



HENDERSON LOGGIE

**Tayside and Central Scotland Transport  
Partnership: Tactran**

**Report to Members and the  
Controller of Audit**

**2007/2008**

**External Audit Report No: 2008/03**

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# Executive Summary

## 1.1 Financial

- 1.1.1 The audit of the 2007/08 financial statements has been completed within the timescale advised by Audit Scotland. Our opinion on the financial statements is unqualified. The financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of the Partnership and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. A nil surplus / nil deficit position was achieved in compliance with The Transport (Scotland) Act 2005.
- 1.1.2 On 18 August 2008 we issued to the Chair of the Partnership Board, Partnership Director and Treasurer our audit report number 2008/02, *Report to those charged with Governance on the Audit of Tactran 2007/08*. The report provides audit comment on the key issues and audit opinion arising from the audit of the financial statements and of Tactran's system of internal control.
- 1.1.3 As reported last year, the financial system adopted to date is based on a simple spreadsheet approach recording income and expenditure on a cash accounting basis. An enhanced financial system should be considered for future years as the Partnership evolves. Accounting adjustments were required as a result of the audit.

- 1.1.4 The final reported outturn in the 2007/08 financial statements shows an underspend of £0.162 million in relation to Roads and Transport. There was a reduction of £0.300 million in budgeted capital funding from the Scottish Government for transport projects however this was partly offset by utilising other funds and as a result the final outturn in the 2007/08 financial statements shows an overspend of £0.264 million on Grants for Capital Expenditure.
- 1.1.5 Tactran accounts for a defined benefit pension scheme and at 31 March 2008 the excess of liabilities over assets, as advised by the scheme Actuary, amounted to £0.239 million (31 March 2007: £0.261 million).

## 1.2 Governance

- 1.2.1 The 10 Councillor Members of the Partnership are drawn from the four Constituent Councils. As a result of the May 2007 elections nine of the 10 Councillor Members were replaced with new Councillors. In August 2007 induction training was delivered to Board members by the Partnership Director, Secretary and Treasurer.
- 1.2.2 The Tactran Board also has a maximum of five non-Councillor members. At the year-end only four non-Councillor members were in post following the resignation of the Health sector representative in January 2008 although this vacancy was filled subsequent to the year-end. In January 2008 the Partnership agreed to extend the initial two-year appointments of three non-Councillor members for a further two year period, subject to satisfactory appraisal by the Chair. The extension was approved and endorsed by Scottish Government in June 2008.



# Executive Summary

## 1.2 Governance (Cont'd)

- 1.2.3 During the year the Partnership continued to develop its corporate governance documentation and policies.
- 1.2.4 Support services, including internal audit, have been provided by Perth & Kinross Council. A Service Level Agreement (SLA) is currently in place with the Council for payroll services. SLAs for other services provided to Tactran are currently being developed in conjunction with relevant Council departments and it is intended that these will all be in place by 31 December 2008.

## 1.3 Performance

- 1.3.1 The primary statutory responsibility and focus for the year continued to be the development of the Regional Transport Strategy (RTS). In January 2008 the Cabinet Secretary for Finance and Sustainable Growth requested that all Regional Transport Partnerships' (RTPs) review their submitted Strategies, by removing all specified Interventions and schemes from the Core Strategy documents and placing these in separate Delivery Plans. Tactran submitted its revised Strategy to Scottish Government officials in May 2008 and this was approved by the Scottish Government on 24 June 2008.

- 1.3.2 An Indicative Delivery Plan was submitted to Government officials in April 2007. Work is underway redefining the Delivery Plan, in light of the new Scottish Government / Local Government Concordat and Government Spending Review, which resulted in former RTP Capital Grant, which is not now ring-fenced, being allocated directly to Constituent Councils from 1 April 2008.
- 1.3.3 A Travel Plan Strategy and Action Plan was approved by the Tactran Board and Scottish Government officials in February 2007 and since that time significant progress has been made in this area.
- 1.3.4 Ongoing performance management is undertaken via a framework that involves Tactran officers and members of the Partnership Board. Regular progress updates in relation to the RTS and Travel Plan Strategy, Revenue and Capital Programmes, and other matters of relevance to the role and operation of the Partnership are provided at meetings of the Partnership Board.

