

2013/14 – Annual Accounts for the Scottish Road Works Commissioner

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Management Commentary

Strategic Report

The Accounts for the financial year ended 31 March 2014 are presented in accordance with paragraph 2(a) of Schedule 2 of the Transport (Scotland) Act 2005, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

The Scottish Road Works Commissioner (the Commissioner) is an independent statutory office holder established under Section 16 of the Transport (Scotland) Act 2005 (the 2005 Act) and is accountable to the Scottish Ministers and ultimately the Scottish Parliament. The first Commissioner was appointed in 2007.

Statutory Powers and Responsibilities

The Commissioner's general function is to work with the road works community to oversee improvements to the planning, co-ordination and quality of road works in Scotland. In particular the Commissioner must:

- monitor the carrying out of works in roads in Scotland undertaken by both road works authorities (councils for local roads and Transport Scotland for trunk roads) and statutory undertakers (utility companies);
- promote compliance with the New Roads and Street Works Act 1991 (the 1991 Act) which sets out the general duties of road works authorities to co-ordinate works and for statutory undertakers to co-operate with road works authorities when undertaking works; and
- promote the pursuit of good practice by those persons who have functions conferred on them or permissions granted to them by or under the 1991 Act.

The Commissioner has the power to request from a road works authority or a utility company such information relevant to their respective functions and activities. She also has the power to impose financial penalties when systematic failure of duties under the 1991 Act occurs by either road authorities or utility companies. The Commissioner will also undertake a dispute resolution function where escalation of disputes between road authorities and utility companies occur.

Operational Review of 2013/14

There were a total of 126,172 road works in Scotland in 2013, a slight increase from 123,288 in 2012. Roads authority works accounted for 26% of the total. The performance of all organisations undertaking road works continues to be monitored on a quarterly basis using data and reports from the Scottish Road Works Register.

Annual performance reviews were issued to all roads authorities and to utility companies undertaking significant numbers of works. I am pleased to report that the noticing failure rate has reduced from the previous year to 0.07 for utility companies and 0.09 for roads authorities. The number of overrunning works remains consistently low at 2% for both sides of the community, demonstrating that the times booked for works are broadly accurate. The figure for works extensions shows a slight improvement.

I was required to take enforcement action leading to the imposition of a penalty on two occasions during the year. In May 2013, I imposed a penalty on Openreach for £50,000 for a range of unsafe working practices and non-compliance with road works legislation in Highland; and in August 2013, I gave a penalty of £8,000 to East Lothian Council after they failed to comply with their general duties to co-ordinate road works by not keeping their gazetteer map base up to date.

My staff and I continued to engage with the road works community at many levels through attendance at Roads Authorities and Utility Companies (Scotland) (RAUC(S)) meetings, Area RAUCs meetings, working groups and ad hoc meetings. As Commissioner I also attend the Highways Authorities and Utility Companies UK (HAUC(UK)) meetings which enables engagement with the other 3 home countries, England, Wales and Northern Ireland.

I am a member of the Scottish Road Work Policy Development Group, the Scottish Road Research Board and the Scottish Temporary Traffic Management Safety Forum. I also serve on the judging panel for the National Joint Utilities Group (NJUG) Annual Awards. The best practice identified by these awards is disseminated throughout the road works community and it is hoped that it will encourage organisations to pick up and implement the best ideas being developed throughout the industry.

My work on legislative matters had a focus mostly on the Code of Practice for the Specification for the Reinstatement of Openings in Roads. Other Codes of Practice and Advice Notes were developed in conjunction with RAUC(S). There was continued involvement in the National Roads Maintenance Review, and some of the options from the Review were captured in the Scottish Government's Strategic Consultation on Works on Scottish Roads. This Consultation ran from April to June 2013 and the analysis work was undertaken over the remainder of the year. My Office provided much input into this process which will set the future direction on how road works are undertaken in Scotland. It is anticipated that the Scottish Government will publish the Analysis Report from this Strategic Consultation in Autumn 2014.

The Commissioner is the Keeper of the Scottish Road Works Register (SRWR) in accordance with Section 112A (1) of the 1991 Act. On appointment I found the situation far from ideal in that I was legally responsible for the SRWR but had no direct control as the Register was run by a private not-for-profit company, Susiephone Ltd, as part of a historic arrangement. I therefore gave notice to Susiephone early in 2013 following recognition that the function would be best brought in-house. This was done with a smooth transition which did not impact on users and the SRWR has been directly managed by my Office since 1 July 2013. Susiephone Ltd was subsequently wound up.

