



Tayside & Central Scotland Transport Partnership

Annual audit report to
Members and the
Controller of Audit

Date September 2015

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

The Accounts Commission has appointed Pearl Tate as the external auditor of Tayside & Central Scotland Transport Partnership for the period to 2015/16.

This report has been prepared for the use of Tayside & Central Scotland Transport Partnership and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the partnership. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

 <p>Audit of financial statements</p>	<ul style="list-style-type: none">• Unqualified auditor's report on the 2014/15 financial statements.• The financial statements of the partnership have been prepared on the going concern basis. We are not aware of any events or conditions that may cast significant doubt on the partnership's ability to continue as a going concern.• We review and report on other information published within the financial statements, including the management commentary, annual governance statement and the remuneration report. There is no formal process in place for obtaining assurances on the annual governance statement. We have nothing to report in respect of the management commentary and remuneration report.
 <p>Financial management and sustainability</p>	<ul style="list-style-type: none">• The partnership achieved a breakeven position.• The financial management arrangements are broadly satisfactory.• The financial position is sustainable currently, although rising demand for and costs of services will continue to place a strain on the partnership's capacity to deliver services at the current levels.
 <p>Governance and transparency</p>	<ul style="list-style-type: none">• The governance arrangements in place are appropriate to the organisation.• There were no issues of concern in relation to the operation of the partnership's financial control systems.• The partnership has appropriate anti-fraud arrangements.



Best Value

- A refreshed Regional Transport Strategy 2015 - 2036 has been agreed by the partnership and approved by Scottish Ministers.
- Public performance reporting is undertaken through the partnership's annual report. The 2013/14 annual report was considered by the Board in December 2014. This report does not give a clear overview of how the partnership is performing against target.



Outlook

- The partnership continues to face significant funding pressures. Effective arrangements for best value will be essential for efficient use of available resources, and strong governance and leadership will be needed to achieve continuous improvement.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of Tayside & Central Scotland Transport Partnership (the partnership). The report is divided into sections which reflect our public sector audit model.
2. The management of the partnership is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of the partnership, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. The significant audit risks identified at the planning stage and how we address each risk at arriving at our opinion for the financial statements is set out in **appendix I**.
6. Both local and national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
7. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the partnership understands its risks and has arrangements in place to manage these risks. The partnership should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

Submission of financial statements for audit

10. We received the unaudited financial statements on 16 June 2015 in accordance with the agreed timetable. The working papers were of a good standard and staff provided good support to the audit team which assisted the delivery of the audit to deadline.

Overview of the scope of the audit of the financial statements

11. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the partnership on 10 March 2015.
12. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
13. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a

number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

14. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

15. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

17. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the partnership we set our planning materiality for 2014/15 at £7,000 (1% of gross expenditure). We report all misstatements greater than £1,000. Performance materiality was calculated at £5,000, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.
18. On receipt of the financial statements we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

19. A number of presentational adjustments were identified within the financial statements during the course of our audit however these had no impact on either the comprehensive income and expenditure statement or the balance sheet. These were discussed with relevant officers who agreed to amend the financial statements.

Significant findings from the audit

20. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - the auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
 - significant difficulties encountered during the audit

- significant matters arising from the audit that were discussed, or subject to correspondence with management
- written representations requested by the auditor
- other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

21. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you.

Going Concern

22. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on the financial statements. One of the indicators that may give rise to going concern considerations is an excess of liabilities over assets. The partnership's balance sheet at 31 March 2015 has an excess of liabilities over assets of £0.466 million, largely due to the accrual of pension liabilities in accordance with International Accounting Standards 19 (IAS 19).
23. The partnership is a member of Tayside Pension Fund which is a multi-employer defined benefit scheme. In accordance with pensions accounting standard IAS19 'Retirement Benefits' the partnership has recognised its share of the net liabilities for the pension fund in the balance sheet. The valuation at 31 March 2015 provided by the scheme's actuary decreased the partnership's share of the deficit from £0.826 million last year to £0.458 million.
24. The Management Commentary on page 7 of the Annual Accounts confirms that the partnership has adopted a 'going concern' basis

for the preparation of the financial statements as future actuarial valuations of the pension fund will consider the appropriate employer’s rate to meet the fund’s commitments. The actuary is required to make a 3-year assessment of the contributions that should be paid by the employing authorities to maintain the solvency of the fund. The most recent actuarial valuation took place as at 31 March 2014.

