

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

1:30pm, Tuesday 29th October 2019

Held at: Board Room (second floor), One Brindley Place, Birmingham, B1 2JB

Attendees:

Members:

Representative Member from Commonwealth Games England (Chair)
Representative Member from Department for Digital, Culture, Media and Sport
Independent Board Member
Representative Member from Birmingham City Council
Ex Officio Member

In Attendance:

Chief Financial Officer, Birmingham 2022
Head of Financial Management, Birmingham 2022
Head of Programme Management, Birmingham 2022
Chief Legal Officer, Birmingham 2022
Internal Audit Partner, PricewaterhouseCoopers (PwC)
Internal Audit Partner, PricewaterhouseCoopers (PwC)
Value for Money, National Audit Office
Value for Money, National Audit Office
Audit Director, National Audit Office
Observer
Executive Assistant, Birmingham 2022 (Secretariat)

Item No	Item	Action Owner
	<p>Welcome and introductions</p> <p>SB opened the meeting and welcomed SL as the alternate replacement member for HJ. SB also welcomed GB as an observer and HH & AMD from the National Audit Office to deliver the Value for Money training.</p>	
	<p>Training</p> <p>“Value for Money” training was delivered by HH and AMD – the presentation was distributed and is attached to these Minutes.</p> <p>The NAO confirmed that the OC/CWG are currently on the radar for a Value for Money report (this is subject to confirmation by the Comptroller and Auditor General).</p>	
1	<p>Minutes and Actions from The Last Meeting</p> <p>The minutes of the meeting held on 19 August 2019 were formally approved.</p> <p>Outstanding actions were to be considered during the ‘Action log’ section later in the meeting.</p> <p>Action:- SB confirmed that he had received correspondence from DCMS in connection with the Corporate Governance Assurance Report previously submitted, requesting that that report be reviewed by the Committee prior to submission in the next financial year.</p>	SH

<p>2</p>	<p>Review of Internal Audit Workplan</p> <p>AB presented to the Committee the paper which had previously been distributed.</p> <p>It was noted that B2022 are the first Commonwealth Games to be operating under the new GDPR regulations. Therefore, in the audit plan, PwC will be working with the OC to review its related obligations to 3rd parties.</p> <p>The Internal Audit team stated that the proposed work programme was balanced, taking into account the expectations of the OC and the shorter period of time to deliver a programme of internal audit work in this first financial year.</p> <p>It was noted by GB that cyber security is a high risk area but is not in the internal audit plan until 2020/21 – PwC confirmed they were comfortable with the arrangements in place in this first year given limited 'valuable' data transactions were being processed, temporary cyber arrangements were in place in agreed with BCC, and a IT (and cyber security) provider was in the process of being procured.</p> <p>CLH raised concerns that the CEO Office was included in the 2021/22 proposed audit plan which he suggested was too late. PwC confirmed that a Governance review is taking place now which does include this area.</p> <p>Action:- CH commented that a key take-away from London was the wider impact on the Games in terms of Legacy. PwC agreed to update the internal audit plan to map this to outcomes.</p> <p>Subject to the above, the Internal Audit Plan for 2019/20 was approved.</p>	<p>AB</p>
<p>3</p>	<p>Finance (covering item 3-6)</p> <p>Financial Management</p> <p>SH presented to the Committee the paper which had been previously distributed. It was noted that there were no significant issues relating to the annual or lifetime budget to report.</p> <p>The OC is starting to see more phishing emails; work is being done with the Technology team and a training session has been delivered to staff on awareness and security.</p> <p>Microsoft Dynamic is now live and has been implemented well.</p> <p>Action:- EB to circulate Festival UK Annex to all.</p> <p>It was reported that following the publication of the OC annual accounts, no questions had been received.</p> <p>The current position on insurance cover was discussed – it was noted that this was currently with HM Treasury.</p>	<p>EB</p>
<p>4</p>	<p>Transparency and Published Data</p> <p>It was noted that a number of documents had now been published on the OC website.</p>	

