

TAY ROAD BRIDGE JOINT BOARD

MONDAY, 12TH SEPTEMBER, 2016 AT 10.00 AM

COMMITTEE ROOM 3, 14 CITY SQUARE, DUNDEE

AGENDA OF BUSINESS

Prior to the commencement of business, the Chairman will present prizes to Adam [REDACTED] and Adam [REDACTED] of Pitlochry High School, whose team were winners of the Engineering Encounters 2016 Bridge Design Competition sponsored by the Tay Road Bridge Joint Board. The Chairman will also present prizes to the second placed team of Charvi [REDACTED] and Joshua [REDACTED] of Perth Academy.

1 TAY ROAD BRIDGE 50TH ANNIVERSARY CELEBRATIONS

2 MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 20TH JUNE, 2016 - Page 1
(Copy enclosed).

3 ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT

(Report No TRB25-2016 enclosed).

4 OPERATIONAL RESTRICTIONS AND CLOSURES - Page 5

(Report No TRB24 -2016 enclosed).

5 REVENUE MONITORING – FOUR MONTHS TO 31ST JULY, 2016 - Page 11

(Report No TRB20-2016 enclosed).

6 CAPITAL MONITORING – FOUR MONTHS TO 31ST JULY, 2016 - Page 15

(Report No TRB21-2016 enclosed).

7 AUDITED ACCOUNTS 2015-2016

(a) RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2015/2016 AUDIT OF TAY ROAD BRIDGE JOINT BOARD - Page 19

(Report No TRB22-2016 enclosed).

(b) EXTERNAL AUDITORS REPORT - Page 23

(c) AUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016 - Page 49

8 INTERNAL AUDIT - AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN 2016 TO 2019

(Report No TRB23-2016 enclosed). - Page 99

9 INTERNAL AUDIT – ANNUAL AUDIT PLAN 2016/2017 - Page 115

(Report No TRB26-2016 enclosed).

10 PROGRAMME OF MEETINGS 2017

Monday 6th March 2017

Monday 19th June 2017

Monday 11th September 2017

Meetings to be held at 10 am in Dundee

Monday 4th December 2017 at 11.00am in Fife

11 A O C B

12 DATE OF NEXT MEETING

Monday, 5th December, 2016 at 11.00 am in Fife.

ITEM No ...2.....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 20th June, 2016.

Present:-

Councillors Margaret TAYLOR, Brian THOMSON, Jim YOUNG, Bill CONNOR, Jimmy BLACK, Bill CAMPBELL, Ken LYNN and Fraser MACPHERSON.

Also Present (Officers):-

Alan Hutchison, Fergus Wilson, Kenny McCaig and John Moir.

Apologies were intimated from Councillor Heer.

Councillor Margaret Taylor, in the Chair.

I MINUTE OF MEETING OF THE TAY ROAD BRIDGE JOINT BOARD OF 7TH MARCH, 2016

The minute of the above meeting was submitted and noted.

II ENGINEERING WORKS

There was submitted Report No TRB18-2016 by the Engineer advising the Joint Board on the current situation regarding Engineering Works on the bridge and to authorise the appointment of Certus Inspection Services Limited to carry out specialist paint inspection works to the box girders of the bridge.

The Joint Board agreed to:-

- (i) note the position on current progress
- (ii) approve the appointment of Certus Inspection Services Ltd to carry out specialist paint inspection works to the box girders and noted that:-
- (iii) the overall expenditure of £20,000.00 be authorised which included an allowance of £5,544.00 for contingencies and professional fees.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB10-2016 by the Bridge Manager advising the Joint Board of the number and nature of operational restrictions and closures between 1st February, 2016 and 30th April, 2016.

The Joint Board noted accordingly.

IV WHISTLE BLOWING POLICY

There was submitted Report No TRB12-2016 by the Bridge Manager seeking Joint Board approval to introduce a Whistle Blowing Policy for the TRBJB.

The Joint Board agreed to introduce a Whistle Blowing Policy for the TRBJB.

V RESPONSE TO INTERNAL AUDITOR'S ANNUAL REPORT TO MEMBERS

There was submitted Report No TRB13-2016 by the Bridge Manager reporting the response to the Annual Report, prepared by the Board's Internal Auditor , Henderson Loggie, on Corporate Governance and Planning, Asset Management Budgetary Control and previous Audit follow ups.

The Joint Board agreed to:-

- (i) Endorse the report as the 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 paragraphs 6.2 to 6.6 contained in the report.

VI 2016/2017 INSURANCE PROGRAMME

There was submitted Report No TRB14-2016 by the Treasurer providing an overview of the insurance arrangements for the financial year 2016/2017.

The Joint Board noted the details contained in the report.

VII EXTERNAL AUDIT ANNUAL AUDIT PLAN 2015/2016

There was submitted Report No TRB15-2016 by the Treasurer presenting the External Audit Annual Plan.

The Joint Board agreed to note the content of the External Audit Annual Plan for 2015/2016.

VIII ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31ST MARCH, 2016

There was submitted Report No TRB16-2016 by the Treasurer presenting to the Board the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31st March 2016.

The Joint Board agreed to:-

- (i) note the contents of the covering report;
- (ii) approve the Annual Governance Statement; and
- (iii) instruct the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2016.

IX UNAUDITED ANNUAL ACCOUNTS FOR YEAR ENDED TO 31ST MARCH, 2016

There was submitted Report No TRB17-2016 by the Treasurer providing additional commentary on the unaudited Annual Accounts for the year ended 31st March, 2016.

The Board:

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

X TAY ROAD BRIDGE - 50TH ANNIVERSARY

The Bridge Manager updated the Board on activities to commemorate the 50th Anniversary of the Opening of the Bridge.

The Board noted accordingly.

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 12 September 2016
REPORT ON: REPORT ON ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT
REPORT BY: THE BRIDGE MANAGER
REPORT NO: TRB 25- 2016

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 12 September 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 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 on 15 August 2016 in conjunction with the Insurance and Risk Management Team from Dundee City Council and it can be reported that "Brexit" has been agreed as a potential future risk under the categories of Legislative Changes and Economy. The Waterfront infrastructure works are now complete and thus the residual risk to the Board's operational capacity has been downgraded. There have been other new major risks identified that require any additional changes to the Strategic Risk Register. This plan will now cover the period 2016-17.

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
24 AUGUST 2016

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TAY ROAD BRIDGE JOINT BOARD

RISK MANAGEMENT STRATEGIC PLAN AND STRATEGIC RISK REGISTER

Prepared by:	Alan Hutchison
Reviewed by:	Alan Hutchison/Derek Urquhart DCC Risk Management

Document Reference:	TRB 09 rev 2
Approved for Issue:	Alan Hutchison
Date: 15 August 2016	Bridge Manager



THE UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

OFFICE OF THE DIRECTOR
BUREAU OF LAND MANAGEMENT
1910 L STREET, N.W.
WASHINGTON, D.C. 20036

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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/she 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".

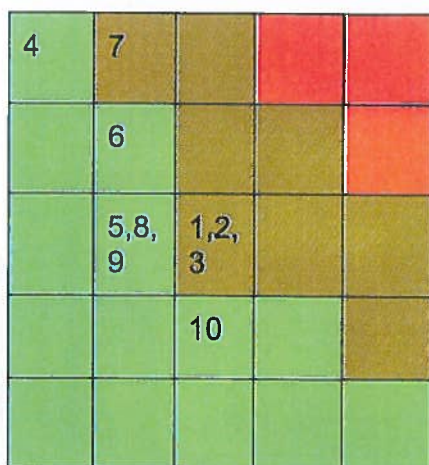
5.3 Monitoring Arrangements

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
Risk Category: External									
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 "Brexit" following referendum result June 2016	3	4	12	Maintain awareness of changes to legislation and amend policies and procedures timeously – Too early to say what impact Brexit will make.	3x3 = 9	Review and update Policies and Procedures on regular basis- monitor closely Government negotiations with European Union.	Clerk Bridge Manager Engineer	Amber
3	Effects of changes to Economy – budget limitations etc "Brexit" following referendum result June 2016	3	4	12	Financial planning, monitoring and control systems – Too early to say what impact Brexit will make.	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
Risk Category: Operational									
4	Loss of structure/ operational capacity through ship impact	3	5	15	Dundee Port Authority Controls. Insurance Provision of pier protection system at Navigation Spans	1x5 = 5	None	Bridge Manager Engineer	Green
5	Loss of structure/ operational capacity through effects of Dundee City Waterfront Development works	3	5	15	Major infrastructure Works in waterfront now complete- Left on Risk register as development plots still to be developed Asset Protection Agreement with DCC	1x2 = 2	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 – None Pending at Present	2x3 = 6	Adopt robust project management procedures including	Bridge Manager Engineer	Green

								Business Case preparation for schemes in excess of £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 2016-17

Subject	Task	Responsibility	Timescale	Update
Strategic	Maintain Risk Management Planning process	Bridge Manager	2016-2018	Ongoing
Operational	Review Risk Register	Bridge Manager	Annually	Ongoing
Operational	Test Business Continuity Plans	Bridge Manager	Annually	Ongoing

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 12 SEPTEMBER 2016
REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES
REPORT BY: THE BRIDGE MANAGER
REPORT NO: TRB 24- 2016

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 2016 and 31 July 2016.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 July 2016.

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 2016 and 31 July 2016 is given over:-

5.1.1 Single Carriageway Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	524	184	2.85
Breakdown	65	8	8.13
Misc. Incidents	44	24	1.83
Road works TRBJB	0	0	0
Road works Contractor Contra-flow	0	0	0
Police Incidents	128	12	10.67

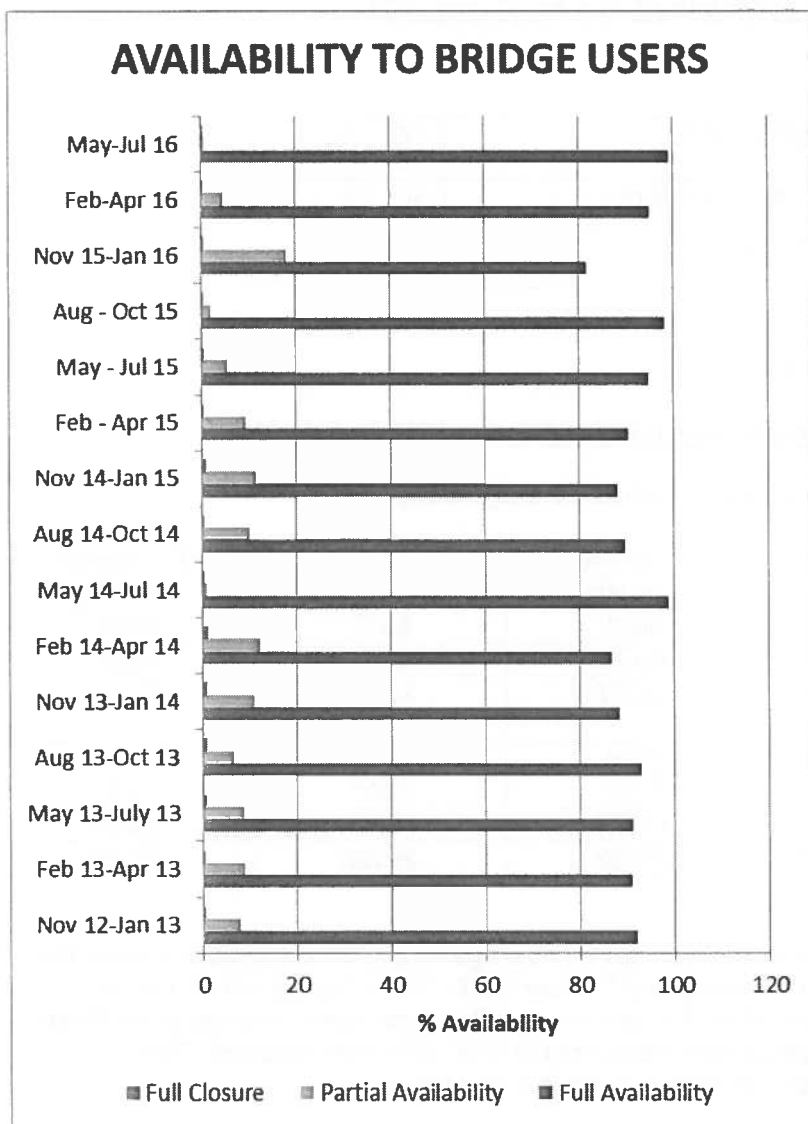
5.1.2 Full Bridge Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	0	0	0
Police Incidents	82	4	20.5
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	331	2	165.5
High Sided	0	0	0
All traffic	0	0	0

5.1.4 Availability of Bridge



	May 15-Jul 15	Aug 15-Oct 15	Nov 15-Jan 16	Feb 16-Apr 16	May16-Jul 16
Full Availability	94.6	97.94	81.66	95	99
Partial Availability	5.35	1.87	17.98	4.7	0.6
Full Closure	0.05	0.31	0.36	0.3	0.4

Figure 1 – Comparison of Availability of Bridge to Users

Fewer wind related restrictions have contributed to 99% full bridge availability this quarter. Partial availability has also improved by 4.1% due to less wind related restrictions.

5.1.5 Summary of Bridge availability 1 May to 31 July 2016

Full availability (No restrictions)	99 %
Partial Availability (Some restrictions)	0.6 %
No Availability (Full Closure)	0.4 %

6 TRAFFIC COUNT DATA

6.1 Traffic Count Data from Dundee Ramps January 2016 to July 2016

ADDT – (Annual Average Daily Total)

	1 st Quarter (Jan-Mar)	2 nd Quarter (Apr-Jun)	3 rd Quarter July Only
Northbound to West	5801	6317	6297
Northbound to East	6576	6767	6839
Northbound Total	12377	13084	13136
Southbound from West	5625	5738	5712
Southbound from East	7250	7503	7576
Southbound Total	12875	13241	13288
Total	25252	26325	26424

Traffic Counts are now available with an average of 26,000 vehicles crossing the bridge daily between 1 January and 31 July 2016. These figures will be reported quarterly from September 2016. The last time traffic counts were reported to the Board in September 2010, average daily traffic counts of 25,000 were reported. This represents a 4% increase in traffic over the last 6 years.

7 CONSULTATIONS

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

8 BACKGROUND PAPERS

- 8.1 None

ALAN HUTCHISON
BRIDGE MANAGER
24 August 2016

ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 12 SEPTEMBER 2016

REPORT ON: REVENUE MONITORING - 4 MONTHS TO 31 JULY 2016

REPORT BY: THE TREASURER

REPORT NO: TRB 20-2016

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2016/2017 Revenue Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 July 2016.

3 FINANCIAL IMPLICATIONS

3.1 The 2016/2017 Revenue Budget predicted a surplus of £50,000 (see Report 27-2015). The current outturn position for the financial year 2016/2017 is projecting a £139,000 overspend against the 2016/2017 Revenue Budget based on the financial information available at 31 July 2016. This results in a projected Net Deficit as at 31 March 2017 of £89,000.

