

---

# *TAY ROAD BRIDGE JOINT BOARD*

---

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

TO: ALL MEMBERS OF THE TAY  
ROAD BRIDGE JOINT BOARD

RECEIVED - 1 JUN 2015

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

If calling please ask for

Anne Singleton on (01382) 434816

Our Ref	AMS/CH
Your Ref	
Date	29th May, 2015

Dear Member

**TAY ROAD BRIDGE JOINT BOARD**

Will you please attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held on Monday, 8th June, 2015 at 10.00 am in Committee Room 3, 14 City Square, Dundee

The agenda and papers are enclosed.

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

Yours sincerely

ROGER MENNIE

Clerk to the Board



**TAY ROAD BRIDGE JOINT BOARD**

**MONDAY, 8TH JUNE, 2015**

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

**AGENDA OF BUSINESS**

**1 MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 2ND MARCH, 2015**

(Copy enclosed) – Page 5

**2 ENGINEERING WORKS**

(Report No TRB10-2015 enclosed) – Page 7

**3 TENDER REPORT - CENTRAL WALKWAY RESURFACING**

(Report No TRB11-2015 to follow).

**4 OPERATIONAL RESTRICTIONS AND CLOSURES**

(Report No TRB04-2015 enclosed) – Page 9

**5 SAFETY BOAT PROVISION**

(Report No TRB05-2015 enclosed) – Page 13

**6 2015/2016 INSURANCE PROGRAMME**

(Report No TRB6-2015 enclosed) – Page 15

**7 EXTERNAL AUDIT - ANNUAL AUDIT PLAN 2014/2015**

(Report No TRB7-2015 enclosed) – Page 19.

**8 INTERNAL AUDITOR'S ANNUAL REPORT**

**(a) INTERNAL AUDITOR'S ANNUAL REPORT**

(Copy enclosed) – Page 49

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

(Report No TRB12-2015 enclosed) – Page 127

**9 ANNUAL GOVERNANCE STATEMENT 2014/2015**

(Report No TRB8-2015 enclosed) – Page 131

**10 UNAUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**(a) TREASURER'S REPORT ON THE UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015**

(Report No TRB9-2015 to follow).

(b) UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

(To follow).

**11 DATE OF NEXT MEETING**

Monday, 7th September, 2015 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

**The Joint Board may resolve under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 6 and 12 of Part I of Schedule 7A of the Act.**

**12 RUNWAY BEAM BRACKETS**

(Verbal Update by the Clerk.)

At a MEETING of the TAY ROAD BRIDGE JOINT BOARD held at Dundee on 2nd March, 2015.

Present:-

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

Councillor Margaret TAYLOR, Chairman, in the Chair.

**I MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 15TH DECEMBER, 2015**

The minute of the above meeting was submitted and noted.

**II OPERATIONAL RESTRICTIONS AND CLOSURES**

There was submitted Report No TRB1-2015 by the Bridge Manager, advising the Joint Board of the number and nature of operational restrictions and closures applied between 1st November, 2014 and 31st January, 2015.

The Joint Board noted accordingly.

**III REVENUE MONITORING - TEN MONTHS TO 31ST JANUARY, 2015**

There was submitted Report No TRB2-2015 by the Treasurer, advising the Joint Board of the current monitoring position of its 2014/2015 Revenue Budget.

The Joint Board agreed to note the content of the Revenue Monitoring Report as at 31st January, 2015.

**IV CAPITAL MONITORING - TEN MONTHS TO 31ST JANUARY, 2015**

There was submitted Report No TRB3-2015, advising the Joint Board of the current monitoring position of its 2014/2015 Capital Budget.

The Joint Board agreed to note the content of the Capital Monitoring Report as at 31st January, 2015.

**V SOCIAL NETWORKING ✓**

Following discussion, it was remitted to the Bridge Manager to trial the use of the social networking service 'Twitter' to broadcast relevant information.

**VI DATE OF NEXT MEETING**

Monday, 8th ~~January~~ <sup>June</sup>, 2015 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

The Board resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 6 and 12 of Part I of Schedule 7A of the Act.

**VII RUNWAY BEAM BRACKETS**

It was remitted to the Clerk to give an update on this matter to the next meeting of the Board.



THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL.

1911

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 8 JUNE 2015  
REPORT ON: ENGINEERING WORKS  
REPORT BY: ENGINEER TO THE BOARD  
REPORT NO: TRB 10-2015

**1 PURPOSE OF REPORT**

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

**2 RECOMMENDATIONS**

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

**3 FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications arising from this report.

**4 SUSTAINABILITY POLICY IMPLICATIONS**

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

**5 EQUAL OPPORTUNITIES IMPLICATIONS**

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

**6 IMPLICATIONS TO BRIDGE USERS**

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

**7 BACKGROUND**

**7.1 Central Walkway Surfacing Replacement**

Reference is made to Article II of the Tay Road Bridge Joint Board meeting of 15 December 2014 where it was noted that the existing central walkway surfacing which was laid during the central walkway refurbishment contract in 1998 has been degrading over time such that replacement is now required as previously programmed. A trial area of textured GRP flooring board has been in place for over 2 years and has performed well and it is planned to replace the existing surface with this material over the whole length of the central walkway in 2015/16 at an estimated cost of £600,000.

It was agreed that tenders would be sought for these works and as such, the contract was advertised on the Public Contracts Scotland portal. Three contractors confirmed their interest to tender for the works and following a vetting process, tenders were issued to the following contractors:

Breedon Aggregates Scotland Ltd  
Raynesway Balfour Beatty  
W. Brown Roadworks Ltd

Tenders were issued on 19 May 2015 with a return date of 4 June 2015 so it is not possible as part of this report to advise on the returned tenders. However, in order to keep to programme and carry out the works over the summer months, a tender report will be tabled on the day for approval at the Board meeting on 8 June 2015.

It should be noted that the works are programmed to start in July 2015 and take approximately 12 weeks to complete. Access on the central walkway will be maintained at all times with the use of appropriate signage and control measures. Advance notice will be given to all bridge users of the forthcoming works.

## **8 CONSULTATIONS**

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

## **9 BACKGROUND PAPERS**

- 9.1 None.

---

Fergus Wilson  
Engineer to the Board

FW/JM

Dundee City Council  
Dundee House  
Dundee

27 May 2015

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 8 JUNE 2015  
REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES  
REPORT BY: THE BRIDGE MANAGER  
REPORT NO: TRB 04- 2015

**1 PURPOSE OF REPORT**

- 1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 February 2015 and 30 April 2015.

**2 RECOMMENDATIONS**

The Board are asked to note the contents of this Report as at 30 April 2015.

**3 FINANCIAL IMPLICATIONS**

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

**4 POLICY IMPLICATIONS**

- 4.1 None.

**5. COMMENTARY ON RESTRICTIONS AND CLOSURES**

- 5.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements, such as carriageway inspections. Miscellaneous incidents include escorting pedestrians from the carriageway.

