



**AUDIT ST HELENA**  
External Auditors

# **Performance Audit: Recommendations Follow-up**

August 2024

## CONTENTS

Introduction.....	2
Background.....	2
Objective .....	3
Methodology .....	3
Key Facts.....	4
Findings .....	6
Conclusion.....	15
Appendix 1 .....	16
List of Outstanding Recommendations .....	16

## INTRODUCTION

### BACKGROUND

Audit St Helena is the Supreme Audit Institution (SAI) for St Helena with the mandate to carry out financial and performance audits on behalf of the Chief Auditor.

The Chief Auditor is a statutory position established by Section 110 of the Constitution. The responsibilities of the Chief Auditor are prescribed by Section 111 as read with Section 29 of the Public Finance Ordinance.

The International Standards for Supreme Audit Institutions (ISSAI) performance audit standards define performance auditing as an independent, objective and reliable examination of whether government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

The Supreme Audit Institution has a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. ISSAI standards require the auditor to follow up, as appropriate, on previous audit findings and recommendations and report to the legislature on the conclusions and impacts of all relevant corrective actions. A follow-up is designed to validate whether the audited entity has adequately addressed the problems and remedied the underlying situation.

This follow-up audit seeks to add value by encouraging the audited entity being the St Helena Government (SHG) and other intended users of audit reports to give due regard to previously issued audit reports, their findings and their proposed recommendations. It provides an internal learning platform for both SHG and Audit St Helena.

This report reviews progress on the implementation of recommendations from the following previously issued performance audit reports:

- Vehicle Customs Revenue – June 2012
- VFM Review of the New Customs Buildings – August 2012
- Delivering Government Objectives – August 2014
- St Helena Airport Project Overview Audit – June 2015
- Managing Grants and Subsidies – March 2016
- Corporate Governance of the St Helena Government Group Entities – February 2018
- Jamestown Hospital Refurbishment – September 2019
- Procurement of the Fuel Management Contractor – September 2019
- Procurement of the Sea Freight Service Contractor – September 2019
- 1, 2, 3 Main Street Hotel Development – February 2020
- Benchmarking Primary and Secondary Education – July 2020
- Investigation: The Bulk Fuel Installation Project – September 2020
- Benchmarking Health – October 2021
- Enterprise St Helena – July 2022

## OBJECTIVE

The objective of this follow-up audit is to identify and document the progress made by SHG in implementing performance audit recommendations since our last follow-up report issued in June 2020 and published before Legislative Council as Sessional Paper 26/20.<sup>1</sup> In addition, this follow-up audit aims to provide feedback for internal learning for Audit St Helena, SHG and the legislature.

## METHODOLOGY

In the execution of this follow-up audit, Audit St Helena took the following approach to assess the extent to which SHG had implemented the actions agreed upon:

- We updated the consolidated recommendations register for relevant published reports and enquired as to the status of previously agreed upon actions based on the implementation timelines provided by SHG management.
- We validated the responses where SHG indicated that recommendations have been implemented.
- We closed all the recommendations that had been identified as either implemented or superseded by events.
- Where a recommendation that remains relevant has not been implemented, we obtained a new target date for the implementation where possible.

To do this work, we engaged with SHG from July through October 2023 with certain additional updates requested in February 2024 and received through May 2024.

---

<sup>1</sup> Audit St Helena, *Follow-up on Previously Issued Performance Audit Recommendations* (June 2020).

## KEY FACTS

### Implementation progress of outstanding recommendations from reports we reviewed in our last follow-up audit

Report	Issue date	Total recs.	Outstanding as of 2020 follow-up audit	Implemented since 2020 follow-up audit	Percentage implemented since 2020
Vehicle Customs Revenue	Jun 2012	6	1	0	0%
VFM Review of the New Customs Buildings	Aug 2012	15	6	6	100%
Delivering Government Objectives	Aug 2014	27	10	10	100%
St Helena Airport Project Overview Audit	Jun 2015	8	6	4	67%
Managing Grants and Subsidies	Mar 2016	11	11	6	55%
Corporate Governance of the St Helena Government Group Entities	Feb 2018	16	10	4	40%
<b>Total</b>		<b>83</b>	<b>44</b>	<b>30</b>	<b>68%</b>

From the legacy reports, we identified forty-four (44) open recommendations at the beginning of our follow-up audit and concluded that thirty (30), accounting for 68%, were either implemented or superseded. This leaves fourteen (14) recommendations that remain open representing 32% of the open recommendations we identified at the start of our review. The Managing Grants and Subsidies report and the Corporate Governance report together account for eleven (11) of these fourteen (14) open recommendations.

**Implementation progress of recommendations from reports published since September 2019 and not included in our last follow-up audit**

<b>Report</b>	<b>Issue date</b>	<b>Total recs.</b>	<b>Implemented as of this audit</b>	<b>Percentage implemented</b>
Jamestown Hospital Refurbishment	Sep 2019	11	9	<b>82%</b>
Procurement of the Fuel Management Contractor	Sep 2019	4	4	<b>100%</b>
Procurement of the Sea Freight Service Contractor	Sep 2019	11	8	<b>73%</b>
1, 2, 3 Main Street Hotel Development	Feb 2020	8	5	<b>63%</b>
Benchmarking Primary and Secondary Education	Jul 2020	5	4	<b>80%</b>
Investigation: The Bulk Fuel Installation Project	Sep 2020	4	1	<b>25%</b>
Benchmarking Health	Oct 2021	5	2	<b>40%</b>
Enterprise St Helena	Jul 2022	3	0	<b>0%</b>
<b>Total</b>		<b>51</b>	<b>33</b>	<b>65%</b>

There is a nearly identical implementation rate of recommendations raised in reports published since September 2019 compared to those published before. This is seen by the implementation of thirty-three (33) recommendations representing 65% of the fifty-one (51) total outstanding recommendations from our more recent reports that we identified at the beginning of this follow-up audit.

