



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

Ref: JM

12 January 2016

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 20 January 2016 at 1.00 pm.

BUSINESS

1. Apologies for Absence
2. Minutes of the meeting held on the 9 December 2015 (Pages 1 - 2)
3. Declarations of interest, if any
4. Revenue Outturn for the period ending 31 December 2015 and Projected Outturn to 31 March 2016 (Pages 3 - 6)
5. Yearly approval of Risk Assessment of Governance Arrangements - Report of the Clerk to the Charter Trustees (Pages 7 - 12)
6. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

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 9 December 2015 at 12.30 pm

Present: The Right Worshipful the Mayor of Durham, Councillor J Blakey (in the Chair) and Councillors B Moir, J Armstrong, D Bell, A Bonner, J Chaplow, P Conway, N Foster, D Freeman, O Gunn, B Kellett, N Martin, R Ormerod, M Plews, J Turnbull, M Wilkes and M Williams

1 Apologies for Absence

Apologies for absence were received from Councillors Corrigan, Hall, Holland, Hopgood, Nicholls, J Robinson, Simmons and P Taylor.

2 Minutes

Minutes of the meeting held on the 28 October 2015 were confirmed as a correct record and signed by the Mayor.

The Clerk to the Charter Trustees advised that cost and income relating to the Mayor's Civic Dinner had been circulated to Trustees following the last meeting.

3 Declarations of interest

There were no declarations of interest.

4 2016/17 Budget

Charter Trustees considered a report of the Treasurer that provided information to enable Charter Trustees to determine the appropriate budget requirement for the Charter Trust for 2016/17 and the basic level of council tax require for 2016/17 (for copy see file of minutes).

The Treasurer referred to the meeting on 8 January 2014 where Trustees agreed to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2014/15 to 2018/19.

Trustees agreed to formally accept the precept of £1.90 for 2016/17.

Resolved:

That the council tax requirement of £46,788 and a £1.90 precept for 2016/17 be approved.

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

5 Mayor and Consort Jewells

The Clerk to the Charter Trustees advised that the costs for the past Mayor and Consort jewels were slightly higher than the previous year costing approximately £1,500 excluding engraving costs. The company that had supplied the Mayor's medals for many years would be used due to the increase in costs to provide a replicated dye from a new provider.

Councillor Williams declared that a member of his family had links with the company that supplied the Mayor's medals.

Resolved:

That Trustees agreed to proceed with the arrangements.

**Charter Trustees for the City of
Durham**

20 January 2016

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



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

COMPARISON OF REVENUE OUTTURN WITH BUDGET

- 2 At 31 December 2015 actual net expenditure was £41,553; an underspend of £5,319 (or 11.35%) against a profiled budget of £46,872.
- 3 It is anticipated that actual expenditure at 31 March 2016 will be slightly lower than the original budget of £60,896 by £4,478 (or 7.35%). The sum required to be drawn from reserves to balance the budget is therefore expected to reduce from £6,883 to £2,405.
- 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 £7,875 at the financial year end which is £537 (or 7.32%) more than the original budget. This budget head will continue to be closely monitored up to the end of the year.

SUPPLIES AND SERVICES

- 7 The total expenditure on supplies and services is £1,622 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 £17,462; an underspend of £1,247 (or 6.67%) in comparison to the annual budget. This is mainly due to a saving on the cost of insurance and an underspend on hospitality due to a lower number of functions attended to date. This budget head will be closely monitored for the remainder of this financial year.

INCOME

- 8 It is anticipated that actual income will be £3,448 at the financial year end which is £3,408 more than the original budget. This is mainly due to the fact 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 £56,418, an underspend of £4,478 (or 7.35%) against the net expenditure budget of £60,896.

GENERAL RESERVE

- 10 The general reserve balance at 1 April 2015 was £67,097. With a projected underspend of £4,478, the amount required to be drawn from reserves would be £2,405, rather than the original budget figure of £6,883. Consequently the reserve balance would decrease to £64,692 as at 31 March 2016.

VAT

- 11 As at 31 December 2015 the total VAT paid and reclaimed was £2,241.96

RECOMMENDATIONS

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

Contact: Beverley White, Tel. 03000 261900

RISKS AND IMPLICATIONS

Finance

The report provides information on the:

- actual expenditure compared to the profiled budget to 31 December 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
31 DECEMBER 2015 AND PROJECTED OUTTURN TO 31 MARCH 2016**

Annual Budget 2015/16	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
	Premises				
3,398	Town Hall	3,398	3,398	3,398	0
	Transport				
7,338	General transport	5,504	5,644	7,875	537
2,964	Sergeants at Mace/ Bodyguard	2,900	2,900	2,900	-64
	Supplies and Services				
15,758	Mayor's hospitality	11,819	10,222	15,500	-258
406	General office expenses	305	279	380	-26
2,088	Insurance	1,282	1,282	1,282	-806
457	External Audit	300	300	300	-157
	Support Services				
16,263	Administration	12,197	11,976	15,967	-296
12,264	Support Services	9,198	9,000	12,264	0
	Income				
0	Mayor's Civic Dinner	0	-3,390	-3,390	-3,390
-40	Investment income	-30	-58	-58	-18
60,896	Net Expenditure	46,872	41,553	56,418	-4,478
-8,064	Council Tax Support Grant	-8,064	-8,064	-8,064	0
-6,883	Transfer to/ -from Reserves	0	0	-2,405	4,478
45,949	Net budget	38,808	33,489	45,949	0

**CHARTER TRUSTEES FOR THE CITY OF
DURHAM**

20 January 2016

**Yearly approval of Risk Assessment of
governance arrangements**



City of Durham

Report of Bryan Smith, Clerk to the Charter Trustees

Purpose of the Report

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

Background

1. 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 the 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 2016.
2. The Clerk and DCC Risk, Insurance and Governance Manager have together reviewed and slightly updated the Risk Assessment matrix as approved last year. There are no significant changes to the risk profile.

Recommendation

3. That the Risk Assessment for governance arrangements be approved and accepted for year end March 2016.

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 - None specific within the report.

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 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)
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.	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	

Aim Page 12	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	