
TAY ROAD BRIDGE JOINT BOARD

Clerk: Roger Mennie
Head of Democratic and Legal Services
Dundee City Council
5 City Square
Dundee

TO: ALL MEMBERS OF THE TAY
ROAD BRIDGE JOINT BOARD

Date 21st February, 2020

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 on Monday, 2nd March, 2020 at 10.00 am.

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.

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 2nd December, 2019 is submitted for approval (copy attached).

3 OPERATIONAL RESTRICTIONS AND CLOSURES - Page 5

(Report No TRB4-2020 by the Bridge Manager, copy enclosed).

4 REVENUE MONITORING – 10 MONTHS TO 31ST JANUARY, 2020 - Page 11

(Report No TRB1-2020 by the Treasurer, copy enclosed).

5 CAPITAL MONITORING – 10 MONTHS TO 31ST JANUARY, 2020 - Page 19

(Report No TRB2-2020 by the Treasurer, copy enclosed).

6 EXTERNAL AUDIT ANNUAL AUDIT PLAN 2019/2020 - Page 27

(Report No TRB3-2020 by the Treasurer, copy enclosed).

7 TENDER REPORT – PRINCIPAL INSPECTION OF PIERS AND COLUMNS - Page 43

(Report No TRB5-2020 by the Engineer, copy enclosed).

8 REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION BUILDING – AGENDA NOTE

Reference is made to Report TRB33-2019 which was submitted to the December, 2019 Board. This report sought Joint Board approval to appoint a main contractor for repairs to the Tay Road Bridge Administration Building utilising the fully OJEU compliant Places for People Procurement Hub.

Report TRB33-2019 described the contracting arrangement of the framework. The Places for People Procurement Hub national, UK framework contractor is Wilmott Dixon and through a contracting agreement, the performance obligations of contracts commissioned in Scotland are delivered by Robertson Construction Ltd.

The Board is asked to note the appointment of Wilmott Dixon for the works with the performance obligations of the contract undertaken by Robertson Construction Ltd.

9 DATE OF NEXT MEETING

The next meeting of the Joint Board will be held on Monday, 15th June, 2020 at 11.00 am in County Buildings, Cupar.

ITEM No ...2.....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 2nd December, 2019.

Present:-

Dundee City Council

Councillor Lynne SHORT
Depute Lord Provost CAMPBELL
Baillie Fraser MACPHERSON
Councillor Margaret RICHARDSON

Fife Council

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

Also Present (Officers):-

Gary BRADY (Engineer)
Alan HUTCHISON (Bridge Manager)
John MOIR (for Treasurer)
Kenny McKAIG (for Clerk)
Steve McNAUGHT (Henderson Loggie)

Councillor Lynne SHORT, Chairperson, in the Chair.

Apologies for absence were submitted on behalf of Councillor Stewart Hunter, Councillor George McIrvine and Councillor Brian Thomson.

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 16th September, 2019 was submitted and approved.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB30-2019 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, 2019.

The Joint Board noted the content of the report as at 31st October, 2019.

IV HEALTH AND SAFETY MONITORING 2019

There was submitted Report No TRB31-2019 by the Bridge Manager appraising the Joint Board of performance relating to Health and Safety in 2019.

The Joint Board:-

- (i) noted the outcomes of the report; and
- (ii) agreed the findings of the review detailed in paragraph 4.4.

V APPOINTMENT OF CONSULTING ENGINEERING SERVICES

There was submitted Report No TRB32-2019 by the Engineer to the Board seeking approval from the Joint Board to appoint WSP to provide professional multi-disciplinary engineering consultancy services to the Joint Board on a five year contract. This was to allow knowledge and expertise to be developed through partnership working and ensure that strategies for the delivery of future major projects could be robustly evidenced.

The Joint Board agreed to instruct the Clerk to accept the offer from WSP to provide professional multi-disciplinary engineering consultancy services to the Tay Road Bridge Joint Board.

VI REPAIRS TO TAY ROAD BRIDGE ADMINISTRATION BUILDING

There was submitted Report No TRB33-2019 by the Bridge Manager seeking approval from the Joint Board to appoint Robertson Construction Ltd as the main contractor to carry out repairs to the Administration Building. This included work to restore water tightness, improve the buildings thermal properties and modernise the Control Room and all mess facilities to help staff efficiently deliver their day to day duties.

The Joint Board agreed:-

- (i) to instruct the Clerk to accept the tender offer of £399,931.20 from Robertson Construction Ltd for the office refurbishment;
- (ii) to authorise expenditure of £505,895.76 for the office refurbishment inclusive of allowances of £105,964.56 associated with professional fees, contingencies and non-contract allowances;
- (iii) that authority be given to negotiate with and appoint Robertson Construction Ltd for the provision of third party specialist equipment upgrades, up to the value of £130,000. This included an upgrade to the bridge monitoring systems, relocation of variable message sign controls, passenger lift management systems and a new fire alarm system to future proof electronic systems critical to the safe operation and management of the bridge and ensure business continuity during the office refurbishment; and
- (iv) that authority be given to negotiate with and appoint Robertson Construction Ltd for the replacement of the main building windows, identified for replacement in the 2020/21 Capital Plan, up to the value of £50,000.

VII ANTI-BRIBERY POLICY

There was submitted Report No TRB23-2019 by the Treasurer submitting the proposed revised Anti-Bribery Policy for approval.

