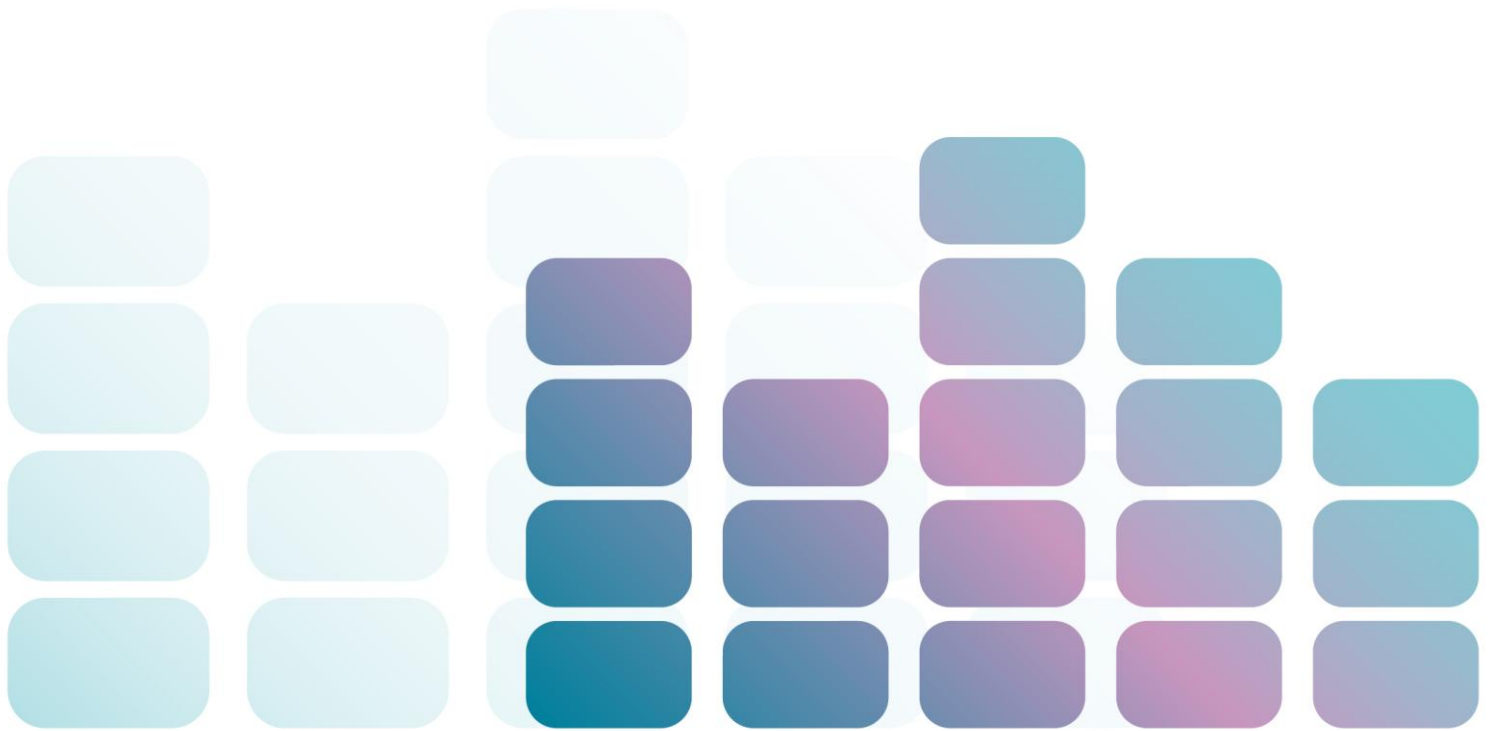


Tayside and Central Scotland Transport Partnership

2024/25 Annual Audit Report



Prepared for Tayside and Central Scotland Transport Partnership and the Controller of
Audit

December 2025

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Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by Tayside and Central Scotland Transport Partnership (Tactran).

Financial Sustainability and Best Value audit

- 3 Tactran has effective and appropriate arrangements in place for securing financial sustainability.
 - 4 Income exceeded expenditure by £152,000 in 2024/25 which has been transferred to Tactran's reserves. General Fund Reserves of £249,000 are held at 31 March 2025.
 - 5 We have concluded that there is no risk to Tactran's financial sustainability in the short-term. The 2025/26 core revenue budget has been set at £521,000, to be funded by £103,000 of local authority requisitions and £418,000 of Scottish Government Grant-in-Aid funding. Tactran will also receive an additional £2.3 million grant funding directly from Transport Scotland in 2025/26 for Active and Sustainable Travel Behaviour Change initiatives.
 - 6 A medium-term financial plan (MTFP) for the period 2026/27 to 2030/31 was approved by the Partnership Board at its March 2025 meeting. The MTFP's balanced scenario, shows a positive but decreasing surplus for each of the five years, subject to the continuation of staff recharging.
 - 7 Tactran has effective and appropriate arrangements in place for securing Best Value.
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Introduction

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 Tactran's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Tactran, hereafter referred to as 'the body' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. David Jamieson (CPFA), of Audit Scotland, has been appointed as external auditor of the body for 2024/25. As reported in the Annual Audit Plan, David Jamieson (CPFA) and the audit team are independent of the body 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 body, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the body 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 five-year audit appointment.