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 2016/2017 of £1,040,073. 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 overspend, if it materialised, would result in a projected Revenue Grant Balance carried forward of £951,073 at 31 March 2017. 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 2017. This level of retained reserves is subject to negotiation with the Scottish Government.

3.4 An overspend of £13,000 is projected in relation to Administration Staff Costs. This is due to projected expenditure in relation to the Voluntary Early Retirement / Voluntary Redundancy (VER / VR) scheme (see Report TRB 6-2016).

3.5 An overspend of £30,000 is projected in relation to Administration Supplies and Services Costs. This is due to projected net expenditure of £20,000 in relation to the street art on columns at the Dundee landfall and projected net expenditure of £20,000 on the 50th Anniversary Event, offset by a £10,000 underspend due to a reduction in Insurance Premiums.

3.6 An overspend of £96,000 is projected in relation to Operations Staff Costs. This is due to projected increased salary costs of £39,000 in relation to staff evaluations (see TRB Report 7-2016). Additional expenditure of £100,000 is anticipated in relation to the Voluntary Early Retirement / Voluntary Redundancy (VER / VR) scheme (see Report TRB 6-2016) with this being offset by £43,000 in associated salary savings after these posts are deleted.

4 RISK ASSESSMENT

In preparing the Board's Annual Revenue Budget (see Report TRB 27-2015), 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

31 AUGUST 2016

APPENDIX A**TAY ROAD BRIDGE JOINT BOARD****REVENUE MONITORING AS AT 31 JULY 2016**

	Revenue Budget 2016/17 £	Expenditure to 31 July 2016 £	Final Projection 2016/17 £	Variance from Budget £	Paragraph Reference
EXPENDITURE					
<u>Administration</u>					
Staff Costs	189,288	64,314	202,288	13,000	(3.4)
Property Costs	27,700	10,895	27,700	-	
Supplies and Services	164,044	111,890	194,044	30,000	(3.5)
Transport Costs	975	-	975	-	
Third Party Payments	87,194	792	87,194	-	
	469,201	187,890	512,201	43,000	
<u>Operations</u>					
Staff	531,779	182,984	627,779	96,000	(3.6)
Supplies & Services	7,500	433	7,500	-	
	539,279	183,417	635,279	96,000	
<u>Plant and Equipment</u>					
Property	35,000	3,476	35,000	-	
Supplies & Services	187,750	62,351	187,750	-	
Transport	34,500	10,691	34,500	-	
Third Party Payments	21,250	375	21,250	-	
	278,500	76,892	278,500	-	
<u>Bridge Maintenance</u>					
Staff	256,173	84,176	256,173	-	
Property	26,800	2,468	26,800	-	
Supplies & Services	59,400	2,646	59,400	-	
Transport	550	32	550	-	
Third Party Payments	42,750	-	42,750	-	
	385,673	89,322	385,673	-	
GROSS EXPENDITURE	1,672,653	537,522	1,811,653	139,000	
INCOME					
Scottish Government Revenue Grant	1,700,000	566,667	1,700,000	-	
Interest on Revenue Balances	12,300	-	12,300	-	
Kiosk Rent	10,213	2,553	10,213	-	
Miscellaneous	140	209	140	-	
GROSS INCOME	1,722,653	569,429	1,722,653	-	
TOTAL NET DEFICIT/(SURPLUS)	(50,000)	(31,907)	89,000		

ITEM No ...6.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 12 SEPTEMBER 2016

REPORT ON: CAPITAL MONITORING - 4 MONTHS TO 31 JULY 2016

REPORT BY: THE TREASURER

REPORT NO: TRB 21-2016

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2016/2017 Capital Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 July 2016.

3 FINANCIAL IMPLICATIONS

The Joint Board's 2016/2017 Capital Expenditure Programme of £687,000 was approved by the Board on 17 December 2015 (Report TRB 28-2015). 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 2016/2017 (as detailed in Table 1 on Appendix A) is projected to be £812,000 (i.e. a net increase of £125,000 from the originally approved budget) based on the financial ledger information up to 31 July 2016 and this will be funded from 2016/2017 Capital Grant of £500,000 and Capital Grant carried forward from previous years of £312,000. This results in a projected Capital Grant carried forward into 2017/2018 of £565,000 (as detailed in Table 2 on Appendix A).

4 REASONS FOR CAPITAL EXPENDITURE NET INCREASE

The main reasons for the net increase of £125,000 can be summarised as follows:

	£000
<u>Slippage from 2015/2016:</u>	
Paintwork from Box Girders	25
CCTV	100
Total Budget Adjustments	<u>125</u>

5 RISK ASSESSMENT

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme for 2016/2017. 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 are volatile, and 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 wherever possible.
- 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.
- 5.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

6 POLICY IMPLICATIONS

None

7 CONCLUSION

The Board's 2016/2017 capital programme is showing a projected capital spend of £812,000 which will be funded from Scottish Government grant.

The 2016/2017 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

31 AUGUST 2016

TAY ROAD BRIDGE JOINT BOARD**TABLE 1: CAPITAL EXPENDITURE MONITORING - 4 MONTHS TO 31 JULY 2016**

Expenditure	Capital Budget 2016/17 £000	Slippage from 2015/16 £000	Budget Adjust £000	Slippage into 2017/18 £000	Revised Capital Budget 2016/17 £000	Actual to 31 July 2016 £000	Projected Outturn 2016/17 £000	Variance from Budget £000
New Vehicles	30	-	-	-	30	-	30	-
Carriageway Resurfacing	25	-	-	-	25	-	25	-
Gantry - Miscellaneous	25	-	-	-	25	-	25	-
Miscellaneous Projects	50	-	-	-	50	31	50	-
Paintwork to Box Girders	150	25	-	-	175	-	175	-
Replacement of Expansion Joints	25	-	-	-	25	-	25	-
Central Walkway Surfacing Replacement	7	-	-	-	7	-	7	-
CCTV	225	100	-	-	325	-	325	-
CP Monitoring	150	-	-	-	150	-	150	-
Total Gross Expenditure	687	125	-	-	812	31	812	-
Funded by:	£000	£000	£000	£000	£000	£000	£000	£000
Capital Grant 2015/2016	500	-	-	-	500	167	500	-
Unapplied Capital Grant brought forward from Previous Years	187	125	-	-	312	-	312	-
Contribution from General Fund Reserve	-	-	-	-	-	-	-	-
Capital Receipt	-	-	-	-	-	-	-	-
Total Funding	687	125	-	-	812	167	812	-

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	£000
Unapplied Capital Grant Brought Forward	877
Add: Capital Grant Received 2016/2017	500
Less: Capital Grant Utilised 2016/2017	(812)
Unapplied Capital Grant Carried Forward to 2017/2018	565

ITEM No ...7(a).....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 12 SEPTEMBER 2016

REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE
2015/2016 AUDIT OF TAY ROAD BRIDGE JOINT BOARD

REPORT BY: TREASURER

REPORT NO: TRB 22-2016

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 2016. 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

The Board's 2015/2016 Movement in Reserves Statement shows that there was a break-even position during the year. This gives a total General Reserve Balance of £1,160,591 as at 31 March 2016.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Board for the financial year 2015/2016 was carried out by Mr Andrew Shaw, Director, KPMG. The Joint Board's External Auditors are appointed for a five year period and the financial year 2015/2016 marked the final 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 2015/2016 and the issues arising from that work. The report is divided into the following areas:
- Executive Summary;
 - Financial Position;
 - Financial Statements and Related Reports;
 - Wider Scope; and
 - Appendices.

- 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.

External Auditor's Conclusions

- 4.4 During 2015/2016, the External Auditor examined a number of areas covering a wide range of the Board's activities. 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 of high quality;
 - 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 BACKGROUND

Revenue Expenditure

- 5.1 The Board's 2015/2016 Movement in Reserves Statement shows that there was a balanced budget during the year. The main variances were as follows:

	£000
Staff Costs underspend	(178)
Property Costs underspend	(1)
Supplies and Services underspend	(47)
Transport Costs underspend	(28)
Third Party Payments underspend	(50)
Other Operating Income and Expenditure underspend	(1)
Financing and Investment Income and Expenditure underspend	(10)
Non-Specific Grant Income unapplied	298
Other accounting adjustments overspend	17
TOTAL	-

Further details of the other areas of under and overspend together with reasons for these variances are included on page 8 of the Annual Accounts. The overall effect of the above resulted in a closing General Reserve Balance of £1,160,591 as at 31 March 2016. The unapplied grant income figure of £298,000 results in a total Unapplied Revenue Grant balance of £1,040,073 as at 31 March 2016. This balance will be used to fund any overspend in future financial years before any contributions are made from the General Fund Reserve Balance.

Capital Expenditure

- 5.2 On 15 December 2014, the Board approved a 2015/2016 Capital Expenditure Programme (Report TRB 32-2014) for various works on the bridge and other

miscellaneous capital purchases totalling £925,000 which would be funded by capital grant from the Scottish Government. The Board received quarterly capital monitoring reports to keep members fully apprised as to the actual spend-to-date and the projected capital expenditure outturn position. The last projected outturn on the capital programme of £583,000 was reported to the Board on 7 March 2016, (report TRB 2-2016 refers).

During the financial year 2015/2016, the Board incurred capital expenditure of £519,000, i.e. an underspend of £406,000 against the approved capital budget. The variance against the original budget relates to net budget savings during the year of £274,000 and slippage to 2016/2017 of £132,000. The overall effect of the above resulted in a carry forward of unspent Capital Grant into 2016/2017 of £876,685.

6 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.

7 CONSULTATIONS

The Bridge Manager and Clerk to the Board have been consulted on the content of this report and are in agreement with the contents.

8 BACKGROUND PAPERS

KPMG: Tay Road Bridge Joint Board - Annual Report to Members on the 2015/2016 Audit (September 2016).

MARJORY M STEWART
TREASURER

31 AUGUST 2016



cutting through complexity

ITEM No ...7(14)3.....

Tay Road Bridge Joint Board

DRAFT

Annual audit report to the Members of Tay Road Bridge
Joint Board and the Controller of Audit
For the year ended 31 March 2016

DRAFT: 9 August 2016

DRAFT

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1. EXECUTIVE SUMMARY

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4. WIDER SCOPE

2. FINANCIAL POSITION

Page	20
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5. APPENDICES

3. FINANCIAL STATEMENTS AND RELATED REPORTS

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 Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report.

We have prepared this report for the benefit of the Beneficiaries alone.

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 introduction and responsibilities 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 (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) 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.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Andy Shaw who is the engagement leader for our services to Tay Road Bridge Joint Board, telephone 0131 527 6673, email: andrew.shaw@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Alex Sanderson, our Head of Audit in Scotland, either by writing to him at Saltaire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6720 or email to alex.sanderson@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Russell Frith, Assistant Auditor General, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

Executive summary

Executive summary

SECTION 1

Audit conclusions

- We expect to issue an unqualified audit opinion on the financial statements of Tay Road Bridge Joint Board ("the Joint Board"), following receipt of the management representation letter. Page 9

Financial position

- For the year ended 31 March 2016, the Joint Board reported a cost of services of £3,581,000. The outturn represents a £304,000 underspend on the 2015-16 budget approved by the Joint Board, after budget revisions for actual IAS 19 pension adjustments and asset revaluations. Page 6
- The Joint Board had net assets of £72,813,000 as at 31 March 2016. The financial statements are prepared on a going concern basis, and the funding in respect of 2016-17 was agreed in advance of approving the budget. Page 7

Financial statements and related reports

- We have concluded satisfactorily in respect of each of the significant risks and audit focus areas identified in the audit strategy and plan document. We concur with management's accounting treatment and judgments. We have no matters to highlight in respect of: adjusted and unadjusted audit differences; independence; and changes to management representations. Page 9 - 14

Wider scope

- We considered the wider scope audit dimensions and concluded positively in respect of financial sustainability, financial management, value for money and governance and transparency. Pages 16 - 19

Executive summary

Scope and responsibilities

Purpose of this report

The Accounts Commission has appointed KPMG LLP as auditor of Tay Road Bridge Joint Board under part VII of the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2011-12 to 2015-16, inclusive.

Our annual audit report is designed to summarise our opinion and conclusions on significant issues arising from our audit. It is addressed to both those charged with governance at Tay Road Bridge Joint Board and the Controller of Audit. The scope and nature of our audit were set out in our audit strategy document.

The Code sets out the wider dimensions of public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance.

Accountable officer responsibilities

The Code sets out Tay Road Bridge Joint Board's responsibilities in respect of:

- preparation of financial statements that show a true and fair view;
- systems of internal control;
- prevention and detection of fraud and irregularities;
- standards of conduct and arrangements for the prevention and detection of bribery and corruption;
- financial position; and
- Best Value.

Auditor responsibilities

This report reflects our overall responsibility to carry out an audit in accordance with our statutory responsibilities under the Act and in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code.

Appendix three sets out how we have met each of the responsibilities set out in the Code.

Scope

An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems.

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. This annual audit report to members and our presentation to the Joint Board, together with previous reports to the Joint Board throughout the year, discharges the requirements of ISA 260.

Financial position

Comprehensive income and expenditure statement

For the year ended 31 March 2016 the Joint Board reported a cost of services of £3,581,000 and deficit on provision of services of £1,623,000.

The outturn represents a £17,000 underspend on the budget approved for 2015-16 by the Joint Board, which formed the basis of grants received from the Scottish Government. The underspend is primarily due to savings made in staff costs and expenditure offset by the unused revenue grant.

2016-17 budget

The 2016-17 budget incorporates a budgeted surplus of £50,000, resulting in a projected general fund reserve of £1,160,591 as at 31 March 2017. The revenue funding from the Scottish Government is forecast to remain at £1,700,000. The capital programme for 2016-17 shows capital expenditure of £687,000 funded by £500,000 capital grant funding and £187,000 capital grants carried forward from previous years.

Comprehensive income and expenditure statement

	Revised Budget £000	2015-16 £000	Over/(under) spend £000
Cost of services	3,885	3,581	(304)
Other operating income	-	(1)	(1)
Financing and investment expenditure	37	27	(10)
Taxation and non-specific grant income	(2,282)	(1,984)	298
Deficit on provision of services	1,640	1,623	(17)
Surplus on revaluation of PPE*	(51)	(51)	-
Actuarial gain on pension assets/liabilities*	(435)	(435)	-
Total comprehensive income and expenditure	(1,154)	(1,137)	(17)

Source: draft 2015-16 financial statements

* Actual revaluations and actuarial movements are incorporated into the revised budget

Financial position (continued)

SECTION 2

Balance sheet

The Joint Board had net assets as at 31 March 2016 of £72,813,000 (2014-15: £73,950,000).

Assets

Property, plant and equipment decreased by £1,437,000 from 2014-15 as a result of additions of £519,000, net downward revaluations of £54,000 and offset by a depreciation charge of £1,908,000. Total short term debtors remained broadly in line with the prior year with a small increase of £1,000.

