

Tay Road Bridge Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for members of Tay Road Bridge Joint Board and the Controller of Audit

14 September 2021

Contents

Key messages	3
Introduction	4
Part 1. Audit of 2020/21 annual accounts	6
Part 2. Financial management and sustainability, and governance	10
Appendix 1. Action plan 2020/21	18
Appendix 2. Significant audit risks	20
Appendix 3. Summary of 2020/21 national performance reports	23

Key messages

2020/21 annual report and accounts

- 1 The Joint Board's financial statements give a true and fair view of its financial position for the year ended 31 March 2021.
- 2 The audited part of the remuneration report, management commentary and annual governance statement are consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

Financial management and sustainability

- 3 Appropriate budget monitoring and reporting arrangements are in place. The reduced activity due to the Covid-19 pandemic resulted in lower than budgeted expenditure and Scottish Government grant income during the year with an underspend of £0.014 million reported for the year ended 31 March 2021.
- 4 The Covid-19 pandemic also impacted upon the delivery of the 2020/21 Capital Plan with only 55 per cent of the plan being delivered and a number of projects having to be deferred or delayed.
- 5 The longer-term financial impact of the Covid-19 pandemic could place additional pressure on the budget of the Joint Board in future years. Effective longer-term financial planning will be essential to ensure the Joint Board is prepared for these budget pressures and can make appropriate long-term spending decisions.

Governance

- 6 The Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner. The Covid-19 pandemic has impacted on these arrangements since March 2020 but we have concluded that the revised arrangements put in place are appropriate and continue to support good governance and transparency.

Introduction

1. This report summarises the findings from our 2020/21 audit of Tay Road Bridge Joint Board (the Joint Board).
2. We aim to add value to the Joint Board through the audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements
 - reporting our findings and conclusions in public
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
 - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Scope of our audit

3. The scope of our audit was set out in our Annual Audit Plan presented to the March meeting of the Joint Board. This report comprises the findings from:
 - the audit of the Tay Road Bridge Joint Board's 2020/21 annual accounts, and
 - our consideration of the financial management and financial sustainability, and governance arrangements, of the Joint Board.

Impact of Covid-19

4. The global coronavirus pandemic has impacted all public sector organisations since March 2020. Known risks related to the pandemic were included in our plan, and we have adapted our audit work during the year to address any new risks that have emerged.

Auditor independence

5. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.
6. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £12,930, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Responsibilities and reporting

- 7.** Tay Road Bridge Joint Board has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
- 8.** The Joint Board is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
- 9.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#), International Standards on Auditing in the UK, and supplementary guidance.
- 10.** As public sector auditors we give independent opinions on the annual accounts. The [Code of Audit Practice 2016](#) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial management and financial sustainability of the body. As highlighted in our 2020/21 Annual Audit Plan, due to the volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2020/21 audit of the Joint Board.
- 11.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

Audit reporting

- 12.** The weaknesses or risks identified in this report are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.
- 13.** An agreed action plan setting out specific recommendations, responsible officers and dates for implementation is included at [Appendix 1](#).
- 14.** This report is addressed to both Tay Road Bridge Joint Board and the Controller of Audit and will be published on Audit Scotland's website: www.audit-scotland.gov.uk

Acknowledgement

- 15.** We would like to thank the management and staff of Tay Road Bridge Joint Board for their cooperation and assistance during the audit.

Part 1. Audit of 2020/21 annual accounts

The annual accounts are the principal means of an organisation accounting for the stewardship of resources and performance in using those resources

Main judgements

The Joint Board's financial statements give a true and fair view of its financial position for the year ended 31 March 2021.

The audited part of the remuneration report, management commentary and annual governance statement are consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

Our audit opinions on the annual accounts are unmodified

16. The annual accounts for the year ended 31 March 2021 were approved by the Joint Board on 13 September 2021, and certified by the appointed auditor on 14 September 2021. We reported within our independent auditor's report our opinion that:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

The audit of the 2020/21 annual accounts was completed in line with the original timetable

17. We received the unaudited annual accounts on 22 June 2021 in line with the agreed timetable. The accounts and working papers presented for audit were complete and finance staff provided good support to the audit team which helped ensure the final accounts audit was completed in line with the original timetable.

