



Formal meeting of the Ascension Island Council

16:30 on Wednesday 24 April 2024 at the Courthouse

MINUTES

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| Present: | HE the Governor, Nigel Phillips CBE Attorney General, David Ballantyne HH Simon Minshull, Administrator Peter Thomas, Director of Resources Catherine Jones, Deputy Director of Resources | [remotely] (remotely) | Councillor Kerry Benjamin Councillor Kyla Benjamin Councillor Alan Nicholls Councillor Laura Shearer |
| In attendance: | Matthew James, Crown Counsel Denise John, Clerk of Council | | |
| Apologies: | Carl Mackerras, Head of Administrator's Office Councillor Gordon Worthington Ailsa Hearne, FCDO Desk Officer | | |

1. Welcome

HH the Administrator welcomed all parties present and those attending remotely.

2. Approval of Minutes

The minutes of the formal Council meeting held on 21 March 2024, and published on 03 April 2024, was accepted and in accordance with the Council Rules were agreed by Council members.

3. Matters arising

Matters arising were addressed via the Action's Tracker:

Pets on the MOD FIRS: The Administrator advised that the Foreign, Commonwealth and Development Office (FCDO) is following up with the Ministry of Defence (DSCOM, MOD) to get a further update on the policy that pets are no longer permitted on the Falkland Island Resupply Ship (FIRS). Whilst bookings are still being honoured for dogs and cats to be transported on the FIRS back to the UK from Ascension, bookings are no longer taken for pets to be transported from the UK to Ascension.

Future vet visit plans: The Administrator said the AIG is working to arrange a visit, whether from St Helena, now that a Veterinary Officer has been appointed, or alternatively via support from the Falkland Islands.

Council will be updated on both actions when further information is available.

4. FCDO Economists Visit

The Director of Resources (DoR) informed Council that Economists from the FCDO will be visiting Ascension the week commencing 13 May to carry out a Financial Review Mission, to assist AIG in producing a sustainable medium-term financial planning model. The opportunity to further develop relationships with FCDO and the

detailed findings and recommendations of the review are welcomed and are anticipated to be of valuable support to AIG.

The Administrator added AIG will be working on a detailed visit programme to include engagement with Councillors during the time the Economists are here in Ascension. The FCDO Economists will be accompanied by Ailsa Hearne, from the Overseas Territories and Polar Directorate, FCDO. The DoR and his team have prepared a large volume of documents for the economists as pre-briefing, and Ailsa adds value from her experience as Desk Officer of Ascension.

HE the Governor welcomed the visit and felt it was vital and helpful to understand the future economic model for Ascension, and part of good governance is the occasional look at the structural model being worked with. HE the Governor said the Economists are eager to engage with everyone and he appreciated the amount of work required in preparation, as seen from the Terms of Reference. Councillor Nicholls enquired whether the Terms of Reference have been up dated. The Administrator said small amendments will be made and finalised before the Economists arrival.

5. Presentation of AIG Financial Statement, Auditor's Report year ended 31 March 2023 and External Auditor's Management Letter

The DoR presented to HE the Governor and members of the island council, the Audited Annual Statements of AIG Accounts for the financial year 2022 – 2023, including the Chief Auditor's Report and Management Letter. The Auditor's Report includes a disclaimer of opinion which means the Auditor is not expressing an opinion to the financial statements. The DoR noted that AIG had experienced vacancies in key positions within Finance together with several changes in staff which are considered to be a significant factor behind this outcome. However, this clearly is a matter AIG needs to address. The start of this process has been the development of a detailed robust Action Plan addressing each of the areas of difficulty encountered during the 2022 – 23 Audit.

The DoR said he has developed a 21-point action plan. Areas of the plan highlighted is to work to a set list of required requests prepared by the Auditors, in providing financial accounts and supporting schedules and documentation, so the audit commences from an expected and firm position. A working group will be set up between the Deputy DoR, Deputy Chief Auditor, Chief Auditor and DoR to meet regularly with an agenda of looking at matters/issues that are not being resolved promptly, operating similarly to a project board. A longer period of on-site work by the external Auditors is planned, as requested by the Deputy Chief Auditor. In summary working to a structure which jointly defines expectations, good communication and working collaboratively is the key to meeting objectives to the annual audits. The Action Plan has been shared with the external auditors and their input has been sought on additional actions that should be incorporated.

The Chief Auditor's Management Letter includes two recommendations both of which are accepted and will be implemented. The DoR is confident with a stable team now in place and positions permanently filled, Resources Directorate are already in a better place to commence producing financial statements for 2023 – 2024 and the DoR expressed confidence that significant progress toward the audit being more effective and resolving each of the matters identified during the audit.