The cash balance increased by £341,000 from the prior year, and the Joint Board's total assets decreased by £1,088,000.

Liabilities

There was a decrease in liabilities of £321,000 during 2015-16, which is attributed to the £321,000 decrease in net pension liability, as set out in appendix two. Short term creditors had an increase of £370,000 from the prior year, primarily due to unused revenue grant income creditor of £298,000.

Reserves

Usable reserves decreased by £19,000 to £2,037,000 as at 31 March 2016. The general fund balance is in excess of the previously identified £800,000 prudent level of reserves to be held. This is within the limit set out within the Tay Road Bridge Conformation Act 1991, Part V 39(3).

Balance Sheet			
£'000	2016	2015	Movement
Property, plant and equipment	72,392	73,829	(1,437)
Investment property	71	62	9
Non-current assets	72,463	73,891	(1,428)
Inventories	61	63	(2)
Short term debtors	21	20	1
Cash and cash equivalents	3,050	2,709	341
Current assets	3,132	2,792	340
Short term creditors	(1,168)	(798)	(370)
Current liabilities	(1,168)	(798)	(370)
Net pension liabilities	(1,614)	(1,935)	321
Long term liabilities	(1,614)	(1,935)	321
Net assets	72,813	73,950	(1,137)
Usable reserves	2,037	2,056	(19)
Unusable reserves	70,776	71,894	(1,118)
Total reserves	72,813	73,950	(1,137)

Source: draft 2015-16 financial statements

Financial statements and related reports

Audit opinion

Our audit work is complete subject to receipt of the management representation letter and update of subsequent events. Following approval of the annual accounts by the Joint Board we intend to issue an unqualified opinion on the truth and fairness of the state of the Joint Board's affairs as at 31 March 2016, and of the Joint Board's deficit for the year then ended.

Financial reporting framework, legislation and other reporting requirements

The Joint Board is required to prepare its financial statements in accordance with International Financial Reporting Standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 ("the Code"), and in accordance with the Local Authority Accounts (Scotland) Regulations 2014. Our audit confirmed that the financial statements have been prepared in accordance with the Code and relevant legislation.

Statutory reports

We have not identified any circumstances to notify the Controller of Audit that indicate a statutory report may be required.

Other communications

We did not encounter any significant difficulties during the audit. There were no other significant matters arising from the audit that were discussed, or subject to correspondence with management that have not been included within this report. There are no other matters arising from the audit, that, in our professional judgement, are significant to the oversight of the financial reporting process.

Audit misstatements

There were no audit adjustments required to the draft annual accounts and there are no unadjusted audit differences.

Written representations

There are no changes to the standard representations required for our audit from last year.

Materiality

We summarised our approach to materiality in our audit strategy document. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our planning materiality for 2015-16 of £1.5 million (2% of total assets) remains appropriate. We report all misstatements greater than £75,000.

Forming our opinions and conclusions

In gathering the evidence for the above opinion(s) and conclusion(s) we have:

- performed controls testing and substantive procedures to ensure that key risks to the annual accounts have been covered;
- reviewed internal audit's reports as issued to the Joint Board to ensure all key risk areas which may be viewed to have an impact on the annual accounts have been considered;
- reviewed estimates and accounting judgements made by management and considered these for appropriateness;
- considered the potential effect of fraud on the annual accounts through discussions with senior management to gain a better understanding of the work performed in relation to prevention and detection of fraud; and
- reviewed Joint Board meeting minutes to communicate our findings to those charged with governance, and to update our understanding of the key governance processes.

Financial statements preparation

High quality working papers and draft financial statements were provided prior to the start of the audit fieldwork on 4 July 2016. This included the management commentary, remuneration report and governance statement.

Significant risks and other focus areas in relation to the audit of the financial statements

We summarise below the risks of material misstatement as reported within the audit strategy document. We set out the key audit procedures to address those risks and our findings from those procedures, in order that the Joint Board may better understand the process by which we arrived at our audit opinion.

Significant risks:

- management override of controls fraud risk

Other focus areas:

- property, plant and equipment;
- fraudulent revenue recognition; and
- retirement benefits.

We have no changes to the risk or our approach to addressing the assumed ISA risk of fraud in management override of controls and do not have findings to bring to your attention in relation to this matter. No control overrides were identified.

OTHER FOCUS AREA	OUR RESPONSE	AUDIT CONCLUSION
<p>Fraudulent revenue recognition</p> <p>International Standard on Auditing (UK and Ireland) 240 requires us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p>	<p>We vouched grant income to grant offers from the Scottish Government and Dundee City Council. We sought explanations and supporting documentation for unexpected movements.</p> <p>We verified a sample of year-end debtors to supporting documentation.</p>	<p>No exceptions were noted from the testing performed.</p> <p>We are satisfied that revenue recognition policies are appropriate and that income is appropriately recognised in the financial statements in the period in which it relates.</p>
<p>Property, plant and equipment</p> <p>Under the Code, property, plant and equipment ("PPE") is required to be held on the balance sheet at fair value.</p> <p>The property, plant and equipment balance comprises the majority of the Joint Board's assets and there was a revaluation in the year.</p> <p>During the year the Joint Board acquired fixed assets of £519,000.</p>	<p>Our audit work consisted of:</p> <ul style="list-style-type: none"> ■ testing a sample of additions to ensure that the amounts added to the fixed asset register are accurate and that the additions are appropriate to capitalise; ■ performing substantive analytical procedures over the depreciation balance to assess whether the amount was in line with the expectation set by KPMG; and ■ understanding the revaluation process and assumptions, and confirming it is in line with expectations. 	<p>We are satisfied that the property, plant and equipment balance:</p> <ul style="list-style-type: none"> ■ is correctly stated in the balance sheet as at 31 March 2016; and ■ has been accounted for and disclosed correctly in line with IAS16 <i>Property, plant and equipment</i>.

Financial statements and related reports

Significant Risks and other focus areas

(continued)

OTHER FOCUS AREA	OUR RESPONSE	AUDIT CONCLUSION
<p>Retirement benefit obligations</p> <p>The Joint Board accounts for its participation in the Tayside Pension Fund in accordance with IAS 19 <i>Retirement benefits</i>, using a valuation report prepared by actuarial consultants.</p> <p>The Joint Board's actuaries use membership data and a number of assumptions in their calculations based on market conditions at the year end, including a discount rate to derive the anticipated future liabilities back to the year end date and assumptions on future salary increases.</p> <p>IAS 19 requires the discount rate to be set by reference to yields on high quality (i.e. AA) corporate bonds of equivalent term to the liabilities. The calculation of the pension liability is inherently judgemental.</p>	<p>Our work consisted of:</p> <ul style="list-style-type: none"> ■ KPMG specialists reviewing the financial assumptions underlying actuarial calculations and comparison to our central benchmarks, the results of which are outlined in appendix two; ■ testing of scheme assets and rolled-forward liabilities; ■ testing of the level of contributions used by the actuary to those actually paid during the year; ■ testing of membership data used by the actuary to data from the Joint Board; and ■ agreeing actuarial reports to financial statement disclosures. 	<p>We are satisfied that the retirement benefit obligation:</p> <ul style="list-style-type: none"> ■ is correctly stated in the balance sheet as at 31 March 2016; ■ has been accounted for and disclosed correctly in line with IAS19 <i>Retirement benefits</i>; and ■ assumptions used in calculating this estimate and management's judgments are appropriate and within the acceptable KPMG range. <p>We set out further information in respect of the defined benefit obligation in appendix two. The defined benefit obligation decreased by £321,000 compared to 31 March 2015.</p>

REPORT	SUMMARY OBSERVATIONS	AUDIT CONCLUSION
Management commentary	<p>The Local Authority Accounts (Scotland) Regulations 2014 requires the inclusion of a management commentary within the annual accounts, similar to the Companies Act requirements for listed entity financial statements. The requirements are outlined in the Local Government finance circular 5/2015.</p> <p>The Management Commentary – Bridge Manager's Report and Management Commentary – Treasurer's Report were included within the unaudited financial statements. These outline the performance overview and the future plans and developments in line with the Joint Board's priorities.</p>	<p>We are satisfied that the information contained within the management commentary is consistent with the financial statements.</p> <p>We reviewed the contents of the management commentary against the guidance contained in the Local Government finance circular 5/2015 and are content with the proposed report.</p>
Remuneration report	<p>The remuneration report was included within the unaudited annual accounts and supporting reports and working papers were provided.</p> <p>No amendments were required to the draft remuneration report to ensure its consistency with underlying records and presentational changes to ensure that it complied with Local Authority Accounts (Scotland) Regulations 2014.</p>	<p>We are satisfied that the information contained within the remuneration report is consistent with the underlying records and the annual accounts and all required disclosures have been made.</p> <p>Our independent auditor's report confirms that the part of the remuneration report subject to audit has been properly prepared.</p>
Annual governance statement	<p>The statement for 2015-16 outlines the corporate governance and risk management arrangements in operation in the financial year. It provides detail on the Joint Board's governance framework, operated internal controls, the work of internal audit, and risk management arrangements and analyses the efficiency and effectiveness of these elements of the framework.</p>	<p>We consider the governance framework and annual governance statement to be appropriate to the Joint Board and that the governance statement is in accordance with guidance and reflects our understanding of the organisation.</p>

Qualitative aspects

ISA 260 requires us to report to those charged with governance our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

We consider the accounting policies adopted by the Joint Board to be appropriate, and there have been no changes to adopted accounting policies in the year. There are no significant accounting practices which depart from what is acceptable under IFRS or the Code.

Significant accounting estimates relate to the present value of defined benefit obligations and impairment of non current assets. For defined benefit obligations, the estimate is calculated under IAS 19 (as calculated by the Joint Board's actuary, Barnett Waddingham) using agreed financial assumptions. We found the assumptions and accounting for pensions to be appropriate, as discussed in appendix two.

Financial statement disclosures were considered against requirements of the Code, relevant legislation and IFRS. No departures from these requirements were identified.

Future accounting and audit developments

From 2016-17 the Code will adopt requirements of the Code on transport infrastructure assets ("the transport code"), which requires measurement of these assets on a depreciated replacement cost basis. We anticipate that this change will significantly increase the balance sheet value of the Joint Board's highways network asset and subsequently significantly increase the annual charge to the comprehensive income and expenditure statement.

The 2016-17 Code also includes a new requirement for an expenditure and funding analysis, as well as revised formats for the comprehensive income and expenditure statement and movement in reserves statement. The expenditure and funding analysis provides a reconciliation of the statutory adjustments between the financial position on a funding basis and the surplus or deficit on the provision of services. The management commentary should refer to the outturn provided in the expenditure and funding analysis. The comprehensive income and expenditure statement line items have been amended to require authorities to present the service analysis on the basis of the organisational structure under which they operate. Bodies are therefore not required to follow the service expenditure analysis in the *Service Expenditure Reporting Code of Practice (SeRCOP)*.

ISA (UK & Ireland) 700 and 720 have been revised for accounting periods beginning on or after 17 June 2016. These revise the requirements for the structure and content of the independent auditor's report. Audit Scotland is considering whether to early adopt the standards for 2016-17.

Wider scope

Introduction

The Code frames the wider scope of our audit in terms of four audit dimensions: financial management, financial sustainability, governance and transparency and value for money. At the centre of these dimensions is Best Value.

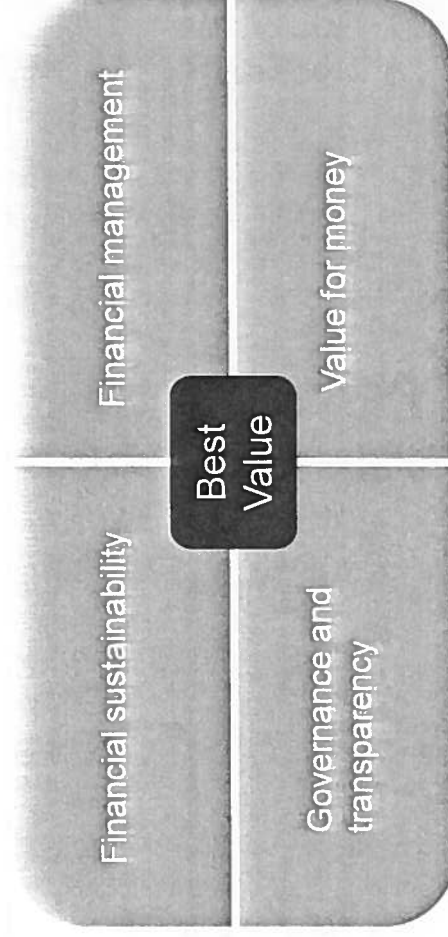
It remains the responsibility of the audited body to ensure that they have proper arrangements in place across each of these audit dimensions. These arrangements should be appropriate to the nature of the audited body and the services and functions that it has been created to deliver. We review and come to a conclusion on these proper arrangements.

During our work on the audit dimensions we have considered the work carried out by internal audit and other scrutiny bodies to ensure our work meets the proportionate and integrated principles contained within the Code.

Audit work and conclusions

We summarise over the next few pages the work we have undertaken in the year to obtain assurances over the arrangements in place for each audit dimension and our conclusions on the effectiveness and appropriateness of these arrangements.

Where we have found arrangements to not be effective or are absent we have provided further narrative on the following pages and recommendations for improvement. Where we have found the arrangements to be generally effective and operating as expected we have identified this in the conclusions we have formed.



Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

In considering financial sustainability of the Joint Board we performed the following work:

- *Reviewing the financial position of the Joint Board as at 31 March 2016 and future budgets and forecasts*; we provide commentary on the financial position on pages 6 to 7.
- *Reviewing financial forecasting, financial strategies and key risks over financial sustainability*. The 2016-17 budget was approved by the Joint Board in December 2015. This included a capital programme for 2016-17 to 2018-19, including the 2016-17 capital budget.

Conclusion:

A revenue and capital budget for 2016-17 is in place. It forecasts a budgeted surplus of £50,000.

We consider that the Joint Board is financially sustainable.

We have concluded that the Joint Board's use of the going concern basis of accounting is appropriate.

Value for money

Value for money is concerned with using resources effectively and continually improving services.

We consider value for money and Best Value throughout our testing. Areas where we had a specific focus on value for money and Best Value are:

- *Reviewing the procurement policy*. The procurement policy was reviewed and found to be in line with best practice. Our work did not extend to the detail of the tenders or technical specification, being a review of adherence to value for money principles. The tendering process provides evidence of scrutiny for value for money in the use of resources.

Conclusion:

The Joint Board strives to achieve value for money and an effective procurement policy is in place to help achieve this.

All major capital tenders are submitted to the Joint Board for approval. Capital budgeting and competitive tendering are in place to ensure value for money.