We acknowledge the progress made in the implementation of recommendations included in the Jamestown Hospital Refurbishment, Main Street Hotel Development and Benchmarking Education reports together with our reviews of the Fuel Management and Sea Freight Service procurements. More work needs to be done to ensure the implementation of recommendations raised in our reports on Benchmarking Health, the Bulk Fuel Installation Project and Enterprise St Helena.

## FINDINGS

This section summarises the findings by highlighting progress in the implementation of recommendations since our June 2020 follow-up and suggests a way forward for outstanding recommendations as appropriate. A full list of outstanding recommendations is included in the appendix to this report.

### Vehicle Customs Revenue – June 2012

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
1	0	1

In the 2016 and 2020 follow-ups there was one recommendation outstanding from this report: “Evidence detailing the follow-up of late payment needs to be held and recorded on file.” Management acknowledged the need to put in place a follow-up record on unpaid declarations in addition to the current system having the capability to produce a report of unpaid declarations. To this effect, they have recently developed a checklist for discrepancies which includes follow-up action on unpaid declarations. This recommendation will remain open for monitoring purposes as this template was expected to be first used for the October 2023 voyage.

### VFM Review of the New Customs Buildings – August 2012

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
6	6	0

This is a legacy report with recommendations that still remain relevant regardless of the passage of time as the recommendations can be broadly applied to construction projects in general. Five of the six recommendations were implemented through the introduction of new procurement regulations in 2013, creation of the Rolling Procurement Plan checklist at the planning stage, establishment of a full project management team and hiring of project managers.

A sixth outstanding recommendation proposed that SHG “review the project management process to ensure that delays do not occur in future projects. The review should look at planning, ensuring that the needs of the end user are taken into account, and management arrangements.” Various relevant reviews have occurred over the nearly 12 years since this report’s publication. For example, in 2016 a consultant examined and reported on SHG’s capital programme as part of a broader Project Improvement Plan addressing the delivery of infrastructure works on the island. In addition to the reviews, a dedicated Programme Management Office consisting of project managers with specialist expertise now exists within SHG. In 2023 that office published a detailed project management framework that provides guidance to project managers from the concept stage through initiation and governance, deployment and close-out including lessons learned.

## Delivering Government Objectives – August 2014

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
10	10	0

After the review of open recommendations for this report, ten (10) were identified as still relevant. All ten recommendations have been either implemented or superseded since the 2020 follow-up audit. All SHG directorates (now housed in portfolios) have successfully implemented the following recommendations which were partially implemented as of the previous follow-up:

- Produce 3-year budgets.
- Ensure that directorates periodically report on performance.
- Ensure directorates produce strategy and delivery plans with documented responsibility for each objective.
- Develop key performance indicators (KPIs) for directorates that are useful and easy to monitor.
- Under the ministerial system, Ministers monitor and sign-off on the respective portfolio Strategy and Delivery Plans which are subsequently published on SHG's website.
- While timeliness in performance reporting is still a challenge for directorates, KPIs are now reported on a quarterly basis and within 1 month from the end of the preceding quarter.

## St Helena Airport Project Overview Audit – June 2015

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
6	4	2

Four (4) of the six (6) outstanding recommendations from the previous follow-up audit were implemented by the establishment of the Programme Management Office within SHG and the St Helena Airport Ltd company. These include:

- Incorporating conclusions from the assurance report as guidance for ongoing capital projects.
- Communicating and sharing project related information with stakeholders to enhance transparency.
- The airport assets are now valued at depreciated replacement cost which is in line with international standards.
- The new governance structure provides for escalation of risk probing investigation and mitigation.

Although not fully implemented, progress has been made towards the implementation of the remaining two (2) open recommendations as follows:



- *Recommendation 3: All future capital projects as well as Phase 2 for this project should have a defined risk management strategy drafted in accordance with ERM or equivalent standard e.g. AS/NZS ISO 31000: 2009.*

Management comment: In this regard, project risk management for capital projects is now an integral part of the project and programme management. The establishment of the new governance structure provides for risk management responsibility at programme board level. There is still a need to establish a risk management strategy and a risk register for ongoing capital projects like the Fuel Installation Project (FIP).

- *Recommendation 5: Management should design a detailed integrated assurance and audit programme for Phase 2 of the project.*

Management comment: The new project Terms of Reference (ToR) prescribes that the project manager bears the responsibility for drawing the assurance plan. There is still need to design a project assurance and audit programme for ongoing capital projects as none has been drawn to date.

SHG should take advantage of the provisions of these new project ToR and governance structure for capital projects to fully implement the above recommendations by developing a risk management strategy and assurance programme for all such projects.