- 25. The constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the partnership with funding to meet all liabilities as they fall due. We are satisfied, therefore, that the process which the partnership has undertaken to consider the organisation’s ability to continue as a going concern and the conclusion reached is reasonable.

Pension assumptions

- 26. The net pension liability for the partnership is volatile based on the assumption used by the actuary. This is demonstrated in Exhibit 1. This significant movement in 2014/15 arose due to an *experience gain* of £0.576 million on the pension liabilities.
- 27. The actuary explained that “*the experience gain on liabilities arises because we have updated the accounting results to be based on the results of the 2014 valuation, rather than continuing to roll forward from the 2011 valuation results. This means that any membership movements and experiences over the intervaluation period are allowed for in this year’s results, rather than continuing to be estimated*”.

- 28. We sought assurance from the auditors of Tayside Pension Fund on this and following their discussions with the Fund actuary we have received the necessary assurance on the assumptions used to calculate the experience gain.

Exhibit 1: Movement in Net Pension liability 2010 to 2015

	2010/11	2011/12	2012/13	2013/14	2014/15
	£million	£million	£million	£million	£million
Assets	1.293	1.228	1.503	1.682	1.846
Liabilities	(1.783)	(1.831)	(1.962)	(2.508)	(2.304)
Net	(0.490)	(0.603)	(0.459)	(0.826)	(0.458)

Source: *The partnerships audited financial statements*

- 29. The Treasurer has confirmed the partnership’s agreement that the assumptions used by the actuary were reasonable and has explained in Note 2 the impact of small changes in these assumptions. We have examined the assumption used in 2014/15 and these are all within expected parameters. We are satisfied, therefore, that the pension liability as at 31 March 2015 is reasonable.

Management Commentary

- 30. Per Finance Circular 5/2015 *The Local Authority Accounts (Scotland) Regulations 2014 – management commentary*, the Management Commentary within the accounts should provide key financial and non financial performance indicators demonstrating a balanced overview of the organisation. The partnership’s

management commentary reflects difficulties experienced in obtaining consistent and relevant national indicators which inform the progress of the regional transport strategy and highlights that arrangements for monitoring and reporting on delivery of the strategy are being reviewed during 2015/16 (*refer paragraph 69*).

Financial management and sustainability

Financial management

31. In this section we comment on the partnership's financial outcomes and assess the partnership's financial management arrangements.
32. The partnership sets an annual budget to meet its service commitments for the forthcoming financial year. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

33. In 2014/15, the partnership spent £0.757 million on the provision of public services and delivered an accounting surplus of £0.368 million.
34. The partnership is required to achieve a breakeven position year on year in accordance with the requirements of the Transport (Scotland) Act 2006 for Regional Transport Partnerships. After making adjustments between accounting basis and funding basis under regulation, which were largely for pension costs, the breakeven requirement was met.
35. As highlighted at paragraph 23 the partnership's balance sheet at 31 March 2015 is in a net liabilities position due largely to the

requirements of IAS 19 (retirement benefits) which requires the full pension obligations to be recognised in the year they are earned. This technical accounting requirement has had no impact on the underlying basis for meeting current and on-going pension liabilities which will be met, as they fall due, by contributions from constituent authorities. In addition to the pension liability there was a £0.008 million liability for annual leave outstanding at the end of the financial year.

Financial management arrangements

36. As auditors, we need to consider whether the partnership have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the proper officer has sufficient status within the body to be able to deliver good financial management
 - financial regulations are comprehensive, current and promoted within the body
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - members provide a good level of challenge and question budget holders on significant variances.
37. The Treasurer as the section 95 officer is responsible for ensuring proper accounting records are kept. The Partnership Board in June

2014 agreed updates to the standing orders and financial regulations.

38. The partnership's financial transactions are maintained on a spreadsheet with payroll being processed through the Perth & Kinross Council payroll system. Monthly meetings on the financial position in respect of both revenue and capital spend are undertaken by officers and the financial position is considered on a quarterly basis at Partnership Board meetings.
39. Overall the partnership's financial management arrangements are broadly satisfactory.

