



Report to: Full Council
Report From: Temporary RFO
Subject: Financial Statements, Asset Register and Annual Governance & Accountability Return (AGAR) for Year End 31 March 2022

Background

As presented at the Council Meeting on 15 June 2022, there are a number of actions that a Council must consider and approve as part of the Annual Governance & Accountability Return (AGAR) for each financial year. These actions cannot be delegated and some must be completed within statutory deadlines. For the 2021/22 AGAR, these are:

- formally acknowledge and approve its position at year end (31 March 2022) in terms of Accounting balances, Fixed Assets and VAT;
- have an Annual Internal Audit; and
- based on the above actions, consider the AGAR and supporting documentation, acknowledge and resolve to approve **no later than 30 June 2022** the:
 - Annual Internal Audit Report
 - Section 1 – Annual Governance Statements
 - Section 2 – Accounting Statements
 - Bank Reconciliation
 - Difference between Boxes 7 & 8 (actual at 31/3/22 vs 2021/22 related transactions)
 - Explanation of Variances (FY2020/21 Section 2 figures)
 - Set notice period for electors' right to inspect the accounts - 30 consecutive working days (**must incl. first 10 working days of July, 1st to 14th**)
 - Updated Council contact details – Chair, Clerk & RFO
- Submit the AGAR to the External Auditor **no later than 30 June 2022**
- Publish the required documents **no later than 1 July 2022**

The External Auditor (PKF Littlejohn), has granted STC an **extension** to the submission date of the 2021/22 AGAR of 29 July. However, this does not extend the statutory deadline dates. At the June Full Council Meeting, this EGM was called to try and complete all of the required actions within the statutory deadlines.

Agenda item 4.

Although I have been able to confirm the 2021/22 monthly bank reconciliations and the bank balances presented to Council, more work is still required before I have the same level of confidence in the accuracy of the individual budget headings for the associated the income and expenditure.



I want to make it absolutely clear that I do not think this is due to any misappropriation or fraudulent practices and is not the actions of individuals. In recent years, the Council has seen a lot of change in terms of Councillor Elections, a Council of 18 Members, 3 different Clerk/RFOs and a global pandemic, as well as inadequate/insufficient training and knowledge share. Although the majority of information has been presented to Council, the sheer volume and the associated time pressures, has meant that the level of scrutiny has not identified minor errors (e.g., the cost of the ROSPA Play Equipment Inspection being attributed to the 'Staff Welfare' Budget Heading), which are then continued over subsequent years.

As I cannot be 100% confident in the 2021/22 Year End figures and the breakdown of the Budget Headings, I do not want to present inaccurate figures to Council that may give a misleading picture of the income and expenditure for the financial year, which would cause the current and future financial years to also be inaccurate.

As your RFO, I need to utilise some of the extension period granted by the External Auditor and defer Council's approval of the Year End, AGAR and associated documents for 2021/22 to another Meeting/EGM to enable further clarification.

Recommendation:

That Council resolves to defer the approval of the Financial Statements for Year End 31 March 2022 (**Agenda item 4**) to a separate EGM on Wednesday 13 July 2022.

Recommendation:

That Council resolves to defer the updates and approval of the Asset Register (**Agenda item 5**) to a separate EGM on Wednesday 13 July 2022.

Recommendation:

That Council resolves to defer the Annual Internal Audit Report (**Agenda item 6**) and AGAR part 3 approval of the Financial Statements for Year End 31 March 2022 (**Agenda item 7**) 4) to a separate EGM on Wednesday 13 July 2022.