The inspection notice was placed in accordance with the required regulations and no objections were raised to the 2020/21 annual accounts

18. Regulation 9 of the [Local Authority Accounts \(Scotland\) Regulations 2014](#) requires a local authority to give public notice on its website by 17 June (at the latest) of the right to inspect its annual accounts. The specified date should be at least 14 days after the notice is published, but cannot be later than 1 July, and the inspection period should last for 15 working days from the date specified in the notice. As part of the audit we confirmed that the 2020/21

annual accounts inspection notice was placed in accordance with the regulations.

19. The regulations also require a local authority to give the right of interested persons to inspect and object to its accounts, as provided for by section 101 (rights of interested persons to inspect and copy documents and to object to accounts) (11) of the 1974 Act. No objections were raised to the 2020/21 annual accounts.

Our audit approach and testing reflected the calculated materiality levels

20. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the annual accounts. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

21. Our initial assessment of materiality was undertaken during the planning phase of the audit and was based on the gross expenditure reported in the 2019/20 audited annual accounts. These materiality levels were reported in our Annual Audit Plan presented to the Joint Board in March 2021.

22. On receipt of the unaudited 2020/21 annual accounts we recalculated our materiality levels based on the actual gross expenditure for the year ended 31 March 2021. We concluded that there was no significant impact on the audit approach of the recalculated materiality levels. Our final materiality levels are summarised in [Exhibit 1](#) on page [8](#).

Our audit identified and addressed the risks of material misstatement

23. [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influenced our overall audit strategy and the allocation of staff resources to the audit, and indicate where the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality: This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of net assets at 31 March 2021.	£654,000
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have set performance materiality at 75% of overall materiality.	£490,000
Lower level of performance materiality: A lower performance materiality has been set for classes of transactions where lesser amounts could influence the decisions of the users of the accounts (i.e. comprehensive income and expenditure statement transactions). This has been set at 2% of gross expenditure for the year ended 31 March 2021.	£126,000
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been set at 5% of overall materiality.	£33,000

Source: Audit Scotland

We reported the significant findings from the audit to those charged with governance prior to the annual accounts being approved and certified

24. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices.

25. Our audit only identified one finding that required to be reported under ISA 260 and this is detailed in [Exhibit 2](#) on page [9](#). Our audit also identified some minor presentational and disclosure issues which were discussed with management. These were all adjusted in the audited accounts.

We have no unadjusted errors to report

26. It is our responsibility to request that all misstatements above the reporting threshold are corrected. We have no unadjusted errors to report.

Exhibit 2**Significant findings from the audit of the financial statements**

Issue	Resolution
<p>1. Remuneration report</p> <p>During our testing of the Remuneration Report disclosures we identified an error in the salary details of the Vice-Chair which incorrectly included national insurance and pension contributions in the current year and prior year figures.</p>	<p>Management has corrected this error in the audited accounts.</p> <p>This amendment did not impact on the figures reported in the financial statements but has been reported as it is covered by our opinion on the audited part of the remuneration report.</p>

Source: Audit Scotland

Part 2. Financial management and sustainability, and governance

Financial management is about financial capacity, sound budgetary processes, and whether the control environment and internal controls are operating effectively. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services.

Governance relates to the effectiveness of scrutiny and oversight, and transparent reporting of information.

Main judgements

Appropriate budget monitoring and reporting arrangements are in place. The reduced activity due to the Covid-19 pandemic resulted in lower than budgeted expenditure and Scottish Government grant income during the year with an underspend of £0.014 million reported for the year ended 31 March 2021.

The Covid-19 pandemic also impacted upon the delivery of the 2020/21 Capital Plan with only 55 per cent of the plan being delivered and a number of projects having to be deferred or delayed.

The longer-term financial impact of the Covid-19 pandemic could place additional pressure on the budget of the Joint Board in future years. Effective longer-term financial planning will be essential to ensure the Joint Board is prepared for these budget pressures and can make appropriate long-term spending decisions.

The Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner. The Covid-19 pandemic has impacted on these arrangements since March 2020 but we have concluded that the revised arrangements put in place are appropriate and continue to support good governance and transparency.

Appropriate budget monitoring and reporting arrangements are in place

27. The Joint Board approve the annual budget prior to start of the financial year and quarterly budget monitoring reports are provided to the board during the year. The budget monitoring reports provide detail on variances against budget and forecast year-end positions. This allows members to scrutinise the financial performance of the Joint Board and to

consider actions to mitigate projected over-spends or other developments during the year.

