

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

25 SEPTEMBER 2018

2017/18 AUDITED ANNUAL ACCOUNTS

JOINT REPORT BY THE TREASURER AND DIRECTOR

This report presents the Partnership's 2017/18 Audited Annual Accounts (unsigned) in accordance with the Local Authority Accounts (Scotland) Regulations 2014.
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1 RECOMMENDATIONS

1.1 That the Partnership:

- (i) notes the contents of KPMG's Draft Annual Audit Report for the year ended 31 March 2018, as attached at Appendix 1;
- (ii) approves the 2017/18 Audited Annual Accounts at Appendix 2 and authorises the Partnership Chair, Director and Treasurer to sign them.

2 BACKGROUND

- 2.1 Regional Transport Partnerships were required to submit their 2017/18 Unaudited Annual Accounts to the Controller of Audit by 30 June 2018, with Audited Annual Accounts to be submitted by 30 September 2018.
- 2.2 The Annual Accounts are prepared in accordance with the 2017 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 2017/18 Unaudited Annual Accounts were approved for submission to the external auditor at the Partnership's meeting on 26 June 2018 (Report RTP/18/19 refers) and were formally submitted in line with the statutory deadline of 30 June 2018.
- 2.4 The Unaudited Annual Accounts were available for public inspection between 2 July and 20 July 2018 (inclusive). During this period KPMG received no objections to the draft Accounts.

3 DISCUSSION

- 3.1 The audit of the 2017/18 Annual Accounts took place between July and early September 2018. 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 2018 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 KPMG conclusions from the 2017/18 audit are set out on page 12 of Appendix 1 and include an unqualified opinion on the truth and fairness of the state of the Partnership's affairs as at 31 March 2018.
- 3.4 The key messages from the 2017/18 audit are set out under four themes on page 15 of Appendix 1 and are summarised as follows:
- Financial Sustainability –
- The risks arising from the ongoing review of the National Transport Strategy and emerging City Deal have sufficiently been discussed and considered by the Partnership.
- Financial Management –
- Tactran has appropriate processes in place to manage its finances and resources which aid effective financial planning and budget setting.
 - Tactran has appropriate financial oversight and capacity.
- Governance and Transparency –
- Tactran has appropriate governance arrangements in place for a partnership of its size, providing a framework for effective organisational decision making.
- Value for Money –
- Tactran has appropriate arrangements for using resources effectively and monitoring progress against the Regional Transport Strategy (RTS)
- 3.5 Following approval of the 2017/18 Unaudited Accounts by the Board, there were a number of presentational adjustments required during the audit process. These adjustments have no impact on the level of resources available to the Partnership. In addition there was an adjustment to the Pension Fund valuation that is set out below.
- 3.6 Every financial year, public sector bodies arrange for a report to be received from their actuary which gives a valuation of the pension scheme in accordance with International Accounting Standard 19 (IAS19). The information in the report is used to populate sections of the financial statements. The valuation is as at 31 March each year but, in practice, actuaries often perform the valuation at an earlier date and project forward to 31 March. To ensure that there is no material difference between the projected valuations and the actual valuations, each year Audit Scotland undertake a reasonableness check of the values in the financial statements. In previous years, the differences between projected and actual values have been small and below levels

of materiality so no adjustment was required. However, this year, due to a higher degree of fluctuations in the stock market, large differences were noted for most public sector bodies and this resulted in late changes to the financial statements of organisations throughout the UK.

3.7 To comply with International Standards on Auditing, and to allow certification that the Accounts of public sector bodies present a true and fair view, all auditors have requested the following from their clients:

- An updated actuarial report which gives the actual valuations of the pension fund at 31 March 2018.
- Where adjustments are above the level of materiality, amended Accounts to be submitted for audit to reflect the values in the updated actuarial report.

3.8 Tactran received an updated actuarial report on 24 August 2018. This report indicated that the valuation of the scheme assets was reduced by £25,000 from £2,305,638 to £2,280,621 and the Accounts were amended accordingly. The main areas of the Accounts impacted by this adjustment are the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Pensions Note. In addition to this, the figures in the narrative sections of the accounts have been updated to agree with the actuarial report.

3.9 At this time the 2017/18 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 2017/18 Accounts and Annual Audit Report for the year ended 31 March 2018 will be published on the Tactran website. The Treasurer will also be authorised to sign the Letter of Representation as detailed in Appendix 3.

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.

Scott Walker
Treasurer

Tom Flanagan
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/18/19, Draft Unaudited Annual Accounts for 2017/18, 26 June 2018