

ST HELENA GOVERNMENT RESPONSE TO RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE IN SESSIONAL PAPER 38/18

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 reports of the Public Accounts Committee which has 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 recommendations in Sessional Paper 38/18 which was adopted by Legislative Council in July 2018. This Sessional Paper focused upon the Statement of Expenditure in Excess for the Saint Helena Government for the financial year 2016/17.

No	Recommendation	Responsibility	Response
1	Corporate Finance implements Focal Point into Access Dimensions to ensure that there are automated controls in place to eliminate issues that are causing expenditure in excess. Training must be provided to all finance personnel to ensure that they are adequate for practical operating purposes.	Deputy Financial Secretary	<p>In progress</p> <p>Arrangements are being made to secure funding for the implementation of focal point. The specification is being developed alongside of the service provider, subject to available resources it is planned to have the service provider on Island early in 2019 to deliver the necessary training and development.</p> <p>Target Date: 31 March 2019.</p>

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2	Financial Secretary ensures that the PAC recommendation stating that he issues regular communiqués to all Accounting Officers to remind them of their responsibilities with regards to budgetary controls, expenditure spending and monitoring, is being implemented.	Financial Secretary	<p>Implemented This is a continuous process.</p> <p>On 1 August 2018, following the approval of the annual budget for 2018/19, letters were issued to Accounting Officers reminding them of their responsibilities in accordance with the Public Finance Ordinance.</p> <p>On 26 September 2018, forecasting guidelines were issued to Accounting Officers for the process of forecasting budget plans to the year end.</p>
3	Corporate Finance develops a roadmap for the implementation of accruals based budgeting to ensure that all stakeholders are covered and ensures that all necessary stakeholders receive the necessary training with regards to accruals budgeting.	Financial Secretary	<p>In progress</p> <p>A review is being conducted. The initial step is to determine the legislative requirements for budgeting to consider the best method of budgeting that SHG should adopt; one that meets legislative requirements and the needs of decision makers. 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. The review will also recommend the legislative and policy changes required to implement the recommended course of action.</p> <p>Target Date: 31 March 2019</p>

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4	Corporate Finance prepare due diligence papers complete with business plans and risk management to support withdrawal warrants in future so as to avoid the directorate having expenditure in excess after giving up funds.	Deputy Financial Secretary	<p>Recommendation Addressed</p> <p>Corporate Finance has addressed the root cause of this issue by strengthening the performance management function of Corporate Finance to mitigate the risk of expenditure in excess. A Performance Management Team has been established within Corporate Finance to support Accounting Officers with budget management processes and enhance the level of scrutiny of directorate budget submissions.</p>
5	Corporate Finance provides financial training to non-financial managers (Accounting Officers and their Executive Officers providing accounting support) to enhance their understanding of finance related matters and improve the management of Directorates financial position.	Deputy Financial Secretary	<p>In progress</p> <p>The Performance Management Team which has been established within Corporate Finance includes two Management Accountants who deliver support and guidance to Directorate staff on a daily basis and address training needs identified during this process..</p>
6	The Health Directorate carry out a contract performance evaluation on the Medical Services Organisation (MSO) contract after the first 12 to 18 months of operation.	Director of Health and Procurement Lead	<p>In progress</p> <p>Contract performance review for the period July 2016 to June 2018 conducted and report is being prepared.</p> <p>Target Date: Report completed by 31 October 2018.</p>
7	The Health Directorate develop an estimation model that will ensure that their budget is adequate for the entire financial year.	Director of Health	<p>Implemented</p> <p>Budget estimation process in place.</p>

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8	The Health Directorate prepare due diligence papers to support withdrawal warrants in future so as to avoid the directorate having expenditure in excess.	Director of Health	Action will be taken as necessary. Note also response to Recommendation 4 above.
9	The excess expenditure on Head 23, Health, for Recurrent Expenditure of £110,996 and Capital Expenditure of £72,821 for the 2016/17 financial year is recommended to be allowed to stand charged to public funds.	Financial Secretary	In progress A motion will be presented at the next formal sitting of Legislative Council session to address the excess expenditure. Target Date: 26 October 2018
10	The excess expenditure on Head 12, Corporate Support Services, for Recurrent Expenditure of £22,161 for the 2016/17 financial year is recommended to be allowed to stand charged to public funds.	Financial Secretary	In progress A motion will be presented at the next formal sitting of Legislative Council session to address the excess expenditure. Target Date: 26 October 2018
11	Corporate Support develops documented manuals/ processes/procedures to outline their relationship and accounting treatment of transactions with other units, for which they manage budgets on their behalf (e.g. Attorney General's Chambers, UK Representative's office etc).	Deputy Chief Secretary	In progress Procedures outlining the relationship and accounting treatment for transactions within Head 12 Corporate Services – Support, Policy and Planning, have been drafted and will be finalised by the end of October 2018. Target Date: 31 October 2018

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12	The excess expenditure on Head 26, Environmental and Natural Resources Directorate, for Recurrent Expenditure of £133,555 for the 2016/17 financial year is recommended to be allowed to stand charged to public funds.	Financial Secretary	<p>In progress A motion will be presented at the next formal sitting of Legislative Council session to address the excess expenditure.</p> <p>Target Date: 26 October 2018</p>
13	SHG should consider setting up ENRD Technical Services as a trading account especially when rechargeable works are being provided.	Director of Environment and Natural Resources	<p>In progress The Environment & Natural Resources Directorate is planning to reorganise into two Directorates from 1 April 2019. Two new Directorates, the Environment, Natural Resources & Planning Directorate and the Infrastructure & Transport Directorate will be formed.</p> <p>Technical Service provision will be part of the Infrastructure & Transport Directorate, which will also include Buildings and Grounds Maintenance, Land Registry, Roads, Street lightening, Geographical Information Systems and Housing. Assessments are being carried out 'in house' as part of the planning process, to determine ways of making the Directorate more efficient and provide better value for money. This includes looking at rechargeable works such as Technical Services, with a view to a trading account potentially being set up to accommodate various components of the services provided by the I&T. These plans are still in the development stage at the moment but if they are deemed viable could potentially ensure that the cost of providing these services are recovered though recharging users of these services, which, in turn</p>

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			will help create more resources and a better use of resources, to enable us to meet our strategic goals and objectives. We would of course need to ensure that all of the costs of operating the services as a trading account would be recovered though the recharges.
14	SHG should consider capturing the Airport Operations within a special fund to match the expenditures on these operations with the revenues generated through fees and charges.	Financial Secretary	<p>Implemented</p> <p>The Special Fund for the Saint Helena Airport Trading Account was established on 23 March 2018.</p>