WEDNESDAY, 18TH JUNE, 2012 AT 10.00 AM

IN COUNTY HALL, COUNTY BUILDINGS, ST CATHERINE STREET, CUPAR

AGENDA OF BUSINESS

1 MEMBERSHIP OF BOARD - page 5

(Note of membership of the reconstituted Board enclosed)

2 APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

In terms of paragraph 10 of Schedule 1 to the Tay Road Bridge Order 1991, the Board is required to appoint a Chairman and Vice Chairman at this meeting.

3 APPOINTMENT OF CLERK, TREASURER AND ENGINEER

In terms of Section 5 of the Tay Road Bridge Order 1991, the Board is required to appoint a Clerk, a Treasurer and an Engineer. It is suggested that Dundee City Council continue to act as lead authority to the Board and, consequently, the following Officers of the City Council continue to serve in the posts indicated:

Clerk

Head of Democratic and Legal Services

Treasurer

Director of Corporate Services

Engineer

- City Engineer

4 APPOINTMENT OF SUB COMMITTEES

(i) Appointment of Appeals Committee

The Board is asked to re-establish an Appeals Committee, with powers to deal with staff grievance and disciplinary matters. Membership of the last Appeals Committee comprised the Chairman, Vice-Chairman and one other member of the Board, as available.

(ii) Appointment of Miscellaneous Sub Committee

The Board is asked to re-establish a Miscellaneous Sub-Committee, with powers to deal with miscellaneous matters such as regradings and other types of disciplinary matters which are outside the jurisdiction of the Bridge Manager. Membership of the last Miscellaneous Sub Committee comprised one member from Dundee City Council, one from Fife Council and one other member as available, these not to include members of the Appeal Sub Committee in the interests of natural justice.

5 MINUTE OF PREVIOUS MEETING - page 7

Minute of meeting of the Board of 5th March, 2012.

Copy enclosed.

6 OPERATIONAL CLOSURES - page 9

Report No TRB8-2011 by the Engineer enclosed.

7 ENGINEERING WORKS - page 13

(Report No TRB14-2012 by the Engineer enclosed).

8 2012-2013 INSURANCE PROGRAMME - page 17

(Report No TRB10-2012 by the Treasurer enclosed).

9 UNAUDITED STATEMENT OF ACCOUNTS FOR YEAR ENDED 31ST MARCH, 2012 -- page 21

(Report No TRB13-2012 by the Treasurer enclosed).

10 EXTERNAL AUDIT - ANNUAL AUDIT PLAN 2011-2012 - page 75

(Report No TRB11-2012 by the Treasurer enclosed).

11 INTERNAL AUDITOR'S REPORT - page 93

(Copies enclosed).

12 RESPONSE TO INTERNAL AUDIT REPORT - page 183

(Report No TRB9-2012 enclosed by the Bridge Manager).

13 FIFE CORE PATH - page 187

(Report No TRB12-2012 enclosed).

14 MANAGEMENT RULES

Under Section 60(1) of the Tay Road bridge Confirmation Act 1991 the Joint Board may make rules to be known as the "management rules" to regulate (a) the use of; and (b) the conduct of persons while on or in the bridge or any land or premises which is owned, occupied or managed by the Joint Board or is otherwise under their control and to which the public have access.

These rules have been updated and copies of the updated version will be circulated at the meeting.

It is proposed that the Board be asked to approve the rules for the purposes of giving notice of their intention to make them. Statute requires at least one month's public notice of the intention to make Management Rules and to afford opportunity for objections. Before making Management Rules the Board is required to take into consideration any objections timeously received by them and give any objector an opportunity to be heard by them.

If the Board approves the Rules, for the purposes stated above, a further report will be brought back to the next meeting of the Board to consider the outcomes of the response to the Notice of intention to make the Rules.

15 DATES OF FUTURE MEETINGS

Monday, 10th September, 2012 at 10.00 am in Dundee Monday, 10th December, 2012 at 11.00 am in Dundee.

At a MEETING of the TAY ROAD BRIDGE JOINT BOARD held at Dundee on 5th March, 2012.

Present:-

Councillors Andrew ARBUCKLE, David BOWES Ken LYNN, David McDIARMID, Margaret TAYLOR and Jim YOUNG.

Apologies were intimated from Councillors John WHYTE, Will DAWSON, Tom FERGUSON and Ross VETRAINO.

Councillor Andrew ARBUCKLE, Chairman, in the Chair.

I MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 12TH DECEMBER, 2011

The minute of the above mentioned meeting was submitted and approved.

II ENGINEERING WORKS

There was submitted Report No TRB7-2012 by the Engineer, advising the Joint Board of the current situation regarding Engineering Works on the Bridge. The Joint Board noted the position on current progress on various projects.

III OPERATIONAL RESTRICTION AND CLOSURES

There was submitted Report No TRB4-2012 by the Bridge Manager, advising the Joint Board of the number and nature of operational restrictions and closures applied between 1st November and 31st January, 2012

The Joint Board noted the report.

IV REVENUE MONITORING - 10 MONTHS TO 31ST JANUARY, 2012

There was submitted Report No TRB1-2012 by the Treasurer, advising the Joint Board of the current monitoring position of its 2011/2012 Revenue Budget.

The Joint Board noted the contents of the Report.

V CAPITAL MONITORING - SEVEN MONTHS TO 31ST JANUARY, 2012

There was submitted Report No TRB2-2012 by the Treasurer, advising the Joint Board of the current monitoring position of its 2011/2012 Revenue Budget.

The Joint Board noted the contents of the Report.

VI INTERNAL AUDIT - ANNUAL AUDIT PLAN 2011/2012

There was submitted Report No TRB3-2012 detailing the Internal Audit Annual Audit Plan prepared by Henderson Loggie.

The Joint Board noted the contents of the Internal Audit Annual Plan for 2011/2013 based on the detailed Internal Audit Needs Assessment and Strategic Plan 2010 to 2013.

VII HEALTH & SAFETY MONITORING 2012

There was submitted Report No TRB5-2012 by the Bridge Manager advising the Joint Board of performance relating to Health & Safety in 2011.

The Joint Board noted the outcomes of the report and approved the findings of the review.

VIII QUEEN'S DIAMOND JUBILEE - ADDITIONAL DAY ANNUAL LEAVE

There was submitted Report No TRB6-2012 by the Bridge Manager seeking the Joint Board's approval of an additional day's annual leave in recognition of H.M. the Queen's Diamond Jubilee on Tuesday, 5th June, 2012.

The Board approved the granting of one additional days' annual leave as outlined in the report.

IX FUTURE MANAGEMENT AND MAINTENANCE OF TAY ROAD BRIDGE

It was reported that following the recent announcement in late 2011, that FETA would be dissolved with the transfer of the assets required for the safe operation of the Bridge to Scottish Ministers together with the future management and maintenance of the Forth Replacement Crossing and the Forth Road Bridge being transferred to and contracted out (subject to TUPE) by Transport Scotland, the Chairman had written to Transport Scotland expressing concerns raised by the Tay Road Bridge workforce in relation to the future management and control of the Tay Road Bridge.

The Joint Board noted the response dated 16th January, 2012 from Transport Scotland advising that there were currently no plans to change the management, ownership or maintenance of the Tay Road Bridge.

X DATE OF NEXT MEETING

Monday, 18th June, 2012 at 10.00 a.m. in the Training Room, County Buildings, Cupar, Fife.

Andrew J ARBUCKLE, Chairman.

REPORT TO:

TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON:

REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES

REPORT BY:

THE BRIDGE MANAGER

REPORT NO:

TRB08-2012

1 PURPOSE OF REPORT

1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 February and 30 April 2012.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 30 April 2012.

3 FINANCIAL IMPLICATIONS

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

4 POLICY IMPLICATIONS

4.1 None.

5. COMMENTARY ON OPERATIONAL RESTRICTIONS AND CLOSURES

5.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements.

A summary of the restrictions applied between February and April 2012 are given below:-

i) Single carriageway closures

| Reason | Total Duration (Minutes) | No of Occasions | Average Duration (Minutes) |
|--------------------|--------------------------------|--------------------|----------------------------------|
| Operational | 735 | 263 | 3 |
| Breakdown | 77 | 10 | 8 |
| Misc. Incidents | 45 | 23 | 2 |

ii) Traffic Restrictions

| Reason | Single Carriageway /Both | Total Duration (Minutes) | No of Occasions | Average Duration (Minutes) |
|---------------------------------------|--------------------------------|--------------------------------|--------------------|----------------------------------|
| High Winds | | | | |
| No Double Deck Buses Allowed | Both | 7052 | 13 | 542 |
| Cars Only | Both | 30 | 1 | 30 |
| Full Closure | Both | 0 | 0 | 0 |
| Roadworks | | | | |
| TRBJB | Single | 0 | 0 | 0 |
| External Contractor | Single | 1175 | 4 | 294 |

iii) Closures on both carriageways

| Reason | Fuli Closure | Total Duration (Minutes) | No of Occasions | Average Duration (Minutes) |
|------------------------------------|-----------------|--------------------------------|--------------------|----------------------------------|
| Operational (Night Closures) | Yes | 0 | 0 | 0 |
| Police Incidents | Yes | 650 | 13 | 50 |

iii) Availability of Bridge

Based on the above figures the various levels of availability of the bridge to users is as follows:-

Full availability (No restrictions) 92.4%

Partial Availability (Some restrictions) 7.1%

No Availability (Full Closure) 0.5%

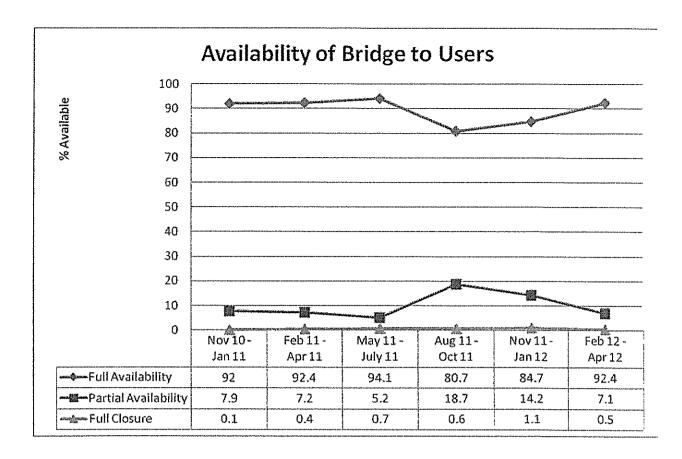


Figure 1 - Comparison of Availability of Bridge to Users

As can be seen from Figure 1 there was a reduction in the level of partial availability over the period. This was due to the lack of traffic management associated with the Dundee City Waterfront works. The majority of these restrictions were off peak which resulted in minimal disruption or delays to bridge users.

The level of total closures for the period was less than 1%

6 **CONSULTATIONS**

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

7 BACKGROUND PAPERS

7,1 None

IAIN MACKINNON BRIDGE MANAGER 24 May 2012 **REPORT TO:**

TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON:

ENGINEERING WORKS

REPORT BY:

ENGINEER TO THE BOARD

REPORT NO:

TRB 14-2012

1 PURPOSE OF REPORT

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

2 RECOMMENDATIONS

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

3 FINANCIAL IMPLICATIONS

3.1 There are no financial implications arising from this report.

4 SUSTAINABILITY POLICY IMPLICATIONS

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

5 EQUAL OPPORTUNITIES IMPLICATIONS

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

6 IMPLICATIONS TO BRIDGE USERS

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

7 BACKGROUND

7.1 Pier Collision Protection Works

Reference is made to Article I of the Tay Road Bridge Joint Board meeting of 1 August 2011 where the Joint Board agreed the terms of the Contractor's Statement including the developed tender of £15,114,359.28 from VolkerStevin Ltd and noted an estimated overall expenditure requirement of £19.1 million for the pier collision protection works project.

Reference is also made to Article II of the Tay Road Bridge Joint Board meeting of 12 September 2011 where the Joint Board was advised of progress with this project and VolkerStevin Ltd gave a presentation to the Board on the proposed methodology, plant and equipment to be used in the construction of these specialist marine works.

As previously advised, the contract period is for 18 months from August 2011 to February 2013, however the contractor has programmed the works to complete by December 2012.

VolkerStevin set up offices and a working compound in Dundee Port in early January 2012 and are currently completing substantial reinforced concrete works in the yard to form the large precast fendering units.

Piling works started on site on 5 April 2012 and were completed ahead of programmed time on 13 May 2012.

Scour protection works to the river bed around the piles started on 1 June 2012 and are progressing well.

Sub-contracts for the specialist 'lift and shift' operations and for the specialist floating plant for the installation of the precast concrete fendering units have now been secured with a view to starting installation on the river in early July 2012. Once installed, the precast units will be tied together with steel reinforcement and approximately 7000 tonnes of concrete placed.

Works are currently on programme for completion by December 2012.

The following provides a summary of progress with the key elements of work to 31 May 2012:

| Manufacture of precast concrete fendering units | - 80% |
|---|--------|
| Piling | - 100% |
| Scour protection | - 10% |
| Installation of precast concrete fendering units | - 0% |
| Steel reinforcement to precast concrete fendering units | - 0% |
| Concrete infill to precast fendering units | - 0% |
| Ancillary works | - 0% |

As previously advised, VolkerStevin have signed up to a partnership with the Tay Road Bridge Joint Board, Dundee City Council, Fife Council, Angus Council and the Discover Opportunities Employability Partnership. This secures community benefit in the form of employment and training opportunities for local people.

Currently, VolkerStevin have recruited 3 local office staff and 5 local labourers and have 2 vacancies registered with Discover Opportunities. 5 vacancies have been filled through Discover Opportunities

VolkerStevin have recruited 4 local people to fill management/engineering roles for the project including a local civil engineering graduate and are providing appropriate training.

The precast concrete works have been sub-contracted to a local company currently employing 27 local operatives. Scaffolding is also being provided locally by 3 local operatives.

Scour protection mattresses are being manufactured by SPS in Dundee Port whilst Briggs Marine, Fife are providing marine access and carrying vessels.

Concrete is being supplied locally along with miscellaneous other materials and plant from local merchants and tool hire companies.

In total, 200 jobs have been created on the project and to date 138 of these jobs have been filled by local labour (69%).

The site is registered with the Considerate Constructors Scheme, showing VolkerStevin's commitment to operating with consideration for the environment and the local community it is working within.

The costs on the contract are controlled and monitored on a regular basis. The following summarises the current financial position with the contract:

| | Actual Spend to 31/05/12 | Projected Spend to end of Contract | Approved Budget |
|---|--------------------------------|--|--------------------|
| Contractor Professional Services | £188,456 | £188,456* | £100,000 |
| Site Investigation | £753,037 | £753,037 | £900,000 |
| Contract Works | £6,621,047 | £15,114,359 | £15,114,359 |
| Share allowance | £0 | £755,718 | £755,718 |
| Contingencies | £0 | £1,020,923 | £1,020,923 |
| Engineer to the Board fees | £ 137,500 | £164,000 | £164,000 |
| Professional Consultants Fees - Design | £ 439,151 | £460,000* | £380,000 |
| Category 3 Design Check | £66,500 | £75,000 | £75,000 |
| Professional Consultants Fees - Contract | £346,767 | £440,000 | £490,000 |
| Other Allowances | £95,000 | £100,000 | £100,000 |
| Total | £8,647,458 | £19,071,493 | £19,100,000 |

^{*} Note that the contractor professional services fees and the professional consultants design fees are over the original budget for that heading, however this was to cover a number of value engineering exercises which has resulted in shared savings of over £500,000.

7.2 Dundee Waterfront - Removal and Reconstruction of Bridge Ramps

Dundee City Council awarded the contract for this stage of the works to Sir Robert MacAlpine Ltd at a cost of £8.2 million. This stage involves the phased removal and replacement of the remainder of the approach ramps to the Tay Road Bridge including the construction of temporary diversion routes necessary for the removal of the ramps. The works also include the construction of elements of roads, drainage and services within the Waterfront Development. Works associated with the Dundee Waterfront started on site on 30 August 2011

The works to the remainder of the bridge ramps are to be carried out in a number of phases over a two year period with completion by December 2013. Works started in January 2012 on the widening of the southbound on ramp at Customs House to accommodate two wide lanes of traffic. These works have now been completed and were opened in late April 2012. During the waterfront works, this widened ramp is now the only route onto the southbound carriageway of the Tay Road Bridge for traffic.

The traffic management arrangements for access to and egress from the bridge currently in place are those generally in place until the new ramps open in December 2013. These new long term temporary arrangements are working well.

The new traffic arrangements have allowed the on ramp at Tayside House to close and this enabled demolition of the remaining bridge ramps to start in early June 2012. Demolition works are progressing well and the current phase is due to complete by the end of July 2012. Thereafter, construction of the new bridge ramps will commence with the piled foundations. The new on ramps will be of reinforced earth construction with a granite clad facing to match the new westbound off ramp. It is proposed to utilise recycled crushed demolition material from the original bridge ramps and from Tayside House in the new on ramps.

Further regular reports will be brought to the Board detailing progress with this important project.

The Bridge Manager will continue to provide the Board with a monthly update on progress.

8 CONSULTATIONS

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

9 BACKGROUND PAPERS

9.1 None.

Fergus Wilson Engineer to the Board

FW/EH

Dundee City Council Dundee House Dundee

9 June 2012

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON: 2012/2013 INSURANCE PROGRAMME

REPORT BY: TREASURER

REPORT NO: TRB 10-2012

1 PURPOSE OF REPORT

This report provides an overview of the insurance arrangements for the financial year 2012/2013.

2 **RECOMMENDATIONS**

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

3 FINANCIAL IMPLICATIONS

The financial implications of the 2012/2013 insurance programme are that the covers have been negotiated within the provision contained in the approved 2012/2013 Revenue Budget, with the exception of the increase in the premium for the Engineering Combined policy which is still the subject of negotiations.

4 MAIN TEXT

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

4.1 Property / Material Damage / Business Interruption:

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

4.2 Combined Liability Policies:

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

4.3 <u>Directors & Officers:</u>

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

4.4 Fidelity Guarantee:

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

4.5 Personal Accident:

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

4.6 Hired in Plant:

This policy responds to loss of or damage to small plant hired in by the Board.

4.7 Engineering Combined:

The principal cover afforded by this policy relates to inspection of gantries, associated infrastructure and other owned plant in compliance with statutory requirements.

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The premiums have increased from £5,386 to £15,166. This is due to the fact that prior to recent modifications to the runway beam and the gantries the insurers were satisfied that an annual inspection was sufficient. However following the modification work the insurers consider it necessary to undertake six monthly inspections in accordance with Lifting Operations and Lifting Equipment Regulations (LOLER) until such time that they are confident that the inspection frequency can revert to being carried out annually. This will result in increased visits to site from insurance inspectors and subsequent increase premiums. Dundee City Council's Risk and Business Continuity Manager is in negotiations to try to reduce this premium to take cognisance of reduced inspection burdens when the gantries were out of use.

4.8 Motor Fleet:

Covers any employee of the Board for vehicles that are the property of the Bridge Board and any that are on hire, loaned or leased to the Board. An excess of £100 is applicable on each claim.

4.9 Marine:

Provides cover for damage to Board owned vessels and any liabilities resulting from their use.

4.10 Death in Service:

Provides additional life cover to employees over and above that provided by the Local Government Pension Scheme (LGPS). At present this is a contractual benefit for all current employees but was closed to new employees after 31 December 2011 (see Report TRB26-2011 at Board Meeting on 12 December 2011).

5 SUSTAINABILITY POLICY IMPLICATIONS

None.

6 EQUAL OPPORTUNITIES IMPLICATIONS

None.

7 BACKGROUND

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

MARJORY M STEWART TREASURER

8 JUNE 2012

PREMIUM SUMMARY 2012

| CLASS | 2009 | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------|----------------|-------------|-------------|-------------|
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Property | 69,170 | 65,723 | 65,811 | 65,992 |
| Combined Liability | 18,480 | 17,591 | 17,864 | 18,804 |
| Excess Public Liability | 3,969 | 3,969 | 4,007 | 4,007 |
| Directors & Officers | 1,587 | 1,620 | 1,357 | 1,357 |
| Fidelity | 827 | 800 | 848 | 869 |
| Personal Accident | 983 | 983 | 993 | 943 |
| Hired in Plant | 788 | 812 | 819 | 819 |
| Engineering Combined | 6,264 | 6,328 | 5,386 | 15,166 |
| Motor Fleet | 3,367 | 3,605 | 3,896 | 3,628 |
| Marine | 7,381 | 7,500 | 7,500 | 7,078 |
| Death in Service | 4,335 | 4,335 | 4,335 | 4,346 |
| Business Continuity Planning | 3,000 | - | | - |
| TOTAL | <u>120,161</u> | 113,266 | 112,816 | 123,009 |

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

REPORT TO:

TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON:

UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31

MARCH 2012

REPORT BY:

TREASURER

REPORT NO:

TRB 13-2012

1 PURPOSE OF REPORT

To provide some additional commentary on the unaudited Statement of Accounts for the year ended 31 March 2012 which is being submitted to the Tay Road Bridge Joint Board along with this report.

2 RECOMMENDATIONS

It is recommended that the Board:

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

3 FINANCIAL IMPLICATIONS

The Board's 2011/2012 Movement in Reserves Statement shows that there was a break-even position during the year. This gives a total General Reserve Balance of £1,160,591 as at 31 March 2012.

4 BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Regulations 1985, as amended by the Local Authority Accounts (Scotland) Amendment Regulations 1997. Section 4 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the year end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and the Controller of Audit not later than 30 June in the next financial year...".
- 4.2 As in previous years the Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code). There are no significant changes included within the 2011/12 Code, that impact upon the Board's Accounts.
- 4.3 The Statement of Accounts already includes a detailed commentary on the figures contained therein and it is not intended to repeat this in this covering report. It is however, worth reiterating a few of the more salient points.
- 4.4 During the financial year the Board received quarterly revenue monitoring reports to keep the members fully appraised as to actual spend-to-date and the projected revenue

outturn position. The Board's 2011/2012 Movement in Reserves Statement shows that there was a balanced budget during the year. The main variances were as follows:

| | £000 |
|---|------|
| Staff Costs underspend | (38) |
| Property Costs underspend | (19) |
| Supplies & Services underspend | (26) |
| Third Party Payments underspend | (10) |
| Other Operating Income shortfall | 5 |
| Increased Financing and Investment income | (13) |
| Non-Specific Grant Income shortfall | 110 |
| Other minor budget heads overspend | (9) |
| TOTAL | = |

Further details of the other areas of under and overspend together with reasons for these variances are included on pages 6 and 7 of the Statement of Accounts. The overall effect of the above resulted in a closing General Reserve Balance of £1,160,591 as at 31 March 2012.

4.5 On 13 December 2010, the Board approved a 2011/2012 Capital Expenditure Programme for various works on the bridge and other miscellaneous capital purchases. The programme totalled expenditure of £11,125,000 in 2011/2012, which would be funded by capital grant from the Scottish Government. The Board received quarterly capital monitoring reports to keep members fully appraised as to the actual spend-to-date and the projected capital expenditure outturn position. The last projected outturn on the capital programme was reported to the Board on 5 March 2012, in the last quarterly capital monitoring statement (report TRB 2-2012 refers). During the financial year 2011/2012, the Board incurred £6,122,000 capital expenditure, i.e. an underspend of £5,402,000 against the approved capital budget. This majority of the variance against the original budget relates to slippage on the following projects:

| | £000 |
|---|----------------|
| Inspections to Columns & Piers | (170) |
| North Approach Viaduct Remedial Works | (263) |
| Gantry Miscellaneous | (11) |
| Paintwork to Box Girders | (50) |
| Pier Collision Protection to Navigational Spans | (4,788) |
| Advanced Warning Signs | <u>(56)</u> |
| TOTAL | <u>(5,338)</u> |

In effect, the underspends that have occurred due to slippage against the Capital Budget will flow through and cause equivalent overspends in the current year's Capital Budget (i.e. in 2012/2013). It should be noted that unspent capital grant will be carried forward to 2012/2013 to offset any additional expenditure.

4.6 Copies of the enclosed Accounts will now be sent to the Controller of Audit at the Accounts Commission for Scotland. He will then instruct the Board's appointed external auditor (Mr Stephen Reid, Engagement Director, KPMG) to commence his audit of the Accounts. The outcome of the audit will be reported back to the Board in due course.

5 POLICY IMPLICATIONS

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

6 **CONSULTATIONS**

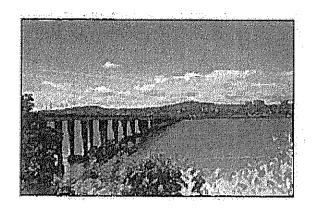
The Bridge Manager and Clerk to the Board have been consulted on the content of this report.

7 BACKGROUND PAPERS

None.

MARJORY M STEWART TREASURER

8 JUNE 2012



STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

UNAUDITED

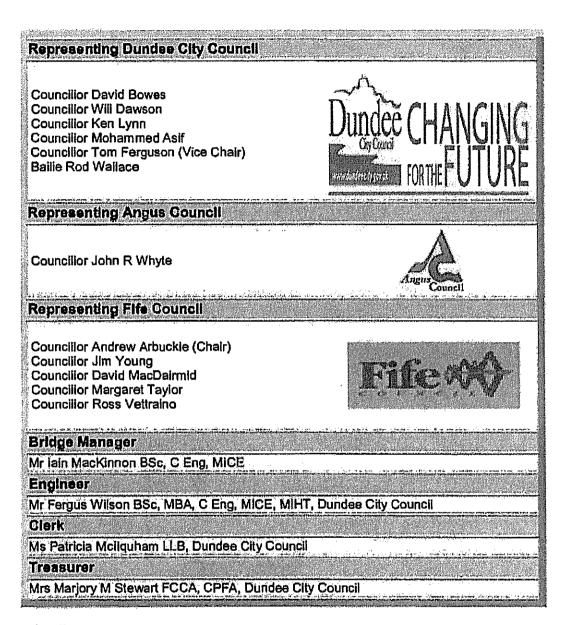
STATEMENT OF ACCOUNTS 2011/2012

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TAY ROAD BRIDGE JOINT BOARD MEMBERS AND OFFICIALS

The Board comprises 12 elected members who are appointed by the three constituent local authorities to serve on the Board. Dundee City Council nominates 6 members, Angus Council have 1 member and Fife Council nominate the remaining 5 members. Following the previous Scottish Local Government Elections that were held in May 2007 it was agreed by the Board that Dundee City Council would continue to act as lead authority to the Board, and consequently, the Council are required to appoint officers to serve as officials of the Board. At the end of financial year 2011/2012, the Members and Officials of the Board were:



Contact details:

Bridge Manager Bridge Office Marine Parade Dundee 01382-221881 lain.mackinnon@tayroad bridge.co.uk Engineer c/o Dundee City Council City Development Dept 50 North Lindsay Street Dundee 01382-433711 fergus.wilson@ dundeecity.gov.uk

Clerk
c/o Dundee City Council
Corporate Services Dept
21 City Square
Dundee
01382-434202
patricle.mcliquham@
dundeecity.gov.uk

Treasurer c/o Dundee City Council Corporate Services Dept 50 North Lindsay Street Dundee 01382-433555 marjory.stewart@ dundeecity.gov.uk

Bridge Manager's Report

Organisational Changes

In March 2012, the Cierk to the Board, Patricia McIlquham retired after holding the position for 16 years. Roger Mennie, Head of Democratic and Legal Services, Dundee City Council, was appointed Cierk to the Board as of 1 April 2012.

