

**TAY ROAD BRIDGE JOINT BOARD**

**MONDAY, 16TH SEPTEMBER, 2013**

**COMMITTEE ROOM 3, 14 CITY SQUARE, DUNDEE**

**AGENDA OF BUSINESS**

Prior to commencement of business, the Chairman will present prizes to Andrew Duncan and Lewis White of St Paul's Academy whose team were winners of a Bridge Design Competition sponsored by the Tay Road Bridge Joint Board, as part of the Engineering for Life Festival recently held in Dundee. The Chairman will also present prizes to the second placed team of Angus Redford and Curtis Stroud-Thompson of Webster's High School, Kirriemuir.

**PART I - OPEN MEETING**

**1 MINUTE OF MEETING OF 17TH JUNE, 2013 - Page 1**

(Copy enclosed).

**2 ENGINEERING WORKS - Page 5**

(Report No TRB19-2013 enclosed).

**3 OPERATIONAL RESTRICTIONS AND CLOSURES - Page 9**

(Report No TRB17-2013 enclosed).

**4 REVENUE MONITORING - 4 MONTHS TO 31ST JULY, 2013 - Page 13**

(Report No TRB12-2013 enclosed).

**5 CAPITAL MONITORING - 4 MONTHS TO 31ST JULY, 2013 - Page 17**

(Report No TRB13-2013 enclosed).

**6 RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON 2012/2013 AUDIT OF TAY ROAD BRIDGE JOINT BOARD**

**(a) EXTERNAL AUDITOR REPORT ON 2012/2013 - AUDIT TO TAY ROAD BRIDGE**

**- Page 23**

(Copy enclosed).

**(b) RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON 2012/2013 AUDIT OF TAY ROAD BRIDGE JOINT BOARD - Page 39**

(Report No TRB14-2013 enclosed).

**(c) STATEMENT OF ACCOUNTS FOR YEAR ENDED 31ST MARCH, 2013 - Page 41**

(Copy enclosed).

**7 INTERNAL AUDIT - AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN 2013/2016**  
- Page 91

(Report No TRB15-2013 enclosed).

**8 INTERNAL AUDIT - ANNUAL AUDIT PLAN 2013/2014 - Page 127**

(Report No TRB16-2013 enclosed).

**9 REVIEW OF STRATEGIC RISK REGISTER - Page 139**

(Report No TRB18-2013 enclosed).

**10 DATE OF NEXT MEETING**

Monday, 16th December, 2013 at 11.00 am in Dundee.

At a MEETING of the TAY ROAD BRIDGE JOINT BOARD held at Dundee on 17th June, 2013.

Present:-

Councillors Jimmy BLACK, Will DAWSON, Ken LYNN, Bill CAMPBELL, Tom FERGUSON, Fraser MACPHERSON, Margaret TAYLOR, Bill CONNOR, David GRAHAM (substitute for Brian THOMSON), Ian SLOAN (substitute for Jim YOUNG), Andy HEER and Councillor Rob MURRAY (substitute for SHEILA HANDS).

#### **I MEMBERSHIP**

It was reported that Councillor Jimmy Black had replaced Councillor David Bowes as a member of the Joint Board.

The Joint Board noted accordingly.

#### **II ELECTION OF CHAIR**

It was reported that the Joint Board required to appoint a Chairman in terms of paragraph 10 of Schedule 1 to the Tay Road Bridge Order 1991.

Councillor Macpherson, seconded by Councillor Lynn, moved the appointment of Councillor Margaret Taylor.

As an amendment, Councillor Graham, seconded by Councillor Sloan, moved the appointment of Councillor Jim Young.

On a division, there voted for the motion - Councillors Taylor, Connor, Heer, Black, Campbell, Dawson, Lynn, Macpherson and Murray (9); and for the amendment - Councillors Graham, Sloan and Ferguson (3) - whereupon Councillor Taylor was appointed and took the Chair.

#### **III ELECTION OF VICE-CHAIR**

It was reported that the Joint Board was required to appoint a Vice-Chairman in terms of paragraph 10 of Schedule 1 to the Tay Road Bridge Order 1991.

Councillor Dawson, seconded by Councillor Campbell, moved the appointment of Councillor Jimmy Black.

As an amendment, Councillor Graham, seconded by Councillor Sloan, moved the appointment of Councillor Jim Young.

On a division, there voted for the motion - Councillors Taylor, Connor, Heer, Black, Campbell, Dawson, Lynn, Macpherson and Murray (9); and for the amendment - Councillors Graham, Sloan and Ferguson (3) - whereupon Councillor Black was appointed.

#### **II MINUTE OF MEETING OF 4TH MARCH, 2013**

The minute of the above meeting was submitted and approved.

#### **III ENGINEERING WORKS**

There was submitted Report No TRB12-2013 by the Engineer advising the Joint Board of the current situation regarding engineering works on the bridge.

The Joint Board noted the position on current progress on various projects.

#### **IV OPERATIONAL RESTRICTIONS AND CLOSURES**

There was submitted Report No TRB6-2013 by the Bridge Manager advising the Joint Board of the number and nature of operational restrictions and closures applied between 1st February, 2013 and 30th April, 2013.

The Joint Board noted the report.

#### **V 2013/2014 INSURANCE PROGRAMME**

There was submitted Report No TRB9-2013 by the Treasurer giving a overview of the insurance arrangements for the financial year 2013/2014.

The Joint Board noted the report.

#### **IV UNAUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013**

There was submitted Report No TRB12-2013 by the Treasurer providing additional commentary on the unaudited Statement of Accounts for the year ended 31st March, 2013 which was also submitted to the Joint Board.

The Joint Board agreed to:-

- (i) note the contents of the covering report;
- (ii) note the unaudited Statement of Accounts which had been submitted along with the report;
- (iii) instruct the Treasurer to submit this Statement of Accounts to the Controller of Audit, Accounts Commission or Scotland; and
- (iv) note that the key assumptions underpinning the independent actuaries' calculation of the Board's IAS 19 liability had been reviewed and accepted by Dundee City Council as administering authority for the Pension fund.

#### **VII EXTERNAL AUDIT-ANNUAL AUDIT PLAN 2012/13**

There was submitted Report No TRB10-2013 by the Treasurer, outlining the External Audit Annual Audit Plan for 2012.2013.

The Joint Board noted the content of the external Audit Action Plan.

#### **VIII INTERNAL AUDITOR'S ANNUAL REPORT**

##### **(a) INTERNAL AUDIT REPORT 2013/2017**

There was submitted, for the information of the Joint Board, Internal Audit Report 2013/2017, prepared by the Joint Board's Internal Auditor, Henderson Loggie.

The Joint Board noted the contents of the report.

##### **(b) RESPONSE TO INTERNAL AUDITOR'S ANNUAL REPORT**

There was submitted Report No TRB8-2013 by the Bridge Manager in response to the Annual Report, prepared by the Board's Internal Auditor, Henderson Loggie.

The Joint Board agreed to:-

- (i) endorse the report as a formal response to the Internal Auditor's report; and

- (ii) instruct the Bridge Manager to implement the Internal Auditor's recommendations as set out in the report.

#### **IX ADDITIONAL STAFFING POLICIES**

There was submitted Report No TRB7-2013 by the Bridge Manager seeking approval of an additional policy to be added to the draft handbook.

The Committee agreed that an additional policy, Special Leave Policy - Near Relative Illness, be added to the Staff Handbook, as detailed in the report.

#### **X DATE OF NEXT MEETING**

Monday, 16th September at 10.00 am in Dundee.

#### **PART II - CONFIDENTIAL ITEM**

**The Joint Board resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 6 and 9 of Part I of Schedule 7A of the Act.**

#### **XI DUNDEE CENTRAL WATERFRONT - LAND TRANSFER**

There was submitted Report No TRB13-2013 by the Clerk and Treasurer advising the Joint Board of the updated District Valuer's valuation and the City Council's request for the transfer of ownership of two plots of Board land for the Central Waterfront Development.

The Joint Board updated valuation and agreed to transfer the land to the City Council, in accordance with the District Valuer's Updated Valuation.

Margaret TAYLOR, Chairperson.



REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16 SEPTEMBER 2013  
REPORT ON: ENGINEERING WORKS  
REPORT BY: ENGINEER TO THE BOARD  
REPORT NO: TRB 19-2013

**1 PURPOSE OF REPORT**

1.1 To advise the Joint Board on the current situation regarding Engineering works on the bridge.

**2 RECOMMENDATIONS**

2.1 It is recommended that the Joint Board note the position on current progress.

**3 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications arising from this report.

**4 SUSTAINABILITY POLICY IMPLICATIONS**

4.1 There are no Sustainability Policy implications of relevance to this report.

**5 EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 There are no equal opportunities implications of relevance to this report.

**6 IMPLICATIONS TO BRIDGE USERS**

6.1 There are no major implications for bridge users arising from this report.

**7 BACKGROUND**

**7.1 Carriageway Resurfacing/Replacement of Expansion Joints**

Reference is made to Article III of the Tay Road Bridge Joint Board meeting of 4 March 2013 where it was advised that the existing carriageway surfacing is the original asphalt surfacing laid in 1966 with a surface dressing applied in 1993/94. The expansion joints at the end of each span of the bridge were replaced in the early 1990's and they are now reaching the end of their design life.

Investigatory works are currently underway to determine the condition of the surface dressing and the underlying asphalt surfacing with a view to identifying the appropriate surfacing works required. A Ground Penetrating Radar (GPR) survey to ascertain the current condition of the surfacing and concrete bridge deck has recently been successfully completed. The survey results are currently under review. The GPR survey is to be supplemented by coring and testing of the asphalt surfacing and this is to be carried out in the near future.

Allowances of approximately £3.925 million have been made in the capital plan over 2013/14 to 2015/16 to investigate, procure and carry out these works.

It is anticipated that a full report with recommendations on the works required will be brought to the Board in December 2013.

## **7.2 North Approach Viaduct Remedial Works**

Reference is made to Article IV of the Tay Road Bridge Joint Board meeting of 17 June 2013 whereby the Board approved the procurement of the required remedial works to the North Approach Viaducts up to the value of £160,000.

This item relates to the existing element of the North Approach Viaducts that is not being renewed as part of the Dundee Waterfront works. Inspection works have been completed and the repairs required to bring the reinforced concrete deck, road surface and bridge expansion joints up to an appropriate standard such that minimal works will be required for the foreseeable future have been determined. Concrete repairs and protective coatings are required along with new bridge deck waterproofing, expansion joints and road surfacing.

The cost of the works has now been determined as £112,945.65 and these works are currently being undertaken to coincide with completion of the Dundee Waterfront works to the ramps.

## **7.3 Dundee Waterfront - Removal and Reconstruction of Bridge Ramps**

Dundee City Council awarded the contract for this stage of the works in August 2011 at a cost of £8.2 million. This stage involves the phased removal and replacement of the remainder of the approach ramps to the Tay Road Bridge including the construction of temporary diversion routes necessary for the removal of the ramps. The works also include the construction of elements of roads, drainage and services within the Waterfront Development.

The works to the remainder of the bridge ramps are to be carried out in a number of phases over a two year period with completion by December 2013. Works started in January 2012 on the widening of the southbound on ramp at Customs House to accommodate two wide lanes of traffic. These works were completed and opened in late April 2012 with this being the only route onto the southbound carriageway of the Tay Road Bridge for traffic.

These traffic management arrangements for access to and egress from the bridge are those generally in place until the new ramps open in December 2013. These new long term temporary arrangements continue to work well.

The new traffic arrangements enabled the on ramp at Tayside House to be closed and demolition of the remaining bridge ramps started in early June 2012 and was completed ahead of programme by the end of July 2012. The demolition material from the ramps was crushed and graded for recycling as fill material in the embankment of the new realigned bridge approach ramps. The new on ramps are of reinforced earth construction with a granite clad facing to match the new westbound off ramp.

Construction of the new realigned ramp is well underway, re-using the crushed material within the vibro stone column piles and ground improvements structure and in the embankment itself. The western side of the new approach ramps and new South Marketgait Bridge at South Victoria Dock Road is now complete and this opened to traffic in July 2013.



Demolition of the original southbound on ramp at Customs House is also now complete with all materials being recycled. Construction of the eastern side of the new approach ramps and new South Marketgait Bridge is due to start shortly. This element of work is programmed for completion by December 2013 thus completing the works to the Tay Road Bridge approach ramps.

The works continue to progress well and are currently on schedule.

Further regular reports will be brought to the Board detailing progress with this important project.

The Bridge Manager will continue to provide the Board with a monthly update on progress.

## **8 CONSULTATIONS**

8.1 The Clerk, Treasurer and Bridge Manager have been consulted in the preparation of this report.

## **9 BACKGROUND PAPERS**

9.1 None.

---

Fergus Wilson  
Engineer to the Board

FW/EH

Dundee City Council  
Dundee House  
Dundee

5 September 2013



REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16 SEPTEMBER 2013  
 REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES  
 REPORT BY: THE BRIDGE MANAGER  
 REPORT NO: TRB17- 2013

1 PURPOSE OF REPORT

1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 May and 31 July 2013.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 July 2013.

3 FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report.

4 POLICY IMPLICATIONS

4.1 None.

5 COMMENTARY ON OPERATIONAL RESTRICTIONS AND CLOSURES

5.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements.

A summary of the restrictions applied between February and April 2013 are given below:-

i) Single carriageway closures

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	766	177	4.2
Breakdown	174	21	8.3

## ii) Traffic Restrictions

Reason	Single Carriageway /Both	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
High Winds				
No Double Deck Buses Allowed	Both	2095	6	349
Cars Only	Both	Nil	Nil	Nil
Roadworks				
TRBJB	Single	357	9	40
External Contractor	Single	220	2	110

## iii) Closures on both carriageways

Reason	Full Closure	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	Yes	322	4	80
High Winds	Yes	Nil	Nil	Nil
Other Incidents	Yes	281	8	35

## iii) Availability of Bridge

Based on the above figures the various levels of availability of the bridge to users is as follows:-

Full availability (No restrictions)	91.1%
Partial Availability (Some restrictions)	8.4%
No Availability (Full Closure)	0.5%

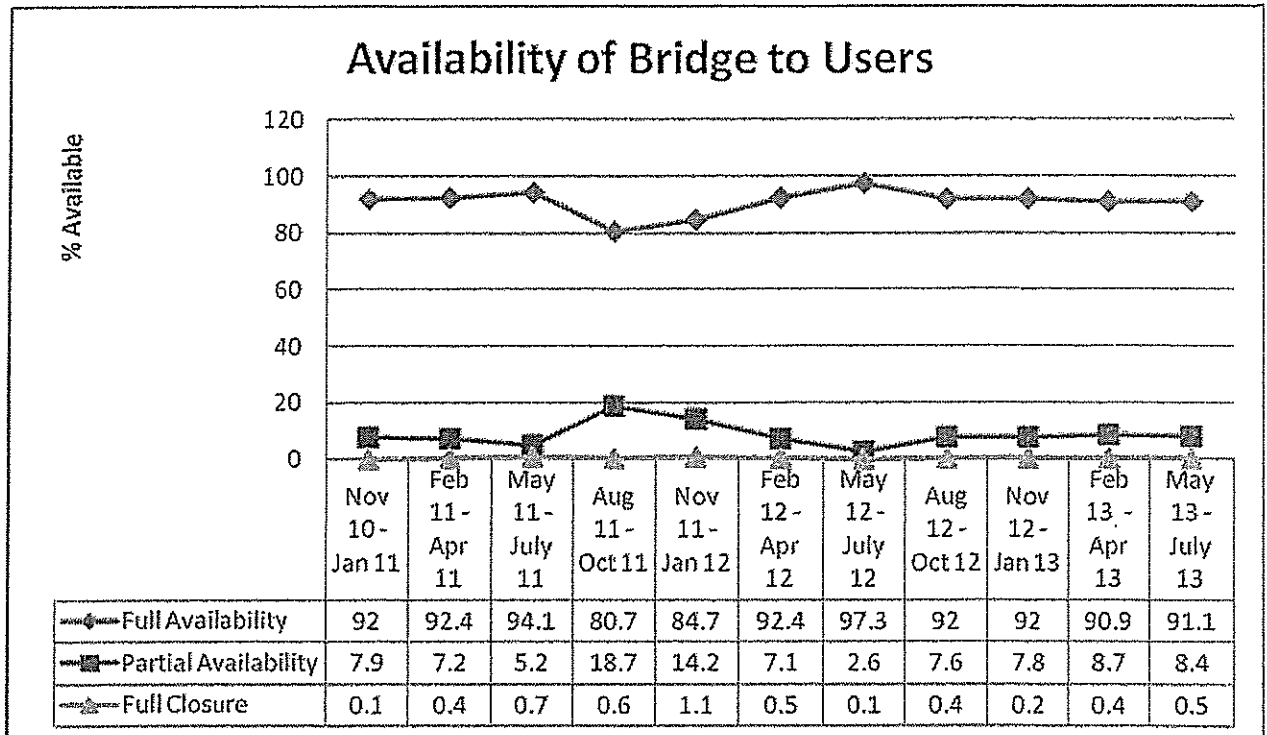


Figure 1 – Comparison of Availability of Bridge to Users

As can be seen from Figure 1 the level of availability has remained constant over the period from the previous quarter's figures. Overall availability has remained in excess of 99%.

## 6 CONSULTATIONS

- 6.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report.

## 7 BACKGROUND PAPERS

- 7.1 None

**IAIN MACKINNON**  
**BRIDGE MANAGER**  
 22 August 2013



REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16 SEPTEMBER 2013

REPORT ON: REVENUE MONITORING - 4 MONTHS TO 31 JULY 2013

REPORT BY: THE TREASURER

REPORT NO: TRB 12-2013

ITEM No: 4

## 1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2013/2014 Revenue Budget.

## 2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 July 2013.

## 3 FINANCIAL IMPLICATIONS

3.1 The current outturn for the financial year 2013/2014 shows a break-even position based on the financial ledger information up to 31 July 2013.

3.2 Following the removal of tolls the Board's Revenue Expenditure is now financed by an annual Revenue Grant from Scottish Government.

Due to the fact that the Board's Revenue Expenditure is fully funded by grant any underspend achieved will result in unspent grant being carried forward, with the agreement of the Scottish Government, to fund future years' Revenue Expenditure. Underspends achieved in previous years have resulted in a Revenue Grant Balance carried forward into 2013/2014 of £335,891. This balance will be used to fund any overspend in the current financial year before any contributions are made from the General Fund Reserve Balance.

3.3 The projected break-even position, if it materialised, would result in a projected Revenue Grant Balance carried forward of £335,891 at 31 March 2014. This level of Revenue Grant Balance carried forward is subject to negotiation with the Scottish Government.

3.4 The projected break-even position, if it materialised, would result in a projected General Fund Reserve of £1,160,591 at 31 March 2014. This level of retained reserves is subject to negotiation with the Scottish Government.

## 4 RISK ASSESSMENT

In preparing the Board's Annual Revenue Budget, the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period. In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:

- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings.
- the level of General Fund Reserve balances available to meet any unforeseen expenditure.
- the level of other cash backed reserves available to meet any unforeseen expenditure.
- the possibility of identifying further budget savings and efficiencies during the year if required.
- the possibility of identifying new income streams during the year.

5 **POLICY IMPLICATIONS**

None

6 **CONSULTATIONS**

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report.

7 **BACKGROUND PAPERS**

None

**MARJORY STEWART**  
**TREASURER**

**3 SEPTEMBER 2013**



TAY ROAD BRIDGE JOINT BOARDREVENUE MONITORING AS AT 31 JULY 2013

	Revenue Budget 2013/14 £	Expenditure to 31 July 2013 £	Final Projection 2013/14 £	Variance from Budget £	Paragraph Reference
<b>EXPENDITURE</b>					
<u>Administration</u>					
Staff Costs	183,823	59,107	183,823	-	
Property Costs	19,200	5,109	19,200	-	
Supplies and Services	173,220	108,479	173,220	-	
Transport Costs	1,100	-	1,100	-	
Third Party Payments	79,250	-	79,250	-	
	456,593	172,695	456,593	-	
<u>Operations</u>					
Staff	486,624	159,951	486,624	-	
Supplies & Services	7,500	263	7,500	-	
	494,124	160,214	494,124	-	
<u>Plant and Equipment</u>					
Property	36,650	9,693	36,650	-	
Supplies & Services	123,350	24,423	123,350	-	
Transport	39,900	11,023	39,900	-	
Third Party Payments	17,650	1,200	17,650	-	
	217,550	46,339	217,550	-	
<u>Bridge Maintenance</u>					
Staff	442,896	137,730	442,896	-	
Property	12,800	1,991	12,800	-	
Supplies & Services	51,950	2,920	51,950	-	
Transport	550	72	550	-	
Third Party Payments	44,750	134	44,750	-	
	552,946	142,847	552,946	-	
<b>GROSS EXPENDITURE</b>	1,721,213	522,095	1,721,213	-	
<b>INCOME</b>					
Scottish Government Revenue Grant	1,700,000	566,667	1,700,000	-	
Interest on Revenue Balances	11,000	-	11,000	-	
Kiosk Rent	10,213	2,553	10,213	-	
Miscellaneous	-	229	-	-	
<b>GROSS INCOME</b>	1,721,213	569,449	1,721,213	-	
<b>TOTAL NET DEFICIT/(SURPLUS)</b>	-	(47,364)	-	-	



REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16 SEPTEMBER 2013  
REPORT ON: CAPITAL MONITORING - 4 MONTHS TO 31 JULY 2013  
REPORT BY: THE TREASURER  
REPORT NO: TRB 13-2013

**1 PURPOSE OF REPORT**

The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2013/2014 Capital Budget.