A summary of the restrictions applied between 1 February 2015 and 30 April 2015 is given over:-

### 5.1.1 Single Carriageway Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	219	87	2
Breakdown	144	15	10
Misc. Incidents	38	19	2
Road works TRBJB	0	0	0
Road works Contractor Contra-flow	0	0	0
Police Incidents	117	10	12

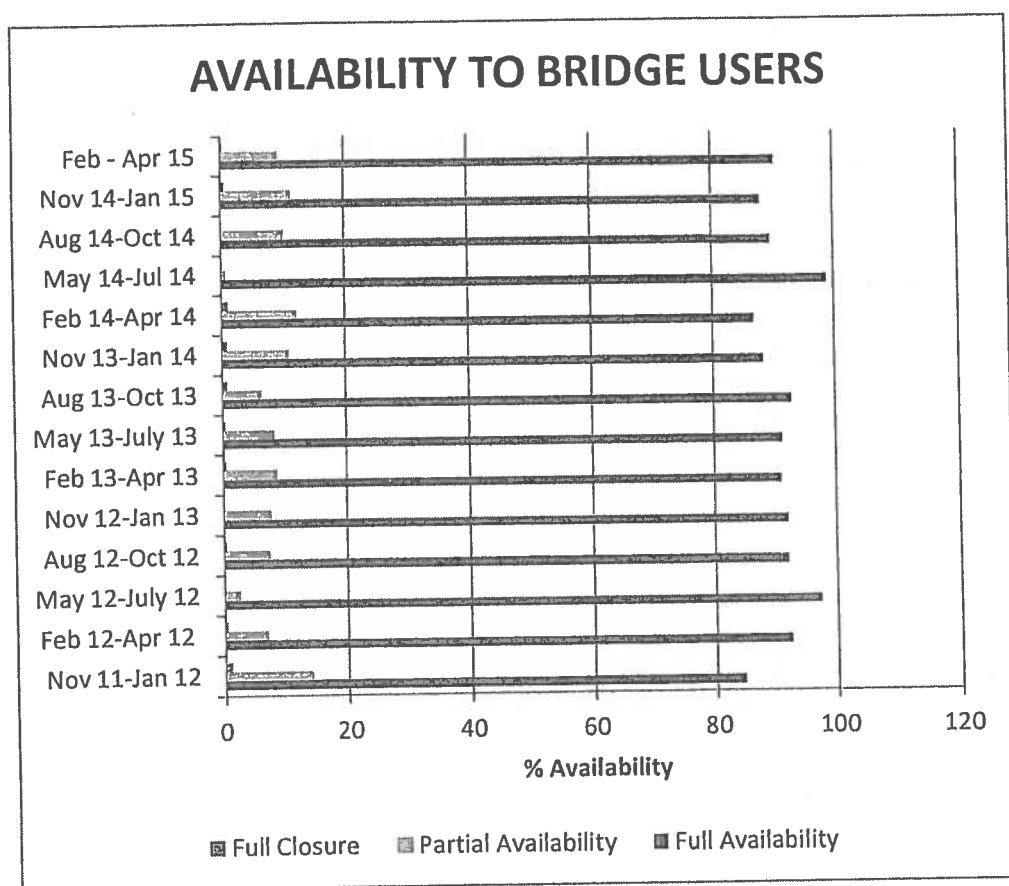
### 5.1.2 Full Bridge Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	0	0	0
Police Incidents	215	5	43
Wind	185	1	185

### 5.1.3 High Winds/Weather Restrictions

Traffic restricted	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Double Deck Buses	9154	22	416
High Sided	2341	8	293
All traffic	185	1	185

### 5.1.4 Availability of Bridge



	Feb 14-Apr 14	May 14 – Jul 14	Aug 14 – Oct 14	Nov 14 – Jan 15	Feb 14 – Apr 15
Full Availability	86.8	98.96	89.62	87.98	90.32
Partial Availability	12.14	0.98	10.13	11.36	9.37
Full Closure	1.06	0.06	0.25	0.66	0.31

**Figure 1 – Comparison of Availability of Bridge to Users**

Lighter winds have contributed to an increase in full availability this quarter when compared to the period between November 2014 to January 2015. Full closure remains low at 0.31%.

#### **5.1.5 Summary of Bridge availability 1 February to 30 April 2014**

Full availability (No restrictions)	90.32 %
Partial Availability (Some restrictions)	9.37 %
No Availability (Full Closure)	0.31 %

## **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**  
**14 May 2015**

ITEM No:.....5.....
---------------------

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 8 JUNE 2015

REPORT ON: SAFETY BOAT PROVISION

REPORT BY: BRIDGE MANAGER

REPORT NO: TRB 05-2014

## 1 PURPOSE OF REPORT

- 1.1 To seek Joint Board approval to appoint David Anderson Marine of Newport as the preferred bidder to provide safety boat services at the Tay Road Bridge in relation to the inspection and maintenance of the Board's Assets, as defined in the Tay Road Bridge Joint Board's Asset Management Plan.

## 2 RECOMMENDATIONS

- 2.1 Offers for safety boat provision were received and an evaluation on the accepted tenders was carried out and it is recommended that the Clerk to the Board be instructed to accept the offer from David Anderson Marine, Newport, as being the most economically advantageous tender.

## 3 FINANCIAL IMPLICATIONS

- 3.1 Expenditure will be included within the revenue budget.

Contract period is 2 years with an option to extend annually for a maximum period of a further two years.

1st Year	£36,000
2 <sup>nd</sup> Year	£72,000
3 <sup>rd</sup> Year	£75,600
4 <sup>th</sup> Year	£75,600

TOTAL £259,200

Emergency call out £850 per call

## 4 SUSTAINABILITY POLICY IMPLICATIONS

- 4.1 Inspections of the bridge are a statutory requirement and permit efficient planning of future maintenance to ensure the continuing good condition of the structure.

## 5 EQUAL OPPORTUNITIES IMPLICATIONS

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

## 6 IMPLICATIONS TO BRIDGE USERS

- 6.1 Off peak short duration stops (i.e. less than 3 minutes duration) are permitted under controlled conditions to allow egress from and access to vehicles transporting personnel to the inspection gantries.

## 7 BACKGROUND

7.1 Reference is made to Board report TRB – 23 2014 Staffing Structure at the Tay Road Bridge where it was agreed that the TRBJB's Safety Boat, the Fifie, would be sold and safety boat services tendered as a means of providing safety cover for individuals working over water.

7.2 Tenders were sought and six tenders were returned and evaluated on 2 April 2015 and are as follows:

<u>Company</u>	<u>Tender Total</u>
David Anderson Marine	£259,200.00
Montrose Marine Services	£320,000.00
North 58° Marine	£337,000.00
Gairloch Support Services	£387,750.00
Marine Specialised Technology (Liverpool)	£441,442.00
Inchape Marine	Non-Compliant Tender

7.3 It is recommended that the lowest offer from David Anderson Marine of Newport be accepted.

## 8 CONSULTATIONS

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

## 9 BACKGROUND PAPERS

9.1 None.

---

Alan Hutchison  
Bridge Manager

21 May 2015

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 8 JUNE 2015  
REPORT ON: 2015/2016 INSURANCE PROGRAMME  
REPORT BY: TREASURER  
REPORT NO: TRB 6-2015

**1 PURPOSE OF REPORT**

This report provides an overview of the insurance arrangements for the financial year 2015/2016.

