

**MINUTES of tie Audit Committee meeting
Citypoint**

At 8.30 am – Wednesday 18th November 2009

In Attendance: **Committee members:**
Kenneth Hogg (Chairman)
Peter Strachan (by telephone)
Cllr Allan Jackson

KH
PS
AJ

DMac
RJ
SMcG
GB
SB
JT
PMcN

NS

Other Attendees:
David Mackay
Richard Jeffrey
Stewart McGarrity
Graeme Bissett
Steven Bell
Julie Thompson (Minutes)
Peter McNay (Deloittes)

Apologies: Neil Scales

Item

Action by

1. MINUTES OF MEETING 8th July 2009 *

The actions from the minutes of the 8th July meeting were reviewed with the following items carried forward:

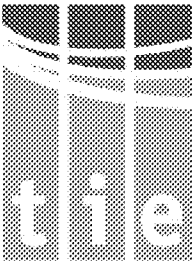
Audit Committee Membership – The membership of the Committee should be resolved in line with more general Board evolution and governance changes within the next month. This will be addressed at the next meeting of the Audit Committee.

KH

2.

AUDIT COMMITTEE REMIT

Copies of the Audit Committee Remit were distributed to the Committee. These will be reviewed at the beginning of next year.



3.

2008/09 INTERNAL AUDIT PROGRAMME

3.1

2008-03/05: Project and Programme Reporting/InfraCo

The Committee was updated on this report. A decision had been taken to combine the two reports as most of the work was carried out by the same **tie** team so it made sense to combine this into one audit.

The report was scheduled for completion in June but due to this decision it was not completed until September. A factor in this was also the evolution of the InfraCo disputes.

Deloitte updated the Committee on the main findings of their audit.

The main issues arose around the Open for Revenue date and the Anticipated Final Cost. Both of these items were affected by the programme disagreements and disputes. A discussion between **tie** and Deloitte had taken place on these points.

No other material issues had arisen in terms of reporting. Deloitte commented on the good reporting being done by the team but there was still some work to be done.

The point was made that at present it is very difficult to predict and avoid future disputes.

The Committee asked for assurance from **tie** regarding the fundamental risks to the company and they were given assurances that procedures were in place.

4.

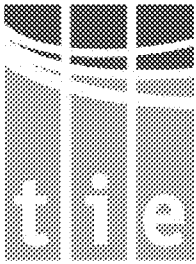
2009/10 Internal Audit Programme

4.1

Deloitte updated the Committee on the Internal Audit Programme.

Building the Tram and Preparing for Operations were the core areas in the Programme.

A question was raised regarding Health & Safety and Operational Readiness Planning and whether Deloitte had the relevant competencies to support our requirements. PMcN outlined his background and stated he believes that they do have the experience required to meet the needs of the Audit Committee.



4.2

Operational Readiness

The question was raised as to whether we were ready? KH felt it went beyond the Internal Audit and asked guidance from DJM and RJ on this point.

RJ clarified that it was “Operational Readiness Planning” and not “Operational Readiness” that they were working towards at present and this was an Audit of the Planning procedures and not Readiness for Operations.

SMcG/Del

It was agreed that Deloitte bring this item back to the next Audit Committee for final approval.

5.

CORPORATE RISK REGISTER

This item was deferred to the Tram Project Board.

6.

GOVERNANCE MATTERS

6.1

The Committee discussed the current status of the Governance review being undertaken by CEC after an update by GB.

Phase 1 has still not been completed and the Policy & Strategy Committee meets on 1st December followed by a Full Council meeting on 17th December. The Chairman asked that the Councillors on the Committee provide feedback on this item to us.

Phase 2 is being completed and this should bring LB into TEL ownership.

Deloitte advised the Committee that they felt that the governance arrangements were in good shape but there were still several areas that needed to be addressed.

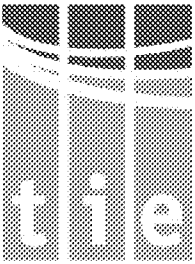
6.2

Received verbal clarification from Inland Revenue on VAT issues but still awaiting written confirmation.

7.

AOB

The next Audit Committee will be confirmed in due course but should take place in January 2010.



Signed and approved on behalf of the Audit Committee by:

Kenneth Hogg (Chairman)..... Date.....

Declaration:

*Agenda Items marked * indicate that a report or relevant paper on this subject was attached and will be made available under FOI(S)A but will be subject to review under Section 5b of tie's publication scheme and The FOI (Scotland) Act 2002. The contents of these minutes will be reviewed by tie prior to release and items marked with a (C) may be deemed exempt according to the provisions of The FOI (Scotland) Act 2002.*