<p>5</p>	<p>Payments which are made by the OC to external companies over £25k are included in those documents on a monthly basis.</p> <p>All gifts and hospitality received or provided over a value of £25 are disclosed on the OC website – a new automated process has been implemented for staff and this is working effectively.</p> <p>Financial Reporting to 30 September 2019</p> <p>DG pointed out that Value in Kind income is now being reflected in the reporting following formalisation of Gowlings’ sponsorship.</p> <p>Action:- The proposed OC VIK Policy will be included in the Agenda for February 2020 ARAC meeting for approval.</p> <p>Action:- SL to find out if DCMS has a VIK Revenue Recognition Policy which the OC can review and align with its own policy.</p> <p>The Budget for 2021 is to be raised at the next Committee meeting; DG confirmed that the OC is currently undertaking a detailed review of its budget.</p>	<p>SH</p> <p>SL</p>
<p>6</p>	<p>P8 Forecast</p> <p>DG summarised the OC’s P8 Forecast. DG confirmed that he was pleased with the engagement and efficiency of the process. The results are in line with the OC’s expectations.</p> <p>The OC is working closely with DCMS to agree how the forecast should be reflected in the supplementary estimate. It was noted that the OC has not yet had confirmation of the treatment of any underspend against the supplementary estimate in relation to the lifetime budget. SB requested that the Committee be kept updated of developments.</p> <p>Action:- The OC Executive to discuss with DCMS to clarify the treatment of under and over spends against the supplementary estimate.</p>	<p>DG</p>
<p>7</p>	<p>Risk</p> <p>Risk Assurance Update</p> <p>PK presented the paper previously distributed.</p> <p>It was highlighted that there were 3 high severity key risks as well as 16 new risks that had been added to the OC Risk Register during this reporting period.</p> <p>Action:- The job description for the OC Security Director is to be attached to these Minutes</p> <p>PK presented the plan of migrating the current OC Risk Register to an online system. This is planned to be implemented by the end of November 2019 to build into the December cycle and will enable the risk team to focus on the analysis of risks, with administration of risks transferred to OC Functional Areas.</p>	<p>PK</p>

	<p>Action:- PK to consider delivery of purpose, the impact of holding the Games on the city and nation, value for money, legacy, horizon scanning and wider areas for inclusion in the OC Risk Register</p> <p>Action:- Previous ARAC Paper on Cyber Security to be circulated to SL.</p>	<p>PK</p> <p>SH</p>
<p>8</p>	<p>Non-Financial Controls</p> <p>CM presented the paper previously distributed. It is proposed that this will be an annual update.</p> <p>The OC is currently undertaking a review of all its Policies.</p> <p>It was noted that the OC's Social Values Charter has now been approved and published.</p> <p>A review of the Management Agreement has been undertaken with DCMS and changes have been proposed.</p> <p>Training sessions are being planned for staff with the first session on Data Protection being delivered.</p> <p>Modern Slavery Policy – a new policy has been created which includes and reflects the latest Government guidance.</p> <p>Action:- CM to link with BCC on environmental/sustainability policy to reflect any new initiatives linked with the City election (due May 2022 such as “Greener City”). Any changes will need to be reflected in the OC Policy.</p> <p>It was suggested that a communication be sent to staff when new policies are uploaded onto Sharepoint. A more thorough Induction Programme for new staff will be implemented which will include a half day of training and an introduction of policies to ensure staff are aware of all policies and procedures.</p> <p>Action:- CM to consider potential franchise issues the OC could face and how the OC would deal with them. SB raised the possibility of establishing a Franchise Protection Committee.</p>	<p>CM</p> <p>CM</p>

9	<p>Committee Governance</p> <p>Annual Report of ARAC</p> <p>The annual report was tabled and approved</p>	
10	<p>ARAC Forward Agenda</p> <p>Action:- SH to add Internal Audit Plan 2021 for the February meeting.</p> <p>Action:- DG to review if Brexit Risk & Foreign Exchange and Treasury to be added to agenda earlier than currently planned.</p>	<p>SH</p> <p>DG</p>
11	<p>Action Log</p> <p>SB ran though and updated individual actions. Action Ref 2019/03-09 was agreed to be closed.</p> <p>Action:- EB to update the action log and to distribute this with the next meeting papers</p>	<p>EB</p>
12	<p>Annual Review of ARAC Effectiveness (self-assessment)</p> <p>Action:- Following the meeting EB to distribute ARAC Self-Assessment Online Questionnaire with instructions for completion. All attendees are requested to complete the Questionnaire.</p>	<p>EB</p>
13	<p>AOB</p> <p>An additional meeting should be scheduled in January 2020 to go through Budget Planning Exercise ahead of the Board. Individuals will be contacted separately.</p> <p>There was no further business the formal meeting was closed. It was followed by a private session of the Members with PwC/Internal Audit.</p>	