

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

Ref: JM

21 October 2014

To: The Mayor and Members of the
CHARTER TRUSTEES FOR THE CITY OF DURHAM
(Councillors J Robinson, P Conway, J Armstrong,
D Bell, J Blakey, A Bonner, J Buckham, J Chaplow,
N Foster, K Corrigan, D Freeman, S Guy, D Hall,
G Holland, A Hoggood, N Martin, B Moir, M Nicholls,
R Ormerod, M Plews, M Simmons, D Stoker, P Taylor,
J Turnbull, M Wilkes and M Williams).

Dear Sir/Madam

A Meeting of the **CHARTER TRUSTEES FOR THE CITY OF DURHAM** will be held in the Committee Room 1B, County Hall, Durham, on Wednesday 29 October 2014 at 1.00 pm.

BUSINESS

1. Apologies for Absence
2. Minutes of the meeting held on the 18 June 2014 (Pages 1 - 4)
3. Declarations of interest, if any
4. Revenue Outturn for the period ending 30 September 2014 and Projected Outturn to 31 March 2015 - Report of the Treasurer (Pages 5 - 8)
5. Conclusion of Audit for the year ended 31 March 2014 - Report of the Treasurer (Pages 9 - 24)

6. Register of Assets - Agreement for transfer of historic property - Report of the Clerk to the Charter Trustees (Pages 25 - 28)
7. Conservation of Photographs - Report of the Clerk to the Charter Trustees (Pages 29 - 30)
8. Protocol and Procedures for Civic Occasions - Report of the Clerk to the Charter Trustees (Pages 31 - 34)
9. Any other business

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 18 June 2014 at 1.00 pm

Present: The Right Worshipful the Mayor of Durham, Councillor J Robinson (in the Chair) and Councillors J Blakey, A Bonner, N Foster, D Freeman, A Hopgood, N Martin, M Plews, M Simmons, P Taylor, J Turnbull, M Wilkes and M Williams

1 Apologies for Absence

Apologies for absence were received from Councillors P Conway, J Armstrong, D Bell, J Buckham, J Chaplow, K Corrigan, S Guy, B Moir, M Nicholls, R Ormerod and D Stoker.

2 Minutes

Minutes of the meeting held on 28 May 2014 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 year ended 31 March 2014

Charter Trustees considered a report of the Treasurer that provided information on the 2013/14 revenue outturn compared with the original budget (for copy see file of minutes).

In response to a question from Councillor M Williams regarding the Mayors allowance, the Treasurer clarified that although the Mayor and Deputy Mayor had not accepted their allowances in 2013/14, it would not prevent the allowance being awarded in future years as the reserve could be utilised.

Councillor M Wilkes asked if the extra reserve money due to the underspend could be used to set up a fund for local people to utilise. Councillor Hopgood commented that the issue had been raised previously and the response was that the Charter Trustees were not an organisation therefore do not have the powers to fund local events or groups.

Resolved:

That the outturn position for the financial year ended 31 March 2014 be noted.

5 Annual Return for the year ended 31 March 2014

Charter Trustees considered a report of the Treasurer seeking approval of the Accounting Statements and Annual Governance Statement for the financial year ended 31 March 2014, which were included in the Annual Return (for copy see file of minutes).

Resolved:

That the Annual Return (Sections 1 and 2) for the financial year ended 31 March 2014 be approved.

6 Mayor's Bodyguard - Attendance at Funerals

The Mayor reported the death of Mr R G Dixon who had been a member of the Mayor's Bodyguard for 10 years and asked Trustees to stand for a moments silence as a mark of respect.

Charter Trustees considered a report of the Clerk to the Charter Trustees that advised of the Bodyguard's proposal to attend funerals of past and serving members of the Bodyguard and Honorary members (for copy see file of minutes).

Councillor J Blakey commented that the Bodyguard attends the funeral of past Mayors and suggested that past Deputy Mayors be included as they may not ordinarily succeed to Mayor.

