



**St Helena
Government**

ST HELENA PUBLIC ACCOUNTS COMMITTEE

**REPORT TO LEGISLATIVE COUNCIL
ON THE FORMAL SESSION OF THE
PUBLIC ACCOUNTS COMMITTEE
HELD ON THE
9TH NOVEMBER 2020**

St Helena Public Accounts Committee

Report to Legislative Council on the Formal Session of the Public Accounts Committee held on the 9th November 2020

1. Introduction

In accordance with section 69 (6) of the Constitution of St Helena the Public Accounts Committee (PAC) hereby reports to Legislative Council on the Formal Session of the Committee, held on the 9th November 2020.

Membership of the Committee comprises:

Chairman:	Mr Cyril Gunnell
Vice Chairman:	Mr Mark Yon
Members:	Hon Dr Corinda Essex
	Hon Brian Isaac
	Hon Jeffrey Ellick

PAC is advised professionally by the Chief Auditor, Mr Phil Sharman.

A copy of these proceedings can be found on the SHG website <http://www.sainthelena.gov.sh/public-accounts-committee/> and in the Public Library.

2. Order Paper – Third Session 2020

9th November 2020

- I. Chairman's Address**
- II. Equality & Human Rights Commission Annual Report and Financial Statements 2018/19**
- III. Enterprise St Helena Annual Report and Financial Statements 2018/19**
- IV. St Helena National Trust Annual Report and Financial Statements 2018/19**

I. Chairman's Address

The Chairman opened the meeting and welcomed all in attendance plus those listening over the radio, thanks were extended to South Atlantic Media Services (SAMS) for broadcasting the formal hearing.

For the benefit of first time listeners, the Chairman explained that PAC's function is statutory, established under section 69 of the Constitution and Standing Order 23. Its primary function is to objectively scrutinise how the Government spends the public purse and has the power to call any Government official to give evidence orally. The PAC is protected to act independently and is not subject to the directions and control of the Governor, the Executive Council, or any other body or authority.

The Chairman added that the scrutiny role of PAC is seen as a mainstay of good governance in terms of holding government to account and was thus pleased to report that under current pandemic circumstances, PAC had participated in their first ever virtual conference during October, in the Westminster Workshop on public financial oversight. Further training for members was also expected to take place shortly.

The composition of the committee was then specified but unfortunately a member was absent through illness. The Chairman also informed of the key advisors and administrative support. To ensure the Committee operated independently and free from any bias or conflict of interest, arrangements had been made for temporary members to cover for PAC members conflicted by the items of business under scrutiny.

The Chairman stated this was the third formal session for 2021 and the PAC report on the previous session held on 3rd August had been laid at Legislative Council on 16th October 2020 as Sessional Paper 38/2020.

The Chairman moved on to explain the items of business under scrutiny and concluded the session by stating that PAC would review the evidence heard and prepare a report to Legislative Council on its findings.

The evidence taken on 9th November 2020 is summarised below:

II. Equality & Human Rights Commission Annual Report and Financial Statements 2018/19

On 9th November 2020 PAC examined the Equality & Human Rights Commission (EHRC) Annual Report and Financial Statements 2018/19 and the following persons attended to give evidence:

- Chairman – Mr Barry Francis
- Chief Executive Officer/Commissioner – Mrs Catherine Turner
- Executive Manager – Mrs Carol Thompson

Councillor Russell Yon substituted for Councillor Jeffrey Ellick for this item.

The EHRC financial statements and annual report are required by Ordinance to be laid before Legislative Council and are referred for PAC scrutiny, under section 69 of the Constitution and Standing Order 23.

The audited accounts for 2018/19 were laid before Legislative Council on 6th of December 2019 as Sessional Paper 31/2019 in accordance with section 14(d) of Schedule 1 (section 4) of the Ordinance. The Chief Auditor's report was unqualified with an emphasis of matter regarding the liability for non-payment of income tax.

PAC enquired on the following issues from the Commission:

- The annual report for 2018/19 showing a 22% decrease in the number of new contacts from the prior year and a 34% decrease in the number of closed files;
- An update on actions in the Strategic Plan;
- An unusually large telecoms bill of £2,723 for the month of May 2018;
- Whether a framework document had been developed and sent to the Social and Community Development Committee;
- Non-compliance with the Income Tax Ordinance.

PAC received explanations and assurances for the above mentioned enquiries and these are recorded in the 9th November 2020 transcript.

