TAY ROAD BRIDGE JOINT BOARD

Clerk: Roger Mennie LLB (Hons), Dip.L.P.
21 City Square, Dundee DD1 3BY
Telephone 01382 434000 Fax 01382 434666

TO: ALL MEMBERS OF THE TAY
ROAD BRIDGE JOINT BOARD

RECEIVED - 1 SEP 2015

Email address:
anne.singleton@dundeecity.gov.uk

If calling please ask for

Anne Singleton on (01382) 434816

Our Ref AMS/EM
Your Ref
Date 28th August, 2015

Dear Member

TAY ROAD BRIDGE JOINT BOARD

Will you please attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held on Monday, 7th September, 2015 at 10.00 am in the Twinning Room, 1st Floor, 21 City Square, Dundee. **(PLEASE NOTE CHANGE FROM USUAL VENUE)**

The agenda and papers are enclosed.

Apologies should be intimated to Anne Singleton on (01382) 434816.

Yours sincerely

ROGER MENNIE

Clerk to the Board

2

TAY ROAD BRIDGE JOINT BOARD

MONDAY, 7TH SEPTEMBER, 2015 AT 10.00 AM

THE TWINNING ROOM, 21 CITY SQUARE, DUNDEE

AGENDA OF BUSINESS

Prior to the commencement of business, the Chairman will present prizes to Matthew Gilmore and Andrew Miller of Perth Academy whose team were winners of the Engineering Encounters 2015 Bridge Design Competition sponsored by the Tay Road Bridge Joint Board. The Chairman will also present prizes to the second placed team of Lewis Dunbar and Reagin Hamilton, both also of Perth Academy.

1 MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 8TH JUNE, 2015

(Copy enclosed) – **Page 5**

2 ENGINEERING WORKS

(Report No TRB24-2015 enclosed)) – **Page 9**

3 OPERATIONAL RESTRICTIONS AND CLOSURES

(Report No TRB13-2015 enclosed)) – **Page 11**

4 REVENUE MONITORING – FOUR MONTHS TO 31ST JULY, 2015

(Report No TRB20-2015 enclosed)) – **Page 15**

5 CAPITAL MONITORING – FOUR MONTHS TO 31ST JULY, 2015

(Report No TRB21-2015 enclosed)) – **Page 19**

6 INTERNAL AUDIT – ANNUAL AUDIT PLAN 2015/16

(Report No TRB22-2015 enclosed)) – **Page 23**

7 AUDITED ACCOUNTS 2014/15

(a) RESPONSE TO EXTERNAL AUDITOR'S REPORT

(Report No TRB23-2015 enclosed)) – **Page 35**

(b) AUDITED ACCOUNTS

(Copy enclosed)) – **Page 37**

(c) EXTERNAL AUDITOR'S REPORT

(Copy enclosed)) – **Page 87**

8 REPORT ON ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT

(Report No TRB15-2015 enclosed)) – **Page 113**

9 MAINSTREAMING EQUALITY PROGRESS REPORT 2015

(Report No TRB14-2015 enclosed)) – **Page 131**

10 COMMUNICATIONS STRATEGY

(Report No TRB16-2015 enclosed)) – **Page 147**

11 DATA PROTECTION POLICY

(Report No TRB17-2015 enclosed)) – **Page 175**

12 FREEDOM OF INFORMATION (SCOTLAND) ACT POLICY

(Report No TRB18-2015 enclosed)) – **Page 185**

13 LOCAL AUTHORITY PENSION SCHEME 2015 - EMPLOYING AUTHORITY DISCRETIONS

(Report No TRB19-2015 enclosed)) – **Page 197**

14 DATE OF NEXT MEETING

Monday, 9th December, 2015 at 11.00 am in Fife.

ITEM No: I

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 8th June, 2015.

