



## CREATIVITY IN THE UK

### MINUTES

#### AUDIT AND RISK ASSURANCE COMMITTEE OF FESTIVAL 2022 LTD ("Festival")

2:00pm – 4:00pm, Thursday 18<sup>th</sup> February 2021  
Held via Microsoft Teams Meeting

#### Members:

Faraz Tasnim (FT) (Chair)	Board Director, Festival 2022Ltd
Amali de Alwis (AA)	Board Director, Festival 2022Ltd
Liam Hannaway (LH)	Board Director, Festival 2022Ltd
Roger Lewis (RL)	Board Director, Festival2022 Ltd

#### Observer:

Vikki Heywood (VH)	Chair, Festival 2022 Ltd
Daniel Coles (DC)	DCMS
Ben Rodin (BR)	National Audit Office
Sonia Coates (SC)	National Audit Office
Alison Breadon (AB)	PWC
Adam Richards (AR)	PWC

#### In Attendance:

David Grady (DG)	Group Chief Financial Officer, OC & Festival 2022 Ltd
Caroline McGrory (CMcg)	Group Company Secretary and Chief Legal Officer, OC & Festival 2022 Ltd
John Darnbrook (JD)	Head of Business Integration, Festival 2022 Ltd
Phil Batty (PBa)	Executive Director, Festival 2022Ltd
Sarb Hair (SH)	Corporate Operations Coordinator, Festival 2022 Ltd (Secretariat)
Richard Pomfret (RP)	Senior Finance Manager, Festival 2022 Ltd
Lucy Bailey (LB)	Senior Legal Counsel, Festival 2022 Ltd

#### Apologies:

Greg Wilson (GW)	National Audit Office
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NO.	ITEM	ACTION OWNER
	FT opened the meeting confirming the agenda for discussion. He also updated the committee that the last ARAC meeting that VH will be attending will be March 2021. VH will continue to be invited throughout the year to attend meetings as and when required.	
1.	<p><b><u>Approval of Matters Arising</u></b></p> <p>The ARAC approved the minutes of the last ARAC meeting held on 29 January 2021.</p> <p>The ARAC discussed the actions for February 2021 from the tracker, seeking clarifications and updates from the relevant Festival representative, and the following actions were updated as below.</p> <ul style="list-style-type: none"><li>Action 1 - Appointment of Internal Auditor – Contract received and signed by all parties. Action closed.</li><li>Action 2 - GW and FT to meet for Introductory Discussion. Action closed.</li><li>Action 3 - Overview of Four Nation funding profile to be distributed – included in the Board Pack for discussion during the meeting. Action closed.</li><li>Action 11 - Clear deadlines to be provided for Ian Reid's submission in February 2021 for the Government to approve the budget - completed. Action closed.</li></ul>	

	<ul style="list-style-type: none"> <li>Action 12 - The lag on recruitment to be reflected in the budget – included in the budget for discussion on the meeting’s agenda. Action closed.</li> <li>Action 13 - RP to review feedback on counter-fraud policy from DCMS – this is still to be actioned. RP to summarise any changes in a few bullet points at the next ARAC meeting.</li> <li>Action 15 - A full board meeting is to be arranged on the risk of losing public support – this has been done. Action closed.</li> <li>Action 16 - Update language for red risks to be more severe and clear – this has been updated. Action closed.</li> <li>Action 17- Re-word risk 62 – this has been re-worded. Action closed.</li> </ul>	<b>RP</b>
<p>2.</p>	<p><b><u>Executive Update</u></b></p> <p>PBa provided an update to ARAC. Key points to note are as follows:</p> <ul style="list-style-type: none"> <li>Positive feedback from the QA meeting between Ian Reid and Emma Squire (“ES”). ES is very confident with the progress made to date.</li> <li>Festival is continuing to resource to make sure it is ready for the delivery phase of the project which is from April onwards.</li> <li>Business operating plans for the next 9 months have been developed and are being reviewed by SLT and will then go to EMT in March 2021.</li> <li>A specialist data protection role has been created which will be shared between the OC and Festival.</li> <li>Currently actively resolving issues with the Devolved Administrations around their funding through the Barnett Formula. Nation specific issues were discussed. PBa agreed to provide an electronic update w/c 22 February 2021.</li> <li>Selection for the 10 teams is running on time and to budget.</li> <li>PAR review/AAP – DCMS have a high degree of confidence that Festival will move from amber/red to amber.</li> </ul> <p>Operational risks to be provided as part of future risk universe updates on ARAC.</p>	<b>JD</b>
<p>3.1</p> <p>3.2</p> <p>3.3</p>	<p><b><u>External Audit Plan</u></b></p> <p>BR provided an overview of the External Audit Plan of the work will be undertaken in the next few months. This paper was distributed in advance of the meeting via VBR.</p> <p>An Interim findings report was requested</p> <p><b>ARAC noted the External Audit Plan</b></p> <p><b><u>Internal Audit Plan</u></b></p> <p>AB/AR provided an overview of the Internal Audit Plan. This paper was distributed in advance of the meeting via VBR.</p> <p>PWC to complete independent checks on any potential conflicts of interest arising from different internal departments working with any of the ten commissioned teams</p> <p>It was noted that we are financially legally and contractually contract managing seven commissions and there will be a slightly different review approach applied to the other three. Those will be managed as interdependencies and a discussion on the relationship between various auditors were held.</p> <p><b>ARAC noted the Internal Audit Plan</b></p> <p><b><u>Approval of Audit Plans</u></b></p> <p>The Standard Charter appendix and audit plans discussed were approved.</p>	<p style="text-align: center;"><b>BR</b></p> <p style="text-align: center;"><b>AR</b></p>

