

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

13.00pm, Wednesday 16th September 2020

Held at: Teams Meeting Online

Members:

Commonwealth Games England Nominee
Ex Officio Member
Chief Financial Officer, BCC
Ex Officio Member
Department for Digital, Culture, Media and Sport Nominee

In Attendance:

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

Apologies:

Head of Programme Management, B2022
Independent Board Member

	Item	Action Owner
1.	<p>Welcome and Introductions</p> <p>SB opened the meeting and confirmed that it was quorate. Due to current COVID-19 restrictions the meeting was held via Microsoft Teams.</p>	
2.	<p>OC Budget Version 2.1</p> <p>DG & EF shared slides via Microsoft Teams to accompany the paper previously distributed and tabled as read.</p> <p>The OC recently completed a budget review exercise to produce its v2.1 budget. All functional areas were involved in the budget review exercise and have confirmed their allocations are an accurate reflection of their functional requirements based on latest planning assumptions and are balanced in respect of risk and opportunity.</p> <p>IR confirmed that he is comfortable with the proposed v2.1 budget. The procurement process to date has been generally favourable – however the OC is still in its infancy stages with numerous high value contracts still to be awarded and it is wise to include Games time provision when</p>	

	<p>assessing the risks. IR emphasised to the ARAC that other Games Partners are also looking at contingency planning, however their projects are operational now, whereas the OC will be operational for another two years therefore the messaging needs to be correct to ensure the funding isn't targeted as "available" by other Games partners because it is not specifically allocated to risks at this point in the cycle.</p> <p>SL agreed that the OC is absorbing costs in a responsible way and maintaining the central risk provision is the appropriate approach.</p> <p>SL queried the carbon cost contained within the risks presentation. The OC has recently appointed a consultancy firm, to undertake a thorough review of the OC Carbon Footprint – the carbon cost being the indicative cost estimate of offsetting both the UK and international carbon footprint of the Games and the more the OC can reduce the produced carbon footprint then the more the cost will go down. This matter will be subject of further review by the OC Board.</p> <p>SL also commented on the OC's annual budget position. DG advised work is underway on the OC's in-year forecast for the Supplementary Estimate and expects an underspend but not to such an extent that presents an issue in terms of the carry-forward allowed.</p> <p>BH confirmed the report is as she would expect to see and had no comments.</p> <p>CH agreed with IR's comments regarding games time pressures and stressed the key to success is to focus on contingency spend for end of Games pressures. The OC should maintain a robust position on pressures and risks. CH suggested the OC should present the risk range as a scale and also present the gross and risk adjusted figures for transparency.</p> <p>DG reassured the ARAC that the OC is working on Covid scenario planning and will be taking a paper on this to the OC Board in November.</p> <p>SB advised he was comfortable with the proposed governance arrangements around the OC risk provision but asked that visibility is provided to the ARAC around all transfers.</p> <p>The ARAC endorsed the revised lifetime budget (v2.1) and the proposed OC Internal Risk Provision governance arrangements for presentation to the OC Board for approval at its next meeting on 30th September 2020.</p>	
<p>3.</p>	<p>Annual Report and Financial Statements</p> <p>SH presented the paper which was previously distributed and this was taken as read.</p> <p>SH confirmed to the ARAC that a full review of the annual report had been undertaken and there were no financial changes. The focus on the updated annual report had been on the Executive Summary/Governance statement/Directors Report wording. The team has worked closely with the Comms team in the OC to ensure everything in the public domain/up to date events has been reflected in the annual report including the following:-</p> <ul style="list-style-type: none"> • Mascot makers competition • Appointment of Host Broadcast • Announcement of Smithfield • Athletes Village announcement • EDI – wording updated to ensure OC commitment of delivery in included • Covid – 19 operational updates 	

	<ul style="list-style-type: none"> • Festival 2022 launch <p>The latest copy of annual report has been shared with the NAO and work is ongoing to ensure the NAO are in the position to sign at the end of the month.</p> <p>The annual report is due to be recommended to be approved at the OC Board on 30th September 2020.</p> <p>SL confirmed he is comfortable with all the financial elements of the annual report. SL noted a number of items had been raised at Board in relation to a number of items to include in the Annual Report. SB confirmed these items were covered in the latest draft.</p> <p>GW suggested that budget concerns discussed at the meeting would be better addressed in the “Going Concern” section if the OC considered this necessary.</p> <p>SB suggested more constructive KPI’s should be used going forward in particular in relation to EDI, legacy and operational delivery. SH noted this.</p> <p>SH assured the ARAC that a final readthrough will be completed of the annual report and page numbers and final formatting checked. SB to work with SH & DG to do final checks.</p> <p>SB confirmed that, based on the feedback received and the final checks to be undertaken the ARAC:-</p> <ul style="list-style-type: none"> • Recommends the Annual Report and Financial Statements in the form set out in Annex 1 to Paper 7b for approval by the Board; • Recommends the Representation Letter in the form set out in Annex 1 to paper 7d for approval by the Board; • Recommends the re-appointment of the NAO as auditor for the 2020/21 financial year; • Recommends that the OC confirm to DCMS there are no changes made from the assurances provided in the letter dated 12 June 2020. 	<p>SH</p> <p>SH</p>
<p>4.</p>	<p>AOB</p> <p>a) PwC Internal Audit Progress Report</p> <p>PwC shared the latest report in advance of the meeting for information purposes only. GC confirmed to the ARAC that there have been no major findings since the last meeting.</p> <p>When questioned by GB, GC reassured the ARAC that all teams are on board with the Integrated Assurance Forum and are sharing information proactively.</p> <p>Date of next meeting: 9th November 2020.</p> <p>Action: EB to work with CM to arrange 1:1 meetings with SB and non OC Members to catch up regarding accounts etc. ahead of the meeting.</p>	<p>EB</p>