Present:-

Councillors Margaret TAYLOR, Jimmy BLACK, Brian THOMSON, Jim YOUNG, Bill CONNOR, Will DAWSON, Ken LYNN, Tom FERGUSON and Fraser MACPHERSON

Councillor Margaret TAYLOR, in the Chair.

I MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD – 2ND MARCH, 2015

The minute of the above meeting was submitted and noted subject to the amendment of the date of next meeting.

II ENGINEERING WORKS

There was submitted Report No TRB10-2015 by the Engineer advising the Joint Board of the current situation regarding engineering works on the bridge.

The Joint Board agreed to note the position on current progress.

III TENDER REPORT - CENTRAL WALKWAY RESURFACING

There was submitted Report No TRB11-2015 by the Engineer detailing tenders received in respect of the above works.

The Committee agreed that:-

(a) the Clerk to the Board be instructed to accept the offer of £463,995, from Raynesway Construction Ltd.

(b) the overall expenditure of £540,000 be authorised (including an allowance of £76,005 for contingencies and professional fees.)

IV OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB4-2015 by the Bridge Manager advising the Joint Board of the number and nature of operational restrictions and closures applied between 1st February, 2015 and 30th April, 2015.

The Board noted the contents of the report.

V SAFETY BOAT PROVISION

On a reference to Article XI of the minute of meeting of the Joint Board of 15th December, 2014, there was submitted details of tenders received in respect of the provision of safety boat services at the Tay Road Bridge.

The Committee agreed to accept the lowest offer, from David Anderson Marine, Tayport, in the sum of £259,200.

VI 2015/2016 INSURANCE PROGRAMME

There was submitted Report No TRB6-2015 by the Treasurer giving an overview of the insurance arrangements for the financial year 2015/2016.

The Joint Board noted the report.

VII EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2014/15

There was submitted Report No TRB7-2015 by the Treasurer outlining the External Audit Annual Audit Plan for 2013/2014.

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

VIII ANNUAL GOVERNANCE STATEMENT

There was submitted Report No TRB8-2015 by the Treasurer, presenting the Board with the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31st March, 2015, which is also being submitted to the Board.

The Board agreed to:-

(a) note the contents of this covering report;

(b) approve the Annual Governance Statement which is included as an Appendix to this report; and

(c) instruct the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31st March, 2015.

IX UNAUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

There was submitted Report No TRB11-2014 by the Treasurer providing additional commentary on the unaudited Statement of Accounts for the year ended 31st March, 2015 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.

X INTERNAL AUDITOR'S ANNUAL REPORT

(a) INTERNAL AUDIT REPORT

There was submitted, for the information of the Joint Board, Internal Audit Reports 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 TRB12-2015 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.

XI DATE OF NEXT MEETING

Monday, 7th September, 2015 at 10.00 am, in Dundee.

ITEM No: 2

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 7 SEPTEMBER 2015

REPORT ON: ENGINEERING WORKS

REPORT BY: ENGINEER TO THE BOARD

REPORT NO: TRB 24-2015

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 Central Walkway Surfacing Replacement

Reference is made to Article III of the Tay Road Bridge Joint Board meeting of 8 June 2014 where the Clerk to the Board was instructed to accept the offer of £463,995.00 from Raynesway Construction Ltd for the removal of the existing surfacing over the whole length of the central walkway and its replacement with glass reinforced plastic (GRP) flooring board. The overall expenditure of £540,000.00 was authorised which includes an allowance of £25,000 for professional fees and £51,005.00 for contingencies.

Raynesway Construction Ltd have now been appointed and the procurement and manufacture of the GRP flooring boards is well underway.

Site works are due to commence on Monday 7 September 2015 and works will take approximately 8 weeks to complete.

Access on the central walkway will be maintained at all times with the use of appropriate signage and control measures.

Advance notice has been given to all bridge users of the forthcoming works.