The Joint Board approved the revised Anti-Bribery Policy which would complement the various guidance and procedure documents already in place for the employees and members of Tay Road Bridge Joint Board.

VIII REVENUE MONITORING – 7 MONTHS TO 31ST OCTOBER, 2019

There was submitted Report No TRB26-2019 by the Treasurer appraising Board Members of the latest position regarding the Joint Board's 2019/2020 Revenue Budget.

The Joint Board noted the content of the Revenue Monitoring Report as at 31st October, 2019.

IX CAPITAL MONITORING – 7 MONTHS TO 31ST OCTOBER, 2019

There was submitted Report No TRB27-2019 by the Treasurer appraising Board Members of the latest position regarding the Joint Board's 2019/2020 Capital Plan

The Joint Board noted the content of the Capital Monitoring Report as at 31st October, 2019.

X REVENUE BUDGET 2020/2021 TO 2022/2023

There was submitted Report No TRB28-2019 by the Treasurer appraising Board Members on the proposed Tay Road Bridge Revenue Budget for the financial years 2020/2021 to 2022/2023.

The Joint Board approved the Revenue Budget for 2020/2021 subject to confirmation of grant funding by the Scottish Government and noted the provisional Revenue Budget for 2021/2022 and 2022/2023.

XI CAPITAL PLAN 2020/2021 to 2022/2023

There was submitted Report No TRB29-2019 by the Treasurer seeking approval of the Joint Board's Capital Plan for the period 2020/2021 to 2022/2023 inclusive.

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

XII INTERNAL AUDIT – AUDIT NEEDS ASSESSMENT AND STRATEGIC PLAN 2019 TO 2020

There was submitted Report No TRB24-2019 by the Treasurer presenting to the Joint Board the Internal Needs Assessment and Strategic Plan 2019 to 2022, which was attached as an appendix to the report.

The Joint Board approved the three year Strategic Plan which was based on the detailed Internal Audit Needs Assessment.

XIII INTERNAL AUDIT – ANNUAL AUDIT PLAN 2019/2020

There was submitted Report No TRB25-2019 by the Treasurer presenting to the Joint Board the Internal Audit Annual Audit Plan which was attached as an appendix to the report.

The Joint Board noted the content of the Internal Audit Annual Plan for 2019/2020 that was based on the detailed Internal Audit Needs Assessment and Strategic Plan 2019 to 2022.

XIV DATE OF NEXT MEETING

The next meeting of the Joint Board would be held on Monday, 2nd March, 2020 at 10.00 am in Committee Room 3, 14 City Square, Dundee.

Councillor Lynne SHORT, Chairperson.

ITEM No ...3.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 MARCH 2020

REPORT ON: OPERATIONAL RESTRICTIONS AND CLOSURES

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 4-2020

1.0 PURPOSE OF REPORT

1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 November 2019 and 31 January 2020.

2.0 RECOMMENDATIONS

2.1 The Joint Board are asked to note the contents of this Report as at 31 January 2020.

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 2019 and 31 January 2020 is given below:-

4.1.1 Single Carriageway Closure

Reason	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Closed (Minutes)	Minimum Time Closed (Minutes)
Operational	265	87	3.05	12	1
Breakdown	55	3	18.33	30	3
Miscellaneous Incidents	37	9	4.11	14	1
Single Lane Closures for Maintenance	550	14	39.29	105	20
Police Incidents	110	13	8.46	19	2

4.1.2 Full Bridge Closure

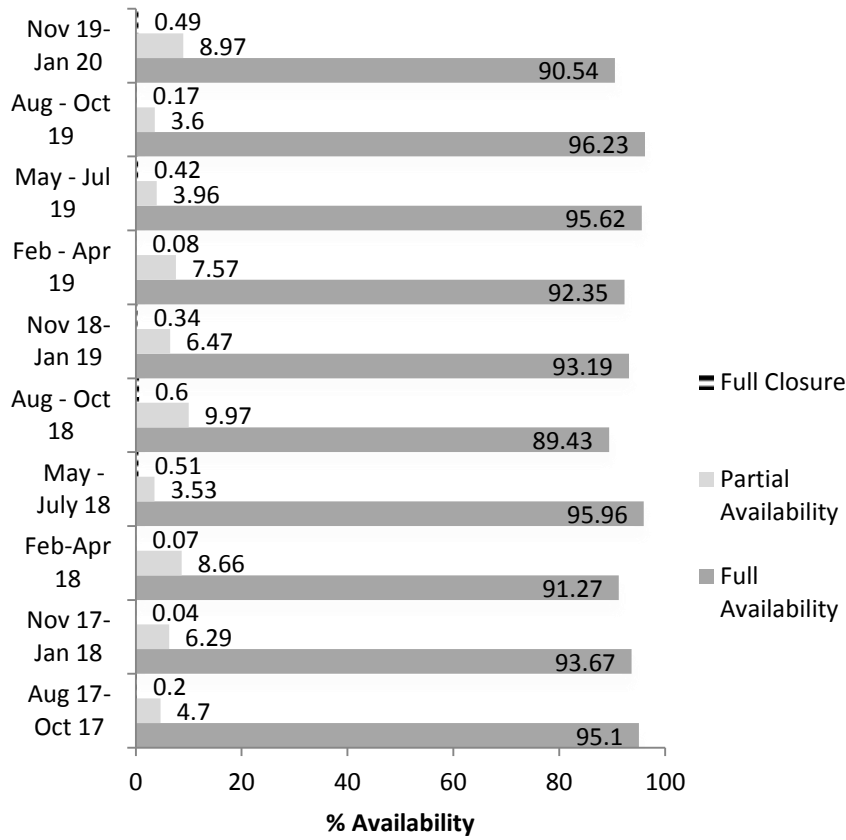
Reason	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Closed (Minutes)	Minimum Time Closed (Minutes)
Operational (Night Closures)	379	3	226.33	250	205
Police Incidents	150	4	37.5	101	13
Wind	121	1	121	121	121

