

## TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

10 MARCH 2009

## 2008/09 REVENUE BUDGET MONITORING

## JOINT REPORT BY TREASURER AND DIRECTOR

This report provides a monitoring update on the 2008/09 Revenue Budget, as projected at January 2009.
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**1 RECOMMENDATIONS**

## 1.1 That the Partnership :-

- (i) notes the projected Core Revenue Budget outturn position for financial year 2008/2009, as detailed in Appendix A;
- (ii) agrees that a projected underspend of approximately £48,000 in the 2008/09 Core Revenue Budget is utilised to offset partner Councils' Core Revenue Budget contributions in 2009/10;
- (iii) notes the projected Travel Plan Budget outturn position, as detailed in Appendix B;
- (iv) notes the projected RTS Implementation Programme outturn position, as detailed in Appendix C;
- (v) endorses the appointment of W S Atkins to undertake work on the development of the A90 East Perth Park & Ride project;
- (vi) endorses the appointment of SIAS Limited and Sky High Limited to undertake and report on a survey of station car parking;
- (vii) approves a grant of £7,000 to the Stirling & Tayside Timber Transport Group to support appointment of a Timber Transport Project Officer; and
- (viii) approves the External Audit Plan for 2008/09 as detailed in Appendix D.

**2 BACKGROUND**

- 2.1 At its meeting on 30 January 2008 the Partnership approved a Revenue Budget for 2008/09 – 2010/11 (Report RTP/08/04 refers). This provides for a Core budget of £450,000 to cover staffing, premises and other operational costs in 2008/09. The Core Revenue Budget is made up of Scottish Government Grant of £210,000 with an equivalent sum requisitioned from the 4 constituent Councils, plus a contribution of £30,000 towards Travel Plan staff costs, which is funded from a separate Travel Plan Grant allocation by the Scottish Government for this purpose.
- 2.2 On 29 April 2008 the Partnership noted confirmation of Scottish Government Grant of up to £615,000 for 2008/09, which included Government's contribution of £210,000 towards Core running costs, with a further £405,000

available to support development and implementation of the RTS in 2008/09. A separate Scottish Government Grant of £104,000 was awarded in 2008/09 to progress mainstreaming Travel Planning and other “SMART” measures with Local Authorities and Health Boards (Report RTP/08/09 refers).

- 2.3 At the meeting on 29 April the Partnership approved an indicative RTS Implementation Programme utilising the £405,000 allocated Grant. The Partnership received a monitoring report updating progress on this programme at its meeting on 24 June, at which time adjustments to the programme were approved (Report RTP/08/021 refers). Further monitoring reports were submitted to the Partnership’s meetings on 28 October (Report RTP/08/30 refers) and 9 December 2008 (Report RTP/08/33 refers), when further revisions and adjustments to the RTS Implementation Programme were approved.

### **3 DISCUSSION**

#### **Core Revenue Budget**

- 3.1 Core Revenue Budget expenditure to 31 January 2009 and projected expenditure to the financial year end is shown in Appendix A. At this stage in the financial year Core running costs are projecting a potential underspend of £47,836.
- 3.2 The main area of underspend is within Staff costs, where a gross projected underspend of £56,187 relates primarily to the earlier decision to delay appointing to 2 vacancies, pending agreement of the RTS Delivery Plan and associated delivery responsibilities. Approximately £29,000 of this underspend has been utilised to fund appointment of the MVA Consultancy to undertake updating of the Accession accessibility mapping toolkit, and development of earlier work on an RTS monitoring framework and associated performance indicators and targets, in line with statutory requirements to monitor and report on progress on delivering the RTS. This work is being progressed having regard to the need to align RTS delivery and monitoring with Single Outcome Agreements.
- 3.3 There is a projected overspend of £6,621 for Board Expenses, associated with the unforeseen need to advertise for replacement of a non-Councillor member. All other areas of expenditure are in line with previously reported projections.
- 3.4 It is proposed that the projected net underspend of approximately £48,000 is used to offset the 2009/10 Core contributions from partner Councils, as discussed in a separate report dealing with the 2009/10 Revenue Budget.

#### **Travel Plan Budget**

- 3.5 As outlined in 2.2 above, a separate Scottish Government grant of £104,000 was received in 2008/09 to support the development of Travel Planning, in line with specific objectives which were set by Scottish Government as conditions of grant. An additional allocation of £35,000 was carried over from 2007/08 to support increased Travel Planning activity in 2008/09.

- 3.6 A report on progress with the Travel Plan Strategy and Action Plan was submitted to the Partnership's meeting on 9 December 2008, at which time the Partnership approved proposals for utilising available funding to implement and support a range of projects and promotional measures aimed at promoting more sustainable travel behaviour and choices, in partnership with public and private sector bodies (Report RTP/08/36 refers).
- 3.7 Travel Plan expenditure to 31 January 2009 and projected expenditure to the financial year end is shown in Appendix B. At this stage in the financial year the Travel Plan Budget is projected to be fully committed.
- 3.8 TACTRAN funded the establishment of the regional car-sharing scheme, tactranliftshare.com, in 2007, including funding of individual Liftshare sites within each partner Council area. The scheme is the subject of an annual software maintenance arrangement, with payment due in March 2009. A number of partner Councils have indicated that they are unable to fund the annual licence fee, therefore it is proposed that TACTRAN meets the cost of £12,500, from a projected underspend in the Communications Strategy element of the RTS Implementation Budget, as outlined in 3.26 below.

### **RTS Implementation Budget**

- 3.9 A summary of the RTS Implementation Programme expenditure to 31 January 2009, and projected expenditure to the financial year end, is given in Appendix C. At this stage in the financial year, based on spend to date and other commitments, an underspend of approximately £144,000 is currently projected. Progress on the individual elements of the RTS Implementation Programme is outlined below.

#### Development of RTS Delivery Plan - £50,000

- 3.10 This provision existed to meet costs of developing scheme proposals and costings contained in the Draft RTS Delivery Plan. As addressed in a separate report, the outcome of consultation with partner Councils on the content of the Draft RTS Delivery Plan, and associated funding, has only very recently been confirmed. Subject to the agreement of Scottish Government and the Partnership's approval of proposals for developing the RTS Delivery Plan, as discussed in the separate report on this, it is proposed that this funding is carried forward to support development of the RTS Delivery Plan in 2009/10.

#### Development of RTS Sub-Strategies - £30,000

- 3.11 Approximately £19,000 has been incurred in meeting costs of additional work and consultations by the appointed consultants to complete the initial phase of sub-Strategy development, leading to the Partnership's approval of the sub-Strategies for Buses; Walking & Cycling; Travel Information; and Park & Ride on 28 October 2008 (Report RTP/08/28 refers). The remainder of this budget will be fully committed through meeting publication costs for the 4 sub-Strategies.

#### Development of Park & Ride Priorities - £80,000

- 3.12 This provision existed to take forward development of regional priorities as defined by the Park & Ride strategy, including the South Tay project which

has been the subject of a jointly funded study with, and led, by SEStran. As completion of the South Tay STAG appraisal is still awaited it has not proved possible to progress this proposal to the design feasibility stage during the current year, as originally envisaged and budgeted for.