## 1.4 Acknowledgement

- 1.4.1 Our audit for this year has brought us in contact with Tactran staff and accountants from Perth & Kinross Council assigned to facilitate the accounts preparation. We would like to take this opportunity to place on record our appreciation of the co-operation and assistance extended to us by staff in the discharge of our duties.



# Introduction

## 2.1 Introduction

- 2.1.1 We are pleased to submit our second annual report covering significant matters arising during the course of our audit of Tayside and Central Scotland Transport Partnership (Tactran) for the year ended 31 March 2008.
- 2.1.2 The framework under which we operate under appointment by Audit Scotland and the audit scope is as outlined in our *Risk Assessment, Annual Audit Plan and Fee Proposal 2007/08* (Report 2008/01, issued as final on 22 January 2008). The respective responsibilities of Partnership Board members and auditors are set out in Appendix I to this report.
- 2.1.3 Broadly the scope of our audit was to:
- provide an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission;
  - review and report on Tactran's corporate governance arrangements in relation to systems of internal financial control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and Tactran's financial position; and
  - review and report on Tactran's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources and in securing Best Value.

- 2.1.4 Our audit approach focused on the identification of strategic business risks and operational and financial risks impacting on the Partnership.

## 2.2 Basis of Information

- 2.2.1 External auditors do not act as a substitute for Tactran's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used efficiently, economically and effectively.
- 2.2.2 We have raised a number of issues during the course of our audit, including matters highlighted in our *Report to those charged with Governance on the Audit of Tactran 2007/08*. The main points from our reports are summarised in this report.
- 2.2.3 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 Tactran and Perth & Kinross Council. Except to the extent necessary for the purposes of the audit, this information has not been independently verified.
- 2.2.4 We take this opportunity to remind you that this report is prepared for the sole use of Tactran and the Tactran Board and will be shared with the Accounts Commission and 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.





## 3.1 Audit Completion and ISA 260 Report

- 3.1.1 The target date for submission of the 2007/08 audited financial statements of Tactran was 30 September 2008. We are pleased to report that the target date for the audit completion and certification of the annual financial statements was met.
- 3.1.2 In accordance with International Standard on Auditing (ISA 260) we issued our *Report to those charged with Governance on the Audit of Tactran 2007/08* (Report 2008/02 issued on 18 August 2008) which was issued to the Chair of the Partnership Board, Partnership Director and Treasurer. This report included our proposed audit certificate and detailed the agreed adjustments to the draft accounts arising from our audit.

## 3.2 Accounts Certification

- 3.2.1 On 25 August 2008 we issued our audit report expressing an unqualified opinion on the financial statements of Tactran for the year ended 31 March 2008. We set out below a summary of the audit certification issues:
- ❑ the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of Tayside and Central Scotland Transport Partnership as at 31 March 2008 and its income and expenditure for the year then ended;

- ❑ the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973; and
- ❑ the Statement on the System of Internal Financial Control reflects compliance with the SORP. We were not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of Tactran's corporate governance or risk and control procedures.

## 3.3 Financial Position

- 3.3.1 The Transport (Scotland) Act 2005 requires Constituent Councils to meet RTPs net expenses for the financial year. This means that the expenditure of RTPs will always be equal to income in any year, and accordingly they cannot make an in-year surplus or deficit.
- 3.3.2 For 2007/08, following appropriate year-end adjustments, Tactran recorded a nil surplus, nil deficit position.