Resolved:

- That the proposal to allow the Bodyguards attendance at funerals for serving, retired or resigned members of the Bodyguard of at least 6 years' service and Honorary members be approved.
- That the Bodyguards attendance at funerals of past Deputy Mayors be approved.

7 Internal Audit Report Review - Risk Assessment

Charter Trustees considered a report of the Clerk to the Charter Trustees that advised of a requirement following last year's Internal Audit Report to demonstrate a process for the assessment and management of significant risks in achieving the Charter Trustees objectives (for copy see file of minutes).

The Clerk to the Charter Trustees referred to Section 4 of the Annual Internal Audit report 2013/14 and highlighted that petty cash payments and asset and investment registers were shown as not covered, however this was due to not being applicable rather than not compliant.

Councillor Martin commented that civic regalia should be identified as an asset and sought clarification. The Mayor suggested that a report regarding the asset register be reported to a future meeting.

Resolved:

- That risk assessment be placed on the agenda for a future meeting at least once a year
- That the asset register be reported to a future meeting.

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

8 Invitations to Mayoralty Events and Functions

Councillor M Williams requested that past Chairmen of Durham County Council and County Aldermen be invited to the annual meeting of the Charter Trustees and also be invited to events and functions to support the Mayoralty.

Trustees discussed the issue and it was suggested that a report be added to the agenda for a future meeting.

Resolved:

That invitations to Mayoralty events and functions be reported to a future meeting.

This page is intentionally left blank

**Charter Trustees for the City of
Durham**

29 October 2014

**Revenue Outturn for the period
ending 30 September 2014 and
Projected Outturn to 31 March 2015**



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to provide information on the:
 - actual expenditure compared to the profiled budget for the period ending 30 September 2014;
 - forecast of expenditure to 31 March 2015 in comparison to the 2014/15 original budget.

COMPARISON OF REVENUE OUTTURN WITH BUDGET

- 2 At 30 September 2014 actual net expenditure was £26,331; an underspend of £2,463 (or 8.55%) against a profiled budget of £28,794.
- 3 It is anticipated that actual expenditure at 31 March 2015 will be slightly lower than the original budget of £59,417 by £3,887 (or 6.54%). The sum required to be drawn from reserves to balance the budget is therefore expected to reduce from £4,695 to £808.
- 4 An analysis of the expenditure over subjective budget headings is set out in Appendix 2.
- 5 Explanations regarding the main variances between actual expenditure and the budget are provided below:

EMPLOYEES

- 6 It is anticipated that actual expenditure on employing the bodyguards will be £150 (or 5.45%) over budget at the financial year end. The original budget was based upon last year's actual expenditure however one less bodyguard was paid last year compared to this. The budget in future years therefore ought to be increased by £150 to allow for the full complement of staff.

TRANSPORT

- 7 Based upon the current activity levels, it is anticipated that actual expenditure on transport will be £7,820 at the financial year end which is £590 (or 8.16%) more than the original budget. This budget head will need to be closely monitored up to the end of the year.

SUPPLIES AND SERVICES

- 8 The total expenditure on supplies and services is £1,896 less than the profiled budget to date. Based upon the activity levels to date, the supplies and services outturn figure at 31 March 2015 is expected to be £13,826; an underspend of £4,606 (or 24.99%) in comparison to the budget. This is mainly due to a significant underspend on hospitality and a lower number of functions attended to date. This budget head will be closely monitored for the remainder of this financial year.

FORECAST OF OUTTURN

- 9 The latest forecast of expenditure to 31 March 2015 is £55,530, an underspend of £3,887 (or 6.54%) against the net expenditure budget of £59,417.

GENERAL RESERVE

- 10 The general reserve balance at 1 April 2014 was £67,905. With an underspend of £3,887 as projected, the amount required to be drawn from reserves would be £808, rather than the original budget figure of £4,695. Consequently the reserve balance would decrease to £67,097 as at 31 March 2015.

