

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

11.00am, Wednesday 22nd April 2020

Held at: Teams Meeting Online

Members:

Commonwealth Games England Nominee (Chair)
Ex Officio Member
Ex Officio Member
Department for Digital, Culture, Media and Sport Nominee
Independent Board Member

In Attendance:

Internal Audit Partner, PwC
Director of Programme Management & Integrated Planning, B2022
Chief Financial Officer, B2022
Head of Financial Management, B2022
Head of Programme Management, B2022
Chief Legal Officer/Company Secretary, B2022
Chief Executive Officer, B2022
Audit Director, National Audit Office
Executive Assistant, B2022 (Secretariat)

Apologies:

Internal Audit, Senior Manager, PwC

Item No	Item	Action Owner
1	<p>Welcome and introductions</p> <p>The Chair opened the meeting. Due to current COVID-19 restrictions the meeting was held via Microsoft Teams.</p> <p>Apologies were received from GC in advance of the meeting.</p> <p>It was noted that Clive Heaphy had left BCC – there was no alternative representative from BCC at the meeting. It was agreed that the discussion regarding BCC Committee Membership would be picked up within AOB.</p>	
2	<p>Actions and Minutes</p> <p>The minutes and actions of the ARAC meeting held on 17 February 2020 were formally approved.</p> <p>The outstanding actions are to be considered at the next scheduled ARAC meeting in June 2020.</p>	
3	<p>Games Governance – Internal Audit Update</p> <p>AB presented the Internal Audit Report prepared by PWC which had been previously distributed. SB praised the report and advised that it had been well received by the Board in particular as the establishment of the OC is unique.</p>	

	<p>IR noted that following receipt of the report, the recommendations outlined in the high-level action plan have been discussed at the OC Board meeting in March 2020. IR updated the Committee that it was agreed at the March Board meeting that a paper would be tabled at the next OC Board outlining executive thinking on strategy. IR suggested that he would be happy to take members of ARAC through the outcomes.</p> <p>In order to engage the business and encourage knowledge sharing, the OC has organised weekly lunch & learns to present functions and key risks over a 7-week period. Board and Committee members have also been invited to attend.</p> <p>IR advised the Committee that this is the first year of working with the current CGFP model. Discussions with CGFP are in place and a number of proposals for areas that require clarification, including roles and responsibilities have been identified. It was pointed out that a side letter will be signed by the OC and CGFP which will sit beside the Host City Contract to help achieve this clarification</p> <p>GB challenged if the Board will encourage the suggestions for implementation. IR advised that the last Board meeting had been primarily focussed on Covid 19 challenges and therefore the Board may not have been entirely focussed on the detailed feedback in the report.</p> <p>CH confirmed she wasn't surprised to receive this feedback based on her experience at London 2012 and praised the report for being helpful. The report should be used to drive focus and actions where it is needed driving the Board to focus on the key five pillars and therefore on the relevant issues.</p> <p>SL confirmed he found the report helpful and useful. SL raised concern about the clarity of strategic objectives however the report offers an opportunity to take on board the feedback and re-visit opportunities and focus for the Board at the next meeting as a refresh (e.g. City of Birmingham, Athletes, Legacy).</p> <p>SB concluded that he agreed with the previous comments made regarding Board focus on COVID-19 at the March Board meeting. SB suggested the setting up of a new sub-committee to focus on operational delivery with expert ex officio members invited to attend. IR reassured ARAC that the current existing sub-committees do already have operational discussions – it may be a better solution to create a sub group including members from both ARAC and CAC to collectively discuss those issues.</p> <p>Action: SB, SL & NT to take report back to Board at the next meeting with which would focus on the 3 key recommendations highlighted by PWC with a proper Agenda slot.</p> <p>Action: IR & SB to discuss the possibility of a sub group to discuss operational delivery of the Games offline.</p>	<p>SB</p> <p>IR/SB</p>
<p>4</p>	<p>Risk – Risk Assurance Report</p> <p>PK presented the Risk Assurance Report which had been previously distributed to the Committee. SB praised the report.</p> <p>It was noted that the risks with the highest severity score which are included on the OC Risk Register at the time of reporting are:-</p>	

- Cyber Attack
- Capital Projects Design and Delivery Optimisation
- Pandemic – Programme delivery
- BCC Games Leadership

A total of 41 new risks have been identified during this reporting period. These include the following:

- BCC Games Leadership
- Budget scope creep

Athlete Village Update

There has been an expected slowdown in construction due to COVID-19. The OC has an increased focus on contingency planning for Athletes accommodation and alternative accommodation providers.