The current Chair, Andrew Arbuckle, is not seeking re-election to Fife Council and will be standing down as Chair after the Local Government Elections on 3 May 2012.

The Bridge Manager would like to extend his thanks to the outgoing Chair and Clerk to the Board for their support and assistance.

Management Arrangement with Scottish Government

During this period, the main point of contact with the Scottish Government continued to be the Trunk Road and Bus Operations Team of Transport Scotland. Meetings have been held on a regular basis between Board Officers and officers from the Trunk Road and Bus Operations Team to discuss financial matters atc.

Contracts

Pier Collision Protection Works

The Bridge Manager, in conjunction with the Engineer to the Board, has been extensively involved in the design and construction process for the Pier Collision Protection Works contract, which was awarded to Volker Stevin in January 2011. In addition to the design and construction process, the Bridge Manager has worked with the Harbour Master and Volker Stevin regarding navigation issues associated with the works.

Variable Message Signs

Ongoing problems with the provision of an electrical supply have resulted in further delay to the completion of this project. The final work to provide power to the site was completed in March 2012 and it is anticipated that the final sign installation will now be completed in the May 2012.

Maintenance Gantries

The Board's two self propelled maintenance gantries were subjected to a full Principle inspection and refurbishment programme. The refurbishment works, which included the removal and replacement of the slew ring mechanisms, were carried out in-house and will add several years to the lifespan of the gantries before full replacement will be required.

Dundee Central Waterfront Development

Contract 2 to reconstruct the Perth off ramp was completed in November 2011 and during the works there were only nominal effects on bridge users. Contract 3 for the demolition and reconstruction of the remaining ramps was awarded to Sir Robert McAlpine and the Bridge Manager was involved in the Contractor interview and assessment element of the procurement process. To date the bulk of the works have had little or no effect on bridge users.

Traffic

Due to the ongoing work to reconfigure the bridge approach spans as part of the Dundee City Waterfront Development there have been prolonged periods where the traffic counters have been unavailable for use therefore there has been insufficient data collected to provide meaningful comparison of traffic flows. On completion of the reconfiguration of the bridge approaches the traffic counters will be reinstated and full traffic figures collected for future reports. One or both lanes on the bridge were closed on a number of occasions over the past twelve months. The table below summarises the reasons and number of occurrences:-

| Wind speed > 80mph Closed to ali Vehicles | Wind speed > 60mph Cars Only | Wind speed > 45mph No Double Deck buses | Minor accidents | Breakdowns | Works related closures | Debris collection etc |
|---|---------------------------------------|---|--------------------|------------|------------------------------|-----------------------------|
| 7 | 24 | 72 | 13 | 69 | 260 | 313 |

The number of wind speed restrictions was considerably higher than previous years with full closures being implemented on 7 occasions. Five of the closures occurred in the 4 week period between 8 December 2011 and 3 January 2012. The number of other restrictions due to high winds also increased substantially.

Staffing Issues

Staff Establishment

There has been no change to the number of permanent posts within the staff establishment which stands as follows:-

| Administration | 5 |
|----------------|----|
| Operational | 15 |
| Maintenance | 14 |
| Cleaner (P/T) | _1 |
| Total | 35 |

lain Mackinnon Bridge Manager

Tay Road Bridge Joint Board

8 June 2012

TREASURER'S REPORT

Introduction

This report is intended as a commentary on the Tay Road Bridge Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2011/2012.

Statement of Responsibilities for the Statement of Accounts (see page 9)

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

The Accounting Statements (see pages 10 to 41)

Movement in Reserves Statement:

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'.

Comprehensive Income & Expenditure Account:

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet:

Shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board.

Cash Flow Statement:

Shows the changes in cash and cash equivalents of the Board during the reporting period.

Notes to the Financial Statements:

These are intended to give the reader further information which is not separately detailed in the financial statements. They also include the Accounting Policies which set out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

Annual Governance Statement (see page 42)

This statement sets out the Board's Corporate Governance arrangements, explaining how the Board conducts its business, both internally and in its dealings with others. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

Remuneration Report (see page 44)

This statement sets out the remuneration and accrued pension benefits of the senior employee of the Board and the policy context, in accordance with Scottish Government regulations.

Revenue Expenditure

The Tay Road Bridge Joint Board, at its meeting on 13 December 2010, approved the 2011/2012 Revenue Budget. The final budget showed a break-even position. The projected General Reserve balance as at 31 March 2012 would be £1,107,451. However, subsequent underspends totalling £53,140 were achieved in 2010/2011 (after the budget for 2011/2012 was set) which had the effect that the projected General Reserve balance as at 31 March 2012 increased to £1,160,591.

The Board received quarterly Revenue Monitoring reports during 2011/2012 in order to keep the members fully appraised as to the projected revenue outturn position.

The following table reconciles the Revenue Budget approved by the Board on 13 December 2010 to the revised budget figures that are included in the Comprehensive income and Expenditure Statement shown on page 11. The actual outturn for 2011/2012 was a net overspend against budget of £9,000 and the detailed variance analysis is set out on pages 6 and 7.

| | Approved Budget £000 | Corp & Democratic Core Re- allocation | Net Depreciation & impairment Allocation £000 | Re-allocate investment Property inc & Exp | Net (Gain) or Loss on Disposal of Assets £000 | Recognised Capital Grant | Revaluation of PPE Assets | IAS 19 Adjs £000 | Revised Budget £000 | Actual Expend/ (income) £000 | Over / (Under) Spend £000 |
|---|----------------------------|---|--|--|---|--------------------------------|---------------------------|------------------------|---------------------------|---------------------------------------|------------------------------------|
| Staff Costs Present Costs | 1,105 | | • • | ' 6 | | , , | . 1 | Ξ' | 1,116 | 1,078 | (38) |
| Supplies and Services | 345 | (14) | | ₹' | • • | • | ı | | <u> </u> | 275 | (<u>%</u> |
| Transport Costs | 8 | | • | • | 1 | 1 | ı | • | 8 | 8 | 2 2 |
| Third Party Payments Depreciation & impairment | 161 | (10) | 1,453 | , , | . , | , , | • | | 151 1,453 | 141 1,453 | () () |
| Corporate & Democratic Core | • | 24 | • | , | • | • | • | 1 | 24 | 22 | (2) |
| Non Distributed Costs | • | 1 | • | • | ř | 1 | 1 | • | • | 7 | |
| Cost of Expenditure | 1,680 | | 1,453 | (2) | • | • | , | 11 | 3,142 | 3,049 | (63) |
| Other Operating Income & Expenditure | (15) | • | 1 | 10 | 99 | • | 1 | 1 | 64 | 99 | ເລ |
| Financing & investment income & Expenditure | (15) | ŀ | • | (8) | į | • | (11) | (49) | (83) | (96) | (13) |
| Non-Specific Grant Income | (1,650) | , | , | à | • | (12,791) | 1 | • | (14,441) | (14,331) | 110 |
| (Surplus) / Deficit on Provision of Service | | | 1,453 | , | • | (12,791) | (11) | (38) | (11,321) | (11,312) | 6 |
| Actuarial Gains / Losses on Pension Assets / Liabilities | • | ı | , | ; | , | • | • | 355 | 355 | 355 | , |
| Total Comprehensive Income & Expenditure | | 1 | 1,453 | • | 99 | (12,791) | (11) | 317 | (10,966) | (10,957) | 6 |
| IAS 19 Adjustments | • | • | ı | , | 1 | 1 | • | (317) | (317) | (325) | (8) |
| Other IFRS Code Accounting Adjustments | ı | • | (1,453) | • | (99) | 12,791 | 11 | ٠ | 11,283 | 11,282 | (E) |
| Total (Surplus)/ Deficit | | | | | | • | • | • | , | 1 | • |
| General Reserve Balance b/fwd | (1,161) | ŧ | 1 | , | 3 | • | • | , | (1,161) | (1,161) | 1 |
| General Reserve Balance c/fwd | (1,161) | | | | | P | • | , | (1,161) | (1,161) | • |

Staff Costs (Underspend £38,000)

Mainly reflects posts that have been held vacant during the year. In addition, expenditure on overtime has been lower than budgeted following a reduction in the level of overtime worked due to the bridge gantries being unavailable during the year.

Property Costs (Underspend £19,000)

Reflects lower expenditure relating to electricity costs due to a new contract being negotiated at the start of the year. In addition, expenditure on ground maintenance at the Fife landfall has reduced following the decision to take these duties in-house.

Supplies & Services (Underspend £26,000)

Due to ongoing capital contracts there was a reduction in the amount of bridge maintenance work carried out during the year which has resulted in lower than anticipated expenditure on the purchase of equipment and materials, plant hire and other miscellianeous supplies and services. Additionally, there was an underspend on de-icing materials due to the mild winter. These variances were partly offset by additional costs incurred on upgrading weather monitoring software and unplanned repairs required to the road barrier at Fife and the walkway lift.

Transport Costs (Overspend £2,000)

Reflects increased expenditure on repairs and maintenance as unplanned repairs were required on one of the vehicles. This was partly offset by minor underspends in a number of budget headings including travel and subsistence, and business mileage as more training has either been brought in-house or on-site.

Third Party Payments (Underspend £10,000)

Reflects savings relating to the Pier Scour Protection survey being delayed to coincide with the Pier Coilision Protection Works in 2012/2013, as well as a shortfall in the amount of professional fees for the cathodic protection system due to lack of access, and reduced charges for police services as the terms were renegotiated with Tayside Police. These variances were partly offset by additional professional fees required due to an increase in structural inspections required.

Corporate and Democratic Core Costs (Underspend £2,000)

Due to a reduction in external audit fees.

Other Operating Income and Expenditure (Income Shortfall £5,000)

Reflects the fact that the original budget was over-estimated due to higher levels of income in previous years.

Financing and Investment Income and Expenditure (Increased Income £13,000)

Reflects increase in interest received on bank balances due to higher than anticipated average balances due to large amounts of Capital Grant income.

Non-Specific Grant Income (Income Shortfall £110,000)

Reflects the fact that any unused Revenue Grant (with conditions) is to be held in creditors so that it can be applied to match expenditure in future years.

General Reserve

There was a break-even position for the financial year 2011/2012. This gives a total General Reserve balance of £1,160,591 at 31 March 2012.

Capital Expenditure and Financing

During 2011/2012, the Board incurred capital expenditure of £6,122,000 on the following projects:-

| | £000 |
|--|--------|
| North Approach Viaduct Remedial Works | 7 |
| Carriageway Resurfacing | 6 |
| Gantry | 14 |
| Fife Abutment Bearing Replacement | 40 |
| Pler Collision Protection | 5,952 |
| Advanced Warning Signs | . 7 |
| Other Projects | 96 |
| • | 6.122 |
| Capital expenditure was funded as follows: | ****** |
| | £000 |
| Capital Grant from the Scottish Government | 6,119 |
| Capital Receipts | 3 |
| | 6.122 |
| | |

In addition to above, an asset of £3.99m has been recognised in the Baiance Sheet. This relates to the new western off-ramp which had been constructed by Dundee City Council as part of the central waterfront development and subsequently transferred to the Board.

Control of Revenue and Capital Expenditure

The control of both the revenue and capital expenditure of the Board is an ongoing and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Board's financial objectives are achieved and that financial resources are fully utilised.

Pension Liability (IAS 19)

Under IAS 19 (Émployee Benefits) the Board is required to include figures in its Statement of Accounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. It has been estimated that the Board had a net pension liability of £2,072,000 as at 31 March 2012. The estimated net pension liability at 31 March 2011 was £1,747,000. A decrease in the real interest rate and changes in the underlying assumptions used to calculate scheme liabilities have caused an increase in liabilities. This was partly offset by an increase in the value of scheme assets, resulting in the overall net liability increasing by £325,000.

Acknowledgements

During the 2011/2012 financial year the Board's financial position has required continuous scrutiny and strict budgetary control. I would like to thank the Bridge Manager, Bridge Engineer and their staff in controlling the Board's expenditure and income. In addition, I wish to mention my appreciation of the heip and co-operation provided during the financial year by the elected members and by Patricia Mcliquham, Clerk to the Board.

I would also like to acknowledge the support and contribution made by Patricia McIlquham who retired in March 2012 after holding the position of Clerk to the Board for 16 years. Furthermore, I also wish to extend my appreciation for the contribution made by the current chair, Andrew Arbuckie, who is not seeking reelection to Fife Council and has stood down as chair after the Local Government elections on 3 May 2012.

Finally, I would conclude my report by thanking all staff who contributed to the preparation of the Board's 2011/2012 Statement of Accounts.

Marjory M Stewart, FCCA, CPFA

Treasurer

Tay Road Bridge Joint Board

Mm Stewart

8 June 2012

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Board's responsibilities

The Joint Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers
 has the responsibility for the administration of those affairs. In this Joint Board, that officer is the
 Treasurer;
- · manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- · approve the Audited Statement of Accounts.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Joint Board's statement of accounts in accordance with proper practices set out in the CiPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- · made judgements and estimates that were reasonable and prudent;
- compiled with the Code of Practice.

The Treasurer has also:

- · kept proper accounting records which were up to date;
- · taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Joint Board at the accounting date and its income and expenditure for the year ended 31 March 2012.

Marjory M Stewart, FCCA, CPFA

M m Hewalt

Treasurer

Tay Road Bridge Joint Board

8 June 2012

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves.' The Surplus or (Deficti) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive income and Expanditure Statement. These are different from the statutory amounts required to be charged to the General Reserve Balance. The Net increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

| | General Fund Balance £000 | Capital Grants Unappiled Account £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Board Reserves £000 |
|---|------------------------------------|---|-------------------------------------|------------------------------|------------------------------------|
| Balance at 31 March 2010 | (1,454) | (1,504) | (2,958) | (47,252) | (50,210) |
| Movement in Reserves during 2010/11 | | | | | |
| Surplus or (deficit) on provision of services Other Comprehensive Expenditure | (1,558) | - | (1,558) | • | (1,558) |
| and income Total Comprehensive Expenditure and income | (1,558) | - | (1,658) | (604) (604) | (804) |
| Adjustments between accounting basis & funding basis under regulations (note 4) | 1,851 | (1,035) | 816 | (816) | - |
| Net (increase) /Decrease before Transfers to Earmarked Reserves | 293 | (1,035) | (742) | (1,420) | (2,162) |
| Transfers to / (from) Earmarked Reserves | - | 4 | | 4 | |
| (increase) / Decrease in 2010/11 | 293 | (1,035) | (742) | (1,420) | (2,162) |
| Balance at 31 March 2011 carried forward | (1,161) | (2,539) | (3,700) | (48,672) | (52,372) |
| Movement in Reserves during 2011/12 | | | | | |
| Surplus or (deficit) on provision of services Other Comprehensive Expenditure and | (11,312) | - | (11,312) | | (11,312) |
| income Total Comprehensive Expenditure and income | (11,312) | • | (11,312) | 355 355 | 355 (10,957) |
| Adjustments between accounting basis & funding basis under regulations (note 4) | 11,312 | (2,681) | 8,631 | (8,631) | <u>-</u> |
| Net (increase) / Decrease before Transfers to Earmarked Reserves | • | (2,681) | (2,681) | (8,276) | (10,957) |
| Transfers to / (from) Earmarked Reserves (increase) / Decrease in Year | | (2,681) | (2,681) | (8,276) | (10,957) |
| Balance at 31 March 2012 carried forward | (1,161) | (5,220) | (6,381) | (56,948) | (63,329) |

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2010/2011

2011/2012

| Gross Expenditure £000 | Gross Income | Net Expenditure / (income) £000 | | Budgeted Net Expenditure £000 | Gross Expenditure £000 | Gross Income £000 | Net Expenditure ((income) £000 |
|------------------------------|-----------------|--|---|--|------------------------------|-------------------------|--|
| LOUG | 2000 | 2000 | Expenditure | ZUUU | ROOG | FOOD | EUUÇ |
| 1,106 | | 1,106 | Staff Costs | 1,116 | 1,078 | | 1,078 |
| 68 | • | 68 | Property Costs | 61 | 42 | • | 42 |
| 289 | - | 289 | Supplies and Services | 301 | 275 | | 275 |
| 29 | | 29 | Transport Costs | 36 | 38 | | 38 |
| 137 | | 137 | Third Party Payments | 151 | 141 | | 141 |
| 1,442 | - | 1,442 | Depreciation & Impairment | 1,453 | 1,453 | _ | 1,453 |
| 23 | - | 23 | Corporate and Democratic Core | 24 | 22 | • | 22 |
| • | (554) | (554) | Non Distributed Costs | • | - | | • |
| 3,094 | (554) | 2,540 | Cost Of Services | 3,142 | 3,049 | • | 3,049 |
| • | (2) | (2) | Other Operating income & Expenditure (note 5) | (61) | 69 | (3) | 66 |
| 63 | (37) | 26 | Financing and investment income and Expenditure (note 6) | (83) | 1 | (97) | (96) |
| • | (4,122) | (4,122) | Non-Specific Grant income (note 7) | (14,441) | - | (14,331) | (14,331) |
| 3,157 | (4,715) | (1,558) | (Surpius) or Daficit on Provision of Services (note 13) | (11,321) | 3,119 | (14,431) | (11,312) |
| | | • | (Surplus) or deficit on revaluation of fixed assets | • | - | • | |
| • | (604) | (604) | Actuarial (Gains) / Losses on Pension Assets / Liabilities | 355 | 355 | • | 355 |
| • | (604) | (604) | Other Comprehensive income and Expenditure | 355 | 355 | | 355 |
| 3,157 | (5,319) | (2,162) | Total Comprehensive income and Expenditure | (10,966) | 3,474 | (14,431) | (10,957) |

BALANCE SHEET

The Baiance Sheet shows the value as at the Baiance Sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure). The second category of reserves is unusable reserves i.e. those that the Board is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| 31 March 2011 £000 | | Note | 31 March 2012 £000 |
|--------------------------|-----------------------------|----------|--------------------------|
| 50,310 | Property, Plant & Equipment | 20 | 58,900 |
| 73 | investment Property | 19 _ | <u>85</u> |
| 50,383 | Total Long Term Assets | | 58,985 |
| 47 | inventories | 22 | 47 |
| 20 | Short Term Debtors | 23 | 35 |
| 4,076 | Cash and Cash Equivalents | 12 _ | 8,701 |
| 4,143 | Total Current Assets | | 8,783 |
| (406) | Short Term Creditors | 24 | (2,367) |
| (406) | Total Current Liabilities | | (2,367) |
| (1,747) | Net Pension Liabilities | <u>-</u> | (2,072) |
| (1,747) | Total Long Term Liabilities | | (2,072) |
| 52,373 | Net Assets | | 63,329 |
| 3 ,70 0 | Usable reserves | 8 | 6,381 |
| 48,673 | Unusable Reserves | 9 . | 56,948 |
| 52,373 | _ Totai Reserves | | 63,329 |

Mm Stewart

Marjory Stewart FCCA, CPFA Treasurer Tay Road Bridge Joint Board 8 June 2012

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Board.

| 2010/11 | | 2011/12 |
|--------------|---|------------------|
| £000 | | £000 |
| (1,556) | Net (surplus) or deficit on the provision of services Adjust net surplus or deficit on the provision of services for non | (11,378) |
| (939) | cash movements Adjust for items included in the net surplus or deficit on the | (1,503) |
| 2,754 | provision of services that are investing and financing activities | 12,714 |
| 259 (812) | Net cash flows from Operating Activities investing Activities (note 10) | (167) (4,445) |
| (12) | Financing Activities (note 11) | (13) |
| (565) | Net (increase) or Decrease in cash and cash equivalents | (4,625) |
| 3,511 | Cash and cash equivalents at the beginning of the reporting period | 4,076 |
| 4,076 | Cash and cash equivalents at the end of the reporting period (note 12) | 8,701 |

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A General Principles

The Statement of Accounts summarises the Board's transactions for the 2011/2012 financial year and its position at the year-end of 31 March 2012. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12, supported by international Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

B Accruais of income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. in particular:

- Revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards
 of ownership to the purchaser and it is probable that economic benefits or service potential associated with
 the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the Board can measure reliably the
 percentage of completion of the transaction and it is probable that economic benefits or service potential
 associated with the transaction will flow to the Board.
- Supplies are recorded as expenditure when they are consumed where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Baiance Sheet.
- Expenses in relation to services received (including those rendered by the Board's employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Baiance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the Income that might not be collected.

C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value, in the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

D Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

E Charges to Revenue for Non-Current Assets

The Comprehensive income and Expenditure Statement is debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and Impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

The Board is not required to apply revenue grant receipts to fund depreciation, revaluation and impairment losses. Depreciation, revaluation and impairment losses are therefore reversed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

F Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fail due whoily within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against Staff Costs in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave eamed by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Reserve by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruais basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Board is demonstrably committed to either terminating the employment of an employee or group of employees or making an offer to encourage voluntary redundancy. Where termination benefits invoive the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Superannuation Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), eamed as employees worked for the Board.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee tumover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.6% (based on the
 indicative rate of return on high quality corporate bond, iBoxx AA rated over 15 year corporate bond
 index).
- The assets of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet at their fair value;

- o quoted securities current bid price
- unquoted securities professional estimate
- o unitised securities current bid price
- o property market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost the increase in liabilities as result of years of service earned this year –
 allocated in the Comprehensive income and Expenditure Statement to Staff Costs
 - o past service cost the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive income and Expenditure Statement as part of Non Distributed Costs
 - interest cost the expected increase in the present value of ilabilities during the year as they
 move one year closer to being paid debited to the Financing and investment income and
 Expenditure line in the Comprehensive income and Expenditure Statement
 - expected return on assets the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and investment income and Expenditure line in the Comprehensive income and Expenditure Statement
 - o gains/losses on settlements and curtaliments the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive income and Expenditure Statement as part of Non Distributed Costs
 - o actuarial gains and losses changes in the net pensions liability that arise because events have not co-incided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
 - contributions paid to the Tayside Superannuation Fund cash paid as employer's contributions
 lo the pension fund in settlement of liabilities; not accounted for as an expense.

in relation to retirement benefits, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are eamed by employees.

Discretionary Benefits

The Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect such events
- . those that are indicative of conditions that arose after the reporting period -- the Statement of Accounts is

not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts,

H Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

- the Board will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Board are not credited to the Comprehensive income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Baiance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant line (Non-Specific Grant Income) in the Comprehensive income and Expenditure Statement. Where capital grants are credited to the Comprehensive income and Expenditure Statement, they are reversed out of the General Reserve Baiance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Heritage Assets

The Board's Heritage Assets are held in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the Tay Road Bridge and the surrounding area. Heritage assets are recognised and measured (including the treatment of revaluation gains and iosses) in accordance with the Board's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets are also presented below.

The Board's heritage assets are accounted for as follows:

Heritage Assets Not Recognised in the Balance Sheet

The Board holds heritage assets which, in light of the relaxation of measurement rules, are not recognised in the balance sheet. The Board considers that, due to the unique nature of the assets held and the lack of comparable values, the cost of obtaining valuations would be disproportionate in relation to the benefits to the user's of the Board's financial statements. As a result, fair value information is unavailable and cost information is also unknown. These assets are therefore not recognised in the balance sheet, however, detailed information regarding them is held on relevant databases.

Heritage Assets - Impairments

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Board's general policies on impairment.

J inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In-First-out (FIFO) costing formula.

K investment Properties

investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale, investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and investment income and Expenditure line in the Comprehensive income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and investment income line and result in a gain for the General Reserve Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Reserve Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

L Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the leaser to the lease. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Board as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease together with an equivalent deferred liability for the obligation to pay the lessor. Where applicable, any initial direct costs of the Board are added to the carrying amount of the asset. Any premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment applied to write down the
 lease liability, and
- a finance charge (debited to the Financing and investment income and Expenditure line in the Comprehensive income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the relevant accounting policies applied generally to such assets e.g. depreciation, revaluation and impairment review.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive income and Expenditure Statement as an expense. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Board as Lessor

Finance Leases

Where the Board grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Heid for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Board's net investment in the lease, is credited to the same line in the Comprehensive income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property applied to write down the lease liability (together with any premiums received), and
- finance income (credited to the Financing and investment income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Board grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet as a non-current asset and continues to be subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

M Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others of for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Board does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Board. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Board. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant income line of the Comprehensive income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive income and Expenditure Statement, they are reversed out of the General Reserve Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure depreciated historical cost
- all other assets fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the

Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service. Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the
 asset is written down against the relevant line(s) in the Comprehensive income and Expenditure
 Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying
 amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the
 asset is written down against the relevant line(s) in the Comprehensive income and Expenditure

 Statement

Where an impairment ioss is reversed subsequently, the reversal is credited to the Comprehensive income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposais

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Heid for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Piant and Equipment or Assets Heid for Sale) is written off to the Other Operating Expenditure line in the Comprehensive income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account, Amounts received for disposals are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve in the Movement in Reserves Statement. Amounts are appropriated to the Capital Adjustment Account from the General Reserve in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e., assets under construction).

Deprecation is calculated on the following bases:

- buildings straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment straight line allocation over between 3 and 10 years.
- infrastructure straight-line allocation over between 10 and 85 years.

Where an item of Property, Piant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

N Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate line in the Comprehensive income and Expenditure Statement in the year that the Board becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year — where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant heading. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that relimbursement will be received if the Board settles the obligation.

Contingent Liabilities

A contingent ilability arises where an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board. Contingent ilabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent ilabilities are not recognised in the Baiance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board. Contingent assets are not recognised in the Baiance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

O Reserves

Reserves are created by appropriating amounts out of the General Reserve in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against grant receipts for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and these reserves do not represent usable resources for the Board. Further information on the Board's reserves is contained in notes 8 and 9.

P VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

in applying the accounting policies set out in Note 1, the Board has had to make certain judgements about future events. The key judgement made in the Statement of Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Baiance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|-------------------------------|---|--|
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Board will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | if the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £86,000 for every year that useful lives had to be reduced. |
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied. | The effects on the net pensions ilability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £157,000. However, the assumptions interact in complex ways. During 2011/12, the Board's actuaries advised that the net pensions liability had increased by £529,000 as a result of estimates being corrected as a result of experience and increased by £885,000 attributable to updating of the assumptions. |

This list does not include any assets and liabilities that have are carried at fair value based on a recently observed market price.

4. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

| 2011/2012 | General Fund Balance £000 | Capital Grants Unapplied Account £000 | Movement in Unusable Reserves £000 | 2011/12 £000 |
|---|------------------------------------|--|--|---|
| Adjustments involving the Capital Adjustment Account: | | Tarakkan Maria ang silan kapanang kang paggang panggang panggang sa panggang sa man | 76. d 176. d 177. d), | |
| Reversal of items debited or credited to the Comprehensive income and Expenditure Statement: | | | | |
| Charges for depreciation and impairment of non current assets | (1,453) | | 1,453 | - |
| Movements in the fair value of investment Properties | 12 | | (12) | - |
| Capital grants and contributions that have been applied to capital financing | 10,109 | * | (10,109) | * |
| Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement | (63) | - | 63 | Hà |
| Adjustments involving the Capital Receipts Reserve: | | | | |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement | | harmon annan pina ambar ganya anna pina pina anna pina anna pina anna di | 3 | 3 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (3) | * | * | (3) |
| Adjustment involving the Capital Grants Unapplied Account | | ALIAN AND AND AND AND AND AND AND AND AND A | a | er en |
| Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement | 2,681 | (2,681) | ner-mannen av remember av ser de beste de de l'été de l'é | *** |
| Adjustments involving the Pensions Reserve: | | ************************************** | reneria en | |
| Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15) | (116) | - | 116 | • |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 147 | - | (147) | ************************************** |
| Adjustment involving the Accumulating Compensated Absences Adjustment Account | | ANT AND PARTY OF THE PARTY OF T | think settletine. Mare 1.2 to relate the article of the settle of the se | |
| Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruais basis is different from remuneration chargeable in the year in accordance with statutory requirements | (2) | - | 2 | Late S.V. 200 Person aggs |
| Total Adjustments | 11,312 | (2,681) | (8,631) | • |

| 2010/2011 | General Fund Balance £000 | Capital Grants Unapplied Account £000 | Movement in Unusable Reserves £000 | 2010/11 £000 |
|---|--------------------------------------|---|--|--|
| Adjustments involving the Capital Adjustment Account: | | | | |
| Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement: | ACAMARA CANTONIO POPULTOS ESTA ATRAS | · 中有一种,一种一种一种一种一种一种一种一种一种一种一种一种一种一种一种一种一种一种 | til til samme de store de stor | |
| Charges for depreciation and Impairment of non current assets | (1,442) | - | 1,442 | • |
| Movements in the fair value of investment Properties | 15 | * | (15) | • |
| Capital grants and contributions that have been applied to capital financing | 1,805 | = | (1,805) | = |
| Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement | 4 | - | (4) | • |
| Adjustments involving the Capital Receipts Reserve: | | | | |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | = | = | 2 | 2 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (2) | = | • | (2) |
| Adjustment involving the Capital Grants Unappiled Account | | | | |
| Reversal of unapplied capital grants and contributions credited to the Comprehensive income and Expenditure Statement | 1,035 | (1,035) | • | • |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15) | 298 | • | (298) | - |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 144 | • | (144) | - |
| Adjustment involving the Accumulating Compensated Absences Adjustment Account | | | | |
| Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (6) | - | 6 | ************************************** |
| Total Adjustments | 1,851 | (1,035) | (816) | |

5. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING EXPENDITURE

| 2010/11 £000 | | 2011/12 £000 |
|-----------------|--|-----------------|
| - | Fees and Charges | • |
| (2) | (Gains) / Losses on the disposal of non current assets | 66 |
| (2) | Total | 66 |

6. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| Interest payable and similar charges | - |
|---|---|
| Pensions interest cost and expected return on pensions assets | (49) |
| Interest receivable and similar income | (26) |
| Changes in the fair value of investment properties | (12) |
| Income & Expenditure on investment properties | (9) |
| Total | (96) |
| | Pensions interest cost and expected return on pensions assets Interest receivable and similar income Changes in the fair value of investment properties Income & Expenditure on investment properties |

7. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME

| 2010/11 £000 | | 2011/12 £000 |
|-----------------|-----------------------------------|-----------------|
| (1,282) | Non-ring fenced government grants | (1,540) |
| (2,840) | Capital grants and contributions | (12,791) |
| (4,122) | Total | (14,331) |

8. BALANCE SHEET - USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 4.

9. BALANCE SHEET - UNUSABLE RESERVES

| 31 March 2011 £000 | | 31 March 2012 £000 |
|--------------------------|--|--------------------------|
| 711 | Revaluation Reserve | 711 |
| 49,719 | Capital Adjustment Account | 58,321 |
| (1,747) | Pensions Reserve | (2,072) |
| (10) | Accumulating Compensated Absences Adjustment Account | (12) |
| 48,673 | Total Unusable Reserves | 56,948 |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Board arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- . used in the provision of services and the gains are consumed through depreciation, or
- · disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2010/11 £000 | | 2011/ £000 | |
|--|--|---------------|--------|
| 711 | Balance at 1 April | | 711 |
| - | Upward revaluation of assets | | - |
| - | Downward revaiuation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | * | - Nair |
| in the second se | Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Stalement | ·. | ** |
| * | Difference between fair value depreciation and historical cost depreciation | ₩ | - |
| * | Accumulated gains on assets sold or scrapped | * | - |
| | Amount written off to the Capital Adjustment Account | - | • |
| 711 | Balance at 31 March | | 711 |
| | | | |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the Comprehensive income and Expenditure Statement. The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on investment Properties that have yet to be consumed by the Board. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| 2010/11 £000 | ii waa taa aa | | 1/12 000 |
|-----------------|--|---------|-------------|
| 49,339 | Balance at 1 April | | 49,719 |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement; | | |
| (1,442) | Charges for depreciation and impairment of non current assets | (1,453) | |
| - | Revaluation losses on Property, Plant and Equipment | * | |
| - | Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement | (69) | |
| • | Adjusting amounts written out of the Revaluation Reserve | - | |
| (1,442) | Net written out amount of the cost of non current assets consumed in the year | | (1,522) |
| | Capital financing applied in the year: | | |
| 2 | Use of the Capital Receipts Reserve to finance new capital expenditure | 3 | |
| 1,805 | Capital grants and contributions credited to the Comprehensive income and Expenditure Statement that have been applied to capital financing | 10,109 | |
| 10 | Capital expenditure charged against the General Fund | * | |
| 1,807 | Total Capital Financing Applied during the year | | 10,112 |
| 15 | Movements in the market value of investment Properties debited or credited to the Comprehensive income and Expenditure Statement | • | 12 |
| 49,719 | Balance at 31 March | - | 58,321 |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrengements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substential shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2010/11 £000 | | 2011/12 £000 |
|-----------------|--|-----------------|
| (2,793) | Balance at 1 April | (1,747) |
| 504 | Actuariai gains or (losses) on pensions assets and ilabilities | (355) |
| 298 | Reversal of Items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (116) |
| 144 | Employer's pensions contributions and direct payments to pensioners payable in the year | 147 |
| (1,747) | Balance at 31 March | (2,072) |

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences eamed but not taken in the year. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

| 2010/11 £000 | | 2011. £00 | |
|-----------------|---|--------------|------|
| (4) | Balance at 1 April | | (10) |
| 4 | Settlement or cancellation of accrual made at the end of the preceding year | 10 | • |
| (10) | Amounts accrued at the end of the current year | (12) | • |
| (6) | Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | (2) |
| (10) | Balance at 31 March | | (12) |

10. CASH FLOW STATEMENT - INVESTING ACTIVITIES

| | 2011/12 £000 |
|--|---|
| Purchase of property, plant and equipment, investment property and intangible assets | 8,349 |
| Purchase of short-term and long-term investments | * |
| Other payments for investing activities | = |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (3) |
| Proceeds from shot-term and long-term investments | • |
| Other receipts from investing activities | (12,791) |
| Net cash flows from investing activities | (4,445) |
| | and intangible assets Purchase of short-term and long-term investments Other payments for investing activities Proceeds from the sale of property, plant and equipment, investment property and intangible assets Proceeds from shot-term and long-term investments Other receipts from investing activities |

11. CASH FLOW STATEMENT - FINANCING ACTIVITIES

| 2010/11 £000 | n de la companya de La companya de la co | 2011/12 £000 |
|-----------------|---|-----------------|
| - | Cash receipts of short and long-term borrowing | • |
| (12) | Other receipts from financing activities | (13) |
| | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | - |
| = | Repayments of short and long-term borrowing | * |
| - | Other payments for financing activities | • |
| (12) | Net cash flows from financing activities | (13) |

12. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

| 31 March 2011 £000 | | 31 March 2012 £000 |
|--------------------------|---------------------------------|--------------------------|
| - | Cash heid by the Board | • |
| 4,076 | Bank current account | 8,701 |
| 4,076 | Total cash and cash equivalents | 8,701 |

13. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Decisions about resource allocation are taken by the Board on the basis of budget reports analysed across operational divisions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation and impairment iosses) are charged to services in the Comprehensive income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions)
 rather than current service cost of benefits accrued in the year

The income and expenditure of the Board's operational divisions recorded in the budget reports for the year is as follows:

| Divisional Income and Expenditure 2011/2012 | Admin £000 | Operations £000 | Plant & Equipment £000 | Bridge Maintenance £000 | Income £000 | Total £000 |
|---|---------------|--------------------|------------------------------|-------------------------------|----------------|---------------|
| Fees, charges & other service income | - | ~ | - | - | - | |
| interest and Investment Income | - | - | - | • | (36) | (36) |
| Government grants | | - | | | (1,540) | (1,540) |
| Total Income | - | * | • | • | (1,576) | (1,576) |
| Employee expenses | 180 | 481 | - | 397 | - | 1,058 |
| Other service expenses | 240 | 5 | 169 | 104 | • | 518 |
| Total Expenditure | 420 | 486 | 169 | 501 | - | 1,576 |
| Net Expenditure | 420 | 486 | 169 | 501 | (1,576) | |
| Divisional income and Expenditure | Admin £000 | Operations £000 | Piant & Equipment £000 | Bridge Maintenance £000 | income £000 | Total £000 |
| Fees, charges & other service income | | | - | • | - | • |
| interest and Investment Income | - | - | - | • | (23) | (23) |
| Government grants | - | • | | - | (1,282) | (1,282) |
| Total Income | * | - | - | | (1,305) | (1,305) |
| Employee expenses | 177 | 468 | - | 406 | - | 1,051 |
| Other service expenses | 261 | 4 | 182 | 99 | - | 54 6 |
| Total Expenditure | 438 | 472 | 182 | 505 | - | 1,597 |
| Net Expenditure | 438 | 472 | 182 | 505 | (1,305) | 292 |

Reconciliation of Divisional Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to the amounts included in the Comprehensive income and Expenditure Statement.

| included in the Comprehensive modification expenditure outcoments | 2010/11 £000 | 2011/12 £000 |
|---|-----------------|-----------------|
| Net expenditure in the Divisional Analysis | 292 | • |
| Net expenditure of services not included in the Analysis Amounts in the Comprehensive income and Expenditure Statement not | - | - |
| reported to management in the Analysis | 2,392 | 3,196 |
| Amounts included in the Analysis not included in the Comprehensive income and Expenditure Statement | (144) | (147) |
| Cost of Services in Comprehensive Income and Expenditure Statement | 2,540 | 3,049 |

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive income and Expenditure Statement.

| 2011/2012 | Operational Divisions £000 | Amounts not reported to mgmt £000 | Amounts not included in CIES £000 | Cost of Services £000 | Corporate Amounts £000 | Totai £000 |
|---|----------------------------------|---|---|--|----------------------------------|--|
| Fees, charges & other service income | - | - | - | - | - | • |
| interest and investment income | (36) | - | - | (36) | 6 | (30) |
| Government grants and contributions | (1,540) | - | - | (1,540) | (12,791) | (14,331) |
| Total Income | (1,576) | - | - | (1,576) | (12,785) | (14,361) |
| Employee expenses | 1,058 | 167 | (147) | 1,078 | • | 1,078 |
| Other service expenses Depreciation, amortisation and | 518 | • | - | 518 | • | 518 |
| impairment | - | 1,453 | - | 1,453 | • | 1,453 |
| interest Payments Gain or Loss on Disposal of Non- Current Assets | ·- | - | • | * | • | • |
| Total expenditure | 1,576 | 1,620 | (147) | 3,049 | • | 3,049 |
| Surplus or deficit on the provision of services | - | 1,620 | (147) | 1,473 | (12,785) | (11,312) |
| | | | | | | |
| 2010/2011 | Operational Divisions £000 | Amounts not reported to mgmt £000 | Amounts not included in CIES £006 | Cost of Services £000 | Corporate Amounts £000 | Total £000 |
| | Divisions | not reported to mgmt | not included in CIES | Services | Amounts | |
| 2010/2011 Fees, charges & other service income interest and investment income | Divisions £000 | not reported to mgmt | not included in CIES | Services £000 | Amounts £000 | 2000 |
| Fees, charges & other service income | Divisions | not reported to mgmt | not included in CIES | Services £000 | Amounts £000 | £000 - 24 |
| Fees, charges & other service income interest and investment income | Divisions £000 - (23) | not reported to mgmt | not included in CIES £000 | Services £000 | Amounts £000 | 2000 |
| Fees, charges & other service income interest and investment income Government grants and contributions | Divisions £000 (23) | not reported to mgmt | not included in CIES £000 | Services £000 - (23) (1,282) | Amounts £000 47 (2,840) | 24 (4,122) (4,098) |
| Fees, charges & other service income interest and investment income Government grants and contributions Total Income Employee expenses Other service expenses | (23) (1,282) | not reported to mgmt £000 | not included in CIES £000 | Services £000 (23) (1,282) (1,305) | Amounts £000 47 (2,840) | £000 24 (4,122) |
| Fees, charges & other service income interest and investment income Government grants and contributions Total Income Employee expenses | (23) (1,282) (1,305) | not reported to mgmt £000 | not included in CIES £000 | (23) (1,282) (1,305) | Amounts £000 47 (2,840) | 24 (4,122) (4,098) |
| Fees, charges & other service income interest and investment income Government grants and contributions Total Income Employee expenses Other service expenses Depreciation, amortisation and | (23) (1,282) (1,305) | not reported to mgmt £000 | not included in CIES £000 | (23) (1,282) (1,305) 1,106 (8) | Amounts £000 47 (2,840) | 24 (4,122) (4,098) 1,106 (8) |
| Fees, charges & other service income interest and investment income Government grants and contributions Total Income Employee expenses Other service expenses Depreciation, amortisation and impairment interest Payments Gain or Loss on Disposal of Non- | (23) (1,282) (1,305) | not reported to mgmt £000 | not included in CIES £000 | (23) (1,282) (1,305) 1,106 (8) | Amounts £000 47 (2,840) | 24 (4,122) (4,098) 1,106 (8) |

14. EXTERNAL AUDIT COSTS

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

| | 2010/11 £000 | 2011/12 £000 |
|---|-----------------|-----------------|
| Faes payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year | 13 | 12 |
| Fees payable in respect of other services provided by the appointed auditor during the year | - | - |
| Total | 13 | 12 |

15. DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post employment benefits. Aithough these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in two post employment schemes:

- The Local Government Pension Scheme (Tayside Superannuation Fund), which is administered locally by Dundee City Council and is a funded defined benefit final salary scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement this is an
 unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made.
 However, there are no investment assets built up to meet the pensions liabilities, and cash has to be
 generated to meet actual pensions payments as they eventually fail due.

Transactions relating to post employment benefits

The Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make against the cost of service is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statement during the year:

Local Government

| | Pension Scheme £000 | |
|--|------------------------|-----------|
| | 2010/2011 | 2011/2012 |
| Comprehensive Income and Expenditure Statement: | | |
| Cost of Services: | | |
| current service cost | 193 | 165 |
| past service costs | (554) | - |
| Financing and Investment Income and Expenditure | | |
| interest cost | 423 | 357 |
| expected return on scheme assets | (360) | (406) |

Local Government Pension Scheme £000

| | 2010/2011 | 2011/2012 |
|---|-----------|-----------|
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | (298) | 116 |
| Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | | |
| actuariai (gains) and losses | (604) | 355 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | (902) | 471 |
| Movement in Reserves Statement: | | |
| reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | 298 | (116) |
| Actual amount charged against the General Fund Balance for pensions in the year; | | |
| employers' contributions payable to scheme | 144 | 147 |
| retirement benefits payable to pensioners | - | - |

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Funded liabilities: Local Government Pension Scheme £000

| | 2010/2011 | 2011/2012 |
|--------------------------------------|-----------|-----------|
| Opening balance at 1 April | 7,746 | 6,946 |
| Current service cost | 193 | 165 |
| Interest cost | 423 | 357 |
| Contributions by scheme participants | 47 | 46 |
| Settlements and curtailments | • | - |
| Actuarial gains and losses | (571) | 359 |
| Benefits paid | (338) | (240) |
| Past service costs | (554) | • |
| Closing balance at 31 March | 6,946 | 7,633 |

Reconciliation of fair value of the scheme assets:

| | Local Government Pension Scheme £000 | | |
|--------------------------------------|---|-----------|--|
| | 2010/2011 | 2011/2012 | |
| Opening balance at 1 April | 4,953 | 5,199 | |
| Expected rate of return | 360 | 406 | |
| Actuarial gains and (losses) | 30 | 3 | |
| Settlements | - | - | |
| Employer contributions | 147 | 147 | |
| Contributions by scheme participants | 47 | 46 | |
| Benefits paid | (338) | (240) | |
| Closing balance at 31 March | 5,199 | 5,561 | |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gloss redemption yields as at the Baiance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £23,000 (2010/11: £389,000).

Scheme history:

| | 2007/08 £000 | 2008/09 £000 | 2009/10 £000 | 2010/11 £000 | 2011/12 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Presant value of itabilities | (5,540) | (5,191) | (7,746) | (6,946) | (7,633) |
| Fair value of assets in the Local Government Pension Scheme | 4,219 | 3,750 | 4,953 | 5,199 | 5,561 |
| Surpius/(deficit) in the scheme | (1,321) | (1,441) | (2,793) | (1,747) | (2,072) |

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £2.072m is reflected in the Board's Baiance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Board in the year to 31 March 2013 is £135,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Tayside Superannuation Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2011.

The principal assumptions used by the actuary have been:

| | Local Government Pension Scheme | |
|--|------------------------------------|---------|
| | 2010/11 | 2011/12 |
| Long-term expected rate of return on assets in the scheme: | | |
| Equity investments | 8.2% | 7.1% |
| Glits | 4.4% | 3.3% |
| Bonds | 5.5% | 4.6% |
| Property | 5.4% | 4.3% |
| Cash | 3.0% | 3.0% |
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners (years): | | |
| Men | 21.4 | 20.6 |
| Women | 24.4 | 22.8 |
| Longevity at 65 for future pensioners (years): | | |
| Men | 22,3 | 21.8 |
| Women | 25.3 | 24.4 |
| Rate of inflation (RPI) | 3.5% | 3.3% |
| Rate of inflation (CPI) | 2.7% | 2.5% |
| Rate of increase in salaries | 5.0% | 4.8% |
| Rate of Increase in pensions | 2.7% | 2.5% |
| Rate for discounting scheme liabilities | 5.5% | 4,6% |
| Take-up of option to convert annual pension into retirement jump sum | 50% | 50% |

The Tayside Superannuation Fund's assets consist of the following categories, by proportion of the total assets held:

| | 31 March 2011 % | 31 March 2012 % |
|--------------------|--------------------|--------------------|
| Equity investments | 72 | 68 |
| Giits | 7 | 8 |
| Other Bonds | 10 | 11 |
| Property | 9 | 11 |
| Cash | 2 | 2 |
| Total | 100 | 100 |

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or ilabilities at 31 March 2012:

| | 2007/08 % | 2008/09 % | 2009/10 % | 2010/11 % | 2011/12 % | |
|--|--------------|--------------|--------------|--------------|--------------|--|
| Differences between the expected and actual return on assets | (12.2) | (19.7) | 21.2 | 0.6 | 0.1 | |
| Experience gains and losses on liabilities | 0.0 | (1.1) | 0.2 | 0.0 | 6.9 | |

16. EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2012 and 8 June 2012 that would have an impact on the 2011/2012 financial statements. The latter date is the date on which the audited accounts were authorised for issue by the Treasurer.

17. RELATED PARTIES

The Board is required to disclose material transactions with related parties — bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

Central Government

Central government has effective control over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Board has with other parties. Grants received from government departments are set out in the subjective analysis in note 13 on amounts reported to decision makers. There are no grant receipts outstanding at 31 March 2012 (see note 25).

Other Local Authorities

Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2011/2012, the Board entered into a number of transactions with Dundee City and Fife Councils, as detailed below:

| 2010/2011 | | | 201 | 0/2011 |
|-----------|-------------|--------------------------|--------|-------------|
| Income | Expenditure | | Income | Expenditure |
| £000 | £000 | | €000 | £000 |
| | | Dundee City Council: | | |
| (13) | • | Interest Receivable | (26) | - |
| | 59 | Central Support Services | - | 58 |
| | - | Miscellaneous | - | 30 |
| | 2 | Grounds Maintenance | | - |
| (13) | 61 | Total | (25) | 88 |
| | | Fife Councii: | | |
| - | 10 | Grounds Maintenance | | = |
| - | 10 | Total | • | • |

The following balances existed between the Board and Dundee City and Fife Councils as at 31 March 2012:

| 2010/2011 | | | 2011 | /2012 |
|-----------|-----------|--------------------------|-------|-----------|
| Asset | Liability | | Asset | Liability |
| £000 | £000 | | £000 | £000 |
| | | Dundee City Council: | | |
| - | 17 | Central Support Services | • | 36 |
| (13) | - | Interest Receivable | (26) | - |
| | 24 | _ Miscellaneous | | 13 |
| (13) | 41 | Total | (26) | 49 |
| | | Fife Council: | | |
| | | Grounds Maintenance | • | - |
| - | | Total | • | |

18. LEASES

The Board as Lessee

The Board held no assets on finance or operating lease during 2011/2012 and, accordingly, there were no lease rentals paid to lessors during the year (2010/2011 None) or commitments due to lessors in 2011/2012 (2010/2011 None).

The Board as Lessor

The Board has entered a three year agreement for the lease of land and property to a third party. This agreement is accounted for as an operating lease. In 2011/2012 the Board received rent of £10,213 from this agreement (2010/2011 £10,213). The present value of minimum lease payments receivable as at the Balance Sheet date are as follows:

- a) Not later than 1 year = £10,213
- b) later than 1 year and not later than 5 years = £20,426
- c) later than 5 years = £Nii.

19. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Comprehensive income and Expenditure Statement:

| | 2010/11 £000 | 2011/12 £000 |
|--|-----------------|-----------------|
| Rental income from investment property | 10 | 10 |
| Direct operating expenses arising from investment property | (1) | (1) |
| Net gain/(loss) | 9 | 9 |

There are no restrictions on the Board's ability to realise the value inherent in its investment property or on the Board's right to the remittance of income and the proceeds of disposal.

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

| | 2010/11 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 58 | 73 |
| Additions: Purchases Subsequent expenditure | - | • |
| Disposais | • | - |
| Net gains/(losses) from fair value adjustments | 15 | 12 |
| Transfers: to/from inventories to/from Property, Plant and Equipment | - | - |
| Balance at end of the year | 73 | 85 |

20. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2011/12:

| | Other Land and Buildings | Vehicles, Plant & Equip | Infrastructure Assets | Total Property, Plant & Equipment |
|---|---|--|--------------------------|--|
| <u> </u> | £000 | £000 | €000 | £000 |
| Cost or Valuation | ************************************** | | | |
| At 1 April 2011 | 1,244 | 739 | 56,389 | 58,372 |
| Additions | - | 14 | 6,107 | 6,121 |
| Derecognition Disposals | • | - | (149) | (149) |
| Derecognition Other | • | • | (80) | (80) |
| Other movements in Cost or Valuation | = | | 3,991 | 3,991 |
| At 31 March 2012 | 1,244 | 753 | 66,258 | 68,255 |
| Accumulated Depreciation and Impairment | *************************************** | reache and residence in the size security day, the | | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| At 1 April 2011 | 14 | 248 | 7,801 | 8,063 |
| Depreciation charge | 14 | 50 | 1,308 | 1,372 |
| Derecognition - Disposais | - | • | (80) | (80) |
| At 31 March 2012 | 28 | 298 | 9,029 | 9,355 |
| Net Book Value | toward to be helpfully to adjust the | | | |
| At 31 March 2012 | 1,216 | 455 | 57,229 | 58,900 |
| At 31 March 2011 | 1,230 | 492 | 48,588 | 50,310 |

Comparative Movements in 2010/11:

| | Other Land and Buildings | Vehicles, Plant & Equipment | înfrastructure Așsets | Total Property, Plant & Equipment |
|---|---|---------------------------------------|--|--|
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | Application of American Street Street Fundamental Street | |
| At 1 April 2010 | 1,244 | 618 | 54,849 | 56,711 |
| Additions | | 157 | 1,650 | 1,807 |
| Derecognition – Disposals | - | (36) | - | (36) |
| Derecognition - Other | ** | - | (110) | (110) |
| At 31 March 2011 | 1,244 | 739 | 56,389 | 58,372 |
| Accumulated Depreciation and Impairment | *************************************** | | ************************************** | hitataith thailt in an |
| At 1 April 2010 | | 241 | 6,525 | 6,766 |
| Depreciation charge | 14 | 43 | 1,276 | 1,333 |
| Derecognition - Disposais | الله المساورة المام المام المام المام ال | (36) | | (36) |
| At 31 March 2011 | 14 | 248 | 7,801 | 8,063 |
| Net Book Value | | · · · · · · · · · · · · · · · · · · · | in the same of special | |
| At 31 March 2011 | 1,230 | 492 | 48,588 | 50,310 |
| At 31 March 2010 | 1,244 | 376 | 48,324 | 49,944 |

Capital Commitments

At 31 March 2012, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13 and future years, budgeted to cost £12,059,000. (Similar commitments at 31 March 2011 were £464,000). The major commitment is for:

Pier Collision Protection Works - £12,008,000

Revaluations

The Authority carries out a roiling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by Mr Douglas Davidson BSc MRiCS, from Dundee City Council's City Development Department. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

21. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

| | 2010/11 £000 | 2011/12 £000 |
|---|-----------------|-----------------|
| Capital investment: | | |
| Property, Plant and Equipment | 1,807 | 6,122 |
| investment Properties | | - |
| Total Capital investment | 1,807 | 6,122 |
| Sources of finance: | | |
| Capital receipts | 2 | 3 |
| Government grants and other contributions | 1,805 | 6,119 |
| Capital Financed from Revenue | - | - |
| Total Sources of Finance | 1,807 | 6,122 |

22. INVENTORIES

| | Consu Sto | | Mainter Mater | | Client S Work in I | | Acqui Const | perty red or ructed Sale | To | otai |
|---|---------------|---------------|------------------|---------------|---|---------------|----------------|-----------------------------------|---------------|---------------|
| and any fig.) in the state of | 10/11 £008 | 11/12 £000 | 10/11 £000 | 11/12 £000 | 10/11 £000 | 11/12 £000 | 10/11 £000 | 11/12 £000 | 10/11 £000 | 11/12 £000 |
| Balance outstanding at start of year | | - | 52 | 47 | - | • | | • | 52 | 47 |
| Purchases | - | | - | - | - | | - | - | • | - |
| Recognised as an expense in the year | - | | (2) | (1) | - | - | = | = | (2) | (1) |
| Written off balances | - | - | - | - | - | _ | - | - | - | - |
| Reversals of write-offs in previous years | • | - | _ | - | - X A Martine Carloss-Vallence and Alex | - | - | - | - | - |
| Other Adjustments | - | - | (3) | 1 | - | - | - | - | (3) | 1 |
| Balance outstanding at year-end | - | | 47 | 47 | _ | - | * | - | 47 | 47 |

23. SHORT-TERM DEBTORS

| 31 March 2011 £000 | 31 March 2012 £000 | |
|-----------------------|-----------------------|--|
| - | | |
| 12 | 26 | |
| - | | |
| - | _ | |
| 8 | 9 | |
| 20 | 35 | |
| | | |

24. SHORT-TERM CREDITORS

| 31 March 2011 £000 | 31 March 2012 £000 |
|-----------------------|----------------------------------|
| _ | 161 |
| 41 | 127 |
| # | _ |
| 9 | |
| 356 | 2,079 |
| 406 | 2,367 |
| | £000 - 41 - 9 356 |

25. GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2011/12:

| | 2010/11 £000 | 2011/12 £000 |
|---|-----------------|-----------------|
| Credited to Taxation and Non Specific Gra | nt Income | |
| Scottish Government Revenue Grant | 1,282 | 1,540 |
| Scottish Government Capital Grant | 2,840 | 8,800 |
| Dundee City Council Capital Grant | | 3,991 |
| Total | 4,122 | 14,331 |

The Board has £160,000 of Revenue grants, contributions and donations that have yet to be recognised as income due to them having conditions attached to them that requires the monies or properly to be returned to the grant provider (2010/2011 None).