VAT

- 11 As at 30 September 2014 the total VAT paid and reclaimed was £2,530.77.

RECOMMENDATIONS

- 12 It is **RECOMMENDED** that the City of Durham Charter Trustees:
- note the outturn position for the period ended 30 September 2014;
 - note the forecast of outturn to 31 March 2015;

Contact: Beverley White, Tel. 03000 261900

RISKS AND IMPLICATIONS

Finance

The report provides information on the:

- actual expenditure compared to the profiled budget to 30 September 2014
- forecast of expenditure to 31 March 2015 in comparison to the 2014/15 original budget

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

**ACTUAL OUTTURN COMPARED TO THE PROFILED BUDGET TO
30 SEPTEMBER 2014 AND PROJECTED OUTTURN TO 31 MARCH 2015**

Annual Budget 2014/15	Budget Head	Profiled budget to date	Year to date Actual	Projected Outturn	Variance (Projected Outturn v Annual Budget)
£		£	£	£	£
	Employees				
0	Mayor's Allowance	0	0	0	0
0	Deputy Mayor's Allowance	0	0	0	0
2,750	Sergeants at Mace/ Bodyguard	2,750	2,900	2,900	150
	Premises				
3,348	Town Hall	0	0	3,348	0
7,230	Transport	3,013	2,296	7,820	590
	Supplies and Services				
15,525	Mayor's hospitality	6,469	4,658	11,178	-4,347
400	General office expenses	167	81	190	-210
2,057	Insurance	2,008	2,008	2,008	-49
450	External Audit	0	0	450	0
	Support Services				
15,697	Administration	8,388	8,388	15,676	-21
12,000	Support Services	6,000	6,000	12,000	0
	Income				
-40	Investment income	0	0	-40	0
59,417	Net Expenditure	28,794	26,331	55,530	-3,887
-9,488	Council Tax Support Grant	-9,488	-9,488	-9,488	0
-4,695	Transfer from Reserves	0	0	-808	3,887
45,234	Net budget	19,306	16,843	45,234	0

**Charter Trustees for the City of
Durham**

29 October 2014

**Conclusion of Audit for the year
ended 31 March 2014**



City of Durham

Report of Jeff Garfoot, Treasurer

Introduction

- 1 BDO LLP (the external auditor of the Charter Trust) has completed their audit of the annual return for the financial year ending 31 March 2014. They require their audit opinion and findings to be presented to a meeting of Charter Trustees in order to minute the approval of the final, audited annual return.
- 2 A copy of the annual return, which includes the auditor's certificate and opinion (page 4), is attached as Appendix B.

Audit Findings

- 3 The Issues Arising Report (attached as Appendix C) raised three issues for the attention of Charter Trustees. A summary of these are as follows:
 - a) Risk Assessment

The auditor concluded that a risk assessment was not undertaken as part of a review of the effectiveness of the system of internal control during 2013/14. They recommend that a risk assessment must be carried out during 2014/15 and the review must be minuted as evidence before 31 March 2015.

- b) Asset Register

The auditor concluded that the Charter Trust does not have an asset register and is therefore at risk of not safeguarding its assets. The auditor recommended that an asset register be compiled and verified by the internal auditor during their review in 2014/15.

c) Minor Issues

The Council Tax Support Grant was included in Box 3 of the annual return, but should have been added to Box 2. Their recommendation is to record grant income in Box 2 in future years.