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Our conclusion below is derived from the following audit tests, carried to determine the effectiveness of the financial management arrangements. This included:

- *Assessing the budget setting and monitoring processes within the Joint Board.* We found these to be robust, with regular accurate reporting and scrutiny by senior management and the Joint Board.
- *Consideration of the finance function and financial capacity within the Joint Board.* We noted that the financial processes are efficient and effective. Finance team members have appropriate skills, capacity and capability to support the Joint Board and effectively manage the organisation.
- *Reviewing the Joint Board's financial regulations.* The financial regulations are available to the finance department staff. These are updated regularly and we found them to be comprehensive.

Conclusion:

The Joint Board's finance department has appropriate financial capacity for current operations. Sound budgetary processes are supported by a strong internal control environment, and no significant control deficiencies were identified. This is supported by quarterly reporting to Joint Board members.

There are appropriate controls in place for the prevention and detection of fraud.

We are also required to provide specific conclusions on the areas opposite, which relate to financial management and support our overall conclusion on this wider scope area.

Internal controls

Management is responsible for designing and implementing appropriate internal control systems to ensure a true and fair view of operations within the financial statements. We test those we rely upon as part of our audit procedures.

Conclusion: Internal controls we tested over budget setting and monitoring and bank reconciliations were seen to be designed and operating effectively.

Standards of conduct and the prevention and detection of corruption

Testing over the processes to prevent and detect corruption included:

Review of policies (codes of conduct for staff and Joint Board members, the whistleblowing policy and Anti-Bribery and Corruption Policy) against best practice guidance and examples. The Joint Board's policies were found to be in line with relevant guidance

Consideration of the accessibility of policies to staff and Joint Board members and if the policies had been implemented effectively. The policies and processes tested are readily available to staff and had been implemented effectively.

Conclusion: The Joint Board has appropriate arrangements to prevent and detect inappropriate conduct and corruption.

Arrangements for the prevention and detection of fraud and error

Testing over the processes to prevent and detect fraud and error included:

Inquiry with management as to procedures for the prevention and detection of fraud and error: Based on inquiries, the procedures in place were considered to be appropriate for the Joint Board.

Testing of budget monitoring controls: Budget monitoring controls were seen to be designed and operating effectively to detect fraud and error in the financial statements.

Conclusion: The Joint Board has appropriate arrangements to prevent and detect fraud.

National Fraud Initiative

The Joint Board is not required to participate in the National Fraud Initiative.

Governance and transparency

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

In considering governance and transparency we performed the following work:

- *Reviewing the organisational structure, reporting lines and level of scrutiny within the Joint Board.* The Joint Board demonstrates effective scrutiny, challenge and transparency on decision making in the board minutes reviewed. There is a high level of transparency through the Joint Board's website, which includes minutes and papers for all committee meetings.
- *Reviewing financial and performance reporting within the organisational structure.* Reporting is of high quality, accurate and transparent. Financial reporting is presented to the Joint Board on a quarterly basis, including analysis of both revenue and capital. Reports are sufficiently detailed, giving narrative explanations to key movements from budget. Details of any changes to capital programmes is also given to allow these to be approved by the committee.
- *Reading the annual governance statement;* as discussed on page 13.
- *Consideration of scrutiny over key risks* The corporate risk register is updated regularly by management to ensure it is up to date.

Conclusion:

The Joint Board has sound and well-established governance arrangements that ensure effective scrutiny, challenge and transparency on decision making.

Risk registers are regularly updated and scrutinised and there is adequate internal audit coverage of key risk areas.

We are required to provide specific conclusions on the following areas which relate to governance and transparency and support our overall conclusion on this audit dimension.

Corporate governance

We updated our understanding of the governance framework and documented this through our overall assessment of the Joint Board's risk and control environment. This included testing entity wide controls, including risk management, operational and compliance controls.

Conclusion: Governance controls were found to be operating effectively and we consider the governance framework to be appropriate for the Joint Board.

Internal audit

We considered the internal audit plan and reports produced during 2015-16 as part of our risk assessment and planning. We also considered the requirements of International Standard on Auditing 610 (*Considering the Work of Internal Audit*).

Conclusion: We applied the internal auditor's work to inform our procedures, where relevant. The review of assurance reports and conclusions did not indicate additional risks and there was no impact on our planned substantive testing.

Appendices

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To the Joint Board members

Assessment of our objectivity and independence as auditor of Tay Road Bridge Joint Board (the Joint Board)

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management

■ Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

We have considered the fees charged by us to the Joint Board for professional services provided by us during the reporting period.

The audit fee charged by us for the period ended 31 March 2016 was £12,030 (2015: £12,030). No other fees were charged in the period (2015: £nil). No non-audit services were provided to the Joint Board and no future services have been contracted or had a written proposal submitted.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Joint Board.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Joint Board and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

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In respect of employee benefits, each of the assumptions used to value the Joint Board's net pension deficit are within an acceptable range of KPMG's expectations. We are of the view that this therefore represents a reasonable and balanced approach, in accordance with the requirements of IAS 19. We set out below the assumptions in respect of defined benefit obligations.

Defined benefit pension liability		KPMG comment		
2016 £000	2015 £000			
(1,614)	(1,935)	In line with our established practice and in advance of the audit fieldwork, our actuarial specialists reviewed the approach and methodology of the actuarial assumptions used in the IAS19 pension scheme valuation.		
Details of key actuarial assumptions are included in the table, along with our commentary.				
Assumption		Tay Road Bridge Joint Board	KPMG central	Comment
Discount rate (duration dependent)		3.50%	3.42%	Acceptable. The proposed discount rate is less prudent (lower liability) than KPMG's central rate as at 31 March 2016 but lies within the range we would normally consider acceptable for IAS 19 purposes.
CPI inflation		RPI less 0.9%	RPI less 1.0%	Acceptable. KPMG's view is that the differential between RPI and CPI should be closer to 1%. The Joint Board's assumptions could therefore be considered prudent (higher liability).
Net discount rate (discount rate – CPI)		1.30%	1.25%	Acceptable. The proposed assumption is slightly less prudent (lower liability) than KPMG's central rate as at 31 March 2016 but lies within the range we would normally consider acceptable for IAS 19 purposes.
Salary growth		CPI + 1.8%	Typically 0% - 1.5% above RPI	Acceptable. This assumption is one for the employer to take a view on, based on expectations on future pay growth.

The overall assumptions applied by management are considered to be reasonably balanced for a scheme with a liability duration of around 16 years.

Appendix three

Appointed auditors responsibilities

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Area	Appointed auditors responsibilities	How we've met our responsibilities
Corporate governance	Review and come to a conclusion on the effectiveness and appropriateness of arrangements to ensure the proper conduct of the bodies affairs including legality of activities and transactions. Conclude on whether the monitoring arrangements are operate and operating in line with recommended best practice.	Page 21 sets out our conclusion on these arrangements.
Financial statements and related reports	Provide an opinion on audited bodies' financial statements on whether financial statements give a true and fair view of the financial position of audited bodies and their expenditure and income Provide an opinion on whether financial statements have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements Provide an opinion on the regularity of the expenditure and income (<i>not required for local government</i>).	Page 9 summarises the opinion we expect to provide.
Financial statements and related reports	Review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns.	Page 13 reports on the other information contained in the financial statements, covering the annual governance statement, management commentary and remuneration report. We have not reported on any grant claims.
Financial statements and related reports	Notify the Auditor General or Controller of Audit when circumstances indicate that a statutory report may be required.	No notifications to Controller of Audit required.
Financial statements and related reports	Review and conclude on the effectiveness and appropriateness of arrangements and systems of internal control, including risk management, internal audit, financial, operational and compliance controls.	Page 18 sets out our conclusion on these arrangements.
WGA returns and grant claims	Examine and report on WGA returns Examine and report on approved grant claims and other returns submitted by local authorities.	The Joint Board is below the threshold for the completion of audit work on the WGA return.

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Area	Appointed auditors responsibilities	How we've met our responsibilities
Standards of conduct – prevention and detection of fraud and error	Review and conclude on the effectiveness and appropriateness of arrangements for the prevention and detection of fraud and irregularities, bribery and corruption and arrangements to ensure the bodies affairs are managed in accordance with proper standards of conduct. Review National Fraud Initiative participation and conclude on the effectiveness of bodies engagement.	Page 18 sets out our conclusion on these arrangements.
Financial position	Review and conclude on the effectiveness and appropriateness of arrangements to ensure that the bodies financial position is soundly based.	Page 17 sets out our conclusion on these arrangements.
Financial position	Review performance against targets	Page 6 summarise our review of how the body has performed against it's financial targets.
Financial position	Review and conclude on financial position including reserves balances and strategies and longer term financial sustainability.	Page 7 sets out our conclusion on the Joint Board's financial position. Pages 6 and 17 set out our conclusion on the Joint Board's financial strategies and longer term financial sustainability.
Best Value	Be satisfied that proper arrangements have been made for securing Best Value and complied with responsibilities relating to community planning.	Page 17 sets out our conclusion on these arrangements.
Performance information	Review and conclude on the effectiveness and appropriateness of arrangements to prepare and publish performance information in accordance with Accounts Commission directions.	The Joint Board is not required to publish a separate annual performance report.



cutting through complexity

The contacts at KPMG in connection with this report are:

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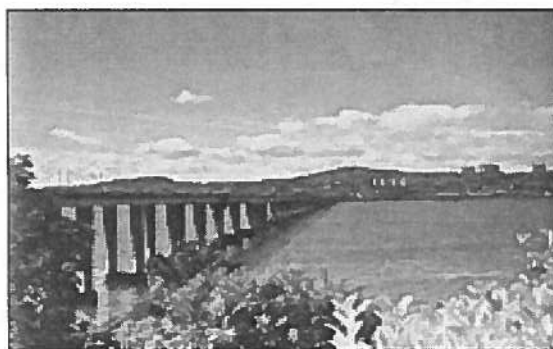
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TAY ROAD BRIDGE JOINT BOARD

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

AUDITED

SEPTEMBER 2016

**TAY ROAD BRIDGE JOINT BOARD
ANNUAL ACCOUNTS 2015/2016
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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 has 1 member and Fife Council nominates the remaining 5 members. Following the 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 2015/2016, the Members and Officials of the Board were:

Representing Dundee City Council

Councillor Jimmy Black (Vice Chair)
Councillor Will Dawson
Councillor Ken Lynn
Councillor Bill Campbell
Councillor Tom Ferguson
Councillor Fraser Macpherson



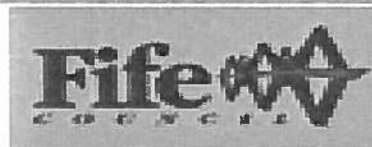
Representing Angus Council

Councillor Sheila Hands



Representing Fife Council

Councillor Margaret Taylor (Chair)
Councillor Jim Young
Councillor Brian Thomson
Councillor Bill Connor
Councillor Andy Heer



Bridge Manager

Mr Alan Hutchison BEng (Hons), MSc, CEng, MICE

Engineer

Mr Fergus Wilson BSc, MBA, CEng, MICE, MCIHT, MAPS, Dundee City Council

Clerk

Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council

Treasurer

Mrs Marjory M Stewart FCCA, CPFA, Dundee City Council

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TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - BRIDGE MANAGER'S REPORT

Organisational Changes

In August 2015 the Board employed a new Maintenance Manager.

In March 2016, the Bridge Manager presented a report to the Joint Board recommending a revised staffing structure and alternative method of how the Operations Team manage traffic on the bridge to ensure a more efficient and effective service. The Bridge Manager proposed that the Operations Officers be trained to operate an Impact Protection Vehicle in order to reduce the number and duration of full bridge closures associated with breakdown and debris recovery. Response times for inspections and repairs of the bridge assets will also be improved as a result of this change.

A Voluntary Early Retirement (VER) and Voluntary Redundancy (VR) scheme has been offered to the Operations Team, with the expectation that staff will leave the employment of the Board at the end of September 2016.

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 operational and financial matters.

Contracts

Walkway Resurfacing Works

Maintenance works involving resurfacing the central walkway with an overlay Glass Reinforced Plastic (GRP) anti-slip surface commenced in September 2015 and was completed by the end of November 2015. The works were carried out with minimum disruption to users with the walkway remaining open to the public during the contract. The contract was delivered on time and to budget.

Dundee Central Waterfront Development

Contract 4, involving the realignment and other changes to the roads located below the east ramps was completed in March 2016 with no impact on Bridge operations.

The works provided no operational difficulties or delay to the travelling public.

SESTRAN Park & Ride Proposal

Approval has been given by the Board for the sale of the land at the Fife Landfall to SESTRAN at a value determined by the District Valuer. This proposal is currently the subject of ongoing discussion between solicitors.

Traffic

Traffic counters are still unavailable following reconfiguration of the ramps, and as such it is still not possible to report on traffic numbers. However, the Bridge Manager has been working closely with Dundee City Council's Urban Traffic Control section and counters have now been installed to the East and West off-ramps. These are in the process of being commissioned and it is anticipated that traffic counters will be available in the summer of 2016 and will be supported by Dundee City Council who will provide Tay Road Bridge with data for future reports.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - BRIDGE MANAGER'S REPORT

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	Wind speed > 60mph	Wind speed > 45mph	Works Full Closures	Breakdowns and Minor Accidents	Operational closures Debris collection etc
Closed to all Vehicles	Cars Only	No Double Deck buses			
4	26	73	0	51	432
Comparator figures for 2014/2015:					
4	23	80	7	53	563

Over the period there were 4 full closures due to winds exceeding 80mph and the number of wind related restrictions is comparable over this time compared to 2014/2015.

The number of short term single carriageway closures to clear breakdowns and minor accidents from the bridge is comparable over this time compared to 2014/2015.

There were no full closures for works during 2015/2016. For comparison, in 2014/2015 there were 7 full closures between 01:00 to 04:00 to undertake investigation works and resurfacing/patching works on the carriageway. This was less than half the closures required during 2013/2014 due to the successful introduction of new contraflow traffic management procedures.

Staffing Issues

Staff Establishment

Staffing levels and the existing establishment stands as follows:-

Administration	4
Operational	15
Maintenance	8
Total	27

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - 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 Annual Accounts for the financial year 2015/2016.

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.

Annual Remuneration Report (see page 12)

This report 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 16)

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

The Accounting Statements (see pages 17 to 48)

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 explain the accounting treatment of both general and specific items.

Revenue Expenditure

The Tay Road Bridge Joint Board, at its meeting on 15 December 2014, approved the 2015/2016 Revenue Budget. The final budget showed a break-even position. The projected General Reserve balance as at 31 March 2016 would be £1,160,591.