TAY ROAD BRIDGE JOINT BOARD

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Tay Road Bridge Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently, effectively, and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

in discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Board has approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework *Delivering* Good Governance in Local Government. This statement explains how Tay Road Bridge Joint Board delivers good governance and reviews the effectiveness of these arrangements.

The Board's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled. It also describes the way it engages with and accounts to stakeholders. It enables the Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance. These are as follows:

- focusing on the purpose of the Board and on outcomes for the community and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking Informed and transparent decisions which are subject to effective scrutiny and managing risk;
- · developing the capacity and capabilities of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The overall control arrangements include:

- identifying the Board's objectives in the Service Plan;
- · monitoring of objectives by the Board and senior officers;
- · reporting performance regularly to Board meetings;
- clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers;
- approved Fraud Guidelines which include anti-fraud and corruption strategies, and "whistle-blowing" arrangements;
- setting targets to measure financial and service performance; and
- formal revenue and capital budgetary control systems and procedures.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's Role of the Chief Financial Officer has introduced a "comply or explain" requirement in the Annual Statement of Accounts.

Review of Effectiveness

Members and officers of the Board are committed to the concept of sound governance and the effective delivery of Board services and take into account comments made by internal and external auditors.

In addition the Board have made a self-assessment of their own arrangements. This involved the completion, by the Bridge Manager, of a 58-point checklist covering the six supporting principles defined in CIPFA/SOLACE's Delivering Good Governance in Local Government. This indicated a high level of compliance.

The Board's Internal Audit Service operates in accordance with the CIPFA Code of Practice for Internal Audit In Local Government in the United Kingdom and reports to the Board. Internal Audit undertakes an annual programme of work, which is reported to the Board. The Internal Auditor provides an Independent opinion on the adequacy and effectiveness of the system of internal control.

The Treasurer complies with the principles set out in CIPFA's Role of the Chief Financial Officer.

Continuous improvement Agenda

The following areas were identified by the Bridge Manager in the self-assessment checklists completed as part of the Board's assurance gathering process where further improvement could be made:

Develop a formal complaints procedure.

During 2011/2012, Internal Audit conducted a review of the Corporate Governance and Planning arrangements in place at the Board. This identified the following areas where further improvements could be made:

- Update the current Code of Corporate Governance to include a section which identifies the key partnerships and relationships that the Board has with other bodies;
- Update the current Code of Corporate Governance to reflect changes made since the introduction of the Business Continuity Pian and changes in both external and internal auditors; and
- Develop a formal complaints procedure (taking account of updated guidance still to be issued by the Scottish Ombudsman's Office).

It is proposed over 2012/13 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.

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

Marjory Stewart FCCA, CPFA

Treasurer

Tay Road Bridge Joint Board

8 June 2012

lain MacKinnon Bridge Manager

Tay Road Bridge Joint Board

là Macinio

8 June 2012

TAY ROAD BRIDGE JOINT BOARD

ANNUAL REMUNERATION REPORT

INTRODUCTION

The Board is required to prepare and publish within its Statement of Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2011 (Scotlish Statutory Instrument No. 2011/64), which came into force on 31 March 2011. The report sets out the remuneration and accrued pension benefits of the Senior Employees of the Board. The report also provides information on the number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. No Councillors receive remuneration from the Board. The following report has been prepared in accordance with the aforementioned Regulations and also in accordance with the non-statutory guidance set out in Scottish Government Finance Circular 8/2011, issued on 13 May 2011.

The Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. Tables 1 and 2 are subject to audit, and the remainder of the report is subject to review.

REMUNERATION ARRANGEMENTS

Senior Board Members

The Chairman and Vice-Chairman do not receive any remuneration (2010/2011: Nii remuneration).

Senior Employees

The salary of Senior Employees is set by reference to national agreements. The salaries of senior employees of the Board take into account the duties and responsibilities of their posts. The Board is responsible for agreeing the salaries of senior employees. All Board employees are entitled to participate in Dundee City Council's Contract Car Hire Scheme, subject to meeting certain criteria. The Council's Policy & Resources Committee is also responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Board:

- (i) has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- (ii) holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989; or
- (iii) annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Board has determined that one employee met the criteria for designation as a Senior Employee in 2011/2012, with the employee falling into category (I) above. The remuneration details for the Senior Employees of the Board are set out in Table 1.

The Regulations also require information to be published on the total number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table.

| Remuneration Bands | No of Employees | No of Employees |
|--------------------|--------------------|--------------------|
| | 2011/2012 | 2010/2011 |
| £50,000 - £54,999 | | - |
| £55,000 - £59,999 | 1 | 1 |
| Total | 1 | 11 |

EXIT PACKAGES

There were no exit packages agreed during 2011/2012 (2010/2011: No exit packages agreed).

ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). Local Government Employees pension benefits are a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number years that the person has been a member of the scheme. The scheme's normal retirement age for Local Government Employees is 65.

From 1 April 2009 a five tler contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The tiers and members contribution rates for 2011/2012 remain at the 2009/2010 rates and are as follows:

| Whole Time Pay | Contribution Rate 2011/2012 | Contribution Rate 2010/2011 |
|---|--------------------------------|-----------------------------|
| On earnings up to and including £18,000 | 5.5% | 5.5% |
| On earnings above £18,000 and up to £22,000 | 7.25% | 7.25% |
| On earnings above £22,000 and up to £30,000 | 8.5% | 8.5% |
| On earnings above £30,000 and up to £40,000 | 9.5% | 9.5% |
| On earnings above £40,000 | 12% | 12% |

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitiement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the ilmit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 2, together with the pension contributions made by the Board.

Assumptions and Contextual information

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitiement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and iump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2011/2012, the scheme member contribution rate for Senior Employees of the Board was 8.6% of pensionable pay. In 2011/2012, the employer contribution rate was 18.5% of pensionable pay for Senior Employees.

Marjory M Stewart, FCCA, CPFA

Treasurer

Tay Road Bridge Joint Board

MW Stewart

8 June 2012

TABLE 1 – REMUNERATION OF SENIOR EMPLOYEES

| Emolovee Name | Post Title | Salary, Fees & Allowances | Bonuses | Taxable Expenses | Compensation for Loss of Employment | Benefits Other Than in Cash | Total Remuneration 2011/2012 | Total Remuneration 2010/2011 |
|-----------------|----------------|------------------------------|---------|---------------------|-------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| | | ui | 4 | 댘 | 4 | 4 | 4 | 3 |
| J. I. MacKinnon | Bridge Manager | 57,845 | ō | Ō | ō | ō | 57,845 | 57,845 |
| | | | | | | | | |
| Total | | 57,845 | 0 | 0 | 0 | 0 | 57,845 | 57,845 |

TABLE 2 - SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

| Employee Name | Post Tille | Pension as at | Pension Difference from 31 March 2 2011 | Lump Sum as at 31 March 2012 | Lump Sum Difference from 31 March 2011 | Pension Contribution 2011/2012 | Pension Contribution 2010/2011 |
|----------------|----------------|---------------|--|------------------------------------|---|--------------------------------------|--------------------------------------|
| | | 0003 | 0003 | | 0003 | ű | Ġ |
| J.I. Mackinnon | Bridge Manager | 24 | 2 | 62 | Ō | 10,701 | 10,701 |
| | | | | | | | |
| Total | | 24 | 2 | 29 | 0 | 10,701 | 10,701 |

INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts set out on pages 10 to 42 are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Stephen Reid Engagement Director Public Sector Audit KPMG LLP 191 West George Street Glasgow G2 2LJ REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON: EXTERNAL AUDIT ANNUAL AUDIT PLAN 2011/2012

REPORT BY: TREASURER

REPORT NO: TRB 11-2012

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 2011/12.

3 FINANCIAL IMPLICATIONS

The cost of External Audit Services is included in the approved 2012/2013 Revenue Budget.

4 MAIN TEXT

Introduction

4.1 The external audit of the Board for the financial year 2011/12 will be carried out by Mr Stephen Reid, Engagement Director, KPMG. The Joint Board's External Auditors are appointed for a five year period and the financial year 2011/12 marks the first year of KPMG's appointment to the Board.

External Auditor's Annual Audit Plan

- 4.2 The External Auditor's annual audit plan summarises the key challenges and risks facing the Board and sets out the proposed audit work to be undertaken in 2011/12. The plan reflects:
 - the risks and priorities facing the Board
 - current national risks relevant to local circumstances
 - · the impact of changing international auditing and accounting standards
 - External Audit's responsibilities under the Code of Practice as approved by the Auditor General and the Accounts Commission
 - · issues brought forward from previous audit reports.

4.3 External Auditor's responsibilities

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

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

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

- has systems of recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
- prepares financial statements which give a true and fair view of the financial position at 31 March 2012 and the income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973 and other applicable laws and regulations, including the 2011/12 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
- has made proper arrangements for securing best value in its use of resources.

4.5 Reporting Arrangements

Under the Local Government (Scotland) Act 1973, there is a requirement for unaudited financial statements to be presented to the Board and the Controller of Audit within 3 months of the financial year end i.e. 30th June. The non-statutory target for audit completion is 30th September.

The External Auditor provides an independent auditor's report to the Board and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements, including an opinion on those financial statements. An annual report to members and the Controller of Audit will also be produced to summarise all significant matters arising from the audit. This will be presented to the Board at the meeting in December 2012.

5 POLICY IMPLICATIONS

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

6 CONSULTATIONS

The Bridge Manager and the Clerk to the Board have been consulted on the content of this report.

7 BACKGROUND PAPERS

None

MARJORY M STEWART TREASURER

7 JUNE 2012

Tay Road Bridge Joint Board

cutting through complexity "

Audit strategy overview and plan

Year ending 31 March 2012

7 March 2012

Overview

Your audit team has strong sector experience and is developing a sound understanding of the Joint Board and its aims and objectives. Experience

We invest the time to understand the key challenges

Failored approach

approach is carefully designed to align with these.

and drivers affecting your operations. Our audit

information risk management teams to provide on the ground support to our core audit team, where We will use specialists from our pensions and appropriate.

Board ("the Joint Board") for

the year ending 31 March

how we will deliver our audit

This document describes

or Tay Road Bridge Joint

We work closely with management to inform our understanding of the business and its challenges to ensure our audit responds to changes in the business. Risk based approach

Fluk forusen

Bulley

Page 13

Independence and quality are at the foundation of our approach.

Independence

in accordance with relevant on the financial statements

egal and accounting

requirements

This includes the opinions

audit opinion High quality

> formally on this, together with any satisfied that we are independent.

non-audit fees received. We are

We have systems and processes

to ensure our ongoing independence and will report

independent and conflict free

Talored to the John Board and its shallenges

Our audit plan outlines the specific areas of focus for 2011-12.

We keep you advised of new accounting standards and accounting issues as they arise. Adding value

observations as well as unadjusted audit differences. weaknesses and other performance improvement We will report on identified material control

issues. We will express these clearly and concisely in a way that You expect us to form independent views on the key accounting drivers. We use this knowledge to challenge the key messages is understandable to accountants and non-accountants alike. Our audit gives us an independent view on your key results

nsightful reporting

We will discuss these areas with management and the Joint delivered by your internal reporting systems. Board.

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Contents

- Introduction
- Audit approach and communication
- Audit fimeline
- Core audit focus areas
- Mandatory communications
- Materiality
- Other audit areas

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Logistics

2

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code").

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

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

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries. This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Stephen Reid, who is Terrace, Edinburgh, EH1 2EG or by telephoning 0131 222 2000 or email to lorraine bennett@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Russell Frith, Assistant Auditor General, Audit Scotland, 110 George Street, Edinburgh, EH2 4LH. complant. If your problem is not resolved, you should contact Lorraine Bennett, our Head of Audit in Scotland, either by writing to her at Saltire Court, 20 Castle the engagement leader for our services to Tay Road Bridge Joint Board, telephone 0131 527 6795 email stephen.reid@kpmg.co.uk who will try to resolve your



Introduction

Cur audit work is undertaken in accordance with Audit Scotland's Code of Audit Practice. This specifies a number of objectives for our audit.

The Accounts Commission for Scotland has appointed KPMG LLP as auditors of Tay Road Bridge Joint Board ("the Joint Board") under the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2011-12 to 2015-16, inclusive. This document summarises our responsibilities as external auditors for the year ending 31 March 2012 and our intended approach to issues impacting the Joint Board's activities in that year.

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

financial statements. We also review the statement on the system of

contained in the foreword to ensure that it is consistent with the

As part of our audit we also review the financial information

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

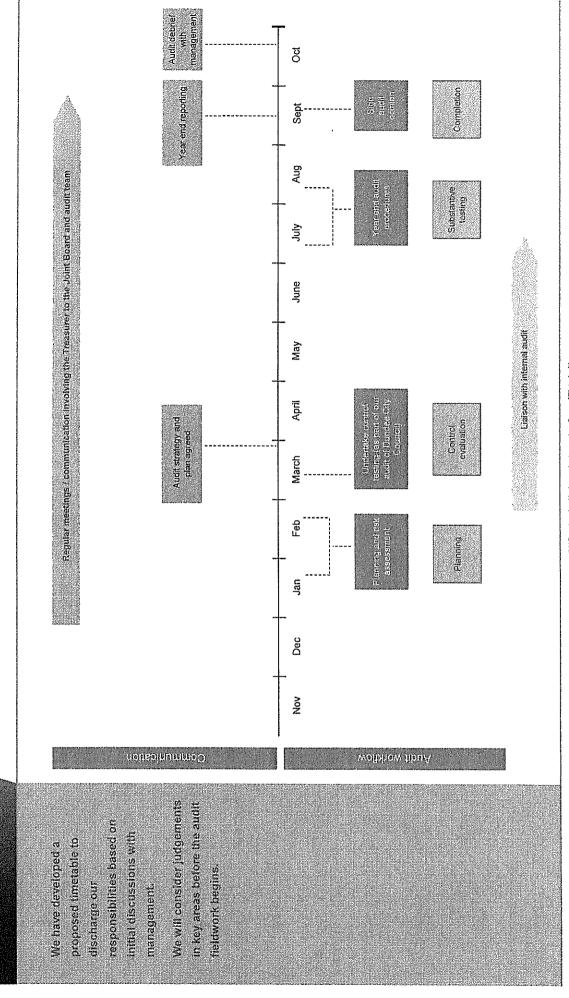
- audit the financial statements and provide an independent auditor's report, in accordance with the Act; and
- satisfy ourselves that:
- the financial statements have been prepared in accordance with all applicable statutory requirements;
- proper accounting practices have been observed in the preparation of the financial statements;
- the local authority body has made proper arrangements for securing Best Value and is complying with its community duties; and
- the local authority body has made adequate arrangements for collecting, recording and publishing prescribed performance information.

We conduct our audit of the financial statements in line with International Standards on Auditing (UK and Ireland), taking into account the UK Auditing Practices Board's Practice Note 10 (revised). We have a professional responsibility to report if the financial statements do not comply, in any material respect, with the IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom 2011-12 ("the Code"), taking account of the international financial reporting standards issued by the International Accounting Standards Board and relevant guidance issued by the Chartered Institute of Public Finance and Accountability ("CIPFA")/Local Authorities (Scotland) Accounts Advisory Board ("LASAAC").

internal financial control and the remuneration report to ensure they have been prepared in accordance with the Code and other requirements, taking account of the financial statements and other information gained by us as auditors.

International Standard on Auditing (UK and Ireland) 240: The auditor's responsibility to consider fraud in an audit of financial statements applies to our work. In particular, this Standard requires us to consider directly the possibility that management may choose to override the system of internal controls that otherwise may appear to be operating effectively. The Standard requires the auditor to maintain an attitude of professional scepticism, recognising the possibility that a material misstatement due to fraud could exist — notwithstanding the auditor's experience with regard to the honesty and integrity of management and those charged with governance.

In accordance with International Standard on Auditing (UK and Ireland) 260: Communication with those charged with governance we will report to you all non-material, non-trivial errors, which have not been adjusted.



Audit approach and communication

Audit timeline

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Audit approach and communication

Audit focus areas

We have performed initial risk assessment procedures to identify focus areas for the 2011-12 audit.

Areas of audit focus are.

opening balances:

financial position; and

infrastructure assets.

Key risk and implications

Opening balances

SSUe

management. Key areas identified are detailed below.

International Standard on Auditing (UK and Ireland) 510: Initial audit engagements – opening balances requires us as auditors to obtain sufficient appropriate audit evidence about whether:

- opening balances contain misstatements that materially affect the current period's financial statements, and
- appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes are appropriately accounted for presented and disclosed in accordance with the applicable financial reporting framework.

The Joint Board achieved a surplus on the provision of services in 2010-11 of £1.56 million, against a budgeted surplus of £1.47 million. After taking account of statutory adjustments, the Joint Board reported a deficit on the general fund for the year of £0.29 million against the budget deficit of £0.40 million. This resulted in a closing balance on the general fund position at 31 March 2011 of £1.16 million. The reduction in general reserves held, within the limit set by the Tay Road Bridge Order Confirmation Act 1991 (Part V 39(3)).

Financial position

The Joint Board holds £48.6 million of infrastructure assets as at 31 March 2011. The ongoing Dundee Central Waterfront Development continues to result in capital works in respect of the phased removal and replacement of the approach ramps to the Bridge, along with the construction of temporary diversion routes as part of the works. There is a risk that any impairment to existing components of the asset are not identified appropriately, and that capital additions are made where there is no lasting economic benefit.

Infrastructure assets

Our planned audit approach

We have developed an understanding of your key audit risk areas based on our initial risk assessment procedures, including discussions with

We will undertake a number of specific procedures to allow us to confirm this. We have already had discussions with your previous external auditors to consider issues from the 2010-11 audit. In addition, we will review your accounting policies from 2010-11, the annual audit report, certain work papers and may also review certain areas of prior year audit files, if considered relevant.

We will considers the year-end journals posted for financial year 2010-11 to understand the process and operation of controls and consider the presentation of information in the financial statements.

We will review the budget setting process and approval of the 2011-12 budget. We will also understand how management monitors the budget during each year and how budget changes are processed. This will include looking at how the financial position of the Joint Board has changed during the financial year and how the financial year and how the financial position, and associated risks, are reported to the Joint Board and those

We will hold discussions with management to understand the nature of the current phase of the capital works, and the impact on the existing capital infrastructure assets held in the Joint Board's financial statements.

charged with governance.

We will also seek to understand the progress which management has made in consideration of the incoming requirements of the CIPFA Code of Practice on Transport Infrastructure Assets.

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Audit approach and communication Mandatory communications

Mandatory communications in relation to independence are included within appendix one.

Fraud risks

Issue

Area

It is the responsibility of senior officers and staff to implement accounting and internal control systems which are designed to prevent and detect fraud and error. Such systems reduce but do not eliminate the risk of misstatements caused by fraud or error.

Those charged with governance must ensure, through oversight of management, the integrity of these systems and that appropriate controls are in place, including those for monitoring risk, financial control and compliance with laws.

- This is in the context of preparing financial statements that give a frue and fair view and that do not contain material misstatements arising from fraudulent reporting (intentional misstatements / omissions to deceive the financial statement user) or from the missppropriation of assets.
- All material related party transactions must be disclosed in the financial statements.

Related party transactions Management has processes to identify related party transactions and a number of related parties and transactions were disclosed in the 2010-11 financial statements.

KPMG response

- Our audit procedures are designed to have a reasonable chance of detecting misstatements as a result of fraud or error. The audit team will review and discuss fraud related risks and controls with senior management.
- Our risk assessment procedures will include a number of interviews with senior personnel concerning processes to identify and respond to risks of fraud.

The Code of Audit Practice requires us to report fraud

over £5,000 to Audit Scotland.

We will ensure that there continues to be appropriate processes as part of the financial statements preparation

process to identify any related party transactions.

SMICH

Audit approach and communication Materiality

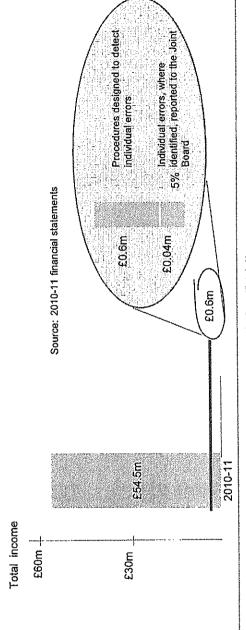
Our audit is geared to identify material errors in the financial statements.

We are required by Auditing Standards to report to the Joint Board unadjusted audit differences other than nontrivial items.

In accordance with International Standard on Auditing (UK and Ireland) 320 *Materiality in planning and performing an audit*, we plan and perform our audit to be able to provide reasonable assurance that the financial statements are free of <u>material</u> misstatement and give a true and fair view. The assessment of what is material is a matter of professional judgment and includes consideration of both the amount (quantity) and nature (quality) of misstatements.

Audit materiality is both a quantitative and qualitative measure and the figures below are a guide only and are based on total planned expenditure. We realise that the tolerance for error in certain disclosures in the financial statements is lower and therefore we will report to the Joint Board smaller errors in areas such as members' allowances and lease commitments. The overriding objective is to preserve the true and fair view presented by the financial statements and we will consider any audit differences, individually and cumulatively, in that context.

Our planning materiality for the Joint Board has been calculated on the basis of total assets taken from the 2010-11 financial statements, as detailed below. On this basis, our procedures will be designed to detect individual errors over £600,000 and we will report all errors over £40,000 to the Joint Board. Our final materiality will be based on the draft financial statements and we will inform you of any changes to our planning materiality.



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Other audit areas

Fraud versus error; legality and propriety

We distinguish between fraud and error and use our sector knowledge to inform

specific control testing.

Fraud versus error

The term 'error' refers to an unintentional misstatement in the reporting of an entity. The term 'fraud' refers to an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception or misconduct to obtain an unjust or illegal advantage.

There are two types of misstatements relevant to an auditor's consideration of fraud:

- misstatements resulting from fraudulent financial reporting, which involves intentional misstatements or omissions of amounts or disclosures in financial reporting to ultimately deceive financial statement users; and
- misstatements resulting from misappropriation of assets, which typically involve theft of an entity's assets and is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing.

We use our knowledge of the sector to inform specific control testing in respect of fraud controls, and will therefore consider the following areas during our interim audit:

- procurement;
- purchasing cards; and
- supplier additions and amendments.

Legality and propriety

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements but also providing a view, where appropriate, on matters such as the legality, propriety, performance and the use of resources in accordance with the principles of Best Value.

The Joint Board is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of its arrangements. This includes involving those charged with governance in the monitoring of arrangements.

Best Value

Under the Local Government in Scotland Act 2003 ("the 2003 Act"), auditors have a duty to be satisfied that councils have made proper arrangements to secure best value. In response to these duties, the Accounts Commission introduced specific arrangements for the audit of best value and community planning under section 52 of the 2003 Act. To date, joint boards have not been subject to Best Value audits, with the exception of police joint boards and fire and rescue joint boards, including Tayside Fire and Rescue.

We will seek to understand the arrangements which management has established internally to ensure Best Value in its use of the resources made available to it.

Other audit areas

Presentation of financial statements; internal audit

The Joint Board is required to prepare financial statements in accordance with the Code. KPMG is committed to working with management to enfrance the clarity and impact of the financial statements.

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

Presentation of financial statements

The year ended 31 March 2011 was the first year that the Code was based on International Financial Reporting Standards ("IFRS"). The transition to IFRS typically had the effect of increasing the length and complexity of financial statements.

The Audit Commission issued a briefing for those that prepare IFRS-based financial statements in local government, "Let's be clear" in January 2012. The briefing notes that the financial statements of local authorities applying the Code are, on average, 113 pages long and while this supports transparency, there is a risk that the users of the financial statements are daunted by their complexity and find them difficult to interpret and understand. While the accounts of the Joint Board are shorter than a local authority, the same principal applies.

Much of this complexity comes from the need to reconcile financial statements, prepared in accordance with IFRS, with the control framework imposed by government. This includes a series of adjustments necessary to reconcile the accounting cost of services, with the cost which is used to determine Joint Board requisitions.

This briefing, and CIPFA's publication, "IFRS: how to tell the story" suggest a number of ways in which accessibility and clarity of financial statements could be improved including:

- the use of summaries and extracts which provide key elements of information;
- reducing and / or eliminating unnecessary disclosures; and
- critically reviewing the financial statement template to reduce the length and focus of reporting.

It is likely that there will be continued focus on the presentation of information and we will work with management to consider the implications of any updated guidance and support management to enhance the clarity and impact of the financial statements.

