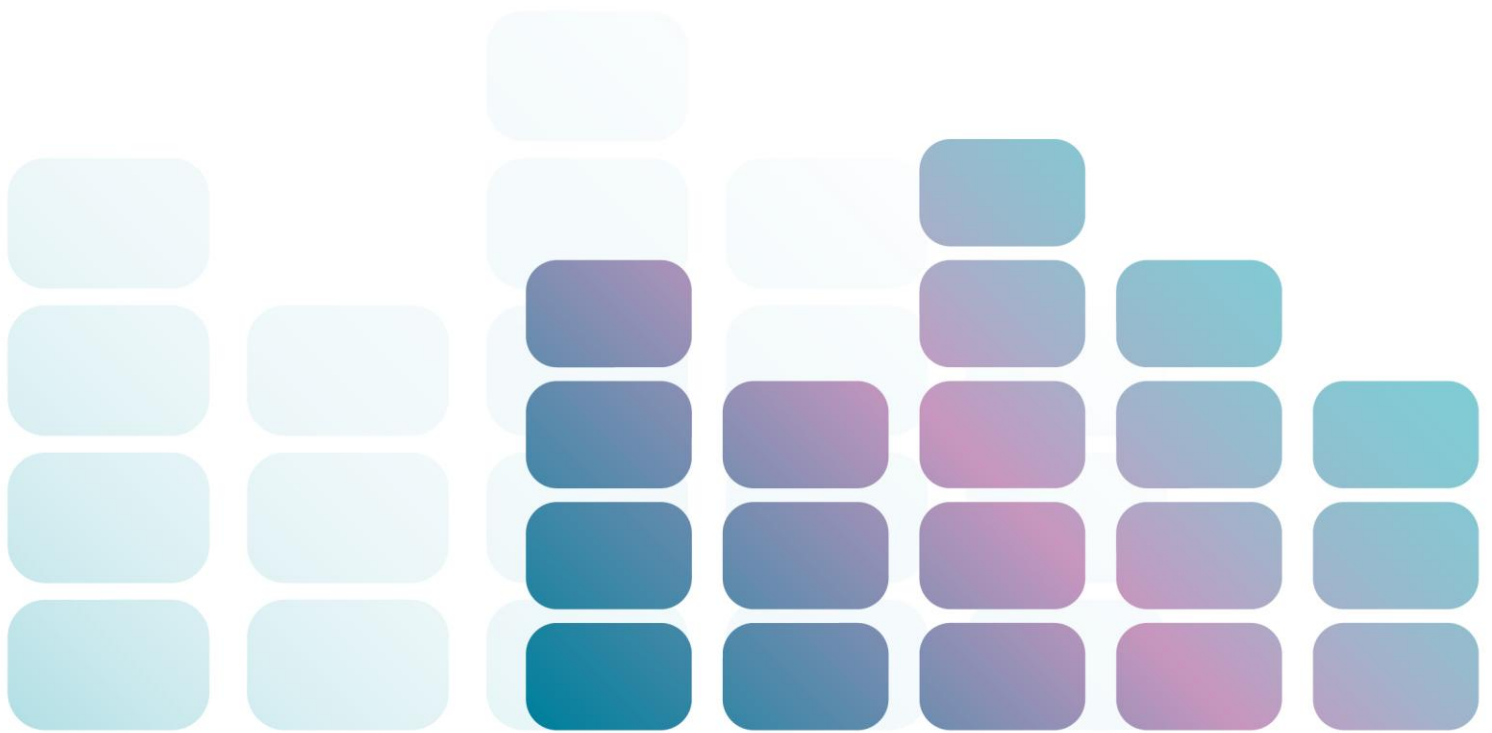


# Tay Road Bridge Joint Board

2024/25 Annual Audit Report



Prepared for Tay Road Bridge Joint Board and the Controller of Audit  
December 2025

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# Key messages

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## Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.

## Financial Sustainability and Best Value audit

- 2 As only single year financial settlements have been provided by Transport Scotland, there continues to be uncertainty over the level of revenue funding for future years, and a risk that the funding required to deliver future capital projects may not be available. This uncertainty over future funding levels presents a risk to the longer-term financial sustainability of the Joint Board. Management continues to engage with Transport Scotland to obtain clarity over the likely level of funding available for future years.
- 3 The Joint Board has effective and appropriate arrangements in place for securing Best Value.