- 3.13 As was reported on 9 December 2008, work had commenced on preparation of study briefs for detailed feasibility work on developing the A90 West Dundee and A90 East Perth proposals, with the intention of procuring initial design feasibility work on these for completion by the end of 2008/09. As noted in the report considered by the Partnership on 3 February 2009, the STPR has included national proposals for developing strategic Park & Ride serving a number of key cities, including Dundee (Report RTP/09/11 refers). It will, therefore, now be necessary to progress the proposals for developing Park & Ride facilities on the radial approaches to Dundee, as proposed in the Regional Park & Ride Strategy and STPR, in close consultation with Transport Scotland. A meeting is currently being sought with Transport Scotland to identify the most appropriate means of progressing these national and regional priorities.
- 3.14 Consultants W S Atkins have been procured, using the Perth & Kinross Council Framework Agreement, to take forward initial development of the A90 East Perth proposal, at a total cost of £49,858, of which approximately £25,000 will be incurred during 2008/09. The Partnership is asked to endorse this commission.
- 3.15 Subject to agreement with Scottish Government and Transport Scotland, it is proposed that the balance of £55,000 from this budget is carried forward to support completion of work on A90 East Perth study and initial appraisal of the A90 West Dundee proposal in 2009/10.

#### Tay Estuary Rail Service (TERS) - £120,000

- 3.16 At its meeting on 9 December the Partnership approved the award of a contract to consultants Steer Davies Gleave to undertake a STAG type appraisal and develop a business case for an additional hourly "semi-fast" service between Arbroath – Dundee – Perth – Stirling – Glasgow, with potential additional stations, at a cost of £94,500. This work is on schedule to be completed by the end of the financial year.
- 3.17 Consultants SIAS Limited have been appointed to procure, manage, analyse and report on a programme of station car parking and passenger travel behaviour surveys at all stations within the TACTRAN region. This work will both complement appraisal of the operational and business case of the TERS project, and identify priorities for provision of additional station parking capacity, alongside similar studies being undertaken by Transport Scotland, Network Rail, First ScotRail, SPT and SEStran on reviewing station car parking capacity at central belt stations. Following a competitive tendering process Sky High Limited have been appointed to undertake the survey work. The total a cost of undertaking and reporting on these surveys amounts to £31,500, which the Partnership is asked to endorse.
- 3.18 A resultant overspend of £6,000 in this budget will be met from an existing provision of £7,000 for unforeseen contingencies, which the Partnership noted on 9 December 2008.

#### Demand Responsive Transport - £50,000

- 3.19 At its meeting on 28 October 2008 the Partnership endorsed a contribution of £29,000 towards an extension of the Buses and CT/DRT sub-strategy work to consider feasibility of an Urban and Rural DRT pilot.
- 3.20 Consultants Steer Davies Gleave (SDG) were appointed to develop proposals for urban and rural DRT pilots, with a view to this study being completed and informing consideration of options for implementation of pilot projects before the end of the financial year. The appointed Project Director and Project Manager both left the employment of SDG towards the end of 2008, resulting in the need to appoint a new project team, with consequential delays in completion of the project. The new project team commenced work in late January. The urban pilot proposal is now due to be reported in early March with the initial outcome of the rural pilot feasibility work being submitted in mid-March. This will be the subject of a report to the Partnership's next meeting on 23 June 2009.
- 3.21 Subject to agreement with Scottish Government, it is proposed that the remaining balance of £21,000 is carried forward to support development of DRT pilot options in 2009/10.

#### Freight Quality Partnership - £20,000

- 3.22 This funding existed to meet the costs of developing FQP early actions, including possible research and/or studies to inform the development of a regional Freight Action Plan. At an earlier meeting of the FQP Steering Group freight sector representatives indicated that overnight lorry parking was a significant issue and requested that a survey on this be undertaken. A survey of hauliers and of overnight parking at various locations across the region is currently underway using "in-house" resources, with an anticipated cost of approximately £3,000.
- 3.23 It has been agreed by the FQP Steering Group that further options for developing priorities under the Freight Action Plan should be considered in light of the awaited Scottish Strategic Freight Study, which was due to be published in autumn 2008. At the time of writing the outcome of this study is still awaited.
- 3.24 The Stirling and Tayside Timber Transport Group (STTTG) has requested partner funding contributions towards the costs of appointing a Timber Transport Project Officer, who would promote the work of STTTG; provide assistance with potential Strategic Timber Transport Scheme grant proposals and applications; identify, investigate, develop and promote alternatives to road haulage for timber transport; and assist in the development of a regional Timber Transport Strategy. The appointment would initially be for 2 years and STTTG have requested a contribution of £7,000 by TACTRAN towards these costs, which the Partnership is asked to agree.
- 3.25 Subject to the agreement of Scottish Government, it is proposed that the remaining balance of £10,000 is carried forward to support further work on development of a regional Freight Action Plan in 2009/10.

#### Communications Strategy - £20,000

- 3.26 To date approximately £7,500 of this budget has been committed on funding promotional materials and events. As reported previously, it is the intention to develop a Communications Strategy once the RTS Delivery Plan and associated delivery priorities and responsibilities have been agreed. As discussed in 3.8 above, it is proposed that the projected underspend of £12,500 is used to fund Liftshare licence costs.

#### Stakeholder Fora Costs - £10,000

- 3.27 This provision exists to meet costs associated with operating meetings of the various stakeholder liaison fora for Buses; Rail; Freight; Walking & Cycling and Equalities. To date approximately £3,500 of this budget has been committed and it is proposed that the remaining balance of £6,500 is carried forward to support development of improved stakeholder communication and liaison arrangements next financial year.

#### Dundee Station Enhancements - £5,000

- 3.28 This element of the budget has been fully committed by means of a contribution towards a jointly funded investigation of options for upgrading Dundee Railway Station, which is being led by Dundee City Council.

#### Doune – Callander National Cycle Network Link - £25,000

- 3.29 Work on this project is being taken forward by Stirling Council, with project completion and commitment of funding expected by the end of the financial year.

#### Investigation of rail freight facilities at Highland Spring/Blackford - £18,000

- 3.30 The Partnership approved this contribution towards a jointly funded investigation of the potential for introducing rail freight facilities at Highland Spring/Blackford at its meeting on 28 October 2008 (Report RTP/08/30 refers). The consultants Draft Final Report is currently being assessed in consultation with Highland Spring and will be reported to the Partnership's next meeting on 23 June 2009.
- 3.31 Commitments and projections to the end of the financial year, as summarised in Appendix C, indicate a potential underspend of around £144,000 in the RTS Implementation Programme Budget. The Director is in discussion with Scottish Government officials on the potential for allowing the Partnership to carry forward this underspend into 2009/10, to enable completion of the projects identified within the 2008/09 Programme. Further developments with these discussions will be reported orally.

#### **2008/09 Annual Audit Plan**

- 3.32 Henderson Loggie are the Partnership's appointed External Auditors for the period 2006/07 – 2010/11. Their Annual Audit Plan for 2007/08, which has been agreed by the Treasurer and Director, is attached at Appendix D, for approval.