Internal audit arrangements

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

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

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

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

2011-12 internal audit plan

We will read the reports and consider the results of all internal audit work. In particular, the plan for the year includes specific reviews in the following areas where we would intend to place reliance:

- corporate governance; and
- IT network arrangements.

Other audit areas Performance management

Audit Scotland and the Accounts Commission periodically undertakes national studies on topics relevant to the performance of local government bodies. We will review the Joint Board's response to those reports relevant to its

Local response to national studies

Audit Scotland and the Accounts Commission periodically undertakes national studies on topics relevant to the performance of local government bodies. While the recommendations from some of the studies may have a national application, elements of the recommendations are also capable of implementation at individual organisation level, as appropriate. In order to ensure that added value is secured through the role of the Accounts Commission, Audit Scotland and its appointed auditors, auditors will continue to ensure that audited bodies respond appropriately to reports from the Accounts Commission and Audit Scotland's programme of national performance audits.

We will therefore be required to have consideration as to whether relevant national performance reports have been considered by the Joint Board and that action has been planned in response.

activities.

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Cogistics

Audit team; fee proposals; reporting

Our senior and it team brings strong experience of both local government and across the wider public sector.

Audit team

The senior members of the audit team are detailed below. The team has significant experience in the audit of local government bodies and will bring this to bear in your audit.

| NAME OF THE OWNER. | SERVICE CONTRACTOR |
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Fee proposals

Audit Scotland requires that the fee for our work is set within an indicative range, depending on the assessment of risk and other factors facing the Joint Board. Audit Scotland has notified us that the fee range for 2011-12 is £11,220 to £13,720.

We have agreed a fee with management of £13,015. This fee reflects work on opening balances which is required by auditing standards in the first year of an audit appointment.

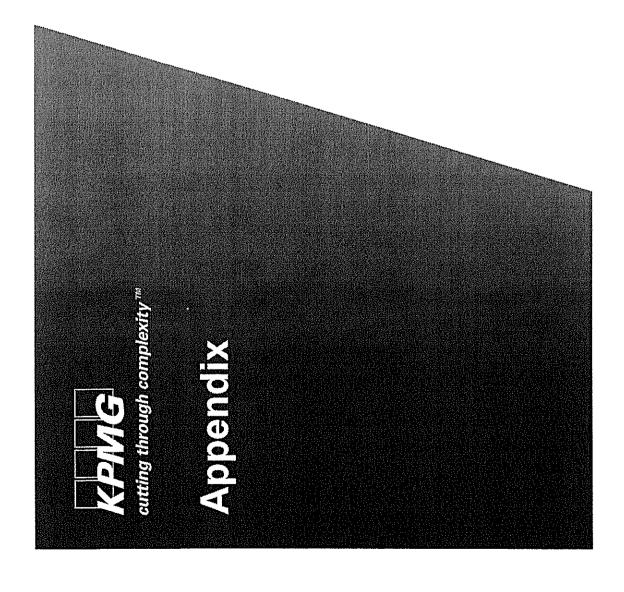
As with other audits, our fee proposals are based on the following assumptions to ensure an efficient audit process: draft report, financial statements and full electronic files of supporting work papers available at the start date of our on site visit agreed with officers preferably in electronic format; reliance on your internal controls; availability of key members of staff during the audit fieldwork; and, completion within the agreed timetable.

Reporting

The Code of Audit Practice requires us to communicate to management findings arising as a result of the audit work completed. Reports to management will be submitted as appropriate throughout the course of the year, with draft reports discussed and agreed with management and action plans developed to include the recommendations, target dates for implementation and the member of staff responsible for implementation.

We envisage submission of the following reports in respect of 2011-12:

- communication to those charged with governance setting out findings surrounding the financial statements process; and
- annual audit report to the Joint Board and the Controller of Audit.



matters and confirm that we us to communicate to those charged with governance in in place in relation to these Auditing standards require writing at least annually on and set out the safeguards bear on our independence reasonably be thought to any matters which may are independent.

independence manual is fully consistent with the professional practice particular that they have no prohibited shareholdings. Our ethics and rules of the Institute of Chartered Accountants in England and Wales, are independent. KPMG is committed to being and being seen to be reasonably be thought to bear on our independence and set out the safeguards in place in relation to these matters and confirm that we Auditing standards require us to communicate to the audit and risk compliance with our ethics and independence manual, including in independent. As part of our ethics and independence policies, all committee in writing at least annually on any matters which may audit directors, KPMG partners and staff annually confirm their by whom we are regulated for audit purposes.

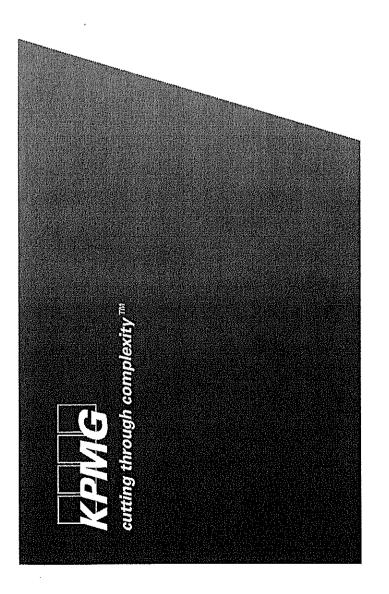
in addition, we have underlying safeguards in place to maintain independence through:

- Instilling professional values:
- Training courses
- Policies and procedures
- Annual confirmation of compliance with firm ethics and independence policies
- Communications:
- Consultation requirements
- Audit team disagreement resolution process
- Internal accountability:
- Rotation of audit directors
- Internal quality performance review

- Risk management:
- Client and engagement acceptance and retention policies and procedures.
- Independent reviews:
- Quality performance review local
- Internal peer review national and international
- External audit inspection unit
- Our system of internal quality procedures (these we set out in detail previously and have not been repeated here).

control procedures are designed to ensure our compliance with the The APB Ethical Standards are fully effective and our internal requirements.

There are no other matters that, in our professional judgment, bear independence and objectivity in relation to non-audit services. on our independence which need to be disclosed to the Joint We are satisfied that our general procedures support our



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Tay Road Bridge Joint Board

Annual Plan 2011/12

Internal Audit Report No: 2012/01

Draft Issued: 12 December 2011

Final Issued: 20 January 2012

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| | IT Network Arrangements | ! |
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1. Introduction

- 1.1 The purpose of this document is to present to the Tay Road Bridge Joint Board ('the Board') the annual internal audit operating plan for the financial year ended 31 March 2012. The plan is based on the proposed allocation of audit days for 2011/12 set out in the Audit Needs Assessment and Strategic Plan 2010 to 2013. The preparation of the Strategic Plan involved dialogue with the Bridge Manager and with the Treasurer.
- 1.2 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment for 2011/12, together with the audit approach. These were arrived at following consultation with the Bridge Manager.
- 1.3 Separate reports will be issued for each assignment unless otherwise stipulated. This year the Corporate Governance and Corporate Planning reviews will be carried out together and our findings will be included in one report. Recommendations are graded in each report to reflect the significance of the issues raised.



2. Strategic Plan 2010 to 2013

Proposed Allocation of Audit Days

| oseu Anocanon of Addit Days | | | |
|--|--------|----------|---------|
| | Actual | Planned | Planned |
| | 10/11 | 11/12 | 12/13 |
| | Days | Days | Days |
| Reputation | ļ | | |
| Health and Safety | 3 | | |
| Staffing Issues | | | |
| Recruitment and retention / HR policies | | 6 | |
| Payroll | 3 | | |
| Estates and Facilities | | | |
| Physical Security) | | | |
| Asset management) | | | 8 |
| Delivery of major projects | | | 7 |
| Financial Issues | | | |
| Budget setting / budgetary control | | | 5 |
| General ledger | 3 | | |
| Procurement and creditors / purchasing | 3 | | |
| Debtors / income | | | |
| Cash & bank / Treasury management | | | |
| Organisational Issues | | | |
| Risk management / Business continuity | 7 | | _ |
| Corporate governance)* Corporate planning)* | | 6 | |
| Insurance arrangements | } | T | |
| modiano unangomonio | | | |
| Information and IT | İ | | |
| IT network arrangements | | 8 | , |
| Data protection / FOI | | | 4 |
| Other Audit Activities | | | |
| Management and Planning) | 3 | 4 | 4 |
| External audit) | | | |
| Attendance at audit committees) | | 2 | |
| Follow-up reviews ANA | 1 5 | 2 | 2 |
| ANA | | | |
| Total | 28 | 30 | 30 |
| | ==== | ==== | ==== |

^{*}These projects will be linked and only one report produced



3. Outline Scope and Objectives

Audit Assignment:

Employment Legislation and Policies, Recruitment, and

Staff Performance and Development

Priority:

Medium / Low

Joint Board Meeting:

June 2012

Days:

6

Scope

The review will include review of employment legislation and policies, recruitment processes, and actions to retain and improve Board staff.

Objectives

The objective of our audit will be to obtain reasonable assurance that:

- there is a process to identify changes in employment legislation and make changes on a timely basis;
- employment policies in place cover all appropriate areas and are considered adequate;
- staff have access to employment policies and are aware of their requirements;
- procedures are in place to ensure that policies are equalities impact assessed to ensure they
 meet the requirements of the Equalities Act 2010;
- the recruitment process is efficient and effective and adheres to the requirements regarding equality;
- the Board has a systematic approach to setting targets for staff, regularly assessing performance and development of staff and providing feedback; and
- training, including induction training, is clearly informed by an assessment of where staff have skills / knowledge / performance gaps.

Our audit approach will be:

From discussion with appropriate staff and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls. A walkthrough of key recruitment, performance and training systems will then be undertaken to confirm our understanding and this will be followed up with compliance testing where considered necessary. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened. We will also compare the employment policies that the Board has against what is considered good practice and identify if there are any further policies that should be developed.



3. Outline Scope and Objectives

Audit Assignment:

Corporate Governance and Planning

Priority:

Medium / Low

Joint Board Meeting:

June 2012

Days:

10

Scope

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

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

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

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

Objectives

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

Our audit approach will be:

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



3. Outline Scope and Objectives

Audit Assignment:

IT Network Arrangements

Priority:

Medium

Joint Board Meeting:

June 2012

Days:

8

Scope

The scope of the audit will be to carry out a high-level review of certain key aspects of the IT systems in place within the Board to identify any control weaknesses.

Objective

The objective will be to obtain reasonable assurance that internal controls in place ensure the security of the IT network operated by the Board.

Our audit approach will be:

Our approach will be based upon the Internal Control Questionnaires (ICQs) provided by the Chartered Institute of Public Finance and Accountancy (CIPFA); guidance provided by the Control Objectives for Information and related Technology (COBIT) standard issued by the IT Governance Institute (ITGI); discussion with staff; review of relevant documentation; and observation, covering the following areas:

- Physical and environmental controls;
- Network infrastructure;
- Acceptable Use Policy:
- Logical access; and
- Compliance with user licence requirements.

HENDERSON LOGGIE

3. Outline Scope and Objectives

Audit Assignment:

Follow-Up Reviews

Priority:

Various

Joint Board Meeting:

June 2012

Days:

2

Scope

As part of the internal audit programme at the Board for 2011/12 we will review the recommendations raised within internal audit reports issued in 2010/11 and obtain an update on these. Areas covered during 2010/11 were:

- Report 2011/03 Health and Safety
- Report 2011/04 Payroll
- Report 2011/05 General Ledger
- Report 2011/06 Procurement and Creditors / Purchasing
- Report 2011/07 Risk Management, Business Continuity and Insurance
- Report 2011/08 Follow-Up Reviews

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2010/11 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

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



Tay Road Bridge Joint Board

Employment Legislation and Policies, Recruitment and Staff Performance & Development 2011/12

Internal Audit Report No: 2012~02

Draft Issued: 09 March 2012

Final Issued: 19 March 2012

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HENDERSON LOGGIE

1. Management Summary

Introduction

As part of the Internal Audit programme at the Tay Road Bridge Joint Board ('the Board') for 2011/12 we carried out a review of employment legislation and policies, recruitment processes, and actions to retain and improve Board staff. Our Audit Needs Assessment identified this as an area 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.

Scope of the Audit

The audit included a review of employment legislation and policies, recruitment processes, and actions to retain and improve Board staff.

Objectives of the Audit

The objectives of our audit were to obtain reasonable assurance that:

- there is a process to identify changes in employment legislation and make changes on a timely basis;
- employment policies in place cover all appropriate areas and are considered adequate;
- · staff have access to employment policies and are aware of their requirements;
- procedures are in place to ensure that policies are equalities impact assessed to ensure they meet the requirements of the Equalities Act 2010;
- the recruitment process is efficient and effective and adheres to the requirements regarding equality;
- the Board has a systematic approach to setting targets for staff, regularly assessing performance and development of staff and providing feedback; and
- training, including induction training, is clearly informed by an assessment of where staff have skills/ knowledge/performance gaps.

Audit Approach

From discussions with appropriate staff and review of procedural documentation, we identified the internal controls in place and compared them with expected controls. A walkthrough of key recruitment, performance and training systems was undertaken to confirm our understanding and this was followed up with compliance testing where considered necessary.

We reported on any areas where expected controls were found to be absent or where controls could be further strengthened. We also compared the employment policies that the Board has against what is considered good practice and identified if there were any further policies that should be developed.

1. Management Summary

Action Plan

This report sets out eight improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Issues which require the consideration of the Board.
- B Significant matters which the Bridge Manager can resolve.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

In general, we obtained reasonable assurance that:

- Through the Service Level Agreement (SLA) in place with Dundee City Council (DCC), changes in employment legislation are identified and changes are made on a timely basis.
- Employment policies in place cover all appropriate areas and are considered to be adequate.
- The staff handbook provides employees with access to employment policies and they are aware of their requirements. This arrangement is deemed appropriate with a minor weakness noted.
- All policies are reviewed to ensure that they are equalities impact assessed and comply with the requirements of the Equalities Act 2010, through the SLA with DCC.
- Although the Board does not have vacancies often due to their low staff turnover, the
 recruitment process in place is efficient and effective and adheres to the requirements
 regarding equality. We did note however some areas which require to be strengthened,
 particularly regarding the application form used.
- The Board has a systematic approach to setting targets for staff, regularly assessing performance and development of staff and providing feedback with only a minor recommendation being raised in this area.
- Training, including induction training, is clearly informed by an assessment of where staff
 have skills, knowledge and performance gaps. Minor recommendations have been made
 to further strengthen controls in this area.

Summary of Main Findings and Recommendations

The Board has a SLA with DCC and in June 2011, through DCC Personnel Services, the Board revised its staff handbook. To track subsequent changes to the handbook, a "Revision Record" is maintained detailing the revision date, detail and section. Each member of staff has their own copy of the handbook and consequently revisions need to be sent to each employee with a memo detailing the change. The memo has a tear off slip which staff must complete and return to the Administration Officer, to acknowledge they have received and understood the amendment. As there is no control in place to verify that all handbooks have been updated with amendments, a recommendation has been made for all staff to pass their staff handbook to the Administration Officer at their annual staff review.

HENDERSON LOGGIE

1. Management Summary

Summary of Main Findings and Recommendations (continued)

The application form in use by the Board is the same one that is used by DCC. Included within it is an "Equal Opportunities in Employment" questionnaire. It was found during the audit that DCC have not been providing the guidance notes with their application forms which detail in particular why applicants are being requested to complete the questionnaire and how this information is used. Although good practice and not mandatory the Board should consider providing future applicants with this information, which could be adapted from the one used by DCC. It is recommended however that these forms are fully adapted to reflect the Board, as it was noted from the application form reviewed that reference is being made to DCC and their policies.

Testing of staff review forms revealed that the Bridge Manager has not completed an appraisal. A recommendation has been made to consider whether the Bridge Manager should undertake a staff review by a relevant member of the Board's management (Treasurer, Clerk or Engineer to the Board). This would enable Board objectives to be incorporated into the agreed action plan of the Bridge Manager.

Feedback from staff following training courses is currently collated by the individual/company providing the course. The Board does not request copies of these assessment forms nor has its own form in use. Courses and training are discussed at the various team meetings, however there is no centrally held document for each of the courses in order for suggestions or improvements to be made prior to a similar course being run in the future.

The Board uses a training database to record the date employees have completed training courses. A recommendation has been raised to record all agreed courses for staff within the database in order to assess whether all agreed training has been delivered. Furthermore, where courses require the training to be retaken after a certain period of time, this date should also be recorded in the database, to ensure that deadlines are not missed and qualifications lapse.

Acknowledgements

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

2. Action Plan

HENDERSON LOGGIE

| Para Ref. | Recommendation | Grade | Comments | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date |
|--------------|--|-------|---|---------------|--------------------------------------|------------------------------|
| 1.2 | Staff Access to Policies R1 To ensure that the amendments to employment policies within staff handbooks are being made, staff should be asked to bring their handbook to their annual staff review so that the Administration Manager can review and revise handbooks where relevant. | U | To be notified to staff prior to next review | > | Administration Officer | 31 December 2012 |
| 1.3 | R2 The staff review process should be formally incorporated into the staff handbook. | æ | To be incorporated in the next review of the Staff Handbook or by December 2012 whichever sooner. | > | Administration Officer | 31 December 2012 |
| 2.1 | Recruitment Process R3 The application form should be reviewed to ensure that all sections have been updated and adapted so that it is relevant to the Board. | O | To be incorporated in the next review of the Application Form or by December 2012 whichever sooner. | >- | Administration Officer | 31 December 2012 |
| 2.2 | R4 Consideration should be given as to whether guidance notes should be provided to candidates to support the "Equal Opportunities in Employment" form within the application for employment. | O | Actioned | >- | Administration Officer | Complete |

Tay Road Bridge Joint Board - Employment Legislation and Policies, Recruitment and Staff Performance & Development

TENDERSON LOCOE

E

2. Action Plan

Agreed Completion Date 31/12/2012 Complete Complete Engineer to the Responsible Officer Administration Administration Board/ Bridge For Action Manager Officer Officer Agreed Y/N > > > Agreed following discussions between Clerk, Treasurer and Engineer to the To be incorporated in the next set of Staff Reviews or by December 2012 whichever Comments Implemented sooner. Board. Grade Ö ပ ω R6 Consideration should be given as to whether the Bridge Manager should be (Treasurer, Clerk or Engineer to the Board) could conduct the review and this would enable the management to consider its input to areas which it feels should be addressed or incorporated into the staff review process. A relevant member of the Board's management obtained. The feedback should be reviewed and where applicable used to improve the course The staff review form should be adapted to include a box to detail the agreed actions from the previous review and progress of each of these actions. Any actions noted as being incomplete or ongoing should be brought The Board should consider developing copies of those undertaken at courses are their own course feedback form or ensure that forward into the current year agreed actions. when it is undertaken in the future. Recommendation Staff Development implemented. Para Ref. 3.6 3.3 3.2

Tay Road Bridge Joint Board - Employment Legislation and Policies, Recruitment and Staff Performance & Development

2. Action Plan

HENDERSON LOGGIE

| Para Ref. | Recommendation | Grade | Comments | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date |
|--------------|--|-------|--|---------------|--------------------------------------|------------------------------|
| 3.7 | R8 The staff training database should be developed to provide a central location for all training information. When training courses are agreed following staff reviews and approval by the Bridge Management Team, these should be input into the database on completion of training. Where relevant, the dates that training requires to be re-taken should also be input. | O | Database to be used for recording training. Planning of training requirements to be as part of Review Process and discussion by Management Team. | > | Administrative Officer | 31 December 2012 |

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3. Main Report

1. Staff Access to Policies

1.1 The Board has a SLA with DCC to provide HR services and support. Through this agreement, DCC annually reviews the Board's employment policies. Furthermore, they will advise of any changes in legislation arising throughout the year, and make the proposed changes to their policies. These are sent to the Bridge Manager for review and then presented to the Board for approval.

1.2 Observation

Employment policies are maintained within the staff handbook and each member of staff is provided with their own copy. Amendments to the handbook are sent to each member of staff with a memo to explain the changes, and a tear off slip to complete and return to the Administration Manager to confirm that they have received and understood it. There is currently no control in place to ensure that all staff are updating their handbooks by removing and replacing the relevant revised section.

Risk

Staff do not update employment policies and their handbooks are out of date

Recommendation

R1 To ensure that the amendments to employment policies within staff handbooks are being made, staff should be asked to bring their handbook to their annual staff review so that the Administration Manager can review and revise handbooks where relevant.

Benefit

Annual review of handbooks ensure that all staff have access to current employment policies

Observation

1.3 The staff review system was introduced in January 2010 and has been in operation for two years. There is currently no reference to the staff review process within the staff handbook.

Risk

Training & Development Section of the handbook is incomplete.

If staff misplace the guidance notes provided at their first review, they will have no other document to refer to.

Recommendation

The staff review process should be formally incorporated into the staff handbook.

Benefit

Employees have a staff review section within the handbook that they can refer to at any time.

3. Main Report

2. Recruitment Process

Observation

As part of the recruitment process, the Board uses the services of DCC Personnel Service. They will review the job advert, description and person specification to ensure that it complies with current legislation including the Equalities Act 2010. The application form has been adapted from the one used by DCC. Although the application form is reviewed when a vacancy arises, it was noted that the application form in use by the Board makes reference to DCC within the "Equal Opportunities in Employment" section and also "Flexible Working" which the Board does not offer employees.

Risk

Applicants may be confused by the reference to DCC or incorrectly think that flexible working is offered by the Board.

Recommendation

R3 The application form should be reviewed to ensure that all sections have been updated and adapted so that it is relevant to the Board.

Benefit

Application forms are clear and relevant to the Board.

Observation

2.2 The Board introduced the "Single Equality Scheme" in June 2011 in order to comply with the Equalities Act 2010 legislation. The policies within the staff handbook were also reviewed by DCC to ensure that they were equalities compliant. As part of the application process, applicants are requested to complete an "Equal Opportunities in Employment" section. It was found during the audit that DCC have not been providing the guidance notes with their application forms detailing in particular why applicants are being asked to complete the "Equal Opportunities in Employment" form and how this information is used.

Risk

Applicants do not complete and return the "Equal Opportunities in Employment" form

Recommendation

R4 Consideration should be given as to whether guidance notes should be provided to candidates to support the "Equal Opportunities in Employment" form within the application for employment.

Benefit

Applicants are provided with sufficient information regarding the "Equal Opportunities in Employment" form.



3. Main Report

3. Staff Development

3.1 As afore mentioned, the staff review process was introduced in January 2010. A sample of 7 employees were selected and tested to ensure that where relevant, members of staff had undertaken a staff review in both 2010 and 2011 and any training needs identified were evidenced as being completed during the year within the staff database, or carried forward to the following year to be completed. When testing the 2011 staff reviews, the progress of 2010 agreed actions were not always clear. They were not detailed as being completed, carried forward to the current year agreed actions or ongoing actions. One case noted that first aid training had not been completed or carried forward into the following year with no explanation provided. Discussions revealed that this training was only being provided to Bridge Inspectors due to cost implications and lack of requirement for both Bridge Officers and Inspectors to be trained. It was also noted that the Bridge Manager had not undertaken a staff review in either years.

3.2 Observation

The follow up of the progress of agreed actions within staff review forms are unclear.

Rick

Agreed actions which have not been completed are not brought forward and addressed the following year.

Recommendation

R5 The staff review form should be adapted to include a box to detail the agreed actions from the previous review and progress of each of these actions. Any actions noted as being incomplete or ongoing should be brought forward into the current year agreed actions.

Benefit

Staff are aware of agreed actions which still require to be completed or that are ongoing.

3.3 Observation

The Bridge Manager is not part of the staff review process.

Risk

Board objectives are not being incorporated into the Bridge Managers agreed actions.

Recommendation

R6 Consideration should be given as to whether the Bridge Manager should be included in the staff review process. A relevant member of the Board's management (Treasurer, Clerk or Engineer to the Board) could conduct the review and this would enable management to consider its input to areas which it feels should be addressed or implemented.

Benefit

The Board's management are able to input their objectives into Bridge Manager's agreed actions.

- Prior to 2010, the Board did not provide training courses, nor have a training budget. Since then, a training budget is set annually and staff are asked during their staff reviews if they feel they require any training. These requests are taken to the Board and agreed where appropriate.
- 3.5 Following the completion of training, staff feedback is collated by the instructor taking the course. Training courses are discussed and minuted as part of team meetings, and also during the annual staff reviews. The Board does not request copies of the feedback forms undertaken following the training courses, nor do they provide staff feedback forms when this is not done.

3. Main Report

3. Staff Development (continued)

3.6 Observation

There is currently no central document which collates all staff feedback from a particular course.

Risk

Staff feedback regarding course content is not input into future courses

Recommendation

R7 The Board should consider developing their own course feedback form or ensure that copies of those undertaken at courses are obtained. The feedback should be reviewed and where applicable used to improve the course when it is undertaken in the future.

Benefit

Future training courses provided to staff are as effective as possible.

3.7 Observation

The Board maintains a database which is updated when an employee completes a training course. Courses for staff are not input to the database when they are agreed at staff reviews therefore there is currently no central record of training that is required as well as completed. There are also courses which require to be re-taken over a certain period e.g. refreshed every 3 years. The database does not detail the date individuals require to re-take courses which is particularly important given that these dates will vary for each course and each staff member.

Risks

All agreed training is not completed.

Deadlines for refresher courses are missed and staff qualifications lapse.

Recommendation

R8 The staff training database should be developed to provide a central location for all training information. When training courses are agreed following staff reviews and approval by the Bridge Management Team, these should be input into the database on completion of training. Where relevant, the dates that training requires to be re-taken should also be input.

Benefit

All agreed training would be detailed in the database and could be easily reviewed to ensure that they have been completed.

Detailing deadlines for training to be retaken will provide a prompt to ensure that qualifications do not lapse.



Tay Road Bridge Joint Board

Corporate Governance and Planning 2011/12

Internal Audit Report No: 2012/03

Draft Issued: 28 March 2012

Final Issued: 11 May 2012



Page No.

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Management Summary

Introduction

As part of the Internal Audit programme at the Tay Road Bridge Joint Board ('the Board') for 2011/2012 we carried out a review of the corporate governance and planning arrangements in place. The Audit Needs Assessment, completed in April 2011, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and the Bridge Manager that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

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

Strong corporate governance is important to ensure that the Joint Board provides appropriate leadership, direction and control of the Board. In addition, the Joint Board must answer to key stakeholders, ensure that the Board's objectives are being met and hold key executive staff accountable.

In 2008 the CIPFA/SOLACE Joint Working Group issued *Delivering Good Governance in Local Government*. This guidance illustrates best practice for developing and maintaining a local code of governance and making adopted practice open and explicit. It recommends that authorities must be able to demonstrate that they are complying with the principles of good governance. The six core principles defined in the guidance are taken from the *Good Governance Standard for Public Services* developed by the Independent Commission on Good Governance in Public Services and have been adapted for local government purposes. Good governance means:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

Although the above points are outlined in the standard we recognise that due to the size of the Board not all of the principles are fully applicable.