Action Required

4 The following actions are required in order to satisfy the external auditor in future:

a) Risk Assessment

A risk assessment must be carried out and the review minuted as evidence during 2014/15. Following a report presented by the Clerk to the Charter Trustees at the meeting on 18 June 2014, it has already been agreed that a risk assessment be placed on the agenda for a future meeting during 2014/15 and each year thereafter. This should satisfy the auditor in future years.

b) Asset Register

Following an internal audit review for 2013/14 and as agreed by Trustees at the 18 June 2014 meeting, there is a separate item being reported on today's agenda to discuss the approach required to produce an asset register for the Charter Trust. An asset register ought to be in place prior to 31 March 2015 in order to be reviewed by internal audit during their assessment of 2014/15. This action should also satisfy external audit's requirements.

c) Minor Issues

In future years all grant income will be recorded in Box 2 of the annual return.

5 On the basis of the findings, the auditor has issued a qualified opinion on the annual return. This is due to the fact that the Charter Trustees did not undertake a risk assessment as part of its review of effectiveness of its system of internal control during 2013/14. This issue will be addressed by the Charter Trust during 2014/15 and should not be an issue in the future.

Recommendations

6 It is recommended that Charter Trustees:

- approve the audited annual return for 2013/14;
- agree to review a risk assessment of internal controls which will be reported at a future meeting during 2014/15, and annually thereafter;
- agree to the compilation of an asset register during 2014/15 which can be verified by internal audit.

Contact: Beverley White

Tel. 03000 261900

Risks and Implications

Finance

The report provides the conclusion of BDO's audit of the annual report for 2013/14.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

Small Bodies in England

Annual return for the financial year ended 31 March 2014

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the body.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2014.

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 sections highlighted in red. Do not leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2014, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do not send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2014.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements 2013/14 for:

Enter name of reporting body here:

CHARTER TRUST FOR THE CITY OF DURHAM

	Year ending		Notes and guidance
	31 March 2013 £	31 March 2014 £	
1 Balances brought forward	36,023	35,355	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	103,032	101,043	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	2,483	2,171	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	-38,555	-22,063	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 body's borrowings (if any).
6 (-) All other payments	-67,628	-48,601	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	35,355	67,905	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	57,072	98,814	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 other long term investments and assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2014 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

J. Claxson

Date 18/06/14

I confirm that these accounting statements were approved by the body on:

18/6/14

and recorded as minute reference:

ITEM 5 REFERENCE

Signed by Chair of meeting approving these accounting statements:

[Signature] SIGNATURE REQUIRED

Date 18/06/14

Section 2 – Annual governance statement 2013/14

We acknowledge as the members of **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 2014, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
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 the body 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 has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We carried out an assessment of the risks facing the body 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 body's 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 the body.
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 the body 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.

This annual governance statement is approved by the body and recorded as minute reference

ITEM 5

dated **18/6/14**

Signed by:

Chair

dated

Signed by:

Clerk

dated

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

Section 3 – External auditor certificate and opinion 2013/14

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2014 of:

CHARLEN TRUST FOR THE CITY OF DURHAM.

Respective responsibilities of the body and the auditor

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

- summarises the accounting records for the year ended 31 March 2014; and
- confirms and provides assurance on those matters that are important to our audit responsibilities. ✓

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor report

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

An appropriate risk assessment has not been minuted during the year as evidence that the Body has assessed and taken appropriate steps to manage all the risks it faces. This is contrary to Regulation 4(2) of the Accounts and Audit (England) Regulations 2014.

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

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

Please see enclosed report

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

External auditor signature

[Signature]

External auditor name

BDO LLP Southampton
United Kingdom

Date

5/9/14

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission's publication entitled Statement of Responsibilities of Auditors and of Audited Small Bodies.

Section 4 – Annual internal audit report 2013/14 to

THE CHARTER TRUST FOR THE CITY OF DURHAM

The body'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 2014.

Internal audit has been carried out in accordance with the body'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 the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			✓
D The annual taxation or levy or funding 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 expenditure was approved and VAT appropriately accounted for.			✓
G Salaries to employees and allowances to members were paid in accordance with body 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, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: Paul Bradley CPFA

Signature of person who carried out the internal audit: [Signature] Date: 19/06/2014

*Note: 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).