Financial sustainability

40. Financial sustainability means that the partnership has the capacity to meet the current and future needs of its communities.
41. In assessing financial sustainability we are concerned with whether:
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for
 - investment in services and assets is effective.
42. The partnership continues to face significant financial pressures from reduced revenue funding and reductions in capital spend by partner councils as councils themselves seek to make financial savings. The partnership identified cumulative efficiency savings of approximately 12% over the past 5 years, and considers that there are limited opportunities for effecting further savings in 2015/16.

43. Scottish Government Grant in Aid funding has continued for the period 2015/16 at £0.523 million which is the same level as awarded for 2014/15. The constituent council funding has increased slightly from the previous year to £0.103 million. In 2014/15 a partnership arrangement was entered into which attracts a capital grant allocation of £0.1 million per annum from the Sustrans *Community Links* programme during financial years 2014/15 and 2015/16.
44. There is therefore a degree of financial stability in the short term but the partnership continues to identify in its risk register the need to actively pursue other sources of finance to enable progress on development and delivery of the Regional Transport Strategy.
45. Overall we conclude that the financial position is sustainable currently, although rising demand for and costs of services will continue to place a strain on the partnership's capacity to deliver services at the current levels.

Governance and transparency

46. Members and management of the partnership are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the partnership has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

Corporate governance

47. The corporate governance framework within the partnership is centred on the Partnership Board. The Board agreed updates to the standing orders, scheme of delegation, members' code of conduct, financial regulations and risk management strategy and policy in June 2014.
48. The partnerships risk register is considered annually by the Board and covers risks in relation to the:
- regional transport strategy development and delivery
 - management and operation of the partnership
 - financial pressures

49. Overall the governance arrangements in place are appropriate to the organisation.

Internal control

50. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit (currently no internal audit activity for the partnership).
51. It is the responsibility of the partnership's management to maintain adequate financial systems and associated internal controls. The partnership's financial transactions are generally maintained on a spreadsheet with payroll being processed through the Perth & Kinross Council payroll system. Monthly meetings on the financial position in respect of both revenue and capital spend are undertaken by officers and the financial position is considered on a quarterly basis at Partnership Board meetings.
52. The partnership may wish to regularly review whether an internal audit function could improve the assurance that internal controls are operating effectively.
53. As external auditor of Perth & Kinross Council, we have been able to take assurance from our work on the payroll system. We also sample tested the other controls in operation for the transactions and balances in the partnership's financial statements. Overall, on

the basis of the audit testing undertaken, there were no issues of concern in relation to the operation of the partnership's financial control systems.

Annual Governance Statement

54. An annual governance statement (AGS) requires fuller disclosure in accordance with the CIPFA/SOLACE *Delivering Good Governance in Local Government* document and is recognised good practice in this area. The partnership was required to include an AGS, which is signed on behalf of the partnership by The Chair of the Partnership Board and the Partnership Director, in its accounts for the first time in 2014/15.
55. The AGS was completed and approved by members as part of the unaudited accounts in June 2015. There are however no clear arrangements confirming how the Chair or the Partnership Director have obtained assurance that the internal controls are operating effectively.

Action plan no. 1

Arrangements for maintaining standards of conduct and the prevention and detection of corruption/fraud

56. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders

and financial instructions. Auditors consider whether bodies have adequate arrangements in place. In our opinion the overall arrangements in place are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

Transparency

57. The partnership's website contains relevant information for the public including agendas and minutes of the Partnership Board meetings. The website includes relevant financial and performance reports. We have not encountered any evidence to suggest that information is routinely and unjustifiably withheld from public scrutiny.

Best Value

58. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The partnership should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.
59. The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing best value and complying with responsibilities relating to community planning. The partnership's focus for demonstrating best value is delivery of its Regional Transport Strategy and contributing to community planning.

Role of Regional Transport Partnerships

60. The Minister for Transport & Veterans and the Regional Transport Partnership (RTPs) Joint Chairs Forum met in March 2012 where it was agreed to establish a joint Working Group between the seven RTPs, Transport Scotland and Scottish Government. The group was established to examine how RTPs can further support the Scottish Government in delivering the National Transport Strategy and Government's wider economic, social and environmental strategic objectives. In June 2014 the RTP Chairs Forum approved the finalised version of the report from this Working Group.