Audit scope and responsibilities

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 body and a review of the Annual Governance Statement.
- Reporting on the body'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 body 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 body'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 body from its responsibilities outlined below.

The body's responsibilities

9. The body 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

10. 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 body and the Partnership Board. Details of national and performance audit reports published over the last year can be seen in [Appendix 1](#).

Audit of the annual accounts

Main judgements

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

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the body.

Audit opinions on the annual accounts

11. The body's annual accounts were approved by the Partnership Board on 16 December 2025 and certified by the appointed auditor on 16 December 2025. The Independent Auditor's Report is included in the body's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

12. The unaudited annual accounts and all working papers were received on 20 June 2025 in accordance with the agreed audit timetable.

Audit Fee

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £14,065. 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

14. 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.

15. 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.

16. Materiality levels for the body 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 accounts as shown in [Exhibit 1](#)].

Exhibit 1
2024/25 Materiality levels for Tactran

Materiality	Amount
Materiality – set at 2% of gross expenditure	£50,000
Performance materiality – 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.	£37,000
Reporting threshold – set at 5% of materiality.	£2,500

Source: Audit Scotland

Significant findings and key audit matters

17. ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which for the body is the Partnership Board.

18. 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.

19. 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.

20. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

21. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

22. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, 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

23. Accounting estimates are used in number of areas in the body's financial statements, including the valuation of the pension liability. Audit work considered the process management of the body 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.

24. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to an area of audit focus are outlined in [Exhibit 2](#).

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as valuation of the pension liability.

Significant matters discussed with management

26. All significant matters identified during the audit and discussed with Tactran'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 £2,500. There are no uncorrected misstatements to report.

Significant risks of material misstatement identified in the Annual Audit Plan

28. 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 2](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</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"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. • Substantively test a sample of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Substantively test a sample of significant accounting accruals and prepayments. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design of controls over journal processing were appropriate and these were implemented as intended. • No inappropriate or unusual activity relating to the processing of journal entries. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • 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 no evidence of management bias. • No significant issues identified through substantive testing of year-end income and expenditure transactions, and all were accounted for in the correct financial year. • No significant issues were identified through substantive testing of accruals and prepayments. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Estimation of the pension liability</p> <p>The body had a pension liability of £NIL at 31 March 2025.</p> <p>The body is a member of LGPS, which is a defined benefit pension scheme. LGPS is subject to formal valuation every three years, and this sets out each member's share of the scheme's overall pension liability and contributions for the next three years. The last formal valuation was carried out at 31 March 2023.</p> <p>An estimation of the body's share of the overall pension liability is required in each intervening year between formal valuations, and these are carried out by Barnett Waddingham. There is a significant degree of subjectivity in the estimation of the pension liability as the estimation is based on specialist assumptions, and changes in the assumptions can result in material changes to the estimation.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Assess the scope, independence and competence of the professional actuary engaged to provide these estimates. Review the appropriateness of the actuarial assumptions and results, including comparison with other local government bodies. Establish officers' arrangements for ensuring the reasonableness of the professional estimates and accuracy of the information provided to the actuary. <p>Audit Scotland uses PwC as an auditor's expert to inform the planned audit procedures outlined above. Therefore, the audit team will also review the information provided by PwC and reflect this in the planned audit procedures where required.</p>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> Reviewed the scope of the actuary's work and concluded the actuary had sufficient competence and independence to perform their work. The data and assumptions used in the estimation process were appropriate. Management have appropriate arrangements in place over reasonableness of actuary estimates and have an appropriate level of oversight. The information provided to the actuary was accurate and complete. The information provided by PwC was reviewed and this reflected in the planned audit procedures, where required. <p>Conclusion: the estimation of the pension liability is not materially misstated.</p>

Prior year recommendations

29. There were no improvement actions raised in our 2023/24 Annual Audit Report.

Financial Sustainability and Best Value audit

Conclusion

Income exceeded expenditure by £152,000 in 2024/25 which has been transferred to reserves. General Fund Reserves of £249,000 are held at 31 March 2025.

A five medium-term financial plan (MTFP) for the period 2026/27 to 2030/31 was approved by the Partnership Board at its March 2025 meeting. The MTFP's balanced scenario, shows a positive but decreasing surplus for each of the five years. An update on the MTFP was presented to the Partnership Board meeting in September 2025.

There is no risk to Tactran's financial sustainability in the short term with additional funding of £2.3million secured for Active Travel Behavioural Change projects in 2025/26 and the continuation of staff recharging in 2025/26.

Annual Governance Statement disclosures are appropriate.

