

---

**From:** Stewart McGarrity  
**Sent:** 28 July 2008 10:39  
**To:** James Papps  
**Cc:** James Stewart; Graeme Bissett; Willie Gallagher  
**Subject:** RE: tie Internal Audit Services

James,

Thanks this is really useful feedback. The question as to whether the risk transfer on paper is being delivered is a really good one and we are keeping a close eye on it. The Infraco contract and the design/approvals/MUDFA interfaces are complex and we need to be squeaky clean in our commercial management of the contract to ensure to the maximum extent possible that the edges of responsibility don't get blurred to the advantage of the contractor e.g. where there are concurrent reasons for delay which are the contractually allocated to both parties. (There are circumstances where the blurring might work in our favour!)

As you say, in respect of Infraco its early days yet but I believe **tie** has the right quality of resources mobilised. I'll ensure the question of internal audit assurance in this area gets asked during the IA procurement process.

Keep well,

Stewart

Stewart McGarrity  
Finance Director  
**tie** Limited  
Mobile: [REDACTED]

---

**From:** James Papps [mailto:James.Papps@partnershipsuk.org.uk]  
**Sent:** 25 July 2008 11:34  
**To:** Stewart McGarrity  
**Cc:** James Stewart  
**Subject:** RE: tie Internal Audit Services

Stewart

Now had a look through this. As mentioned yesterday, we're not usually directly involved with internal audit ourselves, so views based on knowledge of TIE as an organisation, the Tram Project, and existing review processes.

In general I'd make one main observation. Whilst TIE does have some broader responsibilities than the tram and ambitions to do more, the tram is by far its main responsibility. In this context, the project has reached the stage when the majority of the work is being carried out under a number of signed contracts with the private sector, most notably the Infraco contract, but also MUDFA, and I guess some residual work under SDS. All these contracts were designed to facilitate a planned level of risk transfer, with one set of key risks being for the private sector contractors to manage, and a residual set for TIE itself to manage.

My suggestion would therefore be that a key area for any internal audit would be to make some assessment based around examining risks transferred and retained in relation to each of these contracts. In particular: is the intended risk transfer under each contract working in practice to date: what oversight does TIE have of this; where, if anywhere, has there been any slippage (i.e. risks reverting to TIE); and how are such situations being managed? There is a specific ref to contract management as one of the business areas which may need to be the focus for Internal Audit Assurance (g) but this is described more in terms of the mechanical processes of change management and payment procedures. I'd suggest that this merits more of a key focus, and should be extended to cover an external 'audit' view of the balance of risks as described above. Clearly it's early days for some of the contracts, but an issue at this stage could be, for example, checking what 'early warning' systems may be in place to highlight potential slippages/issues before they become critical.

Hope that's some help and happy to discuss further.

Kind regards  
James

---

**James Papps**

**Tel:** [REDACTED]

**TIE00089194\_0001**

**Project Director**  
Partnerships UK  
8-10 Great George Street  
Westminster  
London  
SW1P 3AE

**Mob:** [REDACTED]  
**Email:** James.Papps@partnershipsuk.org.uk  
**Web:** www.partnershipsuk.org.uk

**From:** Stewart McGarrity [mailto:Stewart.McGarrity@tie.ltd.uk]  
**Sent:** 24 July 2008 14:29  
**To:** James Papps  
**Cc:** James Stewart  
**Subject:** tie Internal Audit Services

James,

How are you – hope things are all OK at PUK and on the Papps home building project?

We're about to re-procure our internal audit services at **tie** and I attach a copy of the brief we have sent out. I don't think you are in the business of delivering internal audit services but we would be very interested in your views on the brief and where the focus of Internal Audit assurance should be, informed by previous PUK involvement in the Tram project, our OGC Gateways and our Peer review group.

If you could have a look I'd be very grateful of any feedback you can provide.

Kind regards,

Stewart

Stewart McGarrity  
Finance Director  
**tie** Limited  
Mobile: [REDACTED]

---

The information transmitted is intended only for the person to whom it is addressed and may contain confidential and/or privileged material. If you are not the intended recipient of this e-mail please notify the sender immediately at the email address above, and then delete it.

E-mails sent to and by our staff are monitored for operational and lawful business purposes including assessing compliance with our company rules and system performance. TIE reserves the right to monitor emails sent to or from addresses under its control.

No liability is accepted for any harm that may be caused to your systems or data by this e-mail. It is the recipient's responsibility to scan this e-mail and any attachments for computer viruses.

Senders and recipients of e-mail should be aware that under Scottish Freedom of Information legislation and the Data Protection legislation these contents may have to be disclosed to third parties in response to a request.

tie Limited registered in Scotland No. SC230949. Registered office - City Chambers, High Street, Edinburgh, EH1 1YT.

---

\*\*\*\*\*  
This email is intended for the addressee(s) named above. It may contain confidential or privileged information and should not be read, copied or otherwise used by any person for whom it was not intended.  
If you have received this mail in error please contact the sender by return email and delete the email from your system. Partnerships UK plc Registered in England number 3993425 10 Great George Street London SW1P 3AE. http://www.partnershipsuk.org.uk .telephone number +44 (0)20 7273 8383. Recipients are advised

to apply their own virus checks to this message on delivery.

\*\*\*\*\*