Copy No:

No: 13/2019

SUBJECT

Memorandum for Executive Council

Establishment, Amalgamation and Closure of Special Funds

Memorandum by the Financial Secretary

- **ADVICE SOUGHT** 1. Executive Council is asked to consider and advise the Governor on the following amendments to structure of **Special Funds:**
 - a. Establishment of a new Special Fund for the funding from Foreign management of and **Commonwealth Office:**
 - b. Closure of the Special Fund Technical Cooperation;
 - c. Closure of the Special Fund Short Term Technical **Cooperation**;
 - d. Closure of the Special Fund Unallocated Stores; and
 - e. Transfer of the projects and balance on Special Fund **DFID Infrastructure Projects to Special Fund DFID** Projects and subsequent closure of the Special Fund **DFID Infrastructure Projects.**
- **BACKGROUND &** 2. The recommendations above have resulted from a review of the Funds and Reserves as part of Corporate Finance financial management processes. The above recommendations for action will ensure that the financial structure of the Public Funds reflect the current and future needs of St Helena Government. This is essentially a good housekeeping exercise.
 - 3. The closure of the Special Fund Technical Cooperation, Special Fund Short Term Technical Cooperation, and Special Fund Unallocated Stores is recommended as these Special Funds are no longer in use by SHG.
 - 4. Technical Cooperation and Short Term Technical Cooperation were previously operated as project funding from DFID however Technical Cooperation funding is no longer under project but is incorporated within the overall financial aid package from DFID and therefore is no longer used or required into the future.
 - 5. The Unallocated Stores also closed some time ago and is no longer required as all stores are now classified as Allocated Stores. There is no future need for this Special Fund.

This document is the property of the St. Helena Government; it is protected by copyright laws and by the Official Secrets Acts.

The unauthorised possession or copying of the document may result in civil or criminal penalties.

CONSIDERATIONS

- 6. As part of the preparation of the Financial Statements for 2017/18 is 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.
- FINANCIAL11. The Special Fund Unallocated Stores has a current deficitIMPLICATIONS11. The Special Fund Unallocated Stores has a current deficitbalance 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.

This document is the property of the St. Helena Government; it is protected by copyright laws and by the Official Secrets Acts.

The unauthorised possession or copying of the document may result in civil or criminal penalties.

	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.
ECONOMIC IMPLICATIONS	14. There are no direct economic implications in making these changes to Special Funds.
CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES	15. N/A
PUBLIC / SOCIAL IMPACT	16. There are no public or social impacts associated with this decision.
ENVIRONMENTAL IMPACT	17. There are no direct environmental impacts identified.
PREVIOUS CONSULTATION / COMMITTEE INPUT	18. There has been no previous Committee consultation as this is not a policy matter but financial management action.
PUBLIC REACTION	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.
PUBLICITY	20. It is proposed that mention should be made in the Executive Council report and associated radio broadcast.
SUPPORT TO STRATEGIC OBJECTIVES	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.
LINK TO SUSTAINABLE ECONOMIC DEVELOMENT PLAN GOALS	22. N/A
OPEN /CLOSED AGENDA ITEM Corporate Finance Corporate Services 20 th March 2019	23. It is recommended that this is held in open session.
This document is the property of the St. Helena Government; it is protected by copyright laws and by the	

Official Secrets Acts.

The unauthorised possession or copying of the document may result in civil or criminal penalties.

This document is the property of the St. Helena Government; it is protected by copyright laws and by the Official Secrets Acts. The unauthorised possession or copying of the document may result in civil or criminal penalties.