## **4 CONSULTATIONS**

- 4.1 The report has been prepared in consultation with the Chief Officers Liaison Group.

**John Symon**  
**Treasurer**

**Eric Guthrie**  
**Director**

Report prepared by Eric Guthrie and Jim Cockburn. For further information contact email [jcockburn@pkc.gov.uk](mailto:jcockburn@pkc.gov.uk) or telephone 01738 476362

### **NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report.



**Tactran Income and Expenditure Account**  
**Revenue**  
**2008/2009**  
**Detailed Statement - Core**

Appendix A

<b>Income</b>	<b>Budget</b>	<b>Actual Expenditure to 31 January 2009</b>	<b>08/09 Commitments</b>	<b>Projected Outturn 2008/2009</b>	<b>Variance to Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Scottish Executive Grant Revenue Received	210,000	175,000	35,000	210,000	-
Deferred Income	-	18,773	0	18,773	18,773
Council Req's Revenue Rec'd	210,000	172,410	37,590	210,000	-
Interest Received	-	-	-	-	-
Revenue Accrued	-	85	-	85	85
	<b>420,000</b>	<b>366,267</b>	<b>72,590</b>	<b>438,857</b>	<b>18,857</b>
<b>Expenditure</b>					
<u>Staff Costs</u>					
Salary GP	242,000	146,864	49,200	196,064	(45,936)
Salary Supn	51,000	31,744	10,350	42,094	(8,906)
Salary NI	22,000	14,256	4,950	19,206	(2,794)
Advertising	-	1,854	-	1,854	1,854
Interview Expenses	-	5	-	5	5
Relocation Expenses	-	-	-	-	-
Training/Conferences	6,000	5,394	-	5,394	(606)
Subscriptions	500	695	-	695	195
	<b>321,500</b>	<b>200,813</b>	<b>64,500</b>	<b>265,313</b>	<b>(56,187)</b>
<u>Property Costs</u>					
Energy	6,500	2,157	2,235	4,392	(2,108)
Cleaning	2,500	1,620	551	2,171	(329)
Maintenance	1,000	878	-	878	(122)
Rent	12,000	9,000	3,000	12,000	0
Rates	7,000	7,053	-	7,053	53
	<b>29,000</b>	<b>20,708</b>	<b>5,786</b>	<b>26,494</b>	<b>(2,506)</b>
<u>Supplies and Services</u>					
Office Consumables	5,000	6,311	365	6,676	1,676
Communications	6,500	2,272	530	2,802	(3,698)
Insurance	6,000	5,241	0	5,241	(759)
Information Technology	2,500	2,208	95	2,303	(197)
Hospitality	2,000	644	-	644	(1,356)
Board Expenses - misc.	3,000	9,621	-	9,621	6,621
	<b>25,000</b>	<b>26,296</b>	<b>990</b>	<b>27,287</b>	<b>2,287</b>
<u>Transport Costs</u>					
Travel and Subsistence	2,000	1,879	750	2,629	629
Public Transport	1,000	1,823	300	2,123	1,123
Parking	2,000	1,494	500	1,994	(6)
Expenses - Board Members	1,000	887	240	1,127	127
	<b>6,000</b>	<b>6,083</b>	<b>1,790</b>	<b>7,873</b>	<b>1,873</b>
<u>Third Party Payments</u>					
Audit Fees External	11,000	3,018	7,717	10,735	(265)
PKC Finance Service	12,000	-	12,000	12,000	-
PKC Secretariat Service	12,000	-	12,000	12,000	-
Other Third Party Payments	3,500	320	29,000	29,320	25,820
	<b>38,500</b>	<b>3,338</b>	<b>60,717</b>	<b>64,055</b>	<b>25,555</b>
<b>Gross Expenditure</b>	<b>420,000</b>	<b>257,238</b>	<b>133,783</b>	<b>391,022</b>	<b>(28,978)</b>
<b>Net Expenditure</b>	<b>-</b>	<b>(109,028)</b>	<b>61,193</b>	<b>(47,836)</b>	<b>(47,836)</b>



**Tactran Income and Expenditure Account**  
**Revenue**  
**2008/2009**  
**Detailed Statement - Travel Plan**

Appendix B

<b>Income</b>	<b>Budget £</b>	<b>Actual Expenditure to 31 January 2009 £</b>	<b>08/09 Commitments £</b>	<b>Projected Outturn 2008/2009 £</b>	<b>Variance to Budget £</b>
Scottish Executive Grant Revenue Received	104,000	46,549	57,451	<b>104,000</b>	-
Deferred Income	38,200	38,217	-	<b>38,217</b>	17
Council Req's Revenue Rec'd	-	-	-	-	-
Interest Received	-	-	-	-	-
Revenue Accrued	-	784	-	<b>784</b>	<b>784</b>
	<b>142,200</b>	<b>85,549</b>	<b>57,451</b>	<b>143,001</b>	<b>801</b>
<b>Expenditure</b>					
<u>Salary GP</u>	30,000	22,500	7,500	<b>30,000</b>	<b>0</b>
<u>Promotional &amp; Advertising</u>					
Tay FM Liftshare Promotion	9,263	9,263	-	<b>9,263</b>	<b>0</b>
Central FM Liftshare Promotion	7,685	7,685	-	<b>7,685</b>	<b>0</b>
Door Drop Leaflets PKC	1,750	1,750	-	<b>1,750</b>	<b>0</b>
Dundee Liftshare Leaflets	551	551	-	<b>551</b>	<b>0</b>
Scottish Showcase Event	-	784	-	<b>784</b>	<b>784</b>
<u>Sustainable Travel Grant Scheme</u>					
NHS Forth Valley	1,000	0	1,000	<b>1,000</b>	<b>0</b>
Dundee University	7,000	0	7,000	<b>7,000</b>	<b>0</b>
Perth & Kinross Council	350	0	350	<b>350</b>	<b>0</b>
Angus Council	1,000	0	1,000	<b>1,000</b>	<b>0</b>
Stirling Council	10,000	0	10,000	<b>10,000</b>	<b>0</b>
Stirling University	9,000	0	9,000	<b>9,000</b>	<b>0</b>
Dundee City Council (Sun City)	1,000	0	1,000	<b>1,000</b>	<b>0</b>
<u>Smarter Measures</u>					
Stirling Council - Changing Rooms	15,000	-	10,000	<b>10,000</b>	<b>(5,000)</b>
Angus Council - Car Sharing Bays	3,000	-	3,000	<b>3,000</b>	<b>0</b>
Ninewells/DCC Path Widening Project	22,000	-	22,000	<b>22,000</b>	<b>0</b>
Promotional DVD	10,000	-	10,000	<b>10,000</b>	<b>0</b>
PKC - smarter measures	13,601	-	14,009	<b>14,009</b>	<b>408</b>
Angus Council - smarter measures	-	-	4,609	<b>4,609</b>	<b>4609</b>
<b>Gross Expenditure</b>	<b>142,200</b>	<b>42,533</b>	<b>100,468</b>	<b>143,001</b>	<b>801</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(43,017)</b>	<b>43,017</b>	<b>0</b>	<b>0</b>



