

# MINUTE OF EXECUTIVE COMMITTEE MEETING

11 October 2019

Present: Louis Taylor (Chair)  
Cameron Fox  
Davinder Mann  
Gordon Welsh  
Shane Lynch  
Samir Parkash

Attending: [REDACTED] Arwen Robertson,  
Patrick Ellis, [REDACTED]  
(item 3); [REDACTED] Toby  
Auterson, [REDACTED] (item  
4); Esi Eshun (item 5); [REDACTED]  
(items 6-8); Emma Bain,  
[REDACTED]  
(items 9-11).

Apologies: Richard Simon-Lewis

Secretary: [REDACTED]

## 1 Review of Minutes, Actions

- 1.1 The minutes for the EC Meeting on 30 September were reviewed and approved.
- 1.2 The actions log was reviewed and discussed.

## 2 DIT, HMT and General Update

- 2.1 The Committee discussed the recent British Exporters Association lunch at the Mansion House.
- 2.2 Members discussed ongoing engagement with DIT in respect of financial compliance.
- 2.3 The Committee noted recent engagement with HMT in relation to one of UKEF's products.

## 3 Digital Trade Finance Service Paper

- 3.1 EC considered a paper seeking funding for the alignment of UKEF's Digital Trade Finance Service (DTFS) with the Government Digital Service (GDS).
- 3.2 EC noted a range of options presented within the Business Justification and the recommended option to introduce a technology to improve efficiency and to enhance the focus on users' needs.

- 3.3 Members agreed that, while problems had been encountered with previous initiatives, the department now had the resources and processes in place to achieve better results.
- 3.4 EC discussed the extent to which the approach would be agile enough to accommodate developing business needs.
- 3.5 EC approved the recommended option on the Business Justification.

#### **4 Business Forecasting Consultation**

- 4.1 The Senior Operational Research Analyst led a presentation outlining the results of a recent consultation with financial institutions in relation to business forecasting.
- 4.2 The paper suggested some improvements in UKEF's forecasting model around targets and ownership structure.
- 4.3 EC discussed ways in which forecasting could be improved by creating more flexible methodologies and by utilising resources more effectively.
- 4.4 In noting the findings of the paper, EC agreed that Business Group has ownership of the forecasting process.

#### **5 UKEF's Legal Risk Management Plan**

- 5.1 The Head of Legal presented a plan for assessing and controlling legal risk.
- 5.2 EC noted that the plan allows a greater and more comprehensive focus on identifying and controlling legal risks.
- 5.3 The Committee commended the structure and definitions of the plan and approved its methodology.

#### **6 QMR and Revised Internal Audit Charter**

- 6.1 The Principal Auditor presented the Quarterly Management Review (covering Quarters 1 and 2 of the Financial Year) and the revised Internal Audit Charter for EC to note prior to the paper's submission to the Audit Committee.
- 6.2 EC considered the proposed revisions and findings of the review.
- 6.3 Members discussed the important areas of the plan which would need to be prioritised and the resource implications of the priorities.
- 6.4 EC agreed with the proposed amendments to the audit plan.
- 6.5 EC agreed with the Internal Audit Charter but underlined the importance of operating to the standards it outlines.

## **7 Customers Numbers Report**

- 7.1 EC considered a consultancy review of customer numbers as part of the 2019-20 audit plan.
- 7.2 EC noted that IAAD considers effective progress is being made on the establishment of a process for collecting customer numbers but that it is currently not suited to an assurance opinion.
- 7.3 Members discussed the importance of making progress with the work.

## **8 IAAD Audit Letter: Post Issue Management (BG)**

- 8.1 The Principal Auditor presented an audit report of Short Term Post Issue Management (PIM) within the Business Group.
- 8.2 EC noted the report and that IAAD had not identified significant gaps in assurance to warrant further detailed audit testing at this time.
- 8.3 Members discussed the basis behind the overall assurance scores and the value of the lower weightings and agreed that the imbalances would be addressed in further work to be undertaken on PIM by IAAD.

## **9 New Product Accounting: General Export Facility**

- 9.1 A team from the Financial Control Division presented the proposed accounting treatment for the General Export Facility (GEF).
- 9.2 The paper notes that the accounting treatment is in line with other Trade Finance products and that EC will be advised of any significant changes to the accounting treatment following the current review.
- 9.3 EC endorsed the accounting treatment.

## **10 Deferral of IFRS9 Financial Instruments**

- 10.1 EC considered a recommendation that it continue to defer the application of IFRS 9, an international financial reporting standard on the basis that there has been no change in the department's activities during the 2018-19 financial year.
- 10.2 Members discussed the basis and length of the deferral.
- 10.3 EC agreed to continue to defer the application of IFRS 9.

## **11 Lessons Learned from ARA 2018-19**

- 11.1 The team from the Financial Control Division presented a paper on the lessons learned following the delivery of the UKEF Annual Report and Accounts 2018-19.

- 11.2 EC discussed improvements to the timetable and ownership, noting the use of a chart and weekly tracker, but that there is room for further improvement in these areas for next year's report.
- 11.3 Members noted the benefit of an early start on the process for the next report.

