

FestivalUK*2022

MINUTES AUDIT AND RISK ASSURANCE COMMITTEE (ARAC or Committee) OF FESTIVAL 2022 LTD ("Festival")

2.00 – 4.00pm, Thursday 30 Sept 2021

Held in person and via Microsoft Teams Meeting

Members:

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

Observer:

Adam Richards (AR)	Price Waterhouse Coopers (PWC)
Alison Breadon (AB)	Price Waterhouse Coopers (PWC)
Daniel Coles (DC)	The Department for Digital, Culture, Media and Sport (DCMS)
Greg Wilson (GC)	National Audit Office (NAO)

In Attendance:

Ian Reid (IR)	Chief Executive (OC & Festival)
Caroline McGrory (CMcg)	Company Secretary and Group Chief Legal Officer, OC & Festival
Phil Batty (PB)	Executive Director, Festival
Sarah Harrod (SHa)	Organising Committee for the Birmingham 2022 Commonwealth Games (OC), Head of Finance Management
John Darnbrook (JD)	Head of Business Integration, Festival
Richard Pomfret (RP)	Senior Finance Manager, Festival
Lucy Bailey (LB)	Senior Legal Counsel, Festival
Sarb Hair (SH)	Corporate Operations Coordinator, Festival (Secretariat)

Apologies:

David Grady (DG)	Group Chief Financial Officer, OC & Festival
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ITEM NO	ITEM	ACTION OWNER
1	<p>Approval of Minutes & Matters Arising</p> <p>The ARAC approved the minutes of the last ARAC meeting held on 2 August 2021.</p> <p>FT raised matters arising as follows:</p> <p>Action 1 - Continued monitoring of Devolved Administrations' (DA's)/ Strategic Delivery Bodies' funding to provide an assurance update on cross-programme financial monitoring. A four-nation finance working group to be establish from April 2021 onwards. In progress.</p> <p>Action 2 - RAG rating for each commission on the status of Commissioning Agreement negotiations to be provided to the Board. The RAG rating was provided to the Board. Action Closed.</p> <p>Action 3 - A table explaining key roles and responsibilities including which platform and tools different stakeholders have access to. This was provided at the meeting. Action Closed</p> <p>Action 4 - Early review of the Operational Programme Management to be completed for the Board in August. This was completed and an update was provided by Internal Audit. Action closed.</p>	

	Action 5 - Update on Cyber Security to be brought to ARAC. This was provided at the meeting. Action Closed.	
2	<p>Executive Update</p> <p>PB provided the following update;</p> <ul style="list-style-type: none"> • Programme reveal and announcement • Procurement of the full service marketing agency and web provider • Significant recruitment within the team and issues with retention • Update on the full commissioning agreements 	
3	<p>Internal Audit</p> <p>AB summarized the progress update on Internal Audit activities undertaken since the last update to the committee in June.</p> <p>Current activity in progress:</p> <ul style="list-style-type: none"> • Compliance with key policies and procedures • Full commissioning agreements • Project portfolio Management • Integrated four nations delivery • Project deep dives <p>Other services that PwC are providing to us are VAT and IR35 advice in relation to the full commissioning agreement, advice in relation to annual corporation tax return and company dissolution.</p> <p>Audit recommendation tracker to be brought to each meeting and added to the internal controls meeting</p> <p>ARAC noted the contents of the paper.</p>	RP
4	<p>Financial Performance Update</p> <p>RP updated the Committee on the financial performance against both the current year and the lifetime budget. The update included specific risks against the contingency fund at this stage. Burn rates and synchronisation of financial planning was discussed including the act of contracting to confirm the lifetime budget.</p> <p>ARAC noted the contents of the paper.</p>	
5.	<p>Portfolio Report & Strategic Risk Overview</p> <p>IR was invited to speak regarding the use of money and the plan for mapping the next 6-9 months of spend.</p> <p>A new risk around logistics including purchasing commodities from the EU and the changing macro environment was identified including supply chain, tech and production, goods like timber, technology chips and labour market. This will be reflected in the next risk report.</p> <p>ARAC noted the contents of the paper.</p>	JD
6.	<p>Covid Planning</p> <p>PB updated the Committee on the OC Covid Scenario Framework. This framework consists of 7 principles that have been approved alongside four specialists supporting the implementation of the principles.</p>	

	<p>It was agreed to review the principles in light of the requirement for each of the nations on an ongoing basis.</p> <p>ARAC noted the contents of the paper.</p>	PB
7.	<p>Company Group Cyber Security</p> <p>PB updated the committee on the approach to the management of Cyber Security that is taken across the Company group, both in the Organising Committee of the Commonwealth Games (OC) and the Festival.</p> <p>The committee was made aware that there are two risks that have been identified on the Festival's Strategic Risk Register regarding Cyber Security and the paper provided gives additional information on the mitigations that are in place and delivered on a daily basis to keep the organisation and its systems and information safe.</p> <p>A paper to be provided on the cyber security in place across the 10 commissions in the new year.</p> <p>AA to meet with Andy Peacock to provide further assurance on the cyber security arrangements in place.</p> <p>ARAC noted the contents of the paper</p>	<p>PB</p> <p>SH</p>
8.	<p>Dissolution Strategy</p> <p>JD updated the committee the approach Festival was taking to make the wind-down of the Festival 2022 Ltd as orderly and efficient as possible with the intention of commencing the voluntary liquidation in the first quarter of 2023.</p> <p>The dissolution strategy was provided and discussed.</p> <p>ARAC approved the Dissolution Strategy.</p>	
9.	<p>AOB</p> <p>The committee discussed Scotland finances and agreed to make a further payment that will be recovered under the partnership agreement.</p>	