**Tactran Income and Expenditure Account**  
**Revenue**  
**2008/2009**  
**Detailed Statement - RTS Implementation Budget**

Appendix C

	Budget	Actual Expenditure to 31 January 2009	08/09 Commitments	Projected Outturn 2008/2009	Variance to Budget
	£	£	£	£	£
<b>Income</b>					
Scottish Executive Grant Revenue Received	405,000	303,000	102,000	<b>405,000</b>	-
Deferred Income	12,300	12,339	-	<b>12,339</b>	<b>39</b>
Council Req's Revenue Rec'd	-	-	-	-	-
Interest Received	30,000	30,000	-	<b>30,000</b>	-
Revenue Accrued	-	-	-	-	-
	<b>447,300</b>	<b>345,339</b>	<b>102,000</b>	<b>447,339</b>	<b>39</b>
<b>Expenditure on Projects</b>					
RTS printing costs	12,300	11,918	-	11,918	<b>(382)</b>
Development of RTS Delivery Plan	50,000	-	-	-	<b>(50,000)</b>
Development of Sub-Strategies	30,000	16,819	13,181	30,000	<b>0</b>
Development of Park and Ride Strategies Priorities	80,000	-	25,000	25,000	<b>(55,000)</b>
Tay Estuary Rail Service	120,000	23,625	102,375	126,000	<b>6,000</b>
Demand Responsive Transport	50,000	7,791	21,209	29,000	<b>(21,000)</b>
Freight Quality Partnership	20,000	-	10,000	10,000	<b>(10,000)</b>
Communications Strategy	20,000	5,321	14,679	20,000	<b>0</b>
Stakeholder fora costs	10,000	1,531	1,969	3,500	<b>(6,500)</b>
Dundee Rail Station	5,000	-	5,000	5,000	<b>0</b>
Doune - Callander NCN Link	25,000	-	25,000	25,000	<b>0</b>
Rail Freight Blackford/ Highland Spring	18,000	10,300	7,700	18,000	<b>0</b>
Contingency	7,000	-	-	-	<b>(7,000)</b>
<b>Gross Expenditure</b>	<b>447,300</b>	<b>77,305</b>	<b>226,113</b>	<b>303,418</b>	<b>(143,882)</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(268,034)</b>	<b>124,113</b>	<b>(143,921)</b>	<b>(143,921)</b>





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# Executive Summary

## 1.1 Introduction and Background

1.1.1 We were appointed by the Accounts Commission as Tayside and Central Scotland Transport Partnership's (TACTRAN) external auditors for the 5 year period from 1 April 2006 to 31 March 2011. This is our overall audit plan for the third year of our appointment. Our audit is governed by our letter of appointment, the Local Government Acts, auditing standards and Audit Scotland's Code of Audit Practice.

1.1.2 This document outlines:

- our audit framework,
- our audit approach,
- our understanding of the Partnership's business risks,
- our audit risk analysis and audit plan,
- the planned audit outputs and our proposed fee, and
- our audit team.

1.1.3 Background and planning information has been gathered through discussions with the Director, the Treasurer, the Financial Accountant and the Chief Internal Auditor, and a review of the documents listed at Appendix I. In gathering this information we have considered planning guidance issued to us by Audit Scotland and the relevant issues for the Partnership in the Audit Scotland Priorities and Risks Framework document (PRF) for 2008/09.

## 1.2 Acknowledgements

1.2.1 We would like to take this opportunity to thank all the officers within the Partnership who assisted us in gathering information for this plan.

## 1.3 Summary of Planned Audit Work

**Table 1: Audit Outputs**

<b>Planned outputs</b>
<b>Planning</b> Risk Assessment, Annual Audit Plan and Fee Proposal
<b>Governance</b> Fraud Returns
<b>Finance</b> Communication of Audit Matters to Those Charged with Governance – ISA 260 Report Audit opinion on financial statements
<b>Overall Conclusion</b> Report to Members and the Controller of Audit – Annual Report

1.3.1 Additional outputs may be required where there are significant issues arising from audit work currently expected to be included in the reports above. Tables 3 and 4 identify where this may apply.

## 1.4 Proposed Fee

1.4.1 Based on the work we assess is required to discharge our audit responsibilities the total proposed fee including Audit Scotland's fixed charge for 2008/09 is £10,300. This fee anticipates that the draft accounts presented for audit fully comply with the SORP and do not require significant adjustment arising from the audit, and that the necessary working papers are available at the start of the fieldwork with the draft accounts.



# Audit Framework

## 2.1 Introduction

- 2.1.1 Our audit framework is set by our letter of appointment, the Local Government Acts, (primarily Part VII of the Local Government (Scotland) Act 1973), auditing standards, Audit Scotland’s Code of Audit Practice, and ad hoc guidance issued by Audit Scotland.
- 2.1.2 This framework provides all bodies within the Public Sector with an audit model that is wider than simply providing assurance on the financial statements and the internal control environment. This wider model covers finance, governance and performance.
- 2.1.3 The Code of Audit Practice recognises that full application of its requirements may be impractical or inappropriate due to the nature or size of a body. Due to the size of the Partnership our main focus will be on our financial statements audit. Further details are outlined in Sections 3 and 4.

## 2.2 Code of Audit Practice

- 2.2.1 This plan takes account of the Code of Audit Practice (the Code) published by Audit Scotland in March 2007.

## 2.3 Audited Bodies’ and Auditors’ Responsibilities

- 2.3.1 Audit Scotland has issued a statement on audited bodies’ and auditors’ responsibilities in relation to all aspects covered by the audit process. The Code incorporates this statement into each section for easy reference. Attention is drawn to these relative responsibilities.

## 2.4 Audit Objectives

- 2.4.1 Our objectives are clearly identified in the Code, and are summarised in Table 2.

**Table 2: Auditors’ objectives**

Key Area	Auditors’ objective	Table 3 - Page Reference
<b>Financial statements</b>	Provide an opinion on audited bodies’ financial statements as required by the relevant authorities for the local government sector.	Page 7
<b>Corporate governance arrangements</b>	Review and report on, as required by relevant legislation and the Code, the Partnership’s corporate governance arrangements in relation to systems of internal control; the prevention and detection of fraud and irregularity; standards of conduct, and prevention and detection of corruption; and the Partnership’s financial position.	Pages 8, 9 & 10
<b>Performance management</b>	Review and report on, as required by relevant legislation and the Code, the Partnership’s arrangements for securing Best Value; complying with its Regional Transport Strategy duties; aspects of managing its performance in relation to economy, efficiency and effectiveness in the use of resources.	Page 11

Source: Audit Scotland’s Code of Audit Practice



# Audit Framework

## 2.5 *Planning Guidance*

2.5.1 Audit Scotland's planning guidance for 2008/09 specifically directs us to undertake work on the following:

- ❑ Provision of the Independent Auditors' Report placed on the financial statements by 30 September 2009.
- ❑ An Annual Report on the audit addressed to the Partnership Members and the Controller of Audit by 31 October 2009.
- ❑ Submission of fraud returns to Audit Scotland.
- ❑ Other work requested by Audit Scotland (eg follow-up issues arising from 2007/08 audits, work to provide information for the overview report on the local authority sector or local performance audit work).

