



St Helena
Government

ST HELENA PUBLIC ACCOUNTS COMMITTEE
REPORT TO LEGISLATIVE COUNCIL ON THE FORMAL
SESSION OF THE PUBLIC ACCOUNTS COMMITTEE
HELD ON THURSDAY, 13 JUNE 2024 AND ADDENDUM
REPORT

Laid upon the Table 16 August 2024

St Helena Public Accounts Committee

Report to Legislative Council on the Formal Session of the Public Accounts Committee held on Thursday, 13th June 2024.

1. Introduction

In accordance with Section 106(2) of the Constitution of St Helena, Ascension and Tristan da Cunha, the Public Accounts Committee (PAC) hereby reports to Legislative Council on the First Formal Session of the Committee, held on 13th June 2024, to examine the St Helena Government Statement of Expenditure in Excess for the Financial Year 2022-23.

Membership of the Committee comprised:

Chairman:	Mr Mark Yon
Vice Chairman:	Mr Bramwell Bushuru Lumukwana
Members:	Hon Gillian Brooks
	Hon Dr Corinda Essex
	Hon Karl Thrower

The Committee is advised professionally by the Chief Auditor, Mr Brendon Hunt, assisted by Deputy Chief Auditor, Mrs Vimbai Chikwenhere and administrative support is provided by the Clerk, Miss Anita Legg.

A transcript of these proceedings will be made available in the Public Library and on the St Helena Government (SHG) website at <http://www.sainthelena.gov.sh/public-accounts-committee/>.

2. Order Paper – First Formal Session 2024, Thursday 13th June 2024

I. Chairman's Address

II. St Helena Government – Statement of Expenditure in Excess, Financial Year 2022-23 (S.P. 07/24)

- (i) Questions for the Financial Secretary and Deputy Financial Secretary
- (ii) Head 15: Safety, Security and Home Affairs Portfolio
- (iii) Head 23: Health and Social Care Portfolio
- (iv) Head 26: Environment, Natural Resources and Planning Portfolio

I. Chairman's Address

The Chairman opened the meeting and welcomed all in attendance and everyone listening via radio and live streaming.

As is customary, the Chairman explained the Constitutional role of PAC in accordance with Section 69 of the Constitution of St Helena, Ascension and Tristan da Cunha and Standing Order 26. He went on to explain the Committee's primary function which is to objectively scrutinise how the Government spends the public purse and advised further that the PAC is protected to act independently and is not subject to the direction or control of the Governor, the Executive Council, or any other body or authority and, has power to call any person to give evidence orally.

The composition of the Committee together with the key advisory and administrative support roles were then highlighted.

The Chairman informed the meeting that the PAC had established a social media presence on the Twitter and LinkedIn platforms to increase awareness of the important work the Committee does. He then congratulated all involved with hosting the 53rd British Islands and Mediterranean Region Conference here on St Helena and spoke fondly of reacquainting with regional friends and new colleagues. He also spoke of his disappointment in the Committee not having an opportunity to meet with fellow PAC delegates during their visit to St Helena, however he looked forward to such meetings being accommodated and extended to other invested parties in future. Finally, the Chairman congratulated the five delegates who had been successfully nominated to attend the Sixth UK Overseas Territories Forum on Oversight of Public Finances and Good Governance, taking place in Westminster London, UK from 10th to 12th September 2024, and reached out to the St Helena Government to consider providing essential financial support to the St Helena delegation towards the anticipated small balance in attendance costs.

The Chairman moved on to explain the business under scrutiny, being the first public PAC hearing for 2024.

In concluding the formal session, he extended thanks to all officials for attending and providing evidence, and added that PAC would evaluate the evidence heard and submit a report to Legislative Council on its findings, together with any recommendations. He also thanked the listening public for their interest in the work and activities of the St Helena PAC and expressed the Committee's gratitude to the South Atlantic Media Services for providing live coverage of the Inquiry.

The evidence taken at the First Formal Session of PAC for 2024 is summarised below.

II. St Helena Government – Statement of Expenditure in Excess, Financial Year 2022-23 (S.P. 07/24)

Legislative Council approves a budget each year giving Accounting Officers the express authority to incur expenditure in the provision of public services to the approved budget limit on each Head. Where at the end of the financial year the

approved limit is exceeded for whatever reason, the Constitutional provisions in Section 106 require that a statement of expenditure in excess be prepared.