HE the Governor advised councillors that as the Chief Auditor has chosen to issue a disclaimer of opinion, this would ordinarily be a cause for significant concern. but having spoken with the DoR and Administrator there are understandable reasons behind this outcome. A large part is a consequence of staffing constraints in AIG. HE the Governor was equally satisfied that AIG was not in a position where the Auditor had indicated there was financial mis-management. Identified failings were brought forward by the Chief Auditor and HE the Governor was satisfied that the DoR had understood them and taken on board everything said and set out a clear plan to address those issues working with the team. The DoR had set out why he has confidence with improving the audit progress in future.

As a consequence, following the council meeting, HE the Governor would note any comments Councillors had and convey them to the FCDO directly . He had asked the DoR to prepare a letter setting the full circumstances to the audit outcome.

The Attorney General noted that he understood the deficiencies identified in the Chief Auditor's report and that this was not the position everyone wanted to be in. The legal background to the obligations on accounting officers is in the Ascension's Financial Management Policy 2001. The Attorney General was not aware of Financial Regulations specifically for Ascension and in that event the Ordinance itself, Section 23(1a), stated that until financial regulations are issued specifically, under subsection 1(a), those applying in St Helena will apply in Ascension. The Attorney General felt this was not ideal and asked Crown Counsel to make everyone aware of these regulations and that they were complied with; in the longer run he advised the DoR to consider having regulations more appropriate to Ascension to help steer in the right direction and simplify the process. What suits St Helena is not necessarily right for Ascension. The Attorney General offered to help contribute to the process of drafting with Crown Counsel, to draw on St Helena Regulations what is appropriate. The Attorney General was content there was no element of fraud or mis-management of funds, but these are procedural matters and with an action plan and an experienced DoR now in place there is a course of action.

Councillor Nicholls said it was disturbing to read the Report from the Auditor and wondered how the auditors managed without the information that was required or which wasn't available. Councillor Nicholls expressed concern about the follow-up prior year recommendations, eight recommendations were made and only one was cleared over that period of time. The Deputy DoR explained that since 2018 there had been more than eight recommendations but those have been cleared and now only eight remain. The report listed only outstanding recommendations, although one of these has now been closed.

Councillor Nicholls queried the variances between the nominal ledger and trial balance and asked what accounted for these. The DoR explained the standard report taken from the accounting system SAGE shows the general ledger balance as of the date you run the report off, not the date of the balance sheet which is 31 March. The balance sheet did correctly tie back to the trial balance, but accounts shouldn't tie back to those figures on the general ledger report. The DoR said the same report had been generated for the auditors for several years, but it is incumbent upon AIG to give them figures which tie back. This is being addressed to determine if a new report can be produced to pick up the correct parameters. The reason for the difference in the table was identified a week before the accounts were due to be signed off, so was not something that could have been addressed then. The DoR explained it was essentially a difference in timing between the reports rather than a discrepancy. The accounts tie back to the correct figures which is the trial balance figures. The Deputy DoR explained if a transaction listing is run for one account you have a balance brought forward and all the transactions with a debit and credit balance, but what it also shows at the bottom is a year to date balance which is being taken as at 31 March 23, but the year to date balance which is actually being reported here is the year to date balance at the date of the report. Previous auditors have added the transaction listing to the balance brought forward, and manipulated it to get the correct balance whereas in this instance they have just taken it as it is. The DoR said there is a need to have regular communication hence the requirement for a working group so matters arising like this can be identified.

Councillor Nicholls asked how the Auditor's comment of lack of information and lack of evidence would be addressed. DoR explained he genuinely believed there was no unwillingness on either side to communicate with each other. The timing of the audit, with the information provided and requested later in the timescale, got to the stage where a huge amount of information was requested from the auditors and huge amount was sent back in a short space of time. In the DoR's opinion this had detrimental impact because there was no opportunity to discuss or have the time to go through it and communicate issues. A more structured process will address that.

Councillor Nicholls noted AIG does not have any statutory requirement as to the form and content of the financial statements. DoR said he would work with Crown Counsel to produce Financial Regulations which dovetailed neatly in with St Helena's regulations. There would not be any dramatic changes, there might be a few areas that needed adjusting to provide less leeway because St Helena has higher tolerances before matters are reported and addressed, so he would be looking to set lower values for Ascension. The DoR would work on the Attorney General's comments and aim to issue the Financial Regulations during the audit period.