### **Managing Grants and Subsidies – March 2016**

<b>Total outstanding recommendations</b>	<b>Recommendations implemented or superseded</b>	<b>Recommendations not implemented</b>
11	6	5

We concluded that four (4) of the eleven (11) recommendations have been implemented through the development of the SHG Subsidies Policy. The policy covers the following areas required by some of the recommendations:

- Decision process which includes classification of grants and subsidies as high or low risk.
- Administration of the grants and subsidies including quantitative thresholds.
- Applicability of objectives defined in the Strategic Development Plan to all subsidies.
- Consistence of performance monitoring framework for classes of grants and subsidies.

We further found that two (2) additional recommendations have been implemented through an Internal Audit initiative to improve directorates' performance reporting. The resulting system prompted new guidance from SHG's Performance Manager to enhance data quality in such reporting and a requirement for directorates to submit evidence to support their quarterly and annual reports.

Finally, we concluded that the remaining five (5) recommendations have not been implemented and should remain open. For one such recommendation, management

indicated that instances where the recipient of the subsidies makes a profit or surplus will be addressed in the next policy review scheduled for the last quarter of FY 2023/24.

### Corporate Governance of the St Helena Government Group Entities – February 2018

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
10	4	6

We established that SHG now has an Ownership Policy for Wholly Owned State Entities which provides for a governance system for State Controlled Entities (SCEs). This policy addresses four (4) previously issued recommendations as follows:

- Allowing for the alignment of SCEs’ objectives to SHG policies.
- Assessment of SCEs’ performance by SHG and monitoring of SCEs’ wider mandates and objectives including financial targets, capital structure and risk tolerance levels.
- Establishing a position for an SHG representative on SCEs’ board of directors. This individual has the duty to ensure that the interests of SHG are represented in SCEs.
- The policy prescribes a reporting system that requires SCEs’ annual performance reports together with audited financial statements and management letters to be laid before the relevant committee.

The following issues still remain open:

- The legislative amendment requiring all SCEs’ audited annual financial statements and any other accompanying reports to be laid before Legislative Council so that they are scrutinised by the Public Accounts Committee (PAC) rather than brought to PAC attention by the Chief Auditor as a matter of importance.
- Legislation or otherwise terms of reference should be amended to ensure that Council Committees are able to exercise their oversight over the service delivery performance of SCEs by reviewing the non-financial information contained in the annual reports of SCEs.
- Legislation that will enable the establishment of regulatory authorities in those service sectors where SHG has an interest through its SCE so as to achieve its regulatory objectives.
- New board nomination processes for SCEs so as to achieve well-structured, merit-based and transparent boards. While SHG has appointed a non-executive director (NED) to represent its interests on the boards of State Owned Entities, the incumbent told us that more reform is required to establish a consistent policy framework and process for making NED appointments across such entities.
- A disclosure policy for SCEs that identifies what information should be publicly disclosed, the appropriate channels for disclosure and mechanisms for ensuring quality of information.
- Remuneration policy guidelines for SCE boards that fosters the long- and medium-term interest of the entity and can attract and motivate qualified professionals.

Following publication of the original report, SHG management initially identified the Attorney General position as the responsible party for the first three open recommendations above.

Commenting on them in April 2024, the present Attorney General noted that the Constitution was changed with the introduction of ministerial government in 2021 and accordingly any legislative initiatives to address such recommendations should be introduced, if desired, by the Financial Secretary and the appropriate Minister.

### **Jamestown Hospital Refurbishment – September 2019**

<b>Total outstanding recommendations</b>	<b>Recommendations implemented or superseded</b>	<b>Recommendations not implemented</b>
<b>11</b>	<b>9</b>	<b>2</b>

SHG has made much progress with the recommendations of this report seeing nine (9) of eleven (11) recommendations implemented.

These include the following actions, among others:

- Securing maintenance contracts for high value hospital equipment like the CT scanner.
- Projecting the future demand for health services through the commissioning of the Joint Strategic Needs Assessment. This is now built into the financial and strategic planning of the Health Directorate.
- The directorate now has KPIs which are easy to monitor with quarterly progress reports being produced.
- SHG officially adopted the Royal Institute of British Architects plan of works in its current construction projects.

The directorate has indicated that the refurbishment of the Jamestown Hospital also provided non-financial benefits to the island like the improved quality of service due to facilities now being available. However, there is still a need to commission an analysis of financial impacts drawn from the hospital refurbishment and monitor post construction benefits for capital projects.

In response to one of the outstanding recommendations, SHG hired a Monitoring, Evaluation and Learning Officer who started work in January 2024. This will enable SHG to develop cost and benefit monitoring plans for all capital projects.

### **Procurement of the Fuel Management Contractor – September 2019**

<b>Total outstanding recommendations</b>	<b>Recommendations implemented or superseded</b>	<b>Recommendations not implemented</b>
<b>4</b>	<b>4</b>	<b>0</b>

SHG has strengthened its procurement procedures as we recommended in various ways. Specifically, SHG enacted new procurement regulations and introduced an electronic portal that standardises the procurement process and improves recordkeeping. In addition, SHG followed a procedure for enacting the procurement regulations as subsidiary legislation to ensure they are treated as requirements and not merely guidance.