## 2.6 *Best Value and Community Planning*

2.6.1 The Local Government in Scotland Act 2003 (the 2003 Act) introduced statutory requirements for both authorities and auditors in relation to Best Value and Community Planning. By April 2009, the Accounts Commission will have completed the first round of Best Value audits in all 32 councils in Scotland. The Commission has undertaken a review of the process and is preparing the approach to be used in audits from 2009, to be known as BV2.

2.6.2 Audit Scotland's planning guidance advises that at this stage there are no plans to carry out Best Value reviews at the Regional Transport Partnerships. We will keep you advised of any developments in this area.

2.6.3 The proposed audit fee (paragraphs 1.4.1 and 5.3.4) does not include any local audit input to Best Value audits.

## 2.7 *Centrally Directed Performance Studies*

2.7.1 Audit Scotland undertakes a number of centrally directed performance audit reviews each year. The Code directs us to participate in these at a local level, if required. The current programme does not include reviews that require the involvement of local auditors.

2.7.2 A new programme of studies to start in 2009/10 has recently been finalised and is available from the Audit Scotland website [www.audit.scotland.gov.uk](http://www.audit.scotland.gov.uk). We will keep you advised of further information we receive from Audit Scotland.



# Audit Approach

## 3.1 *Audit Approach*

- 3.1.1 We plan our audit to meet the objectives discussed at Section 2 under guidance from Audit Scotland and in accordance with the Code and applicable auditing standards.
- 3.1.2 Our approach is risk-based and designed to be robust, efficient, challenging and fair. Key features of our approach are the integration of work for the financial, governance and performance strands of our remit; a focus on key business, operational and financial risks; financial statement audit procedures that maximise assurance from existing internal control processes; and reliance on internal audit work, where possible.

## 3.2 *Risk Assessment*

- 3.2.1 We begin by gaining an understanding of the financial and business risks facing the Partnership. We assess the likelihood of the risk occurring and the impact this could have on delivery of services and the financial position. We then assess the control arrangements that the Partnership has in place to manage these risks, and whether the risk has been reduced to an acceptable level. We also consider the Partnership's decision-making, governance and performance management frameworks. Audit Scotland's planning guidance and PRF contribute to the identification of relevant national issues to be considered in this stage of our work.

- 3.2.2 Information is gathered from discussions with senior officers including the Treasurer, the Director, the Financial Accountant and the Chief Internal Auditor and a review of key Partnership documents. See Appendix I for documents reviewed.
- 3.2.3 The main issues identified from this process are noted in Section 4 together with their audit implications.

## 3.3 *Reliance on Internal Audit Work*

- 3.3.1 The Code directs us to maintain effective co-ordination with internal audit and place the maximum possible reliance on their work. We reviewed the framework for the provision of internal audit services during 2006/07 using CIPFA's updated Code of Practice for Internal Audit in Local Government in the United Kingdom. We established that we could place reliance on the work of Perth & Kinross internal audit.
- 3.3.2 From our discussions we note that there is no service level agreement in place for the provision of internal audit services with Perth & Kinross Council's internal audit service. It is proposed that internal audit provision will cover the audit of grant claims and a review of the corporate governance arrangements. We propose to place reliance on their work in this area.
- 3.3.3 Our audit approach and our audit fee are dependent on the availability of audited grant claims by the due dates.



# Audit Approach

## **3.4 Financial Control Evaluation**

- 3.4.1 The financial control environment will be considered at an early stage of our work to identify controls that can be relied upon for the production of figures for the financial statements. This will involve identification, testing and assessment of the key controls for the main financial systems.
- 3.4.2 As an evolving organisation the Partnership has continued to make progress with the set up of proper arrangements and frameworks for governance, finance and performance. Where key controls have been put in place by management we will seek to place reliance on these where they are assessed as working effectively. Where internal audit do not perform tests on key controls we will reassess our audit work and either test the operation of controls or carry out substantive testing as part of the financial statements audit.
- 3.4.3 Some key financial systems and services are to be provided under Service Level Agreements (SLA) with Perth & Kinross Council and in accordance with Audit Scotland's planning guidance we shall seek assurances from the Council that the key controls for these systems are in place and operating effectively. From our discussions there is an agreement currently in place for the provision of payroll services only. Agreements have still to be put in place for the provision of Board Secretariat services, and the provision of a range of corporate services including internal audit services, financial services, human resources services, property services and legal services. The intention is to progress by drafting a corporate services SLA which covers these areas.

## **3.5 Reliance on Work of Other Inspection Bodies**

- 3.5.1 We are required by the Code to contribute to the "whole organisation" approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. We therefore plan to place reliance on the reported results of the work of statutory inspectorates in relation to corporate or service performance. We are not aware of any inspectorates carrying out work in this area.

## **3.6 Communication and Reporting**

- 3.6.1 We will communicate regularly with officers throughout the audit year to plan and conclude our audit work, maintain an overview of the Partnership's business, and discuss any new issues that emerge. This communication should be two-way, and we encourage officers to have early discussions with us on any issues that may give rise to audit comment at a later date.
- 3.6.2 Communication with Members during the course of the year will be through our reports and our attendance at the Partnership Board. Our formal reporting to all Members will be through our Annual Report produced at the conclusion of each audit year.
- 3.6.3 At the conclusion of our audit we will discuss our findings and recommendations for action with management prior to issuing a draft report, which will include our recommendations within an action plan, if appropriate. Recommendations will be graded by importance.



# Audit Approach

## 3.6 *Communication and Reporting (cont'd)*

- 3.6.4 The draft report will be issued to allow the Partnership's officers to confirm the factual accuracy of the report and to provide a response to any recommendations within an action plan. This includes details of the responsible officer and reasonable timeframes to be allocated for each of the agreed actions. Once this is completed, the final report will be issued to lead officers and submitted to the next Partnership Board Meeting. Our proposed reporting timetable is included in Section 5.
- 3.6.5 To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff at the Partnership. Except to the extent necessary for the purposes of the audit, this information has not been independently verified.
- 3.6.6 We take this opportunity to remind you that this report is prepared for the sole use of TACTRAN and the TACTRAN Board. It may also be shared with Audit Scotland. No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.



# Audit Approach

## 3.7 Discharge of our Audit Responsibilities under the Code

3.7.1 Table 3 shows the key areas where we will focus our work in discharging our responsibilities under each of the Code components. Section 4 notes the local implications of national issues and Partnership specific risks that influence our audit plan.