Over the year it became apparent that there were a number of technical issues which needed to be addressed by my Office. These included the roll out of superfast broadband and the general standard of compliance with reinstatement and traffic management standards. I did not have any technical staff in post other than myself however I was able to make a business case to gain funding for a Technical Standards Manager for my Office. The post was filled in December 2013. This provides me with some engineering support to assist in driving up the overall standard of road works through increased scrutiny.

The need for assistance at a strategic level was addressed after the reporting period.

Principal Risks and Uncertainties

Risk control and management are discussed within the Governance Statement.

Financial Position

The financial statements cover the period 1 April 2013 to 31 March 2014. The financial statements have been prepared in compliance with HM Treasury Financial Reporting Manual (FRoM).

The Commissioner's direct expenditure on operating activities for the year ended 31 March 2014 totalled £306,000 (2012/13: £268,000). This expenditure comprises staffing costs of £251,000 (2012/13: £212,000), other operating costs of £53,000 (2012/13: £55,000) and depreciation of £1,000 (2012/13: £1,000). A breakdown of other operating costs is provided in note 5 of the Accounts.

Capital expenditure of £2,000 was incurred during the year.

The Commissioner earned no income in the year on her direct activities as Commissioner, which were funded by grant from Scottish Ministers (2012/13: £nil).

Scottish Ministers awarded the Commissioner a budget of £330,000 for 2013/14, with a total of £317,000 actually being drawn down over the financial year. The Commissioner's direct expenditure at £306,000 was under budget. Details of direct expenditure against budget are shown in note 2 of the Accounts.

In previous years the Commissioner's Annual Accounts have been consolidated with those of Susiephone Ltd, the private company which managed the SRWR and collected the prescribed fees on behalf of the Commissioner. Susiephone fulfilled this management function for the first 3 months of 2013/14 until the Commissioner took the functions in-house with effect from 1 July 2013.

The information contained within the signed Annual Accounts for Susiephone Ltd for the period of April to June 2013 has been used by the Commissioner in the preparation of these consolidated accounts. The Commissioner had no involvement with the detailed financial management of Susiephone Ltd as this was the responsibility of the Board of Directors of the company.

I can confirm that Wylie and Bisset LLP undertook the audit of Susiephone Limited for the three month period to 30 June 2013 and helped me to produce these Annual Accounts. The audit engagement partner had no involvement in the accounts preparation work undertaken to produce the accounts of The Scottish Road Works Commissioner for the year to 31 March 2014. In Wylie and Bisset's professional judgement, there are no relationships which may reasonably be thought to bear on their independence and the objectivity of the accounts preparation engagement partner and the staff is not impaired.

For consistency, and to allow direct comparison to be made with the previous financial year, I have continued to present the financial statements on the same basis. The financial statements therefore include the activities undertaken by Susiephone Ltd on behalf of the Commissioner for April to June 2013, as well as the cost of activities by the Commissioner's Office in connection with managing the SRWR for the period July to March.

Income earned in relation to the SRWR was £942,000 (2012/13: £739,000) and related expenditure was £874,000 (2012/13: £740,000).

Payment of Creditors

The Scottish Road Works Commissioner has adopted the same policies and procedures as Scottish Government in relation to payment of suppliers. 100% of supplier invoices were processed for payment within 10 days of receipt.

Future Developments

Expansion of Monitoring Regime

When I took up office, the main focus of the monitoring regime was the performance of each organisation with regard to the data and suite of indicators in the Scottish Road Works Register. I would like to build on this and expand the monitoring to include site visits to assess compliance with technical standards covering reinstatement and traffic management.

To this end, my Technical Standards Manager will carry out spot checks on road works sites and this will include all aspects of on-site activities and operations. I am aware that improvements in compliance are required and these checks will provide an indication of whether legislation and Codes of Practice are being adhered to, and also identify where problems exist.

It is expected that the additional focus and the prospect of spot checking will raise the standard of compliance in relation to safety and the quality of materials and workmanship.

Legislative Landscape

In the coming year The Scottish Road Works Register (Prescribed Fees) Regulations 2014, which provide the mechanism to enable the collection of the appropriate fees to fund the operation of the Scottish Road Works Register will require to be developed and commenced. Likewise The Road

Works (Inspection Fees) (Scotland) Amendment Regulations 2014 which amend the fee that roads authorities charge utility companies when conducting inspections of utility company road works will also require to be developed and commenced.

This is in addition to the probable development of further primary and secondary legislation that will result from the Strategic Consultation on Works on Scottish Roads where I envisage that I will have a significant advisory role to play.

Other Priorities

Other priorities for the Commissioner's Office in the coming year are covered in detail in my Annual Report for 2013 which was published in May 2014.

Gender Data

The following table shows the breakdown by gender of the staff employed by the Commissioner and who were in post on 31 March 2014. This data does not include the Commissioner herself.