The Board received quarterly Revenue Monitoring reports during 2015/2016 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 15 December 2014 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 18. The actual outturn for 2015/2016 was a net underspend against budget of £17,000 before the application of accounting adjustments and the detailed variance analysis is set out on page 8.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - TREASURER'S REPORT

	Approved Budget £000	Corp & Democratic Core Re- allocation £000	Depreciation & Impairment Allocation £000	Net Impairment £000	Reallocate Investment Property Inc & Exp £000	Employee Benefits Adjustment £000	Net (Gain) or Loss on Disposal of Assets £000	Recognised Capital Grant £000	Revaluation of non- Current Assets £000	IAS 19 Adjs £000	Revised Budget £000	Actual Expend/ (Income) £000	Over / (Under) Spend £000
Staff Costs	1,116	-	-	-	-	(2)	-	-	-	73	1,187	1,009	(178)
Property Costs	76	-	-	-	(10)	-	-	-	-	-	66	65	(1)
Supplies and Services	349	(21)	-	-	-	-	-	-	-	-	328	281	(47)
Transport Costs	51	-	-	-	-	-	-	-	-	-	51	23	(28)
Third Party Payments	130	(11)	-	-	-	-	-	-	-	-	119	69	(50)
Depreciation & Impairment	-	-	2,102	-	-	-	-	-	-	-	2,102	2,102	-
Corporate & Democratic Core	-	32	-	-	-	-	-	-	-	-	32	32	-
Non Distributed Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Expenditure	1,722	-	2,102	(10)	-	(2)	-	-	-	73	3,885	3,581	(304)
Other Operating Income & Expenditure	(10)	-	-	-	10	-	-	-	-	-	-	(1)	(1)
Financing & Investment Income & Expenditure	(12)	-	-	-	-	-	-	-	(10)	59	37	27	(10)
Non-Specific Grant Income	(1,700)	-	-	-	-	-	-	(582)	-	-	(2,282)	(1,984)	298
(Surplus) / Deficit on Provision of Service	-	-	2,102	-	-	(2)	-	(582)	(10)	132	1,640	1,623	(17)
(Surplus) / Deficit on Revaluation of Fixed Assets	-	-	-	-	-	-	-	-	(51)	-	(51)	(51)	-
Actuarial Gains / Losses on Pension Assets / Liabilities	-	-	-	-	-	-	-	-	-	(435)	(435)	(435)	-
Total Comprehensive Income & Expenditure	-	-	2,102	-	-	(2)	-	(582)	(61)	(303)	1,154	1,137	(17)
IAS 19 Adjustments	-	-	-	-	-	-	-	-	-	303	303	321	18
Other IFRS Code Accounting Adjustments	-	-	(2,102)	-	-	2	-	582	61	-	(1,457)	(1,458)	(1)
Total (Surplus) / Deficit	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reserve Balance b/fwd	(1,161)	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)	-
General Reserve Balance c/fwd	(1,161)	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)	-

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - TREASURER'S REPORT

Staff Costs (Underspend £178,000)

This reflects savings arising from the Voluntary Early Retirement / Voluntary Redundancy (VER / VR) scheme and an underspend in relation to two vacant posts remaining unfilled for part of the year. This was partly offset by an overspend in relation to formal three-yearly Bridge Inspection training course.

Property Costs (Underspend £1,000)

Reflects lower expenditure relating to electricity costs due to more efficient lighting in use. In addition, expenditure on navigation lights was lower than anticipated due to equipment installed during the Pier Collision Protection Works. This was partly offset by additional expenditure on the refurbishment of the control room including the replacement of the air conditioning system.

Supplies & Services (Underspend £47,000)

Reflects lower expenditure during the year due to the fact that access to the bridge was restricted for most of the year as the gantries only became operational after a period of in-operation which resulted in a reduction in the amount of bridge maintenance work carried out during the year. This has resulted in lower than anticipated expenditure on the purchase of equipment and materials, plant hire, equipment maintenance, and maintenance of the cathodic protection equipment. There were also underspends in relation to the IT and Telephony expenditure due to a new contract in place with a single provider. These were partly offset by additional expenditure on the hire of a Safety Boat due to new operational methods for the Bridge Maintenance section.

Transport Costs (Underspend £28,000)

Reflects lower expenditure relating to fuel costs for the gantries and vehicles as the amount of bridge maintenance work carried out during the year was reduced. There was also an underspend due to the reduction in the Marine Insurance premiums and harbourage costs as a result of disposing of the Safety Boat.

Third Party Payments (Underspend £50,000)

Reflects lower expenditure relating to allowances for professional fees in respect of the cathodic protection system which could not be fully conducted as the use of the gantries has been restricted. Additionally there have been savings in relation to structural inspections as a result of more of this work being undertaken in-house. These have been partly offset by additional expenditure arising from a new Service Level Agreement for the provision of IT Services.

Other Operating Income and Expenditure (Underspend £1,000)

Reflects higher than anticipated income due to the sale of scrap metal.

Financing and Investment Income and Expenditure (Underspend £10,000)

Reflects lower than anticipated expenditure on investment property due to less repairs required than expected as well as slightly higher than anticipated Interest on Revenue Balances as a result of increased average cash balances.

Non-Specific Grant Income (Income Shortfall £298,000)

Reflects the net underspend on other budget heads, as detailed above. Any unused Revenue Grant (with conditions) requires to be held in creditors so that it can be applied to match expenditure in future years.

Other Accounting Adjustments (Overspend £17,000)

Reflects underspends on IFRS Code Accounting adjustments and IAS 19 adjustments.

General Reserve

There was a break even position for the financial year 2015/2016. This gives a total General Reserve balance of £1,161,591 at 31 March 2016 which is unchanged from the corresponding figure at 31 March 2015.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - TREASURER'S REPORT

Capital Expenditure and Financing

During 2015/2016, the Board incurred capital expenditure of £519,000 on the following projects:-

	£000
Capital Expenditure:	
Gantry	14
Central Walkway Resurfacing	462
Other Projects	43
	<u>519</u>
Capital expenditure was funded as follows:	
	£000
Capital Grant from the Scottish Government	519
	<u>519</u>

In addition to the above, £0.082m has been recognised in the Balance Sheet within property, plant and equipment at 31 March 2016. This relates to a new Variable Message Sign on the Northern Boulevard and landscaping under the off ramps which were installed by Dundee City Council as part of the Central Waterfront Development.

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 the 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 £1,614,000 as at 31 March 2016. The estimated net pension liability at 31 March 2015 was £1,935,000. The decrease was due to a reduction in the present value of the funded obligation of the scheme, partly offset by a reduction in the fair value of fund assets.

Acknowledgements

During the 2015/2016 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 for their assistance 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.

Finally, I would conclude my report by thanking all staff who contributed to the preparation of the Board's 2015/2016 Annual Accounts.

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
12 September 2016

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 Accounts.

TAY ROAD BRIDGE JOINT BOARD ANNUAL GOVERNANCE STATEMENT

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 and prepare action plans as appropriate.

In addition the Board has 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 conforms with Public Sector Internal Audit Standards 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

During 2012/2013, Internal Audit identified the following areas where further improvements could be made:

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

Data Protection and Freedom of Information policies have been developed and were approved at the September 2015 Board meeting.

During 2014/2015, Internal Audit conducted its programme of audits, including reviews of Contract Management, Compliance with Legislation and Staff Recruitment and Retention. These identified the following areas where further improvements could be made:

- Maintain a record of all contract management activity including performance measures;
- Develop a whistle-blowing policy;
- Update the Fraud Guidelines to take account of the UK Bribery Act 2010;
- Devise a recruitment and selection policy; and
- Develop a records management policy.

A record of all contracts and correspondence are now held centrally. This includes details of high level performance standards. However, the Joint Board's Financial Regulations still require to be updated to include Contract Management requirements.

A whistle-blowing policy is being developed and will be reported to the June 2016 Board meeting.

Updated Fraud Guidelines were approved by the Board in March 2016.

A new Recruitment and Selection policy has been implemented.

During 2015/2016, Internal Audit conducted its programme of audits including a review of Corporate Governance and Planning and it was reported that there were no significant weaknesses noted and that the Board's compliance with the relevant principles of the *Delivering Good Governance in Local Government (2008)* was found to be good with no areas for improvement identified. Internal Audit's review of Physical Security and Asset Management identified the following area where further improvements could be made:

- Develop an assets disposal record and incorporate it into the office procedures.

It is proposed that during 2016/2017 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.

Councillor Margaret Taylor
Chair
Tay Road Bridge Joint Board
12 September 2016

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

INTRODUCTION

The Board is required to prepare and publish within its Annual Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2014. 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 Annual 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 which 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 remuneration details for the Chair and 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 2015/2016, 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 2015/2016	No of Employees 2014/2015
£50,000 - £54,999	1	1
Total	1	1

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

EXIT PACKAGES

There were no exit packages agreed during 2015/2016 (2014/2015: Seven = £209,000). These are set out in Table 4.

ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). A new Local Government Pension Scheme (Scotland) came into effect on 1 April 2015 based on career average related earnings (CARE Scheme).

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 members' contribution rates for 2015/2016 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are as follows:

Whole Time Pay	Contribution Rate 2015/2016	Whole Time Pay	Contribution Rate 2014/2015
On earnings up to and including £20,500	5.50%	up to and including £20,335	5.50%
On earnings above £20,500 and up to £25,000	7.25%	above £20,335 and up to £24,853	7.25%
On earnings above £25,000 and up to £34,400	8.50%	above £24,853 and up to £34,096	8.50%
On earnings above £34,400 and up to £45,800	9.50%	above £34,096 and up to £45,393	9.50%
On earnings above £45,800	12%	above £45,393	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 1/49th of average pensionable salary and years of pensionable service. Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th 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 2015/2016, the scheme member contribution rate for Senior Employees of the Board was in the range of 7.6% to 8.0% of pensionable pay. In 2015/2016, the employer contribution rate was 17% of pensionable pay for Senior Employees

Councillor Margaret Taylor
Chair
Tay Road Bridge Joint Board
12 September 2016

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016

TABLE 1 – REMUNERATION OF COUNCILLORS WHO ARE CHAIR AND VICE-CHAIR OF TAY ROAD BRIDGE JOINT BOARD

Councillor Name	Responsibility	Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses & Benefits-in-	Total Remuneration 2015/2016	Total Remuneration 2014/2015
		£	£	£	£	£
Margaret Taylor	Chair, Tay Road Bridge Joint Board	4,169	64	-	4,233	4,169
Jimmy Black	Vice-Chair, Tay Road Bridge Joint Board	3,154	-	-	3,154	3,107
Total		7,323	64	-	7,387	7,276

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 2015/2016	Total Remuneration 2014/2015
		£	£	£	£	£	£	£
J.I. MacKinnon	Bridge Manager (to 18 May 2014)	-	-	-	-	-	-	7,773
A. Hutchison	Bridge Manager	52,980	-	-	-	-	52,980	47,286
Total		52,980	-	-	-	-	52,980	55,059

TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2016	Pension Difference from 31 March 2015	Lump Sum as at 31 March 2016	Lump Sum Difference from 31 March 2015	Pension Contribution 2015/2016	Pension Contribution 2014/2015
		£000	£000	£000	£000	£000	£000
A. Hutchison	Bridge Manager	9	3	8	2	9,007	8,512
Total		9	3	8	2	9,007	8,512

TABLE 4 – TERMINATION BENEFITS AND EXIT PACKAGES

As part of a revision to the staff structure, Maintenance Team employees the Board approved a Voluntary Early Retirement and Voluntary Redundancy schemes. The table below details the total number and cost of employee departures agreed under these schemes, split over various cost bandings. The total cost of these exit packages includes the strain on fund payable by the Board to the relevant pension scheme, employers contribution to any enhancement of service awarded (i.e. added years benefits) or redundancy payments made. These costs are included on an actuarial basis and have been calculated by the Board's appointed actuary, Barnett Waddingham (where no actuarial valuation was provided by the actuary an estimate of the capitalised cost has been made based on the required future payments to the relevant pension schemes).

Exit Package Cost Band	Total Number of exit packages by cost band		Total cost of exit packages in each cost band £000	
	2014/2015	2015/2016	2014/2015	2015/2016
£0 - £20,000	4	-	30	-
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	1	-	46	-
£60,001 - £80,000	2	-	133	-
Total	7	-	209	-

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 (section 95 of the Local Government (Scotland) Act 1973). In this Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Audited Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Joint Board at its meeting on 20 June 2016.

Signed on behalf of Tay Road Bridge Joint Board

Councillor Margaret Taylor

Chair

Tay Road Bridge Joint Board

12 September 2016

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Code of Practice (in so far as it is compatible with legislation).

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.

I certify that the Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2016.

Marjory M Stewart, FCCA, CPFA

Treasurer

Tay Road Bridge Joint Board

12 September 2016

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 2014	(1,161)	(1,175)	(2,336)	(71,938)	(74,274)
<u>Movement in Reserves during 2014/2015</u>					
(Surplus) or deficit on provision of services	1,156	-	1,156	-	1,156
Other Comprehensive Expenditure and Income	-	-	-	(832)	(832)
Total Comprehensive Expenditure and Income	1,156	-	1,156	(832)	324
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,156)	280	(876)	876	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	280	280	44	324
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in 2014/2015	-	280	280	44	324
Balance at 31 March 2015 carried forward	(1,161)	(895)	(2,056)	(71,894)	(73,950)
<u>Movement in Reserves during 2015/2016</u>					
(Surplus) or deficit on provision of services	1,623	-	1,623	-	1,623
Other Comprehensive Expenditure and Income	-	-	-	(486)	(486)
Total Comprehensive Expenditure and Income	1,623	-	1,623	(486)	1,137
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,623)	19	(1,604)	1,604	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	19	19	1,118	1,137
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in Year	-	19	19	1,118	1,137
Balance at 31 March 2016 carried forward	(1,161)	(876)	(2,037)	(70,776)	(72,813)

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.

2014/2015			2015/2016			
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
1,252	-	1,252				
53	-	53				
279	-	279				
42	-	42				
120	-	120				
1,802	-	1,802				
32	-	32				
165	-	165				
3,745	-	3,745				
			Expenditure			
			Staff Costs	1,187	1,009	1,009
			Property Costs	66	65	65
			Supplies and Services	328	281	281
			Transport Costs	51	23	23
			Third Party Payments	119	69	69
			Depreciation & Impairment	2,102	2,102	2,102
			Corporate and Democratic Core	32	32	32
			Non Distributed Costs	-	-	-
			Cost Of Services	3,885	3,581	3,581
-	33	33	Other Operating Income & Expenditure (note 6)	-	-	(1)
100	(22)	78	Financing and Investment Income and Expenditure (note 7)	37	61	27
-	(2,700)	(2,700)	Non-Specific Grant Income (note 8)	(2,282)	-	(1,984)
3,845	(2,689)	1,156	(Surplus) or Deficit on Provision of Services (note 14)	1,640	3,642	(2,019)
33	(225)	(192)	(Surplus) or deficit on revaluation of PPE	(51)	49	(100)
1,127	(1,767)	(640)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	(435)	316	(435)
1,160	(1,992)	(832)	Other Comprehensive Income and Expenditure	(486)	365	(851)
5,005	(4,681)	324	Total Comprehensive Income and Expenditure	1,154	4,007	(2,870)
						1,137

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 2015		Note	31 March 2016
£000			£000
73,829	Property, Plant & Equipment	21	72,392
62	Investment Property	20	71
73,891	Total Long Term Assets		72,463
63	Inventories	23	61
20	Short Term Debtors	24	21
2,709	Cash and Cash Equivalents	13	3,050
2,792	Total Current Assets		3,132
(798)	Short Term Creditors	25	(1,168)
(798)	Total Current Liabilities		(1,168)
(1,935)	Net Pension Liabilities		(1,614)
(1,935)	Total Long Term Liabilities		(1,614)
73,950	Net Assets		72,813
2,056	Usable reserves	9	2,037
71,894	Unusable Reserves	10	70,776
73,950	Total Reserves		72,813

Marjory Stewart FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
12 September 2016

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.

