

APPENDIX 4

John Barker (Consulting) Ltd 19th September 2011

BATH RECREATION GROUND TRUST - AUDIT REVIEW SUMMER 2011

1. THE ISSUE

- 1.1 The Charity Commission informed the Council in February 2011 that it requires the Trustees to provide an independent audit of the Trust Accounts with effect from the financial year 2009/10. The Trust accounts are currently maintained within the B&NES corporate accounting system and its financial activities and transactions have previously been inspected as an integral part of the corporate internal and external audit arrangements for B&NES.**
- 1.2 Accordingly an audit of the 2009/10 and 2010/11 accounts has been arranged to satisfy the requirements of the Charity Commission and a proposal prepared for a further cyclical programme of audit work to cover the current requisite financial activities of the Trust.**
- 1.3 There are no issues arising from the audit work this year that are required to be drawn to the attention of the Trust.**
- 1.4 If the scale of the Trust activities or responsibilities should increase in future years then a reappraisal of the planned audit work now being recommended may be required.**
- 1.5 Results of these actions are now reported to the Trust for awareness and approval of the proposed future cyclical programme.**

2. RECOMMENDATION

Bath Recreation Ground Trust is recommended to note that:

- 2.1 An initial audit review covering 2009/10 and 2010/11 have been undertaken and a proposal for future cyclical work has been drafted. There are no matters of significant concern from this initial audit work which need to be reported to the Trust.**

And to agree that

- 2.2** The Charity Commission is advised that B&NES Council and the Trust have now made appropriate arrangements to comply with the requirements for future audit arrangements as notified by the Charity Commission on February 2011.
- 2.3** The results from the initial audit work commissioned for the 2009/10 and 2010/11 accounts should be used as a basis for the future cyclical work required, given the current extent of activities overseen by the Trust.
- 2.4** That the 2011/12 audit requirements are delivered, in accordance with the recommended cyclical proposal, as drafted by John Barker (Consulting) Ltd under appropriate terms of engagement to be agreed.

3. FINANCIAL IMPLICATIONS

- 3.1** There will be an ongoing annual audit fee to be agreed with the appointed auditor (which is estimated at £950 based on the current cyclical work recommended).

4 CORPORATE PRIORITIES

- 4.1** The BathRecreation Ground Trust is an independent body so this is not directly relevant. However the Trust oversees the facilitation of some community recreation activities and therefore there will be continued liaison between the Council and the Trust, which may influence the future scale of activities of the Trust.

5. THE REPORT

- 5.1** Initial work to scope and undertake the immediate audit requirements has been commissioned based on the level of activity evident during 2009/10 and 2010/11 financial years. This work is recently completed and a short report prepared for B&NES Council management - who support the detailed delivery work of the Trust. There are a small number of issues that need clarification to ensure that the Trust operates as independently as possible (and therefore accrues correct income and expenditure) under its existing integrated support and delivery arrangements within B&NES Council.
- 5.2** As a result of the initial work a proposal for future cyclical work has also been drafted. That should give necessary annual assurances to the Charity Commission on an annual basis.

5.3 As long as the trust accounts are maintained using B&NES corporate accounting systems and facilities it should be possible to provide this required assurance on a continuing basis for an agreed annual audit fee.

5.4 If there are significant changes in the scale of operation of the Trust then it will be appropriate to revisit the proposed cyclical programme to incorporate any changed responsibilities required from the annual audit certification for the Charity Commission.

5.5 This initial audit work was commissioned to respond to the immediate needs of the charity Commission. There will be an obvious advantage in using the audit knowledge gained from this commission to undertake the 2011/12 requirements and to test and refine the drafted cyclical proposals to validate their longer term application. It is therefore proposed that John Barker (Consulting) Ltd is retained during 2011/12 by Bath Recreation Ground Trust to maintain awareness as required for the next audit cycle. The detailed engagement terms could be agreed by Officers supporting the Trust in consultation with the Trust Chairman.

6. RISK MANAGEMENT

6.1 The drafted cyclical proposal has addressed the perceived audit risks relevant to a Trust of this nature and may be modified as appropriate if the scale of the activities of the Trust change significantly.

6.2 Relevant professional guidance has been available to assist in the preparation of the cyclical proposal and should be consulted as necessary in the future.