The reduced activity due to the Covid-19 pandemic resulted in lower than budgeted expenditure and Scottish Government grant income during the year

28. In December 2019 the Joint Board approved a revenue budget of £1.605 million for 2020/21. This was based on receipt of a Resource Grant from the Scottish Government of £1.589 million and other income of £0.016 million. The budget projected a break-even position based on administration expenditure of £0.461 million, operations costs of £0.521 million, plant and equipment spend of £0.224 million, and bridge maintenance expenditure of £0.399 million.

29. The actual outturn for the year resulted in the Joint Board reporting an overspend of £0.014 million. This overspend for the year ended 31 March 2021 reflected the underlying budget variances during the year. The most significant variances against budget (i.e. greater than £0.025 million) are summarised in [Exhibit 3](#).

30. It should be noted that the operational outturn reported for the year differs from the deficit on provision of services figure of £1.351 million reported in the Comprehensive Income and Expenditure Statement (CIES) due to the statutory accounting adjustments required for items such as pension benefits and depreciation. A reconciliation has been included in the 'Financial Performance Review' section of the management commentary in the annual accounts showing the impact of these adjustments.

Exhibit 3

Summary of significant variances against budget for 2020/21

Area	£m	Main reasons for variance
Bridge Maintenance	0.052	Underspend mainly attributable to reduced bridge maintenance activity during the year due to impact of Covid-19.
Non-Specific Grant Income	0.119	Grant income provided by Scottish Government during the year reduced to reflect lower than anticipated activity and expenditure.

Source: Tay Road Bridge Joint Board Annual Accounts 2020/21

The general fund reserve balance of £1.161 million at 31 March 2021 was above the minimum level approved in the Joint Board's reserves strategy

31. The Joint Board holds a general fund reserve, the main purpose of which is to provide a contingency fund to meet unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows. The usable general reserve held by the joint board at 31 March 2021 remained at the same level as 31 March 2019, at £1.161 million.

32. The Board reviews the level of its reserves when setting the budget each year. The joint board's approved reserves strategy specifies that uncommitted reserves should be £0.800 million and therefore the level of uncommitted general reserve exceeds the minimum level in the approved reserve strategy.

The Covid-19 pandemic impacted upon the delivery of the 2020/21 Capital Plan with only 55 per cent of the plan being delivered and a number of projects having to be deferred or delayed

33. The Joint Board approved a 2020/21 Capital Plan of £1.475 million, to be funded through capital grants. As this budget was approved in December 2019, prior to the Covid-19 outbreak and the introduction of lockdown arrangements in March 2020, it did not factor in the impact that the restrictions on operations would have on capital works during the year.

34. The final outturn reported for the year showed that capital works costing £0.815 million were completed during 2020/21. This represents slippage against the original plan of 45 per cent but clearly this in a large part attributable to the impact of Covid-19 in the early part of the year.

35. Despite the impact of Covid-19, the Joint Board still made good progress on a number of capital projects during the year, including the Bridge Office Refurbishment project and the Inspection of Columns and Piers. However, planned spend on Cathodic Protection Hardware and the Fife Landfall Improvements works has been deferred.

36. In our 2019/20 Annual Audit Report we commented on the high level of capital slippage during the year and recommended that action be taken to address this to minimise the risk that it impacts on service delivery. During 2020/21 management actioned this recommendation and introduced an annual Review of Capital Slippage.

37. Clearly the impact of Covid-19 on capital works during the current year makes it hard to assess the delivery of the approved 2020/21 Capital Plan and whether the action taken by management will be effective in reducing the levels of slippage going forward. We will continue to monitor the delivery of the capital programme as part of our 2021/22 audit.

The Joint Board approved a provisional 2021/22 revenue budget of £1.629 million in December 2020

38. In December 2020, the Joint Board received a report titled 'Revenue Budget 2021/22 to 2023/24'. This included the provisional revenue budget of £1.629 million based on receipt of a Resource Grant from the Scottish Government of £1.606 million and other income of £0.023 million. The budget projected a break-even position based on administration expenditure of £0.473 million, operations costs of £0.530 million, plant and equipment spend of £0.222 million, and bridge maintenance expenditure of £0.405 million.