**2 RECOMMENDATIONS**

It is recommended that the Board notes the details contained within this report.

**3 FINANCIAL IMPLICATIONS**

The financial implications of the 2015/2016 insurance programme, as detailed in Appendix A, are that the covers have been negotiated within the provision contained in the approved 2015/2016 Revenue Budget.

**4 MAIN TEXT**

All policies are negotiated by Dundee City Council's Risk and Resilience Manager under the Service Level Agreement with the Corporate Services (Finance) Department. All policies are arranged through the insurance brokers Marsh with the exception of Directors & Officers and Death in Service policies which are arranged directly with the insurers.

**4.1 Property / Material Damage / Business Interruption:**

Covers property damage to the bridge assets, buildings and contents, and increased cost of working following insured damage. The first loss limit for damage to the bridge is £13m.

**4.2 Combined Liability Policies:**

These policies cover the Board's legal liabilities to its employees and to members of the public.

**4.3 Directors & Officers:**

This policy is a traditional liability policy covering the individual and collective legal liabilities of Board Members and officers.

**4.4 Fidelity Guarantee:**

This policy relates to fraud / misappropriation of materials by Board employees.

**4.5 Personal Accident:**

This policy covers personal accident and travel exposures. Variable injury benefits cover lump sum payments for death, permanent disablement, and permanent disfigurement. The travel insurance is applicable for any travel undertaken primarily for business purposes and includes cover for medical expenses, personal belongings, business equipment, cash, travel documents, travel disruption, and personal liability.

- 4.6 Hired in Plant:  
This policy responds to loss of or damage to small plant hired in by the Board.
- 4.7 Engineering Combined:  
The principal cover afforded by this policy relates to inspection of gantries, associated infrastructure and other owned plant in compliance with statutory requirements.
- 4.8 Motor Fleet:  
Covers any employee of the Board for vehicles that are the property of the Bridge Board and any that are on hire, loaned or leased to the Board. An excess of £100 is applicable on each claim.
- 4.9 Marine:  
Provides cover for damage to Board owned vessels and any liabilities resulting from their use. This has reduced for 2015/2016 due to sale of Safety Boat.
- 4.10 Death in Service:  
Provides additional life cover to employees over and above that provided by the Local Government Pension Scheme (LGPS). At present this is a contractual benefit for all current employees who were in post at 31 December 2011 but was closed to new employees after 31 December 2011 (see Report TRB26-2011 at Board Meeting on 12 December 2011). This will result in a gradual reduction in premiums as the number of employees covered reduces over time.

## 5 SUSTAINABILITY POLICY IMPLICATIONS

None.

## 6 EQUAL OPPORTUNITIES IMPLICATIONS

None.

## 7 BACKGROUND

There are no significant insurance renewal issues to report on for the Board. All covers have been renewed with existing Insurers.

MARJORY M STEWART  
TREASURER

27 MAY 2015

## APPENDIX A

TAY ROAD BRIDGE JOINT BOARDPREMIUM SUMMARY 2015/2016

<u>CLASS</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Property	65,811	65,992	54,060	54,060	51,357
Combined Liability	17,864	18,804	16,960	17,120	17,120
Excess Public Liability	4,007	4,007	4,007	4,007	4,007
Directors & Officers	1,357	1,357	1,357	1,357	1,357
Fidelity	848	869	869	901	901
Personal Accident	993	943	943	943	943
Hired in Plant	819	819	819	819	820
Engineering Combined	5,386	15,166	13,148	12,621	11,989
Motor Fleet	3,896	3,628	3,700	3,940	4,801
Marine	7,500	7,078	10,000	10,407	1,502
Death in Service	4,335	4,346	4,305	4,305	4,361
<b>TOTAL</b>	<b><u>112,816</u></b>	<b><u>123,009</u></b>	<b><u>110,168</u></b>	<b><u>110,480</u></b>	<b><u>99,158</u></b>

Premiums include HM Government's Insurance Premium Tax (6% from 2011, previously 5%).



REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 8 JUNE 2015

REPORT ON: EXTERNAL AUDIT ANNUAL AUDIT PLAN 2014/2015

REPORT BY: TREASURER

REPORT NO: TRB 7-2015

ITEM No: 7

## 1 PURPOSE OF REPORT

To present to the Board the External Audit Annual Audit Plan, attached as an Appendix to this report.

## 2 RECOMMENDATIONS

It is recommended that the Board notes the content of the External Audit Annual Audit Plan for 2014/2015.

## 3 FINANCIAL IMPLICATIONS

The cost of External Audit Services is included in the approved 2015/2016 Revenue Budget.

## 4 MAIN TEXT

### Introduction

- 4.1 The external audit of the Board for the financial year 2014/2015 will be carried out by Mr Andy Shaw, Director, KPMG. The Joint Board's External Auditors are appointed for a five year period and the financial year 2014/2015 marks the fourth year of KPMG's appointment to the Board.

### External Auditor's Annual Audit Plan

- 4.2 The External Auditor's annual audit plan summarises the key challenges and risks facing the Board and sets out the proposed audit work to be undertaken in 2014/2015. The plan reflects:
- the risks and priorities facing the Board;
  - current national risks relevant to local circumstances;
  - the impact of changing international auditing and accounting standards;
  - External Audit's responsibilities under the Code of Practice as approved by the Auditor General and the Accounts Commission; and
  - issues brought forward from previous audit reports.

### 4.3 External Auditor's Responsibilities

External Audit's responsibilities as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

In carrying out their audit, External Audit seek to gain assurance that the Board:

- has good corporate governance arrangements in place which reflect the three fundamental principles of openness, integrity and accountability;

- has systems of recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests;
- prepares financial statements which give a true and fair view of the financial position at 31 March 2015 and the income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973 and other applicable laws and regulations, including the 2014/2015 Accounting Code of Practice;
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption;
- complies with established policies, procedures, laws and regulations; and
- has made proper arrangements for securing best value in its use of resources.

#### 4.5 Reporting Arrangements

The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations, where there is a requirement for unaudited financial statements to be presented to the Board and submitted to the appointed auditor within 3 months of the financial year end i.e. 30th June. The non-statutory target for audit completion is 30th September.

In addition to the report and audit opinion on the financial statements, an annual report to members and the Controller of Audit will be produced to summarise all significant matters arising from the audit. This will be presented to the Board at the meeting in December 2015.

### 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**

**28 MAY 2015**



*cutting through complexity™*

# Tay Road Bridge Joint Board

Audit strategy overview and plan

Year ending 31 March 2015

For Joint Board consideration on 8 June 2015

1 April 2015



## Contents

The contacts at KPMG in connection with this report are:

**Andy Shaw**

*Director, KPMG LLP*

**Tel:** 0131 527 6673

**Fax:** 0131 527 6666

[andrew.shaw@kpmg.co.uk](mailto:andrew.shaw@kpmg.co.uk)

**Suzanne Amabile**

*Manager, KPMG LLP*

**Tel:** 0141 309 2503

**Fax:** 0141 204 1584

[suzanne.amabile@kpmg.co.uk](mailto:suzanne.amabile@kpmg.co.uk)

**Ross Clarke**

*Audit in-charge, KPMG LLP*

**Tel:** 0141 300 5521

**Fax:** 0141 204 1584

[ross.clarke@kpmg.co.uk](mailto:ross.clarke@kpmg.co.uk)

### Page

2

Context

3

Significant risks and audit focus areas

7

Other audit areas

8

Audit planning

12

Appendices

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

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

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the 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 Andrew Shaw who is the engagement leader for our services to the Tay Road Bridge Joint Board, telephone 0131 527 6673 email: [andrew.shaw@kpmg.co.uk](mailto: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 Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6720 or email to [alex.sanderson@kpmg.co.uk](mailto: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, 110 George Street, Edinburgh, EH2 4LH.