**2 RECOMMENDATIONS**

It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 July 2013.

**3 FINANCIAL IMPLICATIONS**

The Joint Board's 2013/2014 Capital Expenditure Programme of £740,000 was approved by the Board on 10 December 2012 (Report TRB 28-2012). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.

Since the Capital Budget for 2013/2014 was approved, there has been slippage of £505,000 from the 2012/2013 capital expenditure programme into 2013/2014. This has been offset by budget reductions in 2013/2014 of £525,000. The capital outturn for the financial year 2013/2014 (as detailed in Appendix A) is projected to be £720,000 based on the financial ledger information up to 31 July 2013 and this will be funded from 2013/2014 Capital Grant of £500,000 and Capital Grant carried forward from previous years of £220,000. This results in a projected Capital Grant carried forward into 2014/2015 of £811,000.

#### 4 REASONS FOR CAPITAL EXPENDITURE INCREASE

The main reasons for the decrease of £20,000 can be summarised as follows:

	<u>£000</u>
<b><u>Slippage from 2012/2013:</u></b>	
Inspections to Columns & Piers	170
North Approach Viaduct Remedial Works	160
Carriageway Resurfacing	55
Gantry Miscellaneous	34
CCTV/Ice Detection/CP Monitoring Equipment	35
Advance Warning Signs	51
<b><u>Budget Adjustments:</u></b>	
Inspections to Columns & Piers	(305)
North Approach Viaduct Remedial Works	(160)
CCTV/Ice Detection/CP Monitoring Equipment	(60)
<b>Total Budget Adjustments</b>	<b>(20)</b>

#### 5 RISK ASSESSMENT

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme for 2013/2014. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.
- 5.2 Construction cost inflation levels remain relatively low, however they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.
- 5.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken.
- 5.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 5.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 5.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.

#### 6 POLICY IMPLICATIONS

None

**7 CONCLUSION**

The Board's 2013/2014 capital programme is showing a projected capital spend of £720,000 which will be funded from Scottish Government grant.

The 2013/2014 capital expenditure programme will continue to be monitored on a regular basis throughout the remainder of the current financial year.

**8 CONSULTATIONS**

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report.

**9 BACKGROUND PAPERS**

None

**MARJORY STEWART  
TREASURER**

**3 SEPTEMBER 2013**



TAY ROAD BRIDGE JOINT BOARDCAPITAL EXPENDITURE MONITORING4 MONTHS TO 31 JULY 2013

<u>Expenditure</u>	<u>Capital Budget 2013/14</u> <u>£000</u>	<u>Slippage from 2012/13</u> <u>£000</u>	<u>Budget Adjust</u> <u>£000</u>	<u>Slippage into 2014/15</u> <u>£000</u>	<u>Revised Capital Budget 2013/14</u> <u>£000</u>	<u>Actual to 31 July 2013</u> <u>£000</u>	<u>Projected Outturn 2013/14</u> <u>£000</u>	<u>Variance from Budget</u> <u>£000</u>
Inspections to Columns & Piers	150	170	(305)	-	15	4	15	-
New Vehicles	30	-	-	-	30	-	30	-
North Approach Viaduct Remedial Works	160	160	(160)	-	160	-	160	-
Carriageway Resurfacing	75	55	-	-	130	14	130	-
Gantry - Miscellaneous	25	34	-	-	59	-	59	-
CCTV/Ice Detection/CP Monitoring Equipment	100	35	(60)	-	75	-	75	-
Miscellaneous Projects	50	-	-	-	50	14	50	-
Paintwork to Box Girders	50	-	-	-	50	-	50	-
Advance Warning Signs	100	51	-	-	151	-	151	-
	<u>740</u>	<u>505</u>	<u>(525)</u>	<u>-</u>	<u>720</u>	<u>32</u>	<u>720</u>	<u>-</u>
<u>Funded by:</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Capital Grant 2013/2014	500	-	-	-	500	167	500	-
Capital Grant carried forward from Previous Years	240	505	(525)	-	220	-	220	-
Contribution from General Fund Reserve	-	-	-	-	-	-	-	-
Capital Receipt	-	-	-	-	-	-	-	-
	<u>740</u>	<u>505</u>	<u>(525)</u>	<u>-</u>	<u>720</u>	<u>167</u>	<u>720</u>	<u>-</u>







*cutting through complexity*

# Tay Road Bridge Joint Board

DRAFT

Annual audit report to the members of Tay Road Bridge Joint Board and the Controller of Audit  
Audit year ended 31 March 2013

DRAFT: 27 August 2013



## Contents

The contacts at KPMG in connection with this report are:

**Stephen Reid**

*Director, KPMG LLP*

Tel: 0131 527 6795

Fax: 0131 527 6666

[stephen.reid@kpmg.co.uk](mailto:stephen.reid@kpmg.co.uk)

**Keith Macpherson**

*Senior Manager, KPMG LLP*

Tel: 0141 300 5890

Fax: 0141 204 1584

[keith.macpherson@kpmg.co.uk](mailto:keith.macpherson@kpmg.co.uk)

**Robin Soutar**

*Audit Senior, KPMG LLP*

Tel: 0131 527 6790

Fax: 0131 527 6666

[robin.soutar@kpmg.co.uk](mailto:robin.soutar@kpmg.co.uk)

DRAFT

	Page
Executive summary – headlines	2
Use of resources	5
Financial statements and accounting	7
Governance and narrative reporting	11
Appendices	14

### About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code").

This report is for the benefit of Tay Road Bridge Joint Board ("the Joint Board") and is made available to Audit Scotland and the Accounts Commission (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.



## Executive summary Headlines

This annual audit report summarises our findings in relation to the audit for the year ended 31 March 2013.

Our audit work is undertaken in accordance with Audit Scotland's Code of Audit Practice ("the Code").

This report also sets out those matters specified by ISA (UK and Ireland) 260: *Communication with those charged with governance* in relation to the financial statements for the year ended 31 March 2013.

We wish to record our appreciation of the continued co-operation and assistance extended to us by Joint Board staff during the course of our work.

DRAFT

Area	Summary observations	Analysis
Use of resources		
Financial position	<p>For the year ended 31 March 2013 the Joint Board reported a net cost of services of £3.2 million. The outturn represented a £144,000 underspend on the 2012-13 approved budget. The savings were primarily in staff costs as well as in third party payments for various services which were either not required in year, or could not be performed.</p> <p>During the year, non-specific grant income of £12.8 million was recognised. Of this, £11.3 million was in respect of capital expenditure to fund the continued investment in the infrastructure assets. £10.3 million was incurred on the pier collision protection project, being the major ongoing works during the year.</p> <p>The Joint Board has total net assets as at 31 March 2013 of £73.3 million (2011-12: £63.8 million), represented primarily by property, plant and equipment of £73.2 million. The increase in net assets represents the continued investment in the infrastructure assets during 2012-13.</p>	Page 6
Financial statements and accounting		
Accounting policies	<p>The Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 ("the Code of Practice") did not include any major amendments which impacted on the preparation of the Joint Board's financial statements.</p> <p>There have been no changes to accounting policies in 2012-13, which have been applied consistently.</p> <p>The impact of adopting IAS 19 (revised), effective next year, has been disclosed in the financial statements. No other newly effective accounting standards are expected to have a material impact on the 2013-14 financial statements.</p>	Page 8
Key judgement areas	<p>We have considered key accounting judgements in relation to accounting for pensions under IAS 19. We concur with management's judgements in respect of actuarial assumptions used to estimate the net pension liability.</p>	Page 9
Audit conditions	<p>[We have issued] an unqualified audit opinion on the 2012-13 financial statements.</p>	Page 10
Year-end process	<p>The unaudited financial were made available on a timely basis and were accompanied by working papers of an appropriate standard. There were no uncorrected audit misstatements arising from our work.</p>	Page 10

Executive summary  
Headlines (continued)



DRAFT

Governance and narrative reporting	
Governance arrangements	Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making. The Joint Board undertook a self-assessment review of the effectiveness of its governance arrangements. This indicated a high-level of compliance.
Systems of internal control	We undertook appropriate systems audit work as part of our 2012-13 audit of Dundee City Council, with any findings reported to Council management. No audit findings relating uniquely to the Joint Board were identified during the audit work carried out at the Council.
Other matters	We are satisfied that arrangements in respect of maintaining standards of conduct and the prevention and detection of fraud and corruption are appropriate for the Joint Board's circumstances. The internal audit annual report provides an opinion that <i>"the Board operates adequate and effective internal control systems as defined in the audit needs assessment. Proper arrangements are in place to promote and secure Value for Money."</i>

Page 12

Page 13

Page 13

## Executive summary Scope and responsibilities

DRAFT

### Purpose of this report

Our annual audit report is designed to summarise our opinion and conclusions on significant issues arising from our audit of the Joint Board's financial statements for 2012-13. It is addressed to both those charged with governance at the Joint Board and the Controller of Audit. The scope and nature of our audit were set out in our audit strategy document which was presented to the Joint Board at the outset of our audit.

### Responsibilities

It is the responsibility of the Joint Board and the Treasurer to prepare the financial statements in accordance with the proper practices set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 ("the Code of Practice"). An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Weaknesses or risks identified are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Under the requirements of International Standard on Auditing (UK and Ireland) ("ISA") 260 *Communication with those charged with governance*, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. Together with our previous reports, this annual audit report to the Joint Board discharges the requirements of ISA 260.

# Use of resources

Our perspective on the Joint Board's use of resources

For the year ended 31 March 2013 the Joint Board reported a net cost of services of £3.2 million. The outturn represented a £144,000 underspend on the budget approved for 2012-13 by the Joint Board.

### Financial position

For the year ended 31 March 2013 the Joint Board reported a net cost of services of £3.2 million. This was in line with the prior year, representing the fact that there was no major change in the scale of activities.

The outturn represented a £144,000 underspend on the budget approved for 2012-13 by the Joint Board. This saving arose primarily in staff costs (£40,000) as posts were held vacant in the year, and from third party payments (£81,000) which were either not required or could not be performed in year.

During the year, non-specific grant income of £12.8 million was recognised. Of this, £11.3 million was in respect of capital expenditure to fund the continued investment in the infrastructure assets. £10.3 million was incurred on the pier collision protection project, being the major ongoing works during the year.

### Reserves

Within usable reserves, the Joint Board holds capital grants unapplied of £1.03 million and an unchanged general fund balance at the year end of £1.16 million. The general fund balance is in excess of the previously identified £800,000 prudent level of reserves to be held. This is within the limits set out within The Tay Road Bridge Conformation Act 1991, Part V.39(3).

The Joint Board has total net assets as at 31 March 2013 of £73.3 million (2011-12: £63.8 million), represented primarily by property, plant and equipment of £73.2 million. The increase in net assets represents the continued investment in the infrastructure assets during 2012-13.

DRAFT

Comprehensive income and expenditure statement		2012-13	2011-12
		£000	£000
Net cost of service		3,169	3,049
Other operating income		95	(3)
Finance and investment income and expenditure		(1)	(96)
Non-specific grant income		(12,802)	(12,890)
(Surplus) on provision of services		(9,539)	(9,940)
Revaluation of fixed assets		4	-
Other comprehensive income and expenditure, being actuarial losses on pension scheme		72	355
<b>Total comprehensive income and expenditure</b>		<b>(9,463)</b>	<b>(9,585)</b>

Movement in reserves statement		Usable reserves	Unusable reserves	Total reserves
2012-13		£000	£000	£000
Opening balance at 1 April		6,381	57,416	63,797
Total comprehensive income and expenditure		9,539	(76)	9,463
Adjustments between accounting and funding basis under regulations		(13,728)	13,728	-
Increase / (decrease) in reserves		(4,189)	13,652	9,463
Balance at 31 March carried forward		2,192	71,068	73,260

# **Financial statements and accounting**

Our perspective on the preparation of the  
financial statements and key accounting  
judgements made by management





# Financial statements and accounting Accounting policies

There have been no substantive changes to the financial reporting framework as set out in the *Code of practice on Local Authority Accounting in the United Kingdom 2012-13*.

There have been no changes to accounting policies in 2012-13. All accounting policies have been applied consistently.

Disclosure has been included in respect of the impact of revisions to IAS 19 *Employee benefits*.

DRAFT

Accounting framework and application of accounting policies	
Area	KPMG comment
Code of practice on Local Authority Accounting in the United Kingdom 2012-13	<p>The 2012-13 financial statements have been prepared in accordance with the Code of Practice which is based upon International Financial Reporting Standards ("IFRS"). The 2012-13 Code of Practice had a number of amendments from the 2011-12 version which included:</p> <ul style="list-style-type: none"> <li>■ changes in relation to the objective of the financial statements and the qualitative characteristics of financial information; and</li> <li>■ encouragement for local authorities to prepare the Explanatory Forward taking into consideration the requirements of the Government's Financial Reporting Manual (FR&amp;M).</li> </ul> <p>Management has considered that the information provided within the Bridge Manager's Report and the Treasurer's Report together meet the requirements of the 2012-13 Code of Practice.</p>
Accounting policies	<ul style="list-style-type: none"> <li>■ There have been no significant changes in accounting policies in 2012-13.</li> <li>■ We are satisfied that all accounting policies have been applied consistently and are appropriate for the Joint Board's activities.</li> </ul>
Impact of revised accounting standards	<ul style="list-style-type: none"> <li>■ Disclosure has been included in the financial statements highlighting that the impact of revisions to IAS 19 <i>Employee benefits</i> if the standard had been adopted early in 2012-13. The estimated change to finance costs being of the order of an additional £0.1 million. Within the statutory provisions applicable to the Joint Board, this charge would be reversed through the movement on reserves and so have no impact on the general fund balance.</li> <li>■ No other newly effective accounting standards are considered to have a material impact on the Joint Board's financial statements.</li> </ul>

# Financial statements and accounting Key accounting judgements



We have considered key accounting judgements in relation to accounting for pensions under IAS 19. We concur with management's judgements in respect of actuarial assumptions used to estimate the net pension liability.

DRAFT

Key accounting judgements	
Area	KPMG comment
Pensions	<p>The only significant accounting judgement or estimate made within the Joint Board's financial statements is in respect of the actuarial assumptions used to estimate net pension liability of the Joint Board in accordance with IAS 19 <i>Employee benefits</i>.</p> <p>We have reviewed the assumptions used by the actuary in calculating the pension deficit as at 31 March 2013. The assumptions are within the acceptable range of the guideline assumptions that KPMG's actuaries have advised. Overall, the assumptions are considered to represent a balanced approach to valuation of the net pension deficit.</p> <p>The net pension liability has increased by £0.14 million as a result of changing financial assumptions. The sensitivity analysis reported identifies, however, that the net liability remains sensitive to changes in assumptions, particularly in discount rate and mortality assumptions.</p>



## Financial statements and accounting Audit conclusions

[We have issued] an unqualified audit opinion on the financial statements.

The unaudited financial were made available on a timely basis and were accompanied by working papers of an appropriate standard.

DRAFT

### Audit conclusions

[We have issued] an unqualified opinion on the truth and fairness of the state of the Joint Board's affairs as at 31 March 2013, and of its expenditure and income for the year then ended. The financial statements have been properly prepared in accordance with the 2012-13 Code of Practice, and prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government Scotland Act 2003. There are no matters identified on which we are required to report by exception.

In gathering the evidence for our opinion we have:

- performed a mixture of substantive and controls testing to ensure an efficient approach that covers all the key risks;
- considered the work of the Joint Board's internal auditor and reviewed their reports to ensure all key risk areas having a potential financial statement impact have been considered;
- reviewed assumptions and judgements made by management and considered these for appropriateness;
- considered if the financial statements may be affected by fraud through discussions with senior management and internal audit to gain a better understanding of their work in relation to prevention and detection of fraud with the potential to impact on the financial statements; and
- attended the Joint Board meeting at which the unaudited financial statements are considered, to communicate our findings to those charged with governance, and also to update our understanding of the key governance processes and obtain key stakeholder insights.

### Financial statements preparation

- The unaudited financial statements were authorised for issue by the Treasurer of the Joint Board on 18 June 2013, and passed to us for audit on 19 June 2013 along with a completed disclosure checklist. This was in advance of statutory requirements and the agreed audit timetable
- In accordance with regulations, the unaudited financial statements were made available for public inspection from 22 July to 9 August 2013. No objections were received.
- Good quality supporting documentation was made available in electronic format to support the unaudited financial statements.
- There are no significant matters in respect of (i) audit differences; (ii) auditor independence and non-audit fees; and (iii) management representation letter content, as reported in appendix one.

# Governance and narrative reporting

Update on your governance arrangements  
Our overall perspective on your narrative  
reporting, including the remuneration report  
and annual governance statement



# Governance and narrative reporting Corporate governance arrangements

**DRAFT**

Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making.

The Joint Board undertook a self-assessment review of the effectiveness of its governance arrangements. This indicated a high-level of compliance.

## Corporate governance and internal control arrangements

Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies. The responsibilities of the Joint Board and its Treasurer for establishing arrangements for ensuring the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements are outlined in the Statement of Responsibilities in the financial statements.

The Joint Board operates a local code of corporate governance, drawing on all aspects of its governance arrangements, to consolidate these into a framework which is in line with the principles of the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government'. The local code of corporate governance focuses on four key areas of Joint Board activity, namely structures and governance; service delivery arrangements; internal control and risk management; and stakeholder focus.

The revenue and capital budgets for the year are approved by the Joint Board, who also receive regular monitoring reports to allow them to exercise and demonstrate stewardship and accountability for the use of their resources. Standing orders, scheme of delegation, financial regulations, fraud regulations and tender procedures are all approved, and have been made available on the Joint Board's website to demonstrate openness and transparency of arrangements.

## Annual governance statement

The Joint Board's annual governance compliance statement for 2012-13 discloses that, in line with best practice, the Joint Board undertook a self-assessment review of the effectiveness of its arrangements during the year, using a 56-point checklist completed by the Bridge Manager. The self-assessment indicated a high-level of compliance.

The 2011-12 self-assessment had identified the need for the introduction of a formal complaints procedure. This was achieved by 30 September 2012. During 2012-13, internal audit reviewed the Joint Board's arrangements in respect of data protection and recommended further improvement through introduction of a data protection policy and a freedom of information policy. The Joint Board proposes to take action on these items through its continuous improvement agenda.

We have reviewed the annual governance statement and confirm that it is consistent with our understanding of the Joint Board's governance arrangements.

## Remuneration report

In accordance with regulations, the Joint Board's remuneration report sets out the remuneration arrangements for members and senior management of the Joint Board.

We are satisfied that this has been prepared in accordance with the requirements of the regulations and other relevant guidance issued by the Scottish Government.