8 CONSULTATIONS

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

9 BACKGROUND PAPERS

9.1 None.

Fergus Wilson
Engineer to the Board

FW/JM

Dundee City Council
Dundee House
Dundee

14 August 2015

ITEM No: 3

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 7 SEPTEMBER 2015

REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 13- 2015

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 2015 and 31 July 2015.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 July 2015.

3 FINANCIAL IMPLICATIONS

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

4 POLICY IMPLICATIONS

4.1 None.

5. COMMENTARY ON 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, such as carriageway inspections. Miscellaneous incidents include escorting pedestrians from the carriageway.

A summary of the restrictions applied between 1 May 2015 and 31 July 2015 is given over:-

5.1.1 **Single Carriageway Closure**

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	203	64	3
Breakdown	65	9	7
Misc. Incidents	83	41	2
Road works TRBJB	0	0	0
Road works Contractor Contra-flow	0	0	0
Police Incidents	188	13	11

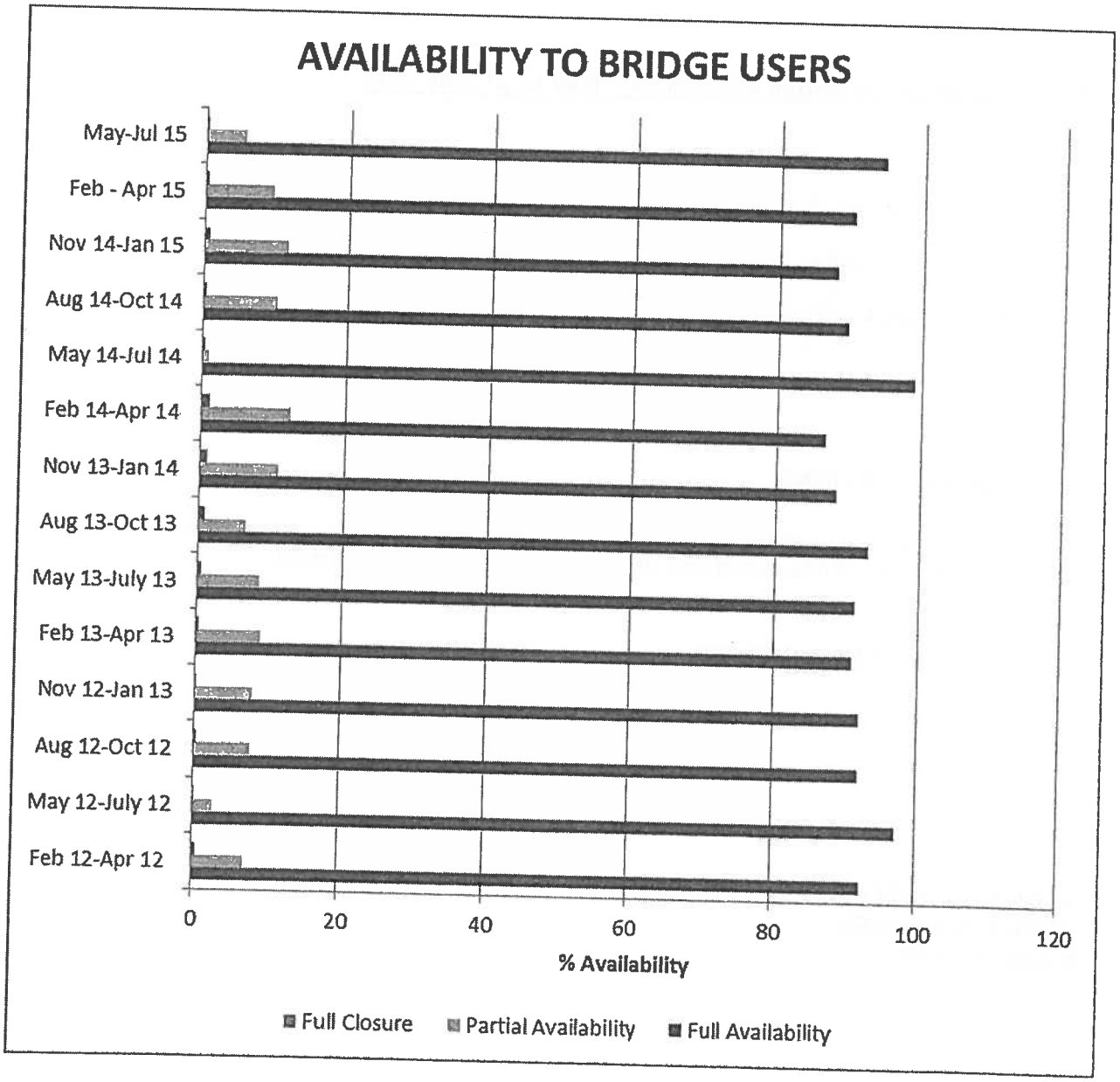
5.1.2 **Full Bridge Closure**

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	0	0	0
Police Incidents	66	3	2
Wind	0	0	0

5.1.3 High Winds/Weather Restrictions

Traffic restricted	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Double Deck Buses	5816	11	529
High Sided	745	2	373
All traffic	0	0	0

5.1.4 Availability of Bridge



	May 14 – Jul 14	Aug 14 – Oct 14	Nov 14 – Jan 15	Feb 15 – Apr 15	May 15 – Jul 15
Full Availability	98.96	89.62	87.98	90.32	94.6
Partial Availability	0.98	10.13	11.36	9.37	5.35
Full Closure	0.06	0.25	0.66	0.31	0.05

Figure 1 – Comparison of Availability of Bridge to Users

Lighter winds have contributed to an increase in full availability this quarter when compared to the period between February 2015 to April 2015. Full closure has decreased to only 0.05%.

5.1.5 Summary of Bridge availability 1 May to 31 July 2015

Full availability (No restrictions)	94.6 %
Partial Availability (Some restrictions)	5.35 %
No Availability (Full Closure)	0.05 %

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

7.1 None

ALAN HUTCHISON
BRIDGE MANAGER
