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# *TAY ROAD BRIDGE JOINT BOARD*

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Clerk: Roger Mennie  
Head of Democratic and Legal Services  
Dundee City Council  
21 City Square  
Dundee  
DD1 3BY

TO: ALL MEMBERS OF THE TAY  
ROAD BRIDGE JOINT BOARD

Date 25th February, 2019

Dear Member

**TAY ROAD BRIDGE JOINT BOARD**

You are requested to attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held in Committee Room 3, 14 City Square, Dundee at 10.00 am on Monday, 4th March, 2019.

The agenda and papers are enclosed.

Please submit any apologies for absence to Arlene Hay, Committee Services Officer on telephone (01382) 434818 or email [arlene.hay@dundeecity.gov.uk](mailto:arlene.hay@dundeecity.gov.uk)

Yours faithfully

ROGER MENNIE

Clerk to the Joint Board



## AGENDA OF BUSINESS

### **1 DECLARATION OF INTEREST**

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

### **2 MINUTE OF PREVIOUS MEETING – Page 1**

The minute of meeting of the Tay Road Bridge Joint Board held on 3rd December, 2018 is submitted for approval, (copy enclosed).

### **3 OPERATIONAL RESTRICTIONS AND CLOSURES – Page 5**

(Report No TRB4-2019 by the Bridge Manager, copy enclosed).

### **4 TENDER REPORT – PRINCIPAL INSPECTION OF PIERS AND COLUMNS – Page 9**

(Report No TRB5-2019 by the Engineer, copy enclosed).

### **5 REVENUE MONITORING – 10 MONTHS TO 31ST JANUARY, 2019 – Page 11**

(Report No TRB1-2019 by the Treasurer, copy enclosed).

### **6 CAPITAL MONITORING – 10 MONTHS TO 31ST JANUARY, 2019 – Page 17**

(Report No TRB2-2019 by the Treasurer, copy enclosed).

### **7 REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION OFFICE – Page 21**

(Report No TRB6-2019 by the Bridge Manager, copy enclosed).

### **8 EXTERNAL AUDIT ANNUAL AUDIT PLAN – 2018/2019 – Page 23**

(Report No TRB3-2019 by the Treasurer, copy enclosed).

### **9 RESPONSE TO INTERNAL AUDITOR'S REPORT ON ASSET MANAGEMENT AND PHYSICAL SECURITY – Page 41**

(Report No TRB7-2019 by the Bridge Manager, copy enclosed).

### **10 PROVISION OF INTERNAL AUDIT SERVICE 2019-2022 – AGENDA NOTE**

The Joint Board is requested to note the appointment of Henderson Loggie as successful bidder for the provision of Internal Audit Services in respect of the financial years 2019/2020 to 2021/2022.

The Treasurer completed a competitive procurement process, in accordance with current procurement requirements, for the provision of Internal Audit Services for the period 2019/2020 to 2021/2022. Henderson Loggie were the successful bidder in this process. The annual estimated cost of providing this service for 2019/2020 is £6,150 plus VAT. These costs will be met from the current budget for Internal Audit Services.

**11 DATE OF NEXT MEETING**

The next meeting of the Joint Board will be held on Monday, 17th June, 2019 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

**ITEM No ...2..**

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Fife on 3rd December, 2018.

Present:-

Dundee City Council

Councillor Stewart HUNTER  
Depute Lord Provost Bill CAMPBELL  
Councillor Lynne SHORT  
Baillie Fraser MACPHERSON  
Councillor George McIRVINE

Fife Council

Councillor Jonny TEPP  
Councillor Bill CONNOR  
Councillor John DOCHERTY  
Councillor Andy HEER

Also Present (Officers):-

Alan HUTCHISON (Bridge Manager)  
Bill ANGUS (Maintenance and Operations Manager)  
David ARCHIBALD (Henderson Loggie)  
Kenny McKAIG (for Clerk)  
John MOIR (for Treasurer)

Councillor Stewart HUNTER, Chairperson in the Chair.

Apologies for absence were submitted on behalf of Councillor Margaret Richardson (Dundee City Council) and Councillor Brian Thomson (Fife Council).

**I DECLARATION OF INTEREST**

There were no declarations of interest.

**II MINUTE OF PREVIOUS MEETING**

The minute of meeting of the Tay Road Bridge Joint Board held on 10th September, 2018 was submitted and approved.

**III OPERATIONAL RESTRICTIONS AND CLOSURES**

There was submitted Report No TRB25-2018 by the Bridge Manager appraising the Joint Board of the number and nature of operational restrictions and closures applied between 1st August and 31st October, 2018.

The Joint Board noted the contents of the report as at 31st October, 2018.

**IV HEALTH AND SAFETY MONITORING 2018**

There was submitted Report No TRB26-2018 by the Bridge Manager appraising the Joint Board of performance relating to Health and Safety in 2018.

The Joint Board:-

- (i) noted the outcomes of the report; and
- (ii) agreed to the findings of the review at paragraph 5.4 of the report.

**V TENDER REPORT – IMPROVEMENTS TO CARRIAGEWAY LIGHTING**

There was submitted Report No TRB27-2018 by the Bridge Manager seeking authority for the appointment of the Street Lighting Partnership to carry out the design and installation of LED white lighting to the bridge carriageway, walkway and Fife car park.

The Joint Board:-

- (i) instructed the Clerk to the Joint Board to accept the offer of £69,342.30 procured directly through the Street Lighting Partnership, which included professional fees associated with design and tender preparation; and
- (ii) authorised overall expenditure of £86,276.53 which included an allowance of £6,934.23 for 10% contingencies and £10,000 for traffic management and site supervision.

**VI TENDER REPORT – RENEWAL OF CATHODIC PROTECTION MONITORING SYSTEM**

There was submitted Report No TRB30-2018 by the Engineer to the Joint Board seeking authority for the appointment of Cathode Protection Co. Limited to supply and install a new Cathodic Protection (CP) Monitoring System.

The Joint Board:-

- (i) instructed the Clerk to the Board to accept the tender offer of £119,984.74 from Cathode Protection Co Limited; and
- (ii) authorised an overall expenditure of £150,000 which included an overall allowance of £30,015.26 for pedestrian management, professional fees and contingencies.

**VII REVENUE MONITORING – 7 MONTHS TO 31ST OCTOBER, 2018**

There was submitted Report No TRB21-2018 by the Treasurer appraising the Joint Board of the current monitoring position of its 2018/2019 Revenue Budget.

The Joint Board noted the content of the Revenue Monitoring Report as at 31st October, 2018.

**VIII CAPITAL MONITORING – 7 MONTHS TO 31ST OCTOBER, 2018**

There was submitted Report No TRB22-2018 by the Treasurer appraising the Joint Board of the current monitoring position of its 2018/2019 Capital Budget.

The Joint Board noted the content of the Capital Monitoring Report as at 31st October, 2018.

**IX REVENUE BUDGET 2019/2020 TO 2021/2022**

There was submitted Joint Report No TRB23-2018 by the Treasurer and Bridge Manager appraising the Joint Board on the proposed Tay Road Bridge Revenue Budget for the financial years 2019/2020 to 2021/2022.

The Joint Board:-

- (i) approved the Revenue Budget for 2019/2020 subject to confirmation of grant funding by the Scottish Government; and
- (ii) noted the provisional Revenue Budget for 2020/2021 and 2021/2022.