Governance and narrative reporting  
Corporate governance arrangements (continued)

DRAFT

<p>Systems of internal control</p>	<p>The Joint Board utilises the key financial systems of Dundee City Council under service level agreement. Administration of the financial records of the Joint Board is, therefore, undertaken by Council staff who are subject to Council policies on standards of conduct, fraud and corruption.</p> <p>We undertook appropriate systems audit work as part of our 2012-13 audit of Dundee City Council, with any findings reported to Council management. No audit findings relating uniquely to the Joint Board were identified during the audit work carried out at the Council.</p>
<p>Maintaining standards of conduct and the prevention and detection of fraud and corruption</p>	<p>The members of the Joint Board are drawn from the three constituent councils, and as such are bound by the respective codes of conduct of those councils.</p> <p>The Joint Board has approved fraud regulations which set out its strategy for the prevention and detection of fraud and irregularities, and outlines the responsibilities of members, officers and staff.</p> <p>We are satisfied that these arrangements are appropriate for the Joint Board's circumstances.</p>
<p>Internal audit</p>	<p>The Joint Board has an outsourced internal audit provider. The Joint Board received its annual report from its internal auditor at its meeting in June 2013, before approval of the unaudited financial statements.</p> <p>The internal audit annual report provides an opinion that "the Board operates adequate and effective internal control systems as defined in the audit needs assessment. Proper arrangements are in place to promote and secure Value for Money." The report notes that the annual needs assessment was based on the areas of risk to which the Board is exposed.</p>

# Appendices

# Appendix one Mandatory communications



There were no changes to the core financial statement and there are no unadjusted audit differences

DRAFT

Area	Key content	Reference
Adjusted audit differences	There were no audit adjustments required to the unaudited financial statements which impacted on the net assets or the surplus and deficit for the year.	-
Adjustments made as a result of our audit	A small number of minor numerical and presentational adjustments were required to some of the financial statement notes.	-
Unadjusted audit differences	We are required by ISA (UK and Ireland) 260 to communicate all uncorrected misstatements, other than those which are trivial, to you.  There are no unadjusted audit differences.	-
Confirmation of Independence	We have considered and confirmed our independence as auditors and our quality procedures, together with the objectivity of our Audit Director and audit staff. There were no fees payable to us other than in respect of our audit.	Appendix 2
Letter issued by KPMG to the Joint Board		
Draft management representation letter	In accordance with International Standards on Auditing (UK & Ireland), management is required to provide us with representations on specific matters such as your financial standing, application of accounting policies, and whether the transactions in the financial statements are legal and unaffected by fraud.  There are no specific representations, other than those required under auditing standards, which we are requesting from management.	-
Proposed draft of letter to be issued by the Joint Board to KPMG prior to audit sign-off		



REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16 SEPTEMBER 2013

REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE  
2012/2013 AUDIT OF TAY ROAD BRIDGE JOINT BOARD

REPORT BY: TREASURER

REPORT NO: TRB 14-2013

ITEM No: \_\_\_\_\_

6(b)

## 1 PURPOSE OF REPORT

This report is a response to the report prepared by the Board's External Auditor on the audit of Tay Road Bridge Joint Board for the year ended 31 March 2013. A copy of the External Auditor's report and the Board's Audited Statement of Accounts are included on the agenda as separate items.

## 2 RECOMMENDATIONS

It is recommended that the Board:

- i endorse this report as the formal response to the External Auditor's report;
- ii notes that the External Auditor's findings and conclusions are favourable;
- iii instructs the Treasurer to monitor the implementation of the agreed action plan appended to this report.

## 3 FINANCIAL IMPLICATIONS

None

## 4 MAIN TEXT

### Introduction

- 4.1 The external audit of the Board for the financial year 2012/2013 was carried out by Mr Stephen Reid, Engagement Director, KPMG. The Joint Board's External Auditors are appointed for a five year period and the financial year 2012/2013 marked the second year of KPMG's current appointment to the Board.

### External Auditors Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2012/2013 and the issues arising from that work. The report is divided into the following areas:

- Executive Summary
- Financial Position
- Financial Statements and Accounting
- Corporate Governance Arrangements

- 4.3 In addition to the Members of the Board, the External Auditor's Report is also addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive. A copy of his report is included on the agenda as a separate item. Accordingly, it is not the intention of this report to provide a detailed response or commentary on all the External Auditor's findings.

### Conclusions

4.4 During 2012/2013, the External Auditor examined a number of areas covering a wide range of the Board's activities. Whilst some areas for improvement have been identified, it is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular the Board can take encouragement from the following findings:

- the accounts were submitted on time;
- there was no qualification to the auditor's opinion;
- final accounts preparation procedures and working papers were good;
- assurance can be placed on the financial systems and internal financial controls used by the Board;
- many aspects of a sound corporate governance framework are in place, including an Annual Governance Statement; and
- there are appropriate arrangements in place in respect of standards of conduct and prevention and detection of fraud and irregularity.

### 5 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

### 6 CONSULTATIONS

The Bridge Manager and Clerk to the Board have been consulted on the content of this report.

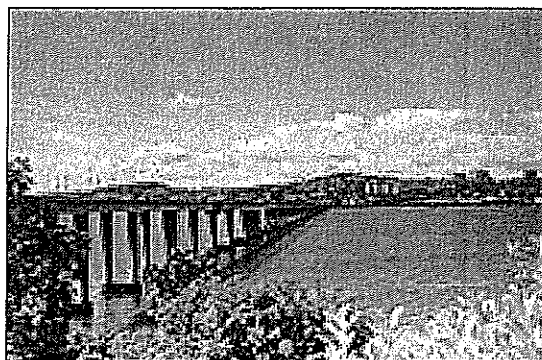
### 7 BACKGROUND PAPERS

KPMG: Tay Road Bridge Joint Board - Annual Report to Members on the 2012/2013 Audit (September 2013).

**MARJORY M STEWART**  
TREASURER

**3 SEPTEMBER 2013**

ITEM No: 6(c)



**TAY ROAD BRIDGE JOINT BOARD**

**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**AUDITED**

**SEPTEMBER 2013**



TAY ROAD BRIDGE JOINT BOARD  
STATEMENT OF ACCOUNTS 2012/2013

CONTENTS

	<u>Page No</u>
Members and Officials	2
Bridge Manager's Report	3
Treasurer's Report	6
Annual Governance Statement	10
Annual Remuneration Report	12
Statement of Responsibilities for the Statement of Accounts	15
Movement in Reserves Statement	16
Comprehensive Income & Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements	20
Independent Auditor's Report	47

# TAY ROAD BRIDGE JOINT BOARD

## MEMBERS AND OFFICIALS

The Board comprises 12 elected members who are appointed by the three constituent local authorities to serve on the Board. Dundee City Council nominates 6 members, Angus Council have 1 member and Fife Council nominate the remaining 5 members. Following the previous Scottish Local Government Elections that were held in May 2013 it was agreed by the Board that Dundee City Council would continue to act as lead authority to the Board, and consequently, the Council are required to appoint officers to serve as officials of the Board. At the end of financial year 2012/2013, the Members and Officials of the Board were:

<b>Representing Dundee City Council</b>	
Councillor David Bowes (Chair) Councillor Will Dawson Councillor Ken Lynn Councillor Bill Campbell Councillor Tom Ferguson Councillor Fraser Macpherson	
<b>Representing Angus Council</b>	
Councillor Sheila Hands	
<b>Representing Fife Council</b>	
Councillor Margaret Taylor (Vice Chair) Councillor Jim Young Councillor Brian Thomson Councillor Bill Connor Councillor Andy Heer	
<b>Bridge Manager</b>	
Mr Iain MacKinnon BSc, C Eng, MICE	
<b>Engineer</b>	
Mr Fergus Wilson BSc, MBA, C Eng, MICE, MCIHT, MAPS, Dundee City Council	
<b>Clerk</b>	
Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council	
<b>Treasurer</b>	
Mrs Marjory M Stewart FCCA, CPFA, Dundee City Council	

### Contact details:

Tay Road Bridge Joint Board website: [www.tayroadbridge.co.uk](http://www.tayroadbridge.co.uk)

#### Bridge Manager

Bridge Office  
 Marine Parade  
 Dundee  
 01382-221881  
[iain.mackinnon@tayroadbridge.co.uk](mailto:iain.mackinnon@tayroadbridge.co.uk)

#### Engineer

c/o Dundee City Council  
 City Development Dept  
 50 North Lindsay Street  
 Dundee  
 01382-433711  
[fergus.wilson@dundeecity.gov.uk](mailto:fergus.wilson@dundeecity.gov.uk)

#### Clerk

c/o Dundee City Council  
 Corporate Services Dept  
 21 City Square  
 Dundee  
 01382-434202  
[roger.mennie@dundeecity.gov.uk](mailto:roger.mennie@dundeecity.gov.uk)

#### Treasurer

c/o Dundee City Council  
 Corporate Services Dept  
 50 North Lindsay Street  
 Dundee  
 01382-433555  
[marjory.stewart@dundeecity.gov.uk](mailto:marjory.stewart@dundeecity.gov.uk)

## TAY ROAD BRIDGE JOINT BOARD

### Bridge Manager's Report

#### Organisational Changes

Following the Scottish Local Authority Elections on 3 May 2012, the membership of the Board at June 2012 was that shown below:

Position	Name	Council
Chair	Clr David Bowes	Dundee City Council
Vice Chair	Clr Margaret Taylor	Fife Council
Member	Clr Bill Campbell	Dundee City Council
Member	Clr Will Dawson	Dundee City Council
Member	Clr Tom Ferguson	Dundee City Council
Member	Clr Ken Lynn	Dundee City Council
Member	Baillie Ian Borthwick	Dundee City Council
Member	Clr Bill Connor	Fife Council
Member	Clr Andy Heer	Fife Council
Member	Clr Brian Thomson	Fife Council
Member	Clr Jim Young	Fife Council
Member	Clr Sheila Hands	Angus Council

Councillor David Bowes was elected Chair of the Board and Councillor Margaret Taylor was elected Vice Chair of the Board at the Board meeting in June 2012.

The Chair, Councillor David Bowes, has intimated that he will resign from his position of Chair and Member of the Board and a new Chair will be elected and a new Member of the Board will be appointed at the Board Meeting of June 2013.

In addition to this, Baillie Ian Borthwick resigned from the Board in February 2013 and was replaced by Councillor Fraser Macpherson, Dundee City Council.

The Bridge Manager would like to extend his thanks to the outgoing Chair of the Board for his support and assistance during his time in post.

#### Management Arrangements with Scottish Government

During this period, the main point of contact with the Scottish Government continued to be the Trunk Road and Bus Operations Team of Transport Scotland. Meetings have been held on a regular basis between Board Officers and officers from the Trunk Road and Bus Operations Team to discuss financial matters etc.

## Contracts

### Pier Collision Protection Works

The Bridge Manager and bridge staff have been extensively involved in the construction process for the Pier Collision Protection Works contract, which was awarded to Volker Stevin in January 2011, primarily regarding navigation issues associated with the works. This involved changing the navigation lights on the existing structure to tie in with the Contractors planned programme of work and where necessary at short notice when operations were affected by bad weather etc.

The Bridge Manager, in conjunction with the Engineer to the Board, was involved in discussions with designer Jacobs finalising issues relating to on-going operational and maintenance needs once works were completed.

### Inspections to Columns and Piers

The Board's two self propelled maintenance gantries were used to provide access for the Inspections to Columns and Piers Contract awarded to Pendrich Ltd. In addition to the gantries the Board provided safety boat cover using the Board's safety boat. The gantries and boat were manned by the Board's Maintenance personnel. By providing these services to the Contractor efficiency savings were made, reducing the overall capital cost of the work.

## Dundee Central Waterfront Development

Contract 3 for the demolition and reconstruction of the remaining ramps was awarded to Sir Robert McAlpine in 2012. The Bridge Manager has been involved throughout the works in planning meetings involving traffic management affecting bridge users.

To date the bulk of the works have had little or no effect on bridge users.

### **SESTRAN Park & Ride Proposal**

The Bridge Manager has been in discussions with SESTRAN regarding acquisition of land owned by the Board at the Fife landfall for use as a Park & Ride facility. Approval has been given by the Board for the Clerk to enter into negotiations for the sale of the land to SESTRAN.

## Traffic

Due to the on-going work to reconfigure the bridge approach spans as part of the Dundee City Waterfront Development there have been prolonged periods where the traffic counters have been unavailable for use therefore there has been insufficient data collected to provide meaningful comparison of traffic flows. On completion of the reconfiguration of the bridge approaches the traffic counters will be reinstated and full traffic figures collected for future reports.

One or both lanes on the bridge were closed on a number of occasions over the past twelve months. The table below summarises the reasons and number of occurrences:-

Wind speed > 80mph Closed to all Vehicles	Wind speed > 60mph Cars Only	Wind speed > 45mph No Double Deck buses	Works Full Closures	Breakdowns and Minor Accidents	Operational closures Debris collection etc
0	12	47	2	82	1,111

Over the period there had been no full closures due to winds exceeding 80mph and the number of wind related restrictions had reduced over this time compared to 2011/2012.



**Staffing Issues**Staff Establishment

There has been no change to the number of permanent posts within the staff establishment which stands as follows:-

Administration	5
Operational	15
Maintenance	14
Cleaner (P/T)	<u>1</u>
Total	<u>35</u>

Iain Mackinnon  
Bridge Manager  
Tay Road Bridge Joint Board  
16 September 2013

## TAY ROAD BRIDGE JOINT BOARD

## TREASURER'S REPORT

**Introduction**

This report is intended as a commentary on the Tay Road Bridge Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2012/2013.

**Annual Governance Statement (see page 10)**

This statement sets out the Board's Corporate Governance arrangements, explaining how the Board conducts its business, both internally and in its dealings with others. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

**Remuneration Report (see page 12)**

This statement sets out the remuneration and accrued pension benefits of the senior employee of the Board and the policy context, in accordance with Scottish Government regulations.

**Statement of Responsibilities for the Statement of Accounts (see page 15)**

This statement sets out the main financial responsibilities of the Board and the Treasurer.

**The Accounting Statements (see pages 16 to 46)***Movement in Reserves Statement:*

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'.

*Comprehensive Income & Expenditure Account:*

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

*Balance Sheet:*

Shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board.

*Cash Flow Statement:*

Shows the changes in cash and cash equivalents of the Board during the reporting period.

*Notes to the Financial Statements:*

These are intended to give the reader further information which is not separately detailed in the financial statements. They also include the Accounting Policies which set out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

**Revenue Expenditure**

The Tay Road Bridge Joint Board, at its meeting on 12 December 2011, approved the 2012/2013 Revenue Budget. The final budget showed a break-even position. The projected General Reserve balance as at 31 March 2013 would be £1,225,591. However, subsequent overspends totalling £65,000 occurred in 2011/2012 (after the budget for 2012/2013 was set) which had the effect that the projected General Reserve balance as at 31 March 2013 decreased to £1,160,591.

The Board received quarterly Revenue Monitoring reports during 2012/2013 in order to keep the members fully apprised as to the projected revenue outturn position.

The following table reconciles the Revenue Budget approved by the Board on 12 December 2011 (as adjusted) to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 17. The actual outturn for 2012/2013 was a net overspend against budget of £19,000 before the application of accounting adjustments and the detailed variance analysis is set out on page 8.

	Approved Budget £000	Corp & Democratic Core Re- allocation £000	Net Depreciation & Impairment Allocation £000	Re- allocate Investment Property Inc & Exp £000	Employee Benefits £000	Net (Gain) or Loss on Disposal of Assets £000	Recognised Capital Grant £000	Reval- uation of PPE Assets £000	IAS 19 Adjs £000	Revised Budget £000	Actual Expend/ (Income) £000	Over/ (Under) Spend £000
Staff Costs	1,124	-	-	-	(10)	-	-	-	45	1,159	1,119	(40)
Property Costs	72	-	-	(3)	-	-	-	-	-	69	51	(18)
Supplies and Services	333	(14)	-	-	-	-	-	-	-	321	321	1
Transport Costs	38	-	-	-	-	-	-	-	-	38	35	(3)
Third Party Payments	154	(10)	-	-	-	-	-	-	-	144	63	(81)
Depreciation & Impairment	-	-	1,559	-	-	-	-	-	-	1,559	1,559	-
Corporate & Democratic Core	-	24	-	-	-	-	-	-	-	24	21	(3)
Non Distributed Costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cost of Expenditure</b>	<b>1,721</b>	<b>-</b>	<b>1,559</b>	<b>(3)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>3,313</b>	<b>3,169</b>	<b>(144)</b>
Other Operating Income & Expenditure	(10)	-	-	10	-	96	-	-	-	96	95	(1)
Financing & Investment Income & Expenditure	(11)	-	-	(7)	-	-	-	23	7	12	(1)	(13)
Non-Specific Grant Income	(1,700)	-	-	-	-	-	(11,279)	-	-	(12,979)	(12,802)	177
<b>(Surplus) / Deficit on Provision of Service</b>	<b>-</b>	<b>-</b>	<b>1,559</b>	<b>-</b>	<b>(10)</b>	<b>96</b>	<b>(11,279)</b>	<b>23</b>	<b>52</b>	<b>(9,558)</b>	<b>(9,539)</b>	<b>19</b>
(Surplus) / Deficit on Revaluation of Fixed Assets	-	-	-	-	-	4	-	-	-	4	4	-
Actuarial Gains / Losses on Pension Assets / Liabilities	-	-	-	-	-	-	-	-	72	72	72	-
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>-</b>	<b>-</b>	<b>1,559</b>	<b>-</b>	<b>(10)</b>	<b>100</b>	<b>(11,279)</b>	<b>23</b>	<b>124</b>	<b>(9,482)</b>	<b>(9,463)</b>	<b>19</b>
IAS 19 Adjustments	-	-	-	-	-	-	-	-	(124)	(124)	(141)	(17)
Other IFRS Code Accounting Adjustments	-	-	(1,559)	-	10	(100)	11,279	(23)	-	9,606	9,604	(2)
<b>Total (Surplus)/ Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General Reserve Balance b/fwd</b>	<b>(1,161)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,161)</b>	<b>(1,161)</b>	<b>-</b>
<b>General Reserve Balance c/fwd</b>	<b>(1,161)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,161)</b>	<b>(1,161)</b>	<b>-</b>

*Staff Costs (Underspend £40,000)*

Mainly reflects posts that have been held vacant during the year. In addition, expenditure on overtime has been lower than budgeted following a reduction in the level of overtime worked as there were relatively few contracts requiring bridge maintenance staff.

*Property Costs (Underspend £18,000)*

Reflects lower expenditure relating to electricity costs due to a new contract being negotiated at the start of the year. In addition, expenditure on alterations and repairs within the administration building was lower than anticipated.

*Supplies & Services (Overspend £1,000)*

There were overspends on de-icing materials due to adverse weather conditions, as well as the engineering combined insurance premium as a result of a requirement for more regular inspections due to recent modifications to the runway beam and the gantries. These variances were partly offset by the fact that on-going capital contracts meant a reduction in the amount of bridge maintenance work carried out during the year which has resulted in lower than anticipated expenditure on the purchase of equipment and materials, plant hire and other miscellaneous supplies and services.

*Transport Costs (Underspend £3,000)*

Reflects minor underspends in a number of budget headings including travel and subsistence, and business mileage as more training has been brought on-site. Additionally, there have also been underspends relating to fuel costs for the gantries and safety boat as the amount of bridge maintenance work carried out during the year was reduced.

*Third Party Payments (Underspend £81,000)*

Reflects savings relating to structural inspections which could not be conducted as the gantries have been in use by a contractor. Further underspends have resulted from the carriageway joints not requiring repairs, allowances for professional fees relating to the cathodic protection system not being spent as repairs are required to be completed before this is fully operational, and expenditure on charges for human resource services being less than anticipated. These variances were partly offset by increased expenditure on principal inspections of the gantries as a result of the formal insurance inspections.

*Corporate and Democratic Core Costs (Underspend £3,000)*

Reflects a reduction in external audit fees.

*Other Operating Income and Expenditure (Income Surplus £1,000)*

Reflects a refund for bank charges.

*Financing and Investment Income and Expenditure (Income Surplus £13,000)*

Reflects increase in interest received on bank balances due to higher than anticipated average balances due to large amounts of Capital Grant income.

*Non-Specific Grant Income (Income Shortfall £177,000)*

Reflects the fact that any unused Revenue Grant (with conditions) is to be held in creditors so that it can be applied to match expenditure in future years.

**General Reserve**

There was a break-even position for the financial year 2012/2013. This gives a total General Reserve balance of £1,160,591 at 31 March 2013.

### Capital Expenditure and Financing

During 2012/2013, the Board incurred capital expenditure of £10,490,000 on the following projects:-

	<u>£000</u>
Inspection to Columns and Piers	87
Carriageway Resurfacing	5
Gantry	1
Ice Detection	13
Pier Collision Protection	10,301
Other Projects	<u>83</u>
	<u>10,490</u>

Capital expenditure was funded as follows:

	<u>£000</u>
Capital Grant from the Scottish Government	10,489
Capital Receipts	<u>1</u>
	<u>10,490</u>

In addition to the above, an asset of £0.36m has been recognised in the Balance Sheet (2011/2012: £2.55m). This relates to the western off-ramp which had been constructed by Dundee City Council as part of the Central Waterfront development and subsequently transferred to the Board. In addition, £4.942m has been included within assets under construction at 31 March 2013 for the remaining new on-off ramps.

### Control of Revenue and Capital Expenditure

The control of both the revenue and capital expenditure of the Board is an on-going and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Board's financial objectives are achieved and that financial resources are fully utilised.