Section 106 of the Constitution states:

“Where at the close of accounts for any financial year it is found that monies have been expended on any expenditure vote in excess of the amount appropriated for it, or for a purpose for which no monies have been appropriated, the amount of the excess expended, or not appropriated, as the case may be, shall be included in a statement of expenditure in excess, which shall be laid before the Legislative Council and referred to the Public Accounts Committee”.

Accordingly, Sessional Paper 07/24 – St Helena Government - Statement of Expenditure in Excess, Financial Year 2022-23, was laid before Legislative Council on 25th March 2024.

(i) Questions for the Financial Secretary and Deputy Financial Secretary

The Inquiry began with questions directed to the Financial Secretary, supported by the Deputy Financial Secretary, on the following key issues:

- Understanding the budgetary outturn for the year under review and the authorisation process;
- The nature of the Expenditure in Excess arising in the financial year 2022-23 as set out in Sessional Paper 07/24;
- The controls that might be in place to prevent Heads incurring Expenditure in Excess;
- The progress made through on the job training initiatives undertaken following the implementation of the Fit for the Future Programme;
- The balance on the General Reserve and the ability of SHG to continue as a going concern over the next three years; and
- At closing, whether the Financial Secretary had considered if the circumstances giving rise to these Excess Expenditures would warrant recovery through surcharge in accordance with Section 19 of the Public Finance Ordinance.

PAC then examined three Heads of Expenditure and the following persons attended to answer questions:

(ii) Head 15: Safety, Security & Home Affairs Portfolio

- Acting Portfolio Director – Mr Derek Henry
- Chief Secretary, Mrs Susan O’Bey
- Financial Secretary – Mr Dax Richards
- Deputy Financial Secretary – Mr Nicholas Yon
- (Portfolio Director Mr Alex Mitham, Emergency Planning and Sea Rescue Manager Mr Simon Wade, HM Prison Manager Mr Paul Duncan and Deputy HM Prison Manager Ms Linda Fuller attended an informal meeting of PAC on 22nd July 2024 to provide additional evidence.)

PAC enquired on the following key issues:

- The nature of the Expenditure in Excess arising in the financial year 2022-23 and why it incurred;
- The point at which Expenditure in Excess had been identified and the Financial Secretary notified;
- Why had the expenditure not been included in the March 2023 supplementary appropriation;
- The kind of controls in place to ensure the portfolio does not overspend its authorised allocation;
- Details of the Directorate's asset maintenance plan;
- The contingency measures in place to ensure business continuity within the Sea Rescue Service;
- An increase in prisoner numbers at HM Prison and the impact on costs; and
- Comparison of per capita costs at HM Prison for a full financial year

(iii) Head 23: Health & Social Care Portfolio

- Portfolio Director – Mrs Tracy Poole-Nandy
- Chief Medical Officer – Dr Peter Moss
- Chief Secretary, Mrs Susan O'Bey
- Financial Secretary – Mr Dax Richards
- Deputy Financial Secretary – Mr Nicholas Yon

PAC enquired on the following key issues:

- The nature of the Expenditure in Excess arising in the financial year 2022-23 and why it incurred;
- The point at which Expenditure in Excess had been identified and the Financial Secretary notified;
- Why the additional £222,658 in respect of medical referrals was not included in the third supplementary appropriation submission;
- The kind of controls in place to ensure the portfolio does not overspend where the costs are demand led;
- Any parallels that could be drawn on Health overspend on medical referrals in prior years;
- The current trend with medical referrals overseas in terms of numbers and cost per case;
- Has the backlog of overseas medical referral treatments been addressed by the Directorate;
- Details of a database of costs associated with overseas medical treatments and its use;
- The number of available patient slots within the UK National Health Service (NHS) for St Helena medical referrals and the status regarding outstanding invoices; and
- Annual overspend trends on medical referrals and the issue of adequate health funding.