In addition to the verbal evidence the Commission committed to provide written responses for the following matters and was subsequently provided:

- A copy of the Register of Commissioner's Interest;
- The total income tax liability paid to date;

- The total cost of professional indemnity insurance;
- The EHRC Framework Document.

Based on the responses provided by the Commission the main conclusions are drawn below, with recommendations proposed after PAC deliberations.

Main conclusions

1. The 22% decrease in the number of new contacts and 34% decrease in the number of closed files, as reported in the 2018/19 annual report, were not necessarily linked to a decrease in the activity of the EHRC. Evidence given indicated a lower uptake of the Commission's services due to a better understanding by the public of the role of the EHRC.
2. The shopping basket survey that EHRC conducts calculates a higher cost of living than the basket that SHG produces.
3. The PAC had serious concerns around the excessive data charges and was pleased to take evidence that the risk of further excessive data charges has been mitigated by internet monitoring software procedures to monitor internet usage.
4. The arrears of Income Tax payable, related to the remuneration of the Chief Executive Officer, and had not yet been settled. A payment plan had however been agreed upon with the Income Tax Commissioner.

Recommendations

In relation to its scrutiny of the Equality & Human Rights Commission Annual Report and Financial Statements 2018/19, **PAC recommends that:**

1. The Chief Executive Officer's Income Tax liability be settled as soon as possible and PAC underlines previous recommendation No. 205 highlighting the need for this.
2. The EHRC confirm that they will apply the requirements of Section 15 of the Income Tax Ordinance to all employees' income which requires the deduction of PAYE from gross income.

III. Enterprise St Helena Annual Report and Financial Statements 2018/19

On 9th November 2020 PAC examined the Enterprise St Helena (ESH) Annual Report and Financial Statements 2018/19 and the following persons attended to give evidence:

- Director: Resources – Mrs Michielle Yon
- Director: Enterprise – Mr Robert Midwinter
- Director: Investment – Mr Martin George
- Director: Tourism – Mrs Helena Bennett

Councillor Gavin Ellick substituted for Councillor Corinda Essex for this item.

The Enterprise St Helena financial statements for 2018/19 were audited by the Chief Auditor and laid before Legislative Council on 26th June 2020 as Sessional Paper 27/20. The ESH Annual Report was published as Sessional Paper 28/20. These key accountability documents are referred for PAC scrutiny, under section 69 of the Constitution and Standing Order 23.

PAC enquired on the following issues from ESH management:

- Development loans of £283,000 against which £197,000 had been provided for as doubtful;
- The measures that were being taken to recover outstanding business development loans for businesses that are no longer trading;
- An update on the decision to close Bertrand's Cottage in October 2019;
- The investment in the Saint Helena Hotel Development Limited, being the Mantis Hotel, which has been written down by £92,000 over two years;
- Progress made on measuring the effectiveness of attendance at trade fairs and on collaborating with SHG to optimise the routing of flights and improving timings for international flights;
- Progress made on measuring ESH's contribution to the Island's Gross Domestic Product;
- Activities that ESH were currently undertaking in the context of the Covid-19 travel restrictions;
- The final year of the DFID phase 2 project support funding to ESH.

PAC received explanations and assurances for the above mentioned enquiries and these are recorded in the 9th November 2020 Transcript.

In addition to the verbal evidence ESH management committed to provide written responses for the following matters and was subsequently provided:

- Statement of loan balances and provisions in terms of the number of loans and the number of businesses involved, at March 2019 and 2020;
- The amount of project funding DFID invested in Bertrand's Cottage;
- The total cost of redundancies at Bertrand's Cottage.

Based on the responses provided by ESH management the below main conclusions are drawn, with recommendations proposed after PAC deliberations.

Main conclusions

1. Against the backdrop of a high provision for development loans not being collectable, PAC was pleased to hear that stringent procedures were in place to manage conflicts of interests including multiple authorisations for development loans.
2. PAC noted the principal objective of the Bertrand's Cottage Limited enterprise was training in the hospitality industry and fees charged to patrons were merely to recover operating costs. With funding support being withdrawn for the TC funded Chef Trainer it was resolved that Bertrand's Cottage would no longer continue to be a training provider.
3. The effectiveness of attendance at trade fairs was determined by the number of visitors to the ESH stand at such fairs. PAC also heard evidence that after each International Trade Fair a report was published and made public. From the evidence provided PAC was unable to determine if value for money had been obtained for the expenditure incurred to attend these trade fairs.
4. ESH representatives gave evidence that the Tourism Strategy addresses the post Covid-19 recovery period, which had been approved by the ESH Board of Directors, the Economic Development Committee and was to be presented to Executive Council.

