ITEMS OF BUSINESS

1. Minutes Committee business
   a) Apologies and conflicts of interest
   b) Minutes and matters arising from 20 June Audit and Risk Committee
2. Internal Audit items
   a) Internal Audit quarterly update
   b) Patch management update
3. Risk update
4. BBC Studios annual assurance
5. Over 75s implementation programme update
6. NAO audit update
   a) Summary management letter
7. Project reporting
   a) PMO report
   b) E20 quarterly update
8. Committee approvals
   a) Terms of reference
   b) Annual plan for the Committee
9. For noting:
   a) Whistleblowing report
   b) Financial fraud controls
   c) Developments on employment status with HMRC
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)
- Peter Tansley Director, Internal Audit (for item 2)
- Peter O’Kane Director, ISOC (for item 2)
- Gary Payne CISO (for item 2)
- Nick Hudson Director, Risk (for item 3)
- Tim Davie CEO, BBC Studios (for item 4)
- Tom Fussell CFO, BBC Studios (for item 4)
- Pipa Doubtfire Head of Revenue Management (for item 5)
- Shirley Cameron Group Financial Controller (for items 6-10)
- Mark Smith Portfolio Manager, PMO (for item 7)

APOLOGIES
None
Audit and Risk Committee Summary Minutes – 16 September 2019

1. Minutes and matters arising from 20 June Audit and Risk Committee

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

2. Internal Audit items

a) 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 audit actions. The audit plan was on track for the year and the number of overdue audit actions was largely stable. It was noted that an update on the procurement process for the co-source Internal Audit provider would be discussed at the December meeting.

2.2 The paper, including proposed changes to the audit plan, was noted.

b) Patch management updated

2.3 The Committee were briefed on policy and practice in relation to patching of BBC technology systems. A recent audit on the issue had also provided a positive picture in relation to the BBC’s enterprise IT systems.

2.4 The update was noted and a more detailed briefing would be offered for Committee members.

3. Risk update

3.1 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, had been discussed at the Board.

3.2 The Committee noted the report.

4. BBC Studios annual assurance

4.1 The Committee were briefed on controls and processes to manage risk in BBC Studios. This was the first such discussion at the Committee since the merger of BBC Studios production and BBC Worldwide distribution.

4.2 In discussion, it was noted that Studios were undergoing a transformation programme for the finance function. The overall assurance structure in Studios was explained and it was noted that policies aligned to the Group wherever possible.
4.3 There were a range of points made in the NAO's management letter, which were being dealt with in the usual way. Overall it was felt that good controls were in place, with a strong culture and behaviours to back these up. It was noted that there was a need for regular review of these areas as the market and the complexity of deals changed over time.

5. **Over 75s implementation programme update**

5.1 The Committee received a briefing on the early status of implementation plans for the programme to deliver the Board’s decision on over 75s TV licences. The programme had a number of clear strands and these were being monitored closely to assure progress. Delivery confidence was good at the current stage.

5.2 It was agreed that regular quarterly updates on the programme would be brought back to the Committee, with the next meeting to be updated on the findings of the ‘Set up for Success’ review.

6. **NAO audit update**

6.1 The Committee were presented with the NAO's audit plan for the coming financial year. It set out the current assessment of risks to the accounts and the plans to mitigate those.

6.2 In discussion, it was noted that the fee levels for the year had been agreed at a base level, with some final additional areas still to be resolved. The final fee would be provided as an update in December.

6.3 The Committee noted the plan and confirmed it agreed with the assessment of risks as set out and with the materiality level proposed for the audit. The Committee also confirmed it was not aware of any concerns or risks to the accounts related to fraud.

6.4 The Committee also discussed the main points arising from the NAO’s management letter for the 2018/19 audit. The management letter was noted.

7. **Project reporting**

a) **PMO report**

7.1 The Committee noted the monthly PMO report which updated on progress with critical projects being monitored across the BBC.

7.2 In discussion, the Committee noted that the Campaign Management System (CMS) and the Open Media programmes had both declined in the quarter.
7.3 The Committee asked for an update on requirements for and progress with the CMS programme in advance of the December meeting. A session to look at construction projects was also requested at a future meeting.

**b) E20 quarterly update**

7.4 The quarterly update on the E20 programme was noted. The project was currently tracking to schedule and plans for the back lot section of the project were underway.

8. **Committee approvals**

   **a) Terms of reference**

8.1 The Committee approved a refreshed terms of reference.

   **b) Annual plan for the Committee**

8.2 The Committee noted a paper which set out a proposed plan for the Committee in the coming year. Any comments on the plan would be provided offline.

9. **For noting:**

   **a) Whistleblowing report**

9.1 The Committee noted the Whistleblowing report.

   **b) Financial fraud controls**

9.2 The Committee noted an update on controls that had been introduced to deal with potential financial frauds.

   **c) Developments on employment status with HMRC**

9.3 The Committee were updated on the latest position in relation to tax cases being heard between BBC employees and the HMRC at the Upper Tier Tribunal.

10. **AOB**

10.1 There were no items of other business.