

## **BUS ÉIREANN - IRISH BUS**

### **MINUTES**

#### **MEETING OF THE AUDIT REVIEW GROUP HELD AT BROADSTONE CEO OFFICE on Monday 17<sup>th</sup> October 2016 at 14.30 hrs**

Strictly Private & Confidential in accordance with Section 22 of the Transport  
(Re-organisation of Córas Iompair Éireann) Act 1986 and also privileged

#### **PRESENT(Dial In):**

Mr D. Mc Garry, ARG Chairman

Mr G. Ryan, Director

Mr H. Minogue, Director

#### **IN ATTENDANCE:**

Mr M. Nolan, Chief Executive Officer, BE

Mr J. Neiland, Chief Mechanical Engineer, BE

Mr T. Morgan, Acting Chief Financial Officer, BE

Mr K. Mac Pherson, Manager Operations Support, BE

Mr M. Downes, Head of Group Internal Audit, CIE

Mr K. Flood, Manager Accounting Services, BE

#### **APOLOGIES:**

Mr C. Dunne, Chief Operating Officer, BE

Mr R. Gill, Acting Group CFO, CIE

Mr S. Simpson, Chief Operating Officer, BE

Mr V. Sheehan, Head of Strategy, BE

Mr J. Kenny, Chief Human Resources Officer BE

Mr S. Kent, Chief Commercial Officer, CIE

**MINUTE NO:****MINUTES OF PREVIOUS MEETING**

- 2355.** To comply with Section 161 (6) of the Companies Act 2014, it was resolved that the venue would be Broadstone CEO office as all members of the ARG were dialling in. For clarity all those in attendance were in person at the Broadstone CEO office.
- 2356.** The minutes of the previous combined ARG and C&I meeting of 30<sup>th</sup> August 2016 were agreed as a true and accurate record of the meeting and it was agreed that they would be signed at the next meeting as the ARG Chairman was dialling in to the current meeting.
- 2357.** CEO confirmed to the meeting that a new route profitability system was under development and that he would update the meeting as the system evolved.
- 2358.** CEO confirmed that the Department of Education and Skills had received a copy of the Controller and Auditor General Report on Schools but that Bus Eireann had not yet received a draft of the report.
- 2359.** CEO advised the ARG that the forecast 2016 and budget 2017 figures included in the papers were not included for approval, rather they were to be considered as a baseline for review. The losses for 2016 and 2017 highlight the urgent need for action from stakeholders to resolve the critical issues facing the company.
- 2360.** A detailed budget 2017 and forecast 2016 was included in the ARG papers and the acting Chief Financial Officer referred the meeting to the salient points outlined in both the budget and forecast and confirmed the assumptions included therein. He referred the meeting to the slides included with the papers which included product splits and revenue bridge. He confirmed that the forecast operating deficit in 2016 of €6.9m coupled with budgeted operating deficit in 2017 of €7.2m would impact severely on the viability and sustainability of the company and that these deficits for both years were the result of continuing and sustained losses from Expressway.
- 2361.** Acting Chief Financial Officer also confirmed that by the end of 2017 that Net Assets as set out in the balance sheet would fall to €2m which is less than 10% of the Called Up Share Capital of the company and that this situation was critical and also unsustainable.

- 2362.** ARG Chairman referred to the budget and forecast presentations and stated that the ARG would be unable to agree a budget and forecast for recommendation to board given the difficulties in relation to sustainability and stability apparent from the budget/forecast figures.
- 2363.** The CEO and G Ryan and H Minogue concurred and it was agreed to defer an decision on the budget/forecast.
- 2364.** ARG Chairman requested CEO to update the meeting on fare increases and in response the CEO confirmed that it was dependant upon the NTA and government. He confirmed that he would keep the ARG advised as negotiations developed
- 2365.** CEO referred the meeting to facilities and Capex investment proposals and confirmed that the update from the Department and NTA was encouraging in relation to funding of proposals and that he would update the ARG as matters developed.
- 2366.** It was agreed to defer the update on claims management to the November ARG.
- 2367.** It was also agreed to defer discussion on the implications of the Code of Practice for State Bodies to the November ARG.
- 2368.** Manager Accounting Services updated the meeting on Directors Compliance Statement timetable and confirmed that Bus Eireann was working closely with Internal Audit to finalise the files to enable Internal Audit to successfully finalise the annual review process.
- 2369.** Head of Group Internal Audit confirmed that the annual review team were on site in Bus Eireann conducting the annual review as required under Directors Compliance Statements. He confirmed that the review would include a review and testing of the Registers of Obligations under the Companies Acts and under tax legislation as well as a review and testing of the arrangements and structures in place in order to provide the necessary assurance to successfully complete the annual review process.
- 2370.** Head of Group Internal Audit also confirmed that a report would be included with the November ARG papers from Internal Audit in relation to their annual review of Directors Compliance Statements.
- 2371.** Manager Accounting Services presented an update at the meeting on the year end accounting and audit timetable and confirmed the dates for the attendance at the interim and final audits of the new

external external auditors Deloitte. He also confirmed that Bus Eireann would work closely with Deloitte to ensure that the transition was as smooth as possible and that Deloitte would present their audit plan to the November ARG as well as a further update to the March 2017 ARG.

- 2372.** Manager Operations Support updated the meeting in relation to on bus MAC fraud perpetrated by third parties and confirmed that the estimated value of the fraud was €5,000 and that the An Gardai were advised and that they raided a property and made arrests as part of their investigations.
- 2373.** Acting Chief Financial Officer confirmed that controls had been enhanced to mitigate the effects of possible similar future frauds via a review of 3D secure rules and by only accepting Chip and Pin transactions.
- 2374.** It was agreed that CME would provide an update in relation to bus [REDACTED] for the November ARG.
- 2375.** CME confirmed that [REDACTED] were ongoing and that properties had been [REDACTED]
- 2376.** There being no further business and the meeting ended.

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**Signed by the Chairman**

**Date**