

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