## **12 AOB/ Communications**

### **Length of EC Papers**

- 12.1 Members discussed the length of papers that go to EC and which frequently exceed the 5-page limit outlined in the commissions.
- 12.2 EC discussed the dangers of important information being left out if paper lengths are restricted and, conversely, the issue of important information being "buried" in long papers.
- 12.3 EC agreed that the 5-page limit should be enforced both at the point of commission and by paper sponsors when papers reach them. Annexes may include supplementary information, but the paper itself should include all of the necessary information.

### **All-Staff Conference**

- 13.1 EC discussed the recent UKEF All-Staff conference.
- 13.2 Members agreed that the event was a success and noted the amount of positive feedback which it generated and that similar events should take place on an annual basis.
- 13.3 EC discussed the positive responses to the staff awards but noted feedback that nominations were sufficient without there being a need to choose a winner.

## **Chief Executive's Office**

# MINUTE OF EXECUTIVE COMMITTEE MEETING

30 October 2019

Present: Louis Taylor (Chair)  
Cameron Fox  
Gordon Welsh  
Samir Parkash

Attending: [REDACTED] – Items 3-4  
[REDACTED]  
Gareth Waterhouse – item 5  
Andy Blacksell, Patrick Ellis – item 6  
[REDACTED] – item 7

Apologies: Richard Simon-Lewis,  
Davinder Mann, Shane  
Lynch

Secretary: [REDACTED]

## **1 Review of Minutes, Actions**

- 1.1 The minutes for the EC Meeting on 11 October were reviewed and approved subject to a change to the action on business forecasting consultation.
- 1.2 The actions log was reviewed and discussed.

## **2 DIT, HMT and General Update**

- 2.1 The Committee discussed the recent Board, Audit and Risk Committee meetings. Changes to the external audit team were mentioned, as was the proposed NAO value for money study on trade promotion.
- 2.2 Members commented on how the Department engaged with HMT and how this could be improved.
- 2.3 The Committee noted the temporary changes to the senior executive structure within DIT in Mark Slaughter's absence.

### **3 Q2 Operating Plan Update**

- 3.1 The Head of Financial and Operational Planning introduced a paper on the progress achieved in quarter 2. The meeting noted that good progress was made by objective owners on the majority of objectives. The meeting discussed objective 9 which was the exception.
- 3.2 The report highlighted that UKEF's headcount was at a 10-year high, however it also noted that turnover remained high. The meeting was informed of the progress with the transformation and change plan programmes. It was agreed that in the year thus far progress was positive, but there were large projects still to be delivered which needed strict monitoring.
- 3.3 The Committee approved the paper to be provided to the Board to note and for UKGI to consider at the quarterly Performance Risk and Finance review meeting.

### **4 DEL Operating Plan update**

- 4.1 EC considered a paper on the 2019-20 Q2 reforecast for DEL Operating and Capital costs and 2020-2021, which covered the SR19 period.
- 4.2 The meeting noted that the reforecast showed that there was no evidence that UKEF's operating and capital budget would be breached in 2019-20.
- 4.3 Members were informed that there may be an underspend for full year DEL costs and discussed whether any projects could be brought forward to make use of all the available budget. It was agreed that proposals for this underspend were to be provided by all Members to secretariat ahead of the next meeting to discuss.
- 4.4 Attendees discussed carbon offsetting for flights and agreed that more investigation was required.

### **5 CDC-UKEF proposal**

- 5.1 The Deputy Head of Underwriting Policy and Products presented a paper on a potential partnership with CDC. The proposal was based on a "General Purpose Line of Credit" where UKEF would provide a guarantee to CDC which, in turn, guaranteed a bank.
- 5.2 The meeting discussed the proposal and agreed that UKEF should continue to build closer links with CDC through stakeholder engagement and join forces on specific transactions where both organisations were involved as well as looking to identify future opportunities to work together for mutual benefit.
- 5.3 On the specific proposal, the Committee agreed that the proposal should not be pursued in its current form.

## **6 In-flight change request for FCC**

- 6.1 Andy Blacksell and Patrick Ellis introduced an in-flight change request for the FCC Implementation project. The meeting noted that the project was for the implementation of a Salesforce-based system to support the Financial Crime Compliance function.
- 6.2 The meeting heard that the Change Board had agreed the change request. The meeting discussed the procurement process, the reasons for the selection of the winning bidder and the timeline for the start and completion of the project.
- 6.3 The Committee approved the request.

## **7 AOB/ Communications**

### **Updates on operating plan**

- 7.1 The meeting noted the “Operational Planning 2020-21” paper which had been circulated to EC members by Written Procedure. Attendees agreed that they were happy with the level of reporting and with the paper.

### **SR19 formal settlement letter**

- 7.2 Due to the limited number of EC members present, it was agreed that the Head of Pay and Resourcing’s paper on SR19 and impacts on headcount would be discussed at a later date.

**Chief Executive’s Office**