**Table 3 – Discharge of our audit responsibilities under the Code**

Code component	Auditors' responsibilities	Work we undertake to discharge our audit responsibility	Audit output
Financial statements	<p>To audit the financial statements in accordance with the timescale set by Audit Scotland and give an opinion on whether they present fairly the financial position of the Partnership and its income and expenditure: and whether they have been properly prepared in accordance with relevant legislation, applicable accounting standards and other reporting requirements.</p> <p>To provide reasonable assurance, subject to the concept of materiality, that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; comply with statutory and other requirements that apply; and comply with relevant requirements for accounting presentation and disclosure.</p>	<p>We will discharge our responsibilities for the audit of the financial statements in accordance with International Standards on Auditing and Quality Control (UK and Ireland), and Ethical Standards, applicable Practice Notes and guidance issued by the Auditing Practices Board.</p> <p>Evaluation of systems and internal controls and their impact on the financial statements and our year-end audit work will be undertaken early in the audit process. Where appropriate the operation of controls will be tested. Where no controls are in place we will use substantive testing at the year end.</p> <p>For specific areas deemed as high risk we will perform detailed substantive testing of year-end transactions, account balances, estimates and provisions.</p> <p>We will use the CIPFA disclosure checklist to ensure compliance with statutory requirements and the SORP for accounting presentation and disclosure.</p>	<p>ISA 260 Report - Communication of Audit Matters to Those Charged With Governance</p> <p>Audit opinion on financial statements</p> <p>Annual Report</p>



# Audit Approach

Code component	Auditors' responsibilities	Work we undertake to discharge our audit responsibility	Audit output
<b>Corporate Governance arrangements</b>			
<b>Systems of internal control</b>	<p>In addition to reviewing systems of financial internal control, primarily to inform our work on the financial statements, we are required in the wider context to consider systems which may not impact directly on the financial statements.</p> <p>To review and report on the internal control compliance statement included with the accounts, and the processes to be adopted for the new Annual Governance Statement.</p>	<p>The work undertaken at the planning stage considers a number of systems under the PRF headings, such as corporate asset and risk management. We plan to carry out further work on some key financial systems during our year-end audit and will keep an ongoing overview of developments in other areas. Where possible we will seek to place reliance on the work of internal audit.</p> <p>We will review the process the Partnership uses to prepare and approve the compliance statement. We will ensure the statement is prepared in accordance with relevant regulation and ensure it reflects our understanding of the Partnership's position in relation to issues that should be considered for inclusion in the statement. We aim to undertake the majority of this work prior to the completion of draft accounts, with final review prior to signing the audit opinion.</p>	<p>Audit opinion on financial statements</p> <p>Annual Report</p>



# Audit Approach

Code component	Auditors' responsibilities	Work we undertake to discharge our audit responsibility	Audit output
Prevention and detection of fraud and irregularities	<p>To review and report on the arrangements in place to develop, promote and monitor compliance with standing orders and financial instructions; develop and implement strategies to prevent and detect fraud and other irregularity; and receive and investigate alleged breaches of proper standards of financial conduct or fraud and irregularity.</p> <p>We are required to submit information about instances of fraud and irregularity to Audit Scotland.</p>	<p>When completing our review in this area we will have regard to Statement of Auditing Standards 110: Fraud and Error; and International Standards on Auditing 240: The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements. This review will cover arrangements for the prevention and detection of fraud; 'whistleblowing' procedures; and Fraud and Corruption strategies and policies. We will examine evidence within these arrangements to ensure that particular aspects of internal financial control such as segregation of duties, authorisation and approval processes, and reconciliation procedures are in place.</p> <p>Arrangements will be put in place for our notification of instances of fraud.</p>	<p>Annual Report</p> <p>Individual and annual fraud returns to Audit Scotland</p>
Standards of conduct, integrity and openness	<p>To consider arrangements in place to maintain and promote proper standards of financial conduct and to prevent and detect corruption, including regular review and communication of these arrangements to all Members, managers and employees.</p>	<p>We will review arrangements relating to standards of conduct and the prevention and detection of corruption and the operation of the Partnership Board. We will also attend the Partnership Board.</p> <p>This will include examination of standing orders and financial instructions; financial regulations and schemes of delegation; and the award of contracts.</p>	<p>Annual Report</p>



# Audit Approach

Code component	Auditors' responsibilities	Work we undertake to discharge our audit responsibility	Audit output
Financial position	To consider whether there are adequate arrangements to ensure the Partnership's financial position is soundly based with regard to financial monitoring and reporting arrangements; compliance with statutory financial requirements and achievement of financial targets; balances and reserves, including strategies about levels and future use; and the impact of planned future policies and known or foreseeable future developments.	<p>Work undertaken for the audit of the financial statements will also inform our consideration of this element.</p> <p>We will review capital and revenue budget setting and monitoring papers on an ongoing basis.</p>	Annual Report



# Audit Approach

Code component	Auditors' responsibilities	Work we undertake to discharge our audit responsibility	Audit output
<b>Performance management</b>			
Best Value and Community Planning	<p>Within the context of the Accounts Commission's arrangements for discharging the statutory duty to be satisfied that there are proper arrangements for securing Best Value and complying with Community Planning responsibilities, we are required to be part of the Audit Scotland team for a full Best Value review or undertake transitional or follow-up work in intervening years.</p> <p>Audit Scotland's planning guidance advises at this stage there are no plans to carry out Best Value reviews at the Regional Transport Partnerships.</p>	<p>We consider Best Value implications in all aspects of our work, Best Value and Community Planning work will be undertaken under guidance from Audit Scotland. There are no plans to carry out a Best Value review in the Regional Transport Partnerships during 2008/09. We will keep you advised of any further guidance issued by Audit Scotland.</p>	Annual Report
Use of resources	<p>To assist Audit Scotland in local work for national studies if requested.</p> <p>To consider arrangements for performance management.</p>	<p>For 2008/09 the current programme of studies does not anticipate the involvement of local auditors.</p> <p>This will be covered in our review of the Partnership's Strategic documents.</p>	Annual Report



# Business and Audit Risk Analysis and Plan

- 4.1 The key business risks identified from our planning process are summarised in Table 4, and include the local implications of national issues and specific local risks.
- 4.2 We have assessed the work required to fulfil our audit responsibilities in relation to these risks and noted the planned audit output. Our assessment of required work identifies where we can place reliance on internal audit work. Proposed timings for final reports and Partnership Board meetings to which these will be presented are summarised in Table 5 in Section 5.