4.1.3 High Winds/Weather Restrictions

Traffic Restricted	Total Duration (Minutes)	Number of Occasions	Average Duration (Minutes)	Maximum Time Restricted (Minutes)	Minimum Time Restricted (Minutes)
Double Deck Buses	8320	26	320	1110	59
High Sided Vehicles	2543	8	317.88	590	113
All Traffic	121	1	121	121	121

4.1.4 Availability of Bridge

AVAILABILITY TO BRIDGE USERS



	Nov 18 – Jan 19	Feb – Apr 19	May-Jul 19	Aug-Oct 19	Nov 19 – Jan 20
Full Availability	93.19	92.35	95.62	96.23	90.54
Partial Availability	6.47	7.57	3.96	3.6	8.97
Full Closure	0.34	0.08	0.42	0.17	0.49

4.1.5 Summary of Bridge availability 1 November 2019 to 31 January 2020

Full availability (No restrictions)	90.54%
Partial Availability (Some restrictions)	8.97%
No Availability (Full Closure)	0.49%

5.0 TRAFFIC COUNT DATA

5.1 Traffic Count Data from Dundee Ramps

AADT – (Annual Average Daily Total 2019)

	1st Quarter 2019 (Feb - Apr)	2nd Quarter 2019 (May - Jul)	3 rd Quarter 2019 (Aug – Oct)	4 th Quarter 2019 (Nov – Jan)
Northbound to West	6833	6459	6659	5931
Northbound to East	6744	7434	7534	6567
Northbound Total	13577	13893	14193	12498
Southbound from West	5720	5779	6067	5386
Southbound From East	7874	8264	8489	7255
Southbound Total	13594	14043	14556	12641
Total Traffic	27171	27936	28749	25139

5.2 Cyclist and Pedestrian Count on the Walkway

A counter installed on the bridge walkway by Cycling Scotland commenced the counting of cyclists on 1 October 2019. This information, along with future pedestrian numbers using the walkway, will be published quarterly in line with the reporting of traffic count data from the Dundee ramps.

	4 th Quarter 2019 (Nov - Jan)
Cyclists – November	4767
Cyclists – December	4082
Cyclists – January	4867
Total Cyclists per Quarter	13716

Pedestrian numbers were provided for the months of November, December and January but they were inaccurate due to a fault with the counter. The fault has been reported back to Cycling Scotland.

6.0 POLICY IMPLICATIONS

6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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
5 FEBRUARY 2020**

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 MARCH 2020

REPORT ON: REVENUE MONITORING – 10 MONTHS TO 31 JANUARY 2020

REPORT BY: THE TREASURER

REPORT NO: TRB 1-2020

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to appraise Board Members of the latest position regarding the Joint Board's 2019/2020 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 2020.

3.0 FINANCIAL IMPLICATIONS

3.1 The 2019/2020 Revenue Budget predicted a deficit of £35,000 (see Report 23-2018). The current outturn position for the financial year 2019/2020 is projecting a break-even position based on the financial information available at 31 January 2020 (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.

3.3 Transport Scotland's Internal Audit reviewed their management of grant funding arrangements which included their administration of grant payments to and carry forward requests from the Joint Board. One of the recommendations of this review was that any unspent grants carried forward from previous years was required to be repaid in this financial year. The amount that was repaid was £1.235m. This results in a projected Revenue Grant carried forward into 2020/2021 of £nil.

3.4 The projected break-even position, if it materialised, would result in a General Fund Reserve of £1,160,591 at 31 March 2019. This level of retained reserves is subject to negotiation with the Scottish Government.

3.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the current year's gross expenditure, including CFCR, to each of the Board's five strategic objectives.

3.6 An underspend of £4,000 is projected in relation to Administration Staff Costs. This is due to lower than anticipated expenditure on training and medicals.

3.7 An underspend of £4,000 is projected in relation to Administration Property Costs. This is due to lower than anticipated expenditure on repairs and maintenance as capital works to the administration building will result in reduced expenditure.