2014/2015		2015/2016
<u>£000</u>		<u>£000</u>
1,156	Net (surplus) or deficit on the provision of services	1,623
(1,854)	Adjust net surplus or deficit on the provision of services for non cash movements	(2,476)
996	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	525
298	Net cash flows from Operating Activities	(328)
87	Investing Activities (note 11)	(1)
(11)	Financing Activities (note 12)	(12)
374	Net (Increase) or Decrease in cash and cash equivalents	(341)
3,083	Cash and cash equivalents at the beginning of the reporting period	2,709
<u>2,709</u>	Cash and cash equivalents at the end of the reporting period (note 13)	<u>3,050</u>

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

A General Principles

The Annual Accounts summarise the Board's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. 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 2015/2016 and the Service Reporting Code of Practice 2015/2016, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Annual 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 Prior Period 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 (unless otherwise stated) 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; and
- 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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, being the period in which the employee takes the benefit. 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 appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring. 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 pension enhancement termination 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.

Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Pension 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 Pension 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 Pension 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 the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to Staff Costs;

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
- net interest on the defined benefit liability (asset), i.e. net interest expense for the Board – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserves Other Comprehensive Income and Expenditure; and
 - 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Tayside Pension 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 Annual Accounts are 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 Annual Accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are 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 Annual 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:

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- 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.

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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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 at fair value 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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; and
- 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 does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Board). In the latter case, where an asset is acquired via an exchange, 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

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 current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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:

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- 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.

Assets Held for Sale / 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 re-valued 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. Receipts are 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.

Depreciable assets are not depreciated in the year of purchase, but are depreciated in the year of disposal.

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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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.

Q FAIR VALUE MEASUREMENT

The Board measures some of its non-financial assets as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Board measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Board uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Board's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 - unobservable inputs for the asset or liability.

The Board's investment properties are measured using the income approach, by means of a discounted cash flow method, where the expected cash flows from the properties are discounted (using a market derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Board's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The Board's investment properties are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

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

The following accounting standards have been issued but are not yet adopted in the 2015/2016 Code of Practice on Local Authority Accounting in the United Kingdom:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions);
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 1 Presentation of Financial Statements (Disclosure Initiative);
- Annual improvements to IFRSs (2010-2012 and 2012-2014 cycles); and
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding analysis.

These amendments will be adopted in the 2016/2017 Code of Practice on Local Authority Accounting in the United Kingdom and the Board will be required to reflect them, as necessary, in its 2016/2017 Annual Accounts. It is not anticipated that any of these amendments will have a significant impact on the Board. In respect of the last item listed above the comparator (2015/2016) information will also require to reflect the new formats and reporting requirements.

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 Annual 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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

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 2016 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 £86,000 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 £142,000. However, the assumptions interact in complex ways. During 2015/2016, the Board's actuaries advised that the net pensions liability had decreased by £312,000 as a result of estimates being corrected as a result of experience and increased by £747,000 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.

TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS

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.

	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2015/2016 £000
2015/2016				
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(2,102)	-	2,102	-
Movements in the fair value of Investment Properties	9	-	(9)	-
Capital grants and contributions that have been applied to capital financing	582	19	(601)	-
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	-	-	-	-
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Adjustments involving the Capital Grants Unapplied Account:				
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments involving the Pensions Reserve:				
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)	(288)	-	288	-
Employer's pensions contributions and direct payments to pensioners payable in the year	174	-	(174)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
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)	-
Total Adjustments	(1,623)	19	1,604	-

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

2014/2015	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2014/2015 £000
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(1,802)	-	1,802	-
Movements in the fair value of Investment Properties	-	-	-	-
Capital grants and contributions that have been applied to capital financing	1,033	280	(1,313)	-
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	-	-	-	-
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(28)	(28)
Use of the Capital Receipts Reserve to finance new capital expenditure	28	-	-	28
Adjustments involving the Capital Grants Unapplied Account:				
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments involving the Pensions Reserve:				
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)	(560)	-	560	-
Employer's pensions contributions and direct payments to pensioners payable in the year	149	-	(149)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
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	(4)	-	4	-
Total Adjustments	(1,156)	280	876	-

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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

2014/2015		2015/2016
£000		£000
-	Fees and Charges	(1)
33	(Gains) / Losses on the disposal of non current assets	-
<u>33</u>	Total	<u>(1)</u>

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

2014/2015		2015/2016
£000		£000
98	Net interest on the defined benefit liability (asset)	59
(12)	Interest receivable and similar income	(14)
-	Changes in the fair value of investment properties	(9)
(8)	Net Income & Expenditure on investment properties	(9)
<u>78</u>	Total	<u>27</u>

8 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME

2014/2015		2015/2016
£000		£000
(1,667)	Non-ring fenced government grants	(1,402)
(1,033)	Capital grants and contributions	(582)
<u>(2,700)</u>	Total	<u>(1,984)</u>

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 2015		31 March 2016
£000		£000
711	Revaluation Reserve	762
73,119	Capital Adjustment Account	71,627
(1,935)	Pensions Reserve	(1,614)
(1)	Accumulating Compensated Absences Adjustment Account	1
<u>71,894</u>	Total Unusable Reserves	<u>70,776</u>

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.

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

2014/2015 £000		2015/2016 £000
707	Balance at 1 April	711
76	Upward Revaluation of assets	100
(1)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(49)
-	Accumulated gains on assets sold or scrapped	-
(71)	Amount written off to the Capital Adjustment Account	-
711	Balance at 31 March	762

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.

2014/2015 £000		2015/2016 £000
73,456	Balance at 1 April	73,119
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(1,802)	• Charges for depreciation and impairment of non current assets	(2,102)
53	• 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	-
71	Adjusting amounts written out of the Revaluation Reserve	-
(1,678)	Net written out amount of the cost of non current assets consumed in the year	(2,102)
	Capital financing applied in the year:	
28	• Use of the Capital Receipts Reserve to finance new capital expenditure	-
1,313	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	601
1,341	Total Capital Financing Applied during the year	601
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	9
73,119	Balance at 31 March	71,627

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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.

2014/2015 £000		2015/2016 £000
<u>(2,228)</u>	Balance at 1 April	<u>(1,935)</u>
640	Re-measurements of the net defined benefit liability / (asset)	435
(496)	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	(288)
149	Employer's pensions contributions and direct payments to pensioners payable in the year	174
<u>(1,935)</u>	Balance at 31 March	<u>(1,614)</u>

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.

2014/2015 £000		2015/2016 £000
<u>3</u>	Balance at 1 April	<u>(1)</u>
(3)	Settlement or cancellation of accrual made at the end of the preceding year	1
(1)	Amounts accrued at the end of the current year	1
(4)	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
<u>(1)</u>	Balance at 31 March	<u>1</u>

11 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2014/2015 £000		2015/2016 £000
1,171	Purchase of property, plant and equipment, investment property and intangible assets	581
(51)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
(1,033)	Other receipts from investing activities	(582)
<u>87</u>	Net cash flows from investing activities	<u>(1)</u>

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

12 CASH FLOW STATEMENT - FINANCING ACTIVITIES

2014/2015		2015/2016
£000		£000
<u>(11)</u>	Other receipts from financing activities	<u>(12)</u>
<u>(11)</u>	Net cash flows from financing activities	<u>(12)</u>

13 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31 March 2015		31 March 2016
£000		£000
<u>2,709</u>	Bank current account	<u>3,050</u>
<u>2,709</u>	Total cash and cash equivalents	<u>3,050</u>

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

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	Admin	Operations	Plant & Equipment	Bridge Maintenance	Income	Total
2015/2016	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-	-	-	-	(1)	(1)
Interest and investment income	-	-	-	-	(22)	(22)
Government grants	-	-	-	-	(1,402)	(1,402)
Total Income	-	-	-	-	(1,425)	(1,425)
Employee expenses	177	492	-	234	-	903
Other service expenses	313	6	143	60	-	522
Total Expenditure	490	498	143	294	-	1,425
Net Expenditure	490	498	143	294	(1,425)	-

Divisional Income and Expenditure	Admin	Operations	Plant & Equipment	Bridge Maintenance	Income	Total
2014/2015	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-	-	-	-	-	-
Interest and investment income	-	-	-	-	(23)	(23)
Government grants	-	-	-	-	(1,667)	(1,667)
Total Income	-	-	-	-	(1,690)	(1,690)
Employee expenses	198	479	-	485	-	1,162
Other service expenses	266	5	162	95	-	528
Total Expenditure	464	484	162	580	-	1,690
Net Expenditure	464	484	162	580	(1,690)	-

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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

	2014/2015 £000	2015/2016 £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	2,227	2,353
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,518	1,228
Cost of Services in Comprehensive Income and Expenditure Statement	3,745	3,581

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
2015/2016						
Fees, charges & other service income	(1)	-	-	(1)	-	(1)
Interest and investment income	(22)	-	-	(22)	49	27
Government grants and contributions	(1,402)	-	-	(1,402)	(582)	(1,984)
Total Income	(1,425)	-	-	(1,425)	(533)	(1,958)
Employee expenses	903	227	(174)	956	1	957
Other service expenses	522	-	-	522	-	522
Depreciation, amortisation and impairment	-	2,102	-	2,102	-	2,102
Total expenditure	1,425	2,329	(174)	3,580	1	3,581
(Surplus) or deficit on the provision of services	-	2,329	(174)	2,155	(532)	1,623

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

2014/2015	Operational Divisions £000	Amounts Not Reported to mgmt £000	Amounts Not Included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	-	-	-	-	226	226
Interest and investment income	(23)	-	-	(23)	(92)	(115)
Government grants and contributions	(1,667)	-	-	(1,667)	(1,033)	(2,700)
Total income	(1,690)	-	-	(1,690)	(899)	(2,589)
Employee expenses	1,162	232	(149)	1,245	169	1,414
Other service expenses	528	-	-	528	-	528
Depreciation, amortisation and impairment	-	1,802	-	1,802	-	1,802
Total expenditure	1,690	2,034	(149)	3,575	169	3,744
(Surplus) or deficit on the provision of services	-	2,034	(149)	1,885	(730)	1,155

15 EXTERNAL AUDIT COSTS

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

	2014/2015 £000	2015/2016 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	12	12
Total	12	12

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 Pension 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. The Scheme currently provides benefits based on career average revalued salary and length of service on retirement.
- The Board also has liabilities for any discretionary pension payments outside the main scheme. These benefits are an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. There are no investment assets built up to meet the pensions liabilities for discretionary awards, and cash has to be generated to meet actual pensions payments as they eventually fall due.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Tayside Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme (Scotland) regulations 2008 and the governance of the scheme is the responsibility of the Pensions Investment Sub-Committee of the Policy and Resources Committee of Dundee City Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Sub-Committee.

The principal risks to the Board of the scheme are the life expectancy assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals of members from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Cost of Services the amounts required by statute as described in the accounting policies note (please refer to Note 1 item F for further details).

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 reserves 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	
	2014/2015	2015/2016
	£000	£000
Comprehensive Income and Expenditure Statement:		
<i>Cost of Services:</i>		
• current service cost	233	229
• past service cost	165	-
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability (asset)	95	58
• administration expenses	3	1
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	496	288
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding amount included in the net interest expense)	(667)	316
• Other actuarial gains / (losses) on assets	(230)	-
• Actuarial gains and losses arising on changes in demographic assumptions	(75)	-
• Actuarial gains and losses arising on changes in financial assumptions	1,127	(747)
• Other (if applicable)	(795)	(4)
Total Re-measurements	(640)	(435)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(144)	(147)
Movement in Reserves Statement:		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(560)	(288)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	149	174
• retirement benefits payable to pensioners	-	-

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

Pension assets and liabilities recognised in the Balance Sheet

	Local Government Pension Scheme		
	2013/2014	2014/2015	2015/2016
	£000	£000	£000
Net pension assets as at:			
Present value of funded obligation	8,999	9,762	9,178
Fair value of scheme assets	(6,838)	(7,984)	(7,705)
Net liability	2,161	1,778	1,473
Present value of unfunded obligation	67	157	141
Net liability arising from defined benefit obligation	2,228	1,935	1,614

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	
	2014/2015	2015/2016
	£000	£000
Opening balance at 1 April	9,066	9,919
Current service cost	233	229
Interest cost	395	302
Contributions by scheme participants	47	39
<i>Re-measurement (gains) and losses:</i>		
o change in financial assumptions	1,127	(747)
o change in demographic assumptions	(75)	-
Experience gain on defined benefit obligation	(795)	(4)
Benefits paid	(244)	(419)
Past service costs, including curtailments	165	-
Closing balance at 31 March	9,919	9,319

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2014/2015	2015/2016
	£000	£000
Opening balance at 1 April	6,838	7,984
Interest income on assets	300	244
Re-measurement gain / (loss): return on assets less interest	667	(316)
Other re-measurement gain	230	-
Administration expenses	(3)	(1)
Employer contributions	149	174
Contributions by scheme participants	47	39
Benefits paid	(244)	(419)
Closing balance at 31 March	7,984	7,705

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 £(72,000) (2014/2015: £967,000).

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £1.614m 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.

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 Pension 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 2014.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/2015	2015/2016
Long-term expected rate of return on assets in the scheme:		
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.2	21.3
Women	23.2	23.3
Longevity at 65 for future pensioners (years):		
Men	23.4	23.5
Women	25.5	25.6
Rate of inflation (RPI)	3.1%	3.1%
Rate of inflation (CPI)	2.3%	2.2%
Rate of increase in salaries	4.1%	4.0%
Rate of increase in pensions	2.3%	2.2%
Rate of discounting scheme liabilities	3.1%	3.5%

The estimate of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that the life expectancy increase or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the defined benefit obligation in the Scheme:

	Local Government Pension Scheme		
	£000 +0.1%	£000 0%	£000 -0.1%
Adjustment to discount rate:			
o Present value of total obligation	9,177	9,319	9,464
o Projected service cost	202	206	210
Adjustment to long term salary increase:			
o Present value of total obligation	9,339	9,319	9,299
o Projected service cost	206	206	206
Adjustment to pension increases and deferred re-valuation:			
o Present value of total obligation	9,445	9,319	9,196
o Projected service cost	210	206	202
Adjustment to mortality age rating assumption:	+ 1 year	None	- 1 year
o Present value of total obligation	9,606	9,319	9,041
o Projected service cost	211	206	201

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Board's share of Tayside Pension Fund's assets consist of the following categories, by amount and proportion of the total assets held:

	31 March 2015 £000	31 March 2015 %	31 March 2016 £000	31 March 2016 %
Equity investments	5,654	71	5,282	69
Gilts	437	5	403	5
Other Bonds	1,009	13	995	13
Property	796	10	940	12
Cash	88	1	85	1
Total	7,984	100	7,705	100

Impact on the Board's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Tayside Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2017.

