

Minute of UKEF Board meeting – 18 October 2018

Present: Noel Harwerth (Chair) [REDACTED] Item 5 – Andy Blacksell
Amin Mawji (Observer)
Oliver Peterken Gordon Welsh
Lawrence Weiss (Observer)
Justin Manson
Louis Taylor
Cameron Fox
Samir Parkash
Shalini Khemka
Kim Wiehl

Apologies: John Mahon

Secretary: [REDACTED]

1. Draft Minutes and Actions Log of 13 September 2018 Meeting

1.1. The draft minutes were approved. The meeting discussed the outstanding actions. It was noted that work was still required on details of work that UKEF and DIT would collaborate on. The Chair requested a technical briefing on how defence deals were cleared.

ACTION: Secretariat to add MOD technical briefing to forward agenda.

2. Committee Chairs' updates

2.1. Members received an update from the Audit and Risk Committee Chairs which covered their respective meetings which took place on 17 October.

2.2. The Audit Committee Chair noted that the Committee discussed a number of internal audit reports which focussed on the gifts and hospitality, marketing strategy, UKEF staff travelling abroad and commercial services. The meeting also covered a Compliance Team report on bank delegation and the External Audit planning report for 2018/19.

2.3. The Risk Committee Chair reported that the Risk Committee considered strategic risks, cyber security and an update from the Chief Risk Officer. The meeting noted

that the Committee also discussed the refinery sector but that the PRISM presentation had to be deferred due to timing constraints.

3. Business Performance Update

3.1. The Director of Business Group gave an update on the deal pipeline, taking time to discuss completed deals, the deals that were expected to be completed, and also projects that were still in development. The meeting discussed sustainable lending in lower income countries and agreed that a clear understanding with DFID was necessary.

3.2. The Chief Risk Officer provided an update on risk management. It was noted that the CRO update provided to the Risk Committee would also be added to the Board pack at future Board meetings, while the monthly CRO update would also be made available to Board members that did not sit on Risk Committee. The Chief Risk Officer discussed the paper that he provided to the Risk Committee in September, which provided the Committee with his initial views and recommendations on risk management governance. It was agreed that this document would be provided to Board members by correspondence.

3.3. The meeting discussed cyber security and the Chair requested that someone from the National Cyber Security Centre attend a Board meeting.

ACTION: Secretariat to make CRO update available to all Board members.

ACTION: Secretariat to provide CRO's governance paper to Board members by correspondence.

ACTION: Secretariat to invite someone from NCSC to a Board meeting and add to forward agenda.

3.4. The Board discussed the impact of Brexit on UKEF business and agreed that a paper assessing the impact of Brexit on the wider UKEF portfolio – risk, business and legal would be provided to the November meeting.

Action: Chief Risk Officer to coordinate with Head of Business Group and Head of Legal to provide a paper on the impact of Brexit to the Board in November.

3.5. The meeting was given an update by the Chief Finance and Operations Officer on the changes in key finance measures since the September Board meeting. It was noted that UKEF's key financial measures were in line with projections, with the exception of the 'people' measures.

4. UKEF Transformation Report

4.1. The Board received an update on organisational transformation from the Chief Finance and Operations Officer. The meeting noted that there had been substantial churn in the Transformation, Change and Innovation Team, and discussed the reasons for this.

4.2. The meeting were informed that there was one key project that was RAG rated red, and this was around security improvements, which was in part due to the departure of the SRO. It was noted that despite this rating there had been progress in this area.

4.3. The Board were presented with a schedule for mini-deep dives for each of the key projects and agreed with the proposed timetable, with Direct Lending being considered at the next meeting.

5. Financial Crime Compliance Project

5.1. The SRO for the Financial Crime Compliance (FCC) project gave the Board an in depth look at the FCC project.

5.2. The meeting heard that a risk appetite statement identifying detailed statements of Risk Appetite split by area of risk, related metrics, early warning indicators and KPIs had been agreed by Executive Committee. It was also noted that a draft risk assessment methodology had been created which provided a detailed framework for arriving at risk management for transactions.

5.3. In addition, the meeting were informed that a draft FCC target operating model using a Three Lines of Defence structure had been developed, thereby fitting in with UKEF's assurance framework with internal audit and operational risk.

5.4. The meeting agreed that Mr Blacksell would provide a short written update to the November Board for noting.

Action: Mr Blacksell to provide short written update to the November Board meeting.

6. Any other business

6.1. It was agreed that the Legal Risk and Marketing and Communication update papers would be deferred to the November meeting due to time constraints.

6.2. The meeting discussed the various dashboards produced by UKEF and agreed that a working group was to be set up with a view to rationalisation where possible.

Action: Secretariat to coordinate a meeting between Risk Management, Business Group, Finance, BIC and UKGI to discuss which dashboards and reports were business critical and which ones could be rationalised.