## Context

# Introduction and Responsibilities

Our audit work is undertaken in accordance with the Code of Audit Practice and guidance issued by Audit Scotland. The Code specifies a number of objectives for our audit.

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

This document summarises our responsibilities as external auditor for the year ending 31 March 2015 and our intended approach to issues impacting the Joint Board's activities in that year.

We carry out our audit in accordance with our statutory responsibilities under the Act and in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board ("APB") and the wider responsibilities embodied in Audit Scotland's *Code of Audit Practice*. Under this *Code of Audit Practice* auditors address and comment upon a number of objectives, together with complying with a number of obligations. The *Code of Audit Practice* also places a number of obligations on the Joint Board. These are summarised opposite and set out in appendix two.

Auditors' objectives in relation to the *Code of Audit Practice* are to:

- audit the financial statements and place a certificate on the statements stating that the audit has been conducted in accordance with Part VII of the Act;
- satisfy ourselves that:
  - the financial statements have been prepared in accordance with all applicable statutory requirements;
  - proper accounting practices have been observed in the preparation of the financial statements; and
  - the body has made proper arrangements for securing Best Value and is complying with its community duties.
- hear any objection to the financial statements lodged by an interested person.

The responsibilities of the auditor and management are summarised below; appendix two sets out the detailed responsibilities

### Responsibilities of the appointed auditor

We carry out our 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 wider responsibilities embodied in the Code.

We have set out opposite the key elements of our audit work for 2014-15 on the financial statements and governance arrangements. While auditors are not responsible for preventing or detecting fraud or irregularity and do not substitute for audited bodies own responsibilities, we will review and report on these arrangements. We will review and report whether the Joint Board has adequate arrangements in place to maintain and promote proper standards of financial conduct and to prevent and detect bribery and corruption. We will also report on whether management has established adequate arrangements to manage performance, regularity, use of resources and performance information.

### Responsibilities of the accountable officer

The audit of the financial statements does not relieve management or the Joint Board of their responsibilities. The Joint Board is responsible for financial statements which show a true and fair view of the Joint Board's affairs, and for making available to us all the information and explanations we require for the purposes of our audit.

The Joint Board is responsible for establishing arrangements for ensuring the proper conduct of its affairs and developing and implementing systems of internal control, including risk management, financial, operational and compliance controls. These systems should include arrangements to prevent and detect fraud and other irregularity. Management is responsible for implementing proper arrangements to ensure that their financial position is soundly based.



# Significant risks and audit focus areas Financial statements audit focus areas

International Standard on Auditing (UK and Ireland) 315 requires us to determine whether any of the risks identified through our risk assessment processes are significant.

We have identified one significant risk in our initial risk assessment for 2014-15. Our risk assessment procedures are ongoing and we provide updates on any emerging risks as they become apparent.

Risk classification	
Significant risk	<input checked="" type="radio"/>
Other focus area	<input type="radio"/>

## Financial position – revenue and capital

The budget monitoring position reported to the Joint Board on 2 March 2015 identified a projected underspend of £10,000 for 2014-15, based on the results to 31 January 2015. Taken together with underspends achieved in previous years, a carry forward of £547,065 is now projected for 2014-15. The projected general fund reserve is £1.161 million, which is subject to negotiation with the Scottish Government. The Joint Board's approved capital programme for 2014-15 totalled £774,000, financed through Scottish Government capital grant funding.

Due partly to slippage of £227,000 from the 2013-14 capital programme arising after approval of the budget and net reductions of £180,000 in 2013-14, the projected capital programme outturn for 2014-15 is £821,000. This represents a net increase of £47,000 from the originally approved budget. This results in a projected capital grant carry forward of £854,000.

### Significant risk and implications

**Pervasive risk: fraud risk from management override of controls**  
Professional standards require us to communicate the fraud risk from management override of controls as significant. Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

### Key risk or other matter and implications

**Fraud risk from income recognition**  
Professional standards require us to make a rebuttable presumption that the fraud risk from income recognition is a significant risk.

## Significant risks

International Standard on Auditing (UK and Ireland) 315: *Identifying and assessing risks of material misstatement through understanding the entity and its environment* requires the auditor to determine whether any of the risks identified as part of risk assessment are significant risks and therefore requiring specific audit consideration. In determining whether a risk is significant, judgement is applied in respect of the whether, for example, the risk is associated with the complexity of transactions, the degree of subjectivity involved in the measurement of financial information, whether the associated transactions are outside the normal course of business, or whether there is an associated risk of fraud.

We include one significant risk below:

### Our planned audit approach

We have not identified any specific additional risks of management override relating to this audit. Our audit methodology incorporates the risk of management override as a significant risk. This includes testing of journals at the year end and throughout the year, review of unusual transactions in the year, enquiries with employees outside the finance department, tests of unpredictability and control testing, including higher level controls.

### Our planned audit approach

Professional standards require us to make a rebuttable presumption that the fraud risk from income recognition is a significant risk. However, as the Joint Board's income is primarily received from the Scottish Government, we do not regard the risk of fraud from this revenue recognition to be significant.



## Significant risks and audit focus areas Financial statements – comprehensive income and expenditure statement

Our audit approach and testing is driven by our assessment of the risk of misstatement of the captions in the financial statements.

Our risk assessment procedures are ongoing throughout the audit and we will update in respect of emerging risks as we become aware of them.

Risk classification
Significant risk
<input type="radio"/> Other focus area

Caption	2013-14 balance (£'000)
Cost of Services	3,394
Other operating income and expenditure	199
Financing and investment income and expenditure	172
Non-specific grant income	(4,509)

Key risk or other matter and implications
Fraud risk from income recognition Professional standards require us to make a rebuttable presumption that the fraud risk from income recognition is a significant risk.

Our planned audit approach
KPMG have rebutted this significant risk. Our planned approach is set out on the previous page.

We have used our experience gained during previous years' audits to refine our understanding of the risks in the financial statements. For those balances not linked to a significant risk or other focus area, we will perform analytical reviews and specific item testing over material balances to consider material errors or disclosure errors.

## Significant risks and audit focus areas Financial statements – balance sheet



Our audit approach and testing is driven by our assessment of the risk of misstatement of the captions in the financial statements.

Our risk assessment procedures are ongoing throughout the audit and we will update in respect of emerging risks as we become aware of them.