COVID-19 Risks

A further review has led to sub risks as listed in paper.

The OC Business Continuity Forum meets daily to discuss the latest status of each of the risks included in this report, with representations made by all Risk Action Owners to ensure the complete management of all items identified. These risks are a focus of the latest risk reporting to OC and cross-partner governance forums to ensure full visibility and transparency and to ensure the appropriate decision making, support and action can be provided to OC Functional Areas to mitigate impacts in all delivery areas.

Internal audit Management actions

The actions from the Internal Audit were well received and all actions are in progress or have been implemented. The Risk & Programme Management team are using these actions to drive forward monthly meetings with the OC Executive Management team on a 1:1 basis and as a result the quality of reporting and decision driving has significantly improved.

IR advised the Committee that the Board engaged in a detailed discussion on COVID-19 at the March meeting. It was agreed at that meeting that the OC Executive Management Team would undertake a full review of COVID-19 including the related risks based on the different scenarios which it would deliver at the May 2020 Board meeting. This is in process and template of paper is due to be discussed at the interim Board meeting later today.

IR provided an update regarding the risk items linked to BCC namely, significant challenges to 3 key construction projects and the current leadership issues which had not been rectified following the recommendations made in the recent Mace report.

IR advised that the construction of Athletes Village has now recommenced however construction is operating at a reduced capacity. The construction of Sandwell Aquatics centre has continued but is operating at reduced capacity. It is likely that there will be delivery challenges as a result

	<p>of COVID-19, however, the OC is working to ensure there are alternative plans in place and solutions that ensure on time delivery. There is a risk that the alternatives that are in discussion do compromise the physical infrastructure and legacy that was promised for the Games.</p> <p>NT suggested to the Committee that it may be helpful for central government to appoint a commissioner to BCC to oversee and coordinate the key functions. SL was in agreeance with this and put forward to the Committee that Ian Ward would be suitable for this.</p> <p>SL raised concern regarding the assessment of risk around the construction projects and in particular whether, if there is a second spike of COVID-19, if the OC plans incorporate this and what risk modelling should be undertaken on this basis.</p> <p>CH suggested that the OC should focus on its ability to respond to the pandemic crisis and not just mitigate the possible effects of COVID 19. The Committee was a helpful tool in which to see the connectivity between the risks and the timescales and this should be explored further.</p> <p>Action: SB to discuss with PK and AH how this can be further considered in the risk report.</p> <p>CH also questioned whether the OC has the right disclosure/transparency culture and if the management teams truly understand the risk profile outside of their silos.</p> <p>Action: SB to set up a Blue Sky Risk Review session to consider these types of thoughts (including culture, risk and time horizons further in June</p> <p>Action: IR to pick up Athlete village COVID-19 challenges at Board meeting today (22/04/2020).</p>	<p>PK</p> <p>SB</p> <p>IR</p>
<p>5</p>	<p>Any Other Business</p> <p><u>Membership of ARAC</u></p> <p>As noted earlier, there is no current BCC representative on the Committee.</p> <p>Action: Any feedback or suggestions from Members should be followed up with SB.</p> <p>Action: SB to discuss with Ian Ward the potential BCC representatives of a suitable seniority who may be able to attend ARAC meetings. SB will then follow up with Committee.</p> <p>SB mentioned a potential ad-hoc meeting to follow up COVID-19, to be scheduled as necessary.</p>	<p>All</p> <p>SB</p>