The Board anticipated to pay £118,000 expected contributions to the scheme in 2016/2017. The weighted average duration of the defined benefit obligation for scheme members is 16 years (2015/2016: 16 years).

17 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2016 and 12 September 2016 that would have an impact on the 2015/2016 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 13 on amounts reported to decision makers. There are no grant receipts outstanding at 31 March 2016 (see note 25).

Other Local Authorities

Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2015/2016, the Board entered into a number of transactions with Dundee City Council and Fife Council, as detailed below:

2014/2015			2015/2016	
Income £000	Expenditure £000		Income £000	Expenditure £000
(12)	-	Dundee City Council:	(14)	-
-	55	Interest Receivable	-	62
-	261	Central Support Services	-	74
(12)	316	Miscellaneous	(14)	136
		Total Dundee City Council		
		Fife Council:		
-	5	Miscellaneous	-	6
-	5	Total Fife Council	-	6

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The following balances existed between the Board and Dundee City Council and Fife Council as at 31 March 2016:

2014/2015			2015/2016	
Asset £000	Liability £000		Asset £000	Liability £000
-	17	Dundee City Council:	-	-
(12)	-	Central Support Services	(14)	-
-	93	Interest Receivable	-	34
(12)	110	Miscellaneous (incl. Capital Works)	(14)	34
		Total Dundee City Council		
-	5	Fife Council:	-	-
-	5	Miscellaneous	-	-
		Total Fife Council		

19 LEASES

The Board as Lessee

The Board held no assets on finance or operating lease during 2015/2016 and, accordingly, there were no lease rentals paid to lessors during the year (2014/2015: None) or commitments due to lessors in 2015/2016 (2014/2015: 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 2015/2016 the Board received rent of £10,213 from this agreement (2014/2015: £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:

	2014/2015 £000	2015/2016 £000
Rental income from investment property	10	10
Direct operating expenses arising from investment property	(2)	(1)
Net gain/(loss)	8	9

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.

TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS

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

	2014/2015 £000	2015/2016 £000
Balance at start of the year	62	62
Additions:		
Purchases	-	-
Subsequent expenditure	-	-
Disposals:	-	-
Net gains/(losses) from fair value adjustments	-	9
Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	-	-
Balance at end of the year	62	71

The Board's Investment Properties are valued using the Level 3 (unobservable inputs for the asset) valuation technique / fair value hierarchy. There has been no change in the valuation technique used during the year.

21 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2015/2016:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At 1 April 2015	1,483	731	85,369	-	87,583
Additions	-	24	495	-	519
Additions - Ramp Work	-	-	-	-	-
Derecognition – Disposals	-	-	-	-	-
Expenditure Not Adding Value	-	(57)	(32)	-	(89)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	51	-	-	-	51
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	(105)	-	-	-	(105)
Other movements in Cost or Valuation	-	82	-	-	82
At 31 March 2016	1,429	780	85,832	-	88,041
Accumulated Depreciation and Impairment					
At 1 April 2015	23	338	13,393	-	13,754
Depreciation charge	19	57	1,832	-	1,908
Depreciation written out to the Surplus / Deficit on the Provision of Services	(13)	-	-	-	(13)
Derecognition – Disposals	-	-	-	-	-
At 31 March 2016	29	395	15,225	-	15,649
Net Book Value:					
At 31 March 2016	1,400	385	70,607	-	72,392
At 31 March 2015	1,460	393	71,976	-	73,829

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

Comparative Movements in 2014/2015:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At 1 April 2014	1,244	798	76,252	7,920	86,214
Additions	-	108	700	-	808
Additions - Ramp Work	-	-	-	533	533
Derecognition – Disposals	-	(175)	-	-	(175)
Expenditure Not Adding Value	-	-	(36)	-	(36)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	76	-	-	-	76
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	163	-	-	-	163
Other movements in Cost or Valuation	-	-	8,453	(8,453)	-
At 31 March 2015	1,483	731	85,369	-	87,583
Accumulated Depreciation					
At 1 April 2014	57	399	11,703	-	12,159
Depreciation charge	23	53	1,690	-	1,766
Depreciation written out to the Surplus / Deficit on the Provision of Services	(57)	-	-	-	(57)
Derecognition – Disposals	-	(114)	-	-	(114)
At 31 March 2015	23	338	13,393	-	13,754
Net Book Value:					
At 31 March 2015	1,460	393	71,976	-	73,829
At 31 March 2014	1,187	398	64,549	7,921	74,055

Capital Commitments

At 31 March 2016, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016/2017 and future years, budgeted to cost £32,000 (Similar commitments at 31 March 2015 were £nil).

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 Alastair Kay 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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.

	2014/2015 £000	2015/2016 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	808	519
Total Capital Investment	808	519
<i>Sources of finance:</i>		
Capital receipts	28	-
Government grants and other contributions	780	519
Total Sources of Finance	808	519

23 INVENTORIES

	Maintenance Materials 2014/2015 £000	2015/2016 £000	Total 2014/2015 £000	2015/2016 £000
Balance outstanding at start of year	67	63	67	63
Recognised as an expense in the year	(4)	(2)	(4)	(2)
Other Adjustments	-	-	-	-
Balance outstanding at year-end	63	61	63	61

24 SHORT-TERM DEBTORS

	31 March 2015 £000	31 March 2016 £000
Local authorities	12	14
Other entities and individuals	8	7
Total	20	21

25 SHORT-TERM CREDITORS

	31 March 2015 £000	31 March 2016 £000
Central government bodies	686	1,048
Local authorities	40	79
Public Corporations & Trading Funds	-	10
Other entities and individuals	72	31
Total	798	1,168

26 GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2015/2016:

	2014/2015 £000	2015/2016 £000
Credited to Taxation and Non Specific Grant Income		
Scottish Government Revenue Grant	1,667	1,402
Scottish Government Capital Grant	500	500
Dundee City Council Capital Grant	533	82
Total	2,700	1,984

The Board has £1,040,000 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 (2014/2015: £570,000). This is included in Note 25, Short-Term Creditors under Central government bodies.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

27 HIGHWAYS NETWORK ASSET

CIPFA / LASAAC has agreed that the 2016/2017 edition of the Code of Practice on Local Authority Accounting in the United Kingdom will adopt the measurement requirements of the CIPFA Code of Practice on Highways Network Asset. As a result, the highways network assets will be measured on a Depreciated Replacement Cost (DRC) basis, as opposed to a Historical Cost basis as at present. This will represent a change in accounting policy from 1 April 2016 and shall be accounted for retrospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, exceptionally, the 2016/2017 Code will include an adaptation to IAS 1 for the transition for the move to measuring the highways network assets at DRC so that there is no requirement to restate the preceding year information or for an opening balance as at 1 April 2016. The change shall therefore be accounted for as an adjustment to opening balances as at 1 April 2016. This change to the Code will require the establishment of a separate asset, the Highways Network Asset, in accordance with the components classified in the Code of Practice on Highways Network Asset. This will require a disaggregation of those highways network assets from the current Infrastructure Assets classification. The remaining relevant provisions of the Code will continue to apply to the highways network assets in the same way as any other item of Property, Plant and Equipment.

The change in measurement basis to DRC will see a significant increase in the Balance Sheet value of the Board's Highways Network Asset and a subsequent significant increase in the annual charge to the Comprehensive Income & Expenditure Statement for the consumption of the asset.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAY ROAD BRIDGE JOINT BOARD AND THE ACCOUNTS COMMISSION FOR SCOTLAND

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We certify that we have audited the financial statements of Tay Road Bridge Joint Board for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. 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 2015/2016 (the 2015/2016 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they 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 circumstances of the body 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 annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 in accordance with applicable law and the 2015/2016 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/2016 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAY ROAD BRIDGE
JOINT BOARD AND THE ACCOUNTS COMMISSION FOR SCOTLAND**

Opinion on other prescribed matters

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 2014; and
- The information given in the Management Commentary - Bridge Manager's Report and Management Commentary - Treasurer's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required 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 has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Andrew Shaw
for and on behalf of KPMG LLP,
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date:

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 12 SEPTEMBER 2016

**REPORT ON: INTERNAL AUDIT - AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN
2016 to 2019**

REPORT BY: TREASURER

REPORT NO: TRB 23-2016

1 PURPOSE OF REPORT

To present to the Board the Internal Audit Needs Assessment and Strategic Plan 2016 to 2019, 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 2016/17 to 2018/19, 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 15 days of audit work to be undertaken in respect of each of the financial years 2016/17 to 2018/19.

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 and are in agreement with the contents.

7 BACKGROUND PAPERS

None

MARJORY M STEWART
TREASURER

31 AUGUST 2016

Tay Road Bridge Joint Board

**Audit Needs Assessment and Strategic Plan
2016 to 2019**

July 2016

Internal Audit Report No: 2017/01

Draft Issued: 12 July 2016

Second draft: 26 July 2016

Final Issued: 12 August 2016

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Introduction

We have been appointed as Internal Auditors of the Tay Road Bridge Joint Board ('the Board') for the period from 1 April 2016 to 31 March 2019.

Internal audit primarily provides an independent and objective opinion to the Joint 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.

Risk Consideration

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 Joint Board and Bridge Manager assurances that the control environment is effective in reducing the risks to an acceptable level.

Where the Board's risks 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 (pages 4-5) and the resources allocated by the Board to internal audit. Prioritisation affects frequency of visits, the number of days allocated, and the position in the audit cycle.

The Board's strategic and operational risks 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.

Audit Needs Assessment

Our ANA involved the following activities:

- Reviewing the Board's risk register
- Reviewing the Board's strategic and operational plans
- Reviewing previous internal audit reports
- Reviewing external audit reports and plans
- Reviewing the Board's website and internal policies and procedures
- Utilising our experience at similar organisations and our understanding of the Board
- Discussions with the Bridge Manager and other Board Officers

Information from discussions with the Bridge Manager and various documents that we have reviewed identified the following issues as being the main strategic, operational, financial and regulatory issues facing the Board at this time:

- Financial constraint and uncertainty in the current economic climate, with the implications from the decision to exit the EU still to be determined. Flexibility will be needed to respond to changes in funding, particularly capital funding, that may be made with a short notice period.
- Several potential capital projects are being considered. Budget is in place for some but others can only progress in future if capital budget is available.
- Reduction in staff numbers to raise efficiency impacting on the design of the control environment, including the ability to use segregation of duties as a key control, and
- Efficiency drive potentially increasing use of third party organisations to deliver some aspects of the service, rationalisation of procured services, and an increased focus on expectations from all suppliers and delivery of value for money.

The ANA and Strategic Plan are revised on an on-going basis (at least annually) to take account of any changes in the Board's risk profile. Any changes to the internal audit plan are approved by the Joint Board.

Value for Money

This ANA does not specifically address Value for Money projects. However, VFM is an integral part of all audits and therefore it has been mentioned at points within this ANA. VFM is 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

Audit Needs Assessment

The Audit Needs Assessment (ANA) has been made following discussion with the Bridge Manager 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 2016/17 to 2018/19. The ANA is based on the Board's Risk Register supplemented by our own assessment of the risks faced by the Board. Risks have been split into six categories: reputation; staffing issues; estates and facilities; financial issues; organisational issues; and information and IT.

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, although **items included in the Strategic plan on pages 11 to 13 are noted in bold in the ANA.**

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 and current assurance mechanisms, the work required and the resource recommended to test whether the controls are in place and operating has been assessed. Audit coverage in recent years has also been taken into consideration, together with current systems developments.

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Reputation						
<input type="checkbox"/> Damage to Reputation	1, 2	Medium	Low	Good	Policy for responding to press comment.	Low
<input type="checkbox"/> Management of Health and Safety		High	Medium	Good	H&S Policy and risk assessments in place. H&S Committees consults with employees and trade unions. Induction and job specific training cover H&S matters. H&S Annual Report presented to the Joint Board.	Medium
<input type="checkbox"/> Failure to Adhere to Changes in Legislation		Medium	Low	Good	Review timetable for policies and procedures to be updated. Bridge Manager is a member of the Tolls, Turnpikes and Bridges Group and also the SCOTS Bridges Group (Society of Chief Officers of Transportation in Scotland) which provide information re relevant legislations, regulation and good practice. SLA with DCC.	Low
<input type="checkbox"/> Stakeholder Communication		Medium	Low	Good	Regular Joint Board meetings held with minutes and papers available to the public. Policies, Board news and other relevant notices also published on the Board's website.	Low
Staffing Issues						
<input type="checkbox"/> Equalities Legislation	10	Medium	Medium	Good	Mainstreaming Equality Report 2013 – 2017 in place. Service Level Agreement (SLA) in place with DCC includes employment legislation changes are identified. Established communication links with Trade Unions. Staff targets, development and training are all monitored by management.	Medium
<input type="checkbox"/> Contentious Staffing Issues		Medium	Low	Good		Low
<input type="checkbox"/> Industrial Relations	10	Medium	Low	Good		Low
<input type="checkbox"/> Failure to Attract and Retain Quality Staff		Medium	Low	Good		Low
<input type="checkbox"/> Controls Over Payroll		Medium	Low	Good	SLA also in place for payroll services with transactions authorised by the Bridge Manager.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Estates and Facilities						
<input type="checkbox"/> Physical Security		Medium	Medium	Good	Bridge premises are staffed 24 hours a day, 365 days a year as well as having CCTV and security access. Programme of regular asset inspections and maintenance carried out. Insurance in place through SLA with DCC.	Medium
<input type="checkbox"/> Disruption to Operations Following Loss or Breakdown of Key Equipment	4, 5, 6	Medium	Medium	Good	Regular review of legislative requirements by management.	Medium
<input type="checkbox"/> Bridge Asset Management	4, 5, 6	Medium	Medium	Good	Capital Plan agreed by the Board covering major schemes for the next 3 years.	Medium
<input type="checkbox"/> Asset Management (property and other)		Medium	Medium	Average	Responsibility for overseeing delivery of Capital Plan aligned to Engineer to the Board.	Medium
<input type="checkbox"/> Breach of Statutory Duty	8	Medium	Low	Good	Regular reporting of capital spending, with explanations for slippage to the Board.	Low
<input type="checkbox"/> Failure to Deliver Major Projects on Time and on Budget		Medium	Medium	Good		Medium