## Procurement of the Sea Freight Service Contractor – September 2019

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
11	8	3

As noted with recommendations related to the fuel management procurement, SHG has improved its contracting process since 2019. Several recommendations from this report were implemented through the following:

- developing the new procurement regulations,
- putting controls in place to prevent non-compliance,
- ensuring that proper procedures are being followed in the enactment of subsidiary legislation and
- developing the Rolling Procurement Plan (RPP), which provides a checklist for assessing financial reasonableness, authenticity and the risk rating of the initial request for procurement.

The following recommendations remain outstanding:

- Updating Procurement Regulation Part 8: Definitions to reduce ambiguity and strengthen the overall regulations.
- The introduction of a standstill period into the procurement regulations before a contract is signed, in which rejected bidders are informed of the reasons for rejection and an informed decision made whether to appeal or not.
- Whilst the RPP covers the pre-requisite assurances, there is room for improvement on the development of additional checklists/templates to cover the documentation requirements and the actual execution of the procurement under the regulations.

## 1, 2, 3 Main Street Hotel Development – February 2020

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
8	5	3

SHG implemented five (5) recommendations by updating its tourist projections, estimating the level of subsidy required for subsequent financial years and negotiating incentives for the hotel operator to minimise costs and maximise revenue, among other actions.

The recommendation on the need to incorporate optimism bias in project planning remains open as the evidence of implementation could not be provided. The Programme Management Office asserted that the current approach provides for inclusion of optimism bias which will be used on upcoming major projects.

There is still need to develop a methodology for revisiting forecasts particularly where the sensitivity analysis shows significant alterations to outputs resulting from changing assumptions.

Apart from the recommendations above, SHG still needs to design a structured divestment strategy for the hotel outlining timeline, expected sale price, buyer conditions, expected benefits and costs, and prudential financial impact.

### **Benchmarking Primary and Secondary Education – July 2020**

<b>Total outstanding recommendations</b>	<b>Recommendations implemented or superseded</b>	<b>Recommendations not implemented</b>
<b>5</b>	<b>4</b>	<b>1</b>

Four (4) of the five (5) outstanding recommendations were implemented. These include the amendment of the Education and Employment Directorate’s performance indicators to track percentages of both primary and year 11 students who meet age-related expectations and those who achieve a pass grade in both English and Maths respectively.

EED’s performance indicators are now included in the year-end reports which are now aligned with St Helena’s school year instead of the financial year.

Progress has been made in analysing the benefits and costs of consolidating provision of primary education at a single site. Initial workshops were conducted and the feedback remains with the SHG contractor on this work. Acknowledging this progress, the recommendation remains open until feedback is given on this analysis.

### **Investigation: Bulk Fuel Installation Project – September 2020**

<b>Total outstanding recommendations</b>	<b>Recommendations implemented or superseded</b>	<b>Recommendations not implemented</b>
<b>4</b>	<b>1</b>	<b>3</b>

Two (2) of the four (4) recommendations have been at least partially implemented, with one (1) being closed. These are:

- The sharing of indicative timelines for resolving outstanding design issues at the new Bulk Fuel Installation (BFI) and Airport Fuel Facility (AFF) with stakeholders has been done awaiting refined timelines. This recommendation will remain open until refined timelines are shared.
- Governance arrangements for SHG programme management have been established incorporating best practice recommendations. There is now a Fuel Programme Board overseeing separate project boards for ground and aviation fuels, with the goals of commissioning both the BFI and AFF, respectively. This recommendation has been closed as implemented.

The other two (2) recommendations that remain open are:

- Obtain a valuation of the new fuel system for accounting purpose once construction is complete. This is dependent on the completion of all construction works.
- Keep businesses and the public informed of the new fuel pricing model so that they can prepare for any future changes.

## Benchmarking Health – October 2021

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
5	2	3

The Health Directorate made progress in the implementation of recommendations mainly through the establishment of a system which measures performance against its strategic objectives as encouraged by report recommendations number 1a to 1d.

The patient waiting times for General Practitioner (GP) services, referral to treatment and elective surgery are now being tracked and monitored as recommended.

The following issues remain outstanding:

- SHG should examine the advantages and disadvantages of creating a national healthcare insurance scheme that would establish an investment-backed fund designed to meet the long term health needs of St Helena's population, including the cost of overseas medical referrals.
- Even though progress has been made to establish an electronic patient record system that meets the directorate's needs, more work needs to be done to upgrade and integrate the existing systems.
- The safer recruitment checks, registration checks, professional references, Medical Protection Society coverage and a warrant to practice are tools being used in hiring. However, there is still a need to review the Medical Practitioners Ordinance such that recommendations to the Governor for the appointment of medical doctors are made by a senior health professional who must be an experienced clinical practitioner. Further, there is need to review the methods for recruitment of health professionals to incorporate the services of an independent medical practice regulator like the UK General Medical Council as a gatekeeper.