Risk classification
Significant risk
<input type="radio"/> Other focus area

Caption	2013-14 balance (£'000)
Property, plant and equipment	74,055
Investment properties	62
Inventories	67
Short term debtors	19
Cash and cash equivalents	3,083
Short term creditors	(784)
Net pension liabilities	(2,228)

### Key risk or other matter and implications

Property, plant and equipment  
Under the Code, property, plant and equipment ("PPE") is required to be held on the balance sheet at fair value.

### Retirement benefits

The Joint Board accounts for its participation in the Tayside Pension Fund in accordance with the provisions of IAS 19 *Employee benefits* and recognises the actuarial valuation of the pension liabilities in respect of its share of the Fund. The Fund is valued by actuaries, the rates of contributions being determined by on their advice.

The 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.

### Our planned audit approach

We will perform substantive analytical procedures over the depreciation expense charge calculated by the Joint Board to ensure it is within our expectation.

We will perform substantive procedures over the additions and disposals that have been recognised in the financial year.

We will consider the Joint Board's disclosure of fixed assets in the accounts to ensure the requirements under the accounting standards and the Code are being met.

Our audit approach to IAS 19 includes:

- review of the financial assumptions underlying the actuary's calculations and comparison to our central benchmarks;
- testing of the level of contributions used by the actuary to those actually paid during the year; and

testing of membership data used by the actuary to data from the Fund.

The actuarial assumptions applied in calculating the IAS 19 net pension liability are inherently judgemental. We will assess the assumptions for 2014-15 for appropriateness compared to our acceptable ranges, using pension specialists where required. We will also test underlying controls to verify the input data for staff costs and numbers.



## Significant risks and audit focus areas

### Presentation of financial statements

The Joint Board is required to prepare financial statements in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014-15* ("the Code").

*Local Authority Accounting in the United Kingdom 2014-15* ("the Code").

While there are some changes in the content of the Code for 2014-15, the financial statements and underlying accounting policies are expected to remain substantially consistent with the previous year.

KPMG remains committed to working with management to enhance the clarity and impact of the financial statements, including the implications of the revisions to the Code.

*Code of practice on Local Authority Accounting in the United Kingdom 2014-15* ("the Code")

The 2014-15 financial statements will be prepared in accordance with the *Code of practice on local authority accounting in the United Kingdom 2014-15* ("the Code") which is based on International Financial Reporting Standards ("IFRS").

The 2014-15 Code has a number of amendments from the 2013-14 version and management should consider if these changes will impact the financial statements. The amendments include:

- adoption of the new group accounting standards IFRS 10, IFRS 11, IFRS 12 and IAS 28;
  - amendments in respect of the restated opening balance sheet; and
  - changes to the requirements for accounting for combinations of bodies and transfer of functions.
- Audit Scotland has also provided enhanced guidance in respect of a number of technical topics, which will be considered during the audit.

#### Changes to Local Authority Accounts (Scotland) Regulations

The Local Authority Accounts (Scotland) Regulations 2014 came into force on 10 October 2014, replacing the 1985 regulations. The new regulations include a number of changes designed to help strengthen corporate governance processes. These amendments include:

- clarification of the composition of the annual accounts, requiring the inclusion of a management commentary, a statement of responsibilities, an annual governance statement and a remuneration report;
- changes to the process for approving the unaudited accounts, including a requirement for the Joint Board to consider the unaudited accounts by 31 August;
- changes to the process for approval of the audited annual accounts, with a deadline of 30 September; and
- changes to the requirements for the publication of the audited annual accounts.



We will liaise with your internal auditors to minimise duplication of effort.

## Other audit areas Internal audit

### Internal audit arrangements

International Standard on Auditing (UK and Ireland) 610: *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and their effect, if any, on external audit procedures;
- obtain a sufficient understanding of internal audit activities to assist in planning the audit and developing an effective audit approach;
- perform a preliminary assessment of internal audit when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and
- evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

We will continue liaison with the head of internal audit and maintain an understanding of their approach to ensure duplication of effort is minimised. We will review the internal audit work proposed or completed during our interim audit visit to determine the extent of assurance that can be taken from the work performed.

The general programme of work will be reviewed for significant issues to support our general work in assessing the Joint Board's annual governance statement.

We will read the reports and consider the results of all internal audit work, and consider areas where we can place reliance in order to avoid duplication of effort.

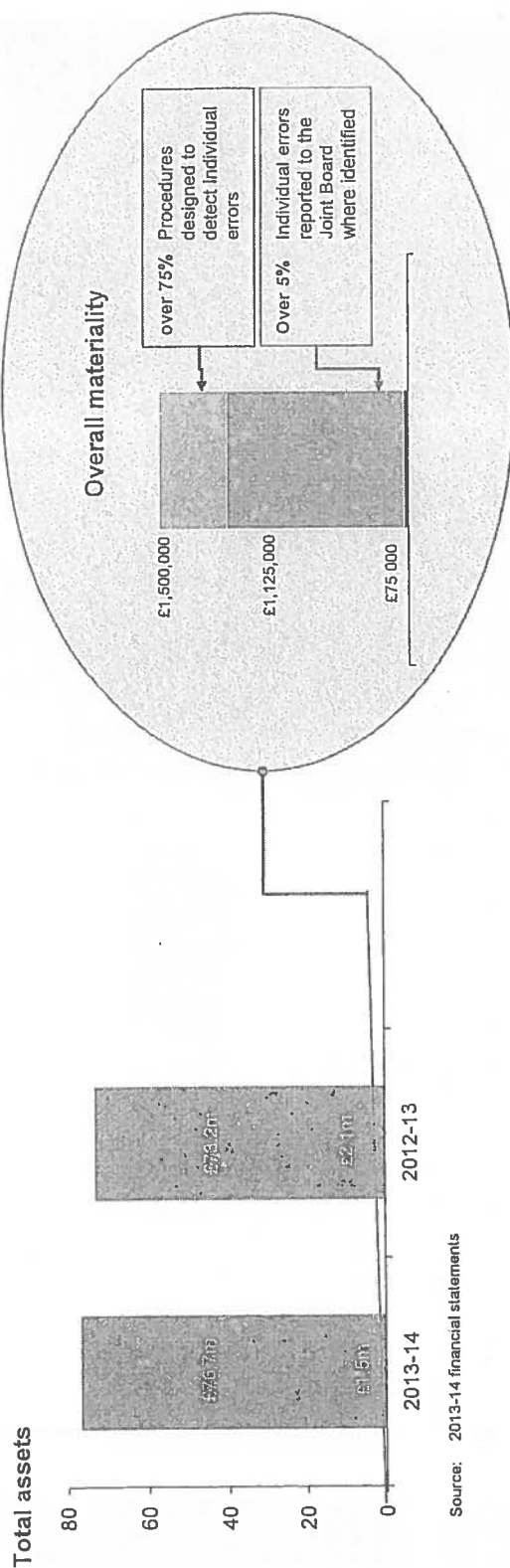


## Audit planning Mandatory communications: audit materiality

Our audit work is planned to detect errors that are material to the financial statements as a whole.

Our materiality is based on total assets and takes into account the low risk nature of the Joint Board.

We are required by Auditing Standards to report to the Joint Board unadjusted audit differences other than non-material trivial items.



### Determining materiality

We consider quantitative and qualitative factors in setting materiality and in designing our audit procedures.