**X CAPITAL PLAN 2019/2020 TO 2021/2022**

There was submitted Report No TRB24-2018 by the Treasurer seeking approval of the Joint Board's Capital Plan for the period 2019/2020 to 2021/2022 inclusive.

The Joint Board approved the Capital Plan as detailed in Appendix 1 of the report subject to confirmation of grant funding by the Scottish Government.

**XI RESPONSE TO INTERNAL AUDITOR'S REPORT ON COMPLIANCE WITH LEGISLATION**

There was submitted Report No TRB29-2018 by the Bridge Manager in response to the Internal Audit Report on Compliance with Legislation prepared by the Board's Internal Auditor, Henderson Loggie.

The Joint Board:-

- (i) endorsed the report as the formal response to the Internal Auditor's report which was attached as Appendix 1 to the report; and
- (ii) instructed the Clerk and the Bridge Manager to implement the Internal Auditor's recommendation as set out in paragraph 5.1 of the report.

**XII INTRODUCTION OF STRATEGIC PLAN**

On a reference to Article VIII of the minute of the meeting of this Joint Board of 10th September, 2018 there was submitted Report No TRB28-2018 by the Bridge Manager seeking the Joint Board's approval to implement a Strategic Plan that showed a clear link between the Joint Board's strategic objectives and its revenue budget following a recommendation by the external auditor from their audit of the Joint Board for the year ended 31st March, 2018.

The Joint Board agreed to implement the Strategic Plan appended to the report.

**XI AOCB**

- (i) CYCLIST COUNTERS

It was remitted to the Bridge Manager to investigate potential installation of cyclist counters at the Bridge.

**XIV DATE OF NEXT MEETING**

Monday, 4th March, 2019 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

Stewart HUNTER, Chairperson.





**ITEM No ...3...**

**REPORT TO:** TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019

**REPORT ON:** REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES

**REPORT BY:** THE BRIDGE MANAGER

**REPORT NO:** TRB 4 - 2019

**1.0 PURPOSE OF REPORT**

1.1 To appraise the Board of the number and nature of operational restrictions and closures applied between 1 November 2018 and 31 January 2019.

**2.0 RECOMMENDATIONS**

2.1 The Board are asked to note the contents of this Report as at 31 January 2019.

**3.0 FINANCIAL IMPLICATIONS**

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

**4.0 COMMENTARY ON RESTRICTIONS AND CLOSURES**

4.1 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 November 2018 and 31 January 2019 is given below:-

**4.1.1 Single Carriageway Closure**

<b>Reason</b>	<b>Total Duration (Minutes)</b>	<b>No of Occasions</b>	<b>Average Duration (Minutes)</b>
Operational	197	65	3.03
Breakdown	35	5	7
Misc. Incidents	50	12	4.17
Single Lane Closures for maintenance	1181	29	40.72
Road works Contractor Contra-flow	0	0	0
Police Incidents	146	12	12.17

#### 4.1.2 Full Bridge Closure

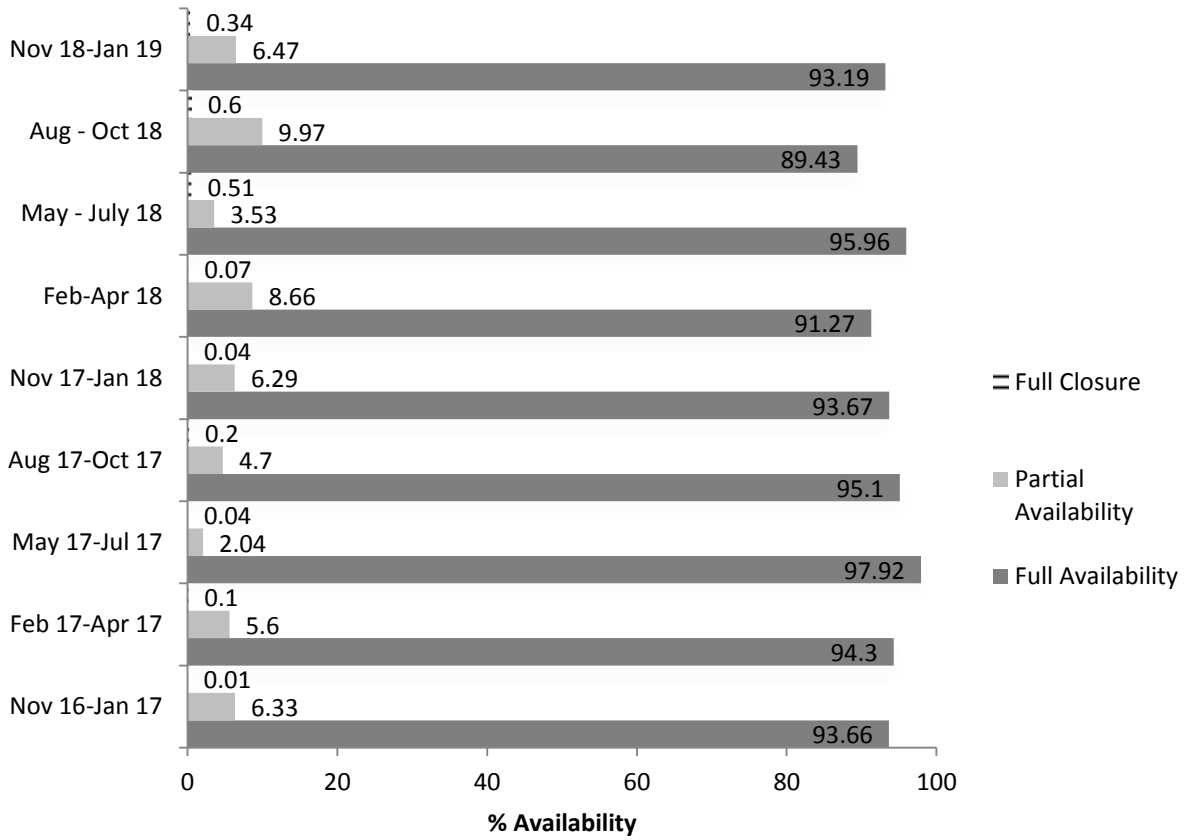
<b>Reason</b>	<b>Total Duration (Minutes)</b>	<b>No of Occasions</b>	<b>Average Duration (Minutes)</b>
Operational (Night Closures)	0	0	0
Police Incidents	446	10	44.6
Wind	0	0	0

#### 4.1.3 High Winds/Weather Restrictions

<b>Traffic Restricted</b>	<b>Total Duration (Minutes)</b>	<b>No of Occasions</b>	<b>Average Duration (Minutes)</b>
Double Deck Buses	6634	14	473.86
High Sided	334	2	172
All traffic	0	0	0

4.1.4 Availability of Bridge

**AVAILABILITY TO BRIDGE USERS**



	Nov 17 – Jan 18	Feb – Apr 18	May – July 18	Aug – Oct 18	Nov 18 – Jan 19
Full Availability	93.67	91.27	95.96	89.43	93.19
Partial Availability	6.29	8.66	3.53	9.97	6.47
Full Closure	0.04	0.07	0.51	0.6	0.34

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

Full availability in this quarter is up 3.76% compared with the period between August and October 2018 due to fewer weather closures. Partial availability is also up slightly by 3.5% due to fewer operational closures on the bridge compared to the previous quarter.

