

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

12 SEPTEMBER 2017

2016/17 AUDITED ANNUAL ACCOUNTS

JOINT REPORT BY THE TREASURER AND DIRECTOR

This report presents the Partnership's 2016/17 Audited Annual Accounts (unsigned) in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

1 RECOMMENDATIONS

1.1 That the Partnership:

- (i) Notes the contents of KPMG's Draft Annual Audit report for the year ended 31 March 2017, as attached at Appendix 1;
- (ii) Approves the 2016/17 Audited Annual Accounts at Appendix 2 and authorises the Partnership Chair, Director and Treasurer to sign them accordingly.

2 BACKGROUND

- 2.1 Regional Transport Partnerships were required to submit their 2016/17 Unaudited Annual Accounts to the Controller of Audit by 30 June 2017, with Audited Annual Accounts to be submitted by 30 September 2017.
- 2.2 The Annual Accounts are prepared in accordance with the 2016 CIPFA Code of Practice on Local Authority Accounting (the Code). The Accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014.
- 2.3 The 2016/17 Unaudited Annual Accounts were approved for submission to the external auditor at the Partnership's meeting on 13 June 2017 (Report RTP/17/13 refers) and were formally submitted in line with the statutory deadline of 30 June 2017.
- 2.4 The Unaudited Annual Accounts were available for public inspection between 3 July and 21 July 2017 (inclusive). During this period KPMG received no objections to the draft Accounts.

3 DISCUSSION

- 3.1 The audit of the 2016/17 Annual Accounts took place between July and early September 2017. The audit considered not only the financial statements but also areas such as financial performance and corporate governance.
- 3.2 The Draft Annual Audit Report for the year ended 31 March 2017 is set out at Appendix 1. The Draft Audit Report sets out KPMG's opinions and conclusions on the overall audit and their findings to be reported under ISA260: Report to those Charged with Governance.
- 3.3 The key messages from the 2016/17 audit are set out under four themes on page 3 of Appendix 1 and are summarised as follows:

Audit Conclusions –

- Unqualified audit opinion on the 2016/17 financial statements of Tayside and Central Scotland Transport Partnership.
- There are no matters to highlight in respect of adjusted audit differences or independence.

Financial Position –

- Management considers it appropriate to adopt the going concern basis, as under the Transport (Scotland) Act 2005, the constituent local authorities have a legal obligation to meet all liabilities – the Auditors concur with this assessment.

Financial Management and Financial Sustainability –

- Tactran has effective financial management arrangements.
- Financial updates are provided each quarter to the Board which enables sound financial oversight.
- The ongoing review of the National Transport Strategy and emerging City Deals also create a degree of uncertainty in relation to the future role, strategic directions and operation of the Partnership.

Wider Scope –

- The ongoing review of the National Transport Strategy, due for completion in summer 2019, and emerging City Deals, may result in new approaches to transport planning nationally, regionally and locally.
- Discussions are underway to establish the most effective approaches to transport planning although, until these matters are progressed, there is likely to be continuing uncertainty regarding Tactran's future role and responsibilities.

- These developments and related uncertainties are also impacting upon senior staff succession planning, which may in turn have an impact on strategic direction and leadership.
- 3.4 The Draft Audited Accounts (unsigned) are attached at Appendix 2 to this report. As in previous years the Partnership's Balance Sheet as at 31 March 2017, was in a net liability position, due largely to the requirements of IAS 19 (retirement benefits). IAS 19 requires the full pension obligations to be recognised in the year they are earned. As reported in previous financial years, this technical accounting requirement has no impact on the underlying basis for meeting current and on-going pension liabilities which will be met, as they fall due, by contributions from constituent authorities. The constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the Partnership with funding to meet all liabilities as they fall due and, therefore, KPMG consider Tactran's actions in this regard to be reasonable.
- 3.5 At this time the 2016/17 Audited Annual Accounts remain unsigned. Approval of the Accounts at today's meeting will provide authorisation for the Chair, Director and Treasurer to sign them. Once signed the Accounts will be passed to KPMG so that they may issue their opinion in the form of an audit certificate. The final signed 2016/17 Accounts and Annual Audit Report for the year ended 31 March 2017 will be published on the Tactran website.

4 CONSULTATIONS

- 4.1 There has been no consultation in the preparation of this report.

5 RESOURCE AND EQUALITY IMPLICATIONS

- 5.1 There are no direct resource or equalities implications arising from this report.

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Treasurer

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Director

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NOTE

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:

Report to Partnership RTP/17/13, Draft Unaudited Annual Accounts for 2016/17, 13 June 2017