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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Tay Road Bridge Joint Board's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Tay Road Bridge Joint Board hereafter referred to as 'the Joint Board' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Fiona Owens, of Audit Scotland, has been appointed as external auditor of the Joint Board for the period from 2024/25 until 2026/27. As reported in the Annual Audit Plan, Fiona Owens as engagement lead and the audit team are independent of the Joint Board in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the Joint Board, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank the Joint Board and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the three-year audit appointment.

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# Audit scope and responsibilities

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## Scope of the audit

**5.** The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Concluding on the financial sustainability of the Joint Board and a review of the Annual Governance Statement.
- Reporting on the Joint Board's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

## Responsibilities and reporting

**6.** The Code of Audit Practice sets out the respective responsibilities of the Joint Board and the auditor. A summary of the key responsibilities is outlined below.

### Auditor's responsibilities

**7.** The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the Joint Board's arrangements in place for the wider scope areas and Best Value.

**8.** The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the Joint Board from its responsibilities outlined below.

**9.** The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

### **The Joint Board's responsibilities**

**10.** The Joint Board has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

### **National and performance audit reporting**

**11.** The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the Joint Board. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

# Audit of the annual accounts

## Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

## Audit opinions on the annual accounts

**12.** The Joint Board's annual accounts were approved by the Joint Board on 1 December 2025 and certified by the appointed auditor on the same day. The Independent Auditor's Report is included in the Joint Board's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## Audit timetable

**13.** The unaudited annual accounts and all working papers were received on 25 June 2025 in accordance with the agreed audit timetable.

## Audit Fee

**14.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £16,160. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

## Materiality

**15.** The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

**16.** Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

**17.** Materiality levels for the Joint Board were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality

levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

**Exhibit 1**  
**2024/25 Materiality levels for Tay Road Bridge Joint Board**

Materiality	Amount
<b>Materiality</b> – set at 2% of Net Assets	£1.422 million
<b>Performance materiality</b> – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£1.066 million
<b>Reporting threshold</b> – set at 5% of materiality.	£0.070 million

Source: Audit Scotland

**Significant findings and key audit matters**

**18.** ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which is the Joint Board.

**19.** The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

**20.** In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

**21.** The significant findings and key audit matters to report are outlined in [Exhibit 2](#).



**Exhibit 2**  
**Significant findings and key audit matters**

Significant findings and key audit matters	Outcome
<p><b>Application of depreciation to land and buildings valuations</b></p> <p>The Code of Practice on Local Authority Accounting (the Code) requires that carrying amount of an item of property, plant and equipment should reflect its current value. The current value measurement basis for operational land and buildings (OLB) is an existing use value where an active market for the asset exists.</p> <p>In order to meet Code requirements, the Joint Board operates a five-year programme of valuations.</p> <p>Although the Joint Board’s OLB was not formally revalued in 2024/25, the Joint Board engaged a property valuer to provide advice on valuations for land and buildings as at 31 March 2025. The property valuer concluded that there had been no significant movement in the valuation of OLB.</p> <p>We reviewed the Joint Board’s asset register to confirm that the asset values accurately reflected the opinion of the property valuer. This identified that for two assets the annual depreciation charge had not been written back when applying the valuation as at 31 March 2025 resulting in the value of Property, Plant and Equipment being understated by £0.076 million.</p>	<p>As this is below our materiality level, management opted not to amend the accounts for this item and this is reported as an unadjusted misstatement in the audited 2024/25 annual accounts.</p>

Source: Audit Scotland

**Qualitative aspects of accounting practices**

**22.** ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the Joint Board’s accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

**Accounting policies**

**23.** The appropriateness of accounting policies adopted by the Joint Board was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Joint Board, and there were no

significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

### Accounting estimates

**24.** Accounting estimates are used in number of areas in the Joint Board's financial statements, including the valuation of land and buildings assets and the valuation of the pension asset/liability. Audit work considered the process management of the Joint Board has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

### Disclosures in the financial statements

**25.** The adequacy of disclosures in the financial statements was assessed as part of the audit and these were found to be generally appropriate.

### Significant matters discussed with management

**26.** All significant matters identified during the audit and discussed with the Joint Board's management have been reported in the Annual Audit Report.

### Audit adjustments

**27.** No audit adjustments were required to the financial statements greater than the reporting threshold of £0.070 million.

**28.** We identified one misstatement which was not corrected by management in the audited accounts, as noted in [Exhibit 2](#). The net impact of this would have been to decrease net expenditure in the comprehensive income and expenditure statement for the year ended 31 March 2025 by £0.076 million, with a corresponding increase in net assets as at 31 March 2025 of £0.076 million in the balance sheet.

