agreed working plan with the SHAS.</p> <p>Further consideration will be given to consolidation of the Financial Statements in 2016 for the 2016/17 financial year.</p> <p>Updated response March 2018 – See response to recommendation 47.</p>	Closed - this is similar to Rec 47 therefore this is closed and merged with 47.