3.8 An underspend of £5,000 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 15-2019).

- 3.9 An overspend of £6,000 is projected in relation to Administration Third Party Payments. This is due to an expected increase in charges for police services.
- 3.10 An underspend of £5,000 is projected in relation to Operations Supplies and Services. This is due to a saving of £2,000 on office furniture as capital works to the control room result in no expenditure and a saving of £3,000 on protective clothing and uniforms.
- 3.11 An underspend of £6,000 is projected in relation to Plant and Equipment Property Costs. This is due to a saving of £4,000 on electricity costs for lighting on the bridge due to more efficient LED lighting and a saving of £2,000 on buoys beacons and lights.
- 3.12 An underspend of £33,000 is projected in relation to Plant and Equipment Supplies and Services. This is due to a £8,000 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. There are also savings of £5,000 in relation to cathodic protection equipment maintenance and £20,000 on the hire of the safety boat as there have been no capital works outside the six month contract in the summer months for provision of safety boat cover.
- 3.13 An underspend of £10,000 is projected in relation to Plant and Equipment Third Party Payments. This is due to a saving in relation to cathodic protection professional fees due to there being a current capital project to replace the cathodic protection equipment.
- 3.14 An underspend of £14,000 is projected in relation to Bridge Maintenance Staff Costs. This is due to a saving of £10,000 due to there being no requirement for overtime, and a £4,000 saving on training expenditure.
- 3.15 An underspend of £13,000 is projected in relation to Bridge Maintenance Property Costs. This is due to a £8,000 saving in relation to ground maintenance work at the Fife and Dundee landfall areas, a £2,000 saving on electricity costs for lighting at Fife car park due to more efficient LED lighting, and a £3,000 saving for maintenance costs at the Fife kiosk as works were completed last year.
- 3.16 An underspend of £15,000 is projected in relation to Bridge Maintenance Supplies and Services. This is due to a saving of £3,000 on roadway materials and a saving of £12,000 on de-icing materials due to a mild winter.
- 3.17 An underspend of £5,000 is projected in relation to Bridge Maintenance Third Party Payments. This is due to a saving of £10,000 in relation to miscellaneous inspections offset by a £5,000 overspend on Structural Inspections.
- 3.18 Reduced income of £155,000 is projected in relation to Scottish Government Revenue Grant. This is due to a change in the process for receiving this grant since October 2019 with monthly grant applications now being made on the basis of actual expenditure incurred (see TRB20-2019).
- 3.19 Reduced income of £14,000 is projected in relation to Interest on Revenue Balances. This is due to the Board having a reduced level of average monthly balances as a result of repaying unspent grants from previous years to the Scottish Government (see TRB 20-2019 and TRB 22-2019).
- 3.20 An underspend of £46,000 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.
- 3.21 An underspend of £25,000 is projected in relation to CFRG Gantry Miscellaneous. This is due to there being no requirement for expenditure during this financial year.

- 3.22 An underspend of £25,000 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 23-2018), 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 subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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

18 FEBRUARY 2020

TAY ROAD BRIDGE JOINT BOARD**REVENUE MONITORING AS AT 31 JANUARY 2020**

	Revenue Budget 2019/20 £	Expenditure to 31 January 2020 £	Final Projection 2019/20 £	Variance from Budget £	Paragraph Reference
EXPENDITURE					
<u>Administration</u>					
Staff Costs	183,288	148,622	179,288	(4,000)	3.6
Property Costs	33,150	22,802	29,150	(4,000)	3.7
Supplies and Services	137,043	104,242	132,043	(5,000)	3.8
Transport Costs	975	228	975	-	
Third Party Payments	93,375	84,206	99,375	6,000	3.9
	447,831	360,100	440,831	(7,000)	
<u>Operations</u>					
Staff	489,898	409,532	489,898	-	
Supplies & Services	10,700	3,412	5,700	(5,000)	3.10
	500,598	412,944	495,598	(5,000)	
<u>Plant and Equipment</u>					
Property	28,500	19,274	22,500	(6,000)	3.11
Supplies & Services	177,900	147,852	144,900	(33,000)	3.12
Transport	34,450	27,048	34,450	-	
Third Party Payments	18,750	6,020	8,750	(10,000)	3.13
	259,600	200,194	210,600	(49,000)	
<u>Bridge Maintenance</u>					
Staff	305,484	237,029	291,484	(14,000)	3.14
Property	32,000	11,476	19,000	(13,000)	3.15
Supplies & Services	52,950	26,404	37,950	(15,000)	3.16
Transport	300	44	300	-	
Third Party Payments	21,850	-	16,850	(5,000)	3.17
	412,584	274,953	365,584	(47,000)	
GROSS EXPENDITURE	1,620,613	1,248,191	1,512,613	(108,000)	
INCOME					
Scottish Government Revenue Grant	1,700,000	1,000,686	1,545,000	(155,000)	3.18
Interest on Revenue Balances	25,000	-	11,000	(14,000)	3.19
Kiosk Rent	10,213	7,660	10,213	-	
Miscellaneous	400	177	400	-	
GROSS INCOME	1,735,613	1,008,523	1,566,613	(169,000)	
TOTAL NET REVENUE EXPENDITURE / (INCOME)	(115,000)	239,668	(54,000)	61,000	

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

	Revenue Budget 2019/20 £	Expenditure to 31 January 2020 £	Final Projection 2019/20 £	Variance from Budget £	Paragraph Reference
Miscellaneous Projects	100,000	37,167	54,000	(46,000)	3.20
Gantry Miscellaneous	25,000	10	-	(25,000)	3.21
Paintwork to Box Girders	25,000	-	-	(25,000)	3.22
TOTAL CFCR	150,000	37,177	54,000	(96,000)	
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES	35,000	276,845	-	(35,000)	

APPENDIX B**LINKING THE 2019/2020 REVENUE BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES**