#### 4.1.5 Summary of Bridge availability 1 November 2018 to 31 January 2019

Full availability (No restrictions)	93.19
Partial Availability (Some restrictions)	6.47
No Availability (Full Closure)	0.34

## 5.0 TRAFFIC COUNT DATA

### 5.1 Traffic Count Data from Dundee Ramps

#### AADT – (Annual Average Daily Total)

	1st Quarter (Feb - Apr)	2nd Quarter (May - Jul)	3rd Quarter (Aug - Oct)	4 <sup>th</sup> Quarter (Nov – Jan)
Northbound to West	6056	6459	6371	**7125
Northbound to East	6765	7506	7387	6535
<b>Northbound Total</b>	<b>12821</b>	<b>13965</b>	<b>13758</b>	<b>13660</b>
Southbound from West	5445	5807	5711	5461
Southbound From East	7476	8309	8224	7235
<b>Southbound Total</b>	<b>12921</b>	<b>14116</b>	<b>13935</b>	<b>12696</b>

\*\*Please note that an error was noted in the vehicle data logged from the west bound off ramp counter for the last two weeks in January 2019. The count for this ramp was therefore averaged using the vehicle numbers recorded for the 11 weeks of data that was available.

## 6.0 POLICY IMPLICATIONS

6.1 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 implications.

## 7.0 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.

## 8.0 BACKGROUND PAPERS

8.1 None.

**ALAN HUTCHISON**  
**BRIDGE MANAGER**  
**21 FEBRUARY 2019**

**ITEM No ...4...**

**REPORT TO:** TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019

**REPORT ON:** TENDER REPORT – PRINCIPAL INSPECTION OF PIERS AND COLUMNS

**REPORT BY:** ENGINEER TO THE BOARD

**REPORT NO:** TRB 5 – 2019

**1 PURPOSE OF REPORT**

- 1.1 To authorise the appointment of Geckotech Solutions Ltd to carry out a Principal Inspection of the upper 2.4 metres of the concrete river piers and the entire surface area of the columns of the Tay Road Bridge, clean and inspect all surfaces, identify and mark out defective areas of concrete, photograph and report on defects.

**2 RECOMMENDATIONS**

- 2.1 It is recommended that:

- The Clerk to the Board be instructed to accept the tender offer of £172,976 from Geckotech Solutions Ltd.
- An overall expenditure of £203,733.12 be authorised which includes an overall allowance of 12% of tender total (£20,757.12) for contingencies and £10,000 for professional fees associated with providing support for site supervision and interpretation of reports.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The Treasurer advises that the above expenditure can be met from within the Capital Budget for 2019/20.

**4 IMPLICATIONS TO BRIDGE USERS**

- 4.1 There will be minimal impact on bridge users. Short duration closures (less than three minute duration) of each carriageway will be used to allow contractor access to the gantries for initial set-up. Thereafter, all access for cleaning and inspection of the river piers and columns will be from the river by boat.

**5 BACKGROUND**

- 5.1 The Tay Road Bridge consists of 42 deck spans supported on 3.65m wide by 3m deep steel box-girders spanning between 41 pairs of reinforced concrete parabolic section twin columns. Each pair of columns has been constructed on concrete piers built into cofferdams in the river bed.
- 5.2 Principal Inspections of the bridge are a statutory requirement and permit efficient planning of future maintenance requirements to ensure the continuing good condition of the sub-structure.

- 5.3 A Single Stage (Open) tender was invited through the Public Contract Scotland portal. Fifteen compliant tender offers were returned, with the lowest priced five tender returns listed below:

<u>Company</u>	<u>Tender Total</u>
Geckotech Solutions Ltd	£172,976.00
Aspin Group Ltd	£223,197.35
Dangle Ltd	£223,840.00
Geo Structural Ltd	£228,473.64
Balmore Group	£255,260.00

- 5.4 Evaluation of the Tenders was carried out on the basis of a price/quality split between the price criterion (60%) and quality criteria (40%), where submissions were assessed for compliance with specification, appraised on customer care processes and initiatives, along with how the contract will be managed and how fair work practises are evidenced. It is recommended that the offer from Geckotech Solutions Ltd of Edinburgh be accepted.
- 5.5 Allowances for costs associated with contingencies and professional fees for site supervision and the interpretation of reports require to be made giving a total expenditure of £203,733.12.

## **6 POLICY IMPLICATIONS**

- 6.1 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 implications.

## **7 CONSULTATIONS**

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

## **8 BACKGROUND PAPERS**

- 8.1 None

**FERGUS WILSON**  
**ENGINEER TO THE BOARD**  
**21 FEBRUARY 2019**

**ITEM No ...5....**

**REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019**  
**REPORT ON: REVENUE MONITORING - 10 MONTHS TO 31 JANUARY 2019**  
**REPORT BY: THE TREASURER**  
**REPORT NO: TRB 1-2019**

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2018/2019 Revenue Budget.

**2.0 RECOMMENDATIONS**

2.1 It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 January 2019.

**3.0 FINANCIAL IMPLICATIONS**

3.1 The 2018/2019 Revenue Budget predicted a deficit of £30,000 (see Report 24-2017). The current outturn position for the financial year 2018/2019 is projecting a £167,000 underspend against the 2018/2019 Revenue Budget based on the financial information available at 31 January 2019 (as detailed in Appendix A).

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 2018/2019 of £1,022,616. This balance will be used to fund any overspend in the current financial year before any contributions are made from the General Fund Reserve Balance.

3.3 The projected underspend, if it materialised, would result in a projected Revenue Grant Balance carried forward of £1,159,616 at 31 March 2019. 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 2018. This level of retained reserves is subject to negotiation with the Scottish Government.

3.4 An underspend of £8,000 is projected in relation to Administration Staff Costs. This is due to a £6,000 saving in relation to training costs and a £2,000 saving in relation to medicals.

3.5 An underspend of £5,000 is projected in relation to Administration Property Costs. This is due to there being less expenditure than anticipated required on alterations and improvements as major improvements are planned during the next financial year.

3.6 An underspend of £20,000 is projected in relation to Administration Supplies and Services. This is due to Insurance Premiums being lower than anticipated due to re-negotiation process (see TRB 8-2018).

3.7 An underspend of £4,000 is projected in relation to Operations Staff Costs. This is due to training costs being less than anticipated.

3.8 An underspend of £8,000 is projected in relation to Operations Supplies and Services. This is due to a £5,000 saving in relation to there being no requirement to purchase office

furniture and a £3,000 saving in relation to vehicle recoveries as there has been less volume of recoveries than anticipated.