### Pension Liability (IAS 19)

Under IAS 19 (Employee Benefits) the Board is required to include figures in its Statement of Accounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. It has been estimated that the Board had a net pension liability of £2,213,000 as at 31 March 2013. The estimated net pension liability at 31 March 2012 was £2,072,000. A decrease in the real interest rate and changes in the underlying assumptions used to calculate scheme liabilities have caused an increase in liabilities. This was partly offset by an increase in the value of scheme assets, resulting in the overall net liability increasing by £141,000.

### Acknowledgements

During the 2012/2013 financial year the Board's financial position has required continuous scrutiny and strict budgetary control. I would like to thank the Bridge Manager, Bridge Engineer and their staff in controlling the Board's expenditure and income. In addition, I wish to mention my appreciation of the help and co-operation provided during the financial year by the elected members and by Roger Mennie, Clerk to the Board.

I would also like to extend my appreciation for the contribution made by the current chair, Councillor David Bowes, who will stand down as chair with effect from the Board meeting on 17 June 2013.

Finally, I would conclude my report by thanking all staff who contributed to the preparation of the Board's 2012/2013 Statement of Accounts.

**Marjory M Stewart, FCCA, CPFA**  
**Treasurer**  
**Tay Road Bridge Joint Board**  
**16 September 2013**

**TAY ROAD BRIDGE JOINT BOARD**  
**ANNUAL GOVERNANCE STATEMENT**

**Scope of Responsibility**

Tay Road Bridge Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently, effectively, and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Board has approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. This statement explains how Tay Road Bridge Joint Board delivers good governance and reviews the effectiveness of these arrangements.

**The Board's Governance Framework**

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled. It also describes the way it engages with and accounts to stakeholders. It enables the Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance. These are as follows:

- focusing on the purpose of the Board and on outcomes for the community and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capabilities of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The overall control arrangements include:

- identifying the Board's objectives in the Service Plan;
- monitoring of objectives by the Board and senior officers;
- reporting performance regularly to Board meetings;
- clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers;
- approved Fraud Guidelines which include anti-fraud and corruption strategies, and "whistle-blowing" arrangements;
- setting targets to measure financial and service performance; and
- formal revenue and capital budgetary control systems and procedures.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's *Role of the Chief Financial Officer* has introduced a "comply or explain" requirement in the Annual Statement of Accounts.

## Review of Effectiveness

Members and officers of the Board are committed to the concept of sound governance and the effective delivery of Board services and take into account comments made by internal and external auditors.

In addition the Board have made a self-assessment of their own arrangements. This involved the completion, by the Bridge Manager, of a 56-point checklist covering the six supporting principles defined in CIPFA/SOLACE's *Delivering Good Governance in Local Government*. This indicated a high level of compliance.

The Board's Internal Audit Service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and reports to the Board. Internal Audit undertakes an annual programme of work, which is reported to the Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer*.

## Continuous Improvement Agenda

In 2011/2012 the following area was identified by both the Bridge Manager in the self-assessment checklists completed as part of the Board's assurance gathering process, and by Internal Audit, where further improvement could be made:

- Develop a formal complaints procedure (taking account of updated guidance still to be issued by the Scottish Ombudsman's Office).

A formal complaints procedure was implemented from 30 September 2012. This can be found on the board's website at [www.tayroadbridge.co.uk/board\\_misc.php](http://www.tayroadbridge.co.uk/board_misc.php)

During 2012/2013, Internal Audit conducted their programme of audits, including a review of Data Protection and Freedom of Information arrangements in place at the Board. This identified the following areas where further improvements could be made:

- Develop a Data Protection Policy; and
- Develop a Freedom of Information Policy.

It is proposed that during 2013/2014 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Board complies with the Local Code of Corporate Governance in all significant respects.

**Marjory Stewart FCCA, CPFA**  
Treasurer  
Tay Road Bridge Joint Board  
16 September 2013

**Iain MacKinnon**  
Bridge Manager  
Tay Road Bridge Joint Board  
16 September 2013

**TAY ROAD BRIDGE JOINT BOARD  
ANNUAL REMUNERATION REPORT**

**INTRODUCTION**

The Board is required to prepare and publish within its Statement of Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2011 (Scottish Statutory Instrument No. 2011/64), which came into force on 31 March 2011. The report sets out the remuneration of the Chair and Vice-Chair and Senior Employees of the Board and accrued pension benefits of the Senior Employees of the Board. The report also provides information on the number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. The following report has been prepared in accordance with the aforementioned Regulations and also in accordance with the non-statutory guidance set out in Scottish Government Finance Circular 8/2011, issued on 13 May 2011.

The Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. Tables 1, 2 and 3 are subject to audit, and the remainder of the report is subject to review.

**REMUNERATION ARRANGEMENTS**

**Senior Board Members**

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations set out the remuneration payable to Councillors with the responsibility of a Chair or Vice-Chair of a Joint Board. The Regulations require the remuneration to be paid by the Council of which the Chair or Vice-Chair is a member.

The Board has an arrangement with each Council who remunerates the Chair and Vice-Chair to reimburse the Council for the additional costs of that councillor arising from them being a Chair or Vice-Chair of the Board. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

The Chair did not receive any remuneration during 2012/2013. (2011/2012: Nil remuneration). The remuneration details for the Vice-Chair of Tay Road Bridge Joint Board are set out in Table 1.

**Senior Employees**

The salary of Senior Employees is set by reference to national agreements. The salaries of senior employees of the Board take into account the duties and responsibilities of their posts. The Board is responsible for agreeing the salaries of senior employees. All Board employees are entitled to participate in Dundee City Council's Contract Car Hire Scheme, subject to meeting certain criteria. The Council's Policy & Resources Committee is responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Board:

- (i) has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- (ii) holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989; or
- (iii) annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Board has determined that one employee met the criteria for designation as a Senior Employee in 2012/2013, with the employee falling into category (i) above. The remuneration details for the Senior Employees of the Board are set out in Table 2.

The Regulations also require information to be published on the total number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table.



Remuneration Bands	No of Employees	No of Employees
	2012/2013	2011/2012
£55,000 - £59,999	1	1
Total	1	1

#### EXIT PACKAGES

There were no exit packages agreed during 2012/2013 (2011/2012: No exit packages agreed).

#### ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). Local Government Employees pension benefits are a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number years that the person has been a member of the scheme. The scheme's normal retirement age for Local Government Employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The tiers and members' contribution rates for 2012/2013 remain at the 2009/2010 rates and are as follows:

Whole Time Pay	Contribution Rate 2012/2013	Whole Time Pay	Contribution Rate 2011/2012
On earnings up to and including £19,400	5.5%	up to and including £18,000	5.5%
On earnings above £19,400 and up to £23,700	7.25%	above £18,000 and up to £22,000	7.25%
On earnings above £23,700 and up to £32,500	8.5%	above £22,000 and up to £30,000	8.5%
On earnings above £32,500 and up to £43,300	9.5%	above £30,000 and up to £40,000	9.5%
On earnings above £43,300	12%	above £40,000	12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

#### Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 3, together with the pension contributions made by the Board.

#### Assumptions and Contextual Information

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2012/2013, the scheme member contribution rate for Senior Employees of the Board was 8.5% of pensionable pay. In 2012/2013, the employer contribution rate was 18% of pensionable pay for Senior Employees.

Marjory M Stewart, FCCA, CPFA  
Treasurer  
Tay Road Bridge Joint Board  
16 September 2013

TABLE 1 – REMUNERATION OF COUNCILLOR WHO IS VICE-CHAIR OF TAY ROAD BRIDGE JOINT BOARD

Councillor Name	Responsibility	Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses & Benefits-in-kind	Total Remuneration 2012/2013	Total Remuneration 2011/2012
Margaret Taylor	Vice-Chair, Tay Road Bridge Joint Board (from 18 June 2012)	2,950	32	0	2,982	0
<b>Total</b>		2,950	32	0	2,982	0

TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES

Employee Name	Post Title	Salary, Fees & Allowances	Bonuses	Taxable Expenses	Compensation for Loss of Employment	Benefits Other Than in Cash	Total Remuneration 2012/2013	Total Remuneration 2011/2012
J.J. MacKinnon	Bridge Manager	57,845	0	0	0	0	57,845	57,845
<b>Total</b>		57,845	0	0	0	0	57,845	57,845

TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2013	Pension Difference from 31 March 2012	Lump Sum as at 31 March 2013	Lump Sum Difference from 31 March 2012	Pension Contribution 2012/2013	Pension Contribution 2011/2012
J.J. MacKinnon	Bridge Manager	25	1	62	0	10,460	10,701
<b>Total</b>		25	1	62	0	10,460	10,701

**TAY ROAD BRIDGE JOINT BOARD**  
**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

**The Board's responsibilities**

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Audited Statement of Accounts.

**The Treasurer's responsibilities**

The Treasurer is responsible for the preparation of the Board's statement of accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2013.

**Marjory M Stewart, FCCA, CPFA**  
**Treasurer**  
**Tay Road Bridge Joint Board**  
**16 September 2013**

**TAY ROAD BRIDGE JOINT BOARD**  
**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves.' The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve Balance. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Board Reserves £000
Balance at 31 March 2011	(1,161)	(2,539)	(3,700)	(50,512)	(54,212)
<b><u>Movement in Reserves during 2011/2012</u></b>					
Surplus or (deficit) on provision of services	(9,940)	-	(9,940)	-	(9,940)
Other Comprehensive Expenditure and Income	-	-	-	355	355
<b>Total Comprehensive Expenditure and Income</b>	<b>(9,940)</b>	<b>-</b>	<b>(9,940)</b>	<b>355</b>	<b>(9,585)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	9,940	(2,681)	7,259	(7,259)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>(2,681)</b>	<b>(2,681)</b>	<b>(6,904)</b>	<b>(9,585)</b>
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
<b>(Increase) / Decrease in 2011/2012</b>	<b>-</b>	<b>(2,681)</b>	<b>(2,681)</b>	<b>(6,904)</b>	<b>(9,585)</b>
Balance at 31 March 2012 carried forward	(1,161)	(5,220)	(6,381)	(57,416)	(63,797)
<b><u>Movement in Reserves during 2012/2013</u></b>					
Surplus or (deficit) on provision of services	(9,539)	-	(9,539)	-	(9,539)
Other Comprehensive Expenditure and Income	-	-	-	76	76
<b>Total Comprehensive Expenditure and Income</b>	<b>(9,539)</b>	<b>-</b>	<b>(9,539)</b>	<b>76</b>	<b>(9,463)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	9,539	4,189	13,728	(13,728)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>4,189</b>	<b>4,189</b>	<b>(13,652)</b>	<b>(9,463)</b>
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>4,189</b>	<b>4,189</b>	<b>(13,652)</b>	<b>(9,463)</b>
Balance at 31 March 2013 carried forward	(1,161)	(1,031)	(2,192)	(71,068)	(73,260)

**TAY ROAD BRIDGE JOINT BOARD**  
**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2011/2012			2012/2013			
Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000	Budgeted Net Expenditure (unaudited) £000	Gross Expenditure £000	Gross Income £000	Net Expenditure / (Income) £000
						<b>Expenditure</b>
1,078	-	1,078				Staff Costs
42	-	42	1,159	1,119	-	1,119
275	-	275	69	51	-	51
38	-	38	320	321	-	321
141	-	141	38	35	-	35
1,453	-	1,453	144	63	-	63
22	-	22	1,559	1,559	-	1,559
<b>3,049</b>	<b>-</b>	<b>3,049</b>	24	21	-	21
			<b>3,313</b>	<b>3,169</b>	<b>-</b>	<b>3,169</b>
						<b>Cost Of Services</b>
-	(3)	(3)	96	211	(116)	95
						<b>Other Operating Income &amp; Expenditure (note 6)</b>
1	(97)	(96)	12	31	(32)	(1)
						<b>Financing and Investment Income and Expenditure (note 7)</b>
-	(12,890)	(12,890)	(12,979)	-	(12,802)	(12,802)
						<b>Non-Specific Grant Income (note 8)</b>
<b>3,050</b>	<b>(12,990)</b>	<b>(9,940)</b>	<b>(9,558)</b>	<b>3,411</b>	<b>(12,950)</b>	<b>(9,539)</b>
						<b>(Surplus) or Deficit on Provision of Services (note 14)</b>
-	-	-	4	4	-	4
						<b>(Surplus) or deficit on revaluation of fixed assets</b>
355	-	355	72	72	-	72
						<b>Actuarial (Gains) / Losses on Pension Assets / Liabilities</b>
<b>355</b>	<b>-</b>	<b>355</b>	<b>76</b>	<b>76</b>	<b>-</b>	<b>76</b>
						<b>Other Comprehensive Income and Expenditure</b>
<b>3,405</b>	<b>(12,990)</b>	<b>(9,585)</b>	<b>(9,482)</b>	<b>3,487</b>	<b>(12,950)</b>	<b>(9,463)</b>
						<b>Total Comprehensive Income and Expenditure</b>

## TAY ROAD BRIDGE JOINT BOARD

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category is usable reserves, i.e. those that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure). The second category is unusable reserves i.e. those that the Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2012 £000		Note	31 March 2013 £000
59,368	Property, Plant & Equipment	21	73,175
85	Investment Property	20	<u>62</u>
<b>59,453</b>	<b>Total Long Term Assets</b>		<b>73,237</b>
47	Inventories	23	47
581	Short Term Debtors	24	35
<u>8,155</u>	Cash and Cash Equivalents	13	<u>3,404</u>
<b>8,783</b>	<b>Total Current Assets</b>		<b>3,486</b>
<u>(2,367)</u>	Short Term Creditors	25	<u>(1,250)</u>
<b>(2,367)</b>	<b>Total Current Liabilities</b>		<b>(1,250)</b>
<u>(2,072)</u>	Net Pension Liabilities		<u>(2,213)</u>
<b>(2,072)</b>	<b>Total Long Term Liabilities</b>		<b>(2,213)</b>
<u><b>63,797</b></u>	<b>Net Assets</b>		<u><b>73,260</b></u>
6,381	Usable reserves	9	2,192
<u>57,416</u>	Unusable Reserves	10	<u>71,068</u>
<b>63,797</b>	<b>Total Reserves</b>		<u><b>73,260</b></u>

Marjory Stewart FCCA, CPFA  
Treasurer  
Tay Road Bridge Joint Board  
16 September 2013

## TAY ROAD BRIDGE JOINT BOARD

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Board.

2011/2012 £000		2012/2013 £000
(9,940)	Net (surplus) or deficit on the provision of services	(9,539)
(954)	Adjust net surplus or deficit on the provision of services for non cash movements	(3,037)
<u>11,273</u>	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>11,203</u>
379	<b>Net cash flows from Operating Activities</b>	<b>(1,373)</b>
(4,445)	Investing Activities (note 11)	6,150
(13)	Financing Activities (note 12)	(26)
<u>(4,079)</u>	<b>Net (Increase) or Decrease in cash and cash equivalents</b>	<u>4,751</u>
<u>4,076</u>	Cash and cash equivalents at the beginning of the reporting period	<u>8,155</u>
<u>8,155</u>	<b>Cash and cash equivalents at the end of the reporting period (note 13)</b>	<u>3,404</u>

**TAY ROAD BRIDGE JOINT BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**A General Principles**

The Statement of Accounts summarises the Board's transactions for the 2012/2013 financial year and its position at the year-end of 31 March 2013. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 and the Service Reporting Code of Practice 2012/2013, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

**B Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Board's employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**C Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

**D Changes in Accounting Policies and Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.



## E Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

The Board is not required to apply revenue grant receipts to fund depreciation, revaluation and impairment losses. Depreciation, revaluation and impairment losses are therefore reversed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

## F Employee Benefits

### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against Staff Costs in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Reserve by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Board is demonstrably committed to either terminating the employment of an employee or group of employees or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Superannuation Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Board.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond, iBoxx AA rated over 15 year corporate bond index.
- The assets of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price

- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to Staff Costs
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not co-incided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the Tayside Superannuation Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### *Discretionary Benefits*

The Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### **G Events After the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure

is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **H Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

- the Board will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant line (Non-Specific Grant Income) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

#### **I Heritage Assets**

The Board's Heritage Assets are held in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the Tay Road Bridge and the surrounding area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Board's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets are also presented below.

The Board's heritage assets are accounted for as follows:

##### Heritage Assets Not Recognised in the Balance Sheet

The Board holds heritage assets which, in light of the relaxation of measurement rules, are not recognised in the balance sheet. The Board considers that, due to the unique nature of the assets held and the lack of comparable values, the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Board's financial statements. As a result, fair value information is unavailable and cost information is also unknown. These assets are therefore not recognised in the balance sheet, however, detailed information regarding them is held on relevant databases.

##### Heritage Assets - Impairments

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Board's general policies on impairment.

#### **J Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-in-First-out (FIFO) costing formula.

#### **K Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at

which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Reserve Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Reserve Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## **L Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Board as Lessee

#### *Finance Leases*

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease together with an equivalent deferred liability for the obligation to pay the lessor. Where applicable, any initial direct costs of the Board are added to the carrying amount of the asset. Any premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the relevant accounting policies applied generally to such assets e.g. depreciation, revaluation and impairment review.

#### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

### The Board as Lessor

#### *Finance Leases*

Where the Board grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Board's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

#### *Operating Leases*

Where the Board grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet as a non-current asset and continues to be subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **M Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Board does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Board. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Board. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to

a service. Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposals are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve in the Movement in Reserves Statement. Amounts are appropriated to the Capital Adjustment Account from the General Reserve in the Movement in Reserves Statement.

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over between 3 and 10 years.

- infrastructure – straight-line allocation over between 10 and 85 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **N Provisions, Contingent Liabilities and Contingent Assets**

### Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Board becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant heading. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Board settles the obligation.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **O Reserves**

Reserves are created by appropriating amounts out of the General Reserve in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against grant receipts for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and these reserves do not represent usable resources for the Board. Further information on the Board's reserves is contained in notes 9 and 10.

## **P VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

### Amendments to IAS 19 – Employee Benefits: issued June 2011, effective for the 2013/2014 financial year

The International Accounting Standards Board published a final version of the revised IAS 19 standard, which will apply for accounting periods beginning on or after 1 January 2013.

In summary, the main changes that affect the Comprehensive Income and Expenditure Statement are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on assets and interest expense on the liabilities, which are both calculated with reference to the discount rate; and
- Some labelling changes to the Comprehensive Income and Expenditure Statement charge e.g. "Service Cost" now includes what was previously described as the "Current Service Cost" plus the "Past Service Cost" plus any "Curtailments" plus any "Settlements".
- Administration expenses are now accounted for within the Comprehensive Income and Expenditure Statement charge. Previously, this was a deduction to the actual and expected return on assets.

The changes set out above are effective for accounting periods beginning on or after 1 January 2013 so do not affect the disclosures for 2012/2013. However, the following table outlines the disclosure of the impact of the revised IAS 19 standard had it been applied in 2012/2013.

The amounts recognised in the Comprehensive Income and Expenditure Statement if the revised IAS 19 Standard was adopted are:	2012/2013 £000
Service Cost	207
Net Interest on the Defined Liability (Asset)	92
Administration Expenses	3
<b>Total</b>	<b>302</b>

The Actual Return on Scheme Assets would be £935,000 had the revised standard applied during this period.

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about future events. The key judgement made in the Statement of Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

## 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Board will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.  It is estimated that the annual depreciation charge for property, plant and equipment would increase by £14,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £156,000.  However, the assumptions interact in complex ways. During 2012/2013, the Board's actuaries advised that the net pensions liability had increased by £598,000 as a result of estimates being corrected as a result of experience and increased by £670,000 attributable to updating of the assumptions.

This list does not include any assets and liabilities that have are carried at fair value based on a recently observed market price.

5. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2012/2013	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2012/2013 £000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(1,559)	-	1,559	-
Movements in the fair value of Investment Properties	(23)	-	23	-
Capital grants and contributions that have been applied to capital financing	11,278	4,189	(15,467)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(97)	-	97	-
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	1	1
Use of the Capital Receipts Reserve to finance new capital expenditure	(1)	-	-	(1)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 16)	(214)	-	214	-
Employer's pensions contributions and direct payments to pensioners payable in the year	145	-	(145)	-
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10	-	(10)	-
<b>Total Adjustments</b>	<b>9,539</b>	<b>4,189</b>	<b>(13,728)</b>	<b>-</b>

2011/2012	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2011/2012 £000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(1,453)	-	1,453	-
Movements in the fair value of Investment Properties	12	-	(12)	-
Capital grants and contributions that have been applied to capital financing	8,668	-	(8,668)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6	-	(6)	-
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	3	3
Use of the Capital Receipts Reserve to finance new capital expenditure	(3)	-	-	(3)
<b>Adjustment involving the Capital Grants Unapplied Account</b>				
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	2,681	(2,681)	-	-
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 16)	(116)	-	116	-
Employer's pensions contributions and direct payments to pensioners payable in the year	147	-	(147)	-
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)	-	2	-
<b>Total Adjustments</b>	<b>9,940</b>	<b>(2,681)</b>	<b>(7,259)</b>	<b>-</b>

## 6. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING EXPENDITURE

2011/2012 £000		2012/2013 £000
(3)	(Gains) / Losses on the disposal of non current assets	95
(3)	<b>Total</b>	<b>95</b>

## 7. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/2012 £000		2012/2013 £000
(49)	Pensions interest cost and expected return on pensions assets	7
(26)	Interest receivable and similar income	(22)
(12)	Changes in the fair value of investment properties	23
(9)	Income & Expenditure on investment properties	(9)
(96)	<b>Total</b>	<b>(1)</b>

## 8. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME

2011/2012 £000		2012/2013 £000
(1,540)	Non-ring fenced government grants	(1,524)
(11,350)	Capital grants and contributions	(11,278)
(12,890)	<b>Total</b>	<b>(12,802)</b>

## 9. BALANCE SHEET - USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 5.

## 10. BALANCE SHEET - UNUSABLE RESERVES

31 March 2012 £000		31 March 2013 £000
711	Revaluation Reserve	707
58,789	Capital Adjustment Account	72,576
(2,072)	Pensions Reserve	(2,213)
(12)	Accumulating Compensated Absences Adjustment Account	(2)
57,416	<b>Total Unusable Reserves</b>	<b>71,068</b>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Board arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2011/2012 £000		2012/2013 £000
711	Balance at 1 April	711
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2)
-	Amount written off to the Capital Adjustment Account	(2)
711	Balance at 31 March	707

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Board. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2011/2012 £000		2012/2013 £000
51,559	Balance at 1 April	58,789
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(1,453)	• Charges for depreciation and impairment of non current assets	(1,559)
-	• Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(98)
-	Adjusting amounts written out of the Revaluation Reserve	(2)
(1,453)	<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>(1,659)</b>
	Capital financing applied in the year:	
3	• Use of the Capital Receipts Reserve to finance new capital expenditure	1
8,668	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	15,468
8,671	<b>Total Capital Financing Applied during the year</b>	<b>15,469</b>
12	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(23)
58,789	<b>Balance at 31 March</b>	<b>72,576</b>

#### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/2012 £000		2012/2013 £000
(1,747)	Balance at 1 April	(2,072)
(355)	Actuarial gains or (losses) on pensions assets and liabilities	(72)
(116)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(214)
147	Employer's pensions contributions and direct payments to pensioners payable in the year	145
(2,072)	<b>Balance at 31 March</b>	<b>(2,213)</b>

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

2011/2012 £000		2012/2013 £000
(10)	Balance at 1 April	(12)
10	Settlement or cancellation of accrual made at the end of the preceding year	12
(12)	Amounts accrued at the end of the current year	(2)
(2)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10
(12)	Balance at 31 March	(2)

11. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2011/2012 £000		2012/2013 £000
6,908	Purchase of property, plant and equipment, investment property and intangible assets	17,430
(3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1)
(11,350)	Other receipts from investing activities	(11,279)
(4,445)	Net cash flows from investing activities	6,150

12. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2011/2012 £000		2012/2013 £000
(13)	Other receipts from financing activities	(26)
(13)	Net cash flows from financing activities	(26)

13. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2012 £000		31 March 2013 £000
8,155	Bank current account	3,404
8,155	Total cash and cash equivalents	3,404

#### 14. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Decisions about resource allocation are taken by the Board on the basis of budget reports analysed across operational divisions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation and impairment losses) are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Board's operational divisions recorded in the budget reports for the year is as follows:

Divisional Income and Expenditure 2012/2013	Admin £000	Operations £000	Plant & Equipment £000	Bridge Maintenance £000	Income £000	Total £000
Interest and investment income	-	-	-	-	(34)	(34)
Government grants	-	-	-	-	(1,524)	(1,524)
<b>Total Income</b>	-	-	-	-	(1,558)	(1,558)
Employee expenses	182	470	-	414	-	1,066
Other service expenses	245	5	179	63	-	492
<b>Total Expenditure</b>	<b>427</b>	<b>475</b>	<b>179</b>	<b>477</b>	-	<b>1,558</b>
<b>Net Expenditure</b>	<b>427</b>	<b>475</b>	<b>179</b>	<b>477</b>	<b>(1,558)</b>	<b>-</b>

Divisional Income and Expenditure 2011/2012	Admin £000	Operations £000	Plant & Equipment £000	Bridge Maintenance £000	Income £000	Total £000
Interest and investment income	-	-	-	-	(36)	(36)
Government grants	-	-	-	-	(1,540)	(1,540)
<b>Total Income</b>	-	-	-	-	(1,576)	(1,576)
Employee expenses	180	481	-	397	-	1,058
Other service expenses	240	5	169	104	-	518
<b>Total Expenditure</b>	<b>420</b>	<b>486</b>	<b>169</b>	<b>501</b>	-	<b>1,576</b>
<b>Net Expenditure</b>	<b>420</b>	<b>486</b>	<b>169</b>	<b>501</b>	<b>(1,576)</b>	<b>-</b>

#### Reconciliation of Divisional Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/2012 £000	2012/2013 £000
Net expenditure in the Divisional Analysis	-	-
Net expenditure of services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	3,196	3,314
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(147)	(145)
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>3,049</b>	<b>3,169</b>



### Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Operational Divisions £000	Amounts not reported to mgmt £000	Amounts not included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
<b>2012/2013</b>						
Interest and investment income	(34)	-	-	(34)	128	94
Government grants and contributions	(1,524)	-	-	(1,524)	(11,278)	(12,802)
<b>Total Income</b>	<b>(1,558)</b>	<b>-</b>	<b>-</b>	<b>(1,558)</b>	<b>(11,150)</b>	<b>(12,708)</b>
Employee expenses	1,066	197	(145)	1,118	-	1,118
Other service expenses	492	-	-	492	-	492
Depreciation, amortisation and impairment	-	1,559	-	1,559	-	1,559
<b>Total expenditure</b>	<b>1,558</b>	<b>1,756</b>	<b>(145)</b>	<b>3,169</b>	<b>-</b>	<b>3,169</b>
<b>Surplus or deficit on the provision of services</b>	<b>-</b>	<b>1,756</b>	<b>(145)</b>	<b>1,611</b>	<b>(11,150)</b>	<b>(9,539)</b>
	Operational Divisions £000	Amounts not reported to mgmt £000	Amounts not included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
<b>2011/2012</b>						
Interest and investment income	(36)	-	-	(36)	(63)	(99)
Government grants and contributions	(1,540)	-	-	(1,540)	(11,350)	(12,890)
<b>Total Income</b>	<b>(1,576)</b>	<b>-</b>	<b>-</b>	<b>(1,576)</b>	<b>(11,413)</b>	<b>(12,989)</b>
Employee expenses	1,058	167	(147)	1,078	-	1,078
Other service expenses	518	-	-	518	-	518
Depreciation, amortisation and impairment	-	1,453	-	1,453	-	1,453
<b>Total expenditure</b>	<b>1,576</b>	<b>1,620</b>	<b>(147)</b>	<b>3,049</b>	<b>-</b>	<b>3,049</b>
<b>Surplus or deficit on the provision of services</b>	<b>-</b>	<b>1,620</b>	<b>(147)</b>	<b>1,473</b>	<b>(11,413)</b>	<b>(9,940)</b>

### 15. EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to other non-audit services provided by the Board's external auditors:

	2011/2012 £000	2012/2013 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	12	11
<b>Total</b>	<b>12</b>	<b>11</b>

## 16. DEFINED BENEFIT PENSION SCHEMES

## Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in two post employment schemes:

- The Local Government Pension Scheme (Tayside Superannuation Fund), which is administered locally by Dundee City Council and is a funded defined benefit final salary scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

## Transactions relating to post employment benefits

The Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make against the cost of service is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000	
	2011/2012	2012/2013
<b>Comprehensive Income and Expenditure Statement:</b>		
<i>Cost of Services:</i>		
• current service cost	165	207
• past service costs	-	-
<i>Financing and Investment Income and Expenditure</i>		
• interest cost	357	346
• expected return on scheme assets	(406)	(339)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>116</b>	<b>214</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• actuarial (gains) and losses	355	72
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>471</b>	<b>286</b>
<b>Movement in Reserves Statement:</b>		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(116)	(214)

**Local Government  
Pension Scheme  
£000**

2011/2012      2012/2013

*Actual amount charged against the General Fund  
Balance for pensions in the year:*

• employers' contributions payable to scheme	147	145
• retirement benefits payable to pensioners	-	-

**Assets and liabilities in relation to post employment benefits**

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

**Funded liabilities: Local Government  
Pension Scheme  
£000**

2011/2012      2012/2013

Opening balance at 1 April	6,946	7,633
Current service cost	165	207
Interest cost	357	346
Contributions by scheme participants	46	46
Settlements and curtailments	-	-
Actuarial gains and losses	359	666
Benefits paid	(240)	(255)
<b>Closing balance at 31 March</b>	<b>7,633</b>	<b>8,643</b>

Reconciliation of fair value of the scheme assets:

**Local Government Pension Scheme  
£000**

2011/2012      2012/2013

Opening balance at 1 April	5,199	5,561
Expected rate of return	406	339
Actuarial gains and (losses)	3	594
Employer contributions	147	145
Contributions by scheme participants	46	46
Benefits paid	(240)	(255)
<b>Closing balance at 31 March</b>	<b>5,561</b>	<b>6,430</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £932,000 (2011/2012: £23,000).

## Scheme history:

	2008/2009 £000	2009/2010 £000	2010/2011 £000	2011/2012 £000	2012/2013 £000
Present value of liabilities	(5,191)	(7,746)	(6,946)	(7,633)	(8,643)
Fair value of assets in the Local Government Pension Scheme	3,750	4,953	5,199	5,561	6,430
<b>Surplus/(deficit) in the scheme</b>	<b>(1,441)</b>	<b>(2,793)</b>	<b>(1,747)</b>	<b>(2,072)</b>	<b>(2,213)</b>

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £2.213m is reflected in the Board's Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Board in the year to 31 March 2014 is £135,000.

**Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Tayside Superannuation Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2011.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2011/2012	2012/2013
Long-term expected rate of return on assets in the scheme	6.1%	6.1%
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	20.6	20.6
Women	22.8	22.9
Longevity at 65 for future pensioners (years):		
Men	21.8	21.9
Women	24.4	24.5
Rate of inflation (RPI)	3.3%	3.3%
Rate of Inflation (CPI)	2.5%	2.5%
Rate of increase in salaries	4.8%	4.7%
Rate of increase in pensions	2.5%	2.5%
Rate for discounting scheme liabilities	4.6%	4.1%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The Tayside Superannuation Fund's assets consist of the following categories, by proportion of the total assets held:

	31 March 2012 %	31 March 2013 %
Equity investments	68	71
Gilts	8	7
Other Bonds	11	11
Property	11	9
Cash	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

#### History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/2013 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2008/2009 %	2009/2010 %	2010/2011 %	2011/2012 %	2012/2013 %
Differences between the expected and actual return on assets	(19.7)	21.2	0.6	0.1	9.2
Experience gains and losses on liabilities	(0.1)	0.2	0.0	6.9	0.0

#### 17. EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2013 and 16 September 2013 that would have an impact on the 2012/2013 financial statements. The latter date is the date on which the audited accounts were authorised for issue by the Treasurer.

#### 18. RELATED PARTIES

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

##### Central Government

Central government has effective control over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Board has with other parties. Grants received from government departments are set out in the subjective analysis in note 14 on amounts reported to decision makers. There are no grant receipts outstanding at 31 March 2013 (see note 26).

##### Other Local Authorities

Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2012/2013, the Board entered into a number of transactions with Dundee City Council, as detailed below:

2011/2012			2012/2013	
Income £000	Expenditure £000		Income £000	Expenditure £000
(26)	-	<b>Dundee City Council:</b>	(23)	-
-	58	Interest Receivable	-	39
-	30	Central Support Services	-	3
<b>(26)</b>	<b>88</b>	<b>Total</b>	<b>(23)</b>	<b>42</b>

The following balances existed between the Board and Dundee City Council as at 31 March 2013:

2011/2012			2012/2013	
Asset £000	Liability £000		Asset £000	Liability £000
-	36	Dundee City Council:	-	37
(26)	-	Central Support Services	(23)	-
(546)	13	Interest Receivable	-	3
(572)	49	Miscellaneous	(23)	40
		Total		

## 19. LEASES

### The Board as Lessee

The Board held no assets on finance or operating lease during 2012/2013 and, accordingly, there were no lease rentals paid to lessors during the year (2011/2012: None) or commitments due to lessors in 2012/2013 (2011/2012: None).

### The Board as Lessor

The Board had entered a three year agreement for the lease of land and property to a third party which ended in 2011. This arrangement has continued on a monthly basis as permitted in the lease agreement. This agreement is accounted for as an operating lease. In 2012/2013 the Board received rent of £10,213 from this agreement (2011/2012: £10,213). The present value of minimum lease payments receivable as at the Balance Sheet date are as follows:

- a) Not later than 1 year = £10,213
- b) later than 1 year and not later than 5 years = £Nil
- c) later than 5 years = £Nil.

## 20. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	2011/2012 £000	2012/2013 £000
Rental income from investment property	10	10
Direct operating expenses arising from investment property	(1)	(1)
<b>Net gain/(loss)</b>	<b>9</b>	<b>9</b>

There are no restrictions on the Board's ability to realise the value inherent in its investment property or on the Board's right to the remittance of income and the proceeds of disposal.

The following table summarises the movement in the fair value of investment properties over the year:

	2011/2012 £000	2012/2013 £000
Balance at start of the year	73	85
Additions:		
Purchases	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	12	(23)
Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	-	-
<b>Balance at end of the year</b>	<b>85</b>	<b>62</b>

## 21. PROPERTY, PLANT AND EQUIPMENT

### *Movements on Balances*

Movements in 2012/2013:

	Other Land and Buildings	Vehicles, Plant & Equip	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At 1 April 2012	1,244	753	66,257	469	68,723
Additions	-	20	10,470	-	10,490
Additions - Ramp Work	-	-	36	4,942	4,978
Derecognition -- Disposals	-	(1)	(211)	-	(212)
Expenditure Not Adding Value	-	-	(77)	-	(77)
Other movements in Cost or Valuation	-	(2)	-	-	(2)
<b>At 31 March 2013</b>	<b>1,244</b>	<b>770</b>	<b>76,475</b>	<b>5,411</b>	<b>83,900</b>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2012	28	298	9,029	-	9,355
Depreciation charge	14	50	1,419	-	1,483
Derecognition -- Disposals	-	-	(113)	-	(113)
<b>At 31 March 2013</b>	<b>42</b>	<b>348</b>	<b>10,335</b>	<b>-</b>	<b>10,725</b>
<b>Net Book Value</b>					
<b>At 31 March 2013</b>	<b>1,202</b>	<b>422</b>	<b>66,140</b>	<b>5,411</b>	<b>73,175</b>
<b>At 31 March 2012</b>	<b>1,216</b>	<b>455</b>	<b>57,228</b>	<b>469</b>	<b>59,368</b>

## Comparative Movements in 2011/2012:

	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At 1 April 2011	1,244	739	56,239	1,910	60,132
Additions	-	14	6,107	-	6,121
Additions - Ramp Work	-	-	-	-	-
Derecognition – Disposals	-	-	-	-	-
Expenditure Not Adding Value	-	-	(80)	-	(80)
Other movements in Cost or Valuation	-	-	3,991	(1,441)	2,550
<b>At 31 March 2012</b>	<b>1,244</b>	<b>753</b>	<b>66,257</b>	<b>469</b>	<b>68,723</b>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2011	14	248	7,721	-	7,983
Depreciation charge	14	50	1,308	-	1,372
Derecognition – Disposals	-	-	-	-	-
<b>At 31 March 2012</b>	<b>28</b>	<b>298</b>	<b>9,029</b>	<b>-</b>	<b>9,355</b>
<b>Net Book Value</b>					
<b>At 31 March 2012</b>	<b>1,216</b>	<b>455</b>	<b>57,228</b>	<b>469</b>	<b>59,368</b>
<b>At 31 March 2011</b>	<b>1,230</b>	<b>491</b>	<b>48,518</b>	<b>1,910</b>	<b>52,149</b>

*Capital Commitments*

At 31 March 2013, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013/2014 and future years, budgeted to cost £445,000. (Similar commitments at 31 March 2012 were £12,059,000). The major commitment is for:

- Pier Collision Protection Works - £400,000

*Revaluations*

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out by Mr Alan Bell BSc MRICS, Registered Valuer for Dundee City Council's City Development Department. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.



## 22. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2011/2012 £000	2012/2013 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	6,122	10,490
<b>Total Capital Investment</b>	<b>6,122</b>	<b>10,490</b>
<i>Sources of finance:</i>		
Capital receipts	3	1
Government grants and other contributions	6,119	10,489
<b>Total Sources of Finance</b>	<b>6,122</b>	<b>10,490</b>

## 23. INVENTORIES

	Maintenance Materials		Total	
	2011/2012 £000	2012/2013 £000	2011/2012 £000	2012/2013 £000
Balance outstanding at start of year	47	47	47	47
Recognised as an expense in the year	(1)	-	(1)	-
Other Adjustments	1	-	1	-
<b>Balance outstanding at year-end</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>

## 24. SHORT-TERM DEBTORS

	31 March 2012 £000	31 March 2013 £000
Local authorities	572	23
Other entities and individuals	9	12
<b>Total</b>	<b>581</b>	<b>35</b>

## 25. SHORT-TERM CREDITORS

	31 March 2012 £000	31 March 2013 £000
Central government bodies	161	345
Local authorities	127	767
Other entities and individuals	2,079	138
<b>Total</b>	<b>2,367</b>	<b>1,250</b>

## 26. GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2012/2013:

	2011/2012 £000	2012/2013 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Scottish Government Revenue Grant	1,540	1,524
Scottish Government Capital Grant	8,880	6,300
Dundee City Council Capital Grant	2,550	4,978
<b>Total</b>	<b>12,890</b>	<b>12,802</b>

The Board has £336,000 of Revenue grants, contributions and donations that have yet to be recognised as income due to them having conditions attached to them that requires the monies or property to be returned to the grant provider (2011/2012: £160,000).

## INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report to the members of the Tay Road Bridge Joint Board and the Accounts Commission for Scotland

We have audited the financial statements of the Tay Road Bridge Joint Board for the year ended 31 March 2013 set out on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 (the 2013 Code).

This report is made solely to the members of the Tay Road Bridge Joint Board and the Accounts Commission for Scotland, in accordance with Part VII of the Local Government (Scotland) Act 1973. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Tay Road Bridge Joint Board and the Accounts Commission for Scotland, for this report, or the opinions we have formed.

#### Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities on page 15, the Treasurer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the statement of accounts to identify material misstatements or inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2013 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013; and
- Have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government Scotland Act 2003.

#### Opinion on other matters prescribed by the Local Government (Scotland) Act 1973

In our opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985; and
- The information given in the Treasurer's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of the Tay Road Bridge Joint Board and the Accounts Commission for Scotland (continued)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Local Government (Scotland) Act 1973 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government; or
- there has been a failure to meet a prescribed financial objective.

Stephen Reid

for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

19 September 2013

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 16 SEPTEMBER 2013

REPORT ON: INTERNAL AUDIT - AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN  
2013 to 2016

REPORT BY: TREASURER

REPORT NO: TRB 15-2013

ITEM No:.....7

#### 1 PURPOSE OF REPORT

To present to the Board the Internal Audit Needs Assessment and Strategic Plan 2013 to 2016, which is attached as an appendix to this report.

#### 2 RECOMMENDATIONS

The Board is asked to approve the three year Strategic Audit Plan which has been based on the detailed Internal Audit Needs Assessment.

#### 3 FINANCIAL IMPLICATIONS

The cost of Internal Audit Services is included in the approved Revenue Budget.

#### 4 MAIN TEXT

The Board has a responsibility to develop and maintain internal control systems, risk management processes, governance arrangements and accounting records. In addition, the Board is responsible for ensuring that the Board's resources are used appropriately for the activities intended, fraud and other irregularities are prevented and detected, and the principles of Best Value are complied with. Internal audit reviews support management by giving an independent assessment of the adequacy and effectiveness of internal controls.

The Board's Internal Audit Service is provided by Henderson Loggie in respect of the financial years 2013/14 to 2015/16, and the Audit Needs Assessment (ANA) and Strategic Plan has been prepared by them with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

The purpose of the ANA is to identify the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered by internal audit.

Risks have been split into six categories: Reputation; Staffing Issues; Estates and Facilities; Financial Issues; Organisational Issues; and Information and IT.