	Strategic Objective	2019/2020 Budget £	Expenditure to 31 January 2020 £	2019/2020 Projected £
1	Meeting User Expectations	840,514	681,562	832,514
2	Fiscally Sustainable	78,325	79,715	84,325
3	Transparent Governance and Clear Decision Making Processes	18,590	4,993	18,590
4	A Modern, Diverse and Well Trained Workforce	29,000	17,022	19,000
5	Quality and Standards	<u>804,184</u>	<u>498,966</u>	<u>612,184</u>
	TOTAL GROSS EXPENDITURE	<u>1,770,613</u>	<u>1,285,368</u>	<u>1,566,613</u>

ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 MARCH 2020

REPORT ON: CAPITAL MONITORING - 10 MONTHS TO 31 JANUARY 2020

REPORT BY: THE TREASURER

REPORT NO: TRB 2-2020

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to appraise Board Members of the latest position regarding the Joint Board's 2019/2020 Capital Plan.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 January 2020.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Joint Board's 2019/2020 Capital Expenditure Programme of £1,795,000 was approved by the Board on 3 December 2018 (Report TRB 24-2018). 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 2019/2020 (as detailed in Table 1 on Appendix A) is projected to be £1,015,000 (i.e. a net decrease of £780,000 from the originally approved budget) based on the financial ledger information up to 31 January 2020 and this will be funded from 2019/2020 Capital Grant of £309,000, Capital Grant carried forward from previous years of £645,000, Capital Receipts of £7,000 and Capital Funded from Current Revenue (CFCR) of £54,000.
- 3.3 An explanation of the major variances is shown in section 4 of the report.
- 3.4 Transport Scotland's Internal Audit reviewed their management of grant funding arrangements which included their administration of grant payments to and carry forward requests from the Joint Board. One of the recommendations of this review will be that any unspent grants carried forward from previous years will require to be repaid in this financial year. The amount that was repaid was £1.366m. This is calculated based on the projected outturn figure as at the September 2019 Board meeting. This results in a projected Capital Grant carried forward into 2020/2021 of £nil (as detailed in Table 2 on Appendix A).
- 3.5 Following an External Audit recommendation, the Board's Strategic Plan 2019 to 2024 (TRB 28-2018) was approved by the Board with the aim of demonstrating the link between the budgets and financial performance reporting against the strategic objectives. Appendix B links the current year's gross expenditure, including CFCR, to each of the Board's five strategic objectives.

4.0 REASONS FOR CAPITAL EXPENDITURE NET DECREASE

4.1 The main reasons for the net decrease of £780,000 can be summarised as follows:

	£000
<u>Slippage from 2018/2019:</u>	
CP Monitoring Equipment	130
Lift Replacement	4
New Switch Gear	87
LED Lighting to Bridge and Fife Car Park	50
<u>Budget Adjustments:</u>	
New Vehicles	19
Carriageway Resurfacing	(148)
New Gantries	(100)
Bridge Office Refurbishment	(142)
New Switch Gear	(48)
LED Lighting to Bridge and Fife Car Park	(19)
Miscellaneous Projects (CFCR)	(46)
Gantry Miscellaneous (CFCR)	(25)
Paintwork to Box Girders (CFCR)	(25)
<u>Slippage into 2020/2021:</u>	
Carriageway Resurfacing	(42)
CP Hardware	(250)
Inspection of Columns and Piers	(222)
New Switch Gear	(3)
Total Budget Adjustments	<u>(780)</u>

Details of current capital works and the main reasons for movements on each project are:

- 4.2 New Vehicles: The original 2019/2020 budget of £30,000 was for replacement of one vehicle. For operational reasons it was decided that two vehicles required to be replaced at cost of £49,000. Capital receipts of £7,000 were received from the trade-in of replaced vehicles.
- 4.3 Carriageway Resurfacing: The original 2019/2020 budget was £200,000. The tender report for the appointment of a consulting engineer informs the outturn position (see Engineering Works report TRB 16-2019 & Tender Report TRB 32-2019 at Dec Board), this is anticipated to be £10,000 in the current financial year with an additional £42,000 slippage into 2020/2021.
- 4.4 Cathodic Protection (CP) Hardware: The original 2019/2020 budget of £250,000 for the replacement of CP hardware at the base of the columns has slipped into 2020/2021 as it would be more efficient to complete the project at same time as Inspection of Columns and Piers.
- 4.5 Inspection of Columns and Piers (see Tender Report TRB 5-2019): The original 2019/2020 budget was £300,000, however the outturn has reduced to £78,000 as the original contractor is insolvent. The remaining £222,000 has slipped into 2020/2021 as the project has been re-tendered (see TRB 5-2020) and the works require to be scheduled for summer 2020 to take advantage of better weather conditions.
- 4.6 CP Monitoring Equipment: This project was originally scheduled for 2018/2019 with £150,000 budget, see Tender report TRB 30-2018. Due to delays, £130,000 of the project slipped into this financial year.