The Attorney General said the laws of Ascension did not describe any statutory requirement as far as incumbent on financial statements, that is an important omission. If the Regulation review focused on that provision and at least identified what the financial statements must contain, and know what the target is going forward, that will provide definition as it must be confusing for accounting officers what they should be producing as it is not defined in one area. The Attorney General endorsed the priority being given to preparing appropriate

Regulations. The DoR confirmed the statutory accounts state the practice of Ascension is to follow the Financial Reporting Standard 102 as they apply to UK regulations, and that can be made clear in the Financial Regulations.

Councillor Nicholls referred to the Auditor's report where they were unable to determine further adjustments required to items of account regarding value of property. Councillor Nicholls queried how property is able to be valued as there is no property market on Ascension. The DoR said the value is on a cost basis and depreciated on the original cost, a previous qualification of opinion was that the land itself was not being valued, professional advice confirmed that AIG accounting treatment was correct and shouldn't have been valuing land. The DoR agreed that whilst the Audit Report is fair, he slightly disagreed that having fully depreciated assets constitutes a departure from FRS102 and the need to review the useful lives of assets at each annual reporting date. FRS102 states if there is an indication that there has been a significant change since the last annual reporting date by which an entity expects to consume an asset the entity shall review its present depreciation method and if current expectations differ, change the depreciation method to reflect the new pattern. Since the last accounting date there has been no new information or new developments as to why the lives of the assets is different. The DoR emphasised that while he disagreed on a point of detail he agreed with the overall principle of the point being made by the Auditor, and will work towards satisfying the Auditor that efforts have been made to comply with the accounting standards of FRS102.

Councillor Nicholls thanked the DoR for taking on board the findings of this audit. The DoR explained he was very confident in the team and the actions being done and the relationship with the auditors so that significant progress can be made. The DoR thanked the Auditor's for the Report which gives a firm basis for moving forward.

6. Any other business

The Administrator reminded Councillors of Minister Rutley's call with Leaders of the Overseas Territories on the UK's Overseas Territories Strategy on Tuesday 30 April, 1530-1630 BST (via Teams). The Agenda had been circulated and the Administrator agreed with Councillor Kerry Benjamin's suggested pre-meeting to talk things through and felt this was a good opportunity to have the time to meet the Minister.

Councillor Nicholls asked if person's travelling from Falklands to UK via Ascension, could stopover as a visitor. The Administrator said he has been in touch with the MOD's Command Secretary in the Falkland Islands to clarify this issue. Under the MOD's Joint Policy Statement anyone with no connections with Ascension stopping off and having a holiday is not permitted. However, someone with a family member or a friend stopping off and visiting a family member is permitted. The Administrator explained that the AIG does not have a seat allocation between Ascension and Falkland Islands, the only seat allocation is administered by Falkland Islands Government (FIG). If within that allocation FIG have space for someone who wants to visit family or a friend on Ascension, there is no reason why they can't, this matches how AIG uses its Abridge allocation between Ascension and the UK.

The AIG will work with the MOD and FIG, to apply the terms of the Joint Policy Statement and ensure everyone is has a clear understanding of what can and cannot be accommodated. Councillor Nicholls advised of an instance where an e-visa was granted to a couple and then withdrawn, with one of reasons quoted by immigration being for security reasons. The Administrator was not aware of this case but offered to look at it if Councillor Nicholls provided the details. Crown Counsel advised e-visas can exceptionally be refunded in some instances where entry had been refused. The Administrator explained that the issue of Airbridge stopovers on Ascension was previously flagged by the MOD as a concern and that clear guidance will be discussed with the aim of including it in the next revision of the Joint Policy Statement.

The Deputy DoR advised Councillors that the next cargo ship from South Africa/St Helena is expected to arrive at Ascension in the first week in August. This would be the first one for this financial year but as advised previously, there would be 3 visits a year with the next one proposed for November/December and then February/March 2025.

The Deputy DoR confirmed Clarence House is ready to be handed over to the new operator's and is expected to open at the beginning of July, for those transiting between St Helena /Ascension.

7. Proposed dates of next meetings:

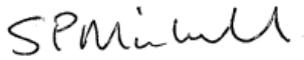
Informal Council Meeting – 10:00 23 May 2024

Formal Council Meeting – 16:30 06 June 2024

There was no further business and the meeting ended at 17:30.

Denise John
Clerk of Council

I certify that this is a true record of the meeting to which it relates.



Simon Minshall

On behalf of HE the Governor, Mr Nigel Phillips CBE