## Enterprise St Helena – July 2022

Total outstanding recommendations	Recommendations implemented or superseded	Recommendations not implemented
3	0	3

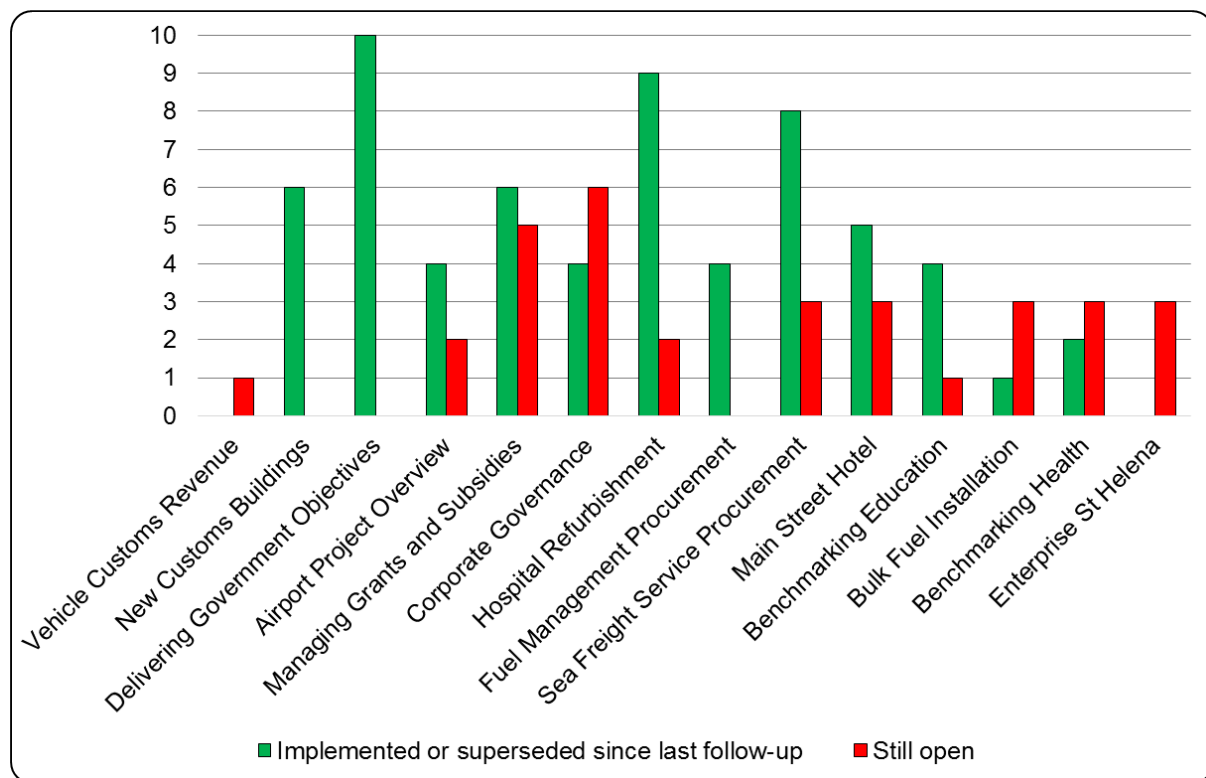
All three (3) of the report's recommendations remain outstanding. However, it is important to note that the Economic Development Portfolio has drafted a new Sustainable Economic Development Strategy for 2023-2033 which will be linked to a development plan with associated KPIs forming the basis for a monitoring and evaluation framework. The associated recommendation will remain open until our next follow-up audit to monitor the annual review and amendment process for the plan's performance indicators and targets.

### Summary of recommendation status since last follow-up report

	Recommendations implemented or superseded	Recommendations not implemented	Total
<b>Total outstanding recommendations</b>	<b>63</b>	<b>32</b>	<b>95</b>
<b>Percentage</b>	<b>66%</b>	<b>34%</b>	<b>100%</b>

The chart below summarises SHG’s progress in implementing outstanding recommendations for all fourteen (14) performance audit reports issued from June 2012 through July 2022. As in the tables above, the counts in the chart reflect open recommendations as identified in our last follow-up report as well as those found in our new performance audits published from September 2019 to date.

### Number of recommendations implemented or superseded since last follow-up report and those still open, by audit report



## CONCLUSION

We found a 66% implementation rate of open recommendations compared to 25% from our 2020 follow-up which is a notable improvement by SHG. This uptick in implementation was most evident for our reports on Delivering Government Objectives, New Customs Buildings, Benchmarking Education, Jamestown Hospital Refurbishment and the two procurement-related audits. Out of thirty-two (32) recommendations that remain open, SHG management provided new target completion dates for eight (8).

The incomplete responses we received on recommendations arising from the Corporate Governance and Managing Grants and Subsidies reports indicate a need for SHG to put additional effort into responding to those reports' outstanding matters. Given the significant impact on performance monitoring and good governance that these open recommendations have, it is crucial that due regard is given by management in order to ensure that value for money is achieved.

All outstanding recommendations, responsible parties as assigned by SHG and SHG management comments are detailed in the Appendix to this report.



Brendon Hunt

Chief Auditor for St Helena Island  
5 August 2024



## APPENDIX 1

### LIST OF OUTSTANDING RECOMMENDATIONS

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
<b>Vehicle Customs Revenue – June 2012</b>			
1	6. Evidence detailing the follow-up of late payment needs to be held and recorded on file.	Financial Secretary	Agreed. New debt management procedures were established and this recommendation is incorporated. (August 2012)  Audit comment: Management subsequently shared a new template that they would begin using in October 2023. To remain open for monitoring. (October 2023)
<b>St Helena Airport Project Overview Audit – June 2015</b>			
2	3. All future capital projects as well as Phase 2 for this project should have a defined risk management strategy drafted in accordance with ERM or equivalent standard e.g. AS/NZS ISO 31000: 2009.	Air Access (now Programme Management Office)	We don't have a specific risk management strategy, but risk management is integral to the project and programme management. Our new governance structure gives details of risk escalation. (October 2023)
3	5. Management should design a detailed integrated assurance and audit programme for Phase 2 of the project.	Air Access (now Programme Management Office)	The new project ToR prescribes that the project manager bears the responsibility for drawing the assurance plan. There is still need to design a project assurance and audit programme for ongoing capital projects. (October 2023)

This report has been prepared in accordance with Section 29 of the Public Finance Ordinance and published by the Chief Auditor, Brendon Hunt. The audit team consisted of Omence Murawu with assistance from David Brown and Deputy Chief Auditor Vimbai Chikwenhere.