Female staff	Male staff	Total staff
2	4	6

The Commissioner is female. She is the only member of staff in her Office who is at senior civil service level or equivalent.

Sustainability

The Office of the Scottish Road Works Commissioner is committed to functioning in as sustainable a manner as possible. As we are a very small office within a large Government building, we have no control over greenhouse gas emissions, waste minimisation and management, and other relevant finite resource consumption. However we contribute in as far as we are able in the following ways:

- Our office is located within Saughton House which is part of the Scottish Government estate. The annual cost is estimated to be only 25% of the cost of leasing commercial premises as other similar organisations do.
- Our IT, payroll and pension services are provided by the Scottish Government.
- We utilise the Scottish Government SEAS payment system again gaining economies.
- We utilise Scottish Government banking services gaining cost benefits from the competitive rates achieved.
- Public transport is used wherever possible when travelling to meetings.
- Car travel is only used where there is no suitable public transport alternative and we share car journeys with others wherever possible.
- We always check that we are obtaining supplies at the most efficient cost.
- We always ensure that electrical equipment and lights are switched off when not required.
- Our shredded paper is recycled as animal bedding.

Elsbeth King
Scottish Road Works Commissioner

Date: 29 October 2014

Director's Report

The Commissioner

The current Commissioner is Elspeth King who took up post on 1 January 2013 for a period of 5 years. The Commissioner is the Accountable Officer.

Equal Opportunities

The Commissioner supports the principles of equal opportunities in carrying out her operational functions and employment practices. This means that she is committed to pursuing positive action in her organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status, or disability.

Provision of Information to Employees

The Scottish Road Works Commissioner has adopted the principles of openness and participation and places a high level of importance on both informing and consulting staff. She does so by providing access to management papers, through oral and written briefings, by regular staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

Sickness Absence Data

The sickness absence rate for staff was 1.6% for 2013/14.

Personal Data Incidents

There were no personal data incidents during 2013/14.

Register of Interests

Neither the Commissioner or her staff have any interests or shareholdings in related parties. A copy of declared interests is published on the Commissioner's website as well as the Code of Conduct for the Office.

Disclosure of Information to Auditors

As Accountable Officer, I am not aware of any relevant information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Significant Events since the end of the Financial Year

There have been no significant events since the end of the financial year which require revision to the figures disclosed in the annual accounts under the terms of IAS 10: Events after the Reporting Period. In accordance with the requirements of IAS 10, events are reviewed and considered up to the date on which the accounts are authorised for issue. This is interpreted as the date on which the Independent Auditor's report is signed.

Audit

The Accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 2(b) of Schedule 2 of the Transport (Scotland) Act 2005. The auditor is Audit Scotland. Operating costs include £13,320 for external audit remuneration. External audit received no fees in relation to non-audit work.

Elspeth King
Scottish Road Works Commissioner

Date: 29 October 2014

Remuneration Report

The Commissioner's appointment is for a period of 5 years and remuneration of the Commissioner is set by Transport Scotland on behalf of Scottish Ministers.

The following parts of the remuneration report are subject to audit. The Commissioner's salary and pension entitlement are set out below:

Remuneration (subject to audit)	Salary (bands of £5k) £'000	Pension Benefits £'000	Total Remuneration 2013/14 (bands of £5k) £'000
Elspeth King	75-80* (2012/13 : 65-70)	25 (2012/13 : 7)	100-105 (2012/13 : 70-75)

*The Commissioner's figures above include a buyout of leave which she was unable to take for operational reasons of £13k and £1.8k of associated National Insurance contributions.

Salary is the basic salary. Given the independent nature of the office, the Commissioner is not part of a bonus scheme, nor has she any reserved rights, recruitment allowances or retention allowances.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the Office of the Scottish Road Works Commissioner in the financial year 2013/14 was £75,000 - £80,000 (2012/13 £65,000 - £70,000). This was 2.14 times (2012/13 1.71 times) the median remuneration of the workforce, which was £36,574 (2012/13 £39,513).

In 2013/14, no employees received remuneration in excess of the highest-paid director (2012/13 Nil). Remuneration ranged from £23,151 (pro rata for part-time hours) to £42,503 (2012/13 £23,669 to £40,173). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits

	Real increase in pension and related lump sum at pension age £'000	Accrued pension at pension age as at 31/3/14 and related lump sum £'000	CETV at 31 March 2014 £'000	CETV at 31 March 2013 £'000	Real increase in CETV £'000
Commissioner					
Elspeth King	30-35 plus lump sum of 0-2.5	30-35 plus lump sum of 0-2.5	427	5	40

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Elsbeth King
Scottish Road Works Commissioner

Date: 29 October 2014

Statement of Accountable Officer's Responsibilities

The Scottish Government designated the Commissioner as the Accountable Officer for the Office of the Scottish Road Works Commissioner. The relevant responsibilities as Accountable Officer, including the responsibility for the propriety and regularity of the public finances, for the keeping of proper records, and for safeguarding the Commissioner's assets, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual.