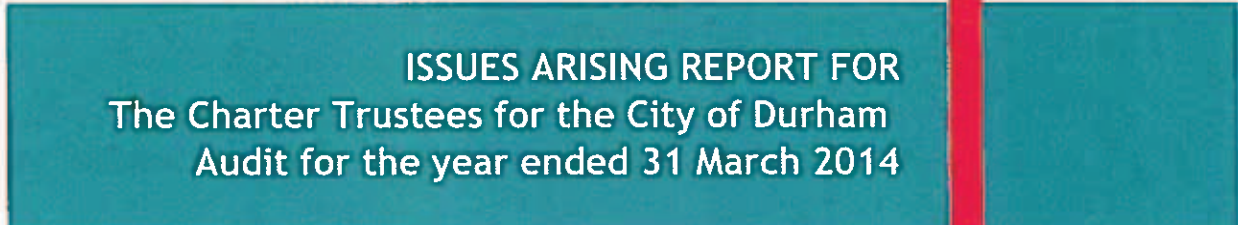

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2013/14 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guides* which are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 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 body 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. You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guides*.
- 6 Explain fully significant variances in the accounting statements on page 2. 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 analysis to support your explanation. There are a number of examples provided in the Practitioners' Guides* to assist you.
- 7 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.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2013) equals the balance brought forward in the current year (Box 1 of 2014).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	✓
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	✓
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2014 agreed to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Section 2	For any statement to which the response is 'no', an explanation is provided?	✓
Section 4	All red boxes completed by internal audit and explanations provided?	✓

*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.



ISSUES ARISING REPORT FOR
The Charter Trustees for the City of Durham
Audit for the year ended 31 March 2014

Introduction

The following matters have been raised to draw items to the attention of The Charter Trustees for the City of Durham. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2014.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Risk Assessment
- Minor issues
- Asset Register

The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the body's procedures and require the body to take immediate action.

Risk Assessment

What is the issue?

The small body did not undertake a risk assessment as part of its review of effectiveness of its system of internal control during the year ended 31 March 2014.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit (England) Regulations 2011 which requires authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

What do we recommend you do?

The body must ensure that a risk assessment is carried out as part of its review of effectiveness of internal control and ensure that this review is carried out annually before the end of the financial year. This risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year.

The body should decide which risks it faces and how it is going to reduce the impact of these risks on the meeting's ability to provide its services. An example of the risks and how they can be handled is included in "A Practitioner's Guide" published by NALC & SLCC. An example risk table is available on our extranet to assist the meeting in assessing and clarifying their risks. If the meeting decides to utilise this table then it should be reviewed in detail, modified and adapted to the meeting's specific needs. If you do not have access to the internet, contact us and we can supply you with a copy.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC Audit Briefing, Winter 2012 - BDO LLP

The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

Asset Register

What is the issue?

The body does not have an asset register and it has not disclosed the cost value of its assets in box 9.

Why has this issue been raised?

The body is at risk of not safeguarding its assets.

What do we recommend you do?

The body must compile an asset register as soon as possible or in any event before the end of the current financial year. This register should be verified by the internal auditor during the audit for the next financial year.

An asset register should be in existence to help ensure that the recorded value of assets and investments is, as far as possible, accurate and to ensure the body is safeguarding its assets. The accuracy of such a register should be verified by the Internal Auditor in their annual review of the internal controls of the body.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC Audit Briefing, Spring 2011 - BDO LLP

The following issue(s) have been raised as there are minor errors on the annual return which we wish to draw to the attention of the body so they do not occur again in future years.

Minor issues

What is the issue?

The following issues have been raised as minor issues or omissions have been identified in the current year's Annual Return:

The body have included grant monies received in box 2, rather than box 3, other receipts.

Why has this issue been raised?

This is to draw these minor errors to the attention of the body.

What do we recommend you do?

The body should ensure in future years that the above minor errors or omissions are not included in the Statement of Accounts.