Following identification of the key controls and associated risks, the different areas of risk have been assessed using the following criteria:

- Risk Impact
- Risk Likelihood
- Present Controls

The results obtained from the assessment process identified and prioritised the areas

requiring internal audit coverage over the next three years.

The Internal Audit Strategic Plan allocates audit days to the categories identified in the ANA to give a rolling programme of work which will be updated annually to ensure that any new and/or changed risks are reflected in the annual plan.

The Strategic Audit Plan allows for 30 days of audit work to be undertaken in respect of each of the financial years 2013/14 to 2015/16.

## 5 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues identified.

## 6 CONSULTATIONS

The Bridge Manager and the Clerk to the Board have been consulted on the content of this report.

## 7 BACKGROUND PAPERS

None

**MARJORY M STEWART**  
TREASURER

**3 SEPTEMBER 2013**



HENDERSON LOGGIE

**Tay Road Bridge Joint Board**

**Audit Needs Assessment and  
Strategic Plan 2013 to 2016**

**May 2013**

Internal Audit Report No: 2014/01

Draft Issued: 31 July 2013

Final Issued: 28 August 2013

---

## Contents

	Page
1. Introduction	1 - 2
2. Executive Summary	3
3. Internal Audit Needs Assessment	4 - 25
4. Strategic Plan	26 - 31





## Introduction

We have been appointed as internal auditors of the Tay Road Bridge Joint Board ('the Board') for the period from 1 April 2013 to 31 March 2016.

Internal audit primarily provides an independent and objective opinion to the Board and to the Bridge Manager on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Board's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the Board.

Internal audit also provides an independent and objective consultancy service specifically to help line management improve the Board's risk management, control and governance.

### Audit Needs Assessment

The Audit Needs Assessment (ANA) has been made following discussion with the Bridge Manager and the external auditors, KPMG, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. Work in the previous three-year cycle has been used to update the key control environment. The ANA has been prepared on the basis of the normal three-year internal audit cycle, covering the period 2013/14 to 2015/16.

The assessment covers the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment has taken no account of the resources available to carry out the work.

Risks have been split into six categories: Reputation; Staffing Issues; Estates and Facilities; Financial Issues; Organisational Issues; and Information and IT. Following identification of the key controls and associated risks we have assessed the different areas of risk using the following criteria:

- Risk Impact
- Risk Likelihood
- Present Controls

From the combination of results of these three criteria, the work required has been prioritised, and the resource recommended to ensure controls are in place and operating has been assessed, together with a recommendation of the frequency of testing. Previous audit coverage has also been taken into consideration at this stage.

### Strategic Plan

Following on from the ANA the Strategic Plan has been formulated to cover the three-year period to 31 March 2016. This should be reviewed annually prior to the Annual Plan and detailed audit planning being finalised.

There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems; and budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan, with work in these areas in year one and three of the programme.



HENDERSON LOGGIE

---

## Introduction

### Value for Money

Value for Money (VFM) is an integral part of all audits and has been mentioned at points within this ANA. Specific VFM reviews will be carried out in areas agreed with management and the Joint Board although VFM and Best Value principles are always considered during any audit work that we are undertaking.

### Business Improvement

We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate and relevant to the specific audit assignment



## Executive Summary

There are a number of regulatory, operational and financial risks faced by any organisation. There are also risks that are specific to individual organisations, and which vary over time. All of these risks need to be managed effectively since they cannot be eliminated entirely.

The purpose of this ANA is to identify these risks, and assess the audit coverage required to give the Board and Bridge Manager assurances that the control environment is effective in reducing the risks to an acceptable level.

Information from ANA interviewees and various documents that we have reviewed identified the following issues as being the main strategic, operational and financial issues facing the Board at this time:

- Management of the Board's financial risks, including potential funding gaps for capital investment to manage significant identified risk;
- Compliance with extant health and safety legislation;
- Issues arising from the Dundee Waterfront Masterplan 2001 – 2031 which will impact on traffic flow and access to and from the bridge;
- Key stakeholder communications;
- Maintenance of relationships with elected members and officers in Angus Council, Dundee City Council and Fife Council;
- Maintenance of relationships with the Dundee Port Authority, Transport Scotland and local MPs and MSPs; and
- Further development of the Board's approach to risk management and business continuity planning.

Where risks arising from these issues can be impacted by internal control and subjected to internal audit these have been identified in the ANA and prioritised in the Strategic Plan with reference to the combined risk factors identified in the ANA. Prioritisation affects frequency of visits, the number of days allocated, and the position in the three-year cycle.

Risks associated with these, and other issues, do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.



HENDERSON LOGGIE

## Internal Audit Needs Assessment

This assessment covers all main financial systems of the Board, and other areas of risk where internal audit can provide assurances regarding control environments.

The assessment covers the following areas where risk arises (pages 4 to 6 provide a summary of risk assessment for each risk category, with pages 7 to 24 providing further detail on each category, including key controls and associated risk):

Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>Reputation</b> <input type="checkbox"/> Damage to Reputation <input type="checkbox"/> Management of Health and Safety <input type="checkbox"/> Failure to Adhere to Changes in Legislation (SR 1 & 2) <input type="checkbox"/> Stakeholder Communication	Medium High Medium Medium	Low Medium Low Low	Good Good Good Good	Low Medium Low Low
<b>Staffing Issues</b> <input type="checkbox"/> Equalities Legislation <input type="checkbox"/> Contentious Staffing Issues <input type="checkbox"/> Industrial Relations (SR10) <input type="checkbox"/> Failure to Attract and Retain Quality Staff (SR10) <input type="checkbox"/> Controls Over Payroll	Medium Medium Medium Medium Medium Medium	Medium Low Low Low Low Low	Good Good Good Good Good Good	Medium Low Low Low Low Low



# Internal Audit Needs Assessment

Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>Estates and Facilities</b> <input type="checkbox"/> Physical Security <input type="checkbox"/> Disruption to Operations Following Loss or Breakdown of Key Equipment (SR 4, 5, & 6) <input type="checkbox"/> Asset Management <input type="checkbox"/> Breach of Statutory Duty <input type="checkbox"/> Failure to Deliver Major Projects on Time and on Budget (SR 8)	Medium Medium Medium Medium Medium	Medium Medium Medium Low Medium	Good Good Average Good Good	Medium Medium Medium Low Medium
<b>Financial Issues</b> <input type="checkbox"/> Failure to Receive Required Funding (SR 3 & 9) <input type="checkbox"/> Agreed Expenditure Targets Not Met <input type="checkbox"/> Prevention and Response to Internal Fraud, Impropriety or Misconduct On the Part of Staff <input type="checkbox"/> Main Financial Systems <ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Procurement and Creditors / Purchasing</li> <li>• Debtors / Income</li> <li>• Cash and Bank / Treasury Management</li> </ul>	High Medium Medium Medium Medium Low Low	Medium Medium Low Low Medium Low Low	Good Good Good Good Average Average Good	Medium Medium Low Low Medium Low Low
<b>Organisational Issues</b> <input type="checkbox"/> Major Disaster e.g. Fire / Terrorist Attack / Bridge Impact / Major IT Failure / Disruption to Bridge Access (SR 4 & 5) <input type="checkbox"/> Widespread or Epidemic / Pandemic Illness (SR 10) <input type="checkbox"/> Corporate Governance and Overall Control Environment (SR 7) <input type="checkbox"/> Effective Corporate Planning <input type="checkbox"/> Risk Management <input type="checkbox"/> Insurance Arrangements (SR 4)	High Medium Medium Medium Medium High	Low Low Low Medium Medium Low	Good Good Good Average Good Good	Medium Low Low Medium Medium Medium



### Internal Audit Needs Assessment

Risk Category	Risk Impact	Risk Likelihood	Present Controls	Priority
Information and IT				
<input type="checkbox"/> Loss of Data or IT Hardware	High	Low	Good	Medium
<input type="checkbox"/> Breach of IT Network Security	High	Low	Good	Medium
<input type="checkbox"/> Non-Compliance with Data Protection / Freedom of Information Legislation	Medium	Medium	Good	Medium
<input type="checkbox"/> Inappropriate Use of Internet / E-mail by Staff	Medium	Low	Good	Low
<input type="checkbox"/> Non-Compliance with User Licence Requirements	Medium	Low	Good	Low
<input type="checkbox"/> Management of Systems Implementation	Medium	Medium	Good	Medium

Key

SR Strategic Risk – taken from the Board’s Strategic Risk Register



HENDERSON LOGGIE

# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
REPUTATION DAMAGE REPUTATION	Dundee City Council (DCC) Media Relations Officers deal with PR and press. Policy for responding to press comment. Regular review of press.	Failure to actively manage negative publicity leading to tarnished reputation. Fail to maximise benefits from positive publicity.	Medium	Low	Good	Low
MANAGEMENT OF HEALTH AND SAFETY	An updated Health and Safety Policy Statement is in place. Responsibility for improving and maintaining health and safety standards aligned with nominated officers including an annual review for staff. Operational manuals are available for all technical aspects of bridge operations. Trained first aiders on each shift. Protocol in place to conduct health & safety risk assessments Health and Safety Committee provides a forum for consulting with employees and Trade Unions on Health and Safety matters Health and safety incorporated into induction and specific job training needs identified through Staff Review & Development Process. Training Database maintained recording training courses attended.	Failure to effectively manage health and safety, with consequent risk or injury to staff and members of the public. Skill levels around health and safety are not maintained to an acceptable level for key personnel. Action is not taken to identify and rectify unsafe working practices. Damage to reputation.	High	Medium	Good	Medium



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<p>REPUTATION (CONT'D) MANAGEMENT OF HEALTH AND SAFETY (CONT'D)</p>	<p>Quarterly checks on works by management to ensure safe working practices. Outcomes reported through regular Staff Liaison meetings.</p> <p>Health and Safety Annual Report prepared and presented to the Board in December each year.</p> <p>Union Health and Safety Representative within the workforce</p>					
<p>FAILURE TO ADHERE TO CHANGES IN LEGISLATION (SR 1 &amp; 2)</p>	<p>Personnel advice obtained through Service Level Agreement with DCC.</p> <p>Maintain awareness of changes to legislation and amend policies and procedures timeously.</p>	<p>Failure to adhere to employment legislation and standards of good practice.</p> <p>Failure to comply with statutory requirements leads to prosecution.</p> <p>Disruption to service.</p> <p>Damage to reputation.</p> <p>Potential litigation including punitive damages.</p>	Medium	Low	Good	Low
<p>STAKEHOLDER COMMUNICATION</p>	<p>Regular Joint Board meetings held with minutes and papers available to public.</p> <p>Regular contact between Bridge Manager and officers of constituent local authorities.</p> <p>Regular reports issued on bridge closures and planned engineering works.</p>	<p>Key stakeholders are not in a position to make informed decisions.</p> <p>Works and closures are not clearly communicated resulting in reputational loss.</p> <p>Key partners and stakeholders are not identified.</p>	Medium	Low	Good	Low





# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES EQUALITIES LEGISLATION EMPLOYMENT LAW	<p>Service Level Agreement in place with DCC where employment legislation changes are identified.</p> <p>Personnel policies and procedures are in place and regularly reviewed to ensure compliance with employment legislation and good practice.</p> <p>Equality Impact Assessment screening carried out on policies and procedures.</p> <p>Formal equalities schemes in place for Race, Gender and Disability. Gender equality forms part of induction training for new employees.</p> <p>Equalities monitoring information and progress reports submitted to the Board and published annually in line with requirements.</p> <p>Mainstreaming Equality Report 2013 – 2017 in place.</p>	<p>Failure to adhere to employment legislation and standards of good practice.</p> <p>Failure to meet the General Duties placed on public authorities to promote equality.</p> <p>Failure to report on progress in meeting Gender, Race and Disability duties as required by relevant legislation.</p> <p>Damage to reputation.</p>	Medium	Medium	Good	Medium
CONTENTIOUS STAFFING ISSUES	<p>Advice provided by DCC Personnel and Legal departments through formal service level agreements.</p>	<p>Potential litigation including punitive damages.</p>	Medium	Low	Good	Low
INDUSTRIAL RELATIONS (SR 10)	<p>Regular review of terms and conditions of employment, and remuneration.</p> <p>Established communication links with Trade Unions.</p>	<p>Impact on reputation and finances of continual industrial action.</p>	Medium	Low	Good	Low



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>STAFFING ISSUES (CONT'D)</b> <b>FAILURE TO ATTRACT AND RETAIN QUALITY STAFF (SR 10)</b>	Recruitment process is managed against clear criteria. Attractive salaries, benefits and increments. Opportunities for promotion for both professional and support staff and on-going personal development. Staff targets, development and training are all monitored.	Failure to attract, develop and retain staff of sufficient calibre and standing. Inability to attract and retain specialist staff. Disruption to bridge operations and services. Inappropriate training offered for employees' role. Qualifications lapse.	Medium	Low	Good	Low



# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING (CONT'D) CONTROLS PAYROLL ISSUES OVER	<p>Financial Regulations specify procedures for payroll administration.</p> <p>Service Level Agreement in place for payroll services with DCC</p> <p>Authority for changes to the establishment must be obtained from the Board.</p> <p>New start, change of circumstances and leave forms are authorised by the Bridge Manager.</p> <p>Claims for overtime, travel &amp; subsistence and allowances are authorised by line managers and the Bridge Manager before uploading to Resourcelink.</p> <p>DCC provide an on-line computerised facility (Resourcelink) for maintaining employee permanent information; variations to their conditions and terms of employment within their normal pay cycle; maintenance facilities to hold and modify regulations for statutory and voluntary deductions; the automated calculation of pay, payment of employees by BACS; the production of standard payroll outputs and the interface to the general ledger. Income Tax changes are applied via Electronic Data Interchange with HMRC.</p>	<p>Employees are paid incorrect amounts.</p> <p>Payments are made for non-existent employees or for work not actually performed.</p> <p>Posts are created without due consideration by the Board of the financial and other implications.</p> <p>Delays are made to salary payments.</p> <p>Transactions are not supported by documentary evidence.</p> <p>Data Protection is not complied with.</p>	Medium	Low	Good	Low



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
STAFFING ISSUES (CONT'D)	Input to Resourcelink is performed by the Administrative Officer with review of reports, including exception reports, received from DCC carried out by the Bridge Manager. Access to Resourcelink is appropriately controlled within passwords and limited user access.					
CONTROLS OVER PAYROLL (CONT'D)	Paper documentation in held in locked filing cabinets					
ESTATES FACILITIES AND PHYSICAL SECURITY	Regular review of security arrangements and procedures are put in place. Bridge premises are staffed 24 hours a day, 365 days a year as well as having CCTV and security access.	Poor physical security leading to theft or damage to equipment / IT hardware and infrastructure which may compromise the safety of staff and/or members of the public.	Medium	Medium	Good	Medium
DISRUPTION TO OPERATIONS FOLLOWING LOSS OR BREAKDOWN OF KEY EQUIPMENT (SR 4, 5, & 6)	Regular property condition surveys. Insurance advice provided through service level agreement with DCC Insurance and Risk Management Section. Health and Safety Committee and access to DCC Safety Officers.	Activity and disruption associated with the Dundee City Council's (DCC) Waterfront Development Works Potential damage to structures	Medium	Medium	Good	Medium

12



HENDERSON LOGGIE

Audit Needs Assessment and Strategic Plan 2013 to 2016

# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D)  DISRUPTION TO OPERATIONS FOLLOWING LOSS OR BREAKDOWN OF KEY EQUIPMENT (CONT'D)	<p>Business Continuity Plan and Business Continuity Disaster Recovery Plan in place.</p> <p>Regular inspection / maintenance of Board assets</p> <p>Health and Safety Policy statement includes requirement to provide and maintain safe plant, equipment and vehicles.</p> <p>Insurance advice provided through service level agreement with DCC Insurance and Risk Management Section.</p> <p>Procedures in place for managing moveable and / or desirable assets</p> <p>Routines in place for maintenance of assets and Portable Appliance Testing (PAT testing) of electrical equipment.</p>	<p>Failure to provide services to Tay Road Bridge customers</p> <p>Inappropriate use of Board assets</p> <p>Expenditure on Board assets may not be accurately recorded</p> <p>Loss of movable and/or desirable assets.</p> <p>Inability of the Board to function properly.</p> <p>Non-compliance with health and safety regulations.</p>				



# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ESTATES AND FACILITIES (CONT'D) ASSET MANAGEMENT	<p>Fixed asset register maintained</p> <p>Authorisation limits in place for revenue and capital expenditure on Board assets.</p> <p>Financial regulations set out protocol for recording of income received from asset disposals.</p> <p>Authorisations in place for the disposing or scrapping of assets.</p>	<p>Inappropriate use may be made of Board assets.</p> <p>Inadequate awareness of Assets held.</p> <p>Unauthorised expenditure may be made on assets.</p> <p>Valuable assets may not be maintained adequately resulting in financial loss.</p> <p>Non-compliance with Health and Safety regulations.</p>	Medium	Medium	Average	Medium
BREACH OF STATUTORY DUTY	<p>Regular review of legislative requirements, such as the Fire Safety (Scotland) Regulations 2006 and the Equality Act 2010</p> <p>Regular inspection by authorities.</p>	<p>Failure to comply with statutory requirements leads to investigation and/or prosecution</p> <p>Intervention by authorities may impact on service delivery.</p> <p>Damage to reputation due to adverse publicity.</p>	Medium	Low	Good	Low
FAILURE TO DELIVER MAJOR PROJECTS ON TIME AND ON BUDGET (SR 8)	<p>Capital Plan agreed by the Board covering major schemes for the next 3 years.</p> <p>Service level agreement in place with DCC for Finance, including financial monitoring.</p> <p>Responsibility for overseeing delivery of Capital Plan aligned to Engineer to the Board.</p> <p>Framework agreement in place for provision of design engineering.</p>	<p>Inadequate capital funding by Scottish Government results in delay or cancellation of major schemes.</p> <p>Project costs are not contained within the funding package earmarked.</p> <p>Anticipated benefits of capital investment are not delivered.</p> <p>Ineffective management of capital projects leading to overruns.</p>	Medium	Medium	Good	Medium



# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>FINANCIAL ISSUES</b> <b>FAILURE TO RECEIVE REQUIRED FUNDING</b> (SR 3 & 9) <b>AGREED EXPENDITURE TARGETS NOT MET</b>	<p>Budget submitted to Scottish Government for three year capital and revenue grant.</p> <p>Financial Regulations specify procedures for preparation of annual revenue budget and three year capital budget.</p> <p>The Treasurer reviews the Revenue and Capital Budgets and submits reports to the General Purposes Sub-Committee. The Sub-Committee considers the reports and remits them to the Board for detailed consideration.</p> <p>Primary responsibility for detailed monitoring and control of the Board's revenue and capital expenditure lies with the Bridge Manager.</p> <p>The Treasurer is responsible for ensuring that this is carried out and for providing relevant and timely financial information to allow such monitoring.</p> <p>Board approval is required for any additional expenditure not included in the agreed revenue or capital budgets.</p> <p>Budget variances are raised and discussed regularly by the Board by way of Monitoring Reports.</p> <p>Managers have appropriate expertise and support where required.</p> <p>All virement proposals must be notified to the Treasurer.</p>	<p>Revenue and / or capital expenditure is insufficient to meet planned operational and investment expenditure</p> <p>Robust capital and revenue budgets are not set by the Board, leading to overstretching on capital and revenue expenditure commitments.</p> <p>Steps are not taken to manage unexpected increases in costs or decreases in income to minimise the impact on the final out-turn, and achievement of strategic aims.</p> <p>Damage to reputation</p> <p>A shortfall in future capital funding delays or prevents future investment in infrastructure or plant and equipment.</p> <p>Inappropriate use of virement to fund expenditure in one or more years.</p>	<p>High</p> <p>Medium</p>	<p>Medium</p> <p>Medium</p>	<p>Good</p> <p>Good</p>	<p>Medium</p> <p>Medium</p>



## Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>FINANCIAL ISSUES (CONT'D)</b> PREVENTION AND RESPONSE TO INTERNAL FRAUD, IMPROPRIETY OR MISCONDUCT ON THE PART OF STAFF	Fraud Guidelines in place. Anti fraud and corruption strategy in place Financial Regulations, Tender Procedures and Scheme of Delegation set out the agreed validation and authorisation procedures. Segregation of duties. Internal audit visits.	Fraud and theft. Loss of assets resulting in potential financial loss to the Board. Adverse publicity.	Medium	Low	Good	Low
<b>MAIN FINANCIAL SYSTEMS:</b> General Ledger	General Ledger System with Management Information Reporting Tools provided by DCC. Services provided include: <ul style="list-style-type: none"> <li><input type="checkbox"/> Ensuring the completeness of the financial data within the ledger;</li> <li><input type="checkbox"/> Maintaining the cost centre, detail and classification masterfile with the corresponding analysis codes for each. Maintaining the ledger code masterfile;</li> <li><input type="checkbox"/> The distribution of daily audit reports of transactions entered, and monthly and ad hoc management reports;</li> <li><input type="checkbox"/> Ensuring the daily update of snapshot enquiries within the ledger.</li> </ul>	Financial management information is not available to inform management decisions. Annual accounts preparation is unnecessarily time consuming, or proper accounts cannot be produced. Financial returns are time consuming to produce or deadlines are missed.	Medium	Low	Good	Low





# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>FINANCIAL ISSUES (CONT'D)</b> <b>MAIN FINANCIAL SYSTEMS (CONT'D):</b> Procurement and creditors / purchasing	<p>Financial Regulations specify procedures for ordering of works, goods and services; and payment of accounts.</p> <p>Official sequential order forms used in all cases subject to approved exceptions. Orders are authorised prior to submission.</p> <p>A register of authorised signatories is maintained by the Bridge Manager.</p> <p>Separation of duties is maintained between ordering goods, receiving goods and certifying invoices for payments.</p> <p>Procedures in place for officers authorising invoices for payment to ensure that goods received are in accordance with the order; the invoice is not a duplicate; expenditure is correctly allocated to financial codes; and appropriate entries have been made in inventories, stock records etc.</p> <p>Tender procedures outline limits.</p> <p>Tender Register maintained.</p> <p>Processing of the on-line Creditor Ledger System provided by DCC as part of Service Level Agreement. Payments processed by DCC, with review of cheque and BACS runs by the Administrative Officer.</p>	<p>Costs of goods and services may be higher than necessary.</p> <p>Payment may be made for goods and services not received or authorised by the Board.</p> <p>Invoices may be paid twice.</p> <p>Payment may be made for goods not received or of a sub-standard quality.</p>	Medium	Medium	Average	Medium



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>FINANCIAL ISSUES (CONT'D)</b> <b>MAIN FINANCIAL SYSTEMS (CONT'D):</b> <b>Debtors / Income</b>	<p>Financial Regulations specify procedures for raising invoices and income handling.</p> <p>Invoices should be raised at the time of provision of goods or services or as soon as possible thereafter.</p> <p>All monies received on behalf of the Board should be deposited promptly with the Bridge Manager or the Board's bankers in line with arrangements made by the Treasurer.</p>	<p>All income due may not be received.</p> <p>Receipts may not be properly processed and banked.</p>	Low	Low	Average	Low



# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>FINANCIAL ISSUES (CONT'D)</b> <b>MAIN FINANCIAL SYSTEMS (CONT'D):</b> <b>Cash and Bank / Treasury Management</b>	<p>Financial Regulations specify procedures for banking arrangements and control of cheques and petty cash imprest accounts.</p> <p>Banking / Treasury Management services provided through a Service Level Agreement with DCC.</p> <p>Services provided include:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Maintaining cash book;</li> <li><input type="checkbox"/> Carrying out monthly bank reconciliations;</li> <li><input type="checkbox"/> BACS payments in respect of payroll made in accordance with agreed timetable;</li> <li><input type="checkbox"/> Monitoring the bank account and highlighting any anomalies;</li> <li><input type="checkbox"/> Daily audit of Creditor Ledger cheques, produced during Creditor Ledger payment run;</li> <li><input type="checkbox"/> Monitoring group bank balance on a daily basis and borrowing or lending through the money markets (from authorised organisations as laid down in DCC policy) depending on the cash flow of the group.</li> </ul>	<p>All receipts and payments may not be accurately recorded in line with the Financial Regulations.</p> <p>All income may not be banked or properly accounted for.</p> <p>Cash handling may not be appropriately controlled and recorded.</p> <p>Treasury management may not be as efficient as possible.</p>	Low	Low	Good	Low



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<p><b>ORGANISATIONAL ISSUES</b></p> <p>MAJOR DISASTER E.G. FIRE / TERRORIST ATTACK / BRIDGE IMPACT / MAJOR IT FAILURE / DISRUPTION TO BRIDGE ACCESS (SR 4 &amp; 5)</p>	<p>Business Continuity Plan and Business Continuity Disaster Recovery Plan in place.</p> <p>Smoke detectors, fire risk assessments and weekly fire systems checks.</p> <p>Health and Safety audits conducted.</p> <p>Insurance policies in place (Service Level Agreement with DCC Insurance and Risk Management Services).</p> <p>Emergency evacuation tests planned, conducted and recorded.</p> <p>Monitoring of prevailing weather conditions to inform use of de-icing equipment, bridge barriers and approach warning signs.</p> <p>Monitoring of ship movement.</p> <p>Liaison with partners in managing ongoing impact of delivery of Dundee Waterfront Masterplan 2001 – 2031.</p> <p>Piers on main navigation spans protected from bridge impact.</p> <p>Asset Protection Agreement in place with DCC which provides additional insurance cover over the bridge approaches should they be damaged during the development works.</p>	<p>Loss of life</p> <p>Major disaster will not be managed effectively.</p> <p>Bridge operations will be disrupted.</p> <p>Damage to reputation.</p> <p>Potential financial impact from non-insured losses.</p>	High	Low	Good	Medium



# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D) WIDESPREAD OR EPIDEMIC / PANDEMIC ILLNESS (SR 10)	Business Continuity Plan and Business Continuity Disaster Recovery Plan in place. Absence levels monitored closely which may provide advance warning of a problem. Business Continuity Disaster Recovery Plan includes Contingency Plan for staff shortage. Media and local Health Board warnings monitored.	Unable to operate safely. Disruption to bridge services and / or support services.	Medium	Low	Good	Low
CORPORATE GOVERNANCE AND OVERALL CONTROL ENVIRONMENT (SR 7)	Code of Corporate Governance in place. The control environment covers such items as: <input type="checkbox"/> Committee organisation and administration; <input type="checkbox"/> Standing Orders; <input type="checkbox"/> Financial Regulations; <input type="checkbox"/> Scheme of Delegation; <input type="checkbox"/> Tender Procedures <input type="checkbox"/> Fraud Guidelines; <input type="checkbox"/> Anti-fraud and Corruption Strategy; <input type="checkbox"/> Publication Scheme; <input type="checkbox"/> Code of Conduct for elected members; <input type="checkbox"/> National Code of Conduct for staff members; <input type="checkbox"/> Helpline for employees. Consultation with employees and trade unions on issues affecting terms and conditions.	Inadequate corporate governance, resulting in poor management and possible financial loss. Press criticism arising from perceived corporate governance weakness or non-compliance. Damage to reputation. Failure to provide good outcomes for citizens and service users.	Medium	Low	Good	Low



## Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
ORGANISATIONAL ISSUES (CONT'D) CORPORATE GOVERNANCE AND OVERALL CONTROL ENVIRONMENT (CONT'D)	<p>Statutory consultation undertaken with appropriate bodies as required (e.g. Crown Estates, SEPA etc.)</p> <p>Recruitment and induction practices for Board members and officers in place.</p> <p>On-going Board review and approval of policies</p>					
EFFECTIVE CORPORATE PLANNING	<p>Regular review of strategic planning process by Board.</p> <p>Strategic and operational monitoring and oversight by the management team.</p> <p>Appropriate linkage between planning and budgeting</p>	<p>Fail to determine and communicate an appropriate and focused strategy.</p> <p>Fail to contribute effectively to national outcomes.</p> <p>Unable to react positively and timeously to sector changes or influences.</p>	Medium	Medium	Average	Medium
RISK MANAGEMENT	<p>Strategic Risk Register in place.</p> <p>Risk management responsibilities set out in specific Insurance and Risk Management section within Financial Regulations.</p> <p>Service Level Agreement in place with DCC Insurance and Risk Management Section.</p>	<p>Risks are not identified and managed appropriately.</p>	Medium	Medium	Good	Medium

## Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<b>ORGANISATIONAL ISSUES (CONT'D)</b> <b>INSURANCE ARRANGEMENTS</b> (SR 4)	Annual review of requirements ensures adequate provision is made. Service Level Agreement with DCC Insurance and Risk Management Section provides necessary advice. Procedures and practices are in place and provided to staff to minimise error and claims for negligence. Insurance responsibilities set out in specific Insurance and Risk Management section within Financial Regulations.	Financial loss to the Board.	High	Low	Good	Medium



### Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
INFORMATION AND IT LOSS OF DATA OR IT HARDWARE	<p>Daily back up of data stored in the on-site fire proof safe.</p> <p>Backup tapes are sent to IT Service provider for testing (every 6 months)</p> <p>Failure of IT / CCTV systems identified as main scenario with Business Continuity Plan.</p> <p>Business Continuity Disaster Recovery Plan includes recovery procedures for IT Loss and Telephony Loss.</p> <p>Backup office server in place</p>	<p>Major IT disaster – loss of information or use of central hardware.</p> <p>Disruption to bridge services and / or support services.</p>	High	Low	Good	Medium
BREACH OF IT NETWORK SECURITY	<p>Information Security Policy.</p> <p>Every PC and server has virus protection with automatic weekly update. Incoming e-mail messages are scanned for viruses.</p> <p>Firewalls at entrance to Board sites.</p> <p>Personal user IDs and confidential passwords.</p>	<p>Network security breached with consequent damage to critical bridge operations.</p> <p>Disruption to access to network.</p>	High	Low	Good	Medium





# Internal Audit Needs Assessment

Risk Category	Key Controls	Associated Risk	Risk Impact	Risk Likelihood	Present Controls	Priority
<p>INFORMATION AND IT (CONT'D)</p> <p>NON-COMPLIANCE WITH PROTECTION OF FREEDOM INFORMATION LEGISLATION</p>	<p>Publication Scheme in place and available through Board website.</p> <p>Data Protection Officer and Records Manager appointed.</p> <p>Sufficient time is made available to respond to FOI requests.</p>	<p>Non-compliance with Data Protection Act / Freedom of Information Act.</p> <p>Damage to reputation.</p> <p>Potential litigation.</p>	Medium	Medium	Good	Medium
<p>INAPPROPRIATE USE OF INTERNET/E-MAIL BY STAFF</p>	<p>Guidelines on e-mail and internet use in place (Outlined in the Acceptable Use Policy). All staff must confirm that they have read these guidelines.</p> <p>All internet and e-mail traffic is recorded and may be monitored.</p>	<p>Staff downtime.</p> <p>Damage to reputation.</p>	Medium	Low	Good	Low
<p>NON-COMPLIANCE WITH USER LICENCE REQUIREMENTS</p>	<p>Register of IT hardware and software maintained.</p> <p>Only authorised staff can load software onto PCs.</p>	<p>Non-compliance with user licence requirements, leading to possible financial penalties.</p>	Medium	Low	Good	Low
<p>MANAGEMENT OF SYSTEMS IMPLEMENTATION</p>	<p>Proper procedures for development and implementation of new systems.</p> <p>Application of accepted good practice in systems implementation, including post-implementation.</p>	<p>Failure to properly address all steps in the systems development life cycle can have serious consequences on the effectiveness of the system performance, and can be costly in financial and time allocation terms.</p> <p>Failure to provide accurate and complete management information.</p>	Medium	Medium	Good	Medium



## Strategic Plan

The Strategic Plan covers the three-year period to 31 March 2016. Audit days have been allocated to the categories identified in the ANA to give a rolling programme of work. Where relevant, these have been further split into sub-categories. Frequency of visits, the number of days allocated, and the position in the three-year cycle has been determined with reference to the combined risk factors identified in the ANA and previous internal and external audit coverage.

To clarify the linkage between the ANA and Strategic Plan we have included at pages 27 to 30 a listing of all risk categories, grouped by 'Priority'. On these schedules we have indicated the timing of our audit work, if any, in the three-year cycle, the number of days allocated and the project title as it appears on the Strategic Plan at page 31.

### Audit Methodology

Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will give more detail of the risks to be covered and the work to be carried out in each area. The process will include discussion with officers and the Board as appropriate.

Once the Annual Plan has been agreed an audit timetable will be set and detailed planning will be carried out for each area.

The mainstream audit work falls into two categories

- Examination of strategic systems.
- Examination of operational systems.

In all cases the audit work involves

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.

- Testing of controls to ensure they are operating effectively.
- Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with management and the Joint Board.
- Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives, work carried out, the implications of the findings for internal control, and an action plan with areas for improvement. The action plan will allocate responsibility for the implementation and give a timeframe for completion.
- Follow-up of action plans in future years in order to confirm that actions have been suitably addressed.



# Strategic Plan

## Medium Priority

Risk Category	Coverage	Comment
Reputation		
Management of Health and Safety	2013/14	Previously covered in 2010/11 report 2011/06 – "Health & Safety". This was a high-level review of the Board's health and safety arrangements.
Staffing Issues		
Equal Opportunities / Employment Law	2014/15	Included as part of the 2011/12 Report "Employment legislation and Policies, Recruitment and Staff Performance Development" (2012/02)
Estates and Facilities		
Physical Security	2015/16	Previously covered in 2012/13. Report 2013/04 – "Physical Security and Asset Management" examined whether appropriate security arrangements were in place and reviewed on a regular basis.
Disruption to Operations Following Loss or Breakdown of Key Equipment		As above.
Asset Management		As above.
Failure to Deliver Major Projects on Time and on Budget	2015/16	Previously covered in 2012/13 in report 2013/05 – "Delivering Major Projects" focussing on the Peer Protection Project. Major projects included within the Capital Plan will be reviewed.
Financial Issues		
Failure to Receive Required Funding	2015/16	Reviewed previously as part of the 2012/13 review – "Budget Setting and Budgetary Control" 2013/03.
Agreed Expenditure Targets Not Met	2015/16	Previously covered in 2012/13. Report 2013/03 reviewed the revenue and capital budgetary control procedures operated by Board staff.
Procurement and Creditors / Purchasing	2013/14	Review of Procurement and Creditors was previously carried out in 2010/11 (Report 2011/06). The review covered the risk of unauthorised and excessive expenditure, along with reviewing the payment and recording processes.



## Strategic Plan

### Medium Priority

Risk Category	Coverage	Comment
<b>Organisational Issues</b>		
Major Disaster e.g. Fire / Terrorist Attack / Bridge Impact / Major IT Failure / Disruption to Bridge Access	2013/14	Previously covered in 2010/11. Report 2011/07 – Risk Management and Business Continuity Management focussed on a high-level review of the risk management and business continuity arrangements in place.
Effective Corporate Planning	2014/15	
Risk Management	2013/14	Previously covered in 2010/11. Report 2011/07 – Risk Management and Business Continuity Management.
Insurance Arrangements	2103/14	Previously covered in 2010/11. Report 2011/04 – Physical Security and Asset Management examined whether adequate insurance arrangements were in place.
<b>Information and IT</b>		
Loss of Data or IT Hardware	2014/15	Previously covered in 2011/12. Report 2012/04 –IT Network Arrangements.
Breach of IT Network Security		See above.
Non-Compliance with Data Protection / Freedom of Information Legislation	2015/16	Previously covered in 2012/13. Report 2013/02 – Data Protection and FoI. This was a high level review, identifying the key controls in place and how this compared with legislation and best practice.
Management of Systems Implementation		There are currently no system implementations planned for 2013 -16

# Strategic Plan

## Low Priority

Risk Category	Coverage	Comment
Reputation		
Damage to Reputation		
Failure to Adhere to Changes in Legislation	All	Considered where applicable on all audits.
Stakeholder Communication	2014/15	Previously covered in 2011/12 Report 2012/03 (See Governance comments below). Will be considered again at high level in Governance review
Staffing Issues		
Contentious Staffing Issues	2014/15	Covered as part of the 2011/12 Report "Employment legislation and Policies, Recruitment and Staff Performance Development " (2012/02).
Industrial Relations		As above.
Failure to Attract and Retain Quality Staff		As above.
Controls Over Payroll	2013/14	Previously reviewed in 2010/11 (Report 2011/04 – Payroll). This was a high level review covering all key aspects of Payroll. Included an examination of payments, authorisations and changes to payroll.
Estates and Facilities		
Breach of Statutory Duty	2013/14	Will be covered as part of the review of health and safety.
Financial Issues		
Prevention and Response to Internal Fraud, Impropriety or Misconduct On the Part of Staff	All	Considered where applicable on all audits.
General Ledger		
Debtors / Income		
Cash and Bank / Treasury Management	2013/14	Bank reconciliations will be covered as part of the review of the general ledger in 2013/14.



# Strategic Plan

Low Priority

Organisational Issues	Risk Category	Coverage	Comment
Widespread or Epidemic / Pandemic Illness		2013/14	Will be covered as part of the review of business continuity arrangements.
Corporate Governance and Overall Control Environment		2014/15	Previously covered in 2011/12 Report 2012/03 – Corporate Governance was a high-level review of the Board's Corporate Governance arrangements. Concluded compliance with <i>Delivering Good Governance in Local Government</i> was good, but with a number of actions agreed for further improvement.
Information and IT			
Inappropriate Use of Internet / E-mail by Staff		2014/15	Will be covered as part of the review of IT network arrangements.
Non-Compliance with User Licence Requirements			As above.



HENDERSON LOGGIE

## Strategic Plan

### Proposed Allocation of Audit Days

	Planned 13/14 Days	Planned 14/15 Days	Planned 15/16 Days
<b>Reputation</b>			
<i>Health and Safety</i>	4		
<b>Staffing Issues</b>			
<i>Recruitment and retention / HR policies</i>		6	
<i>Payroll</i>	4		
<b>Estates and Facilities</b>			
<i>Physical Security</i> )			
<i>Asset management</i> )			8
<i>Delivery of major projects</i>			7
<b>Financial Issues</b>			
<i>Budget setting / budgetary control</i>			5
<i>General ledger**</i>	3		
<i>Procurement and creditors / purchasing</i>	4		
<i>Debtors / income</i>			
<i>Cash &amp; bank / Treasury management**</i>			
<b>Organisational Issues</b>			
<i>Risk management / Business continuity*</i>	5		
<i>Corporate governance and control environment</i>		6	
<i>Corporate planning</i>		4	
<i>Insurance arrangements*</i>			
<b>Information and IT</b>			
<i>IT network arrangements</i>		8	
<i>Data protection / FOI</i>			4
<b>Other Audit Activities</b>			
<i>Management and Planning</i> )	4	4	4
<i>External audit</i> )			
<i>Attendance at audit committees</i> )			
<i>Follow-up reviews</i>	2	2	2
<i>ANA</i>	4		
<b>Total</b>	<u>30</u> =====	<u>30</u> =====	<u>30</u> =====

\* & \*\* these projects will be linked







REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 16 SEPTEMBER 2013

REPORT ON: INTERNAL AUDIT - ANNUAL AUDIT PLAN 2013/2014

REPORT BY: TREASURER

ITEM No: 8

REPORT NO: TRB 16-2013

## 1 PURPOSE OF REPORT

To present to the Board the Internal Audit Annual Audit Plan, which is attached as an appendix to this report.

## 2 RECOMMENDATIONS

It is recommended that the Board notes the contents of the Internal Audit Annual Plan for 2013/2014 which is based on the detailed Internal Audit Needs Assessment and Strategic Plan 2013 to 2016.

## 3 FINANCIAL IMPLICATIONS

The cost of Internal Audit Services is included in the approved Revenue Budget.

## 4 BACKGROUND

Reference is made to Report TRB 15-2013 (See Agenda Item 7) whereby the Board was asked to approve the three year Strategic Audit Plan which was based on the detailed Internal Audit Needs Assessment (ANA).

The Board has a responsibility to develop and maintain internal control systems, risk management processes, governance arrangements and accounting records. In addition, the Board is responsible for ensuring that the Board's resources are used appropriately for the activities intended, fraud and other irregularities are prevented and detected, and the principles of Best Value are complied with. Internal audit reviews support management by giving an independent assessment of the adequacy and effectiveness of internal controls.

The Board's Internal Audit Service is provided by Henderson Loggie in respect of the financial years 2013/14 to 2015/16, and the Audit Needs Assessment (ANA) and Strategic Plan were prepared by them with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

The ANA identified the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered by internal audit. The results obtained from the assessment process identified and prioritised the areas requiring internal audit coverage over the next three years.

The Internal Audit Strategic Plan allocates audit days to the categories identified in the ANA to give a rolling programme of work which will be updated annually to ensure that any new and/or changed risks are reflected in the annual plan. The three year Strategic Audit Plan allows for 30 days in 2013/2014.

**5 MAIN TEXT**

The Internal Audit Annual Audit Plan for 2013/2014, which is attached as an Appendix to this report, sets out the proposed audit work to be undertaken in 2013/2014. This will result in separate reports being issued for each review. The reviews will cover the following areas:

- Health and Safety;
- Payroll;
- General Ledger;
- Procurement and Creditors / Purchasing;
- Risk Management / Business Continuity; and
- Follow-Up Reviews.