(iv) Head 26: Environment, Natural Resources & Planning Portfolio

- Portfolio Director – Mr Darren Duncan
- Chief Secretary, Mrs Susan O'Bey
- Financial Secretary – Mr Dax Richards
- Deputy Financial Secretary – Mr Nicholas Yon

PAC enquired on the following key issues:

- The nature of the Expenditure in Excess arising in the financial year 2022-23 and why it incurred;
- The point at which Expenditure in Excess had been identified and the Financial Secretary notified;
- Why had the expenditure not been included in the March 2023 supplementary appropriation;
- The kind of controls in place to ensure the portfolio does not overspend its authorised allocation;
- The reason for constructing an animal holding facility and where does the responsibility for ongoing maintenance lie; and
- The extent to which financial processes and controls have been affected following the Fit for the Future Programme.

PAC received explanations and assurances for the above-mentioned enquiries and a transcript of the proceedings from 13th June 2024 will be made available in the Public Library and on the St Helena Government website at <http://www.sainthelena.gov.sh/public-accounts-committee/>.

Based on the responses provided by officials, the below main conclusions were drawn, with recommendations proposed following PAC deliberations.

Main conclusions

The Public Accounts Committee heard that whilst a total of three supplementary appropriations amounting to £4.269 million were authorised for the 2022-23 financial year, three portfolios incurred expenditure in excess; namely Safety, Security and Home Affairs (£9,845), Health and Social Care (£222,656) and Environment, Natural Resources and Planning (£14,212). The Committee also heard that the controls in place to prevent Heads of Expenditure from incurring expenditure in excess, include; annual forecasting by the Accounting Officers, monthly monitoring of expenditure through the use of budget execution reports, regular liaison between directorates and Treasury on forecast accuracy and the need for supplementary appropriations, as well as expenditure monitoring by Cabinet Ministers and the Senior Leadership team. The Committee also heard evidence that despite these controls, expenditure in excess was only identified during the finalisation of the 2022-23 financial statements, and after the last supplementary appropriation dated March 2023 had been approved. The Deputy Financial Secretary assured the Committee that the expenditure in excess incurred was not associated with lack of training related to the Fit for the Future Programme.

The PAC was concerned that the revised projected General Reserve balance as at 31st March 2024 was between £4 million and £4.5 million, which fell short of SHG's minimum threshold of £5 million. PAC also noted that as the minimum General Reserve threshold is an internally defined SHG policy based on a requirements assessment, operating below this benchmark makes it difficult for the Government to maintain the same level of public services without additional support from the FCDO. PAC also heard about the difficulties of working under a one-year financial aid settlement, despite the assurances provided by the 2012 White Paper on the Overseas Territories, which states the UK Government's commitment to continue meeting St Helena's reasonable assistance needs.

The Committee heard that the £9,845 Expenditure in Excess for the Safety, Security and Home Affairs (SSHA) Portfolio resulted from mechanical faults with both the Sea Rescue tractor and trailer, as well as HM Prison running costs that exceeded projections. PAC was not convinced that the explanation "The excess expenditure is covered by the underspend on the capital expenditure budget" given was duly regulated by way of a Virement Warrant. The PAC was reassured to hear that the main rescue boat, which is not a requirement for the St Helena Airport certification, is included in the detailed maintenance plan, together with the tractor and trailer. The Committee was concerned to hear that there is only one trailer used for safely manoeuvring and deploying the primary rescue boat. However, the Emergency Planning and Sea Rescue Manager reassured the Committee that a pickup truck and a crane can also be used to provide business continuity in the event of the trailer becoming unusable.

Based on evidence subsequently provided by the Portfolio Director of Safety, Security and Home Affairs, PAC heard that the need to order repairs (for a clutch replacement) was not identified during the routine checks carried out in the financial year, but rather towards the end of March 2023 during the MOT. This explanation caused the PAC to question whether the £2,171 attributable to repairing the Sea Rescue tractor had been correctly recorded in the 2022-23 financial year according to the accruals method of accounting. Contrary to the information provided by the SSHA portfolio, the Deputy Financial Secretary clarified that £2,171 in excess expenditure for the Sea Rescue service actually related to welding, other repairs and labour costs for work carried out on two SHG vehicles (one of which is Bell Tractor SHG 209 held by Port Control) in February and charged in March 2023. He further explained that these unplanned works were not budgeted for and were therefore not included in the January/February 2023 forecasts used as the basis for the third supplementary appropriation.