61. The report set out a framework and recommendations for:
- building more effective partnerships through stronger and more consistent strategic and policy liaison arrangements between the RTPs, CoSLA and the Scottish Government
 - improving integration of strategic land-use and transport planning
 - improving access to health and social care
 - delivering a “step change” for bus, integrated transport, ticketing and travel information
 - promoting and improving Active Travel
 - contributing to the development of rail, air, ferries/maritime and freight policy and delivery.
62. We noted in our 2013/14 annual audit report that the Working Group's report was in the process of being considered for Ministerial approval. Following discussions at a meeting between the RTP Chairs and the Minister for Transport and Islands in June 2015, a number of revisions and updates were made to the Working Group report and the revised report was given Ministerial approval on 1 September 2015. The report is also expected to inform a refresh of the National Transport Strategy which is being undertaken by Transport Scotland.

Regional Transport Strategy

63. Under the Transport (Scotland) Act 2005, the partnership's key role and purpose is to develop and oversee the delivery of a Regional Transport Strategy (RTS) for the Tayside and Central region and to

support the National Transport Strategy. The RTS spanned a period of 15 years from inception and legislation provides for the periodic review and updating of the Strategy. The RTS was approved in 2008 and covered the period up to 2023.

64. The Partnership's objectives per the 2008-23 RTS were to:
- ensure transport helps to deliver regional prosperity
 - improve accessibility for all, particularly for those suffering from social exclusion
 - ensure that the transport system contributes to safeguarding the environment and promotes opportunities for improvement
 - promote the health and well-being of communities
 - improve the real and perceived safety and security of the transport network and
 - improve integration, both within transport and between transport and other policy areas.
65. There were 23 strategic actions in the RTS to achieve these objectives. The 2014/15 Delivery Plan contains 97 projects covering a range of transport infrastructure and services. The Delivery Plan provides a framework for determining capital and revenue programmes, in consultation with partners, required to support delivery of the RTS and:
- includes all of the presently identified capital projects that are required to deliver the RTS vision and objectives;
 - provides an indication of how each project contributes towards RTS objectives and relevant sub-strategy objectives;

- provides an indication of how each project relates to the partner Council/Community Planning Partnership Single Outcome Agreements; and
 - provides an estimate of the capital investment needed to deliver each project.
66. A refreshed RTS 2015-2036 was agreed by the partnership in June 2015 and submitted to Scottish Ministers for approval. The Minister for Transport and Islands confirmed his approval of the refreshed RTS on 23 July 2015. The partnership is currently reviewing and updating its RTS Monitoring Framework and RTS Delivery Plan to reflect the refreshed RTS and to take into account the fact that a refresh of the National Transport Strategy is underway.

Overview of performance targets in 2014/15

67. The Transport (Scotland) Act 2005 requires that Regional Transport Partnerships publish and submit to Scottish Ministers an annual report on the performance of their functions.
68. An annual report is produced detailing: the partnership's progress against projects and developments it has engaged in, its performance against the allocated budget and an update on performance against the RTS. The 2013/14 annual report was considered by the Board in December 2014 and used 22 performance indicators (PIs) to monitor and measure progress towards achieving the RTS objectives.
69. In the 2013/14 annual report there were several areas where the data was not reported. This was mainly due to some indicators only

being gathered every two years. This annual report does not include targets or key milestones which makes it difficult to assess how the partnership is performing. At the time of our audit, the 2014/15 annual report was not yet available.

Action plan no. 2

National performance audit reports

70. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which may be of interest to the partnership. These are outlined in appendix III. The Partnership Director currently reviews national reports and reports back to the partnership board any reports that are relevant to Tactran. None of the reports in appendix III were highlighted to members this year and following discussions with officers we note that the approach going forward will be amended to include a section in the Director's report drawing members attention to Audit Scotland national reports that have been issued.

