ITEMS OF BUSINESS

1. Internal Audit quarterly reporting:
   a) Internal Audit quarterly update
   b) Internal audit plan 2017/18

2. Risk reporting:
   a) Quarterly risk update
   b) Risk briefing - cyber security
   c) Risk briefing - physical security
   d) Risk management activities

3. Responses to Public Accounts Committee reports:
   a) BBC Critical Projects
   b) BBC Licence Fee

4. NAO update to the BBC Audit and Risk Committee

5. For approval / noting:
   a) Whistleblowing report
   b) Annual plan for the Audit and Risk Committee
   c) Non audit fees

6. AOB
ATTENDANCE

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

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

With:
- Balram Veliath  Director, Quality, Risk and Assurance
- Ian Haythornthwaite  Director, Finance
- Shirley Cameron  Group Financial Controller
- Peter Ranyard  Assistant General Counsel (for Sarah Jones)
- Stephen Smith  Executive Partner, NAO
- Kate Mathers  Audit Partner, NAO
- Phil Harrold  Company Secretary
- Chris Sandford  Director-General’s Office (secretary)
- Peter Tansley  Head of Internal Audit (item 1)
- Paul McCauley  Head of Risk (item 2a, b and c)
- Gary Payne  Chief Information Security Officer (item 2b)
- Simon Marr  Director of Safety, Security and Resilience (item 2c)

APOLOGIES

No apologies were received.
AUDIT AND RISK COMMITTEE SUMMARY MINUTES – 22 JUNE 2017

1. Internal Audit quarterly reporting

a) Quarterly review of Internal Audit activity and audit actions

1.1 The Audit and Risk Committee discussed the quarterly update from Internal Audit, summarising recent audit activity and updating on the status of audit actions. The Committee noted current progress against the audit plan. A pilot of a data-led, continuous controls monitoring approach was underway and the Committee would be updated on this at the next meeting.

b) Internal audit plan 2017/18

1.2 The Committee noted the 2017/18 Internal Audit plan, which had been approved by the previous Executive Audit Committee. It was noted that the plan was thorough and provided good coverage of the BBC’s main risks.

2. Risk reporting

a) Quarterly risk update

2.1 The Committee were provided with the quarterly risk report and a summary of key strategic and operational risks and mitigations. The Committee agreed that it was important that high rated risks were a focus for the Board and were assured that current agendas were reflecting the relevant areas.

b) Risk briefing – cyber security

2.2 The Committee were given a briefing on the specific risk issue of cyber security, following recent high profile issues and attacks on other organisations, such as the NHS. The Committee noted that the BBC was experienced in this area. It was also encouraging that staff awareness of cyber security threats and issues was increasing.

c) Risk briefing – physical security

2.3 The Committee were given a briefing on physical security threats and the BBC’s response. Following recent terror incidents and given the heightened national threat level, the BBC had introduced additional security protocols, ensuring the necessary level of security support could be provided sustainably.
d) Risk management

2.4 The Committee were given an update on work to make further improvements to the management of risk in the BBC, building on the findings of the BBC Trust’s review of risk management in 2015. Guiding principles for risk management were now in place and the Committee were supportive of the work.

3. Responses to Public Accounts Committee reports

3.1 The Committee were asked to approve BBC responses to two reports of the Public Accounts Committee (PAC) – on Critical Projects and the Licence Fee. The responses were previously considered at the BBC Trust and the role of approving such documents under the new governance structure would rest with the Committee. The Committee noted that the responses to recommendations were largely clear and direct.

3.2 The response to the report on Critical Projects was approved. It was agreed that the response to the report on the Licence Fee would be submitted following the Board discussion on the issue scheduled for July.

4. NAO transition and audit schedule

4.1 The Committee were briefed by the NAO on their audit planning and work undertaken in the transition process. The process had been positive so far and the NAO were working to develop a strong understanding of the BBC’s complex market and risks.

5. For approval / noting

a) Whistleblowing report

5.1 The Committee noted the quarterly whistleblowing report, which showed no significant issues to raise.

5.2 It was noted that a new Non-Executive Director needed to be appointed as the BBC’s independent whistleblowing contact. The Director, Quality, Risk and Assurance would brief members on what was required and finalise the details of the new contact.
b) **Annual plan for the Audit and Risk Committee**

5.3 The Committee noted a paper setting out a draft schedule for the Committee in the coming year. The Chair asked for members to comment offline on any areas they would like to see a particular focus on.

c) **Non-audit fees**

5.4 There were no non-audit fees to report to the Committee.

6. **AOB**

6.1 There were no items of other business.