



**City of Durham  
Charter Trustees for the City of Durham**

Ref: JM

23 April 2024

To: The Mayor and Members of the  
**CHARTER TRUSTEES FOR THE CITY OF DURHAM**  
(Councillors L Mavin, L Brown, J Blakey, J Chaplow, J Elmer,  
C Fletcher, D Freeman, O Gunn, D Hall, A Hopgood,  
L Hovvells, G Hutchinson, B Kellett, E Mavin, M McKeon,  
D Nicholls, R Ormerod, E Scott, M Simmons, A Simpson,  
D Stoker, P Taylor, M Wilkes and M Wilson).

Dear Sir/Madam

A Meeting of the **CHARTER TRUSTEES FOR THE CITY OF DURHAM** will be held in Committee Room 2, County Hall, Durham, on Monday 29 April 2024 at 2.00 pm.

**BUSINESS**

**Part A**

Items which are open to the Public and Press

- 1 Apologies for Absence
- 2 Minutes of the meeting held on 6 December 2023 (Pages 3 - 4)
- 3 Declarations of interest, if any
- 4 Nominations for the Mayor and Deputy Mayor
- 5 Yearly Approval of Risk Assessment of Governance Arrangements - Report of the Clerk to the Charter Trustees (Pages 5 - 12)

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- 6 Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration
- 7 Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

***Part B***

**Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)**

- 8 Appointment of the Pant Master - Report of the Clerk to the Charter Trustees (Pages 13 - 16)
- 9 Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Yours faithfully  
Clerk

## CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Meeting** of the **Charter Trustees for the City of Durham** held in Committee Room 1A , County Hall, Durham, on Wednesday 6 December 2023 at 11.30 am

**Present:** The Right Worshipful the Mayor of Durham, Councillor L Mavin (in the Chair) and Councillors J Blakey, J Elmer, C Fletcher, D Freeman, O Gunn, A Hopgood, L Hovvels, G Hutchinson, E Mavin, M McKeon, M Simmons, P Taylor, M Wilkes and M Wilson

Prior to the commencement of the meeting, the Mayor sadly reported the death of former Mayor of Durham, Alderman John George Cowper who was Mayor in 2001/2002 and served on Durham City Council from 1991 until 2009.

Trustees stood for a moments silence as a mark of respect.

### **1 Apologies for Absence**

Apologies for absence were received from Councillors L Brown, J Chaplow, D Hall, D Nicholls, A Simpson and D Stoker.

### **2 Minutes**

The minutes of the meeting held on 18 October 2023 were confirmed as a correct record and signed by the Mayor.

### **3 Declarations of interest**

There were no declarations of interest.

### **4 External Audit Annual Review of the Return for the year ended 31 March 2023**

Charter Trustees considered a report of the Treasurer that presented the External Auditors (PKF Littlejohn LLP) Annual Review of the Annual Governance and Accountability Return (AGAR) for the financial year ended 31 March 2023 (for copy see file of minutes).

The Treasurer reported that there were three exceptions highlighted by the auditors and advised that actions would be taken to ensure that the exceptions were addressed before the 2023/24 return was completed.

The Treasurer referred to a date error in paragraph 10 of the report and confirmed that the risk assessment would be presented to Charter Trustees at the meeting in March 2024.

**Resolved:**

- (i) That the Annual Governance and Accountability Return for the year ended 31 March 2023 including the External Auditor's Report and Certificate 2022/23 (attached at Appendix 2) be approved;
- (ii) That the actions to be taken to address the issues highlighted by the external auditors in the 2022/23 return be noted.

**5 2024/25 Budget**

Charter Trustees considered a report of the Treasurer that provided information to enable Charter Trustees to determine the appropriate budget requirement for the Charter Trust for 2024/25 and the basic level of council tax required for 2024/25 (for copy see file of minutes).

The Treasurer reported that Charter Trustees had previously agreed a strategy of £2.00 precept to be applied for 2023/24, 2024/25 and 2025/26 and also agreed that this position would be kept under review on an annual basis. It was noted that the annual inflation rate, annual pay award, reduction in the Local Council Tax Support Scheme Grant and a decrease in the council tax base had been built into the budget assumptions for 2024/25.

The Treasurer advised that taking into account the latest projected outturn position for 2023/24 and the proposed transfer from reserves of £19,085 to balance the 2024/25 budget, the total level of reserves was estimated to reduce to £44,167 as at 31 March 2025.

In response to a query, the Treasurer explained that interest rates had been inflated during the previous 12 months and the interest base rate was forecasted to reduce from Autumn 2024. Therefore with the forecasted cash balances and lower interest rates, the bank interest rate was a reasonable estimate.

**Resolved:**

- (i) That the forecast of outturn position for 2023/24 be noted;
- (ii) That the council tax requirement of £53,806 and a £2.00 precept for 2024/25 be agreed;
- (iii) That the deadline for agreeing the precept for 2024/25 be noted;
- (iv) That the requirement to keep the agreed precept of £2.00 for 2023/24 to 2025/26 under review on an annual basis be noted.