Appendix I – Significant audit risks

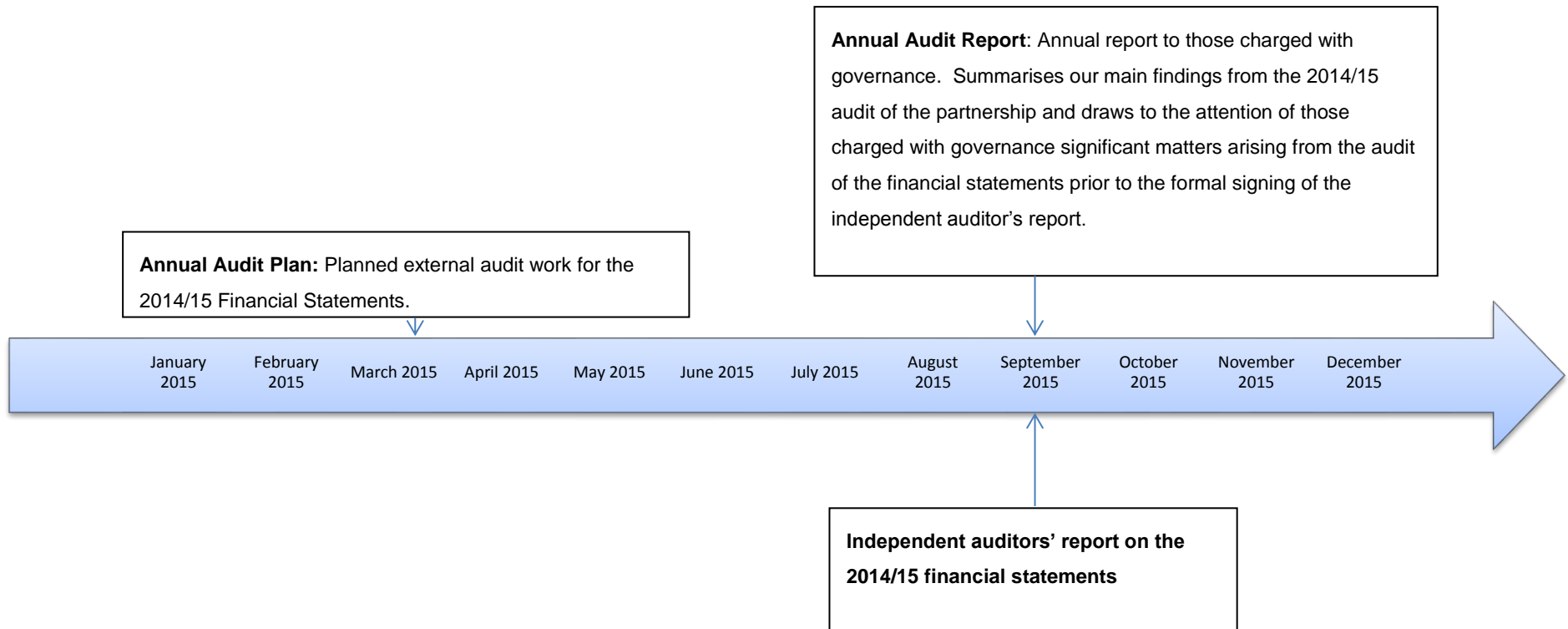
The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Management override of controls</p> <p>As stated in ISA 240, management has the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p><i>Risk: The accounts are material misstated.</i></p>	<ul style="list-style-type: none"> • Detailed testing of journal entries • Review of accounting estimates for bias • Evaluating significant transactions that are outside the normal course of business 	<p>From our audit testing no issues were identified and nor were there any significant transactions outwith the normal course of business. Assurances obtained.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>The Local Authority Accounts (Scotland) Regulations 2014</p> <p>The regulations introduce new requirements for inclusion in the financial statements:</p> <ul style="list-style-type: none"> Annual Governance Statement (AGS) to be prepared in accordance with proper practices set out in <i>Delivering good governance in local government: framework</i> published by CIPFA and SOLACE. management commentary prepared in accordance with proper accounting practices and recognised guidance. Separate guidance is currently being drafted which will align to the reporting requirements in the <i>Government financial reporting manual</i> <p><i>Risk: Appropriate disclosures are not detailed in the financial statements.</i></p>	<ul style="list-style-type: none"> Ensure the AGS and management commentary are prepared in accordance with proper accounting practice and relevant guidance Review of processes used by the Partnership to arrive at AGS and management commentary. 	<p>AGS prepared in line with relevant guidance, however action plan point highlighted in relation to the processes used to arrive at the AGS (<i>refer paragraph 55</i>).</p> <p>Management commentary prepared in line with guidance in most aspects (<i>refer paragraph 30</i>)</p>
Risks identified from the auditor’s wider responsibility under the Code of Audit Practice		
<p>Financial pressures</p> <p>The Partnership continues to faces a number of significant financial pressures including:</p> <ul style="list-style-type: none"> reduced funding from partner councils reductions in capital spend by partner councils <p><i>Risk: Due to reductions in funding for the Partnership and constituent council the partnership may not be able to deliver the Regional Transport Strategy.</i></p>	<ul style="list-style-type: none"> On-going review of Partnership Board minutes and budget papers to ensure funding settlements can meet the needs of the partnership. 	<p>Refer <i>financial management and sustainability</i> section.</p> <p>This remains an ongoing issue for the partnership.</p>