Further guidance on this matter can be obtained from the following source(s):


Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 05 September 2014

This page is intentionally left blank

<p>CHARTER TRUST FOR THE CITY OF DURHAM</p> <p>29 October 2014</p> <p>Register of assets – Agreement for transfer of historic property</p>	 <p>City of Durham</p>
<p>Report of Bryan Smith, Clerk to the Charter Trustees</p>	

Purpose of the Report

To advise Trustees of a requirement following last year's Internal Audit Report to complete a register of assets.

Background

The internal audit report issued 5 September 2014 contains a recommendation to complete a register of assets held by the Charter Trust. Trustees will recall previous reports discussions and correspondence in 2010 and 2011 with Durham County Council about suitable division of ownership and retention of various assets listed on a colour coded schedule. In particular :

1. Charter Trust Standing Committee 23 March 2010 received a report with Schedule of Assets and invited to agree items of historic property (defined as both historic and ceremonial in nature and coloured blue in schedule) per Regulation 3 The Charter Trustees Regulations 2009. Resolved to ask DCC to transfer all assets ie coloured blue and red. To determine cost of insurance and maintenance costs of historic and ceremonial regalia. At an appropriate time an independent solicitor with extensive experience be asked to draw up an agreement with DCC.
2. Charter Trust 24 March 2010 agrees recommendations of Standing Committee.
3. Standing Committee 12 October 2010 attended by Colette Longbottom Head of Legal and Democratic Services DCC. Discussed possible agreement on heads of terms, whether an expert solicitor was needed, partnership based upon trust. Resolved that Chairman Councillor Holland to draft a letter to CL.
4. Charter Trust 19 July 2011 invited to consider agreement to DCC retaining ownership of all property but items being retained in Town Hall and to agree transfer to Trust of all items coloured blue in schedule. Resolved that Trust write to DCC to indicate that they be amenable to transfer all items to the Town Council when established.

In summary there has been no agreement between the Charter Trust and DCC over terms for ownership and retention of the various items of property nor upon an independent person being appointed by agreement or via the Secretary of State. Therefore under Regulation 3 (2) (4) and (5) The Charter Trustees Regulations 2009 the historic property remains vested in DCC.

In order to progress a Register of assets it will be necessary to progress an agreement upon the transfer of historic property as above.

Recommendation

1. That Trustees consider how to progress seeking agreement upon transfer of historic property and complete a register of assets.

Contact: Bryan Smith Tel: 03000 269717

Appendix 1: Implications

Finance – possible increased insurance of assets costs.

Staffing - None specific within the report.

Risk - None compliance is identified within the Small Bodies Annual Return.

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 – **Unresolved ownership and retention of assets.**

This page is intentionally left blank

CHARTER TRUST FOR THE CITY OF DURHAM

29 October 2014

Conservation of Photographs



City of Durham

Report of Bryan Smith, Clerk to the Charter Trustees

Purpose of the Report

To advise Trustees of a proposal to conserve original photographs in the Mayor's parlour Town Hall Durham.

Background

Following a recent visit to the Town Hall Liz Bregazzi from the DCC Archive and Records office has suggested that the original photographs of past royal visits on display in the Mayor's parlour were vulnerable to risks of theft, fire, damage, vandalism, decay. As they are originals they are the only record of the visits and would be lost.

It is suggested that the framed photographs be removed and high quality copies made which could either be kept in the Archives office or actually replaced in the parlour with the originals being kept securely and available for public viewing upon request and /or displayed from time to time.

Estimated cost of making copies and reframing is up to £100.00

There would be no charge for keeping originals in archives at County Hall.

Recommendation

That Trustees agree for conservation of the royal visit photographs in the Mayor's parlour by way of high quality copies and the originals being stored in archives .

Contact: Bryan Smith Tel: 03000 269717

Appendix 1: Implications

Finance – minimal cost of copying photographs for archiving.

Staffing - None specific within the report.

