



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

Ref: JM

20 October 2015

To: The Mayor and Members of the  
**CHARTER TRUSTEES FOR THE CITY OF DURHAM**  
(Councillors J Blakey, B Moir, J Armstrong, D Bell,  
A Bonner, J Chaplow, P Conway, K Corrigan, N Foster,  
D Freeman, O Gunn, D Hall, G Holland, A Hopgood,  
B Kellett, N Martin, M Nicholls, R Ormerod, M Plews,  
J Robinson, 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 28 October 2015 at 1.00 pm.

**BUSINESS**

1. Apologies for Absence
2. Minutes of the meeting held on the 17 June 2015 (Pages 1 - 4)
3. Declarations of interest, if any
4. Update Report - Report of the Clerk to the Charter Trustees (Pages 5 - 8)
5. Conclusion of Audit for the year ended 31 March 2015 - Report of the Treasurer (Pages 9 - 22)
6. Revenue Outturn for the period ending 30 September 2015 and Projected Outturn to 31 March 2016 - Report of the Treasurer (Pages 23 - 26)
7. Mayoral Robes - Verbal Update of the Mayor
8. Any other business

Yours faithfully

Clerk

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**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 17 June 2015 at 1.00 pm

**Present:** The Right Worshipful the Mayor of Durham, Councillor J Blakey (in the Chair) and Councillors J Armstrong, D Bell, P Conway, K Corrigan, D Freeman, O Gunn, G Holland, B Kellett, N Martin, J Robinson, M Simmons, P Taylor, J Turnbull, M Wilkes and M Williams.

**1 Apologies for Absence**

Apologies for absence were received from Councillor A Bonner, J Chaplow, A Hopgood, B Moir, M Nicholls and R Ormerod.

**2 Minutes**

Minutes of the meeting held on the 27 May 2015 were confirmed as a correct record and signed by the Mayor.

Councillor J Robinson referred to item 16 of the minutes of the meeting held on the 27 May 2015 regarding the Appointment of the Mayors Chaplain, he advised that he had been asked that a letter be sent to the Cathedral formally appointing the Dean of Durham as the Mayor's Chaplain in order for the horary position to be incorporated into the job description.

**3 Declarations of Interest**

There were no declarations of interest.

**4 Revenue Outturn for the year ended 31 March 2015**

Charter Trustees considered a report of the Treasurer that provided information on the 2014/15 revenue outturn compared to the original budget (for copy see file of minutes).

The Assistant Finance Manager reported that the total net revenue expenditure for 2014/15 was £55,829, an underspend of £3,588 against the original budget of £59,417.

**Resolved:-**

That the outturn position for the financial year ended 31 March 2015 be noted.

## **5 Annual Return for the year ended 31 March 2015**

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 2015, 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 2015 be approved.

## **6 Role of Past Mayors**

Councillor G Holland asked Trustees to consider the position of former Mayors of the City of Durham being involved in Mayoral Services as the present level of support received by the Mayor at events have diminished.

Councillor G Holland felt that former Mayors and Durham County Council Alderman that have served as Charter Trustees should be offered, as of right, procession at appropriate civic events as they have served the community for their year in office and have earned recognition. He suggested that gowns previously used by officers of the former Durham City Council be used at such events.

Members agreed that former Mayors should be involved in Mayoral Services and discussed the order of procession, the number of Durham County Council Aldermen that have served as Charter Trustees and resources that would be required.

### **Resolved:-**

- That in principal, former Mayors of the City Durham and Aldermen of Durham County Council that had served as Charter Trustees be involved in Mayoral Services be accepted, with the Mayor to decide the order of procession;
- That the quantity of officer robes from the former Durham City Council be obtained;
- That numbers of Durham County Council Aldermen that had served as Charter Trustees be obtained.

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

## **7 Agreement Update**

The Clerk updated Charter Trustees on the progress in negotiating an agreement with the County Council in relation to the contents of the Town Hall in Durham. He advised that the Head of Legal and Democratic Services required appropriate authority which was to be considered at Cabinet on 15 July 2015. Following final approval, the agreement would be signed by the Mayor and Deputy Mayor.

## **8 Mayoral Robes**

The Mayor informed Charter Trustees that the Mayoral robes require cleaning and suggested that, with agreement from Trustees, to look into costs for purchasing new robes that would not require specialist cleaning and could be cleaned closer to home for less cost. The original robes could then be put on display in the Town Hall.

