

FestivalUK*2022

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

9am-11am, Friday 29 January 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
Greg Wilson (GC)	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)	Company Secretary and Chief Legal Officer, Festival 2022 Ltd
John Darnbrook (JD)	Head of Business Integration, Festival 2022 Ltd
Phil Batty (PBa)	Executive Director, Festival 2022 Ltd
Sarb Hair (SH)	Corporate Operations Coordinator, Festival 2022Ltd(Secretariat)
Richard Pomfret (RP)	Senior Finance Manager, Festival 2022 Ltd
Lucy Bailey (LB)	Senior Legal Counsel, Festival 2022 Ltd

NO.	ITEM	ACTION OWNER
A	<p><u>ARAC Committee Pre-Meet with Internal Auditors</u></p> <p>FT opened the meeting, and confirmed observers and attendees. The meeting was held via Microsoft Teams. FT asked for all in attendance, apart from PwC and the ARAC members, to leave the meeting and join for the next agenda item. The rest of the meeting commenced around 30 minutes later where all attendees, as above, were present.</p>	
1.	<p><u>Approval of Matters Arising</u></p> <p>The ARAC approved the minutes of the last ARAC meeting held on 2 December 2020.</p> <p>The ARAC discussed the action tracker, seeking clarifications and updates from the relevant Festival representative, and the actions were updated as below.</p> <ol style="list-style-type: none">1. Appointment of Internal Auditor – FT asked for an update on the contract, DG confirmed it was sent to PwC yesterday for their respective signatories. To be closed once contract has been returned signed.2. Summary of Procurement Pipeline to be provided for sourcing exceeding £1m – The procurement pipeline was provided in the meeting. Action closed.3. Finalise the provision of external legal counsel and commissioning business consultancy – CMgr provided an update. Action closed.4. GW and FT to meet for Introductory Discussion - In Progress	DG

	<ol style="list-style-type: none"> 5. Overview of Four Nation Funding Profile to be distributed – DA’s to draw down this funding themselves. PBa to discuss this with nation representatives. Action closed. 6. Risk Management Framework to be updated with ARAC comments and a report provided at future ARAC meetings – A full update was provided. Action closed. 7. Board to agree risk appetite statements by March 2021, following Strategy Day input – This is going to Board in March. In progress. 8. Festival Policy Tracker to be maintained and updates provided to ARAC and Festival Board, including submission of new policies to Festival governance for approval - JD provided FT and VH with the tracker prior to the meeting. Action closed. 9. A review of ‘exit interview’ and ‘near misses’ procedures to be undertaken – JD provided an update in the meeting. A report on KPI’s around exit interviews and near misses was requested for the next ARAC. In progress 10. Extract of correspondence on DCMS central programme costs to be shared with ARAC – an update was provided. Action closed. 11. ARAC updated on progress of releasing Festival funding to Devolved Administrations – discussed as part of the agenda. Action closed. 12. RP to meet 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. In progress. 13. High-level overviews of Festival funding profile to be included in the scheme of publication, following coordinated communications planning – In progress. 14. 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. In Progress <p>A question was asked if exit interviews were being carried out for the unsuccessful teams? PBa confirmed that Martin is planning on feedback sessions with all of 30 shortlisted teams.</p> <p>FT asked for action log to be updated with two additional columns for the next meeting: a status showing open or closed actions & date of completion.</p>	<p>FT/GW</p> <p>PBa</p> <p>FT/VH</p> <p>JD</p> <p>RP</p> <p>DG/PBa</p> <p>RP</p> <p>SH</p>
<p>2.</p>	<p><u>Finance Update</u></p> <p>RP outlined the Festival’s year to date financial position as at December 2020 through the financial performance report which was shared via VBR.</p> <p>A discussion was held about the £2.5 million remaining budget including when, how and what this will be spent on.</p> <p>A further discussion was held around what happens if we don’t spend the allocated budget. It was confirmed that there is no formal process for rolling over unspent budget but it would involve a conversation with DCMS. The Festival has a grant funding arrangement with DCMS whereby the grant is awarded and drawn down in advance of need and reconciled in the following period. The key date for this Committee is 3 March 2021 as that will tell Festival the exact figure that will need to be rolled over into next year.</p> <p>FT & PBa to pick up separately for a further discussion.</p> <p>A discussion was held around cabinet office spend controls and the impact they are having on Festival marketing communications budget.</p> <p>It was agreed Ian Reid’s submission in February 2021 will need to be clear on the deadlines for the Government to approve this budget.</p> <p>The lag on recruitment is likely to increase and needs to be reflected in the budget. It was confirmed that there are, at the end of December 2020, 17 full time festival employees, and that there is a recruitment push.</p>	<p>FT/PBa</p> <p>PBa</p> <p>RP</p>