**Charter Trustees for the City of Durham**

**29 April 2024**

**Yearly Approval of Risk Assessment of Governance Arrangements**



**City of Durham**

**Report of James Etherington, Clerk to the Charter Trustees**

**Purpose of the Report**

1. To request Charter Trustees approval of Risk assessment for governance arrangements.

**Background**

2. Charter Trustees will recall that a previous requirement of the external auditors was to carry out a risk assessment process to review effectiveness of internal controls and review annually before the end of each financial year. Such risk assessment is to be reviewed and minuted as evidence of each review. Accordingly, the attached Risk Assessment matrix at Appendix 2 is presented to Charter Trustees for review and approval.
3. The Risk Assessment has been in place since 2014/2015 and was last amended by Trustees in January 2017.
4. To comply with the audit requirement, Charter Trustees are asked to formally adopt the Risk Assessment for the preceding financial year 23/24.
5. Having reviewed the Risk Assessment it is considered that the document is in need of some revision to bring it into line with best practice and to remove references to obsolete bodies such as the Audit Commission. It is also considered that Charter Trustees should be given the opportunity to consider the Risk Assessment at an earlier point in the financial year, rather than at the end. With that in mind, it is recommended that a further report is brought to the first meeting after the AGM.

## **Recommendation**

6. That the Risk Assessment for governance arrangements be approved and accepted for year end March 2024; and
7. That Charter Trustees agreed to receive a future report in June.

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**Contact: James Etherington      Tel: 03000 269727**

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## **Appendix 1: Implications**

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**Legal Implications** – Audit requirement to make annual review of risk in governance arrangements.

**Finance** – Detailed within the report.

**Consultation** - None specific within the report.

**Equality and Diversity / Public Sector Equality Duty** - None specific within the report.

**Climate Change** - None specific within the report.

**Human Rights** - None specific within the report.

**Crime and Disorder** - None specific within the report.

**Staffing** - None specific within the report.

**Accommodation** - None specific within the report.

**Risk** – The Risk assessment matrix is designed to monitor and keep under yearly review the governance arrangements for Charter Trustees business.

**Procurement** - None specific within the report.

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RISK ASSESSMENT AND MANAGEMENT

Aim	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
To ensure compliance with the statutory requirements, the Trust's financial regulations,code of conduct and Standing Orders (1,2,3,4,7	Lack of knowledge of regulations and codes.	Ensure that all trustees have copies of relative acts, Code of Conduct and Standing orders. Highlight essential parts and provide training where possible.	L	L	
	Absence of Standing Orders	Ensure Standing Orders are produced, understood by trustees and reviewed at least once per year.	L	L	
	Actions by the Trust outside its powers	Ensure that all trustees have copies of relative acts. Highlight essential parts of Acts or summarise and provide training. Monitored by the legally qualified Clerk who attends each meeting.	H	L	
	Items purchased without proper tendering procedures resulting in accusations of commercial favouritism	Ensure all trustees are aware of regulations re estimates and full tender procedures. Introduce practice of estimates for all purchases over an approved figure. Scheme of Delegated Authorisations in place.	L	L	
	Payments made without prior approval and adequate control.	Ensure all payments are approved in Trust Meetings and recorded in minutes. Keep cash payments to a limit.	L	L	
	Lack of control of signatories to cheques	Keep authorised signatories to a practical minimum	L	L	
	Lack of knowledge of budgetary process and council regulations	Include regulations in Standing orders and issue to all Trustees. Place agenda item early in year to remind trustees of budget process and actions required. Delegate responsibility for Managing budgetary process to one trustee or to one trustee appointed as RFO.	M	L	
	VAT not properly accounted for, resulting in overclaims and large demands from Customs and Excise	Ensure appropriate publications held and that the Clerk/accountant has access to good knowledge of regulations. All items in cash book list. Agreement of any submitted returns	M	L	
To engage with stakeholders (8,10,11,13,15	Lack of effective lines of communication with other stakeholders	Note all communication lines which are essential or beneficial and make information available to all Trustees. Establish contacts by name and where possible face to face. Transparency of meetings and discussions	M	L	