PAC was concerned that the Fire and Sea Rescue Services do not have real-time access to financial records, up to date financial actuals and forecast information, nor do they have dedicated finance personnel to assist them.

PAC was concerned that despite the fact that the additional funding allocation for Safety, Security and Home Affairs included in the third supplementary appropriation dated 23 March 2023, was attributed to increased prison costs, the Directorate still incurred expenditure in excess, implying that the estimation process may not have been robust. Subsequent evidence obtained from the Superintendent of Prisons revealed that while HM Prison overspent on computer consumables by £4,000, on telecommunications by £2,000 against a nil budget, and on fuel and transport by

£3,000, it was unclear what proportion of the £51,000 total fuel spend was attributable to HM Prison. The Deputy Financial Secretary subsequently clarified that only £2,358 was charged to the HM Prison cost centre and not the £51,000 that the Prison official had advised, but rather £53,592 had instead been spent by the SSHA Portfolio in total.

Based on the evidence gathered during the formal session and subsequent investigations, PAC deduced that the manner in which the narrative included in the Statement of Expenditure in Excess (S.P. 07/24) was presented was misleading. It was also noted that there is room for an improved appreciation of the overall financial reporting operations of each cost centre falling under the Safety, Security and Home Affairs Portfolio by the relevant Accounting Officer. It was not evident to PAC whether preliminary investigations by Treasury and the Financial Secretary were thoroughly robust to support the explanations included in the Sessional Paper.

Overall, PAC could not conclude on whether the expenditure in excess of appropriation for Safety, Security and Home Affairs Portfolio of £7,674 (described in S.P. 07/24 as running costs for the prison; computer consumables, telecommunications, fuel and transport costs) was appropriately justified and therefore does not support for the excess funds exceeding appropriation to stand charged to public funds.

The Committee heard that the main reason for the £222,658 Expenditure in Excess for the Health and Social Care (HSC) Portfolio was due to an unplanned emergency evacuation flight that took place on 31st of March 2023, in addition to emergency evacuation referrals that were not forecast. In addition to these reasons, the Committee also heard that additional medical supplies were ordered and high airfreight costs were incurred with no alternative for cold chain sea freight. The Committee heard that the average cost of overseas medical referrals with no complications increased from £18,000 per patient during the financial year to £20,800 post 31 March 2023, whilst the average cost of emergency medical evacuations ranged between £45,000 and £60,000 per patient. The average forecast of medical evacuations is 4.5 per year and an average of 120 medical referrals take place per year. The rise in costs was largely attributable to an increase in global prices and Health officials were managing these costs within the parameters of the budget with the assistance of the finance team, Ministers and the Chief Secretary, while noting the challenge of forecasting.

The Committee also heard that the 56 patients on the medical referral waiting list would not be completely cleared in a single financial year despite the £600,000 committed in the 2023-24 financial year. The referral meetings, which are held every two weeks, and involving the Chief Medical Officer, Senior Medical Officer, doctors and surgeons, gave PAC the reassurance that the decision to refer patients overseas for medical treatment was not made in isolation and was in accordance with priority of need. The Portfolio Director advised that patients on the waiting list were receiving interim support in other areas such as health advice and interim pain relief, while she acknowledged that effective communication with patients could be improved. The PAC was informed that a policy on self and partial-funding for overseas referrals is currently being developed and was expected to be ready in July 2024, for implementation in October 2024. The Chief Medical Officer informed the PAC that in order for St Helena

Government Health Directorate to provide a level of service equivalent to the NHS, about double the current budget would be required i.e. £4.5 million.

The PAC heard that a Task Force comprising the Ministers, Treasury and Health officials had been formed to oversee HSC's use of the additional grant given for the 2023-24 financial year. Moreover, the PAC was informed that monthly meetings are held by the Financial Secretary, Deputy Financial Secretary, Chief Secretary, Deputy Chief Secretary and Ministers to monitor expenditure, discuss future plans and to evaluate the financial aspects of the referral list management.

PAC was encouraged to hear that the draft contract with the new medical services provider ER24, which commenced in June 2023, has enabled SHG to build a cost database based on negotiated fixed pricing for specified medical procedures. The PAC was concerned however that the contract had not been finalised by the date of the hearing i.e. 13 June 2024, as opposed to the anticipated effective date of 1 July 2023 announced at a previous formal PAC hearing. This exposes the government to potential litigation risk during this period. The Portfolio Director for Health and Social Care reassured PAC that governance provisions were followed during the interim period leading up to the contract finalisation, whilst Health officials were overall, impressed with the new service provider's excellent level of service delivery.

