ITEMS OF BUSINESS

1. Minutes and matters arising from 16 September Audit and Risk Committee
3. NAO items
   a) Audit update
   b) Licence Fee Trust Statement plan
4. Licence Fee Unit
   a) CMOD project update
   b) P2020 project update
5. Project reporting
   a) East Bank project update
   b) PMO quarterly report
   c) E20 quarterly update
6. Internal Audit items
   a) Internal Audit quarterly update
   b) Internal Audit procurement outcome
   c) Internal Audit charter
7. Risk update
8. External audit effectiveness
9. For noting:
   a) Whistleblowing report
   b) S4C assurance report
10. AOB
ATTENDANCE

Members:
• Shirley Garrood Non-executive director (Chair)
• Tom Ilube Non-executive director
• Ashley Steel Non-executive director

Board members present:
• David Clementi Chairman
• Tony Hall Director-General

With:
• Glyn Isherwood Chief Financial Officer
• Balram Veliath Director, Quality, Risk and Assurance
• Kate Mathers Audit Partner, NAO
• Lewis Knights Audit Manager, NAO
• Phil Harrold Company Secretary
• Chris Sandford Director-General’s Office (secretary)
• Shirley Cameron Group Financial Controller (items 2, 3 and 8)
• Kerris Bright Chief Customer Officer (item 4)
• Matthew Postgate CTO (item 4)
• Peter O’Kane Director, ISOC (item 4)
• Stuart Collins Director, PMO (item 5)
• Peter Tansley Director, Internal Audit (item 6)
• Nick Hudson Director, Risk (item 7)
• Chris Saul Observer

APOLOGIES
None
1. Minutes and matters arising from 16 September Audit and Risk Committee

1.1 The minutes were approved and no new conflicts of interest were raised.


2.1 The Committee discussed a paper that set out emerging issues to be considered in the approval of the BBC’s accounts for 2019/20. The forecast financial statements and balance sheet were discussed and the expected income and expenditure deficit position was noted.

2.2 The Committee noted ongoing work with the DCMS to finalise the new presentation of leases and the BBC’s commercial operations.

2.3 Current projected year-end headcount levels were noted and the Committee discussed the reasons behind the projections. The status of a lease and its sub-letting arrangement was discussed and the Committee requested an update on all such leases across the organisation at the next meeting. The Committee noted the report.

3. NAO items

a) Audit update

3.1 The Committee discussed the NAO’s audit update, which also set out any emerging risks or issues as part of the audit.

3.2 Overall work in the risk areas was progressing well. The implementation of new finance systems was too recent for any detailed review at the current stage. Routine audit work was well underway and there was a positive intention to rely on system controls as far as possible.

3.3 The Committee noted the update.

b) Licence Fee Trust Statement plan

3.4 This paper set out the plan for the NAO’s annual audit of the Television Licence Fee in 2019/20. The Committee reviewed the plan, which would also include the NAO’s section 2 report on collection of the Fee.

3.5 The Committee confirmed the completeness of the NAO’s assessment of risks; approved the plan to address these risks; and confirmed there were no known concerns or risks that could lead to fraud or material misstatement.
4. **Licence fee unit**

   a) **CMOD project update**

4.1 The Committee were given an update on the programme to replace the Licence Fee Unit’s customer management database. This had been discussed at the previous meeting and a detailed review had been undertaken by Design and Engineering following concerns raised in project reporting. As a result of this work, a decision had been taken to cancel the programme and the Committee had been briefed on this. It was agreed that the decision was the right one, though the Committee noted that it was disappointing to be in this position. A paper on the lessons learned from the programme was requested in the New Year.

   b) **P2020 project update**

4.2 The Committee moved on to discuss an update on the P2020 project to implement the Board’s decisions on licence fees for the over 75s. Regular reports on the programme had been requested at the last meeting of the Committee.

4.3 It was agreed that the programme should be reviewed monthly at the Board to ensure it remained on track and any concerns or issues should be flagged up early, for further discussion.

5. **Project reporting**

   a) **East Bank project update**

5.1 The Committee noted an update on the East Bank project, which had been requested at the last Board meeting.

5.2 The Committee welcomed the assurance given and would continue to review the project as part of regular reporting.

   b) **PMO quarterly report**

5.3 The Committee discussed the monthly PMO report which updated on progress with critical projects being monitored across the BBC. A thematic review of programmes in the portfolio would be held early in 2020, to check whether there were any broad concerns or issues across current projects.

5.4 The Committee noted the report and asked that future reports included detail of current project performance against budget and timing assumptions.
c) E20 quarterly update

5.5 The quarterly update on the E20 programme was noted. The project was currently on track for both the front lot and the back lot. There had been no feedback on the recent submission to the Public Accounts Committee.

6. **Internal Audit items**

a) *Internal Audit quarterly update*

6.1 The Audit and Risk Committee were updated on the work of the Internal Audit team in the previous quarter, including completed audits and audit actions. Nine audits had been completed in the quarter.

6.2 The Committee noted the recent audit of platform development, which was an example of where value could be added to the business as the findings were now being used within D&E to develop future practice.

b) *Internal Audit procurement outcome*

*Tom Ilube took the chair for this item as Shirley Garrood recused herself*

6.3 The Committee discussed a paper that set out the results of the re-procurement exercise for Internal Audit Services, tendered under the BBC’s Consultancy Framework. The Committee noted the recommended provider to be offered the contract and approved the proposal as set out in the paper.

c) *Internal Audit charter*

6.4 The Committee approved minor changes to the Internal Audit Charter, in line with good practice. It was noted that the draft should also be amended to reflect that Internal Audit had regular private access to the members of the Committee.
7. Risk update

7.1 The Committee reviewed the quarterly risk update, which showed a largely stable picture from the previous quarter. Key risk areas, including funding and audience value, would be discussed at the Board.

7.2 The Committee discussed the risks around child protection and agreed that the draft risk appetite monitoring for this area was valuable. Leading metrics were being developed for all areas of risk appetite and these would be discussed with the Executive Committee and then in detail with the Committee over coming meetings.

8. External audit effectiveness

8.1 The Committee noted a briefing on lessons learned from the previous year's financial audit. It was agreed that the relationship was good and the work by the NAO was of a high standard, demonstrated by high Audit Quality Review (AQR) ratings received. The relationship continued to develop and points of feedback would be considered. A formal review process would be put in place for the next year.

9. For noting:

a) Whistleblowing report

9.1 The Committee noted the Whistleblowing report.

b) S4C assurance report

9.2 The Committee noted the assurance report from the S4C, provided as part of the regular review process under the partnership agreement between the broadcasters. It was noted that the NAO had recently become the statutory auditor for the NAO.

10. AOB

10.1 The Committee noted that the NAO's value for money report on the creation of BBC Studios had been received in draft form and a response to the report would be sent for approval by the Chair of the Committee and the BBC Chairman in due course.