- 3.9 An underspend of £32,000 is projected in relation to Plant and Equipment Supplies and Services. This is due to a £4,000 saving in relation to gantry equipment purchases, a £10,000 saving in relation to cathodic protection equipment maintenance, a £10,000 saving on the hire of the safety boat as there has not been a requirement outside the normal six month contract for this service, and a £14,000 saving in relation to equipment maintenance on the traffic signs as the majority of these were installed recently and maintenance is covered by a new contract supplied with the installation. These are offset by a £6,000 overspend on the weather monitoring IT software licence.
- 3.10 An underspend of £15,000 is projected in relation to Plant and Equipment Third Party Payments. This is due to a £5,000 saving in relation to gantry contractor and a £10,000 saving in relation to cathodic protection professional fees.
- 3.11 An overspend of £10,000 is projected in relation to Bridge Maintenance Staff Costs. This is due to additional overtime required to carry out cabling work on the cathodic protection system.
- 3.12 An underspend of £10,000 is projected in relation to Bridge Maintenance Property Costs. This is due to a saving in relation to ground maintenance work at the Fife landfill.
- 3.13 An underspend of £15,000 is projected in relation to Bridge Maintenance Supplies and Services. This is due to a £10,000 saving on de-icing materials due to the mild winter and a £5,000 saving on Met Office forecasts due to re-negotiation of the contract.
- 3.14 An underspend of £10,000 is projected in relation to Bridge Maintenance Third Party Payments. This is due to the anticipation that no further external consultant inspections and reports will be required.
- 3.15 Increased income of £12,000 is projected in relation to Interest on Revenue Balances. This is due to a slightly higher interest rate and higher than anticipated average monthly balances.
- 3.16 Increased income of £13,000 is projected in relation to Miscellaneous Income. This is due to income for the supply of electricity to a site office for the Flood Protection Works on the north side of the river.
- 3.17 An underspend of £30,000 is projected in relation to Capital Funded from Current Revenue (CFCR) Miscellaneous Projects. This is due to expenditure on miscellaneous assets being lower than anticipated.
- 3.18 An overspend of £55,000 is projected in relation to CFCR Gantry Miscellaneous. This is due to the requirement to conduct testing of the gantries following a recent consultant's inspection which is expected to be £25,000 and £30,000 relating to additional steelwork remedial works being identified as necessary following the recent testing.
- 3.19 An underspend of £50,000 is projected in relation to CFCR Paintwork to Box Girders. This is due to there being no requirement for expenditure during this financial year due to the condition of the existing paintwork.

#### **4.0 RISK ASSESSMENT**

- 4.1 In preparing the Board's Annual Revenue Budget (see Report TRB 9-2016), 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.

**5.0 POLICY IMPLICATIONS**

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

**6.0 CONSULTATIONS**

6.1 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.

**7.0 BACKGROUND PAPERS**

7.1 None

**GREGORY COLGAN**  
**TREASURER**

**19 FEBRUARY 2019**



**TAY ROAD BRIDGE JOINT BOARD****REVENUE MONITORING AS AT 31 JANUARY 2019**

	Revenue Budget 2018/19 £	Expenditure to 31 Jan 2019 £	Final Projection 2018/19 £	Variance from Budget £	Paragraph Reference
<b>EXPENDITURE</b>					
<u>Administration</u>					
Staff Costs	182,331	140,315	174,331	(8,000)	3.4
Property Costs	31,000	22,223	26,000	(5,000)	3.5
Supplies and Services	153,767	105,310	133,767	(20,000)	3.6
Transport Costs	975	89	975	-	
Third Party Payments	91,453	6,202	91,453	-	
	459,526	274,139	426,526	(33,000)	
<u>Operations</u>					
Staff	482,643	383,135	478,643	(4,000)	3.7
Supplies & Services	15,700	6,595	7,700	(8,000)	3.8
	498,343	389,730	486,343	(12,000)	
<u>Plant and Equipment</u>					
Property	24,000	20,924	24,000	-	
Supplies & Services	183,500	136,426	151,500	(32,000)	3.9
Transport	32,750	24,286	32,750	-	
Third Party Payments	21,250	-	6,250	(15,000)	3.10
	261,500	181,636	214,500	(47,000)	
<u>Bridge Maintenance</u>					
Staff	288,294	241,251	298,294	10,000	3.11
Property	38,000	20,065	28,000	(10,000)	3.12
Supplies & Services	59,050	16,062	44,050	(15,000)	3.13
Transport	550	55	550	-	
Third Party Payments	24,750	150	14,750	(10,000)	3.14
	410,644	277,583	385,644	(25,000)	
<b>GROSS EXPENDITURE</b>	1,630,013	1,123,088	1,513,013	(117,000)	
<b>INCOME</b>					
Scottish Government Revenue Grant	1,700,000	1,416,666	1,700,000	-	
Interest on Revenue Balances	14,400	-	26,400	12,000	3.15
Kiosk Rent	10,213	7,660	10,213	-	
Miscellaneous	400	13,766	13,400	13,000	3.16
<b>GROSS INCOME</b>	1,725,013	1,438,092	1,750,013	25,000	
<b>TOTAL NET REVENUE EXPENDITURE / (INCOME)</b>	(95,000)	(315,004)	(237,000)	(142,000)	

## CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

	Revenue Budget 2018/19 £	Expenditure to 31 Jan 2019 £	Final Projection 2018/19 £	Variance from Budget £	Paragraph Reference
Miscellaneous Projects	50,000	14,460	20,000	(30,000)	3.17
Gantry Miscellaneous	25,000	45,364	80,000	55,000	3.18
Paintwork to Box Girders	50,000	-	-	(50,000)	3.19
<b>TOTAL CFCR</b>	125,000	59,824	100,000	(25,000)	
<b>TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES</b>	30,000	(255,180)	(137,000)	(167,000)	

ITEM No ...6...
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**REPORT TO:** TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019

**REPORT ON:** CAPITAL MONITORING - 10 MONTHS TO 31 JANUARY 2019

**REPORT BY:** THE TREASURER

**REPORT NO:** TRB 2-2019

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2018/2019 Capital Budget.

**2.0 RECOMMENDATIONS**

2.1 It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 January 2019.

**3.0 FINANCIAL IMPLICATIONS**

3.1 The Joint Board's 2018/2019 Capital Expenditure Programme of £1,080,000 was approved by the Board on 4 December 2017 (Report TRB 25-2017). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.

3.2 The capital outturn for the financial year 2018/2019 (as detailed in Table 1 on Appendix A) is projected to be £527,000 (i.e. a net decrease of £553,000 from the originally approved budget) based on the financial ledger information up to 31 January 2019 and this will be funded from 2018/2019 Capital Grant of £415,000, Capital Receipt of £12,000 and Capital Funded from Current Revenue (CFCR) of £100,000. This results in a projected Capital Grant carried forward into 2019/2020 of £1,883,000 (as detailed in Table 2 on Appendix A).

**4.0 REASONS FOR CAPITAL EXPENDITURE NET DECREASE**

4.1 The main reasons for the net decrease of £553,000 can be summarised as follows:

	<b><u>£000</u></b>
<b><u>Budget Adjustments:</u></b>	
Carriageway Resurfacing	(45)
CP Monitoring Equipment	(50)
Weather Monitoring Equipment	(30)
Replacement of Expansion Joints	(15)
Bridge Office Refurbishment	(90)
Lift Replacement	(69)
LED Lighting to Bridge and Fife Car Park	90
CFCR: Miscellaneous Projects	(30)
CFCR: Gantry Miscellaneous	55
CFCR: Paintwork to Box Girders	(50)
<b><u>Slippage into 2019/2020:</u></b>	
CP Monitoring Equipment	(125)
Inspection of Columns & Piers	(150)
Lift Replacement	(4)
LED Lighting to Bridge and Fife Car Park	(40)
<b>Total Budget Adjustments</b>	<b><u>(553)</u></b>

## **5.0 RISK ASSESSMENT**

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme. 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.

## **6.0 CONCLUSION**

- 6.1 The Board's 2018/2019 capital programme is showing a projected capital spend of £527,000 which will be funded from the current year's Scottish Government grant, unspent Capital Grant carried forward from previous years and Capital Funded from Current Revenue.
- 6.2 The 2018/2019 capital expenditure programme will continue to be monitored on a regular basis throughout the remainder of the current financial year.

## **7.0 POLICY IMPLICATIONS**

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

## **8.0 CONSULTATIONS**

- 8.1 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.