## 3.4 Financial Performance

- 3.4.1 For 2007/08 Tactran had an overall budget of £5.440 million made up of a Core Revenue Budget of £0.420 million, specific revenue funding of £0.414 million and capital grant funding for specific transport projects of £4.606 million. The budgeted core revenue funding comprised of £0.210 million from the Scottish Government, £0.200 million from the four Constituent Councils in proportional amounts and other income of £0.010 million brought forward from 2006/07. The Scottish Government fully funded the specific revenue and transport projects grants. The budget for transport projects noted above includes £0.813 million carried forward from 2006/07 and reflects an agreed saving of £0.300 million formally advised to Tactran by the Scottish Ministers in April 2008.
- 3.4.2 Financial performance can be measured against the financial budget set by the Tactran Board for 2007/08. In this regard the final reported outturn in the 2007/08 financial statements shows an underspend of £0.162 million in relation to Roads and Transport. This was mainly due to a delay in filling vacant posts and reduced expenditure on the RTS and Transitional budget, which was partly offset by a reduction of £0.060 million in core revenue funding requested from the Scottish Government.
- 3.4.3 Following agreement with Scottish Government officials, the reduction of £0.300 million in capital funding from the Scottish Government for transport projects was partly offset by utilising the underspend on the RTS grant; Feasibility Studies income brought forward from 2006/07; and interest on revenue balances, which was higher than expected at £0.134 million due to slippage on the programme of works delivered by the four Constituent Councils. As a result, the actual capital grant paid to the four Constituent Councils of £4.870 million was only £0.036 million less than the original proposed budget and the final outturn in the 2007/08 financial statements shows an overspend of £0.264 million on Grants for Capital Expenditure.
- 3.4.4 There was a reduction of £0.050m in Constituent Council Requisitions as Tactran requested only 75% of the budgeted income due.
- 3.4.5 The Partnership Board continued to receive revenue and capital monitoring reports throughout 2007/08 in order to keep the members fully apprised as to the projected budget outturn position.

## 3.5 Accounting System

- 3.5.1 As reported last year, the financial system adopted to date is based on a simple spreadsheet approach recording income and expenditure on a cash accounting basis. Whilst this system is acceptable for the current scale of the organisation an enhanced financial system should be considered for future years as the Partnership evolves.



## 3.6 Pensions

- 3.6.1 Tactran accounts for a defined benefit pension scheme; the Local Government Superannuation Scheme administered by Dundee City Council. In accordance with Financial Reporting Standard (FRS) 17 reporting requirements the estimated pension liabilities provided by the Actuary at 31 March 2008 exceeded its share of assets in the scheme. At 31 March 2008 the excess of liabilities over assets amounted to £0.239 million (31 March 2007: £0.261 million).
- 3.6.2 The liability is due to the accrual of pension liabilities in accordance with FRS 17 (retirement benefits). The liability arises primarily through the transfer of pension liability on the employment of staff by Tactran from local authorities in Scotland and England.

## 3.7 Going Concern

- 3.7.1 Tactran has adopted a 'going concern' basis for the preparation of the financial statements as Constituent Councils of Tactran will meet all liabilities of Tactran as they fall due. We are satisfied that the process which Tactran has undertaken to consider the organisation's ability to continue as a going concern is reasonable.

## 3.8 Reserves and Balances

- 3.8.1 RTPs cannot carry a balance on their General Fund as, due to the way they are funded, income is restricted by statute to the amount of the expenditure. Accordingly the balance on the General Fund at 31 March 2008 is nil.

- 3.8.2 A specific Pension Reserve has been created to match the estimated net pension liability. The balance on this reserve at 31 March 2008 was £0.239 million (31 March 2007: £0.261 million).

## 3.9 Financial Instruments

- 3.9.1 In accordance with the new requirements of the 2007 SORP relating to financial instruments the Board made the appropriate accounting entries and disclosure notes in the accounts.





# Governance

## 4.1 Board Membership

- 4.1.1 The Regional Transport Partnerships (Establishment, Membership and Constitution) (Scotland) Order 2005 largely determined the structure of the Partnership.
- 4.1.2 The Tactran Board has 10 Councillor Members; two each from Angus and Stirling councils and three each from Dundee City and Perth & Kinross councils. Following the May 2007 Local Government elections nine of the previous 10 Councillor Members were replaced as a result of retirements from public life or electoral change. At its meeting on 19 June 2007 two Councillor Members were appointed as Chair and Deputy Chair of the Partnership. In August 2007 induction training was delivered to Tactran Board members by the Partnership Director, Secretary and Treasurer.
- 4.1.3 The Tactran Board also has a maximum of five non-Councillor members. They were appointed by the Minister for Transport from a pool of proposed candidates selected by Tactran. The non-Councillor members have either been selected for their experience and knowledge of strategic transport issues or for their close interest as relevant community partners. All non-Councillor members were initially appointed for two years.
- 4.1.4 At the year-end only four non-Councillor members were in post following the resignation of the Health sector representative in January 2008. At its meeting on 24 June 2008 the Partnership Board approved the appointment of the Chief Executive of NHS Tayside as Health sector representative, initially on an interim basis until the end of 2008. This was to allow both Tactran and NHS Tayside to review the continuing suitability of representation and strategic liaison in this way. At its meeting on 30 January 2008 the Partnership agreed to extend the initial two-year

