



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

Ref: JM

19 March 2019

To: The Mayor and Members of the
CHARTER TRUSTEES FOR THE CITY OF DURHAM
(Councillors D Bell, J Blakey, L Brown, J Chaplow, K Corrigan,
S Dunn, D Freeman, D Hall, A Hopgood, L Hovvels, B Kellett,
J Lethbridge, 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 27 March 2019 at 11.30 am.

Please Note: In the event that Full Council runs beyond 11.30am, the Charter Trustee
meeting will commence immediately following the County Council meeting.

BUSINESS

Part A

Items during which the Press and Public are welcome to attend.

1. Apologies for Absence
2. Minutes of the meeting held on 23 January 2019 (Pages 3 - 4)
3. Declarations of interest, if any
4. To receive nominations for the Deputy Mayor
5. Yearly Approval of Risk Assessment of Governance
Arrangements - Report of the Clerk to the Charter Trustees
(Pages 5 - 10)

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6. Such other business as, in the opinion of the Chairman 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. Such other business as, in the opinion of the Chairman 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 the Committee Room 1B - County Hall, Durham, on Wednesday 23 January 2019 at 11.30 am

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

Prior to the commencement of the meeting, the Mayor formally reported the death of Jeff Young, former Durham City Councillor and Alderman.

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

1 Apologies for Absence

Apologies for absence were received from Councillors J Blakey, D Hall, R Ormerod, E Scott, M Simmons, D Stoker and P Taylor.

2 Minutes

The minutes of the meeting held on the 5 December 2018 were confirmed as a correct record and signed by the Mayor.

3 Declarations of interest

There were no declarations of interest.

4 Revenue Outturn for the period ending 31 December 2018 and Projected Outturn to 31 March 2019

Charter Trustees considered a report of the Treasurer that provided information on the actual expenditure compared to the profiled budget for the period ending 31 December 2018; and the forecast of expenditure to 31 March 2019 in comparison to the 2018/19 original budget (for copy see file of minutes).

The Treasurer reported that at 31 December 2018 actual net expenditure was £43,086, a small underspend of £46 against a profiled budget of £43,132. It was anticipated that actual expenditure at 31 March 2019 would be slightly lower than the original budget of £67,415 by £3,597. The sum required to be drawn from reserves to balance the budget was therefore expected to reduce from £12,086 to £8,489.

Councillor Wilkes asked for clarification in relation to government funding for properties rented by students and if the Council recover the loss of income. The Treasurer explained that prior to 2013/14 there was a process where local authorities would be reimbursed, however that link was broken with the introduction of the business rate retention scheme. He added that as part of the fair funding review, the authority was taking every possible step to ensure funding be built back into funding arrangements for local authorities in the future.

Councillor Wilkes then asked whether government specifically specified that money was now internalised within the grant or were they specifically removing any money for student properties. The Treasurer advised that the amount was never removed, however it was no longer identified as a specified line. Technically the funding was still received but the revenue support grant had been reduced.

Responding to a further query from Councillor Wilkes regarding funding allocated to Town and Parish Councils and the Charter Trust, the Treasurer would investigate and report back to Councillor Wilkes.

Resolved:

- (i) That the outturn position for the period ended 31 December 2018 be noted;
- (ii) That the forecast outturn to 31 March 2019 be noted.

The Mayor agreed that in order to keep members informed, the next items of business could be reported.

5 Honours Board

The Clerk advised Charter Trustees that the honours name board had been purchased and informed Trustees that there was an additional cost of £495.00 for the sign writer. Charter Trustees agreed to progress and approved the additional cost.

Resolved:

That the additional costs for the sign writer be approved.

6 Date for Mayor Making

The Clerk asked Charter Trustees to note that the Town Hall had been provisional booked for Mayor Making to take place on the 5 June 2019. He reminded Trustees that he would be asking for nominations for Deputy Mayor for the ensuing municipal year 2019/20 at the meeting on the 27 March 2019.

Charter Trustees for the City of Durham

27 March 2019

Yearly Approval of Risk Assessment of Governance Arrangements



City of Durham

Report of Bryan Smith, 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 BDO 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 is presented to Charter Trustees for review and approval prior to end of March 2019.
3. The Clerk and DCC Risk, Insurance and Governance Manager have together reviewed the Risk Assessment matrix as approved last year and, as there has not been any high turnover of trustees in the last year, nor any change in finance and management processes that might have required risk mitigation, we have no recommended changes to the risk profile.

Recommendation

4. That the Risk Assessment for governance arrangements be approved and accepted for year end March 2019.

Contact: Bryan Smith Tel: 03000 269717

Appendix 1: Implications

Finance – Detailed within the report.

Staffing - 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.

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

Accommodation - None specific within the report.

Crime and Disorder - None specific within the report.

Human Rights - None specific within the report.

Consultation - None specific within the report.

Procurement - None specific within the report.

Disability Issues - None specific within the report.

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

DURHAM CHARTER TRUST

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 wherever possible face to face. Transparency of meetings and discussions	M	L	

Page 8 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 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 audit 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	

Page 10 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 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	