Meeting of the BBC Audit and Risk Committee

SUMMARY MINUTES

Tuesday 27 March, 2018
Room 3028, Old Broadcasting House, London

ITEMS OF BUSINESS

1. Minutes and matters arising from 5 February Audit and Risk Committee
2. Risk briefing - cyber security
3. Internal Audit quarterly reporting
   a) Internal Audit quarterly report
   b) Internal Audit plan 2018/19
4. Draft Audit Committee report for Annual Report and Accounts
5. Risk update
6. S4C - annual review and controls assurance
7. Year-end updates
   a) Emerging issues
   b) NAO update
   c) NAO Licence Fee Trust audit planning
8. GDPR update
9. For noting:
   a) Whistleblowing report
10. 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
- Shirley Cameron  Group Financial Controller
- Stephen Smith  Executive Partner, National Audit Office (NAO)
- Kate Mathers  Audit Partner, NAO
- Phil Harrold  Company Secretary
- Chris Sandford  Director-General’s Office (secretary)
- Matthew Postgate  Chief Technology Officer (for item 2)
- Gary Payne  Chief Information Security Officer (for item 2)
- Peter Tansley  Head of Internal Audit (for item 3)
- Huw Jones  Chair, S4C (for item 6)
- Owen Evans  CEO, S4C (for item 6)
- Hugh Hesketh Evans  S4C Audit Chair (for item 6)
- Peter Farrell  Head of Legal (for item 8)

APOLOGIES
None
1. Minutes and matters arising from 5 February Audit and Risk Committee

1.1 The minutes were approved.

2. Cyber security briefing

2.1 The Committee received a briefing on preparedness and mitigations in place to deal with the cyber security risk. The current strategy for cyber security had been in place for two years and aimed to ensure products were secure by design. There was a need for the BBC to remain constantly alert to new threats and it was known that the BBC was a significant target for different types of attacker. A key aim was to ensure that content was kept on the air.

2.2 The Committee were grateful for the assurance and asked that the issue return for assurance on a regular basis.

3. Internal Audit quarterly reporting

a) Internal Audit quarterly report

3.1 The Audit and Risk Committee noted the quarterly update on Internal Audit work and the findings of recent audits.

b) Internal Audit plan 2018/19

3.2 The Committee then discussed the draft Internal Audit plan for 2018/19. The plan had been baselined to the organisation’s objectives and key risks. It was proposed to continue to build capacity in the use of data analytics and also to trial the use of more agile audit processes.

3.3 The plan was approved.
4. Draft Audit Committee report for Annual Report and Accounts

4.1 The Committee had before it a draft Audit Committee report for the 2017/18 Annual Report and Accounts. The Committee noted the draft and agreed that a revised version would be circulated in advance of the next meeting.

5. Risk update

5.1 The Committee discussed the latest risk reports. It was noted that the risks around pay had increased but there were no other significant changes. A larger update on risk, with expanded metrics and risk appetite reporting, would come to the Committee in June.

6. S4C - annual review and controls assurance

6.1 The Committee were joined by senior representatives from the S4C for the first financial assurance session, under the terms of the new Charter and partnership agreement. It was noted and agreed that the sessions would be focused specifically on financial controls in relation to the licence fee funds passed to S4C by the BBC. The independence of the S4C was noted and the background to the new partnership agreement between the BBC and the S4C was also discussed.

6.2 The Committee were grateful to the S4C for the assurance and looked forward to further sessions and to developing a strong relationship over the coming years.

7. Year-end updates

a) Emerging issues

7.1 The Committee were provided with an update from the Executive on emerging issues arising from year-end accounting preparations. Progress with year-end related work and the audit was on track and working relationships with the NAO were good.
b) NAO update

7.2 The NAO provided an update on the progress of their audit.

7.3 The Committee noted the report and requested a further briefing at the next meeting on the scope of all work related to personal service companies, including potential impacts and liabilities.

c) NAO Licence Fee Trust audit planning

7.4 The Committee were presented a planning document for the NAO’s audit of the annual Licence Trust Statement. The proposal was routine and in line with previous years. The NAO would follow up on previous work to review the changes to the Licence Fee that addressed use of the iPlayer. The proposal was approved.

8. GDPR update

8.1 The Committee were given a further brief on the BBC’s preparedness for the implementation of the European GDPR data regulations. The brief had been requested at the previous meeting and set out the range of risks faced across the BBC, alongside an assessment of preparedness. It was likely that the BBC would attract attention once the regulations came into force, but there was a good process underway to ensure appropriate compliance and to manage risks.

8.2 The Committee noted the briefing and requested a further update later in the year, once the regulations were in force.

9. For noting - Whistleblowing report

9.1 The Committee noted the whistleblowing report.

10. AOB

10.1 There were no other items of business.