appointments of three non-Councillor members for a further two year period to 30 April 2010, subject to satisfactory appraisal by the Chair in accordance with Scottish Government procedures. Such an appraisal was carried out and Scottish Government officials were advised of the re-appointments. The re-appointments were endorsed by Ministers.

- 4.1.5 The Transport Act enables RTPs to appoint Observers / Advisers to assist the work of the 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.

## 4.2 Board Meetings

- 4.2.1 The Tactran Board met six times during 2007/08, receiving and approving the 2008/09 – 2010/11 Core Revenue budgets, receiving reports, financial monitoring updates on the development of the RTS and Travel Plan Strategy and on other matters of relevance to the role and work of the Partnership.

## 4.3 Board Committees

- 4.3.1 At its meeting on 19 June 2007 the Partnership agreed the re-establishment of an Executive Committee comprising five members being one member from each of the Constituent Councils and one non-Councillor member.



## 4.3 Board Committees (Cont'd)

4.3.2 The need for additional committees, in particular a separate audit and scrutiny committee, as part of establishing a wider governance framework will evolve as the Partnership develops. To date we are satisfied that relevant business has been taken to and considered by the Board.

## 4.4 Chief Officers and Staff

4.4.1 At its meeting on 19 June 2007 the Partnership Board agreed that the Head of Democratic Services at Perth & Kinross Council be re-appointed as Secretary to the Partnership. At the same meeting Perth & Kinross Council's Head of Legal Services and Head of Finance were reappointed as Proper Officers.

4.4.2 A Projects Manager took up post on 29 October 2007 and is responsible for managing the development and implementation of the Partnership's Revenue and Capital delivery programmes, in liaison with partner Councils and other stakeholders.

4.4.3 In addition, a Strategy Manager took up post on 19 November 2007 and is responsible for managing development and implementation of the RTS and related sub-strategies, in liaison with partner Councils and other stakeholders.

4.4.4 With the appointment of Tactran's own staff the Management Group was replaced during the year by a Chief Officers Liaison Group, to act as a strategic liaison forum on matters of high level policy and strategic direction of the Partnership.

4.4.5 The Transportation Officers Liaison Group continued as the main forum for liaison on operational development and implementation of the RTS. The Group includes the Tactran Strategy Manager and Projects Manager. The Travel Plan Group, led by the Tactran Travel Plan Officer with representation from each council and the two health boards in the Region, had its remit extended to cover Walking and Cycling and was re-named the Sustainable Travel Group. A new Public Transport Officers Liaison Group was established, consisting of the four Council Public Transport Managers, to liaise on and take forward elements of the RTS. Finally, a Finance Group, including Council Transportation and Finance representatives has been established to monitor Revenue and Capital expenditure and related programmes, compliance with Scottish Government funding procedures; and be a general liaison forum on financial matters.

## 4.5 Governance Framework

4.5.1 During the year the Partnership continued to develop its corporate governance documentation and policies. At its meeting on 24 April 2007 the Partnership Board approved a Scheme of Delegation and Financial Regulations. The Scheme of Delegation sets out the powers to be delegated by the Partnership to the Partnership Director and Proper Officers. It was recognised that these would have to be amended as some arrangements relating to the governance and management of the Partnership e.g. scrutiny and challenge and performance management had still to be finalised.