## **9.0 BACKGROUND PAPERS**

- 9.1 None.

**GREGORY COLGAN**  
**TREASURER**

**19 FEBRUARY 2019**

## TAY ROAD BRIDGE JOINT BOARD

TABLE 1: CAPITAL EXPENDITURE MONITORING - 10 MONTHS TO 31 JANUARY 2019

<u>Expenditure</u>	<u>Capital Budget 2018/19 £000</u>	<u>Slippage from 2017/18 £000</u>	<u>Budget Adjust £000</u>	<u>Slippage into 2019/20 £000</u>	<u>Revised Capital Budget 2018/19 £000</u>	<u>Actual to 31 Jan 2019 £000</u>	<u>Projected Outturn 2018/19 £000</u>	<u>Variance from Budget £000</u>
								-
Carriageway Resurfacing	50	-	(45)	-	5	3	5	-
CP Monitoring Equipment	200	-	(50)	(125)	25	19	25	-
Weather Monitoring Equipment	30	-	(30)		-	-	-	-
Inspection of Columns & Piers	150	-	-	(150)	-	-	-	
Replacement of Expansion Joints	25	-	(15)	-	10	5	10	-
Bridge Office Refurbishment	100	-	(90)	-	10	1	10	-
Lift Replacement	150	-	(69)	(4)	77	77	77	-
New Switch Gear	250	-	-	-	250	46	250	-
LED Lighting to Bridge and Fife Car Park	-	-	90	(40)	50	-	50	
Miscellaneous Projects (CFCR)	50	-	(30)	-	20	15	20	-
Gantry – Miscellaneous (CFCR)	25	-	55	-	80	45	80	-
Paintwork to Box Girders (CFCR)	50	-	(50)	-	-	-	-	-
<b>Total Gross Expenditure</b>	<b><u>1,080</u></b>	<b><u>-</u></b>	<b><u>(234)</u></b>	<b><u>(319)</u></b>	<b><u>527</u></b>	<b><u>211</u></b>	<b><u>527</u></b>	<b><u>-</u></b>
<b>Funded by:</b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>
Capital Grant 2017/2018	750	-	(101)	(234)	415	625	415	-
Unapplied Capital Grant brought forward from Previous Years	205	-	(120)	(85)	-	-	-	-
Capital Receipts	-	-	12	-	12	12	12	
Capital Funded from Current Revenue (CFCR)	125	-	(25)	-	100	60	100	-
<b>Total Funding</b>	<b><u>1,080</u></b>	<b><u>-</u></b>	<b><u>(234)</u></b>	<b><u>(319)</u></b>	<b><u>527</u></b>	<b><u>697</u></b>	<b><u>527</u></b>	<b><u>-</u></b>

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	<b><u>£000</u></b>
Unapplied Capital Grant Brought Forward	1,548
<u>Add:</u> Capital Grant Received 2018/2019	750
<u>Less:</u> Capital Grant Utilised 2018/2019	(415)
<b>Unapplied Capital Grant Carried Forward to 2019/2020</b>	<b><u>1,883</u></b>





**ITEM No ...7...**

**REPORT TO:** TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019  
**REPORT ON:** REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION OFFICE  
**REPORT BY:** BRIDGE MANAGER  
**REPORT NO:** TRB 6 - 2019

**1 PURPOSE OF REPORT**

- 1.1 To seek approval from the Joint Board to progress to Tender proposals to repair parts of the Administration Office to restore water tightness, improve the buildings thermal properties and modernise the Control Room and mess facility to help the control room supervisors efficiently deliver their day-to-day duties.

**2 RECOMMENDATIONS**

- 2.1 That the Board supports the plans to tender work associated with maintaining the Administration office in a fit for purpose condition and support the future requirements of the Tay Road Bridge operations. Dundee City Council City Development have costed the scheme and advise that a budget of £300,000 is required to complete the works, which includes all professional consultancy fees.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The Treasurer advises that the above £300,000 expenditure can be met from within the Capital Budget for 2019/20. Professional Consultancy Services are currently being provided by Dundee City Council City Development Services to assist with design and specification, budget costs and tender preparation and evaluation at a cost of £41,300. This includes input from architectural, mechanical, electrical, QS and Clerk of Works services.

**4 BACKGROUND**

- 4.1 A fit for purpose Operational Centre is crucial to permit the TRBJB to effectively carry Out its statutory functions and support effective day-to-day operations and interface with the public.
- 4.2 In November 2015 Bauder (Roofing) Ltd carried out a fully survey of the flat roof of the Administration Office. This was requested following water damage to areas of the second floor ceiling, where staining and plaster damage had become evident, and to provide advice on how to improve the thermal efficiency of the roof structure.
- 4.3 Bauder confirmed that the existing main roof is a PVC single ply membrane system with rigid PUR/PIR board insulation, overlaying a profiled metal deck.
- 4.4 Bauder noted that the existing waterproofing is extremely poor and worthy of concern, with evidence of water ingress due to advanced deterioration and that the existing roof system was beyond salvage and should be removed and replaced. Bauder also noted that the thermal performance of the existing insulation is poor and well below current standards.
- 4.5 In 2016 a survey and report by Dundee City Council Architectural Services confirmed poor building insulation. Control room supervisors had reported to management the

presence of draughts and complained that the room was either too hot or too cold to be a comfortable working environment. Other concerns related to the poor layout of the control room, with complaints that although equipment for monitoring the bridge had been added and has evolved over the years, the layout of the room was not conducive to efficient use of space and user comfort.

- 4.6 Repair proposals include the full replacement of the flat roof with a modern warm roof construction. This will improve the thermal efficiency of the building and alleviate risk to business continuity associated with roof leaks. Improvements to the control room cladding and new windows will improve thermal efficiency and improve working conditions for Supervisors and help them carry out their day-to-day duties efficiently.

## **5 IMPLICATIONS TO BRIDGE USERS**

- 5.1 The improvements to the control room will assist the Supervisors in delivery of their day-to-day duties and as a consequence will have a positive impact on bridge user safety.

## **6 POLICY IMPLICATIONS**

- 6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.
- 6.2 A fit for purpose Operational Centre is crucial to permit the TRBJB to effectively carry out statutory inspections of the bridge to ensure the good condition of the structure and to support effective day-to-day operations and interfacing with the public.

## **7 CONSULTATIONS**

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

## **8 BACKGROUND PAPERS**

- 8.1 None.

**ALAN HUTCHISON**  
**BRIDGE MANAGER**  
**21 FEBRUARY 2019**

**REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019**

**REPORT ON: EXTERNAL AUDIT ANNUAL AUDIT PLAN 2018/2019**

**REPORT BY: TREASURER**

**REPORT NO: TRB 3-2019**

## **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 2018/2019.

## **3 FINANCIAL IMPLICATIONS**

The cost of External Audit Services is included in the approved 2019/2020 Revenue Budget.

## **4 MAIN TEXT**

### Introduction

- 4.1 The external audit of the Board for the financial year 2018/2019 will be carried out by Mr Bruce Crosbie, Senior Audit Manager, Audit Scotland. The Joint Board's External Auditors are appointed for a five year period and the financial year 2018/2019 marks the third year of Audit Scotland'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 2018/2019. The plan reflects:
- Scope and purpose of the audit;
  - The risks and priorities facing the Board;
  - Reporting arrangements; and
  - External Audit's responsibilities under the Code of Practice as approved by the Auditor General and the Accounts Commission.

