



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

Ref: JM

13 June 2017

To: The Mayor and Members of the
CHARTER TRUSTEES FOR THE CITY OF DURHAM
(Councillors D Bell, E Bell, J Blakey, L Brown, J Chaplow, K Corrigan, S Dunn,
D Freeman, D Hall, A Hopgood, L Hovvels, B Kellett, C Marshall, E Mavin,
L Mavin, M McKeon, R Ormerod, E Scott, M Simmons, A Simpson, D Stoker,
P Taylor, F Tinsley, J Turnbull, 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 1B, County Hall, Durham, on Wednesday 21 June 2017 at 12.00 pm.

Please Note: In the event that Full Council runs beyond 12.00pm, the Charter Trustee
meeting will commence immediately following the County Council meeting.

BUSINESS

1. Apologies for Absence
2. Minutes of the Special meeting held on the 2 June 2017
(Pages 3 - 4)
3. Declarations of interest, if any
4. Revenue Outturn for the year ended 31 March 2017 - Report
of the Treasurer (Pages 5 - 10)
5. Annual Return for the year ended 31 March 2017 - Report of
the Treasurer (Pages 11 - 20)
6. Honorary Aldermen - Councillor A Hopgood
7. Such other business as, in the opinion of the Chairman of the
meeting, is of sufficient urgency to warrant consideration.

Yours faithfully
Clerk

County Hall, Durham, DH1 5UL
Tel: 03000 267202
Web Site: www.durham.gov.uk

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CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Special Meeting** of the **Charter Trustees for the City of Durham** held in the Council Chamber, County Hall, Durham, on Friday 2 June 2017 at 5.30 pm

Present: The Right Worshipful the Mayor of Durham Councillor E Bell (in the Chair) and Councillors D Bell, J Blakey, L Brown, J Chaplow, K Corrigan, S Dunn, D Freeman, D Hall, A Hopgood, L Hovvels, B Kellett, C Marshall, E Mavin, L Mavin, M McKeon, R Ormerod, M Simmons, D Stoker, P Taylor, F Tinsley, J Turnbull, M Wilkes and M Wilson

1 Apologies for Absence

Apologies for absence were received from Councillors E Scott and A Simpson.

2 Declarations of interest

There were no declarations of interest.

3 To receive nominations for the Deputy Mayor

The Mayor asked Trustees for nominations for the Deputy Mayor for the Municipal Year 2017/18 prior to their formal appointment at the Annual Meeting.

Seconded by Councillor S Dunn, Councillor M McKeon moved that Councillor Katie Corrigan be nominated Deputy Mayor of Durham for the ensuring Municipal Year.

No other nominations were received.

Resolved:

- i) That Councillor Katie Corrigan be nominated Deputy Mayor of Durham for Municipal Year 2017/18;
- ii) That the appointment be formally nominated and resolved at the Annual Meeting.

In response to a request from Councillor Hopgood to discuss Honorary Alderman under such other business, the Mayor advised that the item would be added to the agenda for the meeting on the 21 June 2017.

4 Information on the Arrangements for the Annual General Meeting

The Clerk advised that the agenda had been circulated for the Annual meeting to be held on Friday 9 June 2017 at 3.00pm in the Town Hall, Durham. He briefly described the ceremony of Mayor Making for the benefit of newly elected Charter Trustees.

Resolved:

That the information be noted.

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**Charter Trustees for the City of
Durham**

21 June 2017

**Revenue Outturn for the year ended
31 March 2017**



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

- 1 To provide information on the 2016/17 final revenue outturn.

Comparison of Revenue Outturn with Budget

- 2 The total net revenue expenditure for 2016/17 was £55,362; £10,205 or 15.56% less than the original budget of £65,567.
- 3 An analysis of the expenditure over subjective budget headings is set out in Appendix 2. The main reasons for variations from the budget are provided below:

Transport - £411 (3.96%) Overspend

- 4 Actual costs relating to chauffeuring services and bus hire are £455 (6.12%) higher than the budget. This is in line with the previous Mayor's forecasts earlier in the year.
- 5 Actual expenditure relating to the bodyguards allowances is £44 (1.49%) under budget at the financial year end.

Supplies and Services - £1,255 (6.96%) Underspend

- 6 Actual expenditure relating to supplies and services is £1,255 (6.96%) lower than budget. This is mainly due to a saving on the cost of insurance and an underspend on hospitality.

Income - £4,676 Over Achieved

- 7 The income from the Mayors Civic Dinner was not included in the original budget.

Reserves

- 8 It was originally anticipated that £10,550 would be drawn from reserves to balance the budget during 2016/17. However, due to the underspend there was a requirement to transfer only £345 from reserves.
- 9 As at 31 March 2017 the reserve balance will reduce to £68,078, as shown in the Reserve Statement at Appendix 3.

Recommendations

- 9 It is **RECOMMENDED** that the Charter Trustees note the final outturn position for the financial year ended 31 March 2017.

Contact: Beverley White

Tel: 03000 261900

RISKS AND IMPLICATIONS

Finance

The report provides information about the final revenue outturn for 2016/17 for the Charter Trust for the City of Durham.