While the NHS has allocated ten free patient referral slots to St Helena as part of their MOU, the Committee heard that SHG has not been able to utilise these due to the UK's long patient waiting list. The HSC Portfolio Director advised that efforts were being made for SHG to use these slots and to be aligned to a Trust, through ongoing conversations with FCDO and engaging the assistance of the SHG UK Representative. The PAC was encouraged to hear that the backlog of long outstanding NHS invoices which had partially led to Expenditure in Excess in the 2022-23 accounts, had been addressed.

PAC was concerned that the Health and Social Care Accounting Officer did not follow the statutory procedures for requesting the reallocation of monies from potential savings to probable overspends, as required by Section 9(1) of the Public Finance Ordinance. The Accounting Officer explained that this was not done because the year under review coincided with her taking on the post of Portfolio Director for Health and Social Care whilst concurrently managing the Covid pandemic. PAC was not convinced that sufficient controls were in place to prevent unauthorised reallocation of monies between cost centres within a Head, which should have been regulated by a Virement Warrant. The Financial Secretary acknowledged the timeliness of the Virement procedures as a weakness.

PAC concluded that despite the issues identified above, the funds exceeding appropriation of £222,658 should stand charged to public funds.

The Committee heard that the Expenditure in Excess of £14,212 recorded by the Environment, Natural Resources and Planning (ENRP) Portfolio arose from money being spent on the construction of an animal handling facility. PAC heard that the facility was donated by a UKOT Biosecurity Project following a visit to St Helena to identify needs for the Island. The costs incurred by ENRP were for construction and erection of the facility, including exterior lighting. The ENRP Portfolio

Director explained that the Head's total budget was not in excess, but that there was an oversight in failing to apply to the Financial Secretary to reallocate money from recurrent funding to the capital budget. The Committee was disappointed that the statutory Virement Warrant process was not followed as required by Section 9(1) of the Public Finance Ordinance.

While PAC heard that the estimated annual maintenance costs of £2,200 of the animal handling facility had been subsequently incorporated into the ENRP Agriculture Maintenance budget, it is unclear to PAC which services within the Portfolio's budget were not delivered as originally appropriated to fund the construction of the facility. The Portfolio Director reassured the Committee that the tender was awarded at a reasonable price in comparison to other bids, which represented 48% of the highest bid, and that the tender and contract process was managed by the SHG Procurement Office.

PAC concluded that despite the issues identified above, the funds exceeding appropriation of £14,212 should stand charged to public funds.

The Financial Secretary advised PAC that based on his considerations, the Expenditures in Excess did not warrant a surcharge. The Financial Secretary explained to the Committee that he based his judgement on the evidence presented during the formal session and on matters that had been identified and advised by Treasury and the Deputy Financial Secretary. He further elaborated that his decision was also on the premise that the officials only became aware of the overspends during the drafting of the 2022-23 SHG financial statements.

Based on the lack of sufficient significant evidence provided by the Acting Head of Safety, Security and Home Affairs during the formal session and the inconsistent evidence provided by the Accounting Officer for the Safety, Security and Home Affairs Portfolio, in comparison to the clarifications subsequently provided by the Deputy Financial Secretary, PAC is not convinced that a thorough investigation in the matters included in the Statement of Expenditure of Excess for the Safety, Security and Home Affairs Portfolio, as required by Section 9(1) was conducted.

Recommendations

In relation to its scrutiny of Sessional Paper 07/24 – St Helena Government Statement of Expenditure in Excess, Financial Year 2022-23, **PAC recommends that:**

1. **£7,674** spent in excess of the recurrent budget appropriation by Head 15: Safety, Security and Home Affairs Portfolio, does **NOT** stand charged to public funds.
2. The following expenditure in excess of budget appropriation is allowed to stand charged to public funds:
 - Head 15: Safety, Security and Home Affairs Portfolio **£2,171**
 - Head 23: Health and Social Care **£222,658**
 - Head 26: Environment, Natural Resources & Planning **£14,212**

3. The Financial Secretary reconsiders his decision not to exercise his power of surcharge of the Accounting Officer for the Safety, Security and Home Affairs Portfolio in accordance with Section 19 of the Public Finance Ordinance, based on his determination of whether there was neglect of duty, carelessness or fault by the public officer.