### 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 appropriate 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 2019 and the income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and other applicable laws and regulations, including the 2018/2019 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 September 2019.

#### 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 implications.

#### 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

**GREGORY COLGAN**  
**TREASURER**

**19 FEBRUARY 2019**

# Tay Road Bridge Joint Board

Annual Audit Plan 2018/19



 AUDIT SCOTLAND

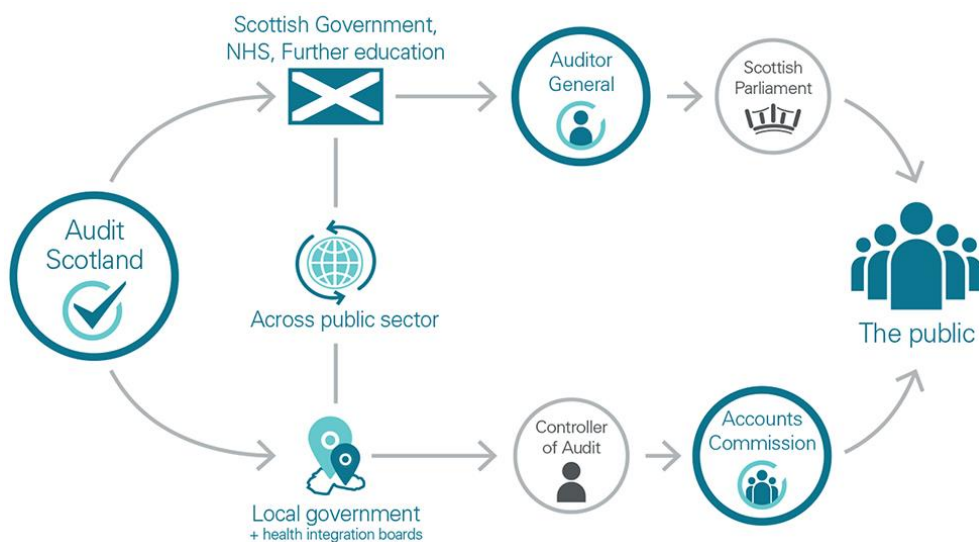
Prepared for the Tay Road Bridge Joint Board  
February 2019



## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.





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Risks and planned work	4
Audit scope and timing	7



# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan sets out the work necessary to allow us to provide an independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to assessments and conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

3. Supplementary Guidance allows appointed auditors to use judgement to conclude that the full application of the wider scope is not appropriate based on the risks, nature and size of an audited body (a small audited body clause). In our judgement the small audited body clause applies to the Tay Road Bridge Joint Board (the board).


## Adding value


4. We aim to add value to the board through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the board Tay Road Bridge Joint Board promote improved standards of governance, better management and decision making and more effective use of resources.

## Audit risks

5. Based on our discussions with staff, attendance at meetings and a review of supporting information, we have identified the following main audit risk areas for the board. We have categorised these risks into financial risks and wider dimension risks. Specific audit testing required on these key audit risks is detailed in [Exhibit 1](#).

## Exhibit 1 2018/19 Key audit risks

 Audit Risk	Source of assurance	Planned audit work
<b>Financial statements issues and risks</b>		
<p>1 <b>Risk of management override of controls</b></p> <p>ISA 240 <i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i> requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<ul style="list-style-type: none"> <li>Owing to the nature of this risk, assurances from management are not applicable in this instance.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries.</li> <li>Review of accounting estimates.</li> <li>Focused testing of accruals and prepayments.</li> <li>Evaluation of significant transactions that are outside the normal course of business.</li> </ul>

 <b>Audit Risk</b>	<b>Source of assurance</b>	<b>Planned audit work</b>
<p><b>2 Risk of fraud over expenditure</b></p> <p>The Code of Audit Practice requires consideration of the risk of fraud over expenditure. The board incurs significant expenditure which requires audit coverage.</p>	<ul style="list-style-type: none"> <li>• Budget monitoring by management.</li> <li>• Governance arrangements including Standing Orders, Standing Financial Instructions and Fraud Guidelines.</li> <li>• Internal controls in financial systems to mitigate risks of error or manipulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of key financial controls over expenditure.</li> <li>• Detailed testing of transactions focusing on the greater areas of risk.</li> </ul>
<p><b>3 Estimation and judgements</b></p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Actuarial valuation to provide pensions figures for the financial statements. Officer review of actuary information to ensure data and assumptions used are reasonable.</li> <li>• Valuation and impairment review of non-current assets by a professional valuer.</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of 'review of the work of an expert' for the actuary and valuer.</li> <li>• Focused testing of non-current assets and pension figures.</li> </ul>
<b>Wider dimension issues and risks</b>		
<p><b>4 Financial sustainability – capital planning</b></p> <p>Our 2017/18 Annual Audit Report highlighted a significant capital funding gap relating mainly to 2020/21 where £4.5 million income had yet to be identified. The 2019/20 to 2021/22 capital plan was considered by the Board in December 2018 which highlighted a funding gap of £11.1 million for the period 2020-22.</p> <p>There is a risk that insufficient funds may be available to fund key capital projects.</p>	<ul style="list-style-type: none"> <li>• Officers anticipate that this funding will be forthcoming from Transport Scotland when it is required, but the Scottish Government's Spending Review only provides a commitment for one year of grant funding. The funding is to be included in budget estimates when it is confirmed.</li> </ul>	<ul style="list-style-type: none"> <li>• On-going monitoring of capital budget, plans and monitoring reports and inclusion in annual audit report as appropriate.</li> </ul>

Source: Audit Scotland

## Reporting arrangements

**6.** Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**7.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be issued to the relevant officer(s) to confirm factual accuracy.

8. We will provide an independent auditor's report to the Board and Accounts Commission setting out our opinions on the annual accounts. We will provide the Board and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

## Exhibit 2

### 2018/19 Audit outputs

Audit Output	Target date	Board Date
Annual Audit Plan	25 February 2019	4 March 2019
Proposed Annual Audit Report including ISA 260 requirements *	9 September 2019	16 September 2019
Signed Independent Auditor's Report	16 September 2019	16 September 2019

\* The final Annual Audit Report cannot be submitted until after the independent auditor's report is signed.

Source: Audit Scotland

## Audit fee

9. The proposed audit fee for the 2018/19 audit of the board is £12,360 (2017/18: £12,010). In determining the audit fee we have taken account of the risk exposure of the board, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts, with a complete working papers package by 28 June 2019.

10. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

## Responsibilities

### Board and Treasurer

11. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

12. The audit of the annual accounts does not relieve management or the Board as those charged with governance, of their responsibilities.

### Appointed auditor

13. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

14. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.



# Audit scope and timing

## Annual accounts

15. The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the board and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the board will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

16. We will give an opinion on whether the financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the board as at 31 March 2019 and of its income and expenditure 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 Code
- 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.

## Other information in the annual accounts

17. We also review and report on other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

18. We also read and consider any information in the annual accounts other than the financial statements and audited part of the remuneration report and report any uncorrected material misstatements.

## Materiality

19. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.



characteristics



responsibilities



principal activities



risks



governance arrangements

20. We calculate materiality at different levels as described below. The calculated materiality values for the board are set out in [Exhibit 3](#).