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
<b>Managing Grants and Subsidies – March 2016</b>			
4	<b>3.</b> The policy framework should set out the criteria for awarding subsidies and be supported by management procedures. The development of a template award letters will ensure consistency of the conditions that are used in award process.	Financial Secretary – Head of Accounting Services	Agreed – to be implemented as part of the next round of budget discussions. (March 2016)  Audit comment: Evidence we gathered indicates that SHG has made progress on implementing this recommendation, but we did not receive sufficient documentation to close it at this time. (April 2024)
5	<i>For the larger grants and subsidies we recommend the policy framework and associated administrative procedures should include the following specifics (4b through 4e):</i>  <b>4b.</b> The policy should deal with instances where subsidy receiving bodies make a profit/surplus and the resulting treatment of those funds.	Financial Secretary – Head of Accounting Services	This is not applicable at this time as subsidy is only provided to entities where there are deficits, however this will be addressed in the next policy review scheduled for Q4 of 2023/24. (October 2023)
6	<b>4c.</b> Key performance indicators should be established at the outset which will provide a basis for monitoring and performance evaluation. These KPIs must be set through a consultative process.	Chief Secretary – Deputy Chief Secretary	Agreed – to be implemented before new subsidies or grants are approved. (March 2016)  Audit comment: KPIs have been set for portfolios, but we did not receive evidence indicating they have been established for subsidies or grants. (April 2024)

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
7	<b>4d.</b> SHG should put in place a mid-year assessment process to evaluate performance and determine if variations or other interventions are required including corrective actions required of the entity management.	Financial Secretary – Head of Accounting Services	Agreed – to be implemented as part of the next round of budget discussions. (March 2016)  Audit comment: Evidence we gathered indicates that SHG has made progress on implementing this recommendation, but we did not receive sufficient documentation to close it at this time. (April 2024)
8	<b>4e.</b> A close-out report should be a condition so that a reporting or feedback mechanism is in place after utilisation of the grant or subsidy and this report must include the necessary supporting information to allow evaluation of the reporting entity/organisation’s performance against the predetermined KPIs.	Financial Secretary – Head of Accounting Services	Agreed – to be implemented as part of the next round of budget discussions. (March 2016)  Audit Comment: Evidence we gathered indicates that SHG has made progress on implementing this recommendation, but we did not receive sufficient documentation to close it at this time. (April 2024)
<b>Corporate Governance of the St Helena Government Group Entities – February 2018</b>			
9	<b>1.</b> Legislation should be amended to ensure that all SCEs’ audited Annual Financial Statements, Management Letters and any other accompanying reports be laid in LegCo so that they are scrutinised by the PAC rather than brought to PAC attention by the Chief Auditor as a matter of importance.	Attorney General	Public Accounts Bill (new legislation) is included on the Legislative Programme which is still to be prioritised. (May 2020)  [T]hese recommendations... stem from when the Committee system was in operation. As you may know the Constitution was changed with the introduction of Ministerial Government. It follows that it is not for the AG to introduce these amendments in a new Public Finance Bill but for the Financial Secretary and the Minister to do so if so advised... (April 2024)

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
10	<p><b>2.</b> Legislation or otherwise terms of reference should be amended to ensure that Council Committees are able to exercise their oversight over the service delivery performance of SCEs by reviewing the non-financial information contained in the Annual Reports of SCEs.</p>	Attorney General	<p>This will be considered by Legislative Council and will be prioritised in line with the priorities of the Council, from 1 April 2018. (February 2018)</p> <p>[T]hese recommendations... stem from when the Committee system was in operation. As you may know the Constitution was changed with the introduction of Ministerial Government. It follows that it is not for the AG to introduce these amendments in a new Public Finance Bill but for the Financial Secretary and the Minister to do so if so advised... (April 2024)</p>
11	<p><b>3.</b> SHG should develop and implement legislation that will enable the establishment of regulatory authorities in those service sectors where it has an interest through its SCE so as to achieve its regulatory objectives.</p>	Attorney General	<p>This will be considered by Legislative Council and will be prioritised in line with the priorities of the Council, from 1 April 2018. (February 2018)</p> <p>[T]hese recommendations... stem from when the Committee system was in operation. As you may know the Constitution was changed with the introduction of Ministerial Government. It follows that it is not for the AG to introduce these amendments in a new Public Finance Bill but for the Financial Secretary and the Minister to do so if so advised... (April 2024)</p>