### **Resolved:-**

That estimated costs be obtained to purchase new Mayoral robes and the information be reported back to Charter Trustees.

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**CHARTER TRUSTEES FOR THE CITY OF  
DURHAM**

**28 October 2015**

**Update Report**



**City of Durham**

**Report of Bryan Smith, Clerk to the Charter Trustees**

**Purpose of the Report**

1. To update Charter Trustees upon events following last meeting on 17 June 2015.

**Background**

2. Charter Trustees will recall that following last year's annual audit the Issues Arising Report from external auditors BDO required that two issues be addressed namely 1) compile an Asset Register to help ensure recorded value of assets and investments is, as far as possible, accurate and to ensure the Trust is safeguarding its assets. 2) carry out a risk assessments process to review effectiveness of internal control and review annually before the end of the financial year. Such risk assessment to be reviewed and minuted as evidence of each review.
3. Assets Register - At the last meeting (17.6.15 ) Charter Trustees authorised the signing of a Transfer Agreement between Durham County Council and the Charter Trustees to formalise the transfer of physical assets particularly those held at Town Hall Durham. The Transfer Agreement was signed sealed and completed on 22 July 2015 and has been verified by internal audit as part of this year's audit review process.
4. Valuation of Mayoral Chains – arrangements were made for inspection and valuation of the Mayor and Deputy Mayors chains of office by Anderson & Garland in June. A copy of the valuation report will be available for Charter Trustees to view at the meeting. The chains of office have been added to the Assets Register as assets held by the Charter Trustees.
5. Risk Assessment matrix - Charter Trustees will recall that the assessment matrix was approved at the meeting on 1 April 2015 for the previous financial year. Last year's audit report recommendation was

that the assessment "...must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year." Unfortunately when the BDO audit review report was received recently on 15.9.15 it confirms that the Risk Assessment was not minuted during the year and when queried by the Clerk it transpires they take the financial year to year end 31 March 2015. Hence we were one day late and this is noted and arrangements will be made to ensure the Risk Assessment will be approved and minuted before year end for this year.

6. Ceremonial occasions and Past Mayors – use of robes – following the debate and recommendations at the last meeting it is confirmed that:-

There are 8 Officers robes (Black with Silver Trim)

The number of County Alderman that have been Trustees is 1  
Alderman B Myers.

Please note there are 10 former Mayors.

Please note also that there are 20 additional Trustee Robes available (Black with Red Trim).

### **Recommendation**

7. That the various updates be noted and accepted.

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**Contact: Bryan Smith      Tel: 03000 269717**

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## **Appendix 1: Implications**

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**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.

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**Charter Trustees for the City of  
Durham**

**28 October 2015**

**Conclusion of Audit for the year  
ended 31 March 2015**



City of Durham

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**Report of Jeff Garfoot, Treasurer**

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**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 2015. 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 only one item for the attention of Charter Trustees which is:
  - Risk assessment not minuted during the year

Although a risk assessment was undertaken during 2014/15 and the auditor deemed it to be adequate, the meeting to minute this review took place on 1 April 2015, which the auditor states was too late for the 2014/15 financial year. They report that this is in breach of regulation 4 of the Accounts and Audit Regulations 2011.
- 4 This issue has resulted in the annual return for 2014/15 being qualified.

**Action Required**

- 5 The following action is required in order to satisfy the external auditor in future:

- Risk Assessment

A risk assessment must be carried out and the review minuted as evidenced at least once per year.

Following a report presented by the Clerk to the Charter Trustees at the meeting on 18 June 2014, it had already been agreed that a risk assessment be placed on the agenda each year. The review must be minuted in each future year and in doing so, will ensure this will not be raised as an audit issue in future.

## **Recommendations**

6 It is recommended that Charter Trustees:

- approve the audited annual return for 2014/15;
- agree to review a risk assessment of internal controls and report this review annually at future meetings before the end of each financial year.

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**Contact: Beverley White Tel. 03000 261900**

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## **Risks and Implications**

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### **Finance**

The report provides the conclusion of BDO's audit of the annual report for 2014/15.

### **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

**Attach pdf – audited annual return**

**Appendix B**

**Attach pdf – Issues Arising Report from BDO**

**Appendix C**

# Small Bodies in England

## Annual return for the financial year ended 31 March 2015

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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 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 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 2015, 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 their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, 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 annual return, including the external auditor's report, by 30 September 2015.