6 August 2015

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 7 SEPTEMBER 2015

REPORT ON: REVENUE MONITORING - 4 MONTHS TO 31 JULY 2015

REPORT BY: THE TREASURER

REPORT NO: TRB 20-2015

ITEM No: 4

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2015/2016 Revenue Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 July 2015.

3 FINANCIAL IMPLICATIONS

3.1 The current outturn position for the financial year 2015/2016 is projecting a £178,000 underspend against the 2015/2016 Revenue Budget based on the financial information available at 31 July 2015.

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 2015/2016 of £570,146. 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 underspend, if it materialised, would result in a projected Revenue Grant Balance carried forward of £748,146 at 31 March 2016. This level of Revenue Grant Balance carried forward is subject to negotiation with the Scottish Government. This would also result in an unchanged General Fund Reserve of £1,160,591 at 31 March 2016. This level of retained reserves is subject to negotiation with the Scottish Government.

3.4 An overspend of £9,000 is projected in relation to Administration Staff Costs. This is due to anticipated training costs of £18,000 in relation to formal Bridge Inspector training courses. This is a three yearly training programme, with future refresher courses anticipated to have a triennial cost of £12,000. This is offset by £9,000 of savings resulting from a vacant post remaining unfilled for four months.

3.5 An overspend of £5,000 is projected in relation to Administration Property Costs. This is due to the refurbishment of the control room including replacement of the air conditioning system.

3.6 An underspend of £5,000 is projected in relation to Administration Supplies and Services Costs. This is due to a reduction in Insurance Premiums.

3.7 An overspend of £6,000 is projected in relation to Administration Third Party Payments. This is due to the cost of redesigning Tay Road Bridge's website (see TRB 16-2015).

3.8 An underspend of £9,000 is projected in relation to Operations Staff Costs. This is in relation to staff turnover with a vacant post remaining unfilled for several months.