Under Paragraph 2(a) Schedule 2 of the Transport (Scotland) Act 2005 the Scottish Ministers have directed the Commissioner to prepare a Consolidated Statement of Comprehensive Net Expenditure, a Consolidated and Commissioner Statement of Financial Position, a Consolidated Statement of Cash Flows and a Consolidated Statement of Changes in Taxpayers' Equity for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commissioner and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Commissioner is required to:

- (i) observe the Accounts direction issued by Scottish Ministers (see Annex 1), including the relevant accounting and disclosure requirements, and apply suitable accounting policies in a consistent basis;
- (ii) make judgements and estimates on a reasonable basis;
- (iii) state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements; and
- (iv) prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Commissioner will continue in operation.

Governance Statement

As Accountable Officer, I have responsibility for putting in place and maintaining sound systems of governance and internal control that supports the achievement of my Office's policies, aims and objectives, and to safeguard the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Governance Arrangements

It was agreed in 2010 with Transport Scotland, my sponsor organisation in Scottish Government, given the independent status and the modest budget of my Office, that I can operate without an audit committee or advisory board but that the topic be kept under review and that should any practical difficulties arise, that governance arrangements could be reconsidered. I can confirm that no practical difficulties have arisen.

It was also agreed in 2010 that given the reliance that the Commissioner's office places on Scottish Government processes and systems, Transport Scotland would include my need for internal audit cover as part of their risk based plans for internal audit. As such Scottish Government internal audit will provide coverage on an occasional, though not annual basis, including the availability for advisory services on risk, control and governance and to carry out urgent work on being asked where there are specific needs or problems. Transport Scotland has confirmed that an internal audit will be carried out in 2015 to review risk, control and governance.

The agreement that the Office of the Scottish Road Works Commissioner can operate without an audit committee or advisory board was taken based on the following arrangement being in place to give assurance that there are adequate controls:

- Annual audit by Audit Scotland;
- Publication of audited Annual Accounts;
- Continuing to utilise Scottish Government processes and procedures as much as possible;
- Continuing to utilise Scottish Government services such as SCOTS, SEAS, Pensions and Payroll;
- Regular meetings with Transport Scotland; and
- Internal Audit undertaken at appropriate intervals.

Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve my Office's aims and objectives. It can, therefore, only provide reasonable not absolute assurance of effectiveness.

The process within the organisation accords with the guidance from the Scottish Ministers provided in the SPFM and has been in place for the year ended 31 March 2014 and up to the date of approval of the Annual Accounts.

The system of internal control is based on an ongoing process designed to identify principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

During the year I have:

- reviewed the use of SEAS as the most appropriate system for undertaking financial transactions and have decided to retain it for the medium term;
- reviewed and updated the risk register; and
- reviewed and updated the business continuity plan.

In addition I have undertaken a review using the Internal Control Checklist set out in the Certificates of Assurance section of the SPFM and can confirm that in my opinion the controls have been and are working well and that no significant issues have been identified.

Given our reliance on Scottish Government financial and HR systems I confirm that I have considered the Certificates of Assurance for 2013/14 provided to the Permanent Secretary by the Director of Human Resources and Organisational Development, dated 23 June 2014 and by the Director General Finance dated 23 June 2014. I have also considered the Audit Scotland reports “Scottish Government Financial Services Assurance Report on Controls 2013/14” dated May 2014 and “Scottish Government Payroll Services Assurance Report on Controls 2013/14” dated July 2014.

Risk Management

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

My Office is very small and to date has not had a formal risk strategy. The risk register is reviewed on a bi-annual basis at present and as new or changed risks emerge they are identified and entered on to the register. The business continuity plan is updated every time there are any changes in staff, legislation or any other issues which would have an impact on the continued operation of the Office. These reviews also take into account any changes required due to advice received from professional advisors or the results of external audit.

More generally, my Office is committed to a process of continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice in this area. I will continue to be guided by the Scottish Public Finance Manual in reviewing the systems.

Data Security

There have been no lapses in data security during the reporting period.

Review of Effectiveness of Internal Controls

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the staff within my Office who have responsibility for the development and maintenance of the internal control framework;
- Scottish Government has agreed to provide internal audit coverage; and
- comments made by the external auditors.