We have reassessed our level of materiality this year based on our knowledge and understanding of the Joint Board's risk profile and, therefore, financial statements. Materiality has been set at £1.5 million which is approximately 2% of total assets per the trial balance as at 31 December 2014. This will be revised once draft financial statements for 2014-15 are received.

We design our procedures to detect errors at a lower level of precision, i.e. £1.125 million.

We will report identified errors greater than £75,000 to the Joint Board.

### Reporting to the Joint Board

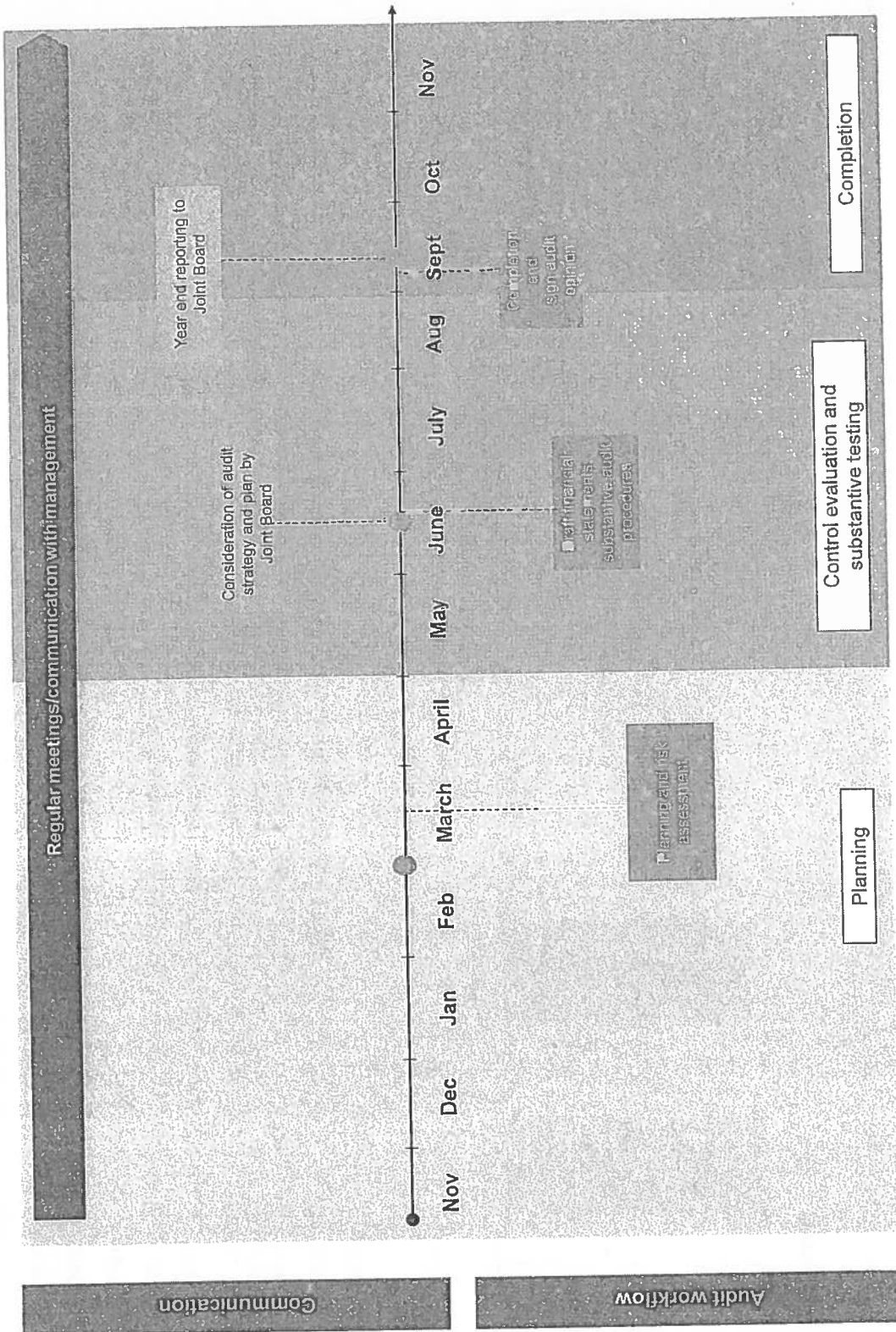
To comply with Auditing Standards, the following three types of audit differences will be reported to the Joint Board:

- material adjusted audit differences;
- unadjusted audit differences; and
- disclosure differences (adjusted and unadjusted).



Our timetable is largely unchanged from the prior year but will be subject to refinement through discussions with management.

# Audit planning Audit timeline and communications



**Legend**  
● Joint Board meetings



The team benefits from strong knowledge of the sector and continuity in the in-charge.

## Audit planning KPMG team and fee arrangements

Team member
<b>Andy Shaw; Director</b> Andy has overall authority and responsibility for the audit engagement, including reporting on the financial statements, and will review key conclusions reached by the engagement team on all accounting and auditing matters.
<b>Suzanne Amabile; Manager</b> Suzanne serves as the day-to-day audit liaison between management and KPMG and a first point of contact. She also provides technical accounting, regulatory and other advice in the first instance.
<b>Ross Clarke; Audit In-charge</b> Ross coordinates the onsite audit fieldwork, liaising directly with the key finance staff in respect of the preparation for, and conduct of the financial statements audit work.

### Fee proposals

Audit Scotland requires that the fee for our work is set within an indicative range, depending on the assessment of risk and other factors facing the Joint Board. The indicative fee range is calculated using a number of inputs:

- a central estimate of the number of days need to do the audit;
- the average remuneration rate for the audit team;
- the contribution to travel and expenses within the sector;
- the contribution towards performance audits, where relevant; and
- the contribution towards other central costs not met by the Scottish Consolidated Fund.

The indicative fee ranges are based on the following assumptions to ensure an efficient audit process:

- draft report, financial statements and full electronic files of supporting work papers available at the start date of our on site visit agreed with officers preferably in electronic format;
- reliance on your internal controls;
- availability of key members of staff during the audit fieldwork; and
- completion within the agreed timetable

Audit Scotland has notified us, and the Joint Board, that the fee range for 2014-15 is £9,620 to £14,430. This represents a 1% increase on the 2013-14. We have proposed a fee of £12,025, which represents the mid-point.

Should we be required to undertake significant additional audit work in respect of any of the areas of audit focus or other matters arising, we will discuss with management the impact of this on our proposed fee.

# Audit planning

## Mandatory communications



Mandatory communications with those charged with governance as required by Auditing Standards are set out opposite.

These cover:

- fraud;
- related party transactions; and
- independence.