## 4.5 Governance Framework (Cont'd)

- 4.5.2 At its meeting on 19 June 2007 the Partnership Board approved a range of Human Resources policies and procedures including those relating to Maternity Leave; Paternity Leave; Parental Leave; Adoption Leave; Special Leave; Equal Opportunities; Discipline; Grievance; Sickness Absence; and Harassment at Work.
- 4.5.3 Equalities legislation requires that public bodies publish schemes setting out their policies and arrangements for complying with statutory duties in relation to Gender, Disability, Race and other equalities issues. In late April 2007 the Equal Opportunities Commission (EOC) wrote to all RTPs advising that they had a duty to publish a Gender Equality Scheme by 29 June 2007. In addition RTPs had a duty to publish a Disability Equality Scheme by 2 December 2007. RTPs wrote collectively and individually to the EOC seeking agreement on a process and revised timescale by which all RTPs could comply with the duty to publish a Gender Equality Scheme. RTPs worked collaboratively on a 'model' Scheme, which sought to encompass the range of Equalities obligations they must comply with, and Tactran's Equalities Scheme was approved for publication by the Executive Committee at its meeting on 29 November 2007.
- 4.5.4 In addition to the internal liaison arrangements set out at paragraphs 4.4.4 and 4.4.5 above, extensive external stakeholder liaison arrangements are being put in place. These include engagement with Community Planning Partnerships; the formation of various Regional Stakeholder Fora covering Walking and Cycling, Buses, Community Transport, Rail and Freight; and the retention of the Key Stakeholder Group involved at various stages of the RTS development process. The Group was renamed the Tactran

Consultative Forum and will be utilised for general stakeholder engagement and consultations.

## 4.6 Internal Control

- 4.6.1 Financial services are provided by Perth & Kinross Council including payroll, accounting, budget setting and budgetary control. A Service Level Agreement (SLA) is currently in place with the Council for payroll services. SLAs for the other services provided to Tactran are currently being developed in conjunction with relevant Council departments and it is intended that these will all be in place by 31 December 2008.
- 4.6.2 Internal audit services are provided by the Perth & Kinross Council Internal Audit Division. Internal audit have been involved in auditing Tactran's grant claims to Scottish Government.

## 5.1 Strategic Planning

### Regional Transport Strategy

- 5.1.1 The primary statutory responsibility and focus for the year continued to be the development of the RTS. As reported last year, Tactran submitted its RTS to the Scottish Government by the 31 March 2007 deadline. Following submission of the Strategy there was a period of consultation with Scottish Government officials which resulted in some minor revisions being made by June 2007.
- 5.1.2 The political changes at national level resulted in delays in receiving confirmation of Ministerial approval of submitted RTSSs. In January 2008 the Cabinet Secretary for Finance and Sustainable Growth requested that all RTPs review their submitted Strategies, by removing all specified Interventions and schemes from the Core Strategy documents and placing these in separate Delivery Plans. It was also requested that RTPs submit revised Strategies in due course. Tactran submitted its revised Strategy on 2 May 2008 and this was approved by the Scottish Government on 24 June 2008. The Partnership has endorsed the appointment of consultants to develop four RTS sub-strategies although work on completion of these has been delayed owing to a number of circumstances, including the need to develop the RTS and its sub-strategies having regard to how these can assist in achieving councils' Single Outcome Agreements, within the evolving relationship between Central, Regional and Local Government. The sub-strategies cover Walking and Cycling; Buses; Travel Information; and Park and Ride and these were approved in Draft Final form by the Partnership Board on 24 June 2008 and are now the subject of formal consultation with partner Councils, prior to finalisation.

### Delivery Plan

- 5.1.3 An Indicative Delivery Plan was submitted to Government officials in April 2007 setting out estimated revenue and capital costs over the short, medium and long term for implementation of the various Interventions and Actions contained in the RTS. Work is underway redefining the Delivery Plan, in light of the new Scottish Government / Local Government Concordat and Government Spending Review, which resulted in former RTP Capital Grant, which is not now ring-fenced, being allocated directly to Constituent Councils from 1 April 2008. It is intended that a Draft Delivery Plan will be submitted for consideration by the Partnership in October 2008, prior to consultation with Constituent Councils, and for a Finalised Delivery Plan to be submitted for approval by the Partnership by the end of 2008/09.
- 5.1.4 In January 2008, the Partnership made a request 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. In light of the above, Dundee City and Perth & Kinross councils reconsidered their previous decision to pool their 2008/09 allocations however subsequent discussions resulted in agreement on a proposed programme of schemes utilising most of the former RTP Capital Grant allocation to both councils.