3.9 An underspend of £9,000 is projected in relation to Plant and Equipment Transport Costs. This is in relation to a reduction in the Marine Insurance Premium as a result of disposing of the Safety Boat.

3.10 An underspend of £175,000 is projected in relation to Bridge Maintenance Staff Costs. This is due to the projected savings in relation to the Staff Restructure and associated Voluntary Early Retirement / Voluntary Redundancy (VER/VR) scheme.

4 RISK ASSESSMENT

In preparing the Board's Annual Revenue Budget (see Report TRB 31-2014), 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; and
- 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 and are in agreement with the contents.

7 BACKGROUND PAPERS

None

MARJORY STEWART
TREASURER

26 AUGUST 2015

TAY ROAD BRIDGE JOINT BOARD

APPENDIX A

REVENUE MONITORING AS AT 31 JULY 2015

	Revenue Budget 2015/16	Expenditure to 31 July 2015	Final Projection 2015/16	Variance from Budget	Paragraph Reference
	£	£	£	£	
EXPENDITURE					
Administration					
Staff Costs	186,195	48,387	195,195	9,000	(3.4)
Property Costs	18,700	13,960	23,700	5,000	(3.5)
Supplies and Services	174,906	96,096	169,906	(5,000)	(3.6)
Transport Costs	700	232	700	-	
Third Party Payments	82,369	600	88,369	6,000	(3.7)
	462,870	159,275	477,870	15,000	
Operations					
Staff	497,575	151,774	488,575	(9,000)	(3.8)
Supplies & Services	7,500	775	7,500	-	
	505,075	152,549	496,075	(9,000)	
Plant and Equipment					
Property	35,150	7,899	35,150	-	
Supplies & Services	115,050	23,837	115,050	-	
Transport	49,800	7,194	40,800	(9,000)	(3.9)
Third Party Payments	17,650	-	17,650	-	
	217,650	38,930	208,650	(9,000)	
Bridge Maintenance					
Staff	432,758	71,819	257,758	(175,000)	(3.10)
Property	21,800	6,986	21,800	-	
Supplies & Services	51,900	3,378	51,900	-	
Transport	550	27	550	-	
Third Party Payments	29,750	825	29,750	-	
	536,758	83,035	361,758	(175,000)	
GROSS EXPENDITURE	1,722,353	433,789	1,544,353	(178,000)	
INCOME					
Scottish Government Revenue Grant	1,700,000	566,667	1,700,000	-	
Interest on Revenue Balances	12,000	-	12,000	-	
Kiosk Rent	10,213	2,553	10,213	-	
Miscellaneous	140	98	140	-	
GROSS INCOME	1,722,353	569,318	1,722,353	-	
TOTAL NET DEFICIT/(SURPLUS)	-	(135,529)	(178,000)	(178,000)	

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 7 SEPTEMBER 2015

REPORT ON: CAPITAL MONITORING - 4 MONTHS TO 31 JULY 2015

REPORT BY: THE TREASURER

REPORT NO: TRB 21-2015

ITEM No: 5

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2015/2016 Capital Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 July 2015.

3 FINANCIAL IMPLICATIONS

The Joint Board's 2015/2016 Capital Expenditure Programme of £925,000 was approved by the Board on 15 December 2014 (Report TRB 32-2014). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.

The capital outturn for the financial year 2015/2016 (as detailed in Table 1 on Appendix A) is projected to be £765,000 (i.e. a net decrease of £160,000 from the originally approved budget) based on the financial ledger information up to 31 July 2015 and this will be funded from 2015/2016 Capital Grant of £500,000 and Capital Grant carried forward from previous years of £265,000. This results in a projected Capital Grant carried forward into 2016/2017 of £630,000 (as detailed in Table 2 on Appendix A).