The Joint Board approved a capital programme of £10.135 million over the next 3 years, including projects totalling £8.505 million for 2023/24

39. The 2021/22 to 2023/24 capital programme, approved in December 2020, anticipates capital expenditure of £10.135 million. The joint board has agreed a capital grant of £0.805 million for 2021/22, leaving an additional funding requirement of £9.330 million for the period 2022-24 yet to be identified under the approved capital programme.

40. The majority of the capital works for the next 3-year period are scheduled to be completed in 2023/24 when projects totalling £8.505 million are planned. These include significant spending on Carriageway Resurfacing (£3.600 million), Cathodic Protection Replacement (£2.000 million) and New Gantries (£2.000 million). There is clearly a risk to all these projects being completed if the required capital grant funding is not available.

Recommendation 1

Management should ensure that contingency plans are in place to prioritise the completion of essential capital projects should the required capital grant funding to deliver the 2021/22 to 2023/24 capital programme not be available.

The longer-term financial impact of the Covid-19 pandemic could place additional pressure on the budget of the Joint Board in future years

41. The financial impact of the Covid-19 pandemic is likely to extend across several years. The Scottish Government budget will be under increased pressure due to the ongoing costs associated with Covid-19 and the related recovery activity. This may in turn place additional pressure on the budget of Tay Road Bridge Joint Board in future years as the Scottish Government looks to make savings, which could include grant funding to the Joint Board.

42. The 'Revenue Budget 2021/22 to 2023/24' report also sets out indicative annual revenue budgets for the period from 2022/23 to 2023/24 report to the December 2020 Joint Board and demonstrated a clear link to the objectives in the 2019-2024 Strategic Plan, approved in December 2018. This provided members with an estimate of future budget requirements based on known increases and assumptions around other costs.

43. This type of longer-term strategic and financial planning is essential to ensure the Joint Board is prepared for future budget pressures and can make appropriate long-term spending decisions. However, we accept that the extent to which longer-term income and costs can be accurately predicted at present is limited by the degree of uncertainty around future grant income, and the ongoing cost pressures created by the Covid-19 pandemic.

The Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with relevant regulations and guidance

44. As part of our annual audit we are required to provide an opinion as to whether the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with relevant regulations and guidance.

45. Our review of the Annual Governance Statement in the Joint Board's 2020/21 Annual Accounts assessed the assurances which are provided to the Bridge Manager regarding the adequacy and effectiveness of the joint board's system of internal control which operated in the financial year, and the accuracy and completeness of the other information included in the statement.

46. The statement highlights areas for improvement in 2021/22 including Training for Bridge Management to avoid unconscious bias in recruitment, improvements to the Joint Board's website, and a review of the structure and shift patterns of the Operations team to improve staff welfare and service to users.

47. We noted that a number of the planned improvement actions for the coming year were originally scheduled to be completed in 2020/21 but were delayed so that staff could focus on the operational priorities following the Covid-19 outbreak in March 2020.

Recommendation 2

Management should prioritise the planned improvement actions identified for 2021/22 in the Annual Governance Statement to ensure that the most time critical activities are completed first.

48. The Annual Governance Statement also includes the conclusion of internal audit (MHA Henderson Loggie) from their work on the system of internal controls, which states that "*...overall, the Board operates adequate internal control systems as defined in the Audit Needs Assessment. The audit and assurance work has not identified any significant gaps in the Board's control environment that would increase the risk of financial loss.*"

49. We concluded that the information in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with relevant regulations and guidance.

Tay Road Bridge Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner

50. In reviewing the adequacy of the governance and transparency arrangements of an organisation we consider a number of areas, including:

- the structure and conduct of the Joint Board
- the level of openness and transparency, and
- the overall arrangements and standards of conduct, including those for the prevention and detection of fraud, error, bribery and corruption.

51. The Joint Board is comprised of twelve members taken from Dundee City Council (six), Fife Council (five) and Angus Council (one), and meets quarterly. From our attendance at Joint Board meetings during the course of the audit appointment we have observed that sufficient time is allowed to discuss the issues on the agendas and members are well prepared and ask appropriate questions.