### Exhibit 3 Materiality values



Materiality	Amount
<b>Planning materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 0.5% of net assets for the year ended 31 March 2018, based on the latest audited accounts.	£366,000
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 75% of planning materiality.	£274,000
<b>Lower level performance materiality</b> – This is a separate trigger point for errors identified in the comprehensive income and expenditure statement.	£58,000
<b>Reporting threshold (i.e., clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 5% of planning materiality.	£18,000

Source: Audit Scotland

### Timetable

21. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

### Exhibit 4 Annual accounts timetable

 Key stage	 Date
Consideration of unaudited annual accounts by those charged with governance	17 June 2019
Latest submission date of unaudited annual with complete working papers package	28 June 2019
Latest date for final clearance meeting with Treasurer	23 August 2019
Agreement of audited unsigned annual accounts	30 August 2019
Issue of proposed Annual Audit Report including ISA 260 report to those charged with governance	9 September 2019
Independent auditor's report signed	16 September 2019
Latest date for signing of WGA return	30 September 2019



## Internal audit

**22.** Internal audit is provided by Henderson Loggie. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with Public Sector Internal Audit Standards (PSIAS).

**23.** Overall, we have concluded that the internal audit service generally operates in accordance with PSIAS and has sound documentation standards and reporting practices in place.

### Using the work of internal audit

**24.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently and effectively.

**25.** From our initial review of internal audit plans we do not plan to place formal reliance on internal audit work for our financial statements work. For the purpose of our wider dimension audit responsibilities we plan to consider internal audit's work on:

- compliance with legislation – review of policies and procedures
- physical security and asset management
- corporate governance
- follow-up reviews.

**26.** We will review the findings of all internal audit reports and consider the impact of any findings on our audit approach

## Audit dimensions

**27.** Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are: financial sustainability, financial management, governance and accountability and value for money.

**28.** As noted at paragraph 3, the Code of Audit Practice includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. In the light of the volume and lack of complexity of the financial transactions, we plan to apply the small body provisions of the Code to the 2018/19 audit of the board.

## Financial sustainability

**29.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps.

## Governance and transparency

**30.** 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. We will review, conclude and report on:

- whether the board can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

## Independence and objectivity

**31.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

**32.** The engagement lead for the board is Bruce Crosbie, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the board.

## Quality control

**33.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

**34.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

**35.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# Tay Road Bridge Joint Board

## Annual Audit Plan 2018/19

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**ITEM No ...9...**

**REPORT TO:** TAY ROAD BRIDGE JOINT BOARD – 4 MARCH 2019

**REPORT ON:** RESPONSE TO INTERNAL AUDITOR'S REPORT ON ASSET MANAGEMENT AND PHYSICAL SECURITY

**REPORT BY:** THE BRIDGE MANAGER

**REPORT NO:** TRB 7 - 2019

**1 PURPOSE OF REPORT**

1.1 This report is in response to Internal Audit Report No. 2019/03, prepared by the Board's Internal Auditor, Henderson Loggie, on Physical Security and Asset Management. A copy of the Internal Auditor's report is included within the Board's papers.

**2 RECOMMENDATIONS**

2.1 It is recommended that the Board:-

- i) Endorse this report as the formal response to the Internal Auditor's report No. 2019/03.

**3 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications associated with this report.

**4 BACKGROUND**Introduction

4.1 The Board's Internal Audit Needs Assessment and Strategic Plan 2016 – 2019 (Henderson Loggie Report 2017/01 issued 12 August 2016) is reviewed at least annually by Senior Management in conjunction with Henderson Loggie to take account of any changes in the Board's risk profile. This 2018/19 review is reported in Henderson Loggie's Internal Audit Annual Plan 2018/19, report number 2019/01, issued 27 September 2018. This review identified Asset Security/Management (property and other) and Bridge Asset Management as an area of risk to the Board. Review of this area of risk was carried out by Henderson Loggie in February 2019 to obtain reasonable assurance that systems are in place to ensure that responsibilities for controlling the physical security of asset are clearly defined and adequate precautions exist to ensure that assets are held securely. Further review details and the outcome of Henderson Loggie's Asset Management review is noted in their report number 2019/03.

**5. REPORT****5.1 Internal Auditor's Report 2019/03**

Overall no significant issues identifying major internal control weaknesses were identified. The report concluded that the systems met control objectives and provided good assurance.

**6 POLICY IMPLICATIONS**

- 6.1 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 implications.

**7 CONSULTATION**

- 7.1 The Clerk, Treasurer and the Engineer 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  
21 FEBRUARY 2019**

**Tay Road Bridge Joint Board**

**Physical Security and Asset Management**

**Internal Audit Report No: 2019/03**

**Draft Issued: 11 February 2019**

**Final Issued: 11 February 2019**

**LEVEL OF ASSURANCE**

**Good**





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### Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

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

### Action Grades

<b>Priority 1</b>	Issues which require the consideration of the Joint Board.
<b>Priority 2</b>	Significant matters which the Bridge Manager can resolve.
<b>Priority 3</b>	Less significant matters, which do not require urgent attention, but which should be followed up within a reasonable timescale.



## 1. Overall Level of Assurance

<b>Good</b>	System meets control objectives.
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## 2. Risk Assessment

This review focused on the controls in place to mitigate the following risk:

- Loss of structure / operational capacity through ship impact/terrorism (risk rating: low);
- Loss of structure/ operational capacity through effects of Dundee City Waterfront Development works (risk rating: low); and
- Loss of operational capability through loss of bridge/buildings (risk rating: low).

## 3. Background

As part of the Internal Audit programme at the Tay Road Bridge Joint Board ('the Board') for 2018/19, we carried out a review of the arrangements in place in relation to Physical Security of Assets and Asset Management. Our Audit Needs Assessment, finalised in August 2016, identified these as areas where risk can arise and where Internal Audit can assist in providing assurances to the Board and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Bridge Manager is responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, equipment and records under his control. The Bridge Manager shall consult with the Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements are needed.

The Board's asset requirements for the forthcoming year are identified during the development and review of the 20 year capital programme. This process is informed largely by the results of on-going asset inspections and condition surveys. The Board's Financial Regulations stipulate that capital expenditure proposals must be discussed with the Treasurer prior to the submission to the Board.

The Board's financial statements for the year ended 31 March 2018 include fixed assets with a total net book value of £69,156k, which includes; Land & Buildings of £1,340k; Vehicles, Plant and Equipment of £814k; and Infrastructure Assets of £67,002k. The financial statements also include an additional £55k of maintenance materials held as stock.

## 4. Scope, Objectives and Overall Findings

We reviewed the processes and controls in place for the purchase, disposal and maintenance of fixed assets. This included property and plant and equipment. ICT assets were also considered during this review.