**Table 4 – Key business and audit risk analysis and plan**

Key business risks identified	Audit risks and implications	Planned output
<p><b>Strategic Direction and Corporate Governance</b></p> <p>The vision and strategic direction are set out in the Partnership’s Regional Transport Strategy Vision and Objectives. The Partnership draws up a Delivery Plan, setting out a 3 year implementation programme for the Regional Transport Strategy (RTS), which is updated annually to reflect local and central government planning and funding cycles. Progress against the Delivery Plan is subject to regular reporting to the Partnership Board. The Partnership is an evolving organisation and continues to develop its corporate governance documentation and policies.</p> <p><i>From our meetings and review of documents the Partnership progress continues with the setting up of proper arrangements and frameworks for governance, finance and performance. It is recognised that these may need amended as some arrangements relating to the governance and management of the partnership e.g. scrutiny and challenge and performance management have still to be finalised. The four Councils in TACTRAN have developed Single Outcome Agreements (SOA) which will progressively include Community Planning Partners such as TACTRAN We have been informed that the Partnership will seek to ensure that the RTS and the Delivery Plan contribute to the strategic and local outcomes defined in evolving SOAs.</i></p> <p><i>Partnership members received initial training following their appointment by the Partnership Director, Secretary and Treasurer. Vacancies have arisen since the elections within the five non-Councillor members, one has since been filled, the other vacancy remains to be filled. The Transport Act also enables RTPs to appoint Observers / Advisers to assist with the work of Partnerships. TACTRAN has agreed to identify appropriate Adviser support through the various Regional Stakeholder Fora it is establishing to assist in informing the development of the RTS and associated Delivery Plan.</i></p>	<p>TACTRAN as a Partnership covering four councils will have some responsibility for supporting the delivery of agreed outcomes within each Council’s SOAs. This may impact on the ability to also deliver the Partnership’s own Regional Visions and Objectives. Where robust arrangements are not in place to effectively manage the Partnership’s business going forward our governance responsibilities can be affected. Circumstances may also be created that impact on our performance and finance responsibilities.</p> <p><i>We will review all plans and the specific SOA outcomes that involve TACTRAN and monitor progress by reviewing papers to the Partnership meetings. We will also report on the progress with scrutiny and governance arrangements, including the need for additional committees, appointment of non-Councillor members and other Observers / Advisers, by attending some Partnership meetings and review of Partnership minutes. This will include consideration of the support framework for the Partnership, including ongoing training and standards of conduct.</i></p>	<p>Annual Report</p>

# Business and Audit Risk Analysis and Plan

Key business risks identified	Audit risks and implications	Planned output
<p><b>Performance Management and Public Reporting</b></p> <p>Ongoing performance management is undertaken in a framework that involves officers and members of the Partnership Board. Regular progress updates in relation to the RTS, RTS Delivery Plan and Travel Plan Strategy and associated Revenue and Capital Programmes are provided at meetings of the Partnership Board.</p> <p>Publication schemes set how authorities will publish information; the classes of information the authority publishes or intends to publish; the manner in which information will be published; and whether information will be provided free of charge or at cost.</p> <p><i>From our review of the Partnership's website and Board papers we have identified that performance is regularly reported. We also note that the Partnership is currently reviewing their publication scheme.</i></p>	<p>Aspects may impact on our performance responsibilities.</p> <p><i>We will review performance information on the Partnership's website and performance reports submitted to the Board. We will also monitor progress towards development of a new Publication Scheme, due to be submitted to the Scottish Information Commissioner by the end of February 2009, for approval prior to expiry of the current scheme on 30 May 2009.</i></p>	<p>Annual Report</p>



# Business and Audit Risk Analysis and Plan

Key business risks identified	Audit risks and implications	Planned output
<p><b>Financial Planning</b></p> <p>Key risks in this area are that the Partnerships priorities may not have been properly costed and planned for and that revenue and capital plans may not link to these priorities. There is a risk that changes to the funding mechanisms of Regional Transport Partnerships which provide for all capital funding being allocated to Councils may impact on the Partnerships capital and revenue budgeting and Delivery Plan for the period 2008/09 and 2009/10 to 2011/12.</p> <p><i>The risks associated with the planning framework are being addressed by the setting and approval of budgets for revenue and capital. The Partnership has, under the Transport Act 2005, no powers to hold a balance on the General Fund. Any underspends are treated as creditors repayable to the funder or amounts received in advance from the funding source. From our discussions the Partnership has progressed with the development of a Delivery Plan for the periods 2008/09 and 2009/10 to 2011/12 within the new funding framework and this has been assisted by the appointment of the Projects Manager and Strategy Manager during 2007/08. Requests were made to Constituent Councils to allocate specified RTP Capital Grant funding through a pooling arrangement, to support the delivery of the RTS in financial years 2008/09 – 2010/11. Angus and Stirling councils resolved to retain their former RTP Capital Grant allocations for 2008/09 and will consider the position further for future years. Dundee City and Perth &amp; Kinross councils reconsidered their previous decision to pool their 2008/09 allocations and agreement was reached on a proposed programme of schemes for 2008/09 utilising most of the former RTP Capital Grant allocation to both councils.</i></p>	<p>This impacts primarily on our finance and governance responsibilities.</p> <p><i>We will review capital and revenue budget setting and monitoring papers throughout the year. We will also review any virements and the Partnership's accounting for revenue and capital grants and funding as part of our year-end audit. We will consider the clarity of links between revenue budgets and capital plans and the Partnerships priorities and consider if all existing and known future commitments are properly accounted for. We will review the progress with the Delivery / Business Plan for the period 2008/09 and 2009/10 to 2011/2012 within the requirements of the new funding framework and review any arrangements made for delivery responsibilities.</i></p>	<p>Annual Report</p>
<p><b>Compliance with the changes to the New SORP</b></p> <p>The Partnership's financial statements may not fully comply with the SORP requirements.</p>	<p>The accounts may not be fully compliant with SORP requirements; the year-end audit may be delayed and audit and reporting deadlines may not be met.</p> <p><i>For 2008/09, there are no major changes that will impact.</i></p>	<p>Auditors' opinion on the financial statements / Annual Report</p>



# Business and Audit Risk Analysis and Plan

Key business risks identified	Audit risks and implications	Planned output
<p><b>Regional Transport Strategy</b></p> <p>There is a risk that the Partnership may not fulfil their responsibilities in respect of delivering the finalised Regional Transport Strategy and its sub-strategies, having regard as to how these can assist in achieving councils' Single Outcome Agreements (SOAs), within the evolving relationship between Central, Regional and Local Government. There is a risk that the Partnership will not produce a Delivery or Business Plan, setting out a 3 year implementation programme and an Investment Plan covering the first 10 – 15 years. There is also a risk that the Partnership will not deliver on its Travel Plan Strategy and Action Plan.</p> <p><i>The Partnership received approval by the Scottish Government of its Regional Transport Strategy on 24 June 2008 and appointed consultants to develop four RTS sub-strategies. The sub-strategies cover Walking and Cycling; Buses; Travel Information; and Park and Ride and these were approved for adoption by the Partnership Board on 28 October 2008. Progress has been made with the RTS Delivery Plan and this includes development of a 15 year Investment Plan and 3 year Implementation Programme. It is noted that actions in the RTS Delivery plan are being linked to the partner Council SOAs. The sub-strategy action plans are noted to feed into the overall RTS Delivery Plan. Formal consultation on the overall Delivery Plan with partner Councils and other stakeholders is currently being undertaken.</i></p> <p><i>A Travel Plan Strategy and Action Plan 2008/09 has been developed to deliver effective Active Travel Plans at each local authority, main hospitals and health boards. Progress has been made with each of these bodies towards establishing and implementing travel plans. In addition the travel planning concept has been marketed to higher education institutions and other large employers in the Region. Travel Planning is a key element of the Partnership's RTS, which relates to Delivering Environmental Sustainability, Health and Well-being. The Partnership is working in liaison with the Scottish Government and other sustainable travel organisations to ensure best practice and share knowledge and policy development.</i></p>	<p>Progress with the delivery of the finalised Regional Transport Strategy and its sub-strategies impacts on our governance and performance responsibilities.</p> <p><i>We will review progress with the development of a RTS Delivery Plan and the related sub-strategies on an on-going basis, by reviewing documentation and discussion with key individuals.</i></p> <p><i>We will also review progress with Travel Plan activity during 2008/09. This will include review of the documentation and discussion with key individuals.</i></p>	<p>Annual Report</p>



# Planned Audit Outputs and Fee Proposal

## 5.1 Reliance on Partnership Action and Working Papers

5.1.1 In assessing our audit activity we expect that adequate records and working papers will generally be available as audit evidence and that officers will respond to requests for information within a reasonable timeframe. We also expect to place reliance on internal audit work on the audit of the grant claims and corporate governance arrangements. We will meet with the relevant finance officers to identify specific supporting working papers that we expect to be available with the draft financial statements.