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Financial Issues <input type="checkbox"/> Failure to Receive Required Funding <input type="checkbox"/> Agreed Expenditure Targets Not Met	3, 9	High Medium	Medium Medium	Good Good	Budget submitted to Scottish Government for three-year capital and revenue grant. Board approval is required for any additional expenditure not included in the agreed revenue or capital budgets. Budget variances monitored regularly by management and discussed regularly by the Board by way of Monitoring Reports.	Medium Medium
<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"> • General Ledger 		Medium	Low	Good	Fraud Guidelines and Whistleblowing policy in place. Anti-fraud and corruption strategy in place.	Low
<ul style="list-style-type: none"> • Procurement and Creditors / Purchasing • Debtors / Income 		Medium Medium	Medium Low	Good Good	General Ledger System with Management Information Reporting Tools provided by DCC under SLA Financial Regulations specify procedures for ordering of works, goods and services; payment of accounts; raising income; income handling; and banking arrangements. Previous internal and external audit findings report no significant concerns.	Medium Medium
<ul style="list-style-type: none"> • Cash and Bank / Treasury Management 		Low	Low	Good	DCC operate a separate bank account for the Board and provide Treasury management under the SLA.	Low

Risk Category	Risk Register Reference	Risk Impact	Risk Likelihood	Present Controls	Assurance	Priority
Organisational Issues						
<input type="checkbox"/> Major Disaster e.g. Fire / Terrorist Attack / Bridge Impact / Major IT Failure / Disruption to Bridge Access	4, 5	High	Low	Good	Business Continuity Plan and Business Continuity Disaster Recovery Plan in place and tested. Health and Safety audits conducted. Piers on main navigation spans protected from bridge impact.	Medium
<input type="checkbox"/> Widespread or Epidemic / Pandemic Illness	10	Medium	Low	Good	Code of Corporate Governance in place. Member training provided through constituent Councils.	Low
<input type="checkbox"/> Corporate Governance and Overall Control Environment	7	Medium	Low	Good	Regular review of strategic planning process by management and Board.	Low
<input type="checkbox"/> Effective Corporate Planning		Medium	Medium	Average	Risk Management Strategic Plan and Risk Register in place and reported to the Joint Committee annually.	Medium
<input type="checkbox"/> Risk Management	4	Medium	Medium	Good	Service Level Agreement with DCC Insurance and Risk Management Section provides necessary advice.	Medium
<input type="checkbox"/> Insurance Arrangements		High	Low	Good		Medium
Information and IT						
<input type="checkbox"/> Loss of Data or IT Hardware		High	Low	Good	IT Disaster Recovery Plan, network security covered by Dundee City Council SLA.	Medium
<input type="checkbox"/> Breach of IT Network Security		High	Low	Good	Data Protection and FoI policies in place.	Medium
<input type="checkbox"/> Non-Compliance with Data Protection / Freedom of Information Legislation		Medium	Medium	Average	DCC Acceptable Use policy and internet / email content controls in place under terms of SLA.	Medium
<input type="checkbox"/> Inappropriate Use of Internet / E-mail by Staff		Medium	Low	Good		Low
<input type="checkbox"/> Management of Systems Implementation		Medium	Medium	Good		Medium

Strategic Plan

The Strategic Plan covers the normal three-year internal audit cycle. 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 cycle has been determined with reference to the combined risk factors identified in the ANA, previous internal audit findings and current systems developments. Not all medium priority items can be covered in the cycle. Reference to other assurance methods has influenced which of these have not been included. Some low priority items have been included in the programme as planned changes mean the current risk assessment needs to be confirmed.

The previous internal audit coverage in the table below notes the overall assessment of the system for 2015/16 audits, when this was introduced as part of the audit conclusion. The assessment levels available are:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires Improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

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.

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, the Board's external auditors and the Joint 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. 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 the Board's officers 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, allocated responsibility for the implementation and a timeframe for completion.
- Follow-up of action plans in future years.

Tay Road Bridge Strategic Plan 2016/17 to 2018/19

Proposed Allocation of Audit Days

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Management of Health & Safety	1, 2	2013/14	3			To ensure that the Board's Health & Safety arrangements in relation to the Board's vehicle inspections, which have recently changed, comply with relevant legislation and guidance such as DVSA Guide to Maintaining Roadworthiness and are being implemented as expected.
Compliance with Legislation	2	All years			3	To ensure that there are effective arrangements to review compliance and update staff, systems, policies and procedures for changes to legislative requirements. Also considered where applicable on all audits.
Staffing Issues						
Workforce Management	10	2014/15				To ensure there are effective controls over staff recruitment, retention and management [time to be re-allocated from Capital Projects depending on major projects undertaken during the lifetime of the audit strategy].
Payroll	9	2013/14	2			To conduct a high level review covering all key aspects of Payroll, including an examination of payments, authorisations and changes to payroll data and auto-enrolment. The audit will cover activities undertaken by the Board but not the Dundee City Council systems.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Estates and Facilities						
Asset Security / Management (property and other) / Bridge Asset Management	4, 5, 6	2015/16 Good			3	Review the processes and controls in place for the purchase, disposal, maintenance and protection of fixed assets, covering the bridge structure and its approaches, property and plant and equipment and ICT assets.
Capital Projects	4, 5, 6, 8	2015/16	2	2	2	Undertake Gateway style reviews to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board.
Financial Issues						
Procurement and Creditors / Purchasing	9	2013/14		3		Changes are planned to ensure compliance with new legislation so timing of audit has been set to allow these to be tested in practice to ensure that the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend.
Debtors / Income	3, 9	-		3		Changes in income streams are planned and the timing of this audit is set to allow testing to ensure that there are effective controls over the collection, recording and accounting of income and debtors.
Organisational Issues						
Risk Management / Business Continuity Planning	4, 5, 6	2013/14	2			Cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance	7	2015/16 Good			3	Cyclical check to undertake a high-level review of the corporate governance and planning arrangements in place within the Board to ensure that the governance framework represents best practice as set out in good practice guidance.
Information and IT						
Compliance with Data Protection Act	3	2014/15 5 agreed actions		3		Cyclical check and timed to ensure that arrangements are in place within the Board to ensure compliance with the EU General Data Protection Regulation (GDPR), which becomes effective in May 2018, focussing on data protection governance, staff data protection training and awareness, data security, data sharing and records management.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			2	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

Work History 2010/11 – 2015/16

	10/11 Days	11/12 Days	12/13 Days	13/14 Days	14/15 Days	15/16 Days
Reputation						
Health and Safety	3			4		
Compliance with legislation – review of policies and procedures					2*	
Staffing Issues						
Recruitment and retention / HR policies)		6			5*	
Staff performance and development)						
Payroll	3			4		
Estates and Facilities						
Physical Security)			8			
Asset management)						5
Delivery of major projects			7			
Financial Issues						
Budget setting / budgetary control			5			2
General ledger	3			3		
Procurement and creditors / purchasing	3			4		
Contract Management					4	
Debtors / income						
Cash & bank / Treasury management						
Organisational Issues						
Risk management / Business continuity	7			5		
Corporate governance and control environment)		7				3
Corporate planning)						
Insurance arrangements						
Information and IT						
IT network arrangements		6			5	
Data protection / FOI			4		5	
Other Audit Activities						
Management and Planning)	3	4	4	4	4	4
External audit)						
Attendance at committees)						
Follow-up reviews	1	2	2	2	2	2
ANA	5			2		
Contingency						
Total	<u>28</u> =====	<u>25</u> =====	<u>30</u> =====	<u>28</u> =====	<u>27</u> =====	<u>16</u> =====

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 12 SEPTEMBER 2016

REPORT ON: INTERNAL AUDIT - ANNUAL AUDIT PLAN 2016/2017

REPORT BY: TREASURER

REPORT NO: TRB 26-2016

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 2016/2017 which is based on the detailed Internal Audit Needs Assessment and Strategic Plan 2016 to 2019.

3 FINANCIAL IMPLICATIONS

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

4 BACKGROUND

Reference is made to Report TRB 23-2016 (See Agenda Item 8) 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 2016/17 to 2018/19, 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 15 days in 2016/2017.

5 MAIN TEXT

The Internal Audit Annual Audit Plan for 2016/2017, which is attached as an Appendix to this report, sets out the proposed audit work to be undertaken in 2016/2017. This will result in separate reports being issued for each review. The reviews will cover the following areas:

- Management of Health and Safety - Vehicles;
- Payroll;
- Capital Projects;
- Risk Management / Business Continuity 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 2016 to 2019 (TRB 23-2016).

MARJORY M STEWART
TREASURER

31 AUGUST 2016



Tay Road Bridge Joint Board

Internal Audit Annual Plan 2016/17

Internal Audit Report No: 2017/02

Draft Issued: 29 July 2016

Final Issued: 12 August 2016

Content

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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 year ended 31 March 2017. The plan is based on the proposed allocation of audit days for 2016/17 set out in the Audit Needs Assessment and Strategic Plan 2016 to 2019. 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 to be undertaken during 2016/17, together with the audit approach. These were arrived at following discussion 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.
- 1.4 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2016 to 2019

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Management of Health & Safety	1, 2	2013/14	3			To ensure that the Board's Health & Safety arrangements in relation to the Board's vehicle inspections, which have recently changed, comply with relevant legislation and guidance such as DVSA Guide to Maintaining Roadworthiness and are being implemented as expected.
Compliance with Legislation	2	All years			3	To ensure that there are effective arrangements to review compliance and update staff, systems, policies and procedures for changes to legislative requirements. Also considered where applicable on all audits.
Staffing Issues						
Workforce Management	10	2014/15				To ensure there are effective controls over staff recruitment, retention and management [time to be re-allocated from Capital Projects depending on major projects undertaken during the lifetime of the audit strategy].
Payroll	9	2013/14	2			To conduct a high level review covering all key aspects of Payroll, including an examination of payments, authorisations and changes to payroll data and auto-enrolment. The audit will cover activities undertaken by the Board but not the Dundee City Council systems.

Tay Road Bridge Joint Board
Internal Audit Annual Plan 2016/17

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Estates and Facilities						
Asset Security / Management (property and other) / Bridge Asset Management	4, 5, 6	2015/16 Good			3	Review the processes and controls in place for the purchase, disposal, maintenance and protection of fixed assets, covering the bridge structure and its approaches, property, plant and equipment and ICT assets.
Capital Projects	4, 5, 6, 8	2015/16	2	2	2	Undertake Gateway style reviews to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board.
Financial Issues						
Procurement and Creditors / Purchasing	9	2013/14		3		Changes are planned to ensure compliance with new legislation so timing of audit has been set to allow these to be tested in practice to ensure that the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend.
Debtors / Income	3, 9	-		3		Changes in income streams are planned and the timing of this audit is set to allow testing to ensure that there are effective controls over the collection, recording and accounting of income and debtors.
Organisational Issues						
Risk Management / Business Continuity Planning	4, 5, 6	2013/14	2			Cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk.

Tay Road Bridge Joint Board
Internal Audit Annual Plan 2016/17

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Corporate Governance	7	2015/16 Good			3	Cyclical check to undertake a high-level review of the corporate governance and planning arrangements in place within the Board to ensure that the governance framework represents best practice as set out in good practice guidance.
Information and IT						
Compliance with Data Protection Act	3	2014/15 5 agreed actions		3		Cyclical check and timed to ensure that arrangements are in place within the Board to ensure compliance with the EU General Data Protection Regulation (GDPR), which becomes effective in May 2018, focussing on data protection governance, staff data protection training and awareness, data security, data sharing and records management.
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			2	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Total			15	15	15	

3. Outline Scope and Objectives

Audit Assignment:	Management of Health & Safety – Vehicles
Priority:	Medium
Joint Board Meeting:	TBC
Days:	3

Scope

This audit will review the arrangements in place within the Board to ensure that the Board's Health & Safety arrangements in relation to the Board's vehicle inspections, which have recently changed, comply with relevant legislation and guidance such as DVSA Guide to Maintaining Roadworthiness and are being implemented as expected.

Objectives of the Audit

The audit objective will be to obtain reasonable assurance that:

- The current inspection processes and procedures cover all relevant aspects of pre-start vehicle checks;
- Checking activity is recorded in sufficient detail to keep a good audit trail and evidence is retained in line with current retention policies;
- Appropriate follow-up is undertaken where checking identifies issues; and
- Results are summarised and reported to the Maintenance Manager, Bridge Manager and the Joint Committee if appropriate.

Audit Approach

We will review current documentation used to instigate, record and report checking, and discuss the processes and procedures in place to undertake the checking with the Maintenance Manager. The findings will be compared against good practice in this area.

**Tay Road Bridge Joint Board
Internal Audit Annual Plan 2016/17**

Audit Assignment:	Payroll
Priority:	Low
Joint Board Meeting:	TBC
Days:	2

Scope

To undertake a high level review of all key aspects of Payroll, including an examination of payments, authorisations and changes to payroll data and auto-enrolment. The audit will cover activities undertaken by the Board but not the Dundee City Council systems.

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;
- 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;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- adequate procedures are in place to ensure that the Board meets its auto enrolment duties.

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.

**Tay Road Bridge Joint Board
Internal Audit Annual Plan 2016/17**

Audit Assignment:	Capital Projects
Priority:	Medium
Joint Board Meeting:	TBC
Days:	2

Scope

Undertake a Gateway style review to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board.

The timing of the review will be agreed to enable the review findings to feed into the project delivery timetable.

Objectives

The overall objective will be to review a current capital project at a key stage in its lifecycle to provide assurance that it is ready to progress to the next stage. Stages are:

- Business Justification
- Delivery Strategy
- Investment Decision
- Readiness for Service
- Operations Review and Benefits Realisation

Depending on the size of capital projects undertaken further stage reviews will be undertaken in 2017/18 and 2018/19.

Our audit approach will be:

Depending on the stage to be reviewed we will consider:

- the project's business case, plans and tender process together with other relevant documentation;
- progress monitoring reports and reports to the Joint Board will be reviewed and benchmarked against current best practice using the OGC's Operations Review and Benefits Realisation as a guide;
- progress with the project to date and assess reasonableness of completion targets; and
- an examination of the estimated project costs against actual costs to date and review estimated costs to completion. We will undertake this through review of specific project plans and budgets, other documents and discussion with key staff to ensure that they cover all aspects currently recommended by best practice.

**Tay Road Bridge Joint Board
Internal Audit Annual Plan 2016/17**

Audit Assignment:	Risk Management / Business Continuity Planning
Priority:	Medium
Joint Board Meeting:	TBC
Days:	2

Scope

This review will include a cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk.

Objectives

Risk Management

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

- A formal risk management process is in place, including formally documented policies and procedures;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management;
- There is an ongoing review of risk management procedures for continual improvement; and
- 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; and
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested.

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.

Business Continuity

Review the BCP in place and consider whether it covers all of the Board'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.

**Tay Road Bridge Joint Board
 Internal Audit Annual Plan 2016/17**

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2017
Days:	2

Scope

As part of the internal audit programme at the Board for 2016/17 we will review the recommendations raised within internal audit reports issued in 2015/16 and obtain an update on these. Areas covered during 2015/16 were:

- Report 2016/02 – Asset Management;
- Report 2016/03 – Budget Setting and Budgetary Control; and
- Report 2016/03 – Corporate Governance and Planning.

There are also seven 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 2015/16 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 Board.