Tactran has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

30. The Annual Audit Plan reported the body was considered to be a less complex body 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 body.

Best Value

31. Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body 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 body does.

32. Consideration of the arrangements the body has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

33. The audit work performed on the arrangements the body has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by Tactran:

- making appropriate arrangement to develop medium and longer-term financial plans.
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.
- having savings plans in place to manage forecast budget deficits, and a reserves strategy in place to manage the use of reserves if the required level of savings cannot be met.

Tactran reported a year end surplus of £152,000 for 2024/25

34. Tactran reported a year end surplus of £152,000 for 2024/25 against a planned use of reserves of £86,000 resulting in an underspend against budget of £238,000. Significant variances against budget included:

- £77,000 underspend on Active Travel Grant which was earmarked for spend by June 2025;
- £59,000 underspend on the Regional Transport Strategy (RTS);
- £29,000 underspend on the Tay Cities Local Rail Development Detailed Appraisal which is now programmed for completion in June 2025; and
- £43,000 additional interest income received in 2024/25.
- £60,000 of staff costs were recharged in 2024/25.

35. The surplus was added to reserves. General Fund Reserves of £248,856 are held at 31 March 2025 consisting of Core reserves of £32,613, RTS reserves of £138,646 and Active Travel reserves £77,597. This is in accordance with the reserves policy which requires that the Core reserve (uncommitted balance) is maintained at between 3-5% of the Core gross expenditure budget (5.0% 2024/25).

We have concluded that there is no risk to Tactran's financial sustainability in the short-term

36. The 2025/26 core revenue budget has been set at £521,000. This is to be funded by £103,000 of local authority requisitions and £418,000 of Scottish Government Grant-in-Aid funding.

37. Scottish Government will award Grant in Aid of up to £497,000 for 2025/26, leaving a balance of £79,000 Grant in Aid available to support RTS implementation. This will be supplemented with underspends from the 2024/25 Revenue programme budget resulting in a provisional 2025/26 RTS Programme budget of £176,000.

38. An RTS Delivery Plan has been developed and was presented to the Board in March 2025. This provides a breakdown of resources required to fulfil the objectives within the RTS. Further updates will be provided every 6 months, which will work alongside the medium-term financial plan.

39. An annual Delivery Progress Report on the RTS Delivery Plan was presented to the Partnership Board in September 2025. Clear progress against objectives is noted in the report however officers acknowledge that work is required to close the gap between delivery and likely achievement of targets/outcomes. Officers have also confirmed that key challenges to progress include staffing shortages relating to Strategy and insufficient projects aligned with RTS objectives. We will continue to monitor Tactran's progress against delivery of the RTS in 2025/26.

40. Tactran has also secured additional funding of £2.3 million from Transport Scotland for Active Travel Behaviour Change projects across the Tactran region in 2025/26. The 2025/26 programme is proposed as three 'funds': a community fund, focused on locally delivered projects; a place fund, focused on priority interventions at a locality level; and a regional fund, focused on complex and multi-authority projects. Part of the funding will be used to ensure that Tactran has the resources to manage and deliver these projects.

41. We have concluded that there is no risk to Tactran's financial sustainability in the short-term but note that securing sufficient additional funding to deliver on its priorities and outcomes will become increasingly challenging as the public sector faces continuing financial pressures.

A 5 year medium-term financial plan was approved by the Partnership Board in March 2025

42. In 2023/24 we reported that a medium-term financial plan (MTFP) had been developed for approval at the Partnership Board meeting.

43. The MTFP focuses on Core budgeted income and expenditure, providing 3 scenarios; balanced, optimistic and pessimistic. The projections show a positive but decreasing surplus in the balanced scenario, an increasing surplus in the optimistic scenario, and a

decreasing surplus transitioning into a deficit in the pessimistic scenario. The Partnership Board has viewed the balanced scenario as most appropriate for Tactran. All scenarios, include the recharge of staff time (2 full time equivalent (FTE)) to various projects and delivery partners, the absence of which would result in an increasing annual deficit across all scenarios.

44. Tactran's ability to recharge staff costs is agreed annually. Officers have confirmed that the recharge has been agreed for 2025/26 and that there is appropriate ongoing discussion relating to future funding arrangements.

Annual Governance Statement disclosures are appropriate

45. As part of our 2024/25 audit, we reviewed the disclosures included in the Annual Governance Statement and concluded that they are consistent with the financial statements and comply with the guidance issued by Scottish Ministers.

Conclusion on Best Value

46. The audit work performed on the arrangements the body has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- Detailed progress reports and reviews of the Regional Transport Strategy objectives to ensure appropriate use of Tactran's funding and reserves.
- The Partnership board requiring regular updates on budget and monitoring, and the performance across grant schemes and all reserves.
- The arrangements Tactran has in place to secure financial sustainability which help ensure the effective use of available resources, including the development of the medium-term financial plan.
- Progress Tactran is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Appendix 1

Supporting national and performance audit reports

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

Tayside and Central Scotland Transport Partnership

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