Area	Management responsibility/ action	KPMG response
Fraud risks	<ul style="list-style-type: none"><li>It is the responsibility of management to implement accounting and internal control systems which are designed to prevent and detect fraud and error. Such systems reduce but do not eliminate the risk of misstatements caused by fraud or error.</li><li>Those charged with governance must ensure, through oversight of management, the integrity of these systems and that appropriate controls are in place, including those for monitoring risk, financial control and compliance with laws. This is in the context of preparing financial statements that give a true and fair view and that do not contain material misstatements arising from fraudulent reporting (intentional misstatements/ omissions to deceive the financial statement user) or from the misappropriation of assets.</li></ul>	<ul style="list-style-type: none"><li>Our audit procedures are designed to have a reasonable chance of detecting misstatements as a result of fraud or error. The audit team will review and discuss fraud related risks and controls with internal audit, the chief financial officer and senior management.</li><li>Our risk assessment procedures will include a number of interviews with senior personnel concerning processes to identify and respond to risks of fraud.</li></ul>
Related party transactions	<ul style="list-style-type: none"><li>Management has processes in place to identify related party transactions and a number were disclosed in the 2013-14 financial statements. All material related party transactions must be disclosed in the financial statements.</li></ul>	<ul style="list-style-type: none"><li>We will ensure that there continues to be appropriate processes in place as part of the financial statements preparation process to identify any related party transactions.</li></ul>
Independence	<ul style="list-style-type: none"><li>Auditing Standards require us to consider our independence and related matters in our dealings with the Joint Board.</li></ul>	<ul style="list-style-type: none"><li>We have provided our formal independence communication in appendix one. In respect of non-audit services provided to the Joint Board we have completed internal conflict checks to confirm that the services may be provided with no threat to our audit independence.</li></ul>



*cutting through complexity™*

## Appendices

## Appendix one Independence



Auditing Standards require us to communicate to the members of the Joint Board in writing at least annually on any matters which may reasonably be thought to bear on our independence and set out the safeguards in place in relation to these matters and confirm that we are independent.

Professional ethical standards require us to communicate to you as part of planning all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Audit Director and the audit team. This letter is intended to comply with this requirement although we will communicate any significant judgements made about threats to objectivity and independence and the appropriateness of safeguards put in place.

We are satisfied that our general procedures support our independence and objectivity, except for those detailed below where additional safeguards are in place.

### 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 Audit Directors 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.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail.

### Confirmation of audit independence

We confirm that as of 12 March 2015, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

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

Yours faithfully

KPMG LLP

## Audit Scotland code of audit practice – responsibilities of auditors and management

Responsibilities of management	
Responsibilities of auditors	Responsibilities of management
<p><b>Financial statements</b></p> <p>Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:</p> <ul style="list-style-type: none"> <li>whether they give a true and fair view of the financial position of audited bodies and their expenditure and income; and</li> <li>whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.</li> </ul> <p>Auditors should review and report on, as appropriate, other information published with the financial statements, including the management commentary, annual governance statement, statement on internal control or statement on internal financial control and the remuneration report.</p> <p>Where required, auditors should also review and report on the Whole of Government Accounts return.</p>	<p>Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources. Audited bodies are responsible for:</p> <ul style="list-style-type: none"> <li>ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority;</li> <li>maintaining proper accounting records;</li> <li>preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the relevant financial reporting framework (eg, the Financial Reporting Manual or an Accounting Code of Practice);</li> <li>preparing and publishing with their financial statements an annual governance statement, statement on internal control or statement on internal financial control and a remuneration report; and</li> <li>preparing consolidation packs and, in larger bodies, preparing a Whole of Government Accounts return.</li> </ul>
<p><b>Corporate governance arrangements</b></p> <p>Consistent with the wider scope of public audit, the Code gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:</p> <ul style="list-style-type: none"> <li>bodies' reviews of corporate governance and systems of internal control, including their reporting arrangements</li> <li>the prevention and detection of fraud and irregularity</li> </ul>	<p>Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.</p>

## Appendix two

# Audit Scotland code of audit practice – responsibilities of auditors and management (continued)



Responsibilities of auditors		Responsibilities of management
Corporat governance arrangements (continued)		
<ul style="list-style-type: none"> <li>standards of conduct and arrangements for the prevention and detection of corruption; and</li> <li>the financial position of audited bodies.</li> </ul>		
<b>Systems of internal control</b> <p>Auditors are required to review and report on the compliance statements given by bodies under the relevant code or framework before their publication. This is discharged by reviewing and, where appropriate, examining evidence relevant to audited bodies' arrangements in accordance with any guidance issued by Audit Scotland. Auditors are not required to consider whether the statements cover all risks and controls, or form an opinion on the effectiveness of procedures, but report where compliance statements are not consistent with their knowledge of the body.</p>		<p>Audited bodies are responsible for developing and implementing systems of internal control, including risk management, financial, operational and compliance controls. They are required to conduct annual reviews of the effectiveness of their governance, systems of internal control, or internal financial control, and report publicly that they have done so. Such reviews should take account of the work of internal audit and be carried out by those charged with governance, usually through bodies' audit committees.</p>
<b>Prevention and detection of fraud and irregularities</b> <p>Auditors should review and report on these arrangements. While auditors do not substitute for audited bodies own responsibilities, and are not responsible for preventing or detecting fraud or irregularity, they should be alert to the potential for breaches of procedures, and of fraud and irregularity. Auditors examine evidence that is relevant to these arrangements, particularly aspects of internal financial control such as segregation of duties, authorisation and approval processes and reconciliation procedures.</p>		<p>Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. This includes:</p> <ul style="list-style-type: none"> <li>developing, promoting and monitoring compliance with standing orders and financial instructions;</li> <li>developing and implementing strategies to prevent and detect fraud and other irregularity;</li> <li>receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity; and</li> <li>participating, when required, in data matching exercises carried out by Audit Scotland.</li> </ul>

## Appendix two

# Audit Scotland code of audit practice – responsibilities of auditors and management (continued)

Responsibilities of auditors		Responsibilities of management
Standards of conduct and arrangements for the prevention and detection of bribery and corruption		
<p>Auditors should consider whether bodies have adequate arrangements in place to maintain and promote proper standards of financial conduct and to prevent and detect bribery and corruption. Auditors review and, where appropriate, examine evidence that is relevant to these arrangements and reporting their findings.</p> <p>While auditors are not responsible for preventing or detecting failure to maintain an appropriate level of integrity and openness, they should be alert to the potential for corruption and breaches of standards of conduct in all aspects of their work. If weaknesses in arrangements are identified or notified, auditors should report them promptly to management or those charged with governance.</p>		<p>Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and should put proper arrangements in place for:</p> <ul style="list-style-type: none"> <li>□ implementing and monitoring compliance with appropriate guidance on standards of conduct and codes of conduct for members and officers;</li> <li>□ promoting appropriate values and standards; and</li> <li>□ developing, promoting and monitoring compliance with standing orders and financial instructions.</li> </ul>
Financial position		
<p>Auditors should consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based, where appropriate, examining evidence that is relevant to the arrangements.</p> <p>Auditors should have regard to audited bodies':</p> <ul style="list-style-type: none"> <li>□ financial performance in the period under audit</li> <li>□ compliance with any statutory financial requirements and financial targets</li> <li>□ ability to meet known or contingent statutory and other financial obligations</li> <li>□ responses to developments which may have an impact on their financial position; and</li> <li>□ financial plans for future periods.</li> </ul>		<p>Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> <li>□ such financial monitoring and reporting arrangements as may be specified;</li> <li>□ compliance with any statutory financial requirements and achievement of financial targets;</li> <li>□ balances and reserves, including strategies about levels and future use; and</li> <li>□ the impact of planned future policies and foreseeable developments on their financial position.</li> </ul>

Appendix two

# Audit Scotland code of audit practice – responsibilities of auditors and management (continued)



Responsibilities of auditors	Responsibilities of management
Best Value use of resources and performance	
<p>The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing Best Value and complying with responsibilities relating to community planning.</p> <p>Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.</p> <p>Auditors should undertake appropriate work to satisfy themselves that bodies have put in place adequate arrangements for the collection, recording and publication of statutory performance information by reviewing and examining evidence that is relevant to these arrangements in accordance with any guidance issued by Audit Scotland.</p>	<p>Local authorities have a statutory duty to make arrangements to secure Best Value; defined as the continuous improvement in the performance of functions. In securing Best Value, local authorities must maintain a balance of quality and cost considerations and have regard, among other things, to economy, efficiency and effectiveness (or 'value for money') and the need to meet equal opportunity requirements and contribute to the achievement of sustainable development. Local authorities also have a duty for community planning, which is to initiate, maintain and facilitate consultation among and with public bodies, community bodies and others about the provision of services in the area of the local authority and the planning of that provision.</p> <p>Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control, accountability and evaluation of the use of resources. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p> <p>The Local Government Act 1992 requires the Accounts Commission to specify information which local authorities must publish about their performance.</p>



*cutting through complexity* <sup>TM</sup>

© 2015 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.  
Use of this report is LIMITED – see Notice on contents page.

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 8 JUNE 2015

REPORT ON: ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2015

REPORT BY: TREASURER

REPORT NO: TRB 8-2015

## 1 PURPOSE OF REPORT

To present to the Board the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31 March 2015 which is also being submitted to the Board.

## 2 RECOMMENDATIONS

It is recommended that the Board:

- i notes the contents of this covering report;
- ii approves the Annual Governance Statement which is included as an Appendix to this report; and
- iii instructs the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2015.

## 3 FINANCIAL IMPLICATIONS

None.

## 4 BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require that "...the local authority must conduct a review at least once in each financial year of the effectiveness of its system of internal control. The findings of the review... must be considered at a meeting of the local authority... (and) following consideration of the findings of the review... that authority must approve an annual governance statement." There is no requirement to have separate meetings for the consideration of the findings and then the approval of the annual governance statement. Both may be undertaken at the same meeting.
- 4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement:
- i. An acknowledgement of responsibility for ensuring there is a sound system of governance;
  - ii. An indication of the level of assurance that the systems and processes that comprise the board's governance arrangements can provide;
  - iii. A brief description of the key elements of the governance framework;
  - iv. A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the board, internal audit and other explicit reviews/assurance mechanisms;

- v. An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan; and
- vi. A specific statement on whether the Board's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010) as set out in the CIPFA's *Application Note to Delivering Good Governance in Local Government: Framework*; and where they do not, an explanation of how they deliver the same impact.

4.3 The Annual Governance Statement for the year ended 31 March 2015 is included on Appendix A.

## 5 POLICY IMPLICATIONS

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

## 6 CONSULTATIONS

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

## 7 BACKGROUND PAPERS

CIPFA: Code of Practice on Local Authority Accounting in the UK 2014/2015;  
The Local Authority Accounts (Scotland) Regulations 2014;  
CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010); and  
CIPFA's Application Note to Delivering Good Governance in Local Government: Framework.

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

**21 MAY 2015**

## 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.

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

The Board's Internal Audit Service 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 are being developed and will be reported to the September 2015 Board meeting for approval.

During 2013/2014, Internal Audit identified the following areas where further improvements could be made:

- Update the Health and Safety Policy statement;
- Devise a testing programme for the Business Continuity Plan; and
- Revise the Office Procedures to ensure they are consistent with other Policy documents.

An updated Health and Safety Policy was approved at the December 2014 Board meeting. The Business Continuity Plan was updated to reflect the need for an annual 'desk-top' testing exercise by management.

The revision of the Office Procedures is in progress with a target completion date of June 2015.

During 2014/2015, Internal Audit conducted their 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.

It is proposed that during 2015/2016 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.

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

**Marjory Stewart FCCA, CPFA**  
Treasurer  
Tay Road Bridge Joint Board  
8 June 2015

**Alan Hutchison**  
Bridge Manager  
Tay Road Bridge Joint Board  
8 June 2015

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 8 JUNE 2015

REPORT ON: ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2015

REPORT BY: TREASURER

REPORT NO: TRB 8-2015

## 1 PURPOSE OF REPORT

To present to the Board the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31 March 2015 which is also being submitted to the Board.

## 2 RECOMMENDATIONS

It is recommended that the Board:

- i notes the contents of this covering report;
- ii approves the Annual Governance Statement which is included as an Appendix to this report; and
- iii instructs the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2015.

## 3 FINANCIAL IMPLICATIONS

None.

## 4 BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require that "...the local authority must conduct a review at least once in each financial year of the effectiveness of its system of internal control. The findings of the review... must be considered at a meeting of the local authority... (and) following consideration of the findings of the review... that authority must approve an annual governance statement." There is no requirement to have separate meetings for the consideration of the findings and then the approval of the annual governance statement. Both may be undertaken at the same meeting.
- 4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement:
- i. An acknowledgement of responsibility for ensuring there is a sound system of governance;
  - ii. An indication of the level of assurance that the systems and processes that comprise the board's governance arrangements can provide;
  - iii. A brief description of the key elements of the governance framework;
  - iv. A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the board, internal audit and other explicit reviews/assurance mechanisms;

- v. An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan; and
- vi. A specific statement on whether the Board's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010) as set out in the CIPFA's *Application Note to Delivering Good Governance in Local Government: Framework*; and where they do not, an explanation of how they deliver the same impact.

4.3 The Annual Governance Statement for the year ended 31 March 2015 is included on Appendix A.

## 5 POLICY IMPLICATIONS

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

## 6 CONSULTATIONS

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

## 7 BACKGROUND PAPERS

CIPFA: Code of Practice on Local Authority Accounting in the UK 2014/2015;  
The Local Authority Accounts (Scotland) Regulations 2014;  
CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010); and  
CIPFA's Application Note to Delivering Good Governance in Local Government: Framework.

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

**21 MAY 2015**

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

The Board's Internal Audit Service 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 are being developed and will be reported to the September 2015 Board meeting for approval.

During 2013/2014, Internal Audit identified the following areas where further improvements could be made:

- Update the Health and Safety Policy statement;
- Devise a testing programme for the Business Continuity Plan; and
- Revise the Office Procedures to ensure they are consistent with other Policy documents.

An updated Health and Safety Policy was approved at the December 2014 Board meeting. The Business Continuity Plan was updated to reflect the need for an annual 'desk-top' testing exercise by management.

The revision of the Office Procedures is in progress with a target completion date of June 2015.

During 2014/2015, Internal Audit conducted their 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.

It is proposed that during 2015/2016 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.

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

**Marjory Stewart FCCA, CPFA**  
**Treasurer**  
**Tay Road Bridge Joint Board**  
**8 June 2015**

**Alan Hutchison**  
**Bridge Manager**  
**Tay Road Bridge Joint Board**  
**8 June 2015**

## 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.

