

**Birmingham Organising Committee for the 2022 Commonwealth Games LTD  
 Audit and Risk Assurance Committee Meeting**

**2pm, Monday 18th February 2019**

**Held at: 10 Woodcock Street, Birmingham, B7 4BL**

**Attendees:**

Members:

Representative Member from Commonwealth Games England (Chair)

Representative Member from Department for Digital, Culture, Media and Sport

In Attendance:

Director, National Audit Office

Chief Executive Officer, Birmingham 2022

Director of Programme Management and Integrated Planning, Birmingham 2022

Project Manager, Birmingham 2022

Head of Financial Management, Birmingham 2022

Compliance Manager, Birmingham 2022

Item No	Item	Action Owner
	<p><b>Welcome and introductions</b></p> <p>The Chair formally opened the meeting and the attendees introduced themselves.</p> <p>Apologies were given by IW and NT. The Chair noted that as only two Committee members were present the Committee was technically inquorate.</p> <p>The Chair commented that the financial policies that would require formal Committee approval would be considered by the two members present during the meeting, and approval had already been provided by IW via email. On all remaining matters the Committee members in attendance would provide guidance as appropriate.</p> <p>The Chair also agreed to speak to IW regarding providing an alternate attendee to cover such circumstances in the future.</p>	
1	<p><b>Minutes and actions from the last meeting</b></p> <p>The minutes of the meeting held on 19 November were reviewed. The actions from the minutes were as follows:</p> <ul style="list-style-type: none"> <li>• The Terms of Reference had been amended</li> <li>• The Risk Management Framework had been updated</li> <li>• The Risk Assurance Map was an agenda item for today's meeting</li> <li>• Value for money audit information had been circulated to the Committee, but it was removed as an agenda item from the meeting and would be dealt with at a later stage.</li> <li>• The internal audit review process was an agenda item for today's meeting</li> <li>• GDPR/data protection compliance – it was confirmed that all future systems holding personal data would be assessed for data protection compliance.</li> </ul>	

2	<p><b>Risk tolerance setting</b></p> <p>The factors affecting risk tolerance setting were discussed. It was noted that Brexit would cause great uncertainty with respect to the supply of services and so the proposed plans for risk tolerance setting might change post Brexit.</p> <p>ND commented that the risk tolerance framework proposed for the OC set risk tolerance for the following seven categories against five risk levels:</p> <p><b>Health and Safety</b></p> <p><b>Schedule</b></p> <p><b>Athlete Experience</b></p> <p><b>Action:</b> ND to contact the OC Director of Sport to request athletes' feedback from previous events to identify what they consider to be important. For example, availability of Wi-Fi, warm up and stretching areas, team meeting rooms within the Village, Games time souvenirs.</p> <p><b>Spectator Experience</b></p> <p><b>Action:</b> ND to draft a board paper related to risk tolerance setting for the next Board meeting.</p> <p><b>Event Image and Reputation</b></p> <p><b>Action:</b> The Committee requested the Board has more information as to which areas could be increased or decreased in order to enhance the images of the Games.</p> <p><b>Legacy</b></p> <p><b>Action:</b> The 'minor' positioning needs to be amended to remove reference to 'reducing the operating budget'. The OC will review items on their merits and review funding alternatives with the partners.</p> <p><b>Finance</b></p> <p>The next stage for setting the risk tolerance level would be to seek Board ratification.</p>	<p>ND</p> <p>ND</p> <p>ND</p> <p>ND</p> <p>ND</p>
3	<p><b>Risk assurance map - proposed approach and Brexit</b></p> <p>It was noted that the OC would use a similar risk assurance map to the Glasgow OC. The Committee endorsed the first, second and third line of defence approach for each strategic risk.</p> <p><b>Action:</b> The Committee requested the following amendments be made to the risk assurance map and presented to the next ARAC meeting:</p> <ul style="list-style-type: none"> <li>• Ensure the strategic risks on the left-hand side replicate the seven risks from the risk tolerance setting presentation</li> <li>• for each risk, identify a primary first line of defence and a primary second line of defence - and be clear who takes the lead for these</li> <li>• recommend how this map is reported and managed with ARAC and the OC Board.</li> <li>• cross reference with the Gold Coast Strategic Risk Register for consistency.</li> </ul>	<p>ND</p>