52. Openness and transparency means that the public have access to understandable, relevant and timely information about how the Joint Board is taking decisions and how it is using resources such as money, people and assets. The Joint Board demonstrates its commitment to transparency in a number of ways:

- members of the public can attend meetings of the Joint Board
- agendas and minutes for the Joint Board meetings and supporting papers are available on the Joint Board's website
- the availability of the annual accounts on the website.

53. We have concluded that the Joint Board has appropriate and effective governance arrangements in place to support scrutiny of decision-making and conducts its business in an open and transparent manner.

The Joint Board should review its compliance with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018

54. The [Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) came in to force on 23 September 2018. These require public sector bodies to put appropriate arrangements in place to ensure that information published on their websites is accessible. This means making sure that all content is clearly presented and simple enough so that most people can use it without needing to adapt it. Arrangements should also be in place to support those who do need to adapt things, including those with impaired vision, motor difficulties, cognitive impairments or learning disabilities, and deafness or impaired hearing.

55. Some organisations may not need to fully meet accessibility standards. This is the case if the impact of fully meeting the requirements is too much for an organisation to reasonably cope with. The accessibility regulations call this a 'disproportionate burden'. If an organisation wants to declare that making particular things accessible is a disproportionate burden then it is legally required to carry out an assessment of the burden that making those things accessible would place on the organisation against the benefits of making those things accessible.

Recommendation 3

As part of the website improvements scheduled for 2021/22, management should review the documents published on the Tay Road Bridge Joint Board website against the Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 to identify what reasonable changes could be made to improve the accessibility of any information that does not comply with these requirements.

The Covid-19 pandemic has impacted on the governance arrangements since March 2020 but we have concluded that the revised arrangements are appropriate and continue to support good governance and transparency

56. The impact of Covid-19 from March 2020 on the governance arrangements has been set out in the Annual Governance Statement in the annual accounts. The Joint Board's existing Scheme of Delegation was relied upon in order to ensure that officers acted in accordance with the powers which the Joint Board has already delegated. Further interim governance arrangements were put in place including:

- all non-essential Joint Board business deferred to ensure that all members and officers could concentrate on supporting the organisation through the initial period of the pandemic
- all essential Joint Board business not covered by the scheme of delegation was dealt with as urgent matters by the Clerk, in consultation with the Chair and Vice-Chair of the Board.

57. In August 2020 arrangements were put in place to hold Joint Board meetings virtually using Microsoft Teams. This was first used for the meeting on 14 September 2020. Joint Board meetings continue to be held remotely but this situation will be reviewed as Covid-19 restrictions on travel and work placed activity ease.

58. We have concluded that the interim arrangements put in place were appropriate and continue to support good governance and transparency.

The management commentary in the 2020/21 annual accounts provided a fair, balanced and reasonable analysis of the organisation's financial performance for the year

59. In addition to the consistency opinion on the management commentary covered in Part 1 of this report, we also consider the qualitative aspects of the management commentary included in the annual accounts. The purpose of the management commentary is to provide information on the Joint Board, its main objectives and strategies, and the principal risks that it faces. It is required to provide a fair, balanced and reasonable analysis of a body's performance and is essential in helping stakeholders understand the financial statements. We concluded that the management commentary in the 2020/21 annual accounts satisfied these requirements.

The Joint Board has appropriate arrangements in place for the prevention and detection of fraud and error

60. The Joint Board is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

61. We have reviewed the arrangements in place and concluded that appropriate arrangements are in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

National performance audit reports

62. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 a number of reports were published which may be of interest to the Joint Board. These are detailed in [Appendix 3](#).