## 5.2 Planned Audit Activity and Outputs

5.2.1 Taken together Tables 3 and 4 (Discharge of our audit responsibilities under the Code and Key business and audit risk analysis and plan) records the planned audit activity that we assess is required to discharge our audit responsibilities.

5.2.2 Table 5 summarises our timetable for the outputs in which we plan to report our audit activity.

5.2.3 We will monitor our progress against our plan and report this to the relevant meeting of the Partnership Board.

5.2.4 To inform our work we will meet with officers, and review minutes of meetings and reports presented to the Partnership and other committees. As we identify new issues we will bring these to the attention of management and the Partnership Board, where appropriate.

**Table 5: Timetable for Planned Audit Outputs**

Planned outputs	Date of final report	Partnership Board date
<b>Planning</b>		
Risk Assessment, Annual Audit Plan and Fee Proposal	30/01/09	10/03/09
<b>Governance</b>		
Fraud Returns	As required	N/A
<b>Finance</b>		
Communication of audit matters to those charged with governance – ISA 260 Report	August 2009	22/09/09
Audit opinion on financial statement	28/08/09	N/A
<b>Overall Conclusion</b>		
Report to Members and the Controller of Audit – Annual Report	30/10/09	15/12/09

## 5.3 Determining the Annual Audit Fee

5.3.1 The audit of the Partnership will be completed under the 'fee for the audit' concept. The agreed fee for the Partnership's audit requires being set within the indicative fee range notified by Audit Scotland.



# Planned Audit Outputs and Fee Proposal

## 5.3 Determining the Annual Audit Fee (Cont'd)

- 5.3.2 The indicative fee range for the Partnership in 2008/09 is £7,650 to £9,350. For smaller audits the planning guidance allows for the range to be extended by a further 10%. The range excludes Audit Scotland's overhead recovery charge of £1,800. Together these two elements combine to form the total charge from Audit Scotland for the audit. Audit Scotland will adjust the fixed charge in 2009/10 to include a rebate of overpayments relating to the changes in the VAT rate.
- 5.3.3 Placement within the range depends on the level of work we consider requires to be undertaken and is influenced by the number and level of risks facing the Partnership. It also assumes that there will be an internal audit provision and working papers will be available timeously and be of sufficient quality, and that no major revisions are required to the financial statements. Our audit activity and ultimately the level of fee may require to be reassessed where this is not the case.
- 5.3.4 From our risk assessment and our assessment of the skills mix that we believe is required to complete the identified programme of work and deliver the outputs noted in Table 5, our total proposed fee for 2008/09 is £10,300. This is on the agreed basis that the draft accounts received for audit fully comply with the SORP and do not require significant adjustment and that all necessary working papers are available at the start of the fieldwork, with the draft accounts. Should this not be the case we will issue a further fee to recoup the cost of the additional work.
- 5.3.5 The annual audit fee does not include any work on providing a statement of compliance on any revenue and capital grants made to the Partnership.

**Table 6 - Proposed Fee**

Financial year	2008/09
Proposed audit fee	£ 8,500
Audit Scotland fixed charge	1,800
<b>Total proposed fee</b>	<b>10,300</b>

## 5.4 Arrangements for Additional Audit Work

- 5.4.1 Where we are required to undertake work that was not provided for within the initial audit plan, the agreed fee may be revised, within the indicative range, in conjunction with the Partnership. Fees outwith the indicative range require express agreement from Audit Scotland.
- 5.4.2 Indicative fees do not include an allowance for additional work. Fees for additional work, such as grants that are not on the Audit Scotland approved list, will be agreed separately following approval from Audit Scotland.
- 5.4.3 Audit Scotland, on behalf of the Accounts Commission, will on occasion request us to investigate correspondence from the public and agree an additional fee for the initial work. This will be financed through the Audit Scotland fixed charge. Where further work is directed by Audit Scotland an additional charge to the Partnership may be required. This will be discussed with management should this occur.



## Audit Team

- 6.1 The audit team have experience of the public sector, and the local authority sector in particular, and have developed an understanding of the issues faced by the Partnership. Table 7 provides contact details and responsibility of each of the key team members.

**Table 7: Key Team Members**

<b>Team member</b>	<b>Role and responsibilities</b>	<b>Contact details</b>
<b>Cathie Wyllie</b> Engagement Partner	The audit team is headed by Cathie Wyllie as engagement partner. Cathie is responsible for the overall delivery of our services to the Partnership and liaison with the audit committee.	Tel: 01382 594784 cbw@hendersonloggie.co.uk
<b>Margaret Richardson</b> Audit Director	Margaret is responsible for managing the day to day delivery of the audit.	Tel: 01382 594786 mar@hendersonloggie.co.uk
<b>Adrienne Borrows</b> Assistant Manager	Adrienne will be the main point of contact for financial statements audit work.	Tel: 01382 594768 aab@hendersonloggie.co.uk
<b>Irene Leiper</b> Administrator	Irene supports the team and will liaise with Partnership officers to organise papers for committees etc	Tel: 01382 594789 irenel@hendersonloggie.co.uk



## Appendix I – Documents reviewed

### *Audit Scotland and other Regulatory Guidance*

Planning guidance and year end guidance  
Code of Audit Practice  
Current Priorities and Risk Framework (PRF)  
Technical bulletins  
The SORP

### *Partnership Documents*

Current year budgets for revenue and capital  
Members' Code of Conduct  
Dispensation Note to Regional Transport Partnerships  
Standing Orders  
Vision and objectives  
Scheme of Delegation  
Financial Regulations  
Finalised Regional Transport Strategy  
Regional Transport Strategy: Sub-Strategies  
Draft Regional Transport Strategy Delivery Plan  
Various Human Resources Policies  
Equalities Scheme 2007-2010  
Travel Plan Strategy & Action Plan 2008/09  
Publication Scheme  
Previous years audited accounts  
Minutes of the Partnership

### *Previous Year's Audit Reports*

ISA 260 Report for 2007/08  
Report to Members and Controller of Audit for 2007/08

### *Other Bodies Reports*

Transport (Scotland) Act 2005  
Grant offer  
Various relevant minutes Perth & Kinross Council