Treasury:

4. Whenever a Statement of Expenditure in Excess is laid, the report should precisely detail the components that contribute to the expenditure in excess.
5. The Financial Secretary documents his detailed investigation procedures of the matters included in the Statement of Expenditure of Excess to support his decision on whether the circumstances warrant recovery through surcharge under Section 19(1) of the Public Finance Ordinance.
6. Whenever there is a contravention of statutory provisions, Treasury should report the matter to the Audit and Risk Committee, being the body responsible for ensuring that the management actions are in compliance with regulations and ordinances.
7. All directorates and their sections should have real-time access to the SHG shared network to allow for direct access to financial records and up to date financial actuals and forecast information.
8. Treasury updates its accounting policies to incorporate its oversight controls to ensure adherence with statutory provisions related to the Virement process. The penalties for non-adherence to the relevant statutory provisions should also be documented and communicated to all relevant officials.

Health & Social Care:

9. SHG prioritises the finalisation of the draft policy on self-funding for overseas referrals, with adequate consideration to referral options/models supported by research.
10. SHG develops a Strategic Communication Plan to inform and update the public on health initiatives, including referral processes.
11. The Health and Social Care Directorate's referrals cost database should be maintained and updated in a timely fashion as necessary.

3. Concluding Remarks

The Public Accounts Committee acknowledges the work of the Chief Auditor and staff at Audit St Helena in assisting with the production of this Sessional Report to Legislative Council. The Committee also thanks the attending officials from St Helena Government for providing evidence in response to our lines of inquiry.

The Sessional Report on the PAC examination of the St Helena Government Expenditure in Excess for the Financial Year 2022-23 held on Thursday, 13th June 2024 is hereby authorised for issue to Legislative Council pursuant to Section 106(2) of the Constitution of St Helena, Ascension and Tristan da Cunha.



Mark Yon
Chairman
St Helena Public Accounts Committee

07 August 2024

St Helena Public Accounts Committee

**Addendum
to the
St Helena Public Accounts Committee's First Sessional Report 2024
to
Legislative Council on the Formal Session of the Public Accounts Committee
held on Thursday, 13th June 2024**

1. Introduction

The St Helena Public Accounts Committee (PAC) met at a specially convened meeting on Monday, 12th August 2024 to scrutinise additional expenditure information that had been provided by Treasury officials in respect of the PAC Inquiry into the St Helena Government (SHG) Statement of Expenditure in Excess (EiE), for the Financial Year 2022-23.

PAC Members and supporting officials in attendance were:

Chairman:	Mr Mark Yon
Vice Chairman:	Mr Bramwell Bushuru Lumukwana
Members:	Hon Gillian Brooks Hon Dr Corinda Essex Hon Karl Thrower
Chief Auditor:	Mr Brendon Hunt
Deputy Chief Auditor:	Mrs Vimbai Chikwenhere
Clerk:	Miss Anita Legg

SHG officials in attendance included:

- Mr Dax Richards, Financial Secretary
- Mr Nicholas Yon, Deputy Financial Secretary
- Mr Derek Henry, Acting Portfolio Director, Safety Security and Home Affairs (SSHA) Portfolio / Head of Infrastructure and Strategies
- Mr Simon Wade, Emergency Planning and Sea Rescue Manager / Acting Harbour Master
- Mr Paul Duncan, Superintendent of Prisons

Background

Following the submission of the signed First Sessional Report 2024 to the Clerk of Councils on Wednesday, 7th August, at the request of the Financial Secretary, the Chairman of the PAC and the Chief Auditor met with the Financial Secretary and Deputy Financial Secretary to discuss the submission timing and report content. It was also acknowledged at this meeting that Recommendation 1 would have a detrimental impact on SHG and presented an unprecedented situation.

At the same meeting on 7th August, attendees also deliberated SHG immediately providing the missing excess expenditure financial information and explanations,

initially identified as not being allowed to stand charged to public funds in Recommendation 1, which PAC had extensively sought. If provided, it would be carefully scrutinised by PAC, with SHG officials in attendance providing further evidence.