4 REASONS FOR CAPITAL EXPENDITURE NET INCREASE

The main reasons for the net decrease of £160,000 can be summarised as follows:

	£000
Budget Adjustments:	
Central Walkway Surfacing Replacement	(60)
Slippage to 2016/2017:	
CCTV	(100)
Total Budget Adjustments	(160)

5 RISK ASSESSMENT

5.1 There are a number of risks which may have an impact on the Capital expenditure programme for 2015/2016. 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 2015/2016 capital programme is showing a projected capital spend of £765,000 which will be funded from Scottish Government grant.

The 2015/2016 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 and are in agreement with the contents.

9 BACKGROUND PAPERS

None

MARJORY STEWART
TREASURER

26 AUGUST 2015

TAY ROAD BRIDGE JOINT BOARD

APPENDIX A

TABLE 1: CAPITAL EXPENDITURE MONITORING - 4 MONTHS TO 31 JULY 2015

Expenditure	Capital Budget 2015/16 £000	Slippage from 2014/15 £000	Budget Adjust £000	Slippage into 2016/17 £000	Revised Capital Budget 2015/16 £000	Actual to 31 July 2015 £000	Projected Outturn 2015/16 £000	Variance from Budget £000
Carriageway Resurfacing	25	-	-	-	25	7	25	-
Gantry - Miscellaneous	25	-	-	-	25	-	25	-
Miscellaneous Projects	50	-	-	-	50	4	50	-
Paintwork to Box Girders	100	-	-	-	100	-	100	-
Replacement of Expansion Joints	25	-	-	-	25	-	25	-
Central Walkway Surfacing Replacement	600	-	(60)	-	540	-	540	-
CCTV	100	-	-	(100)	-	-	-	-
	925	-	(60)	(100)	765	11	765	-
Funded by:	£000	£000	£000	£000	£000	£000	£000	£000
Capital Grant 2015/2016	500	-	-	-	500	125	500	-
Unapplied Capital Grant brought forward from Previous Years	425	-	(60)	(100)	265	-	265	-
Contribution from General Fund Reserve	-	-	-	-	-	-	-	-
Capital Receipt	-	-	-	-	-	-	-	-
	925	-	(60)	(100)	765	125	765	-

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	£000
Unapplied Capital Grant Brought Forward	895
Add: Capital Grant Received 2014/2015	500
Less: Capital Grant Utilised 2014/2015	(765)
Unapplied Capital Grant Carried Forward to 2015/2016	630

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 7 SEPTEMBER 2015

REPORT ON: INTERNAL AUDIT - ANNUAL AUDIT PLAN 2015/2016

REPORT BY: TREASURER

REPORT NO: TRB 22-2015

ITEM No: 6

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 2015/2016 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 (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 2013/2014 to 2015/2016, and the Audit Needs Assessment (ANA) and Strategic Plan were prepared by them in compliance with the Public Sector Internal Audit Standards (PSIAS).

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 originally allowed for 30 days in 2015/2016 but following discussions with management changes to the 2014/2015 programme were implemented whereby a planned review of Corporate Governance and Planning was delayed until 2015/2016 as it was not seen as a high risk area and there have been no significant changes to processes and good practice guidance since the previous review in 2011/2012. In place of this the review of Data Protection was brought forward to 2014/2015 and a review of Contract Management was added. For the 2015/2016 programme the review of Physical Security and Asset Management has been shortened by 2 days and a review of major projects has also been

removed. There are currently 6 contingency days in the plan should the Board require any further work to be carried out. Overall this has resulted in a reduction of the planned audit days to 26 days.

5 **MAIN TEXT**

The Internal Audit Annual Audit Plan for 2015/2016, which is attached as an Appendix to this report, sets out the proposed audit work to be undertaken in 2015/2016. This will result in separate reports being issued for each review. The reviews will cover the following areas:

- Physical Security and Asset Management;
- Budget Setting and Budgetary Control;
- Corporate Governance and Planning; 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 and are in agreement with the contents.