The table below notes each separate objective for this review (which collectively underpin the overall objective) and records the results:

Objective	Findings			
	1	2	3	No. of Agreed Actions
<b>The objective of this audit was to obtain reasonable assurance that:</b>				
<b>Physical Security</b>				
1. Systems are in place to ensure that responsibilities for controlling the physical security of assets are clearly defined and adequate precautions exist to ensure that assets are held securely.	Good	0	0	0
<b>Management of Fixed Assets</b>				
2. Management has an accurate record of its capitalised assets.	Good	0	0	0
3. Asset registers and inventories are kept up-to-date through regular, accurate and timely reporting of acquisitions, transfers and disposals.	Good	0	0	0
4. There is a periodic exercise to verify the accuracy of the registers.	Good	0	0	0
5. Relevant assets can be identified through use of security tags and correct asset numbering.	Good	0	0	0
6. There is adequate scrutiny of plans for the acquisition of new assets and the decision to purchase or lease.	Good	0	0	0
7. Maintenance contracts in place for plant and equipment offer value for money.	Good	0	0	0
8. Plant and equipment is subject to regular health and safety testing and, where appropriate, is risk assessed by a suitably competent person.	Good	0	0	0
9. IT assets are disposed of securely.	Good	0	0	0
<b>Overall Level of Assurance</b>	Good	0	0	0
		System meets control objectives		

## 5. Audit Approach

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

## 6. Summary of Main Findings

### **Strengths**

- The Board has adequate precautions in place to ensure the physical security of its assets, including CCTV, secure entry and 24 hour security.
- The Board maintains an accurate inventory for smaller portable assets, while Dundee City Council maintains an accurate Fixed Asset Register for capitalised assets for financial statements purposes.
- There is adequate scrutiny of plans for the acquisition of new assets.
- All acquisitions are properly authorised and asset records updated accordingly.
- Processes are in place to ensure that asset disposals are appropriately authorised.
- Contracts are in place for maintenance of major assets and the Bridge Manager undertakes performance reviews, where applicable, to ensure that value for money is being obtained from suppliers and contractors.
- Appropriate health and safety inspection and maintenance is in place for the majority of the Board's plant and equipment assets.
- There are appropriate plans in place for the safe disposal of any IT assets.

### **Weaknesses**

- No significant weaknesses were identified during our review.

## 7. Acknowledgements

We would like to thank Board staff for the co-operation and assistance we received during our review.



## 8. Action Plan

**Objective 1: Systems are in place to ensure that responsibilities for controlling the physical security of assets are clearly defined and adequate precautions exist to ensure that assets are held securely.**

We visited the Board's Office and maintenance facilities and considered the security of the site. Through observation and discussion with Board staff we considered aspects of security such as ease of access to site, controls within the site and arrangements for monitoring the site out of normal office hours.

Assets not in use are held within locked rooms and buildings; staff areas are secured by access codes; and there is CCTV in operation at the head office and on the bridge and its approaches. We therefore concluded that physical security at the Board's premises and on the bridge appears adequate.

All insurance policies are negotiated by Dundee City Council's (DCC) under a Service Level Agreement (SLA) which ensures that the level of cover is appropriate to the value of the Joint Board's assets.

**Objective 2: Management has an accurate record of its capitalised assets.**

A list of major capitalised fixed assets is detailed within the Board's Fixed Asset Register (FAR), which is maintained by DCC, under an SLA, in accordance with DCC's Financial Regulations, which means that assets costing £6k or more are capitalised.

The Board's Administration Officer maintains an asset inventory detailing the Board's portable furniture and equipment assets, including those which cost less than £6k that are not included on the FAR maintained by DCC. The Administration Assistant also maintains a record of all portable electrical appliances, which are subject to regular portable appliance testing (PAT) as required by Health & Safety legislation.

As part of our audit testing, we reviewed a sample of items from the Board's asset inventory and ensured physical existence. We also selected a further sample of assets sighted on the Board's premises and checked these back to the asset inventory. No issues were noted.

**Objective 3: Asset registers and inventories are kept up-to-date through regular, accurate and timely reporting of acquisitions, transfers and disposals.**

Notification of any asset acquisitions or disposals are received by the Administration Officer who updates the asset inventory to reflect the changes. Where applicable, transaction details are processed by DCC, who in turn update the FAR where an asset with a value greater than £6k has been acquired or disposed of.

As part of our audit testing, we selected a sample of asset additions and disposals during the year and confirmed that each item tested had been appropriately authorised for addition or removal.

**Objective 4: There is a periodic exercise to verify the accuracy of the registers**

Board employees conduct physical verification of assets on a periodic basis. Once a year the Administration Assistant and Maintenance Technician select a sample of assets from asset records and confirm that the assets are still in use and are located as stated on the asset records.

DCC do not perform a separate verification exercise on their FAR. Although this was undertaken in previous years it is no longer deemed necessary due to the limited number of movements in the year and the nature of the Board's Assets. As all Board transactions are processed by DCC all purchase invoices and disposals will be sighted by DCC staff and a decision is made on whether an adjustment is required to the FAR.

A member of DCC staff will be present for the stock take. Stock at the bridge is made up of a variety of items required for ongoing maintenance.

**Objective 5: Relevant assets can be identified through use of security tags and correct asset numbering.**

The Board do not make use of any system of security tagging or asset numbering of their assets.

Asset tagging was discussed with the Bridge Manager who is of the opinion that there would be limited benefit to the bridge from tagging assets as higher value assets are easily identifiable and there is limited financial or operational impact if a lower value asset was to be misappropriated or disposed of without authority. We confirmed that adequate security arrangements are in place for material assets (see **objective 1** above).



**Objective 6: There is adequate scrutiny of plans for the acquisition of new assets and the decision to purchase or lease.**

No major capital expenditure on acquisition of new assets was identified during the year.

The Board's asset requirements for the forthcoming year are identified during the annual development and review of the 20 year capital programme. This process is informed largely by the results of on-going asset inspections and condition surveys. The Board's Financial Regulations stipulate that capital expenditure proposals must be discussed with the Treasurer prior to submission to the Board. The Bridge Manager also notifies the Clerk in advance of any capital expenditure.

There are authorisation levels set for Board purchases. Purchases up to £500 can be authorised by the Administration Assistant and Maintenance Manager. In the Bridge Manager's absence, the Maintenance Manager can authorise purchases up to £5k. The Bridge Manager has an unlimited authorisation level however purchases in excess of £10k must be notified to the Clerk to the Board for Joint Board approval.

Although not part of any recognised procurement consortia the Board generally achieves value for money by making use of discounts which are available to DCC.

The option to lease assets was discussed during our meetings with staff. At present the Board does not lease any assets as it has cash available through capital grant funding to purchase assets outright if required.

**Objective 7: Maintenance contracts in place for plant and equipment offer value for money.**

Although the Board employs a number of maintenance staff, external suppliers are commissioned to carry out the maintenance of some assets. The Board maintains a list of all external suppliers used. From testing, and through discussion with the Bridge Manager, we noted that formal contracts are in place with suppliers for all significant assets.

Regular review of supplier performance is undertaken by the Bridge Manager to ensure that value for money is being obtained in terms of price and quality.

## Tay Road Bridge Joint Board Physical Security and Asset Management

### **Objective 8: Plant and equipment is subject to regular health and safety testing and, where appropriate, is risk assessed by a suitably competent person.**

As the Board is responsible for the stewardship of a wide range of assets, these are subject to a variety of different testing regimes. No overarching maintenance record is kept but separate maintenance records are kept for each area. Maintenance and inspection of the main assets, such as the bridge structure, are performed by the Board's in-house maintenance staff, with maintenance and inspection provided by external suppliers for other assets as noted above.

The Board's most recent Health & Safety Workplace Self-Inspection noted no major issues with health and safety at the Board.

Portable Appliance Testing (PAT) is carried out internally by the Board's electricians and the results are recorded by the bridge administration staff on a PAT database which records the date that the device was last tested and the date that the device is due to be re-tested. Our audit noted that PAT testing is up to date.

### **Objective 9: IT assets are disposed of securely**

There were no IT assets disposed of in the year. A large amount of IT equipment was replaced at the Board during the year and the old equipment is still being held securely within a vault at the Board's offices. We understand that the Bridge Manager has identified a secure IT disposal service offered by DCC that will be used when time and resources are available to dispose of redundant IT equipment.