Corporate planning involves taking the organisation's vision and creating an operational plan to detail how the vision will be achieved. The plan needs to be robust, with specific tasks, timeframes and regular reporting on achievement against targets.

Scope of the Audit

Corporate Governance

This audit included a high-level review of the corporate governance and planning arrangements in place within the Board and compared these against best practice. This included reviewing such items as:

- Code of Corporate Governance;
- · Committee organisation and administration;
- · Standing Orders;
- Financial Regulations;
- · Delegation of Powers to Officers;
- Fraud Guidelines; and
- · Complaints procedures.

Management Summary

Objectives of the Audit

The objective of our audit was to obtain reasonable assurance that the Board's corporate governance, planning and control environment arrangements are in accordance with best practice as set out in *Delivering Good Governance in Local Government — A Guidance Note for Scottish Authorities* published by CIPFA/SOLACE in 2008.

We also carried out a follow-up review on the outstanding actions from Internal Audit report 2009/04, *Corporate Governance*. Our conclusions on whether these points have been adequately implemented are included within Appendix I.

Audit Approach

We identified the corporate governance arrangements in place through interviews with staff and a review of relevant supporting documentation to gain evidence that the arrangements in place are operating effectively.

The control environment in place at the Board was reviewed and benchmarked against current best practice using *Delivering Good Governance in Local Government*. The guidance presents six principles of good governance, together with supporting principles that are common to all public service organisations and are intended to assist all those with an interest in public governance to assess good governance practice. 'Applications' included for each supporting principle explain what should be carried out to put it into practice.

Our work involved review of specific policies, Joint Board minutes and other documents, including Financial Regulations and the local Code of Corporate Governance, to ensure that they cover all aspects currently recommended by best practice, as well as discussion with the Bridge Manager.

Through discussions with key staff we established whether there are appropriate mechanisms in place to monitor the achievement of the targets within the Revenue and Capital Plans and that these mechanisms are operating appropriately.

Action Plan

This report sets out a detailed list of improvement actions, which we consider necessary to ensure full compliance with accepted good practice in this area and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Fundamental issues which require the consideration of the Joint Board.
- B Significant matters which can be resolved by the Board Officers.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.



Management Summary

Overall Conclusion

Corporate Governance

From our audit work, compliance with *Delivering Good Governance in Local Government* was found to be good with a number of minor areas where improvements could be made.

Planning

Reasonable assurance was obtained that, overall, the planning arrangements put in place by the Board are adequate. In particular, revenue and capital budgets are being appropriately monitored and controlled; and there is effective linkage between planning and budgeting.

We made a number of recommendations which have not been accepted by Management. Implementation of these recommendations would ensure full compliance with best practice. We understand the reasons for the management response and recommend that this should be reconsidered in future to ensure these reasons are still valid.

Summary of Main Findings and Recommendations

Corporate Governance

Tay Road Bridge Joint Board largely meets the six governance standards as set out in *Delivering Good Governance in Local Government*. There are a few areas where improvement could be made around developing and clearly communicating the Board's purpose and vision and its intended outcome for citizens and service users and updating existing documents which identify the key partnerships and relationships that the Board has with other bodies.

The Board should continue to monitor the outcome of expected updated guidance in relation to complaints procedures and develop its own procedures accordingly. The local Code of Corporate Governance should be updated to reflect the changes made since the introduction of the Business Continuity Plan and changes in both the external and internal auditors.

We have also recommended that in order to monitor and review the Joint Board members' skills and expertise the Board should consider developing a skills matrix to inform the appointment of new Board Members.

These findings form part of our overall assessment of compliance with the six principles of The Good Governance Standard for Public Services set out in Appendix I.

Planning

The Board has never had any kind of Strategic, Corporate or Service Plan in place as management and the Board believe that there is only a single aim which is detailed in the Tay Road Bridge Order Confirmation Act 1991.

The Board faces an approximate shortfall of £3m in funding in order to complete the proposed capital works for the period 2011/12 to 2014/15. Due to the current political and economic climate additional capital funding may not be available resulting in the three year capital plan not being achievable. The Board should consider reviewing the three year capital plan to ensure that planned projects are achievable within the funding available.

Acknowledgements

We would like to thank the Bridge Manager and his staff for the co-operation and assistance we received during the course of our review.

Action Plan

| | | | | |
|--------------------------------------|---|---|---|---|
| Agreed Completion Date | · | | 31 December 2012 | 1 September 2012 |
| Responsible Officer For Action | | | Bridge Manager | Bridge Manager |
| Agreed Y/N | Z | Z | > | > |
| Comments | Given the limited scope of the Board's operations it is not considered necessary to implement this recommendation. Auditor comment: See comment in our Overall Conclusion. | As above. Auditor comment: See comment in our Overall Conclusion. | | Complaints procedure will be developed when new Guidance becomes available from the Scottish Ombudsman's Office |
| Grade | Ф | ш | Ф | œ |
| Recommendation | Corporate Governance R1 The Board should establish a clear mission and vision and include statements on the Board's website and within other publicly available documents. | R2 The Board should consider developing a Service Plan which would outline the Board's purpose and scope of services, service issues and core objective. The Service Plan should then be reviewed and updated annually to ensure that it remains up to date and in line with the Board's strategic aim. | R3 The Board should include within the Code of Corporate Governance (or Service Plan) a section which identifies the key partnerships and relationships that the Board has with other bodies. | R4 The Board should monitor the outcome of updated guidance in relation to complaints procedures and develop its own procedures which reflect up to date recommended best practice. |
| Para Ref. | Appendix I, 1.1 | Appendix I, 1.1 | Appendix I, 2.3 | Appendix I, 3.2 |

Tay Road Bridge Joint Board - Corporate Governance and Planning

4

Action Plan

| Agreed Completion Date | 31 December 2012 | | |
|--------------------------------------|--|--|--|
| Responsible Officer For Action | Bridge Manager | | |
| Agreed Y/N | > | z | Z |
| Comments | Agreed | While accepting the soundness of the recommendation as a matter of principle, it is considered that having regard to the type and volume of business which is formally transacted by the Joint Board, taken together with the nature and extent of Board members' involvement in operational matters, it is unnecessary and inappropriate to implement this recommendation. Auditor comment: See comment in our Overall Conclusion. | Board Employees are currently consulted via Trade Unions on a variety of matters such as H&S, revised staffing policies etc and it is considered that the present arrangements for consultation are adequate. Auditor comment: See comment in our Overall Conclusion. |
| Grade | ω | O | Ф |
| Recommendation | R5 The local Code of Corporate Governance should be updated to reflect the changes made since the introduction of the Business Continuity Plan and changes in both the external and internal auditors. | R6 In order to monitor and review the Joint Board members' skills and expertise the Board should consider developing a skills matrix to inform the appointment of new Board Members. | R7 In order to develop and maintain a clear policy on how employees and their representatives are consulted and involved in decision making, the Board should consider developing a Staff Consultation document for approval by the Joint Board. |
| Para Ref. | Appendix I, | Appendix I, 5.1 | Appendix I, 6.3 |

Action Plan

HENDERSON LOGGIE

| Para Ref. | Recommendation | Grade | Comments | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date |
|-----------|--|----------|---|---------------|--------------------------------------|------------------------------|
| 7 | Planning | | | | | |
| | R8 The Board should consider reviewing the three year capital plan to ensure that planned projects are achievable within the | <u> </u> | This already happens and Capital Plan taken to the Board annually. No further action necessary. | Z | | |
| | funding available. | | Auditor comment: See comment in our Overall Conclusion. | | | |



1. Corporate Governance

1.1 Comparison with Delivering Good Governance in Local Government

The Board's corporate governance arrangements have been compared to good practice as defined in *Delivering Good Governance in Local Government*. Our findings are given in Appendix I.

2. Planning

- 2.1 Good practice recommends that public service organisations should have corporate and operational plans in place and that the organisation demonstrates that:
 - there are linkages between the Corporate Plan and Operational Plan which are clearly defined and communicated;
 - the Operational Plan supports the achievement of the strategies that relate to the organisation's core activities as detailed in the Corporate Plan;
 - the Corporate Plan and Operational Plan are being appropriately monitored and controlled; and
 - there is effective linkage between planning and budgeting at all levels.
- 2.2 The Board does not have a Corporate Plan or Operational Plan in place. The Board has considered the need to develop plans in the past but due to the uniqueness of the Board's operations it has been decided that there would be little added value of developing these plans.
- 2.3 Our review of the Board's policies against other organisations' documents noted that the Board's position is in line with the Forth Estuary Transport Authority (FETA) who also does not have a Corporate or Operational Plan in place.
- 2.4 Since the abolition of the bridge tolls in 2007, the Board has been fully funded by the Scottish Government, through Transport Scotland, by means of grant in aid for both revenue and capital activities.
- 2.5 The Board has developed a 20 year capital programme which identifies major capital works. These are prioritised based on existing condition surveys, lifespan of bridge components, adherence to industry standards and mitigation of risks identified in the Strategic Risk Register. The plan is reviewed annually by the Bridge Manager and Engineer with the Engineer reporting progress on all major capital works to the Joint Board each quarter.
- 2.6 Transport Scotland receives copies of all Board reports which include details of the 20 year capital programme and any subsequent revisions which have been approved by the Joint Board. The level of capital grant allocated to the Board from Transport Scotland is determined following consideration of the capital projects prioritised in the 20 year capital plan.
- 2.7 The Bridge Manager develops a three year capital plan based on the 20 year capital programme and the level of grant funding received from Transport Scotland. This is reviewed and approved by the Joint Board.

Main Report

2. Planning (continued)

2.8 Observation

From our review of the Board's 20 year capital programme, three year capital plan approved by the Joint Board and the Board minutes we noted that the Board faces an approximate shortfall of £3m in funding in order to complete the proposed capital works for the period 2011/12 to 2014/15. The Board requires estimated funding of £21m with Transport Scotland having approved an initial allocation of £18m. The most significant component of this work is the Pier Collision Protection works with an estimated value of £18m over this period. The Board has made Transport Scotland aware of the additional funding requirement and the Bridge Manager has been in regular contact to discuss with them an increase in future capital grants.

Risk

Due to the current political and economic climate additional capital funding may not be available resulting in the three year capital plan not being achievable.

Recommendation

R8 The Board should consider reviewing the three year capital plan to ensure that planned projects are achievable within the funding available.

Benefit

The likelihood of the three year capital plan being achievable is increased.

- 2.9 The annual revenue budget is developed by the Bridge Manager based on prior year actual figures and an analysis of the trend of non-pay costs over previous years. The draft budget is then submitted together with assumptions to the Treasurer for review before it is presented to the Joint Board for approval.
- 2.10 Maintenance work included within the revenue budget is generally reactive and includes such things as de-icing of the road surface of the bridge and its approaches. All other major work is identified and reviewed annually by the Bridge Manager in consultation with the Engineer to the Board and included in the 20 year capital programme.
- 2.11 Any changes identified in Capital Plans or grant funding are considered as part of the annual budget setting process.



| Principle | iple | Requirement met? | Comments, including any recommendations |
|-----------|---|---------------------|---|
| - | Focusing on the purpose of the Board and on outcomes | for the commu | outcomes for the community and creating and implementing a vision for the local area. |
| | Exercising strategic leadership by developing and clearly communicating the Board's purpose and vision and its intended outcome for citizens and service users. | Partial | Unlike other Joint Board arrangements, the Board does not have a Strategic or Corporate Plan in place which clearly reflects the Board's core objectives. This is due to the Board having only one strategic aim which is to ensure that the Tay Road Bridge remains open and safe for all users. |
| | | | Although the Board does not have a mission statement or a vision of how the mission will be carried out, the Board's structure, functions and powers are prescribed in the Tay Road Bridge Order Confirmation Act 1991. |
| | | | The Board produces Annual Audited Statement of Accounts which includes the Bridge Manager's report and a summary of the Board's activities. |
| | | | 'Application to be further developed' The Board should establish a clear mission and vision and include statements on the Board's website and within other publicly available documents, which may include a Service Plan (R1). |
| 110000 | | | The Board should consider developing a Service Plan which would outline the Board's purpose and scope of services, service issues and core objective. The Service Plan should then be reviewed and updated annually to ensure that it remains up to date and in line with the Board's strategic aim (R2). |



| | Principle | Requirement met? | Requirement Comments, including any recommendations met? |
|-----|---|---------------------|--|
| 1.2 | Ensure that users receive a high quality of service whether directly, or in partnership, or by commissioning. | > | The Bridge Manager's report in the Annual Statement of Accounts includes details of statistical analysis on bridge closures and traffic monitoring. On-going analysis on bridge availability is reported to members of the Joint Board at quarterly Board meetings. |
| | | | Internal Audit reports are also reported to the Joint Board with Action Plans devised from findings with progress reported at subsequent committee meetings. |
| | | | Information on weather, road works and other events which impact on service delivery is published via the Board's website and various media channels. |
| | | | Follow-up of previous Internal Audit reports It was previously reported in Internal Audit report 2009/04 Corporate Governance, that the Board did not have a Business Continuity Plan (BCP) in place. The Bridge Manager has since developed a BCP which was approved by the Joint Board in November 2011. The BCP will be subject to review annually. |
| | | | We performed a high level review of the BCP and concluded that the contents and format of the BCP appear to reflect generally accepted good practice. |
| | | | 'Application to be further developed' |
| | | | None. |



| | Characteristic Control of the Contro | | ALL AND THE PROPERTY OF THE PR |
|-----|--|---------------------|--|
| | Principle | Requirement met? | Comments, including any recommendations |
| 1.3 | Ensure that the Board makes the best use of resources and that tax payers and service users receive excellent value for money. | ` | The Board's Financial Regulations states that 'the Board shall at all times endeavour to secure the best value for the money it spends and encourage the use of best management techniques'. This is considered an appropriate outcome. |
| | | | Revenue and Capital budget monitoring statements are presented for review to Joint Board members each quarter. We reviewed the format and content of the financial information and concluded that the information and detail is sufficient to assist in decision making and to ensure that the Board meets its policy and service objectives and provides effective stewardship of public money and value for money in its use. Follow-up of previous Internal Audit reports It was previously reported in Internal Audit report 2009/04 Corporate Governance that the Board should review and revise out of date documentation including the Financial Regulations. The Financial Regulations were revised and approved by the Joint Board in March 2011. |
| | | | 'Application to be further developed' None. |
| | CONTRACTOR OF THE CONTRACTOR O | | THE PROPERTY OF THE PROPERTY O |

| | Principle | Requirement | Comments, including any recommendations |
|------|--|---------------|---|
| 2. M | Members and officers working together to achieve a common purpose with clearly defined functions and roles. | mon purpose v | vith clearly defined functions and roles. |
| 2.1 | Ensure effective leadership throughout the Board and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function. | ` | The Tay Road Bridge Order Confirmation Act 1991 defines the Establishment and Constitution of the Joint Board and the appointment of Senior Officers. The Board's Financial Regulations define the roles and responsibilities |
| | | | of the Treasurer, bridge Manager and of the board itself. A separate 'Scheme of Delegation' document is also available which details the additional powers of the Treasurer, Clerk, Bridge Manager and Engineer. The proceedings and business of the Board are regulated by Standing Orders which are monitored and reviewed as required. |
| | | | The Board receives and approves the Annual Statement of Accounts. The Board also receives all Internal and External Audit Reports, along with Key and other Performance Reports. It approves all relevant actions, policies and significant expenditures. All Board meetings are open to the public and are suitably advertised in advance. As of December 2011, the Minutes of all Board meetings are now available to the public on the Board's website. Previous to this, minutes were available on request. |
| | | | The local Code Of Corporate Governance, approved by the Joint Board in March 2011, also details the requirement of the Board to regularly review the Standing Orders, Financial Regulations and other Board policies. |
| | | | 'Application to be further developed' None |



Appendix I

| | Principle | Requirement met? | Comments, including any recommendations |
|-----|---|---------------------|---|
| 2.2 | Ensuring that a constructive working relationship exists between Board members and officers and that the responsibilities of members and officers are carried out to a high standard. | > | A separate 'Scheme of Delegation' document is available which outlines powers delegated by the Board to the Bridge Manager, the Engineer, the Treasurer and the Clerk. Further details of the roles and responsibilities of the Clerk, Treasurer, Bridge Manager, Engineer and the Board are contained in the organisation's Financial Regulations, local Code Of Corporate Governance and the Tay Road Bridge Order Confirmation Act 1991. |
| | | | As noted at section 3.2, a staff handbook is issued to all staff and staff are expected to abide by the National Code of Conduct for Local Government Employees in Scotland. Organisation values are disseminated to staff through structured fraining. Compliance with these values is measured through the annual appraisal process. |
| | | | The performance of elected members is currently reviewed by each of the constituent Councils. The Board does not operate its own system to formally and regularly assess the performance of elected members. |
| | | | Follow-up of previous Internal Audit reports It was previously reported in Internal Audit report 2009/04 Corporate Governance that the Board should review and revise out of date documentation including the Scheme of Delegation and Standing Orders. Both documents were revised and approved by the Joint Board in March 2011. |
| | | | 'Application to be further developed' None. |

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| The second secon | Principle | Requirement met? | Comments, including any recommendations |
|--|--|---------------------|--|
| 2.3 | Ensuring relationships between the Board, its partners and the public are clear so that each know what to expect of the other. | Partial | The constitution and operations of the Joint Board are defined in legislation. The proceedings and business of the Board are regulated by Standing Orders. |
| | | | The Joint Board comprises 12 elected members from across the three constituent councils. The proceedings and business of the Board are regulated by Standing Orders. |
| | | | All Board meetings are open to the public and minutes are also publicly available. As of December 2011, minutes are now available on the Board's website. |
| · | | | Service delivery is measured through scrutiny from members of the Joint Board. Revenue and Capital Monitoring statements are submitted to the Board. Although no formal KPI's have been developed the Bridge Manager reports bridge availability and closure information to the Joint Board on a quarterly basis. Similar information is also included in the Bridge Manager's report within the Annual Statement of Accounts. |
| | | | No Service Plan is in place which identifies the key partnerships and relationships that the Board has with other bodies, including: the three constituent local authorities, the Crown Estates, Forth Ports and the Trunk Road Management Operating Company, and Councillors. |
| | | | 'Application to be further developed' The Board should include within the Code of Corporate Governance (or Service Plan) a section which identifies the key partnerships and relationships that the Board has with other bodies (R3). |



| - Calabration | Principle | Requirement met? | Comments, including any recommendations |
|---------------|--|---------------------|---|
| 3. P | Promoting values for the Board and demonstrating the Vabehaviour. | alues of good g | Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour. |
| 3.1 | Ensuring Board members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance. | > | Members and officers should comply with the Nolan Committee principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. A review of the organisation's policies noted that these principles are included within the local Code of Corporate Governance which was approved by the Joint Board in March 2011. This is considered an appropriate outcome. |
| | | | Best practice recommends that the Board's commitment to openness and accountability should be demonstrated by making Board information such as the roles and responsibilities, standing orders, schedules of meetings, minutes of meetings and local Code of Corporate Governance all publicly available on the Board's website. Although, the Board has in recent years improved the quality and amount of information now publicly available on the Board's website some further improvements could be made. At the time of our review the Bridge Manager was in the process of resolving this issue and the Board's website is currently undergoing re-development which will go live in the summer of 2012. |
| | | | The standards of conduct and personal behaviour expected of members and its partners are communicated through Standing Orders. There is no local code of conduct in place, however, Joint Board members are expected to abide by their constituent Council's Members' Code of Conduct and register any interests relevant to the Joint Board in their constituent Councils' Register of Members' Interests, which are available for public inspection. |

| 3.1 (cont'd) | Officers must conduct themselves in accordance with standards of conduct that are expected of staff as a public employee. Staff are required to abide by the National Code of Conduct for Local Government Employees in Scotland. | ith standards of cloyee. Staff are nduct for Local |
|-----------------|---|---|
| | Follow-up of previous Internal Audit reports It was previously reported in Internal Audit report 2009/04 Corporate Governance that the Board should review and revise out of date documentation including the Anti- Fraud and Corruption Strategy and Fraud Guidelines. Both documents were revised and combined under the new Fraud Guidelines which were approved by the Joint Board in March 2011. | 009/04 Corporate vise out of date ion Strategy and combined under ne Joint Board in |
| | | |
| | | |
| | 'Application to be further developed' None. | |



| | Principle | Requirement met? | Comments, including any recommendations |
|-----|--|---------------------|--|
| 3.2 | Ensuring that organisational values are put into practice and are effective. | > | A staff handbook is issued to all staff and staff are expected to abide by the National Code of Conduct for Local Government Employees in Scotland. |
| | | | Organisation values are disseminated to staff through structured training. Compliance with these values is measured through the annual appraisal process. As noted at 2.2 above, the Board does not have a system in place for formally and regularly assessing the performance of Joint Board members. |
| | | | The Board has developed a number of policies including Equal Opportunities, Gender, Dealing with Breaches of Discipline and Sub-Standard Work and Health, Safety and Welfare which are all publicly available on the organisation's website. |
| | | | It was previously reported in Internal Audit report 2009/04 Corporate Governance that the Board should review and revise out of date documentation including the various documents listed above. From our review of Board minutes we noted that the various policies were revised and approved by the Joint Board in 2010 and 2011. We also noted that the updated documents have since been incorporated into the staff handbook. |
| | | | There is currently no mechanism for obtaining public opinion on the behaviour of the Board's staff, officers or members. It was also recommended in report 2009/04 that the Board should set up a formal complaints procedure. The Board has currently put plans on hold to develop a complaints procedure pending the release of updated national quidance in this area. |
| | | | 'Application to be further developed' The Board should monitor the outcome of updated guidance in relation to complaints procedures and develop its own procedures which reflect up to date recommended best practice (R4). |

| | Principle | Requirement met? | Comments, including any recommendations |
|-----|--|---------------------|--|
| 7. | Taking informed decisions and transparent decisions wh | ich are subject | decisions which are subject to effective scrutiny and managing risk. |
| 1.4 | Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny. | , | The role of scrutiny has been established through a scheme of delegation as outlined in 'Scheme of Delegation' and structure of the Joint Board committee itself. |
| | | | Decisions should be explained through use of criteria, thought processes used and considerations to ensure they are transparent and can be subject to audit. The 2011/12 Joint Board minutes were reviewed to determine whether the rationale for decisions made had been noted. We found that, overall, decisions were adequately supported with clear rationale explained in the minutes for why the decision was made. Since December 2011, copies of all meeting minutes are available on the organisation's website. Previous to this, copies could be obtained on request. |
| | | | Elected Members are expected to abide by their constituent Council's Members Code of Conduct and register any interests relevant to the Joint Board in their constituent Councils' Register of Members' Interests to ensure that transparency is maintained. |
| | | | The Board is subject to both external and internal audit with all reports presented to the Joint Board for review. |
| | | | Follow-up of previous Internal Audit reports in their Corporate Governance report (report 2009/04) that copies of reports submitted to the Board alongside corresponding minutes were not publicly available on the Board's website. Our review has noted that this is now complete with all reports and minutes issued since December 2011 now available. |



| | Principle | Requirement met? | Comments, including any recommendations |
|-----------------|-----------|---------------------|---|
| 4.1 (cont'd) | | | As mentioned at 3.2, Internal Audit report 2009/04 also recommended that the Board set up a formal complaints procedure. The Board has currently put plans on hold to develop a complaints procedure pending the release of updated national guidance in this area. |
| | | | |
| | | | 'Application to be further developed' See R4 at 3.2. |
| | | | |

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Appendix I

monitoring role. Capital and Revenue budgets as well as the findings from any Internal Audit and External Audit reviews are reported to the From our review of the financial monitoring statements presented to the Joint Board we noted a sufficient level of detail and explanation is provided to allow the Joint Board to take informed decisions. Where external legal and professional advice has been sought in relation to Board activities these have been recorded in Committee The Joint Board should receive information which is sufficient to fulfil its Requirement | Comments, including any recommendations 'Application to be further developed' None. papers submitted to the Joint Board. Joint Board each quarter. met? > Having good-quality information, advice and support to ensure that services are what the community wants / Principle needs. 4.2



Appendix I

| | Finciple | met? | |
|-----|--|------|--|
| 4.3 | Ensuring that an effective risk management system is in place. | ` | Effective risk management comes from identifying and assessing risks and implementing appropriate responses, for example, internal controls, insurance and risk mitigation. |
| | | | We have reviewed the organisation's risk register and consider this to be sufficiently detailed in identifying risks and identifying appropriate responses. |
| | | | The Board's Code of Corporate Governance includes an appendix which demonstrates the Board's compliance with the Six Principles of Corporate Governance which includes references to a draft Business Continuity Plan and that external and internal audit providers are Audit Scotland and Dundee City Council respectively. The local code was published in March 2011 and since then the Board has now established a Business Continuity Plan and there have also been changes in the providers of both external and internal audit. Therefore the local code should be updated to reflect these changes. |
| | | | The guidance recommends that arrangements are in place for whistle blowing to which staff and all those contracting with the organisation have access. The Public Interests Disclosure Act also recommends that such a policy is in place to promote openness and honesty within the organisation. Our review has noted that the Board has a whistle blowing policy in place. The policy is available on the organisation's website as the <i>Disclosure of Information</i> document. |
| | | | Follow-up of previous Internal Audit reports In 2009/10 Internal Audit previously reported in their report on Corporate Governance (report 2009/04) that development of a Business Continuity Plan remained outstanding. Our review noted that this was approved by the Joint Board in March 2011 and is now complete. |