- 4.7 Replacement of Expansion Joints: The original 2019/2020 budget of £25,000 is projected to be spent.
- 4.8 New Gantries: The original 2019/2020 budget was £100,000. The tender report for the appointment of a consulting engineer informs the outturn position (see Engineering Works report TRB 16-2019) & Tender Report TRB 32-2019 at Dec Board), this is anticipated to be £nil in 2019/2020.
- 4.9 Bridge Office Refurbishment: The original 2019/2020 budget was £700,000. The Tender report for the programmed works (see Report TRB 33-2019) anticipates expenditure in 2019/2020 of £558,000. This change is due to re-profiling of the work required.
- 4.10 Lift Replacement: There is a retention payment of £4,000 due in 2019/2020.
- 4.11 New Switch Gear: This project was originally scheduled for 2018/2019 with a budget of £231,000 (Tender report TRB 4-2018). Due to delays from utility company, £87,000 of the project slipped into this financial year. Further reduction of £48,000 was realised due to lower than anticipated expenditure on the contract, professional fees and contingencies. Slippage of £3,000 relates to the retention payment.
- 4.12 LED Lighting to Bridge and Fife Car Park: This project was originally scheduled to be split between £50,000 in 2018/2019 and £40,000 in 2019/2020, see tender report TRB 27-2018. Due to delays, the whole project slipped into this financial year. Project has been completed with estimated outturn of £71,000 due to savings against contingency and traffic management.
- 4.13 Miscellaneous Projects (CFCR): The original 2019/2020 budget was £100,000. This was anticipated to be spent on Scour Survey, replacing flower beds at sides of western off-ramp, new weather monitoring equipment, and anticipated design costs relating to works at the steep slope at the Fife car park. The outturn has been reduced to £54,000 as the design costs for the slope at the Fife Car Park will be carried out by the consulting engineer in the future and the weather monitoring equipment will be replaced within the Bridge Office Refurbishment project. This has been offset by expenditure on new folding ladders on the Central Walkway.
- 4.14 Gantry Miscellaneous (CFCR): The original 2019/2020 budget was £25,000. This is not anticipated to be spent so outturn is reduced to nil.
- 4.15 Paintwork to Box Girders (CFCR): The original 2019/2020 budget was £25,000. This is not anticipated to be spent so outturn is reduced to nil.

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 2019/2020 capital programme is showing a projected capital spend of £1,015,000 which will be funded from the current year's Scottish Government grant, unspent Capital Grant carried forward from previous years, Capital Receipts and Capital Funded from Current Revenue.
- 6.2 The 2019/2020 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 subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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

18 FEBRUARY 2020

TAY ROAD BRIDGE JOINT BOARD

APPENDIX A

TABLE 1: CAPITAL EXPENDITURE MONITORING - 10 MONTHS TO 31 JANUARY 2020

<u>Expenditure</u>	<u>Strategic Objective</u>	<u>Capital Budget 2019/20 £000</u>	<u>Slippage from 2018/19 £000</u>	<u>Budget Adjust £000</u>	<u>Slippage into 2020/21 £000</u>	<u>Revised Capital Budget 2019/20 £000</u>	<u>Actual to 31 Jan 2020 £000</u>	<u>Projected Outturn 2019/20 £000</u>	<u>Variance from Budget £000</u>
									-
New Vehicles	5	30	-	19	-	49	49	49	-
Carriageway Resurfacing	1	200	-	(148)	(42)	10	-	10	-
CP Hardware	5	250	-	-	(250)	-	-	-	-
CP Monitoring Equipment	5	-	130	-	-	130	119	130	-
Inspection of Columns & Piers	5	300	-	-	(222)	78	73	78	-
Replacement of Expansion Joints	1	25	-	-	-	25	8	25	-
New Gantries	5	100	-	(100)	-	-	-	-	-
Bridge Office Refurbishment	5	700	-	(142)	-	558	-	558	-
Lift Replacement	1	-	4	-	-	4	-	4	-
New Switch Gear	5	-	87	(48)	(3)	36	23	36	-
LED Lighting to Bridge and Fife Car Park	5	40	50	(19)	-	71	71	71	
Miscellaneous Projects (CFCR)	5	100	-	(46)	-	54	37	54	-
Gantry – Miscellaneous (CFCR)	5	25	-	(25)	-	-	-	-	-
Paintwork to Box Girders (CFCR)	<u>5</u>	<u>25</u>	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Gross Expenditure		<u>1,795</u>	<u>271</u>	<u>(534)</u>	<u>(517)</u>	<u>1,015</u>	<u>380</u>	<u>1,015</u>	<u>-</u>
Funded by:		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Capital Grant 2019/2020		750	-	(401)	(40)	309	188	309	-
Unapplied Capital Grant Brought Forward from Previous Years		895	271	(44)	(477)	645	148	645	-
Capital Receipts		-	-	7	-	7	7	7	
Capital Funded from Current Revenue (CFCR)		<u>150</u>	<u>-</u>	<u>(96)</u>	<u>-</u>	<u>54</u>	<u>37</u>	<u>54</u>	<u>-</u>
Total Funding		<u>1,795</u>	<u>271</u>	<u>(534)</u>	<u>(517)</u>	<u>1,015</u>	<u>380</u>	<u>1,015</u>	<u>-</u>

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	<u>£000</u>
Unapplied Capital Grant Brought Forward	2,011
<u>Add:</u> Capital Grant Received 2019/2020	309
<u>Less:</u> Capital Grant Utilised 2019/2020	(954)
<u>Less:</u> Repayment of Unapplied Capital Grant Brought Forward from Previous Years	(1,366)
Unapplied Capital Grant Carried Forward to 2020/2021	<u>-</u>