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' 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](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

# Section 1 – Accounting statements 2014/15 for:

Enter name of reporting body here:

CHARTER TRUST FOR THE CITY OF DURHAM

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
1 Balances brought forward	35,355	67,905	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	101,043	45,234	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	2,171	9,546	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	-22,063	-15,684	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	-48,601	-40,203	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	67,905	66,798	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	98,814	99,962	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 2015 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. Claxton*

Date 17/06/2015

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

17/06/2015

and recorded as minute reference:

ITEM 5 REFERENCE

Signed by Chair of meeting approving these accounting statements:

*J. Claxton*

Date 17/06/2015



## Section 2 – Annual governance statement 2014/15

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 2015, 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 MINUTE REFERENCE

dated 17/06/2015

Signed by:

Chair *[Signature]* REQUIRED

dated 17/06/2015

Signed by:

Clerk *[Signature]* REQUIRED

dated 17/06/2015

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

# Section 3 – External auditor certificate and report 2014/15

## Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

*THE CHARTER TRUSTEES 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 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (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.

### 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 matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (~~delete as appropriate~~).

The Body did not undertake and minute a full risk assessment during the year. The body cannot evidence that it has assessed and taken appropriate steps to manage all the risks it faces. This is contrary to Regulations 4(1) & 4(2) of the Accounts and Audit (England) Regulations 2011.

**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:

(continue on a separate sheet if required)

External auditor signature

*BDO LLP*

External auditor name

**BDO LLP Southampton  
United Kingdom**

Date

*15/9/15*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

# Section 4 – Annual internal audit report 2014/15 to

## 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 2015.

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.	Y		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Y		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y		
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.	Y		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Y		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	Y		
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	Y		
H Asset and investments registers were complete and accurate and properly maintained.			Y
I Periodic and year-end bank account reconciliations were properly carried out.	Y		
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.	Y		

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

\* COVERAGE NOT REQUIRED

AN ASSET REGISTER HAS BEEN COMPILED AND CHECKED HOWEVER THE LEGAL TRANSFER OF THE ASSETS FROM DURHAM COUNTY COUNCIL TO THE CHARTER TRUST WAS NOT COMPLETED ON 31/3/2015

Name of person who carried out the internal audit: PAUL BRADLEY CPFA

Signature of person who carried out the internal audit: Paul Bradley Date: 04/06/2015

\*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).

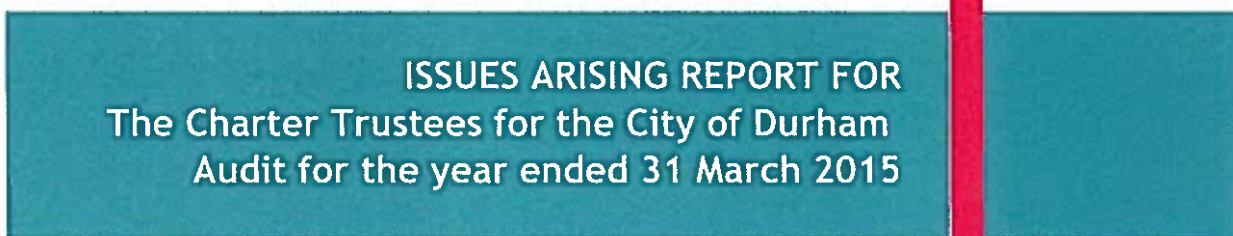

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

## Guidance notes on completing the 2014/15 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 2014) equals the balance brought forward in the current year (Box 1 of 2015).
- 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 2015 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?	N/A
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 2015

## 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 2015.

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 not minuted during year

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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 not minuted during year**

*What is the issue?*

The body have not minuted its review of the effectiveness of internal control including its risk assessment during the year. A risk assessment was undertaken and reported to the body after the year end. This risk assessment has been reviewed and is deemed to be adequate.

*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 the risk assessment is reviewed and this review is minuted at least once a year before the end of each financial year. This review is for the body to evidence as a whole that they are satisfied that all the risks facing the body have been identified and safeguards have been put in place to protect against those risks.

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

**No other matters came to our attention.**

For and on behalf of  
BDO LLP

Date: 15 September 2015

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**Charter Trustees for the City of  
Durham**

**28 October 2015**

**Revenue Outturn for the period  
ending 30 September 2015 and  
Projected Outturn to 31 March 2016**



City of Durham

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**Report of Jeff Garfoot, Treasurer**

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**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 2015;
  - forecast of expenditure to 31 March 2016 in comparison to the 2015/16 original budget.