Having communicated all details of this meeting to PAC Members, the Chairman and Chief Auditor met with the Financial Secretary again on 8th August to confirm that PAC would convene an inquiry on Monday, 12th August. On 8th August, the Speaker determined that the Legislative Council meeting planned for Friday, 9th August be postponed to Friday, 16th August. Additionally, in the context of concluding the audit of the financial statements for the financial year ended 31st March 2023, the Executive Council meeting planned for Tuesday, 13th August was postponed by one week.

PAC received the additional financial information and explanations pertaining to Recommendation 1 from the Financial Secretary on 8th and 9th of August via e-mail.

2. PAC Recall Meeting, Monday, 12th August

The Chairman welcomed officials and gave an overview of events leading up to the Recall meeting. He also reiterated the Committee's assessment of proceedings affecting the submission timeline, which had also been explained to officials during the meeting on 7th August as follows:

- the information provided by the SSHA Portfolio was misleading and not factual for the year under review;
- the Expenditure in Excess Statement narrative was lacking a breakdown in costs and did not stipulate the specific cost centres to which expenditure applied and was contradicted by other evidence supplied in live hearings;
- during the formal hearing, Treasury officials did not intervene when PAC spoke to the expenditure items in relation to HM Prison; and
- as PAC we had exhausted our inquiries within the time available to finalise the report in advance of the audit reporting deadline.

The following cost centres were subsequently identified by Treasury, as being those that had incurred expenditure in excess within Head 15: Safety, Security and Home Affairs Portfolio and the Financial Secretary was invited to take the PAC through the excess expenditure on these cost centres:

Cost Centre	Expenditure	Variance
1503 - HM Prisons	Provisions	(£2,523)
1505 - Immigration	Computer consumables	(£1,977)
1510 - Port Control	Fuel	(£3,429)
Total		(£7,929)

Based on the responses provided by officials, the below main conclusions were drawn, with three new recommendations being proposed, and one recommendation being revoked, following PAC deliberations.

Main Conclusions

The Committee heard the Financial Secretary was still obtaining advice as to the statutory and procedural implications should the expenditure in excess on Head 15: Safety, Security and Home Affairs Portfolio, continue to be recommended to not stand charged to public funds. The Financial Secretary informed the committee that he had not obtained advice as to whether a write off or recovery through surcharge would be appropriate should this excess expenditure remain without statutory authority.

The Financial Secretary confirmed that Accounting Officers remain responsible for spending and Treasury does not prescribe which controls should be in place at Directorate level. The Financial Secretary provided further context to monitoring activities by stating that Directorates submit monthly Budget Execution Reports and these were used to monitor expenditure across all Directorates. The Deputy Financial Secretary confirmed that this monitoring was performed at a head of expenditure level but would now be expanded upon to be performed at a cost center level as well. In response to concerns raised about the accounting proficiency of accounting officers by the Committee, the Deputy Financial Secretary stated that the requirements of managing public finances are explained to accounting officers in their induction.

The Committee concluded that the Statement of Expenditure in Excess, laid as Sessional Paper 7/24, contained explanations for excess expenditure which were not corroborated by the facts presented in various scrutiny sessions nor in further explanations provided by officials. The Committee concluded that expenditure on telecommunications and transport costs did not contribute to the excess expenditure on Head 15: Safety, Security and Home Affairs Portfolio as originally stated in the Statement of Expenditure in Excess. The Committee was concerned at the numerous inconsistencies between information provided to it and the discrepancies noted in the narratives explaining the expenditure in excess on this expenditure head. The Financial Secretary acknowledged there were lessons to be learnt from this process and they would include the details at a cost centre level in future expenditure in excess submissions.

The Committee was informed that the number of prisoners had increased towards the end of the financial year in question giving rise to excess expenditure of £2,523 in respect of provision costs at HM Prison. The Superintendent of Prisons indicated that the 2022-23 budget of the Prison had anticipated that 18 prisoners would be accommodated but in the last three months of the 2022-23 financial year, 23 prisoners were actually held at the Prison. The Committee heard that the cost of providing meals to a prisoner amounted to £7.53 a day. Outside of the session, the Committee calculated that the cost to feed the 5 extra prisoners for a period of three months amounted to approximately £3,400. In this context the Committee concluded that this excess expenditure appeared reasonable.