8 **BACKGROUND PAPERS**

Internal Audit – Audit Needs Assessment and Strategic Plan 2013 to 2016 (TRB 15-2013).

MARJORY M STEWART
TREASURER

26 AUGUST 2015

Tay Road Bridge Joint Board

Internal Audit Plan 2015/16

Internal Audit Report Number 2016/01

Draft Issued: 5 August 2015

Final Issued: 19 August 2015

Content

1. Introduction

1.1 The purpose of this document is to present to the members of Tay Road Bridge Joint Board ('the Board') the annual internal audit operating plan for the financial year ended 31 March 2016. The plan is based on the proposed allocation of audit days for 2015/16 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 The annual operating plan shows a number of changes to the allocation set out in the above Strategic Plan. A Data Protection review originally planned for 2015/16 was moved forward to 2014/15. A review of Corporate Governance and the Control Environment from 2014/15 was delayed until 2015/16. A Physical Security and Asset Management review has been shortened by 2 days. A review of delivery of major projects has also been removed. There are currently 6 contingency days in the plan should the board require us to carry out any further work.

1.3 A copy of the revised Strategic Plan is included at Section 2 of this report.

1.4 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment for 2015/16, together with the audit approach. These were arrived at following consultation with the Bridge Manager.

1.5 Separate reports will be issued for each assignment unless otherwise stipulated. Recommendations are graded in each report to reflect the significance of the issues raised.

2. Strategic Plan 2013-2016

Proposed Allocation of Audit Days

	Priority	Actual 13/14 Days	Planned 14/15 Days	Planned 15/16 Days
Reputation				
Health and Safety	M	4		
Compliance with legislation – review of policies and procedures	M		2*	
Staffing Issues				
Recruitment and retention / HR policies)	M/L		5*	
Staff performance and development)				
Payroll	L	4		
Estates and Facilities				
Physical Security)	M			6
Asset management)	M			
Delivery of major projects				
Financial Issues				
Budget setting / budgetary control	M			5
General ledger	L	3		
Procurement and creditors / purchasing	M	4		
Contract Management	M		4	
Debtors / income	L			
Cash & bank / Treasury management	L			
Organisational Issues				
Risk management / Business continuity	M	5		
Corporate governance and control environment)	L/M			3
Corporate planning)	M			
Insurance arrangements	M			
Information and IT				
IT network arrangements	M		5	
Data protection / FOI	M		5	
Other Audit Activities				
Management and Planning)		4	4	4
External audit)				
Attendance at committees)	Various	2	2	2
Follow-up reviews		2		
ANA				6
Contingency				
Total		28	27	26

Key

* – these projects will be linked and only one report produced

Priority: H – High; M – Medium; L – Low

The priority was originally assessed as part of the Audit Needs Assessment (Report 2014/01 August 2013), considering risk impact and likelihood and the controls in each area. This has been reconsidered as part of the planning process for 2015/16 and no changes made.

3. Outline Scope & Objectives

Audit Assignment:	Physical Security and Asset Management
Priority:	Medium
Joint Board Meeting:	March 2016
Days:	6

Scope

We will review the processes and controls in place for the purchase, disposal and maintenance of fixed assets. This will include property and plant and equipment. ICT assets will also be covered by this review.

Objectives

Physical Security
The objective of our audit will be to obtain reasonable assurance that systems are in place to ensure that responsibilities for controlling the physical security of assets are clearly defined and adequate precautions exist to ensure that assets are held securely.

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

- management has an accurate record of its capitalised assets;
- asset registers and inventories are kept up-to-date through regular, accurate and timely reporting of acquisitions, transfers and disposals;
- there is a periodic exercise to verify the accuracy of the registers;
- relevant assets can be identified through use of security tags and correct asset numbering;
- there is adequate scrutiny of plans for the acquisition of new assets and the decision to purchase or lease;
- maintenance contracts in place for plant and equipment offer value for money;
- plant and equipment is subject to regular health and safety testing and, where appropriate, is risk assessed by a suitably competent person; and
- IT assets are disposed of securely.