The following arrangements have been established in order to maintain and review the effectiveness of the system of internal control:

- (i) my Office complies with the principles of the Scottish Public Finance Manual and extant Financial Reporting Manual; and
- (ii) regular team meetings are held to review and track individual and organisational aims and objectives.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

I confirm that there are no matters which require to be disclosed.

Elsbeth King
Scottish Road Works Commissioner

Date: 29 October 2014

Independent auditor's report to Accountable Officer of the Scottish Road Works Commissioner, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Road Works Commissioner for the year ended 31 March 2014 under the Transport (Scotland) Act 2005. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2013/14 Government Financial Reporting Manual (the 2013/14 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves 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. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2014 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 FReM; and
- have been prepared in accordance with the requirements of the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

Helen Russell BA CPFA
Senior Audit Manager
Audit Scotland
8 Nelson Mandela Place
GLASGOW
G2 1BT

October 2014

Consolidated Statement of Comprehensive Net Expenditure for the year period ended 31 March 2014

	Note	Commissioner & SRWR 2013/14 £000	Commissioner & SRWR 2012/13 £000
Expenditure			
Costs of SRWR	5	874	740
Staff costs	4	251	212
Depreciation	6	1	1
Other Expenditure	5	53	55
		1,179	1,008
Income			
Income from Activities	3	942	739
		942	739
Net Expenditure for the year before taxation		237	269
Corporation Tax		0	0
Total Comprehensive Expenditure for the financial year ended 31 March		237	269

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Consolidated Statement of Comprehensive Net Expenditure.

The accompanying notes on pages 19 to 26 form an integral part of these Accounts.

Consolidated & Commissioner Statement of Financial Position

as at 31 March 2014

		Commissioner & SRWR 2013/14 £000	Commissioner 2013/14 £000	Commissioner & SRWR 2012/13 £000	Commissioner 2012/13 £000
	Note				
Non-current assets:					
Property, plant and equipment	6	2	2	1	1
Total non-current assets		2	2	1	1
Current assets:					
Trade and other receivables	8	11	16	665	70
Cash and cash equivalents	9	570	35	805	81
Total current assets		581	51	1,470	151
Total assets		583	53	1,471	152
Current liabilities					
Trade and other payables	10	211	28	1,179	138
Total current liabilities		211	28	1,179	138
Total assets		372	25	292	14
less: Current liabilities					
Non-current liabilities					
Deferred income	10	216	0	216	0
Total non-current liabilities		216	0	216	0
Net Assets / (Liabilities)		156	25	76	14
Reserves					
Taxpayers Equity	11	156	25	76	14
		156	25	76	14

The accompanying notes on pages 19 to 26 form an integral part of these Accounts.

The Accountable Officer authorised these financial statements for issue on 29 October 2014.

Elsbeth King
Scottish Road Works Commissioner

Date 29 October 2014

Consolidated Statement of Cash Flows

for the period ended 31 March 2014

		2013/14 £000	2012/13 £000
	Note		
Cash flows from operating activities			
Net operating costs before Scottish Ministers funding		(237)	(269)
<i>Adjustments for non-cash items</i>			
Depreciation	6	1	1
Decrease in trade and other receivable	8	654	122
(Decrease)/Increase in trade payables	10	(969)	61
Net cash outflow from operating activities		(551)	(85)
Cash flows from investing activities			
Purchase of non-current assets		(2)	0
Net cash outflow from investing activities		(2)	0
Cash flows from financing activities			
Grants from parent department	11	317	267
Net cash inflow from financing activities		317	267
Net (decrease)/increase in cash and cash equivalents in the period before adjustments for receipts due to/payments from the Consolidated Fund			
		(236)	182
Receipts due to the Consolidated Fund which are outside the scope of operating activities	12	58	0
Payments of amounts due to the Consolidated Fund	12	(58)	0
Net (decrease)/increase in cash and cash equivalents in the period		(236)	182
Cash and cash equivalents at the beginning of the period	9	806	624
Cash and cash equivalents at the end of the period	9	570	806

Consolidated Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2014

	Note	General Fund	Total Reserves
		£000	£000
Balance at 31 March 2012		78	78
Changes in taxpayers' equity for 2012/13	11	(269)	(269)
Funding from Scottish Ministers		267	267
Balance at 31 March 2013		76	76
Changes in taxpayers' equity for 2013/14	11	(237)	(237)
Funding from Scottish Ministers		317	317
Balance at 31 March 2014		156	156

Notes to the Accounts for 2013/14

1. Statement of accounting policies

1.1 Basis of Accounting

These financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Scottish Road Works Commissioner for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Scottish Road Works Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

Consolidation

These Accounts consolidate the results of the Scottish Road Works Commissioner with those of Susiephone Ltd for the period 1 April to 30 June 2013. Susiephone Ltd was a private not-for-profit company limited by guarantee and its directors were representatives of roads authorities and utility companies operating in Scotland. During this reporting period it provided management services to the Commissioner for the operation of the Scottish Road Works Register, including the collection of the Prescribed Fees and Amounts. It has now been wound up.