**29.** The value, nature, and circumstances of the uncorrected misstatement were considered by the audit team, and it was concluded this was not material to the financial statements. As a result, this did not have any impact on the audit opinions given in the Independent Auditor's Report.

**30.** It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material. Management of the Joint Board have not processed any audit adjustments to correct this misstatement. However, the final decision on

whether an audit adjustment is processed to correct a misstatement rests with the Joint Board as those charged with governance.

## Whole of Government Accounts (WGA) return

**31.** The Joint Board is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. The Joint Board was below this threshold and therefore only limited audit procedures were required, and submission of an assurance statement to the NAO.

## Significant risks of material misstatement identified in the Annual Audit Plan

**32.** Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

### Exhibit 3

#### Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</li> <li>• Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over journal processing were appropriate.</li> <li>• No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.</li> <li>• No significant issues were identified from testing of journal entries.</li> <li>• No significant issues were identified from transactions outside the normal course of business.</li> </ul>

- Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.
  - Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.
  - The controls in place for identifying and disclosing related party relationships and transactions were adequate.
  - No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias.
- Conclusion:** no evidence of fraud caused by management override of controls.

Source: Audit Scotland

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## Prior year recommendations

**33.** The Joint Board has made some progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the Joint Board and are outlined in [Appendix 1](#).

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# Financial Sustainability and Best Value audit

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## Conclusion

As only single year financial settlements have been provided by Transport Scotland, there continues to be uncertainty over the level of revenue funding for future years, and a risk that the funding required to deliver future capital projects may not be available. This uncertainty over future funding levels presents a risk to the longer-term financial sustainability of the Joint Board. Management continues to engage with Transport Scotland to obtain clarity over the likely level of funding available for future years.

The Joint Board has effective and appropriate arrangements in place for securing Best Value.

## Audit approach to wider scope and Best Value

### Wider scope

**34.** The Annual Audit Plan reported the Joint Board was considered to be a less complex Joint Board for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the Joint Board.

### Best Value

**35.** Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited Joint Board has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973, which the Joint Board does.

**36.** Consideration of the arrangements the Joint Board has in place to secure Best Value have been carried out alongside the wider scope audit.

## Conclusions on Financial Sustainability

**37.** The audit work performed on the arrangements the Joint Board has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced as set out in the remainder of this section.

**38.** The Joint Board approves its annual revenue and capital budget prior to start of the financial year, and regular revenue and capital 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 by both Strategic Objective and expenditure type. 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.

## Revenue Budget

**39.** The Joint Board agreed a revenue budget for 2024/25 of £2.053 million in March 2024. This was based on receipt of Resource Grant from the Scottish Government of £1.830 million and other income of £0.015 million. This resulted in a forecast deficit for the year of £0.208 million to be met from the general reserve. The actual outturn for the year was a reduced deficit of £0.108 million, largely as a result of lower than anticipated expenditure on salary costs due to vacancies and restructuring. This resulted in the general reserve balance decreasing from £1.161 million at 31 March 2024 to £1.053 million at 31 March 2025.

**40.** In December 2024, the Joint Board agreed a revenue budget for 2025/26 of £2.084 million. The budget projected a break-even position based on the anticipated receipt of a Resource Grant from the Scottish Government of £2.065 million and other income of £0.019 million.

**41.** Alongside the 2025/26 revenue budget approved in December 2024, the Joint Board has also approved indicative revenue budgets for 2026/27 and 2027/28 financial years. These forecast break-even positions are based on indicative discussions with Transport Scotland however, there is no guarantee that the required level of funding will be made available in future years.

## Capital Budget

**42.** A 2024/25 capital budget of £6.500 million was approved by the Joint Board in December 2023, to be funded by Scottish Government capital grant. The budget was subsequently revised to £6.305 million, most of this relating to carriageway resurfacing of £5.759 million. Actual capital expenditure for 2024/25 of £6.191 million was broadly in line with budget.

**43.** The 2025/26 to 2027/28 capital programme, approved in December 2024, included capital expenditure of £21.380 million over the 3 year period, with activity totalling £7.575 million planned for 2025/26. This level of planned expenditure was based on indicative discussions with Transport Scotland, but at this stage final agreement of grant funding for 2025/26 had not been confirmed. Confirmation was received from Transport Scotland on 27 March 2025 that the capital grant offer for 2025/26 was £7.575 million as per plan.