Our audit approach will be:

Interviews will be held with relevant Tay Road Bridge staff to assist in documenting the systems and processes in place. A detailed assessment of the key internal controls will be performed and an audit testing programme devised thereon. Detailed compliance and substantive tests will then be carried out.

Audit Assignment:	Budget Setting and Budgetary Control
Priority:	Medium
Joint Board Meeting:	March 2016
Days:	5

Scope

This review will cover the processes and controls in place for budget setting and budgetary control within the Tay Road Bridge Joint Board.

Objectives

The overall objective of our audit will be to obtain reasonable assurance that adequate systems are in place covering budget setting and budgetary control.

Specific objectives will be to obtain assurance that:

- budgets are set and approved in accordance with the Financial Regulations and Procedures;
- budgets are controlled and monitored in accordance with the Financial Regulations and Procedures;
- information is available to management which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon; and
- senior management and the Board regularly review the organisation's overall financial position.

Our audit approach will be:

We will assess whether the above objectives have been met by documenting the systems and controls through interviews with the Bridge Manager, the Treasurer, Finance staff at both the Board and Dundee City Council, if appropriate, and a sample of budget holders within the Board and by review of regulations, procedures and guidance issued to budget setters and holders. We will review the information provided to budget holders and the budget reports used internally and submitted to the Board. We will also seek to establish whether the expected key controls are in place by reference to good practice as set out in the standard control risk assessment templates and completion of a budgetary control assessment 'pro-forma'.

Finally, we will perform compliance testing where necessary to determine whether these controls are working effectively

Audit Assignment:	Corporate Governance and Planning
Priority:	Medium / Low
Joint Board Meeting:	June 2016
Days:	3

Scope

Corporate governance is 'the combination of processes and structures implemented by the governing body in order to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives' (Cadbury Report, 1992). These processes include planning.

In 2004 the Independent Commission for Good Governance in Public Services was established by the Office for Public Management. The Commission's objective was to identify a common code for public service governance, thereby providing guidance for all public service organisations and partnerships. The resulting report, The Good Governance Standard for Public Services, was published in January 2005. Building on the Nolan principles for the conduct of individuals in public life it set out six core principles for good governance:

- Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users;
- Good governance means performing effectively in clearly defined functions and roles;
- Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- Good governance means taking informed, transparent decisions and managing risk;
- Good governance means developing the capacity and capability of the governing body to be effective; and
- Good governance means engaging stakeholders and making accountability real.

This audit will be a high-level review of the corporate governance and planning arrangements in place within the Board. The scope will also include planning processes in place at the Board.

Objectives

The objective will be to review compliance with good practice in corporate governance as defined in The Good Governance Standard for Public Services. The overall objective for planning will be to obtain reasonable assurance that the Board's planning processes are adequate and effective and accord with good practice.

Our audit approach will be:

For Corporate Governance the control environment in place at the Board will be reviewed and benchmarked against current best practice using The Good Governance Standard for Public Services as a guide. From discussion with management we will document the planning processes that the Board has in place. We will undertake this through review of specific plans, policies, minutes, other documents and discussion with key staff, to ensure that they cover all aspects currently recommended by best practice. We may use a good practice template as a method of assessing these planning processes.

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2016
Days:	2

Scope

As part of the internal audit programme at the Board for 2015/16 we will review the recommendations raised within internal audit reports issued in 2014/15 and obtain an update on these. Areas covered during 2014/15 were:

- Report 2015/02 – Contract Management;
- Report 2015/03 – Compliance with Legislation;
- Report 2015/04 – Data Protection / Records Management; and
- Report 2015/07 – IT Network Arrangements.

There are also nine outstanding recommendations from previous years that will also be followed up and progress included in this year's Follow-Up Review.

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2014/15 and outstanding actions from previous years have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Joint Board.