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| | Principle | Requirement met? | Comments, including any recommendations |
|-----|--|---------------------|--|
| | | | 'Application to be further developed' The local Code of Corporate Governance should be updated to reflect the changes made since the introduction of the Business Continuity Plan and changes in both the external and internal auditors. (R5) |
| 4.4 | Using their legal powers to the full benefit of the citizens and communities in their areas. | > | Roles of Treasurer, Clerk and Engineer are statutory posts as enacted by the Tay Road Bridge Confirmation Act 1991. Members are required to abide by the code of conduct of their respective councils and all staff are required to abide by the National Code of Conduct for Local Government Employees in Scotland. 'Application to be further developed' None. |



| | Principle | Requirement met? | Comments, including any recommendations |
|--------------|---|---------------------|---|
| 5. | Developing the capacity and capabilities of members and officers to be effective. | officers to be | effective. |
| 5.1 | Making sure that members and officers have the skills, knowledge, experience and resources they need to perform their roles well. | > | The constituent councils should appoint members to the Joint Board who have the necessary blend of skills; knowledge and experience using an open skills-based recruitment process. |
| | | | At present the responsibility for selection and training of elected members rests primarily with the constituent councils. To ensure that the Joint Board is committed to developing the skills that its members require to carry out their roles more effectively, the Joint Board should commit to reviewing the skills and expertise that they require for the future and work with the constituent Councils to attract the people with skills to address any gaps identified. |
| | | | 'Application to be further developed' In order to monitor and review the Joint Board members' skills and expertise the Board should consider developing a skills matrix to inform the appointment of new Board Members (R6). |
| All All Phil | | | |

| | Principle | Requirement met? | Comments, including any recommendations |
|-----|--|---------------------|--|
| 5.2 | Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group. | ` | New elected members should receive a thorough induction that is tailored to their role in the organisation. All members should have opportunities to develop further skills and to update their knowledge throughout their period of membership of the organisation, and should take seriously their responsibilities to identify and address their development needs. |
| | | | Each of the constituent councils provides core training to elected members on the role of being a Councillor. |
| | | | Recommendations have been made earlier in this report on monitoring the skills (R6) of Board members. |
| | | • | 'Application to be further developed' Recommendation (R6). |
| 5.3 | Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing and renewal. | , | Key officers are agreed and appointed by each of the constituent local authorities. Members of the Joint Board are also appointed by the councils. The management team within the Board has no influence in the appointment of elected members to the Joint Board. |
| | | | 'Application to be further developed' None. |



| | Principle | Requirement met? | Comments, including any recommendations |
|-----|---|---------------------|---|
| 6. | Engaging with local people and other stakeholders to ensure robust public accountability. | sure robust pub | lic accountability. |
| 6.1 | Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships. | > | The Board publish annual accounts in accordance with statutory requirements which are then subject to external audit. Audited accounts are then presented to the Joint Board which includes annual reports by the Treasurer and Bridge Manager. These are also made available to the public. |
| | | | All Board meetings are open to the public and dates and times are advertised in advance. |
| | | | Our review of the Board's documents, including the local code, noted that there is no reference made to the Board's stakeholder focus which identifies the various stakeholders with whom the Board engages and for what purpose. |
| | | | Follow-up of previous Internal Audit reports In 2009/10 Internal Audit previously reported in their report on Corporate Governance (report 2009/04) that the Board should make improvements to the level of information made publicly available through the Board's website. As stated earlier at 3.1, the Board's website is currently undergoing re-development which will go live in the summer of 2012. |
| | | | 'Application to be further developed' Recommendation (R3). |



Appendix I

| | Principle | Requirement met? | Comments, including any recommendations |
|-----|---|---------------------|--|
| 6.2 | Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning. | > | Feedback should be obtained from key service users and the public. A clear policy should detail what users will be consulted on, including how the findings will be incorporated in decision making. All complaints should be processed using a clear procedure. |
| | | | Although the Board's website contains the Bridge Manager's contact, as noted at 3.2 above, there is currently no mechanism for obtaining public opinion on the behaviour of the Board's staff, officers or members. The Board has currently put plans on hold to develop a complaints procedure pending the release of updated national guidance in this area. |
| | | | All Board meetings are open to the public and dates and times are advertised in advance. |
| | | | As previously states at 2.3 above, service delivery is measured through scrutiny from members of the Joint Board. Revenue and Capital Monitoring statements are submitted to the Board. Although no formal KPI's have been developed the Bridge Manager reports bridge availability and closure information to the Joint Board on a quarterly basis. |
| | | | 'Application to be further developed' None. |
| 6.3 | Making best use of human resources by taking an active and planned approach to meet responsibility to staff. | > | A clear policy should state when and how management consults and involves staff and their representatives in decision making. |

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| and the state of t | Principle | Requirement met? | Comments, including any recommendations |
|--|-----------|---------------------|--|
| 6.3 (cont'd) | | | Board employees are represented by Trade Unions which are consulted by management on issues which may affect employment terms and conditions or matters of Health and Safety. |
| | | | Example of further good practice in this area include the development of a Staff Consultation document which would detail that consultation should take place with employees whenever a decision is likely to have an impact upon the way in which they work. Such a document would require the approval from the Joint Board. |
| | | | 'Application to be further developed' In order to develop and maintain a clear policy on how employees and their representatives are consulted and involved in decision making, the Board should consider developing a Staff Consultation document for approval by the Joint Board (R7). |



Tay Road Bridge Joint Board

IT Network Arrangements 2011/12

Internal Audit Report No: 2012/04

Draft Issued: 4 April 2012

Final Issued: 13 April 2012

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1. Management Summary

Introduction

As part of the Internal Audit programme at the Tay Road Bridge Joint Board ('the Board') for 2011/12 we carried out a review of the Board's information technology (IT) network arrangements. The Audit Needs Assessment identified these as areas where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and the Bridge Manager that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Responsibility for ensuring an efficient and effective Information and Communications Technology (ICT) service delivery to all staff within the Board lies with an external service provider, Exactive, under arrangements covered by a service level agreement. This includes first level support over some of the main application systems used in the provision and maintenance of user access to the network. Exactive are also responsible for maintaining the servers upon which the applications are housed, the personal computers (PCs) and laptops used by staff and the network which connects them. The Board is responsible for the procurement of IT equipment.

Scope of the Audit

The scope of the audit was to carry out a high-level review of certain key aspects of the IT systems in place within the Board to identify any control weaknesses.

Objective of the Audit

The objective of this audit was to obtain reasonable assurance that internal controls in place ensure the security of the IT network operated by the Board.

Audit Approach

Our approach was based upon the Internal Control Questionnaires ('ICQs') provided by the Chartered Institute of Public Finance and Accountancy ('CIPFA'); guidance provided by the Control Objectives for Information and related Technology ('COBIT') standard issued by the IT Governance Institute ('ITGI'); discussion with the IT Manager, review of relevant documentation; and observation, covering the following areas:

- Physical and Environmental Controls
- Network Controls;
- Acceptable Use Policy;
- Logical Access; and
- Compliance with user licence requirements.

1. Management Summary

Action Plan

This report sets out detailed improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

- A Issues which require the consideration of the Joint Board or one of its committees.
- B Significant matters that the Bridge Manager can resolve.
- C Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

In relation to our specific objective, assurance has been obtained that internal controls in place ensure the security of the IT network operated by the Board, however we have identified a number of areas where further improvements can be made to ensure that controls are in line with industry recommended best practice.

Summary of Main Findings and Recommendations

Overall the Board has sufficient physical and environmental controls in place in relation to IT equipment however access controls to the server room could be further enhanced.

We found the network to be in good health and well managed; that the server appears to be well configured and kept up-to-date; the network appears to be adequately monitored and virus protection is in place. Through discussions with the Board's IT support providers, and review of evidence obtained, we are satisfied that the expected minimum controls exist which ensure that the integrity of the Board's IT network is maintained.

From our review of the Service Level Agreement (SLA) which is in place with Exactive we noted that several sections are not complete and are out-of-date. The SLA with Exactive should be updated to ensure it includes all IT equipment and operating systems in use by the Board.

Board staff are able to access the Board's network from home or other off-site locations however remote access to the Board's network is not covered by existing policies. In order that staff are aware of the security measures that should be taken when accessing the Board's network from off-site locations, the Board should establish a Remote Access IT Policy for inclusion within the Staff Handbook.

An Acceptable Use Policy is detailed in the Use of Computing Facilities section of the Staff Handbook. However this should be revised to fully represent the Board's present IT environment and the use of mobile computing devices.

Our review of the Disaster Recovery Plan noted that the plan contains a section for third party contact details, however this is blank. Lack of third party contact details in the Disaster Recovery Plan may lead to delays in Board staff implementing the plan and critical IT functions may not be restored within agreed timescales. The Disaster Recovery Plan should be updated to include the contact details of all third parties which would require to be contacted during implementation of the plan.

1. Management Summary

Acknowledgements

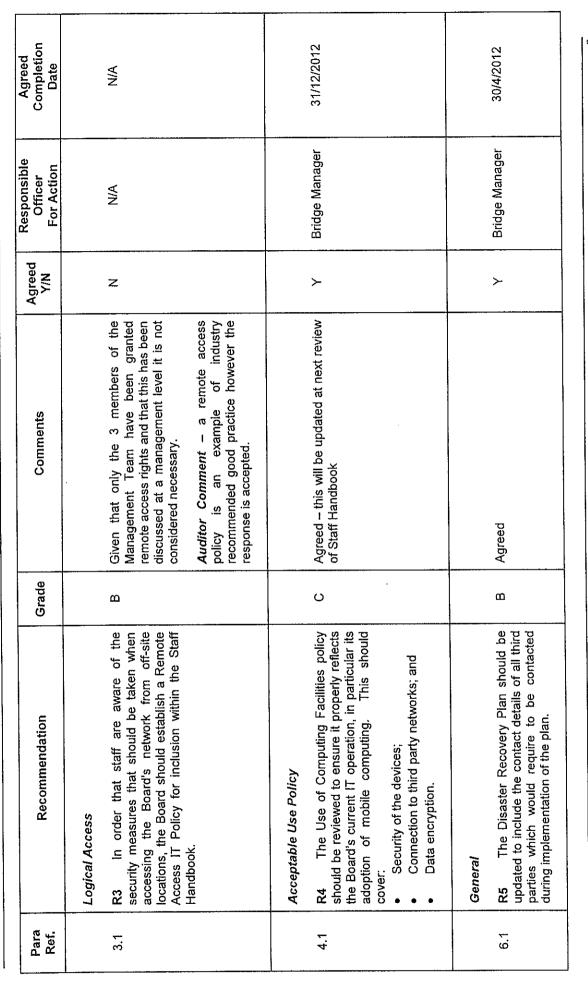
We would like to thank Board staff for the co-operation and assistance we received during the course of our review.

2. Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed Y/N | Responsible Officer For Action | Agreed Completion Date |
|---------------|--|-------|--|---------------|--------------------------------------|------------------------------|
| 2. | Physical and Environmental Controls R1 The Board should consider installing a suitable entry system for gaining access to the server room which can be easily controlled. Options include code locks and electronic access cards. Whichever system is put into place, controls over access need to be implemented to handle staff changes and the monitoring of access. | O | Internal door to Admin Office will be locked using Code Lock to prevent unauthorised access to corridor leading to Server Area. It is not practicable to lock the Server Room door due to temperature control issues and also the fact that the room is used for other parts of the Admin function. Outwith normal office hours the Admin Office is locked and alarmed so no unauthorised access to this area is possible despite the building being occupied 24 hours a day. | > | Bridge Manager | 6/4/2012 |
| 2.5 | Network Infrastructure R2 The Service Level Agreement (SLA) with Exactive should be updated to ensure it includes all IT equipment and operating systems in use by the Board. The SLA should be updated whenever new equipment is purchased. | മ | SLA will be updated in consultation with Exactive | > | Bridge Manager | 30/9/2012 |

2. Action Plan

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Tay Road Bridge Joint Board - IT Network Arrangements

3. Main Report

1. Physical and Environmental Controls

1.1 Our review included an inspection of the Board's server room and location of other IT equipment.

1.2 Observation

The Board's main server is located within an unlocked room which can be accessed by all staff. There is no system for monitoring access to the server room. Although the room is situated within a staff only area of the building which is accessible by entry through a door with a passcode entry system, this door was unlocked at the time of our audit visit.

Risk

There could be unauthorised access to servers.

Recommendation

R1 The Board should consider installing a suitable entry system for gaining access to the server room which can be easily controlled. Options include code locks and electronic access cards. Whichever system is put into place, controls over access need to be implemented to handle staff changes and the monitoring of access.

Benefit

By ensuring that access to the server room is suitably controlled, the risk of unauthorised access will be reduced.

2. Network Infrastructure

- 2.1 The maintenance of the Board's network infrastructure is the responsibility of an external service provider. A service level agreement (SLA) has been in place with Exactive since 2009. Through discussion with Exactive staff and review of Board's documents we found the network to be in good health and well managed; that the server appears to be well configured and kept up-to-date; the network appears to be adequately monitored and virus protection is in place.
- 2.2 As part of our review we discussed with Exactive the controls which they have put in place which ensure the integrity of the Board's IT network infrastructure is maintained. From these discussions we are satisfied that the expected minimum controls exist, which cover:
 - file management;
 - IT security including file controls;
 - · access controls;
 - · password controls;
 - change control procedures including reviewing, approving, testing and implementing network upgrades and patches; and
 - a firewall policy including configuration and settings.
- 2.3 The network is further protected by a firewall, anti-virus software and internet content software which are all in use. There is also an emergency power supply providing short term power in the event of a power outage.

3. Main Report

2. Network Infrastructure (continued)

- Our review also considered the effectiveness of the Board's IT disaster recovery response by discussing the disaster recovery arrangements that are in place with Exactive. We obtained a copy of Exactive's Disaster Recovery document that is in place for the Board and found that it contains a sufficiently detailed schematic of the Board's network structure. Overall we are satisfied that the content of Exactive's Disaster Recovery document is sufficient to ensure that the risk of excessive delay in re-establishing the Board's IT services in the event of a major disruption is reduced.
- 2.5 It is recognised good practice to regularly perform back-up restores to ensure that the backups taken may be relied upon in the event of a disaster. Backups are taken on a daily basis by Board staff with the details of tapes used, date the back-up was taken and member of staff performing the back-up recorded on a log sheet. This is in line with common business practice.
- 2.6 In addition, formal testing of the back-ups takes place every six months whereby back-up tapes are sent to Exactive who run the tapes on the Board's disaster recovery server held by Exactive which also allows Exactive to test the reliability of the back-up server. Regular file restores can be performed remotely by Exactive when requested.
- 2.7 Back-up tapes are kept within a fire-proof vault, held in a separate location form the Board's server room, which was previously used for housing cash collected from the former bridge tolls. Tapes are clearly labelled and stored in order within the vault. We note that this is the only collection of backup tapes as no offsite copy is maintained. By keeping back-up media within the primary site, a disaster scenario resulting in limited or no access to the site could potentially render the backups unattainable. However the construction of the vault is deemed to be so robust that potential downtime due to a disaster at the primary site will be minimised.

2.8 Observation

From our review of the SLA which is in place with Exactive we noted that several sections are not complete and out-of-date. Section 1.2 of the SLA lists the PCs and laptops for which Exactive provides proactive IT support to the Board and section 1.3 details the operating systems installed on the Board's PCs and laptops. Since the SLA was signed in 2009 the Board has purchased several PCs and installed more recent operating systems which are not reflected in the SLA.

Risk

Board IT equipment and operating systems are not covered by the SLA. Equipment is not identified by Exactive and appropriate controls such as local user access rights and anti-virus software is not installed.

Recommendation

R2 The Service Level Agreement (SLA) with Exactive should be updated to ensure it includes all IT equipment and operating systems in use by the Board. The SLA should be updated whenever new equipment is purchased.

Benefit

The SLA is up-to-date and covers all of the Board's IT equipment.

3. Main Report

3. Logical Access

3.1 Observation

From discussions with Board staff we noted that staff are able to access the Board's network from home or other off-site locations. A review of the Board's existing IT policies noted that there is no policy in place which covers remote access to the Board's network.

Risk

There is a potential for unauthorised access to the Board's network which may compromise the security of Board data.

Recommendation

R3 In order that staff are aware of the security measures that should be taken when accessing the Board's network from off-site locations, the Board should establish a Remote Access IT Policy for inclusion within the Staff Handbook.

Benefit

Staff will be aware of the security measures that they should take when remotely accessing the network.

4. Acceptable Use Policy

4.1 Observation

The Board's acceptable use policy is covered in the Staff Handbook which contains a section on the 'Use of Computing Facilities'. The Board's policy, whilst covering a wide variety of areas, does not currently reflect the Board's use of mobile devices.

Risk

Mobile computing, whilst beneficial to the Board, brings with it a unique set of security risks which need to be addressed in the Use of Computing Facilities.

Recommendation

R4 The 'Use of Computing Facilities' policy should be reviewed to ensure it properly reflects the Board's current IT operation, in particular its adoption of mobile computing. This should cover:

- Security of the devices;
- · Connection to third party networks; and
- Data encryption.

Benefit

Adopting a continuing review approach will ensure that the policy stays current and help manage the Board's information and IT risks.

3. Main Report

5. Compliance with User Licence Requirements

- Each of the Board's PCs or laptops is installed with Microsoft Office software packages with each package having been bought separately for each workstation. Only one PC has Computer Aided Design (CAD) software installed. No other specialist software is installed on the Board's IT equipment.
- 5.2 The Board maintains a hardcopy database of licences for all software installed on Board computer equipment which is updated manually by Board staff.
- Periodic checks on individual computers and servers to identify any unauthorised software are not performed by Exactive as it is felt that sufficient password and user access rights controls are in place to ensure that software can only be installed on Board equipment by staff with Administrator access rights. Only Exactive staff, and to a lesser degree, the Bridge Manager, have these rights.
- 5.4 Network logs are maintained by the Exactive Service Team which includes changes to security settings, failed file access attempts and access to critical data files. These are regularly reviewed and any breeches are immediately followed up with appropriate action taken.
- We were advised that there have been no recorded incidents of staff installing unauthorised software on Board IT equipment or any breaches in software user licences in recent years.

6. General

6.1 Observation

The Board's Disaster Recovery Plan details the hardware and equipment deemed to be critical and available for use in implementing the plan. The Board's file server is identified as having 'very high criticality'. If the Board is to ensure that the critical IT equipment is available at the recovery site within the agreed timescales the Disaster Recovery Plan should contain the details of third parties to be contacted in the event of a disaster. Our review of the Disaster Recovery Plan noted that the plan does contain a section for third party contact details, however this is blank.

Risk

Lack of third party contact details in the Disaster Recovery Plan may lead to delays in Board staff implementing the plan and critical IT functions may not be restored within agreed timescales.

Recommendation

R5 The Disaster Recovery Plan should be updated to include the contact details of all third parties which would require to be contacted during implementation of the plan.

Benefit

Staff are aware of third party contact details required during implementation of the Board's Disaster Recovery Plan.



Tay Road Bridge Joint Board

Follow Up 2011/12

Internal Audit Report No: 2012/05

Draft Issued: 18 May 2012

Final Issued: 21 May 2012

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1. Management Summary

Introduction and Background

We have been appointed as Internal Auditors to the Tay Road Bridge Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. The Internal Audit Plan for 2011/2012 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2010/2011. These were:

2011/03 - Health and Safety;

2011/04 - Payroll;

2011/05 - General Ledger;

2011/06 - Procurement; and

2011/07 - Risk Management.

Reports 2011/01, 2011/02 and 2011/09 did not contain an action plan and therefore no follow-up was required as part of this review. There was only one outstanding action from 2009/10 that required to be followed up again this year.

Audit Scope and Objectives

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2010/11 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

The audit approach taken was as follows:

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

Overall Conclusion

The Board has made good progress in implementing the 15 recommendations contained within internal audit reports listed above with nine recommendations being assessed as fully implemented. Two actions were considered but not implemented and details are provided in the Action Plan at Section 2. Only three recommendations are assessed as not implemented / partially implemented. Revised implementation dates have been agreed for these recommendations and they will be followed up again next year. A further two recommendations were considered by the Board management but not implemented.

There was one outstanding action point from the Corporate Governance report issued in 2009/2010. The Board has partially implemented the recommendation contained within report 2009/04. The Business Continuity Plan was approved by the Board in September 2010 and the publication of Board minutes on the website commenced in December 2011. However, the remainder of the recommendation, in relation to the introduction of a formal complaints procedure, had not commenced. A revised implementation date had been agreed for the full implementation of the remaining element of the original recommendation and this is reflected in the Updated Action Plan in Section 3.



1. Management Summary

| Fro | om Original Reports | | Fro | om Follow-Up W | ork Perforn | ned |
|-------------------------|--------------------------|------------------|----------------------|--------------------------|-------------------------------------|--------------------------------------|
| Area | Recommendation Grades | Number Agreed | Fully Implemented | Partially Implemented | Little or No Progress Made | Considered but not Implemented |
| | Critical | 1 | - | - | _ | 1 |
| Health And Safety | Significant | 2 | 2 | - | - | - |
| | Routine | - | - | - | - | - |
| | Critical | • | - | - | - | - |
| Payroll | Significant | 3 | 3 | - | _ | - |
| | Routine | - | - | - | - | _ |
| | Critical | - | - | - | - | - |
| General Ledger | Significant | - | - | - | - | - |
| | Routine | 1 | 1 | • | - | - |
| | Critical | - | - | - | - | - |
| Procurement | Significant | 3 | 3 | - | - | - |
| | Routine | - | - | - | - | _ |
| | Critical | _ | - | • | _ | - |
| Risk Management | Significant | 4 | 1 | 1 | 1 | 1 |
| | Routine | - | - | • | - | - |
| From 2009/10 | | | | | | |
| | Critical | - | - | - | - | - |
| Corporate Governance | Significant | 1 | - | 1 | - | - |
| COVERNATION | Routine | _ | _ | - | - | _ |
| Total | | 15 | 9 | 3 | 1 | 2 |

The one partially implemented action in the Risk Management report will be implemented when the report on Insurances is presented to the Joint Board meeting in June 2012.

The Risk Management action that has 'little or no progress made' has been delayed as the Board has yet to identify alternative accommodation as part of its Business Continuity Plan arrangements. It is expected that this will be completed by the end of 2012. Updating the risk register to include specification of the Board's risk appetite was the action that was considered but not implemented due to the limited nature and number of risks.

The partially implemented Corporate Governance action is due to the Board awaiting the publication of updated guidance on complaints procedures which is expected to be released in September 2012.

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|---|-------|--|--------------|------------------------|------------------------------|--|
| Health and Safety 2011~03 R1 Consideration should be given to the guidance provided in the Health and Safety Executive publication *Leading health and safety at work* and the role of the Joint Board in relation to H&S should be clearly set out in the H&S Policy. | < | The contents of the HSE/Institute of Directors document will be considered and if felt appropriate be incorporated in the next revision of the Health & Safety Policy. | >- | Bridge Manager | 31/12/2011 | Document presented to Board Members at March 2012 Board meeting as part of Annual Health & Safety Monitoring report. It was decided not to incorporate in the Health & Safety Policy Document. Considered but not implemented |
| Policies and Procedures R2 Priority should be given to the completion of the programme of review and reorganisation of the H&S procedures in place to ensure that upto-date H&S information and guidance is readily available to all staff. | Ф | | >- | Bridge Manager | 31/3/2012 | H&S Database complete and review process functioning. |



| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|---|-------|--|--------|------------------------|------------------------------|---|
| Incident / Accident Recording and Reporting | | | | | | |
| R3 The content of the Annual Health & Safety report should be updated to include as a minimum: • a statement detailing the broad context of the Board's Health and Safety Policy; | മ | Consideration will be given to including these elements in the Annual Report for 2011, | > | Bridge Manager | 31/12/2011 | Done |
| details of the significant risks faced by its employees; | | | | | | Done |
| the Board's Health and Safety goals; and | | | | | | Done |
| the arrangements for consulting employees and involving safety representatives. | | | | | | Done |
| In addition, the report should also include: | | | | | | |
| The total number of employee days lost due to sickness absence and the total cost to the organisation of the occupational injuries and illnesses suffered by its employees in the reporting period. | | | | | : | Information relating to Occupational injuries and illnesses included in the report to the Board. Fully Implemented |

Tay Road Bridge Joint Board - Follow up



| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|--|--|---|-------------|---------------------------|------------------------------|---------------------------------|
| Payroll 2011~04 | | | | | | |
| Employee Standing data | മ | Document will be | >- | Administrative | 31/7/2011 | Done |
| 2008 | | to recand held file for ex | | Officer | | |
| In a timely fashion. Manager should then review any payroll changes, such as changes to bank details. | | staff | | | | Fully Implemented |
| Authorisation of Payroll Runs | and the second s | | | | | |
| R2 The Bridge Manager should review the draft payroll run after the | В | Periodic checks will be carried out by Bridge Manager | > | Bridge Manager | 31/8/2011 | Done |
| her checking of the payment details and authorise the final payroll run. | | | | | | Fully Implemented |
| Monitoring Information | | | | | | |
| R3 Payroll exception reports should be requested from Dundee City Council which should then be reviewed by the | ω | As 5.2 above | > | Administrative Officer | 31/8/2011 | Done in conjunction with DCC |
| Bridge Manager to ensure that incorrect payments and details are identified prior to the final payroll run being authorised. | | | | | | Fully implemented |



| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|--|--|--|--------|---------------------------|------------------------------|---------------------------|
| General Ledger 2011~05 | | | | | | |
| Trial Balance and Control Account Reconciliations | | | | | | |
| R1 Regular control account reconciliations, prepared by the Council, should be submitted to the Bridge | O | | >- | Treasurer | 31/8/2011 | Done |
| Manager and reviewed to ensure any variances are investigated timeously. | | | | | | Fully Implemented |
| Procurement 2011~06 | | | | | | |
| Achieving Best Value | | | | | | |
| R1 A formal list of approved suppliers should be established and made available to all staff responsible | Ф | Agreed – list will be provided electronically and in hard copy | > | Administrative Officer | 31/8/2011 | Done |
| for raising and authorising purchase orders. | | | | | | Fully Implemented |
| Risk of Unauthorised and Excessive Expenditure | And the second s | | | | : | |
| R2 Relevant staff should be reminded that, in accordance with the organisation's Financial Regulations all | ω | Bridge Manager to issue memo to all relevant | >- | Bridge Manager | 30/6/2011 | Done |
| purchases must be authorised in line with the approved authorisation limits prior to any order being placed. | - | ing limital vals | - | | | Fully Implemented |



| Progress at March 2012 | Done Fully implemented | Strategic Risk Register reviewed — decision made not to include specification of Board's appetite for risk due to the limited nature and number of risks included in the Register Considered but not implemented |
|------------------------------|---|--|
| Agreed Completion Date | 30/6/2011 | 31/12/2011 |
| Responsible Officer | Administrative Officer | Bridge Manager |
| Agreed | > | > - |
| Comments | Office Procedures to be brought in to line with Tender Procedures and Authorisation Limits | |
| Grade | ш | m m |
| Recommendation | Procurement 2011~06 (cont'd) R3 The Board's Office Procedures should be revised to ensure that they are in line with the Board's Tender Procedures and Authorisation Limits. | Risk Management 2011~07 R1 The annual review report on risk performance and updating of the risk register should include identification and specification of the Board's appetite or tolerance for risk so that only those risks identified above that tolerance level detail the additional actions that will be taken by management to help reduce or mitigate the risk. (Items below this specified level would not require further action to be taken but would be kept under review to ensure that they remain below the tolerance level). |

| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|---|-------|----------|-------------|------------------------|------------------------------|--|
| Risk Management 2011~07 (cont'd) Business Continuity Plan | | | | | | |
| R2 Management includes within the annual review and update of the Business Continuity Plan further consideration of appropriate alternative accommodation in the event that the Board's own property becomes unavailable. (For inclusion in the Disaster Recovery Plan at Appendix C | m | | > | Bridge Manager | 31/12/2011 | No progress on identifying alternative accommodation. Propose to carry this out in time for next review by end of 2012. |
| in the Business Continuity Plan, albeit that it may be temporary and require updating when circumstances change). | | | | , | | Little or No Progress Made |
| R3 Management should test the Business Continuity Plan before the annual review and update in September. (This could be a desk top review of how staff coped with the severe weather conditions last year and the plan should be updated to include any lessons learnt. This should document how staff coped without the Bridge Manager being present as he is the main responsible officer for many of the types of incidents that would invoke the plan.) | œ. | | > | Bridge Manager | 31/8/2011 | Test not carried out due to a live BC Incident – follow up of incident carried out afterwards to discuss issues raised. Actual incident negates need for a test to be implemented. Fully Implemented |



2. Updated Action Plan - 2010/11

| | | | | Responsible | Agreed | Progress at |
|---|-------|----------|--------|-------------|------------|---|
| Recommendation | Grade | Comments | Agreed | Öfficer | Completion | March 2012 |
| Risk Management 2011~07 (cont'd) Insurance R4 Management should consider including more detail about the insurance cover in place in the Annual Insurance Report to the Board; details of the cover for damage to the bridge infrastructure should be detailed within the report. | α | | > | Treasurer | 31/8/2011 | Report on Insurances to go to the June 2012 Board will address. |

HENDERSON LOGGIE

| Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at March 2012 |
|--|-------------|---|--------|---------------------------------|--|--|
| R2 In order to ensure that the corporate governance arrangements operated by the Board are in line with best practice, staff should ensure that the areas of partial compliance are addressed. Measures to be taken should include completion of the draft business continuity plan and reviewing and revising, where applicable, out of date documentation. Documents should be should be annotated with the date when reviews are carried out. The Board should also set up a formal complaints procedure to address the area of non compliance and consider posting minutes of meetings on the website. | Significant | Any actions relating to the findings of Appendix A for items identified as partially compliant will be subject to further examination of current practices and procedures, in conjunction with the development of a Local Code of Corporate Governance. | Yes | Bridge Manager/ Treasurer | Original 31 March 2011 Revised 31 March 2012 | Business Continuity Plan approved by the Board on 13 September 2010. Work has yet to commence on the implementation of a formal complaints procedure due to management awaiting the release of updated guidance in this area due April 2012. Posting of minutes of Board meetings on the web site has been in place since December 2011 and will be continued as part of the on-going development of the Board web site. |



Tay Road Bridge Joint Board

Annual Report to the Joint Board and the Bridge Manager on the Provision of Internal Audit Services for 2011/12

Internal Audit Report No: 2012/06

Draft Issued: 18 May 2012

Final Issued: 21 May 2012

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1. Annual Report and Opinion

- 1.1 We were formally appointed in April 2011 as internal auditors of Tay Road Bridge Joint Board ('the Board') for the period 1 April 2010 to 31 March 2013. This report summarises the internal audit work performed during 2011/12.
- An Audit Needs Assessment (ANA), based on the areas of risk that the Board is exposed to, was prepared as part of our internal audit programme for 2010/11 (internal audit report 2011/01, issued April 2011). The ANA was prepared following discussion with the Bridge Manager and the external auditors, Audit Scotland, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and from a review of previous internal and external audit reports, and covered the three-year internal audit cycle from 2010/11 to 2012/13. The ANA was based on the previous internal audit risk assessment updated to reflect changes in the internal and external environment in the intervening period, and our own assessment of the risks faced by the Board. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle.
- 1.3 The work undertaken in 2011/12 is set out in the Strategic Plan for 2011/12. The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- An analysis of time spent against budget is at Section 4. The actual time spent was less than budgeted resulting in a saving of £2,275 (5 days @ £455 per day) against the agreed fee.