## Financial Outlook

**44.** As only single year financial settlements for both revenue and capital have been provided by Transport Scotland, there continues to be uncertainty over the level of revenue funding available for future years, and a risk that the funding required to deliver future capital projects may not be available. This uncertainty over future funding levels presents a risk to the longer-term financial sustainability of the Joint Board. Management continues to engage with Transport Scotland to obtain clarity over the likely level of funding available for future years and to ensure that the funding for the completion of essential capital projects is prioritised.

**45.** The Joint Board reviews the level of its uncommitted reserves when setting the budget each year. The approved reserves strategy specifies that the minimum uncommitted reserves should be maintained at £1 million. As at 31 March 2025, the Joint Board's General Fund balance stood at £1.053 million, a reduction of £0.108 million in the year, but slightly above the agreed minimum level.

## Governance Statement

**46.** 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.

**47.** Our review of the Annual Governance Statement in the Joint Board's 2024/25 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.

**48.** The Joint Board's Improvement Agenda for 2024/25 included 7 actions. Of these, only 3 were completed during the year. The remaining 4 have been carried forward to the improvement agenda for 2025/26. This includes 1 action relating to a review of HR policies which was previously carried forward from 2022/23.

**49.** We also commented on the level of outstanding actions in the Joint Board's Improvement Agenda in our 2023/24 Annual Audit Report. Although the outstanding actions carried forward has reduced this year, management should ensure that planned improvement actions are timeously implemented.

### Recommendation 1

#### Planned improvement agenda

Management should ensure the planned improvement actions carried forward from prior years are actioned and concluded during 2025/26.

## Conclusion on Best Value

**50.** The audit work performed on the arrangements the Joint Board has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced as set out in the remainder of this section.

**51.** The Joint Board approved a Strategic Plan 2025 – 2030 in March 2025. The strategic plan sets out the Mission, Values and Strategic Goals, with a clear set of Key Performance Indicators (KPIs) against which achievement of these goals can be measured.

**52.** The management commentary in the 2024/25 annual accounts provided a fair, balanced and reasonable analysis of the organisation's performance for the year including reporting of KPIs.



# Appendix 1

## Action plan 2024/25

### 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>Improvement activity</b></p> <p>The 2025/26 improvement agenda in the Annual Governance Statement includes 4 items which have been carried forward from prior years.</p> <p><b>Risk: Identified improvement actions are not being implemented timeously.</b></p>	<p>Management should ensure the planned improvement actions carried forward from prior years are actioned and concluded during 2025/26.</p>	<p>All prior year items to be completed during 2025/26.</p> <p><b>Responsible officer:</b> Bridge Manager</p> <p><b>Agreed date:</b> 31 March 2026</p>

### Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>PY1. Future revenue and capital funding</b></p> <p>There is uncertainty over the level of revenue funding for future years, and a risk that the funding required to deliver future capital projects may not be available.</p> <p><b>Risk: The uncertainty over future funding levels presents a risk to the longer-term financial sustainability of the Joint Board.</b></p>	<p>Management should continue to engage with Transport Scotland to obtain clarity over the likely level of funding available for future years, and an early indication of the revenue and capital grant levels for 2024/25. The Joint Board should consider the response provided by Transport Scotland when setting the provisional 2024/25 revenue budget and 3-year capital plan in December 2024.</p> <p><b>Responsible officer:</b> Treasurer</p> <p><b>Agreed date:</b> 31 March 2024</p>	<p><b>Closed</b></p> <p>Management has engaged with and continues to engage with Transport Scotland on the levels of revenue funding available for future years. It is normal practice that Transport Scotland provides the financial settlements on an annual basis to the Joint Board.</p>

# Appendix 2

## Supporting national and performance audit reports

Report name	Date published
<a href="#">Local government budgets 2024/25</a>	15 May 2024
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">Integration Joint Boards: Finance and performance 2024</a>	25 July 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Transformation in councils</a>	1 October 2024
<a href="#">Alcohol and drug services</a>	31 October 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">NHS in Scotland 2024: Finance and performance</a>	3 December 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Local government in Scotland: Financial bulletin 2023/24</a>	28 January 2025
<a href="#">Transparency, transformation and the sustainability of council services</a>	28 January 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study</a>	20 February 2025
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Integration Joint Boards: Finance bulletin 2023/24</a>	6 March 2025
<a href="#">Integration Joint Boards finances continue to be precarious</a>	6 March 2025
<a href="#">General practise: Progress since the 2018 General Medical Services contract</a>	27 March 2025
<a href="#">Council Tax rises in Scotland</a>	28 March 2025

# Tay Road Bridge Joint Board

## 2024/25 Annual Audit Report



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