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
12	<p><b>9.</b> SHG should develop and implement a board nomination process for SCEs so as to achieve well-structured, merit-based and transparent boards, and ensure that SHG interest is represented through making direct appointment to each SCE board either as Chairman or Director as appropriate.</p>	Deputy Chief Secretary	<p>SHG employs a single individual to represent its interests on Boards of SCEs. (October 2023)</p> <p>Reform is required to enable SHG to achieve the goals of the recommendation including a policy framework and process for making non-executive director (NED) appointments... Pending these reforms I have worked with State Owned Entities (SOEs) to begin to implement reforms in Board composition and NED selection and appointment. (SHG's SOE Non-Executive Director, April 2024)</p>
13	<p><b>12.</b> SHG should develop a disclosure policy for SCEs that identifies what information should be publicly disclosed, the appropriate channels for disclosure, and mechanisms for ensuring quality of information.</p>	Financial Secretary	<p>Agreed subject to the provision of resources, from 1 April 2018. (February 2018)</p> <p>Audit comment: No response for 2023.</p>
14	<p><b>14.</b> SHG should set clear policy on the attendance and remuneration of public officers serving on public boards in an ex-officio capacity and that any directors' fees should accrue to the revenues of St Helena Government.</p>	Deputy Chief Secretary	<p>Policy for remuneration of public officers still to be drafted. (October 2023)</p> <p>Audit comment: Evidence we gathered indicates that SHG has made progress on implementing this recommendation, but we did not receive sufficient documentation to close it at this time. (April 2024)</p>

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
<b>Jamestown Hospital Refurbishment – September 2019</b>			
15	<b>b.</b> SHG should commission analysis looking at the financial impacts of the refurbishment, and determine whether cost savings are being realised as a result of procedures being performed on-island.	Director of Health	In progress. Some work has been undertaken to determine the financial impacts of the project. Further work is needed to formalise this and to determine to what extent the cost of savings are being realised. (May 2020)  Audit comment: No formal results have been produced for this work as of 2023. (October 2023)
16	<b>k.</b> SHG should have cost and benefits monitoring plans for all capital projects.	Project Manager	In progress. Benefits monitoring is still an area where there is room for improvement. We are currently recruiting a monitoring and evaluation role to assist in developing the systems required. (May 2020)  The Monitoring, Evaluation and Learning Officer commenced employment in January 2024. (April 2024)
<b>Procurement of the Sea Freight Service Contractor – September 2019</b>			
17	<b>8.</b> SHG should introduce to the procurement regulations a standstill period before a contract is signed, in which the rejected bidders have been informed of their reasons for rejection and can make an informed decision whether to appeal the decision or not.	Head of Procurement Services	Procurement regulations currently under full review and will be concluded (all recommendations made) by end of 2023. (October 2023)

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
18	<b>9.</b> SHG should consider developing additional checklists and/or templates to ensure fulfilment of the documentation requirements and verifiability for the actual execution of the procurement according to the regulations.	Head of Procurement Services	Partly implemented with the use of a Rolling Procurement Plan which covers pre-requisite assurances. There is still room for improvement by introducing an additional checklist covering the documentation requirements and actual execution of the procurement under the regulations. (October 2023)
19	<b>14.</b> SHG must update Procurement Regulations Part 8: Definitions to reduce ambiguity and strengthen the overall regulations, being sure to include the definitions of “award decision” and “contracting decision”.	Head of Procurement Services	Procurement regulations currently under full review and will be concluded (all recommendations made) by end of 2023. (October 2023)
<b>1, 2, 3 Main Street Hotel Development – February 2020</b>			
20	<b>b.</b> SHG should develop a methodology for including appropriate optimism bias estimates into its forecasting.	Chief Economist	<p>[A] methodology for optimism bias is being deployed by SHG in line with HM Treasury, and in two bullets involves:</p> <ol style="list-style-type: none"> <li>1. Start with the relevant standard assumption at the Strategic Outline Case stage, and refine through Outline Business Case and Full Business Case as more evidence becomes available (there are explicit actions in the guidance to prompt this).</li> <li>2. Only apply optimism bias to operating costs and benefits if there is clear, bespoke evidence. In the absence of this, deploy sensitivity analysis and consider key questions on its potential impact on the business case. (October 2023)</li> </ol> <p>Audit comment: Will remain open to monitor evidence of use going forward. (April 2024)</p>

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
21	<b>c.</b> SHG should develop a methodology for revisiting any forecasts, particularly where sensitivity analysis shows that assumptions may alter model outputs to a high degree.	Chief Economist	On a methodology for revisiting forecasts, this will happen naturally through the development phase – there is an action at each stage of the business case to revisit previous assumptions and options appraisal. (October 2023)  Audit comment: Will remain open to monitor evidence of use going forward. (April 2024)
22	<b>h.</b> SHG should design a structured divestment strategy for the hotel which outlines: <ul style="list-style-type: none"> <li>• Timeline</li> <li>• Expected sale price</li> <li>• Buyer conditions</li> <li>• Expected benefits and costs</li> <li>• Prudential financial impact</li> </ul>	Financial Secretary	Accepted. The different components of an exit strategy exists and will be brought together.  The Hotel was constructed in the expectation that it would be released to the private sector at the earliest opportunity. SHG is not in the business of running hotels, directly or indirectly. SHG Subsidy is planned to end in 2022.  The Hotel, including the freehold, featured in the St Helena Investor prospectus launched by ESH in November 2019. ESH is promoting the Hotel as an investment opportunity. SHG's aspiration is to recover cost of its investment.  Audit comment: Response received in 2020, no further response added in 2023.
<b>Benchmarking Primary and Secondary Education – July 2020</b>			
23	<b>5.</b> Urgently prioritise an analysis investigating the potential benefits and costs of consolidating primary provision at a single site.	Education Portfolio Director	Progress has been made in analysing the costs and benefits of consolidating provision of primary education at a single site. Initial workshops were conducted and the feedback remains with the SHG contractor who is leading on this work. (October 2023)