Recommendations

In relation to its scrutiny of Enterprise St Helena Annual Report and Financial Statements 2018/19, **PAC recommends that:**

1. Executive Council confirm how the Tourism Strategy prepared by ESH has been reviewed, updated for the latest Covid-19 travel advisory notices and scientific consensus and incorporated into the Tourism Strategy of SHG now that ESH that has been wound up.

2. SHG details how it plans to provide the training that ESH had previously provided, such as practical training in the hospitality sector via Bertrand's Cottage.

IV. St Helena National Trust Annual Report and Financial Statements 2018/19

On 9th November 2020, PAC examined the St Helena National Trust (SHNT) Annual Report and Financial Statements 2018/19 and the following persons attended to give evidence:

- Director – Mr Mike Jervois
- Head of Finance – Mrs Angela Francis
- Treasurer – Mrs Robyn Franconi

Mr Cyril George substituted for Mr Mark Yon for this item.

The SHNT accounts for 2018/19 were audited by the Chief Auditor and as a requirement under section 15(5) and 18(2) of their Ordinance, laid before Legislative Council on 28th February 2020, as Sessional Paper 8/20. The accounts were referred for PAC scrutiny, under section 69 of the Constitution and Standing Order 23.

PAC enquired on the following issues from the Trust management:

- The significant terms and conditions which may affect future funding, noting cash decreased from £131,000, at the end of March 2018 to £64,000 at the end of March 2019;
- Completion of the remaining works on the LEMP project by March 2021;
- The Trust's future plans regarding the operations of the Saint Helena National Trust Guarantee Limited;
- The introduction of an accruals based financial reporting framework;
- The Chief Auditor's recommendation that the Trust report on financial matters quarterly;
- Previous PAC recommendations Nos 186 and 187 recommending the Trust work with SHG to maintain the long-term life of the Island's heritage buildings and identify roles and responsibilities with regard to heritage sites;
- Previous PAC recommendation No 61 on how the heritage assets are managed, in particular the transfer or lease of High Knoll Fort to SHNT;
- The properties held and revenues and expenditures generated.

PAC received explanations and assurances for the above mentioned enquiries and these are recorded in the 9th November 2020 Transcript.

In addition to the verbal evidence the SHNT committed to provide written responses for the following matters and was subsequently provided:

- Information on whether an MoU has been agreed with SHG;
- What other properties, if any, have been identified by SHG to be managed by the National Trust;
- A statement of each property held by the Trust and how much revenue and expenditure is being generated by these properties.

Based on the responses provided by the SHNT, the below main conclusions are drawn, with recommendations proposed after PAC deliberations.

Main conclusions

1. PAC heard the SHNT did not envisage any challenges in completing the remaining works of the LEMP project by 31st March 2021.
2. PAC took evidence that the SHNT has managed to transition from a cash to an accruals based accounting framework for the year ended 31st March 2020.
3. PAC confirmed that the Trustees had taken the decision to wind up the Saint Helena National Trust Guarantee Limited post year end 2019/20.
4. Previous PAC recommendations Nos 186 and 187 stated that the Trust should work with SHG in maintaining the Island's heritage sites. The Trust's response was that it would enter into a Memorandum of Understanding (MoU) which would identify the roles and responsibilities of both the SHNT and SHG with regard to heritage sites. PAC heard this MoU had not yet been entered into with SHG.
5. PAC was pleased to hear the SHNT Council meetings are now being provided with more accurate financial reporting to aid the Council in discharging its financial stewardship responsibility.

Recommendations

In relation to its scrutiny of the St Helena National Trust Annual Report and Financial Statements 2018/19, **PAC recommends that:**

1. With reference to previous PAC recommendations Nos 186 and 187, the SHNT enters into the Memorandum of Understanding with SHG as a

matter of urgency to maintain the long-term life of the Island's heritage buildings.

3. Concluding Remarks

PAC acknowledges the work of the Chief Auditor and staff, and attending officers of St Helena Government in assisting with this sessional report.

This sessional report on PAC proceedings held on 9th November 2020 is hereby authorised for issue to Legislative Council in accordance with section 69(8) of the Constitution of St Helena.



Cyril Gunnell
Chairman

13th July 2021