Page 10 <b>Aim</b>	<b>Risk Identified</b>	<b>Existing Controls</b>	<b>Impact of Risk</b>	<b>Likelihood of Risk</b>	<b>Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)</b>
To ensure that all trustees are aware of their responsibilities, possible liabilities and to provide adequate insurance cover for all possible risks. (4, 12, 14	Lack of Knowledge of possible culpability of Trustees	Create Standing Orders and familiarisation with those where greatest risk occurs.	L	L	
	Lack of education of trustees regarding culpability	As above plus delegate responsibility to one or two Trustees to assist newcomers to understand culpability. Attend any training courses available.	L	L	
	Inadequate insurance cover taken out - property, personal liability, employers liability.	Review risk assessment by including on agenda of Trust meetings at least yearly - Delegate responsibility for keeping up to date with insurance requirements to an individual trustee/ officer.	H	L	
To keep appropriate books of account accurately and up to date throughout the financial year (7,	VAT claims not made promptly or made incorrectly	Ensure Clerk/Accountant has up to date VAT official publications. Regular checks by Trustee appointed RFO Internal audit checks	M	L	
	Lack of knowledge of accounting requirements	Ensure all trustees are familiar with current financial regulations and include them in standing orders. Regularly review standing orders. RFO in place.	M	L	
	Lack of commitment to accounting requirements	As above plus RFO to produce financial reports to all meetings. Internal audit reports to be made available to all trustees and any recommendations to be acted upon.	M	L	
	Bank Charges unnecessarily incurred	RFO to carry out regular inspection of books of account. Internal adudit to be undertaken periodically during financial year.	L	L	
	Inaccuracies in recording accounts, totals in books of account and bank reconciliations	RFO to ensure that books of account are formatted in such a way that internal controls are included and activated. Regular internal audits to advise on internal controls required.	M	L	
	Inaccuracies and interest losses caused by account transfers	Keep numbers of accounts to a minimum but ensure that any large balances are deposited into an interest bearing account	L	L	
	The most beneficial interest terms not being employed	Ensure that favourable interest rates are obtained/review against alternatives, but bear in mind any risks in changing accounts.	L	L	

Aim	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
	Inadequate control of cash receipts	Avoid cash payments and receipts if possible. Provide insurance cover. If cash payments/receipts are unavoidable, always check to bank, use a properly controlled petty cash account and segregate duties wherever possible. No petty cash float and all transactions are put through relevant accountancy procedures via the council's accountancy team.	H	L	
	Books of account not kept up to date/invoices not posted properly	Regular checks by RFO and internal auditor with financial reports to all Trust meetings	M	L	
	Payments missed or delayed due to inadequate filing of invoices	As above	M	L	
To ensure that salaries paid to employees and amounts paid to contractors are paid in accordance with council regulations and adequately monitored.	Inappropriate rate of pay to employees (salary & hours paid etc) False employees	Ensure employee regulations are available and understood by Clerk. Check to payroll minutes and contracts by trustee appointed as RFO. Internal audit checks.	M	L	
	Tax an NI arrangements not in accordance with regulations	As above Check payroll records to PAYE/NI tables	M	L	
	Amounts paid to contractors not in accordance with contract and inadequately monitored	Internal checks on goods supplied/invoice calculations/payee details Checks by trustee appointed as RFO Appoint trustee to monitor contract work carried out.	M	L	
To ensure that year end accounts are prepared on the correct accounting basis, on time and supported by an adequate audit trail.	Lack of knowledge of Trust regulations and procedures	Include financial regulations in Standing Orders. Attend training seminars where available	M	L	
	Late or non submission of annual accounts	Include timetable in Standing Orders. Monitor progress against timetable and report to Trust meetings	M	L	
	Year end accounts not prepared, inaccurate or not in accordance with Trust requirements	Checks by RFO Internal audit checks	M	L	

<p style="text-align: center;">Page 12</p> <p style="text-align: center;"><b>Aim</b></p>	<b>Risk Identified</b>	<b>Existing Controls</b>	<b>Impact of Risk</b>	<b>Likelihood of Risk</b>	<b>Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)</b>
	Inadequate audit trail from records to final accounts	Checks by RFO Internal audit checks	M	L	
To identify, value and maintain all Trust assets and ensure that asset and investment registers are complete, accurate and properly maintained (5,6,	Lack of knowledge of assets of Trust	Ascertain and record all Trust assets in a permanent register	L	L	
	Assets lost or misappropriated  Risk or damage to third party property or individuals	Establish who is responsible for security and maintainance of each asset. Public Liability Insurance in place. Maintain and update Register of assets Regular monitoring of location and use of assets- annual inspection.	M	L	
	Inadequate or inaccurate valuation of the Trust's assets	Periodic review of valuations and arrange professional valuations where appropriate. Maintain Register of assets.	M	L	
	Asset register not established or inadequately maintained	Maintain Register of assets to comply with Audit Commission requirements.	M	L	
To comply with appropriate Government legislation regarding disability, racial, equality, safeguarding children etc.	Lack of knowledge of applicable legislation	Check to have all appropriate legislation available. Review liabilities and responsibilities periodically at Trust meetings	M	L	
	Lack of public awareness of applicable legislation	Include details of legislation in any public consultations	L	L	
	Failure to comply with applicable legislation	Check to have all appropriate legislation available. Review liabilities and responsibilities periodically at Trust meetings	M	L	
To comply with appropriate Government legislation regarding Health and safety	Lack of information on properties, buildings and equipment	Ensure all current legislation and advice is held by Clerk. Include in asset register all properties for which Trust is responsible	M	L	
	Lack of knowledge of safety requirements	Ensure all current legislation and advice is held by Clerk. Report to Trust meeting as and when legislation produced	M	L	
	Lack of commitment to carrying out safety checks	As above plus Delegate responsibility for particular properties to individual trustees. Health and Safety Policy, procedures and training in place.	M	L	

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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