	<ul style="list-style-type: none"> <li>• within the budget strategic risk, consider drawing out the sponsorship and commercial risk from the budget.</li> <li>• within the assurance map add a further colour for where a group is either the lead and or assurance is considered effective.</li> </ul>	
4	<p><b>Approval of financial policies and accounting policy update</b></p> <p>SH asked the Committee to approve the financial policies and provided an update as to the state of the accounting policies. The Committee were reminded that the accounts would be submitted on 20 September 2019 but would need Committee sign off before then as well as Board approval.</p> <p>GW confirmed he was very comfortable with the OC's level of financial readiness and commented that it was very advanced for such an embryonic organisation.</p> <p>SH informed the Committee that the Commonwealth Games Delivery Unit confirmed that consolidated accounts are normally submitted without Board approval however GW stated that as the OC increases in size the Board will be required to approve the pack.</p> <p>IR commented that a paper would be taken to the Board detailing the policy approval process for all OC policies.</p> <p>The Committee asked whether the OC had a counter fraud policy and a whistleblowing policy in place. SH confirmed she had drafted the counter fraud policy and that a whistleblowing policy would also be produced by the OC.</p> <p><b>Action:</b> GW suggested the OC develop an exit interview process, as this was a mechanism often used by staff to report fraud.</p> <p>The Committee praised SH for the quality of the policies. SB and HJ approved the policies during the meeting and IW had provided approval prior to the meeting via email.</p>	SH
5	<p><b>Financial autonomy and internal controls update</b></p> <p>SH discussed the new financial and HR system, 'Microsoft Dynamics' and the hope that it would be a legacy system for future Games.</p> <p><b>Action:</b> The Chair requested that the Government Internal Audit Agency undertake their review and provide the results for the May meeting.</p> <p><b>Action:</b> The Chair requested that for the May meeting the controls matrix be updated with information relating to what the OC needs to do to self-certify.</p> <p><b>Action:</b> The Chair requested that once every quarter, the control process owner signs a sheet to confirm they have completed the control.</p>	SH SH SH
6	<p><b>OC budget update</b></p> <p>A discussion ensued about the Major Projects Review Group (MPRG) and whose responsibility it was to liaise with them about key issues. It was suggested that leads from all pertinent bodies such as the OC and BCC should form part of MPRG.</p> <p>CEO queried how to get Board ratification for the lifetime budget approval given that it needs to be submitted on the 28 February, the expert review starts week commencing 11 March and the final submission is 25 April.</p>	

	<p><b>Action:</b> CEO to consider how ARAC can provide assistance in seeking ratification from the Board for the lifetime budget approval.</p> <p>The Committee commented that there had been excellent progress made by the Head of Financial Management with respect to the policies and financial controls.</p>	IR
7	<p><b>National Audit Office engagement and year end update</b></p> <p>GW from the National Audit Office detailed the audit process. He is currently reviewing the Glasgow Commonwealth Games accounts in order to anticipate audit risks for the Birmingham OC and wants to spend time on revenue recognition.</p> <p>GW commented that the OC was in an excellent position from an external audit perspective because; we have started working on our accounting policies, the right controls and process are already in place, and there is a suitable framework and timeline in operation.</p> <p><b>Action:</b> The Chair commented that he would ensure GW had a private session with the Committee in the near future without the Executive staff being present.</p>	SB
8	<p><b>Audit and Risk Assurance Committee workplan</b></p> <p><b>Action:</b> The Committee requested the following amendments be made to the workplan:</p> <ul style="list-style-type: none"> <li>• Item 5, appointment of professional services provider - move to October meeting.</li> <li>• Item 8, review of annual financial statements – move to May and August meeting.</li> <li>• Item 10, review of the risk framework - move to the August or October meeting</li> <li>• Item 16, approval of financial accounting policies and conventions - carry over to the May meeting.</li> </ul>	IR
9	<p><b>Audit and Risk Assurance Committee letters of appointment</b></p> <p>The Committee were handed their official letters of appointment and the following accompanying guidance; Seven Principles of Public Life, Audit and Risk Assurance Committee Handbook, Corporate Governance in Central Government Departments: Code of Good Practice. IW and NT would be sent their documents by post.</p>	
10	<p><b>Any other business</b></p> <p>The CEO discussed the recruitment of the following senior roles within the OC;</p> <ul style="list-style-type: none"> <li>• Chief Financial Officer - there was a preferred candidate for the post.</li> <li>• Chief Legal Officer – the appointee would be starting on 1 April</li> <li>• Chief Communications and Marketing Officer – a shortlist had been selected</li> <li>• Chief Commercial Officer – secondee from DCMS being considered</li> </ul> <p>The Chair reported that two ex officio members were required for the Audit and Risk Assurance Committee. (ARAC) The individuals would be members of ARAC but not members of the OC Board. The Chair was meeting with a potential candidate on 4th March and hoped that one new member would be appointed in time for the May ARAC meeting and another for the August meeting.</p>	