Appendix 1. Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Delivering of 3-year capital programme</p> <p>The 2021/22 to 2023/24 capital programme set out projects totalling £10.135 million, including projects costing £8.505 million to be delivered in 2023/24.</p> <p>Risk: There is a risk that the Joint Board will have insufficient funding or resources to deliver the 3-year capital programme.</p>	<p>Management should ensure that contingency plans are in place to prioritise the completion of essential capital projects should the required capital grant funding to deliver the 2021/22 to 2023/24 capital programme not be available.</p> <p>Paragraphs 39. and 40.</p>	<p>Agreed: The long-term ten-year Capital Plan is regularly shared and discussed with Transport Scotland officers with identification of priority projects using a three tier approach.</p> <p>Responsible officer: Bridge Manager and Treasurer</p> <p>Agreed date: 31 March 2022</p>
<p>2. Improvement activity</p> <p>A number of the planned improvement actions for the coming year identified in the Annual Governance Statement were originally scheduled to be completed in 2020/21, but were delayed so that staff could focus on the operational priorities following the Covid-19 outbreak in March 2020.</p> <p>Risk: There is a risk that the Joint Board will be unable to deliver all the improvement actions identified for 2021/22.</p>	<p>Management should prioritise the planned improvement actions identified for 2021/22 in the Annual Governance Statement to ensure that the most time critical activities are completed first.</p> <p>Paragraphs 46. and 47.</p>	<p>Agreed</p> <p>Responsible officer: Bridge Manager and Treasurer</p> <p>Agreed date: 31 March 2022</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>3. Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018</p> <p>The regulations require public sector bodies to put appropriate arrangements in place to ensure that information published on their websites is accessible.</p> <p>Risk: The information published on the Joint Board’s website may not satisfy the requirements of the regulations.</p>	<p>As part of the website improvements scheduled for 2021/22, management should review the documents published on the Tay Road Bridge Joint Board website against the Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 to identify what reasonable changes could be made to improve the accessibility of any information that does not comply with these requirements.</p> <p>Paragraphs 54. - 55.</p>	<p>Agreed: Current website will be reviewed to check if it is compliant with the regulations and, if necessary, amended to ensure compliance.</p> <p>Responsible officer: Bridge Manager</p> <p>Agreed date: 31 March 2022</p>

Appendix 2. Significant audit risks

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion.

Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. 	<ul style="list-style-type: none"> • Journal entries were tested, no indications of management override of controls. • Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No significant issues were highlighted with the judgements and estimates applied. • We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. • We reviewed transactions during the year – no issues highlighted of significant transactions outside the course of business.
<p>2. Risk of material misstatement caused by fraud in expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements. This risk</p>	<ul style="list-style-type: none"> • Assessment of key financial controls over expenditure. • Detailed testing of transactions focusing on the greater areas of risk. 	<p>During the course of the audit we reviewed this risk and concluded that, while it still represented a risk of material misstatement, it did not represent a significant risk of material misstatement (as defined by ISA 315) for the 2020/21 financial statements. As a result, we did not require to undertake any specific targeted audited work to</p>

Audit risk	Assurance procedure	Results and conclusions
<p>may be higher during the Covid-19 pandemic where there is a risk that internal controls and governance may not be fully functioning.</p>		<p>address this risk as our routine testing of expenditure for the final accounts audit was sufficient to provide assurance over the risk. We can confirm that no issues were identified from this testing that could have resulted in a material misstatement in the 2020/21 annual accounts.</p>
<p>3. Risk of material misstatement caused by estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Review of the ‘work of an expert’ for the actuary and valuer. • Focused testing of noncurrent assets and pension figures. • Assessment of the appropriateness of actuarial assumptions. 	<p>During the course of the audit we reviewed the risk of material misstatement relating to estimation and judgement and concluded that while it still represented a risk of material misstatement, it did not represent a significant risk of material misstatement (as defined by ISA 315) for the 2020/21 financial statements. As a result, we did not require to undertake any specific targeted audited work on the pension or asset valuations as our routine testing for the final accounts audit was sufficient to provide assurance over this risk. We can confirm that no issues were identified from this testing that could have resulted in a material misstatement in the 2020/21 annual accounts.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>4. Capital programme</p> <p>There continues to be significant slippage in the capital programme. As at 31 October 2020 slippage of £0.7 million is anticipated in the 2020/21 capital programme of £1.4 million approved by the Board in December 2019. This compares with slippage of £0.3 million carried forward from 2019/20 into 2020/21 (the 2019/20 capital programme was £1.1 million). While recognising that Covid-19 may have impacted on the joint board's ability to progress capital projects, there is a risk that projects are not completed timeously which could impact on service delivery.</p>	<ul style="list-style-type: none"> On-going monitoring of capital budget, plans and monitoring reports and inclusion in annual audit report as appropriate. 	<p>The Covid-19 pandemic impacted upon the delivery of the 2020/21 Capital Plan with only 55 per cent of the plan being delivered and a number of projects having to be deferred or delayed.</p> <p>Paragraphs 33. - 36.</p>

Appendix 3. Summary of 2020/21 national performance reports

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

Tay Road Bridge Joint Board

2020/21 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk