



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

3pm, Monday 19th November 2018

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
Representative Member from Birmingham City Council

In attendance:

Programme Manager, Birmingham 2022
Head of Financial Planning, Birmingham 2022
Interim CEO, Birmingham 2022
Director, National Audit Office
Compliance Manager, Birmingham 2022 (Secretariat)

Item No	Item	Action Owner
	<p>Welcome and Introductions</p> <p>The Chair formally opened the first meeting of the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd Audit Committee.</p> <p>The Committee and attendees introduced themselves and the meeting was declared quorate.</p> <p>The Chair explained the purpose of the meeting and detailed the papers that would require formal approval.</p>	
1	<p>Terms of Reference</p> <p>The Terms of Reference for the Audit Committee were discussed.</p> <p>Minor amendments and a slight shift in terminology to move focus from financial control to overall governance were suggested.</p> <p>Action: The Interim CEO agreed to amend the Terms of Reference accordingly.</p> <p>A discussion ensued around the Committee's name. It was suggested that the Committee be renamed the 'Audit and Risk Assurance Committee' to better reflect the scope of the Committee's remit and make the risk and assurance element clear in the title.</p> <p>The Committee agreed to this proposal and also endorsed the Terms of Reference for submission to the Board for approval.</p>	IR

	<p>The Chair proposed that the Committee consider increasing their membership to include a further non-Executive Director and two ex officio attendees, one with expertise in public sector financial accounting and the other in management of major events.</p> <p>The Committee agreed that this proposal be presented to the Board at their next meeting on 29 November 2018.</p>	
<p>2</p>	<p>Risk Framework and Review Process</p> <p>The Programme Manager asked the Committee to consider the draft Risk Management Framework (the Framework) with a view to recommending its approval to the OC Board.</p> <p>The Programme Manager set out the risk parameters detailed in the Risk Management Implementation Plan. The Birmingham Organising Committee for the 2022 Commonwealth Games (OC) was reported to be currently in their second stage of risk development, namely that of defining risk and establishing governance processes.</p> <p>The requirement for a complete operational Risk Register and for identifying the risks at an early stage was discussed.</p> <p>A discussion ensued about the interrelationship of the risk registers belonging to the various partner agencies the OC was collaborating with and how interdependencies on major cross-party initiatives would work in practice. The Programme Manager confirmed that individual risks were managed by the responsible delivery partner organisations but risks that affected multiple partners (e.g. village delivery) were raised at a cross partnership committee attended by CEOs. This group assigned specific owners to each risk to ensure appropriate responsibility and accountability were taken.</p> <p>The Chair requested clarification regarding any delivery / operational risks that would be considered out of scope for this committee.</p> <p>Action: The Programme Manager agreed to update the Risk Management Framework to include areas he felt were outside of the scope of the Committee's remit and to recirculate the Framework to the Committee.</p> <p>It was suggested that an 'assurance map' be produced to show the full range of assurance sources.</p> <p>Action: The Programme Manager agreed to produce the Assurance Map.</p> <p>The Committee considered a series of proposed risk reporting formats. It was agreed that OC risk reports should focus on both the highest priority and emerging risks and show current rating relative to target rating. Progress against actions and rating trends would also be shown.</p> <p>An approach for describing OC risk appetite in a games context was presented to the Committee. The Committee agreed that an exercise with the Board should be organised in the lead up to the January Board, when the draft results will be</p>	<p>PC</p> <p>PC</p>

	<p>discussed. The exercise will require Board members to complete a questionnaire regarding their appetite regarding various risk categories.</p> <p>The Chair requested that the Programme Manager ensured the risk appetite levels were set with due consideration for budget and resourcing. This will be actioned as part of the risk appetite setting.</p> <p>The Chair confirmed that the Framework was a working document that would be reviewed and revised on a regular basis, the next review to be due after 6 months.</p> <p>The Committee praised the Framework and agreed to the inclusion of 'sample report 2 scoring analysis'.</p> <p>The Committee recommended that the Framework be presented to the OC Board for approval.</p>	
<p>3</p>	<p>Funding Model and Financial Control Framework</p> <p>The Head of Financial Planning presented an update as to the OC Budget and Financial Status.</p> <p>The OC budget is part of the overall Games budget. CGDU are taking this budget through the HM Treasury approval process, the outcome of which should be known by early 2019.</p> <p>The OC is currently operating without financial autonomy, with DCMS entering into contracts on behalf of the OC. It is expected that signing of the interim Management Agreement that is to be presented at the next OC Board meeting will pave the way for the OC to take on financial autonomy. Work is continuing with DCMS to ensure readiness for financial autonomy, including bank account set-up.</p> <p>Once autonomy is granted, the OC will operate through interim finance processes and an interim finance system to ensure appropriate control and recording of transactions. The Committee suggested these interim processes should be subject to an internal audit review.</p> <p>Action: The Interim CEO agreed to put in place an internal audit review process for the interim finance processes.</p> <p>Work is underway developing and implementing the OC's end state finance processes and system (MS Dynamics). These are expected to go-live during Q2 2019.</p> <p>The Committee noted the contents of the report.</p>	<p>IR</p>
<p>4</p>	<p>Scheme of Financial Delegation</p> <p>The Interim CEO asked the Committee to consider the Scheme of Financial Delegation with a view to recommending its approval to the OC Board.</p>	

	<p>It was noted that the Scheme is designed to ensure expenditure is subject to appropriate scrutiny and financial control and is based on the framework used for the Glasgow games.</p> <p>It was also highlighted that any expenditure over a million pounds would require approval of the Contract Approval Committee, a sub-committee of the Board.</p> <p>It was reported that the Scheme of delegation also puts in place virement controls to prevent money from being transferred between functions without appropriate approval.</p> <p>The Committee praised the thoroughness of the Scheme and recommended the Scheme of Financial Delegation for approval to the OC Board.</p>	
<p>5</p>	<p>Introduction to National Audit Office and their Role as External Auditors</p> <p>The Director of the National Audit Office (NAO) explained the five dimensions of the work of the NAO, including external audit and the undertaking of value for money audits. Two such audits may be conducted relating to the Games, one during the event and one afterwards.</p> <p>The Chair noted that there was no reference to ‘value for money’ in the Terms of Reference for the Committee and requested more information about the value for money metric, how this would work in principle and whether the Committee would need to extend its remit to include this metric.</p> <p>It was reported that during the Glasgow Games three value for money audits were undertaken and they had proven to be very helpful.</p> <p>Action: The Interim CEO agreed to circulate information to the Committee with regards to value for money audits.</p> <p>Action: The Chair requested that the Director, National Audit Office more fully brief the Committee on value for money audits at the next meeting.</p>	<p>IR</p> <p>SS</p>
<p>6</p>	<p>The Role of Internal Audit and Professional Services Procurement</p> <p>The Interim CEO presented a report providing background to internal audit in the context of an Organising Committee and proposing that the OC adopts an outsourced approach to internal audit. This would be included in the scope for the OC’s Professional Services provider in line with previous Games. Procurement for this is due to commence in late 2018 and it is hoped a sponsor will be secured through this process – in line with Glasgow 2014 and Gold Coast 2018.</p> <p>The possible conflict between the same firm providing internal audit and other advisory services was discussed. The Committee agreed it was content with the proposed approach to combine internal audit and professional services, subject to there being safeguards put in place around these potential conflicts (with the OC having the ability to use the Government Internal Audit Agency in these circumstances) and the Professional Services contract being drafted to this effect.</p>	

	<p>The Committee agreed that the Government Internal Audit Agency could be utilised in the interim period before a Professional Services Provider was appointed, and, in any instances whereby a conflict of interest was highlighted with the Professional Services Provider.</p> <p>Action: The Interim CEO agreed to ensure the Professional Services Provider contract provides the ability to award services to another provider (likely Government Internal Audit Agency) where any conflicts are noted between Advisory services and internal audit reviews.</p>	IR
7	<p>Proposed Audit Committee Work Programme for the Year</p> <p>The Interim CEO presented a proposed Audit Committee Work Programme for the period from November 2018 until October 2019.</p> <p>Action: It was agreed that Item 9 of the Programme, namely to 'review the financial performance of the OC against the approved budget' be set as a standing agenda item for the Committee.</p> <p>Action: Items to be added to the next Committee meeting to be held in February 2019 included agenda items related to value for money audits and governance statements.</p>	AJ AJ
8	<p>Any Other Business</p> <p>Action: The Chair requested that dates be arranged for forthcoming Committee meetings.</p> <p>Action: The Chair requested that all systems that held personal data be assessed for GDPR compliance.</p>	AJ AJ