Significant Issues

1.5 There were no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating adequately in the areas selected, but in most cases areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

1.6 In our opinion the Board operates adequate and effective internal control systems as defined in the ANA. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during the current year and an examination of the reports of the previous internal audit service provider, Dundee City Council.

2. Reports Submitted

| 2012/01 | Annual Plan 2011/12 |
|---------|--|
| 2012/02 | Employment Legislation and Policies, Recruitment and Staff Performance & Development |
| 2012/03 | Corporate Governance and Planning |
| 2012/04 | IT Network Arrangements |
| 2012/05 | Follow-Up Reviews |

3. Summary of Results and Conclusions

2012/01 - Annual Plan 2011/12

Final Issued January 2012

The purpose of this document was to present the annual operating plan for the year ended 31 March 2012. The plan was based on the proposed allocation of audit days for 2011/12 set out in the ANA and Strategic Plan 2010 to 2013.

The detailed scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Bridge Manager, were set out in the report.

2012/02 - Employment Legislation and Policies, Recruitment and Staff Performance & Development

Final Issued March 2012

The audit included a review of employment legislation and policies, recruitment processes, and actions to retain and improve Board staff.

In general, we obtained reasonable assurance that:

- Through the Service Level Agreement (SLA) in place with Dundee City Council (DCC), changes in employment legislation are identified and changes are made on a timely basis.
- Employment policies in place cover all appropriate areas and are considered to be adequate.
- The staff handbook provides employees with access to employment policies and they are aware of their requirements. This arrangement is deemed appropriate with a minor weakness noted. The staff review system was introduced in January 2010 and has been in operation for two years. However there is currently no reference to the staff review process within the staff handbook. We recommended that the staff review process should be formally incorporated into the staff handbook.
- All policies are reviewed to ensure that they are equalities impact assessed and comply with the requirements of the Equalities Act 2010, through the SLA with DCC.
- Although the Board does not have vacancies often due to their low staff turnover, the recruitment process in place is efficient and effective and adheres to the requirements regarding equality. We did note however some areas which require to be strengthened, particularly regarding the application form used. The application form has been adapted from the one used by DCC and it was noted that the application form in use by the Board makes reference to DCC within the "Equal Opportunities in Employment" section and also "Flexible Working" which the Board does not offer employees. We recommended that the application form should be reviewed to ensure that all sections have been updated and adapted so that it is relevant to the Board.
- The Board has a systematic approach to setting targets for staff, regularly assessing performance and development of staff and providing feedback with only a minor recommendation being raised in this area. Our review noted that the Bridge Manager is not part of the staff review process. We recommended that the Bridge Manager should be included in the staff review process. A relevant member of the Board's management (Treasurer, Clerk or Engineer to the Board) could conduct the review and this would enable management to consider its input to areas which it feels should be addressed or implemented.

3. Summary of Results and Conclusions

2012/02 - Employment Legislation and Policies, Recruitment and Staff Performance & Development (continued)

Training, including induction training, is clearly informed by an assessment of where staff have skills, knowledge and performance gaps. Minor recommendations were made to further strengthen controls in this area including ensuring that the progress of agreed actions within staff review forms is made clear, developing a course feedback form and when training courses are agreed following staff reviews and approval by the Bridge Management Team, these should be input into the database on completion of training.

2011/03 - Corporate Governance and Planning

Final Issued May 2012

This audit included a high-level review of the corporate governance and planning arrangements in place within the Board and compared these against best practice.

From our audit work, compliance with *Delivering Good Governance in Local Government* published by CIPFA/SOLACE in 2008 was found to be good with a number of minor areas where improvements could be made. Reasonable assurance was obtained that, overall, the planning arrangements put in place by the Board are adequate. In particular, revenue and capital budgets are being appropriately monitored and controlled; and there is effective linkage between planning and budgeting at all levels.

Corporate Governance

Tayside Road Bridge Joint Board largely meets the six governance standards as set out in *Delivering Good Governance in Local Government*. There are a few areas where improvement could be made around developing and clearly communicating the Board's purpose and vision and its intended outcome for citizens and service users and updating existing documents which identify the key partnerships and relationships that the Board has with other bodies.

The Board should continue to monitor the outcome of expected updated guidance in relation to complaints procedures and develop its own procedures accordingly. The local Code of Corporate Governance should be updated to reflect the changes made since the introduction of the Business Continuity Plan and changes in both the external and internal auditors.

These findings form part of our overall assessment of compliance with the six principles of The Good Governance Standard for Public Services set out in Appendix I of report 2012/03.

Planning

The Board faces an approximate shortfall of £3m in funding in order to complete the proposed capital works for the period 2011/12 to 2014/15. Due to the current political and economic climate additional capital funding may not be available resulting in the three year capital plan not being achievable. We recommended that the Board should consider reviewing the three year capital plan to ensure that planned projects are achievable within the funding available.

2011/04 - IT Network Arrangements

Final Issued April 2012

The scope of the audit was to carry out a high-level review of certain key aspects of the IT systems in place within the Board to identify any control weaknesses.

In relation to our specific objective, assurance was obtained that internal controls in place ensure the security of the IT network operated by the Board, however we identified a number of areas where further improvements could be made to ensure that controls are in line with industry recommended best practice, including:



3. Summary of Results and Conclusions

2011/04 - IT Network Arrangements (Cont'd)

- · access controls to the server room could be further enhanced.
- from our review of the Service Level Agreement (SLA) which is in place with Exactive we
 noted that several sections were not complete and out-of-date. A recommendation was raised
 that the SLA with Exactive should be updated to ensure it includes all IT equipment and
 operating systems in use by the Board.
- the Board should develop policies which reflect the Boards current IT environment including a Remote Access IT Policy and the use of mobile computing devices.
- Our review of the Disaster Recovery Plan noted that the plan contains a section for third party contact details, however this was blank. Lack of third party contact details in the Disaster Recovery Plan may lead to delays in Board staff implementing the plan and critical IT functions may not be restored within agreed timescales. We therefore recommended that the Disaster Recovery Plan should be updated to include the contact details of all third parties which would require to be contacted during implementation of the plan

2011/05 - Follow-Up Reviews

Final Issued May 2012

We carried out a follow-up review of recommendations made in the following internal audit reports issued during 2010/11:

- Internal Audit Report 2011/03 Health and Safety;
- Internal Audit Report 2011/04 Payroll;
- Internal Audit Report 2011/05 General Ledger;
- Internal Audit Report 2011/06 Procurement and Creditors / Purchasing; and
- Internal Audit Report 2011/07 Risk Management, Business Continuity and Insurance.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

Overall, the Board had made progress in implementing the recommendations followed-up as part of our review.

The main area where there had been 'little or no progress made' was Risk Management. Work was however underway, or was planned, to address the outstanding recommendation with a revised target completion date set.



4. Time Spent – Budget v Actual

| Internal Audit | Report number | Planned days | Actual days feed | Days to fee at May 2012 | Days to spend / WIP | Variance |
|---|------------------|-----------------|------------------------|----------------------------------|---------------------------|----------|
| Staffing Issues | | | | | | |
| Recruitment and retention / HR policies | 2012/02 | 6 | - | 6 | - | _ |
| Organisational Issues | | | | | | |
| Corporate governance)* Corporate planning)* | 2012/03 | 10 | - | 7 | <u>.</u> | 3 |
| Information and IT | | | | | | |
| IT network arrangements | 2012/04 | 8 | - | 6 | - | 2 |
| Other Audit Activities | | | | | | |
| Liaison with External Audit) | N/A | | | | | , |
| Management and Planning) | 2012/01 | 4 | - | 3 | 1 | - |
| Attendance at Joint Board) | N/A | | | | | |
| Follow-up Reviews | 2012/05 | 2 | - | 1 | 1 | : |
| | | | | | | |
| Total | | 30 | - | 23 | 2 | 5 |
| | | ===== | ==== | | ===== | ===== |

^{*}These projects were linked and only one report produced



5. Operational Plan for 2012/13

- 5.1 Following our appointment as internal auditors for the period from 1 April 2010 to 31 March 2013 we prepared an Audit Needs Assessment and Strategic Plan for 2010 to 2013 (internal audit report 2011/01, issued April 2011).
- 5.2 The following is an extract from the Strategic Plan, in relation to 2012/13, which will be discussed with management, and updated if appropriate before being finalised for next year.

Tay Road Bridge Joint Board Strategic Plan 2010/11 to 2012/13

Proposed Allocation of Audit Days

| Proposed Allocation of Audit Days | |
|---|---------|
| | Planned |
| | 12/13 |
| | Days |
| | Days |
| Reputation | |
| Health and Safety | |
| | |
| Staffing Issues | |
| Recruitment and retention / HR policies | |
| Payroll | |
| Estates and Facilities | |
| | |
| Physical Security) | 8 |
| Asset management) | 7 |
| Delivery of major projects | ' |
| Financial Issues | |
| Budget setting / budgetary control | 5 |
| General ledger | |
| Procurement and creditors / purchasing | |
| Debtors / income | |
| Cash & bank / Treasury management | |
| Oddir & Barity Freddiry Managomore | |
| Organisational Issues | |
| Risk management / Business continuity | |
| Corporate governance) | |
| Corporate planning) | |
| Insurance arrangements | |
| Information and IT | |
| IT network arrangements | |
| | 4 |
| Data protection / FOI | 7 |
| Other Audit Activities | |
| Management and Planning) | 4 |
| External audit) | |
| Attendance at audit committees) | |
| Follow-up reviews | 2 |
| ANA | |
| | |
| Total | 30 |
| lotai | ==== |
| | |

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 18 JUNE 2012

REPORT ON: RESPONSE TO INTERNAL AUDITOR'S ANNUAL REPORT TO

MEMBERS

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 9 - 2012

1 PURPOSE OF REPORT

1.1 This report is in response to the Annual Report, ref 2012/06, prepared by the Board's Internal Auditor, Henderson Loggie, on Employment Policies, Corporate Governance and Planning, It Network Arrangements and previous Audit follow ups. A copy of the Internal Auditor's report is included on the Agenda as a separate Item.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board:
 - i) Endorse this report as the formal response to the Internal Auditor's report.
 - ii) Instruct the Bridge Manager to implement the Internal Auditor's recommendations as set out in paragraphs 6.2 to 6.7 inclusive.

3 FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this report.

4 POLICY IMPLICATIONS

4.1 None

5. BACKGROUND

Introduction

5.1 The Board's Internal Audit Needs Assessment and Strategic Plan, issued in April 2011 (paper ref TRB13-2011, June 2011 Board Meeting), identified Employment Policies, Corporate Governance and Planning, It Network Arrangements as areas where risk can arise and as part of the planned internal audit work, a high level review of the arrangements in place at the Board was carried out in March / April 2012.

REPORT

6.1 <u>Internal Auditor's Annual Report</u>

i) The Internal Auditor's Annual Report, Ref 2012/06, describes the scope of the audit work undertaken, the specific objectives of the audit and the principal conclusions drawn from the review. ii) The report is based on the findings of the individual reports below:-

| 2012/01 | Annual Plan 2011/12 (paper ref TRB3-2012 March 2012 Board) |
|---------|--|
| 2012/02 | Employment Legislation & Policies, Recruitment and Staff |
| | Performance & Development |
| 2012/03 | Corporate Governance and Planning |
| 2012/04 | IT Network Arrangements |
| 2012/05 | Follow Up Reviews |

Overall no significant issues identifying major internal control weaknesses were identified. It was found that procedures were operating adequately and the following issues raised from the individual reports were identified for the opportunity of further strengthening existing procedures.

6.2 Report 2012/02 - Employment Legislation, Recruitment and Staff performance & Development - Main Recommendations

- i) The following actions were agreed as a result of the recommendations of the report:-
 - The next review of the Staff Handbook should make reference to the Staff Review Process
 - Minor changes should be made to the Application Form used for recruitment
 - The Bridge Manager should be included in the Staff review process

6.3 Report 2012/03 - Corporate Governance & Planning - Main Recommendations

- i) The following actions were agreed as a result of the recommendations of the report:-
 - The Boards should continue to monitor updated guidance on governance issues
 - The Board should continue to review the three year capital plan to ensure that planned projects are achievable within the funding available

6.4 Report 2012/04 – IT Network Arrangements – Main Recommendations

- i) The following actions were agreed as a result of the recommendations of the report:-
 - Improvements to access controls to server room to eb considered
 - Current Service Level Agreement with Exactive to be reviewed in light of IT changes
 - Disaster recovery plan to be monitored and updated

6.5 Report 2011/05 - Follow Up Reviews

- i) The following actions were agreed as a a result of the recommendations of the report:-
 - Revised timescales for implementation of Complaints Procedure agreed
 - Revised timescale for identifying possible alternative temporary accommodation in the event of a Business Continuity incident agreed

7 CONSULTATION

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

8 BACKGROUND PAPERS

8.1 Internal Audit Reports

| i) | 2012/01 | Annual Plan 2011/12 (TRB3-2012) | | | |
|------|---------|--|--|--|--|
| ii) | 2012/02 | Employment Legislation & Policies, Recruitment and Staff | | | |
| - | | Performance & Development | | | |
| iii) | 2012/03 | Corporate Governance and Planning | | | |
| iv) | 2012/04 | IT Network Arrangements | | | |
| v) | 2012/05 | Follow Up Reviews | | | |
| vi) | 2012/06 | Annual Report | | | |

IAIN MACKINNON BRIDGE MANAGER 24 May 2012 REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON: FIFE CORE PATH (NO 142)

REPORT BY: THE BRIDGE MANAGER/ THE CLERK TO THE BOARD

REPORT NO: TRB 12 - 2012

1 PURPOSE OF REPORT

1.1 This report is to inform the Members of the request from Fife Council to utilise part of Board property to the south of the bridge for the construction of a path to form part of the Fife Core Path Network.

2 **RECOMMENDATIONS**

- 2.1 It is recommended that the Board:
 - i) Approve the request from Fife Council for permission to construct the path as show on Drawing No 001/R71567/010 and in accordance with the Agreement between the Board and Fife Council.

3 FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this report.

4 POLICY IMPLICATIONS

4.1 None

5. DISCUSSION

5.1 In August 2008, Fife Council published proposals for their Core Path Network for consultation. Core Path No. 142 was shown to take a line across land to the south of the Bridge linking the Board's car park with Newport on Tay. The Board submitted an objection to the line as originally shown but stated that if the line was removed to the west boundary of the land then they would remove the objection.

The overall line of the path is shown in Appendix 1 and the revised detailed route over Board property is shown in Appendix 2

5.2 In September 2011 The Scottish Ministers received a report from the Directorate for Planning and Environmental Appeals recommending that the Access Authority be directed to adopt the plan subject to the modifications to the Draft Consultative Fife Core Path Plans of August 2008. The Plan for Path no 142 took into account the concerns of the Board regarding the route thereby removing the previous objection.

- 5.3 In October 2011 Fife Council approached the Board via the Clerk to discuss the construction of the path following the publication of the Core Path route. The Clerk stated that in principal the path was acceptable but that before formal approval could be given full details and agreement would need to be in place before the works could commence.
- 5.4 In March 2012 Fife Council commenced work on the path on Board property, however it transpired that no final construction details or formal agreement had been received by the Board and Fife Council were advised that work could not continue until these matters had been resolved.
- 5.5 Discussions were held in March between the Bridge Manager and Officers from Fife Council regarding the standard of finish of the path and reinstatement and issues of alignment agreed. The Bridge Manager is satisfied that there are no operational or maintenance issues with the path as proposed.
- 5.6 A draft Agreement was submitted to the Clerk to the Board by Fife Council in March 2012 regarding a Deed of Servitude over Board property to construct the path. Title of the land remains with the Board at all times. However should the Board require the Core Path to be removed in the event that the land is required for Board operational issues then the Agreement allows for the path to be removed, subject to an agreed Notice Period.
- 5.7 It is on the basis of this agreement that the recommendation to the Board to accept the proposal is made

6 CONSULTATION

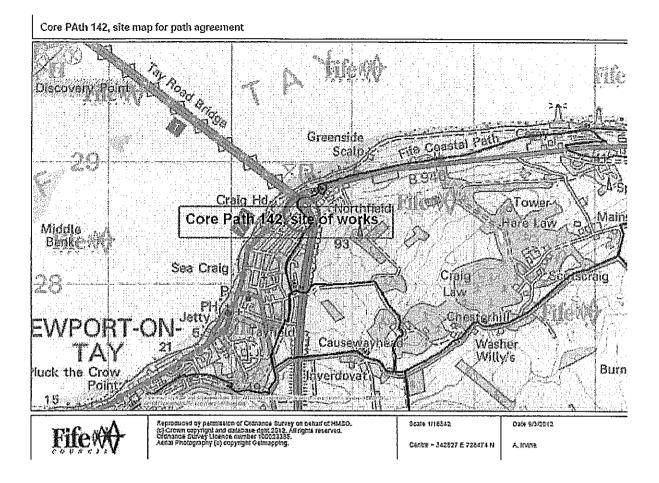
6.1 The Clerk, Treasurer and the Engineer have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

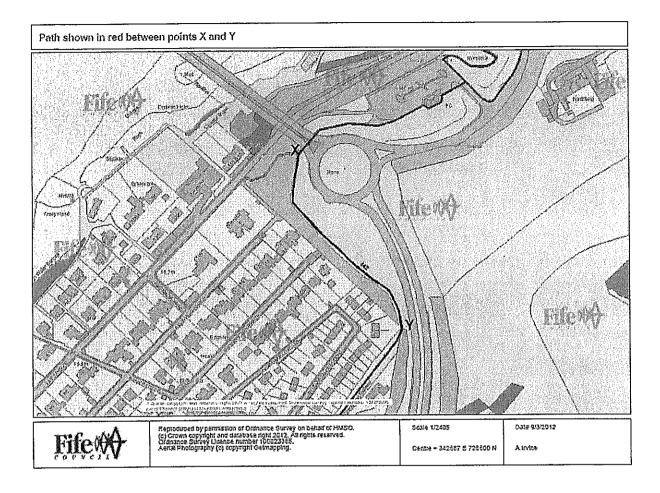
None

IAIN MACKINNON BRIDGE MANAGER 24 May 2012

Appendix 1 - Core Path 142 Location



Appendix 2 Path Route over Board Land



REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 18 JUNE 2012

REPORT ON: REMUNERATION OF CHAIR AND VICE-CHAIR

REPORT BY: TREASURER

REPORT NO: TRBJB 15-2012

1 PURPOSE OF REPORT

The purpose of this report is to advise the Board on the arrangements to be made for the remuneration of the Chair and Vice-Chair and to recommend the arrangements for the payment of allowances and expenses.

2 RECOMMENDATIONS

It is recommended that the Board approves:-

- a) the remuneration arrangements for its Chair and Vice-Chair as set out in this report.
- b) that allowances and expenses claimable by Board Members under the Regulations in respect of duties undertaken in that capacity continue to be met by the Council to which each Board member belongs.

3 FINANCIAL IMPLICATIONS

- 3.1 If the Board's Chair and Vice-Chair are Basic Councillors within their own Council then the additional maximum cost to the Tay Road Bridge Joint Board will be £7,105, however officers will make every effort to contain this within the Board's approved 2012/13 Revenue Budget.
- 3.2 If the Board's Chair or Vice-Chair are filled by Councillors who have an enhanced salary, eg Leader or Senior Councillor within their own Council, then the maximum cost to the Joint Board will be less than £7,105.

4 BACKGROUND

4.1 The Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 set out the remuneration arrangements for Councillors. The Regulations make specific arrangements in respect of the Chairs and Vice-Chairs of Joint Boards. The purpose of this report is therefore to advise members of the remuneration arrangements as they relate to the Tay Road Bridge Joint Board.

- 4.2 It is assumed that Board members will have been advised of the general provisions of the remuneration arrangements for local authority Councillors by the relevant officers within their individual Councils. This report therefore focuses solely on the position of the Chair and Vice-Chairs of the Tay Road Bridge Joint Board as set out in paragraph 12 of the Regulations.
- 4.3 In respect of the Chair position, the Regulations require that this person be paid an amount which, when added to any amount payable to them as a Councillor or Senior Councillor of their authority, shall equal the total yearly amount being 75% of the Leader of a Band A Council. In effect this means that the Chair of the Tay Road Bridge Joint Board can be paid £20,294.
- 4.4 In respect of Vice-Chair position, the Regulations require that this person be paid an amount which, when added to any amount payable to them as a Councillor or Senior Councillor of their authority, shall equal the total yearly amount being 75% of the difference between the Chair's salary and the basic salary and this equates to £19,279.
- 4.5 Amendment to primary legislation will be required to enable Joint Boards themselves to determine the remuneration levels which should be paid to their Chairs and Vice-Chairs. In the interim, the remuneration of the Board's Chair and vice-Chair will be made by the local authority of which the Chair/Vice-Chair is a member. That authority should then make its own administrative arrangements with the Joint Board for reimbursement of the amount paid to the Councillors in their Joint Board Chair or Vice-Chair capacity less the basic remuneration of £16,234.
- 4.6 In the event that the Joint Board's Chair or Vice-Chair is a Leader of a Council, Civic head or Senior Councillor, then the amount sought in reimbursement from the Joint Board would be determined by deducting the actual remuneration paid to the Councillor by the local authority from the remuneration attached to the Joint Board Chair or Vice-Chairship. This may, depending on the remuneration level paid by the local authority in respect of the Councillor's role within the authority, result in a nil payment requirement from the Joint Board.

5 ALLOWANCES AND EXPENSES ARRANGEMENTS

- 5.1 The Local Government (Allowances and Expenses) (Scotland) Regulations 2007 set out the arrangements for payment of e.g. mileage allowances and other expenses to Councillors. Unlike the Remuneration Regulations, the Allowances and Expenses Regulations make no specific provision for arrangements relating to Joint Boards. The Scottish Government has however published Guidance on the Regulations which suggests that "Joint Boards in deciding what expenses and allowances to reimburse, apply the spirit of these new provisions to claims and reimburse receipted expenditure where appropriate".
- In effect, this leaves the matter of arrangements for reimbursement of allowances and expenses in respect of Joint Board duties to be determined by the Board. Current practice in respect of the Tay Road Bridge Joint Board has been for any allowances or expenses claimable by a Board member in respect of duties undertaken in that capacity eg travel to Board meetings to be met by the Council to which that board member belongs. This approach has been adopted for the following reason:-
 - a single point of claim for elected members which is their own Council eliminates the
 risk of duplicate claims being made in error and also avoids complications over who
 pays, for example where a Board member travels to a Board meeting and then goes
 on to undertake Council business at the same location.

Although these arrangements have been introduced under the Allowances and Expenses Regulations which Councils must adopt, there appears to be no strict requirement to put in place a separate scheme for Joint Boards. Given that the existing practice of expenses and allowances costs being met directly by the board members own Council has a number of practical advantages, there does not appear to be a compelling case for moving away from this arrangement. For this reason it is recommended that any allowances or expenses in respect of the Tay Road Bridge Joint Board duties undertaken which are claimable under the Regulations be met by the Council to which that Board member belongs. Such claims would thereby fall into whatever approval and review processes as the individual Councils have put in place for their own purposes.

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 issues.

7 CONSULTATION

The Clerk and Bridge Manager have been consulted on the content of this report.

8 BACKGROUND PAPERS

None

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11 JUNE 2012