**COMPARISON OF REVENUE OUTTURN WITH BUDGET**

- 2 At 30 September 2015 actual net expenditure was £28,684; an underspend of £4,891 (or 14.57%) against a profiled budget of £33,575.
- 3 It is anticipated that actual expenditure at 31 March 2016 will be slightly lower than the original budget of £60,896 by £5,478 (or 9.00%). The sum required to be drawn from reserves to balance the budget is therefore expected to reduce from £6,883 to £1,405.
- 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:

**TRANSPORT**

- 6 Based upon the current activity levels, it is anticipated that actual expenditure on transport will be £8,222 at the financial year end which is £884 (or 12.05%) more than the original budget. This budget head will need to be closely monitored up to the end of the year.

## SUPPLIES AND SERVICES

- 7 The total expenditure on supplies and services is £1,785 less than the profiled budget to date. Based upon the activity levels to date, the supplies and services outturn figure at 31 March 2016 is expected to be £16,102; an underspend of £2,607 (or 13.93%) in comparison to the annual budget. This is mainly due to an underspend on hospitality due to a lower number of functions attended to date, and a saving on the cost of insurance. This budget head will be closely monitored for the remainder of this financial year.

## INCOME

- 8 The Mayor's civic dinner generated income of £3,390, which had not been included in the original budget.

## FORECAST OF OUTTURN

- 9 The latest forecast of expenditure to 31 March 2016 is £55,418, an underspend of £5,478 (or 9.00%) against the net expenditure budget of £60,896.

## GENERAL RESERVE

- 10 The general reserve balance at 1 April 2015 was £67,097. With an underspend of £5,478 as projected, the amount required to be drawn from reserves would be £1,405, rather than the original budget figure of £6,883. Consequently the reserve balance would decrease to £65,692 as at 31 March 2016.

## VAT

- 11 As at 30 September 2015 the total VAT paid and reclaimed was £1,393.20.

## RECOMMENDATIONS

- 12 It is **RECOMMENDED** that the City of Durham Charter Trustees:
- note the outturn position for the period ended 30 September 2015;
  - note the forecast of outturn to 31 March 2016;

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**Contact: Beverley White, Tel. 03000 261900**

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**RISKS AND IMPLICATIONS**

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**Finance**

The report provides information on the:

- actual expenditure compared to the profiled budget to 30 September 2015
- forecast of expenditure to 31 March 2016 in comparison to the 2015/16 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 2015 AND PROJECTED OUTTURN TO 31 MARCH 2016**

<b>Annual Budget 2015/16</b>	<b>Budget Head</b>	<b>Profiled budget to date</b>	<b>Year to date Actual</b>	<b>Projected Outturn</b>	<b>Variance (Projected Outturn v Annual Budget)</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Employees</b>				
0	Mayor's Allowance	0	0	0	0
0	Deputy Mayor's Allowance	0	0	0	0
	<b>Premises</b>				
3,398	Town Hall	3,398	3,398	3,398	0
	<b>Transport</b>				
7,338	General transport	3,669	4,111	8,222	884
2,964	Sergeants at Mace/ Bodyguard	2,900	2,900	2,900	-64
	<b>Supplies and Services</b>				
15,758	Mayor's hospitality	7,879	6,052	14,000	-1,758
406	General office expenses	203	245	490	84
2,088	Insurance	1,282	1,282	1,282	-806
457	External Audit	0	0	330	-127
	<b>Support Services</b>				
16,263	Administration	8,132	7,984	15,967	-296
12,264	Support Services	6,132	6,132	12,264	0
	<b>Income</b>				
0	Mayor's Civic Dinner	0	-3,390	-3,390	-3,390
-40	Investment income	-20	-30	-45	-5
<b>60,896</b>	<b>Net Expenditure</b>	<b>33,575</b>	<b>28,684</b>	<b>55,418</b>	<b>-5,478</b>
-8,064	<b>Council Tax Support Grant</b>	-8,064	-8,064	-8,064	0
-6,883	<b>Transfer to/ -from Reserves</b>	0	0	-1,405	5,478
<b>45,949</b>	<b>Net budget</b>	<b>25,511</b>	<b>20,620</b>	<b>45,949</b>	<b>0</b>