Staffing - None

Risk - None

Equality and Diversity/ Public Sector Equality Duty - None

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation - None

Procurement - None

Disability Discrimination Issues - None

Legal Implications - None

Revenue Outturn for the Charter Trust for the City of Durham 2016/17

Annual Budget 2016/17	Budget Head	Year to date Actual	Variance (Projected Outturn v Annual Budget)
£		£	£
	Employees		
3,500	Mayor's Allowance	0	-3,500
1,500	Deputy Mayor's Allowance	0	-1,500
	Premises		
3,449	Town Hall	3,449	0
	Transport		
7,448	General transport	7,903	455
2,944	Sergeants at Mace/ Bodyguard	2,900	-44
	Supplies and Services		
15,994	Mayor's hospitality	15,273	-721
412	General office expenses	384	-28
1,301	Insurance	829	-472
335	External Audit	300	-35
	Support Services		
16,276	Administration	16,591	315
12,448	Support Services	12,448	0
	Income		
0	Mayor's Civic Dinner	-4,650	-4,650
-40	Investment income	-66	-26
65,567	Net Expenditure	55,362	-10,205
-8,229	Council Tax Support Grant	-8,229	0
-10,550	Transfer to/ -from Reserves	-345	10,205
46,788	Net budget	46,788	0

Appendix 3

Reserve Statement 2016/17

	£
Reserves as at 31 March 2016	68,423
Transfer from reserves as at 31 March 2017	<u>345</u>
Reserves as at 31 March 2017	68,078

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**Charter Trustees for the City of
Durham**

21 June 2017

**Annual Return for the year ended
31 March 2017**



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

1. To seek approval of the Accounting Statements and Annual Governance Statement for the financial year ended 31 March 2017, which are included in the attached Annual Return at pages 2 and 3.

Background

2. In accordance with the Accounts and Audit Regulations 2003 (as amended) small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their annual activities at the end of each financial year. To comply, the Annual Return must be approved by the Charter Trustees no later than 30 June 2017. The return is then subject to audit by external auditors appointed by the Audit Commission. On completion, the external auditors' report will be incorporated into the published version of the document at Section 3. The final audited version of the return must be published by the Charter Trust before 30 September 2017.

Annual Return

3. The annual return is made up of four sections :
 - Section 1 – Annual Governance Statement, to be signed by the Chair and Clerk of the meeting approving the statement;
 - Section 2 – Accounting Statements, to be signed by the Treasurer and Chair of the meeting approving the accounting statements;
 - Section 3 – External Auditor's certificate and opinion;
 - Section 4 – Annual internal audit report – to be completed and distributed before the meeting.

4. A copy of the annual return is attached at Appendix 2.

Outturn Report

5. A separate revenue outturn report for the financial year ending 31 March 2017 is included within the agenda for today's meeting. This information is incorporated within Section 2 of the annual return.

Recommendations

6. It is **RECOMMENDED** that the Charter Trustees approve the attached Annual Return (Sections 1 and 2) for the financial year ended 31 March 2017.

Jeff Garfoot
Treasurer

Contact: Beverley White

Tel: 03000 261900

RISKS AND IMPLICATIONS

Finance

The report provides a summary of the financial activities of the Charter Trust for the City of Durham as at 31 March 2017.

Staffing

None

Risk

None

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

None

Appendix 2

See attached scanned copy

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual return for the year ended 31 March 2017

Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. **Smaller authorities must approve Section 1 before Section 2.**
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Section 1 and Section 2 in order and in accordance with the requirements of the Accounts and Audit Regulations 2015.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2017, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication and public display of Sections 1, 2 and 3. You must publish and display the annual return, including the external auditor's report, by 30 September 2017.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014

Section 1 – Annual governance statement 2016/17

We acknowledge as the members of:

Enter name of
smaller authority here:

CHARTER TRUST FOR THE CITY OF DURHAM

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed		'Yes' means that this smaller authority
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	NA
			has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
			✓

This annual governance statement is approved by this smaller authority on:

DD/M/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair at meeting where approval is given:

SIGNATURE

Clerk:

SIGNATURE

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2016/17 for

Enter name of
smaller authority here:

CHARTER TRUST FOR THE CITY OF DURHAM

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	66,798	68,423	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	45,948	46,788	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	11,568	12,945	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	-15,967	-16,591	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	-39,924	-43,487	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	68,423	68,078	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8. Total value of cash and short term investments	72,350	73,223	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	0	0	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

SIGNATURE

Date

DDMM/YYYY

I confirm that these accounting statements were approved by this smaller authority on:

DDMM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair at meeting where approval is given:

SIGNATURE

Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

CHARTER TRUST FOR THE CITY OF DURHAM

1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

2. 2016/17 External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the smaller authority:

(continue on a separate sheet if required)

3. 2016/17 External auditor certificate

We certify/do not certify* that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017.

* We do not certify completion because:

External auditor signature

External auditor name

Date

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2016/17 to

Enter name of smaller authority here:

CHARTER TRUST FOR THE CITY OF DURHAM

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.			
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.			
H. Asset and investments registers were complete and accurate and properly maintained.			
I. Periodic and year-end bank account reconciliations were properly carried out.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.			
K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit

PRINT NAME

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/M/YYYY

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2016/17 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unexplained or unapproved amendments may be returned and incur additional costs.
3. **Smaller authorities must approve Section 1 on page 2 before approving Section 2 on page 3.**
4. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness and accuracy before sending it to the external auditor.
5. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
6. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
7. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
8. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
9. **You must inform the external auditor of the date set for the commencement of the period for the exercise of public rights.**
10. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2016) equals the balance brought forward in the current year (Box 1 of 2017).
11. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	
	All additional information requested, including the dates set for the period for the exercise of public rights, has been provided for the external auditor?	
Section 1	For any statement to which the response is 'no', an explanation is provided?	
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2017 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	

*Note: The Practitioners' Guide is available from your local NALC, SLCC or ADA representatives or from www.nalc.gov.uk or www.slcc.co.uk or www.ada.org.uk.