Risk - None compliance is identified within the Small Bodies Annual Return.

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

Accommodation – Removal of photographs from Mayor’s parlour Town Hall.

Crime and Disorder - None specific within the report.

Human Rights - None specific within the report.

Consultation – Liz Bregazzi County Records officer

Procurement - None specific within the report.

Disability Issues - None specific within the report.

Legal Implications - None specific within the report.

CHARTER TRUST FOR THE CITY OF DURHAM

29 October 2014

Protocol and Procedures for Civic occasions



City of Durham

Report of Bryan Smith, Clerk to the Charter Trustees

Purpose of the Report

To advise Charter Trustees of the protocol arrangements and seek approval for Mayor to determine matters of precedence.

To agree in principle the extent of an invitation list for civic occasions.

Background

1. From time to time during the Mayor's year of service there are various civic occasions when the Charter Trustees and Honorary Aldermen are invited to attend in support of the Mayor and the Office of Mayor, This report is by way of reminder to all Charter Trustees of the protocol arrangements that apply normally when attending ceremonial occasions. (different for formal Charter Trustees meetings including Mayor making and Annual General Meeting).
2. Both Charter Trustees and Honorary Aldermen of Durham County Council may attend as invited according to the occasion. There is no formal order of precedence and ultimately the matter will be determined by the Mayor of the day.
3. It has been practice to follow the custom adopted by the old Durham City Council that Honorary Aldermen will process and be seated immediately before the Charter Trustees at civic and church ceremonial occasions.

1. Order of procession

Billet Master
 Captain of Bodyguard
 Bodyguard
 Mace Bearer
 Sword Bearer

Mayor
Deputy Mayor
Clerk to Trustees
Recorder
Honorary Judicial Recorder
Pantmaster
Honorary Aldermen
Charter Trustees.

2. Seating

Usually follows as above with Mayor, Deputy Mayor taking primary seats. Officers to Mayor follow according to number of seats available and followed by Honorary Aldermen and then Charter Trustees. Bodyguard and officers will take up separate positions as detailed throughout the occasion. The Mayor's office will liaise with venue officials to ensure that suitable seating arrangements are agreed in advance and notified to all invitees.

3. Robes

Charter Trustees wear black robes and Honorary Aldermen wear red robes according to entitlement and should be worn in accordance with the capacity in which they are invited.

All are reminded that following s. 249 Local Government Act 1972 no Honorary Aldermen shall, while serving as a member of Durham County Council, be entitled to be addressed or attend or take part in any civic ceremonies of the Council as an Alderman.

Robes are retained by the Mayor's office and robing arrangements for each occasion are usually circulated to invitees in advance.

4. Invitations

At the last meeting there was discussion about extending the invitations to civic occasions and it was agreed to bring the matter forward to the next meeting. Invitations are issued and managed via the Mayor's office.

Currently Charter Trustees and Honorary Aldermen are invited as above and proposals have been made about extending this to include the following (numbers of individuals in brackets)

- a) Past Chairmen of Durham County Council (3)
- b) Past Charter Trustees (11)
- c) Durham County Aldermen (135)

Charter Trustees will be aware that there are logistical and financial restrictions as to the overall number of invitations that may be made. Seating arrangements are restricted by the availability and allocation by venues such as the cathedral and the costs of posting invitations and related correspondence and refreshments where provided must be considered. It is a matter for the Mayor and Charter Trustees to agree the list of invitees.

Recommendations

- 1. That Charter Trustees note and agree the protocols in this report for attending civic occasions and that the Mayor of the day will decide any orders of precedence.**
- 2. That Charter Trustees agree whether to extend the list of invitees to civic occasions to include any of the options a) b) or c) above.**

Contact: Bryan Smith Tel: 03000 269717

Appendix 1: Implications

Finance – Detailed within the report.

Staffing - None specific within the report.

Risk - None specific within the report.

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 - None specific within the report.