Susiephone Ltd used the firm of Gibson McKerrell Brown as accountants for all day-to-day financial operations and Wylie & Bisset as independent auditors. The board of directors of Susiephone Ltd were responsible for their accounts and the Commissioner has not had any involvement with the detailed financial management or accounts of Susiephone Ltd.

The information provided in Susiephone Ltd's signed Annual Accounts for the three month period to 30 June 2013 has been used by the Commissioner in the preparation of these consolidated accounts.

The activities of Susiephone Ltd are generally referred to as SRWR in these Accounts for the period to 30 June; thereafter it refers to the management of the SRWR undertaken by the Commissioner's Office.

1.2 Tangible Non-current Assets

1.2.1 Capitalisation

Purchases of assets for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital with the exception of land and buildings where the threshold is set at £10,000 and IT equipment where the group value exceeds £300.

1.2.2 Valuation

As appropriate, assets are reflected at their value to the organisation by reference to current cost.

1.2.3 Depreciation

Depreciation is provided on property, plant & equipment at rates calculated to write off costs or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture & Equipment	5 Years
Fixtures & Fittings	5 Years
IT Equipment	3 Years

1.3 Intangible Non-current Assets

Software licenses are capitalised as intangible non-current assets where the value exceeds £500 and amortised on a straight line basis over the expected life of the asset (3 years). The Scottish Government holds the licenses for all of the software currently used by The Office of the Scottish Road Works Commissioner.

1.4 Funding Receivable

Funding received from the Scottish Ministers via Transport Scotland is credited directly to the general fund in the period to which it relates.

1.5 Leases

The Commissioner holds no material finance or operating leases.

1.6 Pension Costs

The Commissioner

The Commissioner is a member of the Civil Service Pension Scheme (MyCSP).

Employees

The staff employed in the Office of the Scottish Road Works Commissioner are also members of MyCSP. This is an unfunded multi-employer defined benefit scheme. The Office of the Scottish Road Works Commissioner is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

The funding arrangements are through defined contributions. It is not possible to identify or describe the extent to which MyCSP is liable for other entities obligations or any agreed allocations of deficit /surplus on the wind-up of the plan given the scale of the Commissioner's office's involvement in relation to the wider Scottish Government (SG). The exact proportion of the plan attributable to MyCSP is negligible in relation to SG and other related bodies within the plan. It is estimated that contributions to the plan for 2014-15 will be approximately £40,000.

1.7 Value Added Tax

The Scottish Road Works Commissioner is required to pay VAT on the purchase of goods and services. All VAT is charged to the operating costs statement.

The Scottish Government considers that the Commissioner cannot be classed as a Government Department for the purposes of section 41(3) of the Value Added Tax Act 1994 and as such cannot gain the appropriate status to allow the recovery of VAT.

The Prescribed Fees and Amounts collected by the Commissioner are a statutory levy and therefore VAT cannot be applied to them.

Susiephone Ltd, the organisation which provided the Scottish Road Works Register during part of this reporting period, was VAT registered and made regular VAT claims on income and expenditure.

For this reporting period, reflecting the practice in 2012/13, no adjustment has been made for the different VAT basis.

1.8 Income Recognition

Income relating to the SRWR is recognised and matched as closely as possible to the activity on the SRWR in the year. Income received in advance of SRWR activity is deferred for use in future years.

A change was made to the Prescribed Fees Regulations for 2014 in that the period for collection of the statutory levy was reduced from 90 days to 60 days and the date on which the invoices were issued was changed from 28 February to 1 April. In 2012/13 the invoices were raised in advance of the financial year end and the associated income was deferred for use in future years.

1.9 Impending application of newly issued Accounting Standards not yet effective

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of information on the expected impact of new accounting standards that have been issued but not yet in effect. The following accounting standards have been issued or amended and have not been applied in the financial statements:

- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidation Financial Statements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair Value Measurement

The Scottish Road Works Commissioner has considered these new accounting standards and believes any impact will be minimal.

2. Performance against Budget

Commissioner

For the year 2013/14 the Commissioner's initial budget was £330,000 with a total of £308,000 actually being spent.

