

Charter Trust for the City of Durham

26 April 2012

Audit for the year ended 31 March
2011



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

1. BDO LLP (the external auditor to the Charter Trust) has completed their audit of the annual return for the financial year ending 31 March 2011 and instructed that their audit opinion and findings are reported to Charter Trustees in order to approve the final, audited annual return.
2. Their full report, including a copy of the annual return, is attached as Appendix B.

AUDIT FINDINGS AND RECOMMENDATIONS

3. The auditor raised two minor issues which resulted in the annual return being qualified. The issues were reported as follows:

Issue 1 - Overdrawn bank account

- 3.1. At 31 March 2011 the Trust's bank account was reported as overdrawn which contravenes Schedule 1, Paragraph 2 (3) of the Local Government Act 2003.
- 3.2. The auditor recommended that a regular budget monitoring exercise be undertaken to ensure that sufficient resources are available before committing future expenditure.

Issue 2 - Expenditure Powers

- 3.3. The issue raised by the auditor was that donations relating to the Mayor's Appeal had been received into the Trust bank account during the year then subsequently donated to charitable organisations. The auditor states that the Trust is at risk of acting outside of its legal powers.
- 3.4. The auditor recommended that expenditure powers are minuted before incurring any expenditure, irrespective of how the transactions are to be funded.

MANAGEMENT COMMENTS

4. Management's comments regarding the issues raised by the auditor are set out below:

Issue 1 - Overdrawn bank account

- 4.1. Although the bank account was NOT overdrawn at 31 March 2011, the way in which the annual return has to be completed resulted in a small negative cash balance of £17 being reported (Line 8 of Section 1 of the annual return).
- 4.2. This was mainly due to several cheques produced during the last few days of the year which remained unpresented at 31 March 2011. They had to be accounted for as if they had been paid out of the bank account when completing the annual return.
- 4.3. Budget monitoring and forecast of outturn information is reported to Trustees on a quarterly basis already.

Issue 2 - Expenditure Powers

- 4.4. Issue 2 relates to monies received in connection with the Mayor's nominated charities. Trustees may recall that prior to June 2011 these monies were paid into the Trust's main bank account. This practice was revised in June 2011 and all such monies are now paid into a separate bank account and managed independently from Charter Trust business. The matter was explained in full to the auditor and has now been resolved.

CONCLUSION

5. The auditor's recommendation relating to Issue 1 has already been implemented and no further action is required. Issue 2 was resolved during 2010/11 after a separate bank account was set up for monies relating to the Mayor's charity, which is managed independently from Charter Trust affairs.

RECOMMENDATIONS

6. It is recommended that Charter Trustees approve the audited annual return for 2010/11.

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Risks and Implications

Finance

The report provides the conclusion of BDO's audit of the annual report for 2010/11.

Staffing

Equality and Diversity

Accommodation

Crime and Disorder

Human Rights

Consultation

Procurement

Disability Discrimination Act

Legal Implications