## 5.1 Strategic Planning (Cont'd)

### Travel Plan Strategy and Action Plan

- 5.1.5 As reported last year, RTPs were required to submit a Travel Plan Strategy and Action Plan to the Scottish Government by 31 December 2006. These were aimed at ensuring the delivery of effective Active Travel Plans at each local authority, main hospitals and health boards by 31 March 2008.
- 5.1.6 Two year specific funding of £65,000 per annum was awarded to Tactran to fund the employment of a dedicated Travel Plan Officer and to support local Travel Plan activity.
- 5.1.7 Due to a delay in the appointment of a Travel Plan Officer, who took up post on 1 January 2007, Tactran received Scottish Government consent to an extension of time to submit its Travel Plan Strategy and Action Plan. The Strategy was approved by the Tactran Board and Scottish Government officials in February 2007. Since that time significant progress has been made including:
- ❑ Tactran has worked in conjunction with local authorities to develop and implement effective travel plans. All local authorities have established written travel plans with all having implemented positive travel plan measures. They are all working towards establishing travel plans adopted by the Councils;
  - ❑ Tactran has also worked in conjunction with the two health boards in the Region to implement effective travel plans;
  - ❑ In addition to the Partnership's local authorities and health boards Tactran has marketed and advocated the travel planning concept to higher education institutions and other large employers in the Region;
  - ❑ At its meeting on 21 August 2007 the Partnership approved the establishment of a Sustainable Travel Grant Scheme to support Travel Plan activity across the Region through match funded initiatives. At the same meeting the Partnership also approved the submission of three bids to Sustrans' Scottish Government / National Cycle Network and Associated Projects Grant Fund;
  - ❑ Travel Planning is a key element of Tactran's RTS, which relates to Delivering Environmental Sustainability, Health and Well-being;
  - ❑ Tactran is working in liaison with the Scottish Government and other sustainable travel organisations to ensure best practice and share knowledge and policy development; and
  - ❑ A travel plan and sustainable knowledge base is being established in the form of guidance and sharing best practice, in conjunction with the Scottish Government, which can be further built upon in future years.



# Performance

## 5.2 Performance Management

- 5.2.1 Ongoing performance management is undertaken via a framework that involves Tactran officers and members of the Partnership Board. Regular progress updates in relation to the RTS and Travel Plan Strategy and Revenue and Capital Programmes are provided at meetings of the Partnership Board.
- 5.2.2 The Transport (Scotland) Act 2005 requires that RTPs publish and submit to Scottish Ministers an annual report on the performance of their functions. Tactran's Annual Report for 2006/07 was approved for submission to Scottish Ministers and for general publication at the Partnership Board meeting on 21 August 2007.

## 5.3 Risk Management

- 5.3.1 Tactran's Financial Regulations require the Treasurer to assess the risks faced by the Partnership and, in consultation with the Partnership Director, maintain a risk register that includes an assessment of the importance and likelihood of each eventuality and the most appropriate course of action in each case.
- 5.3.2 The Partnership Director and other Tactran professional officers are required to promptly inform the Treasurer of any new risks within their area of responsibility that may come to light.





## Appendix I - Respective Responsibilities

### **Respective Responsibilities of Members, Officers and Auditors**

Each public sector body is accountable for the way in which it has discharged its stewardship of public funds. Stewardship is a function of both executive and non-executive management and, therefore, responsibility for effective stewardship rests upon both Members and Officers of a public sector body.

That responsibility is discharged primarily by the establishment of sound arrangements and systems for the planning, appraisal, authorisation and control over the use of resources and by the preparation, maintenance and reporting of accurate and informative accounts.

It is our responsibility to undertake an independent appraisal of the discharge by management of its stewardship responsibilities, to enable us to give an assurance that those responsibilities have been reasonably discharged.

The Partnership Board and the Treasurer's responsibilities for the Statement of Accounts are set out on page 28 of the annual statement of accounts. Our responsibility is to form an independent opinion, based on our audit, on the financial statements and report that opinion to you.

We are required to review whether the Partnership's Statement on the System of Internal Financial Control reflects compliance with the 2007 SORP, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of Tactran's corporate governance procedures or its risk and control procedures.

