



6. As part of the preparation of the Financial Statements for 2017/18 it was recognised that there is no longer a need for two separate DFID project related Special Funds and that there is only a need going forward for one Special Fund related to DFID funded projects. It is therefore recommended that the projects and balances held on Special Fund DFID Infrastructure Projects be transferred to the Special Fund DFID Projects so that all DFID projects can be managed through a Special Fund and that the Special Fund DFID Infrastructure Projects be closed.
7. Section 4(4) of the Public Finance Ordinance states that *“The Governor may order that any Special Fund is to be closed and wound up and thereupon after all liabilities of such Fund have been paid, the Fund must be closed accordingly and the balance standing to the credit of the Fund must be transferred to the Consolidated Fund.”*
8. With the current funding received from the FCO CSSF fund and from the Global Britain fund and the anticipation of continued funding in the future, it is important that the management of these funds are clearly defined and accounted for appropriately. The Governance arrangements should be robust as with all donor funding received and SHG should be able to clearly demonstrate how these funds have been spent. It is therefore important that we separately account for this project type funding and it is recommended that a new Special Fund be established entitled Special Fund FCO Funded Projects.
9. Section 3(2) of the Public Finance Ordinance states that *“Whenever the Government receives money provided to the Government by any Government or international body outside St Helena, or by any person or body of persons (either within St Helena or elsewhere), on terms or conditions that the money may only be used for purposes specified by the donor of it, the Governor may by order published in the Gazette establish a Special Fund for the purpose of receiving, managing, disbursing, and accounting for such money.”*
10. It is recommended that the Deputy Financial Secretary shall be the Accounting Officer for this new Special Fund and that the funds received and disbursed shall comply with the requirements of the Financial Regulations and Procurement Regulations of SHG.
11. The Special Fund Unallocated Stores has a current deficit balance of £119,106.64. This was due to the release of stock to departments and sale of stock to private sector following the closure of the Store some years ago and the carrying value of the stock not being recovered in full.

## **FINANCIAL IMPLICATIONS**

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	12. Funding has been earmarked under Head 17 Payments on behalf of the Crown to transfer to clear the Special Unallocated Stores in this financial year.
	13. There are no other financial implications for the other changes proposed.
<b>ECONOMIC IMPLICATIONS</b>	14. There are no direct economic implications in making these changes to Special Funds.
<b>CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES</b>	15. N/A
<b>PUBLIC / SOCIAL IMPACT</b>	16. There are no public or social impacts associated with this decision.
<b>ENVIRONMENTAL IMPACT</b>	17. There are no direct environmental impacts identified.
<b>PREVIOUS CONSULTATION / COMMITTEE INPUT</b>	18. There has been no previous Committee consultation as this is not a policy matter but financial management action.
<b>PUBLIC REACTION</b>	19. It is not anticipated that there will be notable reaction from the public. This a housekeeping exercise ensuring that the structure of Public Funds reflect the needs of SHG. The public will be assured that SHG are proactively managing public finances.
<b>PUBLICITY</b>	20. It is proposed that mention should be made in the Executive Council report and associated radio broadcast.
<b>SUPPORT TO STRATEGIC OBJECTIVES</b>	21. This paper supports Strategic Goal 6 – Effective, Efficient and Accountable Public Sector and Strategic Objective 6.1 – Ensure effective governance through efficient and effective systems and processes.
<b>LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS</b>	22. N/A
<b>OPEN /CLOSED AGENDA ITEM</b> Corporate Finance Corporate Services <i>20<sup>th</sup> March 2019</i>	23. It is recommended that this is held in open session.

*DLR*

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