ITEMS OF BUSINESS

1. Minutes and matters arising from 13 December Audit and Risk Committee
2. Internal Audit quarterly update
   a) Quarterly Internal Audit actions and update
   b) Internal Audit plan 19/20
   c) Internal Audit Co-Source Extension and Re-procurement
   d) Audit Report Ratings - Management Control Awareness
   e) Draft Annual Report Audit section
   f) External Quality Assessment of Internal Audit
3. Quarterly risk report
4. Technical resilience briefing
5. BBC Studios - IP valuation
6. Finance - emerging issues
7. NAO audit update
8. Project reporting
   a) PMO report
   b) E20 quarterly update
   c) PAC response on E20 report
9. For noting:
   a) Whistleblowing report
   b) Committee effectiveness
   c) S4C annual assurance 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

With:
• Balram Veliath  Director, Quality, Risk and Assurance
• Sarah Jones  General Counsel
• Glyn Isherwood  Chief Financial Officer
• Stephen Smith  Executive Partner, National Audit Office (NAO)
• Kate Mathers  Audit Partner, 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)
• Matthew Postgate  Chief Technology Officer (for item 4)
• Peter O’Kane  Director, ISOC (for item 4)
• Tom Fussell  CFO, BBC Studios (for item 5)
• Shirley Cameron  Group Financial Controller (for items 5, 6 and 7)
• Richard Dawkins  COO, Content (for item 8)
• Stuart Collins  PMO (for item 8)

APOLOGIES
None
AUDIT AND RISK COMMITTEE SUMMARY MINUTES – 4 April 2019

1. Minutes and matters arising from 13 December Audit and Risk Committee

1.1 The minutes were approved.

2. Internal Audit quarterly update

a) Quarterly Internal Audit actions and 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 and the focus for the next quarter was on year end business.

2.2 It was noted that six audits had been completed in the quarter.

b) Internal audit first look audit plan 2019/20

2.3 The Committee looked again at the proposed audit plan, updated in response to the discussion at the last meeting. The plan was based on best practice and was linked to the main strategic and operational risks. Themes around cyber security and culture were key to the plan.

2.4 On culture, the audit would look at material considered by the Board and a range of leading indicators including on staff turnover, complaints and diversity. It was noted that reviews of physical security and young audiences would likely follow in the next year’s plan.

2.5 The Committee welcomed the plan, which was focused and clearly linked to risks. An update on progress with continuous controls monitoring would be brought back to the next quarterly meeting.

c) Internal Audit Co-Source Extension and Re-procurement

2.6 The Committee approved a proposal to extend the current contract with Deloitte for co-source audit provision by a year, ahead of a full procurement exercise the next year.

d) Audit Report Ratings - Management Control Awareness

2.7 The Committee discussed a proposal to introduce an additional audit rating for management control awareness to future reviews. It was noted that this was in line with practice elsewhere.

2.8 The proposal was approved, subject to discussion offline with the incoming chair of the Committee.
e) Draft Annual Report Audit section

2.9 The Committee noted the latest draft of the Audit Committee report and Chair’s statement for the Annual Report and Accounts. Comments on the draft would be provided to the secretariat offline.

f) External Quality Assessment of Internal Audit

2.10 The Committee noted the findings of a recent external review of the Internal Audit function. The review showed the function was performing in line with expectations and the results were welcomed.

3. Quarterly risk report

3.1 The Committee reviewed the quarterly risk update, which showed a largely stable picture from the previous quarter. It was noted that two specific risk areas were for discussion at this meeting and that operational risks were due to be discussed at the next Board.

4. Tech resilience briefing

4.1 The Committee were briefed on the BBC’s overall tech resilience and how the risk of system failure was mitigated across sites. It was noted that the BBC was part of the UK’s critical infrastructure and this meant that overall resilience levels needed to be high.

4.2 It was also noted that clear plans were in place to deal with any major events and these were followed closely by teams and by operations managers at all sites. Regular testing of systems was undertaken and international sites were also kept under review.

4.3 The Committee noted the report and the assurance it provided.

5. BBC Studios – IP valuation

5.1 The Committee received a briefing on the management and valuation of intellectual property rights within BBC Studios.

5.2 In discussion it was noted that IP value was held in a number of different areas on the balance sheet, including distribution rights, broadcast rights and interests in joint ventures and associates.

5.3 The Committee welcomed and noted the briefing.
6. **Finance – emerging issues**

6.1 The Committee discussed a summary of emerging issues for the Annual Report and Accounts. This was to give the Committee a chance to discuss any potential issues ahead of the signing of the accounts. Recommendations on transparency and disclosure were being addressed and revised requirements on service spend reporting were being factored in to the draft Annual Report. The Committee also discussed areas of potential judgement.

6.2 The update was noted.

7. **NAO audit update**

7.1 The Committee were presented with an update from the NAO on their audit work for 2018/19. This included the current assessment of audit risks. The audit work was currently on track.

7.2 The Committee noted the update from the NAO.

8. **Project reporting**

a) **PMO report**

8.1 The Committee noted the monthly PMO report which showed a stable picture over the previous period, with overall positive recent assurance levels. The findings of an overall assurance assessment of the portfolio would be brought to the next meeting, along with a discussion of the composition of the portfolio itself.

b) **E20 quarterly update**

8.2 The quarterly update on the E20 programme was noted. The project was currently tracking to plan with little contingency having been used. It was noted that an editorial plan for the back lot was in place.

c) **PAC response on E20 report**

8.3 The Committee approved a draft response to the Public Accounts Committee, on their recent report on the E20 programme. The Committee discussed a specific recommendation asking the BBC to report annually to the Committee on progress and agreed that this should only be met with provision of information approved by the Board, as the proper oversight body for the programme. It was agreed that the BBC's independence from Government needed to be carefully protected in all such cases.
9. For approval / noting:

a) Whistleblowing report

9.1 The Committee noted the Whistleblowing report. The system was working well and there had been positive responses to recent communications and the roll out of the service in other languages internationally.

b) Committee effectiveness

9.2 The Committee had met privately to discuss the findings of the recent effectiveness review.

c) S4C annual assurance report

9.3 The Committee noted the regular financial assurance report, provided as part of the BBC's agreement with S4C.

10. AOB

10.1 There were no other items of business.