Appendix II

Summary of Tayside & Central Scotland Transport Partnership local audit reports 2014/15

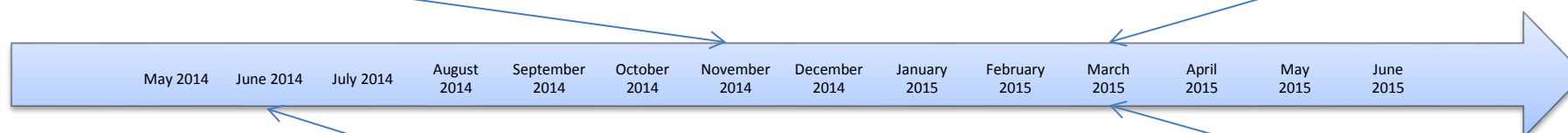


Appendix III

Summary of Audit Scotland national reports 2014/15

Community planning: Turning ambition into action – Many Community Planning Partnerships are still not clear about what they are expected to achieve. Local data should be used to help set relevant, targeted priorities for improvement that will address inequalities within specific communities.

Update on developing financial reporting - Following the Smith Commission the framework for Scotland's public finances is undergoing fundamental change. The Scottish Parliament will have enhanced financial powers from April 2015. The report emphasises the importance of comprehensive, transparent and reliable financial reporting for accountability and decision-making. The report also notes that while the audited accounts of public bodies across Scotland provide a sound base for financial reporting and scrutiny, there is no single complete picture of the devolved public sector's finances.



Scotland's public finances - a follow up: Progress in meeting the challenges – Leaders and managers must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Councillors have an important role in ensuring that approved budgets are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on: options available for services; services standards and affordability; and, the sustainability of financial plans.

An overview of local government in Scotland – A high level, independent view on the progress councils are making in managing their finances and achieving Best Value.

Appendix IV

Action plan

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1 14/55	<p>Issue</p> <p>There is no process to provide assurance to the Chair or the Partnership Director that the partnership's governance framework is operating effectively.</p> <p>Risk</p> <p>The governance framework is not operating effectively to provide adequate assurance to those charged with governance.</p> <p>Recommendation</p> <p>A process for obtaining assurance that the partnership's governance framework is operating effectively should be introduced.</p>	<p>The Proper Officers will provide the Chair and Partnership Director with formal assurance that the Partnership's governance framework is operating effectively. This assurance will be in the form of a self-assessment checklist.</p>	Proper Officers	Annually by 30 June

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
2 16/69	<p>Issue</p> <p>The latest partnership annual report was for 2013/14 and was reported to the Board in December 2014. This annual report:</p> <ul style="list-style-type: none"> • has information for several indicators missing • does not include targets or key milestones • does not provide a clear summary of how the partnership is performing <p>Risk</p> <p>The partnership can not demonstrate it on target to deliver the RTS.</p> <p>Recommendation</p> <p>Performance information should be available timeously and provide sufficient information to allow an assessment of how the partnership is performing.</p>	<p>A review of the RTS Monitoring Framework is being undertaken alongside a review and update of the RTS Delivery Plan to align these with the refreshed RTS 2015-2036. The setting of targets and milestones, which will need to be agreed with partner councils, Transport Scotland and other relevant delivery partners, will be considered as part of this process.</p>	Partnership Director	March 2016