Meeting of the BBC Audit and Risk Committee

SUMMARY MINUTES

Wednesday 20 September, 2018
Room 04 A M5, New Broadcasting House, London

ITEMS OF BUSINESS

1. Minutes and matters arising from 6 June and 21 June Audit and Risk Committees
2. Internal Audit quarterly update
3. Quarterly risk report
4. Data landscape review
5. Programme and project management quarterly review
6. Current principal litigation matters
7. NAO audit planning report
8. IFRS16 and Treasury update
   a) IFRS 16 – Budgetary and Treasury impact
   b) Treasury activity and governance update
9. Committee Terms of Reference
10. For noting:
    a) Whistleblowing report
11. AOB
ATTENDANCE

Members:
- Simon Burke  Non-executive director (Chair)
- Tom Ilube  Non-executive director
- Ashley Steel  Non-executive director

Board members present:
- David Clementi  Chairman
- Tony Hall  Director-General
- Anne Bulford  Deputy Director-General

With:
- Balram Veliath  Director, Quality, Risk and Assurance
- Sarah Jones  General Counsel
- Glyn Isherwood  Group Finance and Operations Director
- Kate Mathers  Audit Partner, National Audit Office (NAO)
- Lewis Knights  Director, NAO
- Phil Harrold  Company Secretary
- Chris Sandford  Director-General’s Office (secretary)
- Peter Tansley  Head of Internal Audit (for item 2)
- Ruth Hughes  Senior Business Partner, Risk Management (for item 3)
- Julie Foster  Data Protection Officer (for item 4)
- Gary Payne  Chief Information Security Officer (for item 4)
- Stuart Collins  Director of Transformation (for item 5)
- Shirley Cameron  Group Financial Controller (for items 7 and 8)

APOLOGIES
None
1. Minutes and matters arising from 6 June and 21 June Audit and Risk Committees
   1.1 The minutes from the two June meetings were approved.

2. Internal Audit quarterly update
   2.1 The Audit and Risk Committee were updated on the work of the Internal Audit team in the previous quarter, including completed audits and thematic reviews. Broad reviews of project delivery, policy governance and fraud risk had all been concluded alongside regular assurance work.

3. Quarterly risk reporting
   3.1 The Committee reviewed the quarterly risk update, which showed a largely stable picture from the summer. A wider session discussing the overall risks was scheduled for the Executive Committee and then the Board in October.
   3.2 The Committee discussed the detailed appendices supporting the risk charts and noted that these were discussed regularly with risk owners in the divisions.
   3.3 The Committee noted the reports and welcomed the evidence that risk processes were now well embedded in the business. It was agreed that the detailed risk appendices should be reviewed annually in detail.

4. Data landscape review
   4.1 The Committee discussed work that had been undertaken to review and assess the current storage and security of data across the BBC. The work set out the current methods of storage and protections of data, along with an overview of compliance with data protection, storage and retention policies. Having reviewed the landscape, work would now be undertaken to ensure all systems were secure by design.
   4.2 The Committee noted that generally the culture in the organisation was good and there was an appetite from staff to ensure processes were being followed properly. Work would continue to raise awareness of policies on email retention and other issues, to ensure the appropriate levels of security and compliance.

5. Project and programme management quarterly review
   5.1 The Committee discussed a paper giving a quarterly update on the Critical Projects Portfolio and the work of the Project Management Office. Recent changes to the portfolio were noted.
6. Current principal litigation matters

6.1 The Committee were briefed on significant currently open litigations and an assessment of currently incurred and potential costs in each case. The Committee discussed the background to the cases and noted the total cost of provisions set out. There were no particular themes or concerns raised by the caseload, which included cases of varying types in a number of jurisdictions.

7. NAO audit planning report

7.1 The Committee were presented with the NAO’s audit planning report for 2018/19. The approach to the audit was broadly consistent with the previous year. Some changes had been made to the risk profile and the approach to some areas had evolved given experience of the previous year. It was noted that good dialogue between teams continued, particularly on areas identified as a priority for year-end.

7.2 The Committee noted the report and confirmed that they were comfortable with the assessment of risks set out. It was also confirmed that there were no known areas of fraud risk to report.

8. IFRS16 and Treasury update

a) IFRS 16 – Budgetary ad Treasury impact

8.1 The Committee were given an update on the implementation of IFRS 16 and the impact on accounting for leases held. It was noted that this was a complex issue that many organisations were addressing.

b) Treasury activity and governance update

8.2 The Committee were briefed on work to review the BBC’s Treasury policy and to put in place new delegated governance arrangements for the function. The revised policy would be assured by internal audit and brought to the Committee in the New Year.

9. Committee terms of reference

9.1 The Committee approved some minor amendments to the Terms of Reference.

10. For approval / noting

a) Whistleblowing report

10.1 The Committee noted the Whistleblowing report and were updated on current cases. It was noted that work to benchmark the BBC’s approach was underway and further communications to encourage staff to speak up were being planned.

11. AOB

11.1 There were no items of other business.