LINKING THE 2019/2020 CAPITAL BUDGET MONITORING TO THE BOARD'S STRATEGIC OBJECTIVES

Strategic Objective	<u>Capital Budget 2019/2020 £000</u>	<u>Revised Capital Budget 2019/2020 £000</u>	<u>Actual Expenditure to 31 Jan 2020 £000</u>	<u>2019/2020 Projected £000</u>
1 Meeting User Expectations	225	39	8	39
2 Fiscally Sustainable	-	-	-	-
3 Transparent Governance and Clear Decision Making Processes	-	-	-	-
4 A Modern, Diverse and Well Trained Workforce	-	-	-	-
5 Quality and Standards	<u>1,570</u>	<u>976</u>	<u>372</u>	<u>976</u>
TOTAL GROSS EXPENDITURE	<u>1,795</u>	<u>1,015</u>	<u>380</u>	<u>1,015</u>

ITEM No ...6.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 MARCH 2020

REPORT ON: EXTERNAL AUDIT ANNUAL AUDIT PLAN 2019/2020

REPORT BY: TREASURER

REPORT NO: TRB 3-2020

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 2019/2020.

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 2019/2020 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 2019/2020 marks the fourth 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 2019/2020. 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 2020 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 2019/2020 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 2020.

5 **POLICY IMPLICATIONS**

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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

18 FEBRUARY 2020

Tay Road Bridge Joint Board

Annual Audit Plan 2019/20



 AUDIT SCOTLAND

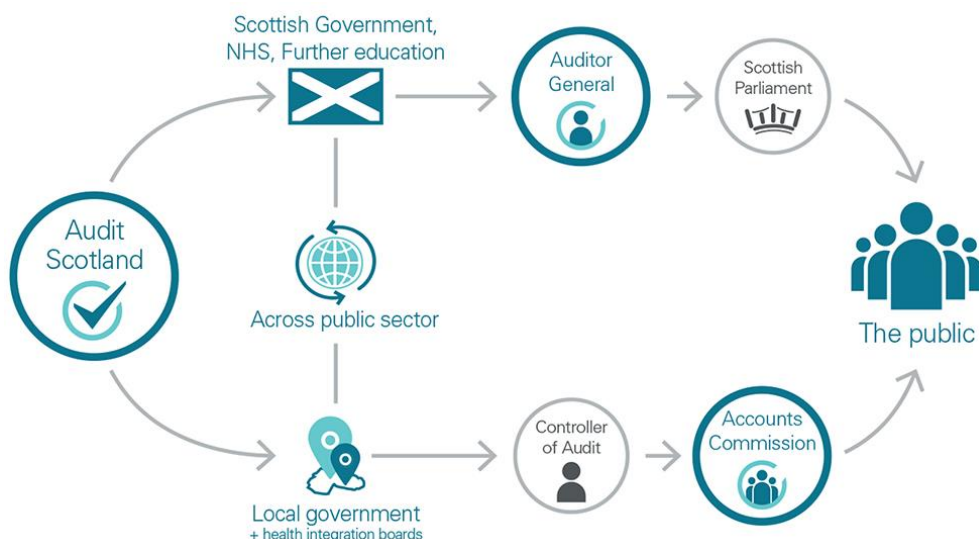
Prepared for the Tay Road Bridge Joint Board

February 2020

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.

Contents

Risks and planned work	4
Audit scope and timing	8

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit.
2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.
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 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 committee meetings and a review of supporting information we have identified the following significant risk areas for the board. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<ul style="list-style-type: none"> Owing to the nature of this risk, assurances from management are not applicable in this instance. 	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.

 Audit Risk	Source of assurance	Planned audit work
<p>2 Risk of material misstatement caused by fraud in expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>The board incurs significant expenditure which requires audit coverage.</p>	<ul style="list-style-type: none"> • Budget monitoring by management. • Governance arrangements including Standing Orders, Standing Financial Instructions and Fraud Guidelines. • Internal controls in financial systems to mitigate risks of error or manipulation. 	<ul style="list-style-type: none"> • Assessment of key financial controls over expenditure. • Detailed testing of transactions focusing on the greater areas of risk.
<p>3 Risk of material misstatement caused by estimation and judgements</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"> • Actuarial valuation to provide pensions figures for the financial statements. • Officer review of actuary information to ensure data and assumptions used are reasonable. • Valuation and impairment review of non-current assets by a professional valuer. 	<ul style="list-style-type: none"> • Review of the ‘work of an expert’ for the actuary and valuer. • Focused testing of non-current assets and pension figures. • Assessment of the appropriateness of actuarial assumptions.
Wider dimension risks		
<p>4 Financial sustainability – capital planning</p> <p>There continues to be a significant capital funding gap for the 2019/20 – 2022/23 capital programme, with funding for £17.605 million of the £20.151 million budget yet to be identified (relating to 2021/22 and 2022/23). We note that officers anticipate that this funding will be forthcoming from Transport Scotland.</p> <p>The 2019/20 capital programme anticipated capital spend of £1.795 million. Officers project capital spend of £1.071 million for 2019/20 with slippage of £0.477 million into 2020/21. There is a risk that capital projects are not completed timeously which could impact on service delivery.</p>	<ul style="list-style-type: none"> • The funding is to be included in budget estimates when it is confirmed. • Regular capital monitoring reports to Joint Board. 	<ul style="list-style-type: none"> • On-going monitoring of capital budget, plans and monitoring reports and inclusion in annual audit report as appropriate.