	2013/14 Budget £000	2013/14 Expenditure £000	Variance £000
Net Operating Costs	330	306	24
Capital Expenditure	0	2	(2)
Total Expenditure	330	308	22

Scottish Road Works Register

The costs of the Scottish Road Works Register are recovered by way of Prescribed Fees and Amounts charged to roads authorities and utility companies. The information below on SRWR activities is provided for fees and charges purposes in line with the requirements of the Government's Financial Reporting Manual.

	2013/14 Budget £000	2013/14 Expenditure £000	Variance £000	2012/13 Expenditure £000
SRWR activities	950	874	76 under	740

3. Income from Commissioner Activities

	Commissioner &SRWR 2013/14 £000	Commissioner &SRWR 2012/13 £000
Income from Activities:		
Prescribed Fees & Amounts (PFA)	860	853
Income deferred	0	(133)
Surplus PFA income transferred to Commissioner	40	0
SRWR training	35	18
Interest	6	1
Other Income	1	0
	942	739

4. Staff Numbers and Costs

The Office of the Scottish Road Works Commissioner has a small number of permanent staff.

4.1 Staff costs

	Commissioner 2013/14 £000	Permanent Staff 2013/14 £000	Agency Staff 2013/14 £000	Total 2013/14 £000	Total 2012/13 £000
Wages and salaries	78	115	1	194	165
NI Contributions	9	13	0	22	15
Pension costs	13	22	0	35	32
	100	150	1	251	212

The Commissioner's figures above include a buyout of leave which she was unable to take for operational reasons of £13k and £1.8k of associated National Insurance contributions.

Salary and associated employer's National Insurance Costs of £51k in relation to staff costs for running the SRWR are not included in the above figures. These costs are disclosed as part of SRWR costs in note 5. These costs are initially incurred by the Commissioner and recharged to the SRWR.

4.2 Pension Costs

For 2013/14 a total of employer's contributions of £33,429 was payable to MyCSP at one of four rates in the range 16.7 and 21.8 per cent of pensionable pay based on salary bands.

The salary bands for pension contributions were revised and implemented on 1 April 2013.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

There were no outstanding or prepaid scheme contributions at 31 March 2014.

On death after retirement, a pension and/or lump sum benefit is payable to the surviving spouse, dependant on the member's circumstances and the scheme joined within MyCSP. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, again dependant on the scheme joined, and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

4.3 Average number of persons employed

The average number of full time equivalent (FTE) persons employed by the Office of the Scottish Road Works Commissioner during the period was as follows:

	2013/14 FTE	2012/13 FTE
Commissioner	1.0	1.0
Permanent Staff	4.0	2.8
Other	0.0	0.0
	5.0	3.8

5. Analysis of Operating Expenditure

	SRWR 2013/14 £000	SRWR 2012/13 £000
<u>Costs of SRWR</u>		
Cost of SRWR contract	742	611
Implementation costs	0	0
Development costs	14	2
Staff costs	51	47
Bad Debts	0	0
Other costs	67	80
	874	740
	Commissioner 2013/14 £000	Commissioner 2012/13 £000
<u>Other operating costs</u>		
Accommodation costs & General office expenses	18	18
Travel & Subsistence	3	4
Legal Advice	5	10
Other Professional fees	16	23
Training, conferences & events	3	0
Bank Charges	1	0
Equipment	7	0
	53	55
	927	795

The above total includes £13,320 for external auditor remuneration for 2013/14. External audit received no fees in relation to non-audit work.

6. Property, plant and equipment

	Commissioner & SRWR			Commissioner		Total £000
	Information Technology £000	Furniture & Fittings £000	Total £000	Information Technology £000	Furniture & Fittings £000	
Cost						
At 1 April 2013	7	3	10	5	3	8
Additions	2	0	2	2	0	2
Disposals	0	0	0	0	0	0
At 31 March 2014	9	3	12	7	3	10
Depreciation						
At 1 April 2013	6	3	9	4	3	7
Charge for Year	1	0	1	1	0	1
Disposals	0	0	0	0	0	0
At 31 March 2014	7	3	10	5	3	8
Net Book Value at 31 March 2014	2	0	2	2	0	2
Net Book Value at 31 March 2013	1	0	1	1	0	1
Cost						
At 1 April 2012	6	3	9	4	3	7
Additions	1	0	1	1	0	1
Disposals	0	0	0	0	0	0
At 31 March 2013	7	3	10	5	3	8
Depreciation						
At 1 April 2012	5	3	8	4	3	7
Charge for Year	1	0	1	0	0	0
Disposals	0	0	0	0	0	0
At 31 March 2013	6	3	9	4	3	7
Net Book Value at 31 March 2013	1	0	1	1	0	1
Net Book Value at 31 March 2012	1	0	1	0	0	0

7. Intangible Non-current Assets

The Scottish Road Works Commissioner holds no Intangible Non-current Assets (31 March 2013: £nil).