No.	Recommendation	Responsible party	Management comment per original report updated for this audit
<b>Investigation: The Bulk Fuel Installation Project – September 2020</b>			
24	1. Work with DFID to publish an expected timeline for resolving outstanding design issues at the new BFI and AFF.	Chief Secretary / Financial Secretary / Procurement	In Progress. Key stakeholders are aware of indicative timelines. An organisation to conduct feasibility and design studies is out for tender. The result of this work will include a project programme for completions. (October 2023)
25	3. Obtain a valuation of the new fuel system for accounting purposes once construction is complete.	Deputy Financial Secretary	The implementation of this recommendation is dependent on the completion of the construction works. Once completed the Treasury will seek to obtain a valuation to be undertaken for accounting purposes. (October 2023)
26	4. Keep businesses and the public informed about the new fuel pricing model so that they can prepare for any future changes in fuel costs.	Deputy Financial Secretary	The model has not changed in 5 years. Should the model change this will be communicated to the public. Changes in fuel prices based on that pricing model are notified to Solomon & Company who are responsible for informing wholesale customers and the public. It should be noted that sharing changes to the model will not give the businesses or the public an indication of future fuel price changes since the pricing depends on global fuel prices and this has been extremely volatile in the past 2 years. (October 2023)
<b>Benchmarking Health – October 2021</b>			
27	2. The Directorate should urgently prioritise the establishment of an electronic patient record system that can address the needs of all users and in particular can produce timely reports required by those users.	Health Portfolio Director	A business plan for the new clinical informatics system/upgrade has been completed, now awaits implementation. (October 2023)

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
28	<p><b>4.</b> Given the ongoing challenges faced in the recruitment and retention of appropriate medical doctors, the Directorate should work with the Attorney General to strengthen the appointment regulations and review its methods for recruitment of health professionals, including the potential restoration of an agency relationship for the provision of qualified healthcare staff.</p>	<p>Health Portfolio Director / Attorney General</p>	<p>HR is responsible for the safe recruitment of all staff, however we have the relevant safer recruitments checks such as, police vetting, qualification checks, registration checks, professional references, MPS cover and a warrant to practice locally. (October 2023)</p>
29	<p><b>5.</b> SHG should examine the advantages and disadvantages of creating a national healthcare insurance scheme that would establish an investment-backed fund designed to meet the long-term health needs of St Helena's population, including the cost of overseas medical referrals.</p>	<p>Financial Secretary</p>	<p>Audit comment: No response for 2023.</p>

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
<b>Enterprise St Helena – July 2022</b>			
30	<p><b>1.</b> To ensure that its ongoing efforts to grow St Helena’s economy can be fully assessed, and adjusted when necessary, SHG should publish a monitoring and evaluation plan for economic development with performance indicators and targets that are publicly reviewed, and amended if needed, on an annual basis. In developing this plan, SHG should (1) involve the Chief Statistician in the selection of high-level indicators that are both measurable and meaningful, and (2) consider engaging specialist expertise from the UK government or private sector to augment its capacity in this area.</p>	Portfolio Director – Economic Development	<p>The new Economic Development Portfolio has recently drafted a new Sustainable Economic Development Strategy, 2023-2033. This will be going to ExCo for endorsement in November ahead of publication. The Strategy will be linked to a development plan with associated KPIs which will form the basis of the M&amp;E framework. I have held discussions with both SHG's Chief Statistician and the Foreign, Commonwealth and Development Office (FCDO) economist. (October 2023)</p> <p>Audit comment: Progress noted. To remain open until next follow-up to monitor annual review and amendment process for performance indicators and targets. (May 2024)</p>
31	<p><b>2.</b> When considering new indicators for evaluating economic progress, SHG should give due weight to (1) individual profit and loss trends for businesses that receive financial assistance and (2) the number of new jobs those businesses provide for locals, while prioritising any refinements of Tax Office recordkeeping that would facilitate this analysis.</p>	Portfolio Director – Economic Development	<p>The indicators in the M&amp;E framework will be outcome based, ensuring the Economic Development team focusses its activities on solving the island's most strategic development problems. These are unlikely to include the two specifically recommended indicators, however are likely to measure similar things related to revenues and demographics. (October 2023)</p>

No.	Recommendation	Responsible party	Management comment per original report updated for this audit
32	<p><b>3.</b> To ensure that advice from specialists received after SHG absorbed ESH's functions is given due consideration, SHG should direct the appropriate personnel to review the 13 recommendations in FCDO's June 2021 ESH Programme Completion Report and publicly report on their progress implementing each. These recommendations include one to review the findings of Aquila Aviation's March 2020 Air Services Consultancy report.</p>	Portfolio Director – Economic Development	All recommendations in both referenced reports have been given due consideration and implemented where necessary, however publically reporting on these will occur when resource is available to produce such a report. (October 2023)