<p>4.1</p>	<p><b><u>Annual Budget Approval 2021/22</u></b></p> <p>RP provided an overview of the Annual Budget, which was distributed in advance of the meeting via VBR. This was an update since the last meeting showing the forecast of the 2020/21 financial periods of this fiscal year and the approval of the 2022 budget.</p> <p>It was noted that Festival have to account for the annual managed expenditure in its budget within the current financial year to include the redundancy policy which is still to be approved.</p> <p><b>ARAC noted the Annual Budget papers</b></p>	
<p>4.2</p>	<p><b><u>Travel and Expenses Policy</u></b></p> <p>RP provided an overview of the policy, which was distributed in advance of the meeting via VBR.</p> <p>It was noted that as Festival have producers that are linked very closely to particular projects, Festival is anticipating regular expenses to be requested.</p> <p><b>ARAC noted the above policy.</b></p>	
<p>4.2</p>	<p><b><u>Anti-Slavery and Human Trafficking Policy</u></b></p> <p>JD provided an overview of the policy, which was distributed in advance of the meeting via VBR. It was agreed that the policy would be updated in a couple of areas, including the day to day responsibility of compliance with the policy falling to the Head of Procurement, with legal support from Gowling. JD to update policy prior to approval of the policy by the Board.</p> <p><b>ARAC noted the above policy.</b></p> <p>JD confirmed that there will be a policy training session after Easter 2021 for all Festival employees. JD agreed to share a training register with ARAC following the training sessions in April 2021.</p>	<p>JD</p>
<p>5.1</p>	<p><b><u>Selection of Final Projects.</u></b></p> <p>PBa shared a set of slides with the ARAC providing a detailed overview of the R&amp;D design process. Key points to note included:</p> <ul style="list-style-type: none"> <li>• The process to date</li> <li>• Festival is at the stage of recommending the preferred 10 to the Board.</li> <li>• Festival is intending to extend the 10 teams' R&amp;D agreements for a period of 120 days to enable Festival to review and refine the proposal that will go to Board on 4 June 2021.</li> <li>• On the 5 March 2021 Festival will be asking the Board to approve the seven UK and England projects, and to note the proposed Northern Irish, Welsh and Scottish projects.</li> <li>• Significant contractual mechanisms will be put in place to ensure Festival is sufficiently protected.</li> </ul> <p>Paper detailing requirements for KPI's and milestones for all teams to be provided.</p>	<p>PBa</p>
<p>6.0</p>	<p><b>Forward Look &amp; AOB</b></p> <p>PBa to bring the inter-company agreement to the next ARAC.</p>	

Action Tracker		Owner	Completion Date	Status
<b>Actions from 29/01/21</b>				
1	Board to agree risk appetite statements by March 2021, following Strategy Day input - This is going to Board in March.	FT/VH	Mar 21	In Progress
2	Report on KPI's around exit interviews and near misses was requested for the next full ARAC.	JD	May 21	New Action
3	Meeting with counterparts in the Devolved Administrations / Strategic Delivery Bodies to provide an assurance update on cross-programme financial monitoring – this has not yet been completed and will stay open until the funding is in place.	RP	Mar 21	In Progress
4	High-level overviews of Festival Funding Profile to be included in the scheme of publication, following coordinated communications planning	DG/PBa	Mar 21	In Progress
5	Tax position to remain under regular review, with a specific action to seek advice relating to Theatre Tax Relief once the final commissions are known.	RP	May 21	In Progress
7	Tracker to be created to track the status of the team against what training has been completed/due to be completed	RP	May 21	In Progress
8	RAG status on the procurement pipeline to be provided	JD	May 21	In Progress
<b>Actions from 18/02/21</b>				
9	RP to summarise in bullet points any changes from the feedback on the counter-fraud policy from DCMS	RP	Mar 21	New Action
10	Operational risks to be provided as part of future risk universe updates on ARAC	JD	Mar 21	New Action
11	An interim finding report from the Internal Audit was requested	BR	Mar 21	New Action
12	PWC to complete independent checks on any potential conflicts of interest arising from different internal departments working with any of the ten commissioned teams	AR	Mar 21	New Action
13	Update policy to reflect OC changes including role of the Head of Procurement and other amendments before policy is approved by board.	JD	Mar 21	New Action
14	Paper detailing requirements for KPI's and MI for all 7/10 teams to be provided.	PBa	Mar 21	New Action