8. Trade Receivables and other current assets

	Commissioner & SRWR 2013/14 £000	Commissioner 2013/14 £000	Commissioner & SRWR 2012/13 £000	Commissioner 2012/13 £000
Prescribed Fees:				
Funds due from:				
Central government bodies	0	0	0	0
Local authorities	0	0	117	0
Bodies external to government	0	0	488	0
Trade debtors	11	1	5	0
Funds due from SRWR to Commissioner	0	15	0	70
VAT recoverable	0	0	55	0
	11	16	665	70

Prescribed Fees and Amounts were collected on behalf of the Commissioner by Susiephone Ltd for the first quarter of this reporting period.

9. Cash and cash equivalents

	Commissioner & SRWR 2013/14 £000	Commissioner 2013/14 £000	Commissioner & SRWR 2012/13 £000	Commissioner 2012/13 £000
The following balances at 31 March were held at:				
Government Banking Service	35	35	81	81
Commercial banks* and RBS account**	535	0	725	0
	570	35	806	81

* These accounts were held by Susiephone Ltd.

** This account is for the SRWR only and is part of the Scottish Government contract for local banking services. It was operational from when the management of the SRWR was taken in-house by the Commissioner in July 2013.

10. Trade payables and other current liabilities

	Commissioner & SRWR 2013/14 £000	Commissioner 2013/14 £000	Commissioner & SRWR 2012/13 £000	Commissioner 2012/13 £000
Amounts falling due within one year:				
Trade Payables & Accruals	208	25	242	62
Taxation & Social Security	0	0	1	0
Funds due to:				
Central government bodies	0	0	34	0
Local authorities	0	0	202	0
Bodies external to government	0	0	624	0
Monies collected by Susiephone on behalf of the Commissioner and deferred IAS 19: Employee Benefits	0	0	70	70
	3	3	6	6
	211	28	1,179	138
Amounts falling due after one year:				
Deferred income for 2016 implementation	216	0	216	0
	216	0	216	0

11. Taxpayers' Equity

	Commissioner & SRWR 2013/14 £000	Commissioner 2013/14 £000	Commissioner & SRWR 2012/13 £000	Commissioner 2012/13 £000
Opening Balance	76	14	78	15
Net expenditure for the Year	(237)	(306)	(269)	(268)
Drawdown	317	317	267	267
	156	25	76	14

Total net expenditure on Commissioner and SRWR activities is £237,000. The net position of expenditure for the Commissioner compared to drawdown for the year was a surplus of £11,000 and SRWR activities made a surplus of £69,000, a combined £80,000 surplus as reflected above.

The consolidated Taxpayers' Equity reflects the reserves of Susiephone Ltd, relating to the operation of the Scottish Road Works Register up to 30 June 2013, which comprise opening reserves of £62,000, a loss in the period of £62,000 and closing reserves of £nil. As at 30 June 2013 Susiephone Ltd held a cash in bank balance of £1,079,000. These funds were used to settle outstanding liabilities prior to transferring £933,000 to the Scottish Road Works Commissioner after the collection of outstanding debtors.

There is no reason to believe that the Scottish Road Works Commissioner will not continue to be funded by Transport Scotland on behalf of Scottish Ministers. The accounts are therefore prepared on a going concern basis.

12. Payments to the Consolidated Fund

The Commissioner was required to take enforcement action leading to the imposition of a penalty on two occasions during the year amounting to £58,000. The penalty funds were collected in full during the financial year 2013-14. The cost of collecting these funds is deemed to be negligible. All funds were passed to my sponsoring body of Transport Scotland for onward remittance to the Consolidated Fund.

13. Capital commitments

There were no contracted capital commitments as at 31 March 2014 (31 March 2013: £nil).

14. Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31 March 2014 (31 March 2013: £nil).

15. Financial Instruments

The Scottish Road Works Commissioner has no borrowings and relies on the Scottish Ministers grant-in-aid for her cash requirements. She is therefore not exposed to liquidity risks. Her Office has no deposits and all assets are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

16. Related-party transactions

The post of the Scottish Road Works Commissioner was constituted by Scottish Ministers who provide funding through Transport Scotland. The Scottish Government is regarded as a related body. Neither the Commissioner, her staff nor related parties have undertaken material transactions with the Office of the Scottish Road Works Commissioner during the year.

17. Other Financial Commitments

There are no other financial commitments at 31 March 2014.

Annex 1 – Accounts Direction



THE SCOTTISH ROAD WORKS COMMISSIONER

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 2 of Schedule 2 of the Transport (Scotland) Act 2005, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2008, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

A Patel

Signed by the authority of the Scottish Ministers

Dated *14th January 2008*