**6 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues identified.

**7 CONSULTATIONS**

The Bridge Manager and the Clerk to the Board have been consulted on the content of this report.

**8 BACKGROUND PAPERS**

None

**MARJORY M STEWART**  
**TREASURER**

**3 SEPTEMBER 2013**



HENDERSON LOGGIE  
Chartered Accountants

**Tay Road Bridge Joint Board**

**Annual Plan  
2013/14**

**Internal Audit Report No: 2014/02**

**Draft Issued: 31 July 2013**

**Final Issued: 28 August 2013**



## Contents

---

	Page No.
Section 1    Introduction	1
Section 2    Strategic Plan 2013 to 2016	2
Section 3    Outline Scope and Objectives	
•    Health and Safety	3
•    Payroll	4
•    General Ledger	5
•    Procurement and Creditors / Purchasing	6
•    Risk Management / Business Continuity	7
•    Follow-up Reviews	9



## 1. Introduction

---

- 1.1 The purpose of this document is to present to the Tay Road Bridge Joint Board ("the Board") the annual internal audit operating plan for the financial year ended 31 March 2014. The plan is based on the proposed allocation of audit days for 2013/14 set out in the Audit Needs Assessment and Strategic Plan 2013 to 2016. The preparation of the Strategic Plan involved dialogue with the Bridge Manager and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment for 2013/14, together with the audit approach. These were arrived at following consultation with the Bridge Manager.
- 1.3 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.



## 2. Strategic Plan 2013 to 2016

HENDERSON LOGGIE

### Proposed Allocation of Audit Days

	Planned 13/14 Days	Planned 14/15 Days	Planned 15/16 Days
<b>Reputation</b>			
<i>Health and Safety</i>	4		
<b>Staffing Issues</b>			
<i>Recruitment and retention / HR policies</i>		6	
<i>Payroll</i>	4		
<b>Estates and Facilities</b>			
<i>Physical Security</i> )			8
<i>Asset management</i> )			7
<i>Delivery of major projects</i>			
<b>Financial Issues</b>			
<i>Budget setting / budgetary control</i>			5
<i>General ledger**</i>	3		
<i>Procurement and creditors / purchasing</i>	4		
<i>Debtors / income</i>			
<i>Cash &amp; bank / Treasury management**</i>			
<b>Organisational Issues</b>			
<i>Risk management / Business continuity*</i>	5		
<i>Corporate governance and control environment</i>		6	
<i>Corporate planning</i>		4	
<i>Insurance arrangements*</i>			
<b>Information and IT</b>			
<i>IT network arrangements</i>		8	
<i>Data protection / FOI</i>			4
<b>Other Audit Activities</b>			
<i>Management and Planning</i> )	4	4	4
<i>External audit</i> )			
<i>Attendance at audit committees</i> )			
<i>Follow-up reviews</i>	2	2	2
<i>ANA</i>	2		
<i>Contingency</i>	2		
<b>Total</b>	<u>30</u> =====	<u>30</u> =====	<u>30</u> =====

\* & \*\* these projects will be linked



### 3. Outline Scope and Objectives

---

Audit Assignment:	Health and Safety
Priority:	Medium
Joint Board Meeting:	December 2013
Days:	4

#### *Scope*

This audit will review the arrangements in place within the Board to deal with Health and Safety (H&S) issues.

#### *Objectives*

The main objective of this audit will be to review the Board's overall arrangements for dealing with H&S issues and to consider whether these are adequate.

We will seek to obtain reasonable assurance that the Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive (HSE);
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to management and to the Board.

#### *Our audit approach will be:*

From discussion with appropriate staff and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls. A walkthrough of key systems will then be undertaken to confirm our understanding and this will be followed up with compliance testing where considered necessary. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.



### 3. Outline Scope and Objectives

Audit Assignment:	Payroll
Priority:	Low
Joint Board Meeting:	June 2014
Days:	4

#### *Scope*

This audit will review the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately, and monitored. The audit will cover the input and outputs from the Dundee City Council payroll system but not the Council system itself.

#### *Objectives*

The specific objectives of the review will be to seek reasonable assurance that:

- all new posts are appropriately approved;
- starters and leavers are properly treated and enter and leave the payroll system at the correct dates;
- there is correct calculation of gross pay and deductions, including PAYE, national insurance and pension contributions;
- overtime payments and other variations to pay are properly authorised, processed and recorded;
- there is robust approval and checking of changes to employee standing data;
- payroll reconciliations are completed and reviewed on a timely basis;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- payments, whether to staff or paying deductions over to third parties, are properly authorised, processed and recorded within the Board's main financial system.

#### *Our audit approach will be:*

From discussion with relevant staff, and review of procedural documentation, we will identify the key internal controls in place within the payroll system and compare these with expected controls. Audit testing will then be carried out to ensure that the controls in place are operating effectively.





### 3. Outline Scope and Objectives

---

Audit Assignment:	General Ledger
Priority:	Low
Joint Board Meeting:	March 2013
Days:	3

#### *Scope*

We will review the following processes as part of the audit:

- month-end financial close process;
- year-end financial close process; and
- updating user access rights and adding / removing users on the main financial system.

#### *Objectives*

The objective of our audit will be to obtain reasonable assurance that systems are in place to ensure that:

- the chart of accounts, coding structure, reports and procedures are adequate in respect of production of the Board's management accounts and financial statements;
- key controls are in place over the trial balance structure, control account reconciliations and journal entries;
- there is adequate control and reconciliation of the main feeder systems to the general ledger; and
- changes to the main financial system's user access rights, the addition of new users and removal of leavers are appropriately approved and updated on a timely basis.

#### *Our audit approach will be:*

We will assess whether the above objectives are being met by documenting the systems and controls through interviews with relevant staff. We will also establish whether the expected key controls are in place by reference to CIPFA standard control risk assessment templates for a general ledger system.

Walkthrough and compliance testing will be performed to determine whether key controls are working effectively.



### 3. Outline Scope and Objectives

---

Audit Assignment:	Procurement and Creditors / Purchasing
Priority:	Medium
Joint Board Meeting:	June 2013
Days:	4

#### *Scope*

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing in relation to non-pay spend (other operating expenses plus equipment fixed asset additions).

#### *Objectives*

The specific objectives of the audit will be to ensure that:

- procurement procedures support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are complied with throughout the organisation;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all payments are properly authorised, processed and recorded.

#### *Our audit approach will be:*

From discussions with the Bridge Manager and other relevant staff, we will establish what procurement strategies, procedures and monitoring arrangements are in place. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure will be selected from the financial ledger and tested to ensure compliance with the Board's Financial Regulations and Procedures.



### 3. Outline Scope and Objectives

Audit Assignment:	Risk Management / Business Continuity
Priority:	Medium
Joint Board Meeting:	March 2013
Days:	5

#### Scope

##### *Risk Management*

The scope of this audit will be to consider whether there are corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.

##### *Business Continuity*

We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment.

#### Objectives

##### *Risk Management*

The main objective of our audit will be to obtain reasonable assurance that systems in place are sufficient to ensure that:

- there is a process in place to provide reasonable assurance to the Board and to the Bridge Manager in relation to the declaration on risk required for the financial statements;
- A formal risk management process is in place which includes:
  - Assessing the organisation's propensity for risk;
  - Risk identification;
  - Risk assessment;
  - Risk mitigation;
  - Risk reporting; and
  - Risk monitoring;
- Risk management policies and processes are formally documented;
- Risk management tools are used;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management; and
- There is an ongoing review of risk management procedures for continual improvement.
- key risks have been identified and are being appropriately controlled and mitigated.

##### *Business Continuity*

To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the Board's activities;
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice as defined by BS 25999 'Business continuity management'.



### 3. Outline Scope and Objectives

HENDERSON LOGGIE

---

**Audit Assignment:** Risk Management / Business Continuity (Cont'd)

*Our audit approach will be:*

*Risk Management*

We will discuss the risk management process with staff and review appropriate policies and procedures. Risk management documents and reports, such as the risk register, will then be reviewed. For a sample of managers and staff we will discuss the risk management process they use in order to determine how embedded risk management is within the organisation.

Consider whether all relevant key risks have been identified and included on the Risk Register.

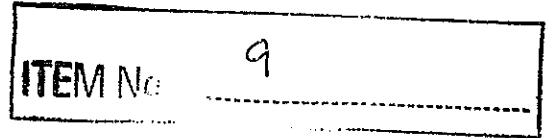
*Business Continuity*

Obtain copies of BCPs in place and consider whether they cover all of the organisation's activities.

Discuss the Board's approach to business continuity with the Bridge Manager and review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

An assessment of the key processes and internal controls will be performed with reference to the guidance contained within BS 25999.

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 16<sup>th</sup> September 2013  
 REPORT ON: REPORT ON ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT  
 REPORT BY: THE BRIDGE MANAGER  
 REPORT NO: TRB 18- 2013



1 PURPOSE OF REPORT

1.1 To appraise the Joint Board of the annual review of Strategic Risk Management issues.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 July 2013 and changes made to the Strategic Risk Register given in Appendix A.

3 FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report.

4 POLICY IMPLICATIONS

4.1 None.

5. OUTCOME OF REVIEW

5.1 The Board's Risk Management Strategic Plan and Risk Register (2010-2012) were approved in March 2010.

As part of the ongoing management of risk it was agreed that the Risk Register would be reviewed annually and updated to take account of new or changed risks faced by the Board.

This review was carried out in July 2013 in conjunction with the Insurance and Risk Manager from Dundee City Council and it can be reported that the previously identified major risk to the TRBJB's operation, namely impact damage to the bridge from ship collision, has been greatly mitigated as a result of the completion of the Pier Collision Protection Works and this risk now sits in the low risk status.

There have been no new major risks identified or any changes to other previously identified risks that require any changes to the Strategic Risk Register

6 CONSULTATIONS

6.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

7.1 None

IAIN MACKINNON



BRIDGE MANAGER  
22 August 2013







*Tay Road Bridge Joint Board*

**TAY ROAD BRIDGE JOINT BOARD  
RISK MANAGEMENT STRATEGIC PLAN  
AND STRATEGIC RISK REGISTER  
(2012-2014)**



**Contents**

<b>Section</b>	<b>Page</b>
1. Introduction	3
2. Policy Statement	4
3. Risk Management Strategy	5
4. Roles and Responsibilities	7
5. Risk Management	8
Appendix A – Risk Register (Updated)	10
Appendix B – Risk Management Action Plan	13



## 1. INTRODUCTION

A working definition of Risk Management would be

**"A management discipline through which concerted and co-ordinated action is taken to identify, evaluate and control current and potential causes of loss which could threaten the Board's ability to deliver an efficient and effective service."**

Skilled Risk Management offers the Tay Road Bridge Joint Board the prospect of both tangible and intangible benefits, three examples of each are shown below:

### Tangible

- Reduced financial loss
- Fewer injuries to staff/public
- Preserved assets  
(bridge/buildings/vehicles/  
equipment)

### Intangible

- Better Public Image
- Orderly consideration of risk

Intelligent application of Risk Management concepts should serve to reduce the "fear of the unknown". In this way the discipline should be viewed as a catalyst to service delivery rather than viewed as a reason why certain activities cannot be undertaken.

To achieve this vision requires a disciplined approach to risk which percolates through all levels of the Organisation and its numerous operations. In turn, tiers of management require to absorb and apply Risk Management concepts in their every day thinking and actions and in many ways this "cultural change" is the primary objective of this first Risk Management Strategy Plan.

Whilst this objective could have previously been viewed as desirable, the heightened profile of Corporate Governance in Local Government and the increasing external focus by bodies such as Transport Scotland and Audit Scotland on the issue of Organisational Risk Management increasingly demands attainment of the core objective.



## 2. POLICY STATEMENT

2.1 The Tay Road Bridge Joint Board is committed to the management of risk in order to:-

- Minimise loss, damage or injury to Board employees or members of the public
- Protect Board assets and property
- Preserve and enhance the management and operation of the Tay Road Bridge
- Maintain effective stewardship of public funds
- Promote a favourable corporate image

The efficient management of risk forms part of the Board's overall business objectives. To achieve this, standards and principles will be developed and maintained. This process will involve identification and evaluation of risks to create practical and cost effective means of loss control and avoidance.

Risk management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss.





### 3. RISK MANAGEMENT STRATEGY

The strategy aims to provide a framework for building a sustainable structure that recognisably supports Risk Management across all areas of Board activity and allows for monitoring and reporting on the effectiveness of that management.

Whilst acknowledging the majority of risks are relatively low-level in terms of severity there are in addition significant Strategic or Corporate risks that must also be managed.

#### 3.1 Status

Risk Management should be as much a part of the duties of all employees as are the control of budgets and the deployment of staff and equipment.

It should also be an element of the consultation process prior to altering existing service delivery and/or implementing new initiatives.

If the Board is to satisfy its external scrutiny obligations it will be required to demonstrate that Risk Management is carried out in this systematic and structured manner and be subject to monitoring.

#### 3.2 Management Arrangements

Risk Management needs to be fully integrated with normal management processes. The Bridge Manager is primarily responsible for the management of risk. The Treasurer is required to produce and/or maintain:

- A Risk Register
- A Risk Management Action Plan to address unacceptable risk exposures which have been detailed in the Risk Register
- Monitoring reports as appropriate

#### 3.3 Risk Management Forums

It is acknowledged there can be high level areas of risk which would benefit from a Risk Management forum.

It is proposed where such a need is identified, the forum will be chaired by the Bridge Manager.

#### 3.4 Accountability

Accountability for performance must be an integral part of the Risk Management process. Progress ought to be monitored and the following routine reporting pattern will operate:

The Bridge Manager will report to the Board summarising Risk Management performance and updating the Risk Register on an annual basis.

#### 3.5 Monitoring and Review

Full implementation of this strategy will take time and effort. Similarly, adherence to its requirements on an ongoing basis will require a resource commitment.

In mitigation it should be remembered that significant elements of the strategy are, already being performed.



The implementation and operation of the strategy will be kept under review to ensure both that it is operating effectively and that there are no aspects taking up disproportionate effort.

### 3.6 Management Information

Many aspects of the strategy will be driven by the quality of information available over loss profiles. Risk Management Information is provided under a Service Level Agreement with Dundee City Council.



## 4. ROLES AND RESPONSIBILITIES

### 4.1 Board Members

Board Members are responsible for making the strategic decisions affecting the management and operation of the Tay Road Bridge. They are responsible for understanding the strategic risks the Board has to face and be aware of how they are managed.

Board Members main tasks are to:

- Approve the risk management Strategic Plan
- Monitor the reporting of risk management activity
- Approve the annual report on Risk Management performance.

### 4.2 Board Officers

The Bridge Manager is responsible for ensuring risks the Board face are adequately managed. To enable the Bridge Manager to fulfil this responsibility he will liaise with the following Board Officers on the various elements listed below:-

Clerk to the Board	Legal, Contractual and Personnel related Risk
Engineer to the Board	Engineering Risk
Treasurer to the Board	Financial Risk

The Bridge Manager's key tasks will be to:

- Implement the risk management strategic plan.
- Review the Risk Register annually in conjunction with the Clerk, Engineer, Treasurer and Dundee City Council's Risk Manager.



## 5. Risk Management

### 5.1 Risk Identification Process

A number of techniques have been used to construct the Board's Risk Register.

The Risk Register identifies strategic and significant operational risks. In addition, an assessment of risk probability coupled with a risk severity analysis is included within the register.

### 5.2 Risk Prioritisation and Control

Risks identified are prioritised in the following manner:

- a Risk score determined through multiplication of probability and severity scores as follows:-

Score	Probability	Severity
1	Rare	Insignificant
2	Unlikely	Minor
3	Possible	Moderate
4	Likely	Major
5	Certain	Catastrophic

The Matrix produced using the above scores is shown below:-

Probability

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Severity





b Risks are then prioritised using the "Traffic Light System" as indicated below:

Risk Score	Status	Control	Review Timescale
1 to 8	Green	Risk adequately controlled	No specific action required
9 to 16	Amber	Risk partially controlled	Within 24 months
17 to 25	Red	Further control required	Within 12 months

The potential to control risks will be addressed continuously through the upkeep of the Risk Register. Most risks are capable of being managed - by controlling the probability or severity of the risk or both. Very few risks require to be avoided completely.

It is anticipated that many risks will be realigned through this process. It is unrealistic to conceive that at any given time all risks will be "Green" but it will be possible to critically analyse risks with a view to improving their "score".

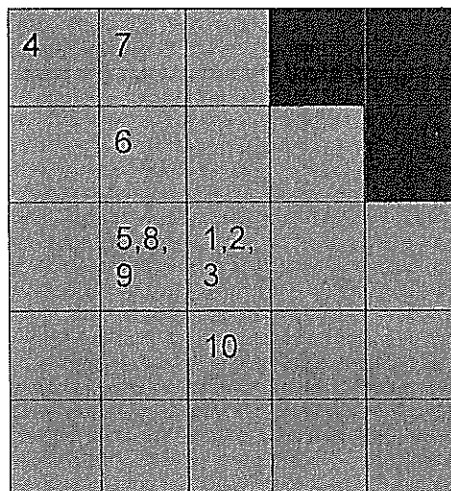
5.3 Monitoring Arrangements

To avoid stagnation of the Risk register process the following monitoring arrangements are in place.

- risk register to be reviewed annually or at the time of any organisational/legislative changes

5.4 Current Risk Status

The following Risk Status graph has been prepared using the information taken from the Strategic Risk Register in Appendix A. The numbers shown identify the risk stated in the Register.





APPENDIX A

Strategic Risk Register

No	Risk Description	Probability (P)	Severity (S)	Inherent Risk (P) x (S)	Existing Controls	Residual Risk	Further Action Required	Responsible Officer	Priority
<b>Risk Category: External</b>									
1	Change of Government with revised policies/strategies	3	4	12	N/A	3x4 = 12	None	Clerk Treasurer	Amber
2	Legislative changes e.g. Health & Safety , Environmental, Procurement etc	3	4	12	Maintain awareness of changes to legislation and amend policies and procedures timeously	3x3 = 9	Review and update Policies and Procedures on regular basis	Clerk Bridge Manager Engineer	Amber
3	Effects of changes to Economy – budget limitations etc	3	4	12	Financial planning, monitoring and control systems	3x3 = 9	None	Bridge Manager Treasurer	Amber



No	Risk Description	Probability (P)	Severity (S)	Inherent Risk (P) x (S)	Existing Controls	Residual Risk	Further Action Required	Responsible Officer	Priority
<b>Risk Category: Operational</b>									
4	Loss of structure/ operational capacity through ship impact	3	5	15	Dundee Port Authority Controls. Insurance	1x5 = 5	Provision of pier protection system at Navigation Spans	Engineer	Green
5	Loss of structure/ operational capacity through effects of Dundee City Waterfront Development works	3	5	15	Early involvement in discussions on design/operation and maintenance requirements Completion of Asset Protection Agreement with DCC	2x3 = 6	Ongoing review of design and traffic management proposals throughout works	Bridge Manager Engineer	Green
6	Loss of operational capability through loss of bridge/buildings	2	5	10	Frequent inspection/maintenance of assets	2x4 = 8	None	Bridge Manager Engineer	Green
7	Losses through poor governance	3	5	15	Scheme of Delegation / Anti Fraud and Corruption Policy etc in place. Undertake Internal and External Audit	2x5 = 10	Continue to review and apply Governance Policies and Audits	Bridge Manager Treasurer	Green
8	Failure to deliver projects to time and/or cost	3	4	12	Major schemes submitted to Board for approval	2x3 = 6	Adopt robust project management procedures including Business Case preparation for schemes in excess of	Bridge Manager Engineer	Green



									£50,000			
9	Lack of financial resources:-	3	3	9	Submission of applications for Grant in Aid to include robust estimates as back up. Monitor and control expenditure against agreed budgets	2x3 = 6	None	Bridge Manager Treasurer	Green			
10	Lack of staff resources:- Pandemic Industrial Action Recruitment problems	3	3	9	Business Continuity plans Liaison/Consultation with Staff and Trade Unions on matters affecting staff Monitor/manage staff absences Monitor retiral dates and plan recruitment accordingly	3x2 =6	Review BC plans on regular basis  Develop Staff Planning Strategy	Bridge Manager	Green			





**APPENDIX B**  
**Risk Management Action Plan 2012-14**

Subject	Task	Responsibility	Timescale	Update
Strategic	Develop integration of Risk Management Planning process	Bridge Manager	2012-2014	Some progress but formal procedures still to be developed
Operational	Review Risk Register	Bridge Manager	Annually	Ongoing
Operational	Test Business Continuity Plans	Bridge Manager	Annually	Ongoing