The Committee concluded that the excess expenditure of £1,977 incurred on computer consumables at the Immigration office should remain charged to public funds. The Financial Secretary provided the details of the toner and cartridges that were purchased by the Immigration Office in March 2023. Officials provided further context to the activities that gave rise to this expenditure being the printing of documents to aid in the detection of forgeries. The Committee was concerned to hear

of the cost of these supplies with their concern being somewhat mitigated by there being a standardised process for ordering these supplies through Corporate IT.

The Committee concluded that excess expenditure incurred in respect of the purchase of fuel by Port Control, amounting to £3,429, can remain charged to public funds. The Acting Harbour Master gave context to this expenditure by providing details on the type of equipment being used in Port Control such as cranes, container stackers and a forklift. The Acting Harbour Master was of the view that the budget was not set correctly and did not reflect the level of activities undertaken by Port Control. The Financial Secretary provided further context to this comment by stating that the volume of cargo delivered during the 2022-23 financial year was higher than previous years even though there were fewer ship visits. Although the Committee was concerned to hear that there had been a prior incident of theft of fuel from Port Control equipment subsequent to year end, they did acknowledge that the control put in place, being that the fuel tanks of equipment were not filled prior to requirement, did mitigate this risk to a degree. The Financial Secretary and Deputy Financial Secretary also confirmed they were not aware of any theft of fuel in the 2022-23 financial year in the Port Control section. Unfortunately, the Acting Harbour Master could not provide the 2021-22 actual expenditure on fuel at Port Control to allow the Committee to determine whether the 2022-23 budget reflected a reasonable estimate of the fuel to be incurred in the upcoming year.

In its consideration of the events of the recall session, the Committee resolved that Recommendation 3 be revoked from the list of recommendations, and Recommendation 5 be reworded as follows:

- In future, the Financial Secretary documents his detailed investigation procedures of the matters included in the Statement of Expenditure in Excess to support his decision on whether the circumstances warrant recovery through surcharge under Section 19(1) of the Public Finance Ordinance.

Recommendations

1. Notwithstanding Recommendation 1 (as stated above), the £7,674 spent in excess of the recurrent budget appropriation by Head 15: Safety, Security and Home Affairs Portfolio, be allowed to stand charged to public funds as the additional explanation and financial information provided gave an acceptable level of assurance that the expenditure in question was legitimate and justified.
2. Officials responsible for finalising the statement of expenditure in excess should verify its accuracy before submission.
3. Directorates ensure that initial budgets are accurate as possible by referencing prior years' expenditure patterns, current trends and changes in requirements.

3. Concluding Remarks

The Public Accounts Committee would like to thank the Financial Secretary, Deputy Financial Secretary and attending officials from St Helena Government for providing additional evidence in response to our lines of inquiry.

Both the Committee and myself, together with our professional advisors takes very seriously, the misleading information that was provided by the Safety, Security and Home Affairs Portfolio in our earlier inquiries and we remain concerned about the resources and time expended in concluding our initial report. I personally acknowledge the suggestion made by the Financial Secretary to include Treasury officials in any future recall sessions. However, I also do not expect a reiteration of such misleading occurrences and further expect greater propriety and regularity of the public finances for which a Directorate Accounting Officer is responsible.

I take this opportunity to remind Officials, the Legislature and readers that the PAC performs its duties in accordance with Section 69 of the Constitution of St Helena, Ascension and Tristan da Cunha and Standing Order 26. Furthermore, the Committee's primary function is to objectively scrutinise how the Government spends the public purse. PAC is protected to act independently and is not subject to the direction or control of the Governor, the Executive Council, or any other body or authority and, has power to call any person to give evidence.

This Addendum Report (to the St Helena Public Accounts Committee's First Sessional Report 2024,) on the PAC examination of the St Helena Government Expenditure in Excess for the Financial Year 2022-23 held on Monday, 12th August 2024 is hereby authorised for issue to Legislative Council pursuant to Section 106(2) of the Constitution of St Helena, Ascension and Tristan da Cunha.



Mark Yon
Chairman
St Helena Public Accounts Committee

13 August 2024