	ARAC noted the Financial Performance Paper	
3	<p><u>Counter-Fraud, Anti-Corruption, Bribery, Gifts & Gratuity Policies</u></p> <p>RP provided an overview of the policies which were distributed in advance of the meeting via VBR for sign off before going to Board.</p> <p>RP to review feedback on counter-fraud policy from DCMS.</p> <p>ARAC to think about the Board level responsibility for policies.</p>	RP
3.4	<p>ARAC approved the above policies</p> <p><u>Fraud Action Plan 2021/22</u></p> <p>RP provided an overview of the action plan, (which was distributed in advance of the meeting via VBR) for ARAC to make a recommendation of which individuals will be responsible for the fraud action plan. The ARAC discussed and agreed to mirror the same approach as the OC, with a recommendation to the Board that DG be the risk owner at Board equivalent level as an alternative to a Board member taking this role and CMcG being the day to day lead on fraud activities.</p> <p>FT has asked for a training tracker to be created to assure the ARAC that all employees have received appropriate training. FT requested that the tracker include what the training is and the status of the training.</p> <p>A discussion was held regarding the setting of £100,000 as the minimum amount of total losses and special payments to be reported. It was agreed that all cases of fraud will be reported to ARAC and Board.</p> <p>ARAC noted the Fraud Action Plan 2021/22</p>	RP
4	<p><u>Risk Management</u></p> <p>JD provided an overview of the Risk Universe, presenting a slide (distributed in advance of the meeting via VBR) showing a landscape of all the strategic risks currently being managed.</p> <p>A RAG table of the top 5 risks and a slide of the new risks identified in the period identified was discussed with ARAC in detail. The governance around the risk register and use of it was discussed.</p> <p>A full Board meeting is to be arranged on the risk of losing public support.</p> <p>There was a discussion around the impact of Covid-19 and a requirement to look at the impact on the cultural sector and the impact on the delivery of the Festival separately. DG confirmed that Festival was benefiting and relying on the OC's activity in this regard.</p> <p>FT requested an update to the language for red risks to be made more severe and clear.</p> <p>The committee agreed to re-word risk 62.</p> <p>ARAC noted the Risk Management papers</p>	PBa JD JD
5.1	<p><u>ARAC Forward Plan</u></p> <p>The next ARAC meeting on 18 February 2021 is a special purpose meeting specifically to look at all the 30 teams, at which point the Festival team will have done an analysis of each team,</p>	

<p>5.2</p> <p>5.3</p>	<p>identifying key risks and spend.</p> <p><u>Procurement Pipeline</u></p> <p>JD provided a summary of Q1 & Q2 2021/22 Procurement Pipeline (distributed in advance of the meeting via VBR). Marlon Trotman has been appointed as a Business Contracts Manager with Festival and will be overseeing most of the procurement under £175k. A Smartsheet has also been created that underpins this pipeline and which ensures Festival is using the same process for delivery that is used across the OC for managing it and assuring delivery.</p> <p>A regular procurement pipeline update with RAG status and commentary was requested.</p> <p>ARAC noted the Procurement Pipeline</p> <p>AOB</p> <p>No AOB was declared</p>	<p>JD</p>
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