Source: Audit Scotland

6. As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. There is a risk that income may be misstated resulting in a material misstatement in the financial statements. We have rebutted the risk of material

misstatement caused by fraud in income recognition in 2019/20 because most of income received by the board is grant income from the Scottish Government, over which there is deemed to be a low risk of fraud.

Reporting arrangements

7. 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.

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

9. 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 2019/20 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	19 February 2020	2 March 2020
Proposed Annual Audit Report including ISA 260 requirements*	3 September 2020	14 September 2020
Signed Independent Auditor's Report	14 September 2020	14 September 2020

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

Source: Audit Scotland

Audit fee

10. The proposed audit fee for the 2019/20 audit of the board is £12,640 (2018/19: £12,360). 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 30 June 2020.

11. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, 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

12. 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.

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

Appointed auditor

14. Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

15. 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

16. 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.

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

- give a true and fair view in accordance with applicable law and the 2019/20 Code, of the state of affairs of the board as at 31 March 2020 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.



characteristics



responsibilities



principal activities



risks



governance arrangements

Statutory other information in the annual accounts

18. We also review and report on statutory 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.

19. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

20. 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.

21. 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
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of net assets for the year ended 31 March 2019, based on the latest audited accounts.	£646,000
Performance materiality – 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.	£514,000
Lower level performance materiality – A lower performance materiality has been set for classes of transactions where lesser amounts could influence the decisions of the users of the accounts (i.e. comprehensive income and expenditure statement transactions). This has been set at 1.5% of gross expenditure for the year 2018/19, based on the latest audited accounts.	£53,000
Reporting threshold (i.e., clearly trivial) – 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.	£32,000

Source: Audit Scotland

Timetable

22. 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 report and accounts by those charged with governance	15 June 2020
Latest submission date of unaudited annual report and accounts with complete working papers package	30 June 2020
Latest date for final clearance meeting with Treasurer	24 August 2020
Agreement of audited unsigned annual report and accounts	31 August 2020
Issue of Annual Audit Report including ISA 260 report to those charged with governance	3 September 2020
Independent auditor's report signed	14 September 2020
Latest date for signing of WGA return	30 September 2020

Internal audit

23. 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 the main requirements of the Public Sector Internal Audit Standards (PSIAS). ISA 610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. This includes:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

24. Overall, we have concluded that the internal audit service complies with the main requirements of PSIAS and has sound documentation standards and reporting practices in place.

Using the work of internal audit

25. 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 or effectively.

26. 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, however we do plan to consider internal audit's work for the purpose of our wider dimension audit responsibilities.

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. 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 2019/20 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 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 (i.e. appointed auditor) 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 2019/20

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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ITEM No ...7.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 2 MARCH 2020

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

REPORT BY: ENGINEER TO THE BOARD

REPORT NO: TRB 5–2020

1 PURPOSE OF REPORT

- 1.1 To seek approval from the Joint Board to appoint CAN Structures 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 offer of £187,564.45 from CAN Structures Ltd.
- An overall expenditure of £223,564.45 be authorised which includes an allowance of £21,000 for contingencies and £15,000 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 Grants that are agreed annually with the Scottish Government through Transport Scotland.

4 IMPLICATIONS TO BRIDGE USERS

- 4.1 There will be no significant implications to Bridge Users.

5 BACKGROUND

- 5.1 The Tay Road Bridge consists of 42 deck spans supported on 3.65 metres wide by 3 metre 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 (PIs) of the bridge are a statutory requirement and permit the efficient planning of future maintenance requirements to ensure the continuing good condition of the structure. PI's are carried out every six years and require a detailed close up inspection of all elements of the bridge. These inspections help the Engineer and the Bridge Manager develop the forward capital plan for anticipated works on the bridge.

- 5.3 Reference is made to Report Number TRB 5-2019 where Geckotech Solutions Ltd were appointed to undertake the inspection works. During execution of the commission, Geckotech Solutions were placed in administration and unable to conclude the contract on the Tay Road Bridge. In order to comply with the statutory requirements set out in 5.2 above, the Principal Inspection of piers and columns required to be re-tendered.
- 5.4 A Single Stage (Open) tender was invited through the Public Contract Scotland portal. Thirteen compliant tender offers were returned. Evaluation of the tenders was carried out on the basis of a price/quality split between the price criterion (40%) and quality criteria (60%), 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. The five highest ranking tender returns are listed below:

Contractor	Tender Value	Pricing Score	Quality Score	Total Score	Rank
CAN Structures Ltd	£187,564.45	36.96%	60.00%	96.96%	1
Balmore Group Scotland	£173,291.11	40.00%	56.63%	96.63%	2
Arco Professional Safety Systems Ltd	£281,034.00	24.66%	58.13%	82.79%	3
Stroma Specialist Access Ltd	£253,119.69	27.38%	53.25%	80.63%	4
Dangle Ltd	£214,173.00	32.36%	47.63%	79.99%	5

6 POLICY IMPLICATIONS

- 6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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

**GARY BRADY
ENGINEER TO THE BOARD
12 FEBRUARY 2020**