



Meeting of the BBC Audit and Risk Committee

SUMMARY MINUTES

Tuesday 10 September 2024

Broadcasting House, London

ITEMS OF BUSINESS

1. Committee business
 - a) Apologies and conflicts of interest
 - b) Minutes and matters arising from the 24 June and 8 July Audit and Risk Committees
2. InfoSec risk update
3. CMA update
4. Risk
 - a) Quarterly risk report
 - b) B&H update
 - c) Risk appetite deep dive - safeguarding
5. Finance and audit
 - a) NAO management letter
 - b) Lessons learned from the year end process
 - c) ICFR scope
 - d) ICFR framework
6. Transformation and assurance overview
7. Internal Audit
 - a) Audit and Assurance Quarterly Update
 - b) Records management audit response
8. Committee roles and responsibilities
 - a) Fair Trading - programme of work and assurance plan
 - b) Committee terms of reference
9. Whistleblowing report
10. For noting:
 - a) News mandatory training update
 - b) S4C assurance report
11. Private session
 - a) External audit effectiveness review

ATTENDANCE

Members:

- Chris Jones Non-executive director (Chair)
- Shumeet Banerji Non-executive director
- Michael Plaut Non-executive director

Board members present:

- Leigh Tavaziva Group Chief Operating Officer

With:

- Ian Griffiths Commercial Board NED
- Alan Dickson Chief Financial Officer
- Balram Veliath Director, Quality, Risk and Assurance
- Claire Rollo National Audit Office
- Greg Wilson National Audit Office
- Phil Harrold Company Secretary
- Chris Sandford Head of Governance (secretary)
- Peter O'Kane CTO (item 2)
- Jo Sherlock Commercial Director (item3)
- Gurdip Ryatt Head of Risk (item 4)
- Simon Adair Director, SSR (item 4a)
- Uzair Qadeer CPO (item 4b)
- Sarah Gregory Deputy CPO (item 4b)
- Katharine James Head of SSR (items 4c, 9)
- Kim Collins SSR Manager, Safeguarding (4c)
- Bethan Pearce Head of Group Finance (5,11)
- Amanda Jones CFO, Studios (item 5)
- Phil Roper FD, Studios (item 5)
- Huw Jones Head of Delivery (item 5c)
- Eddy Datubo Director, Transformation (6)
- Peter Tansley Director, Internal Audit (7)
- Jack Whyte Dir., Product Engineering (7b)
- Chris Rowsell Controller, Regulation (8)

AUDIT AND RISK COMMITTEE SUMMARY MINUTES – 10 September 2024

1. Minutes and matters arising from the 24 June and 8 July Audit and Risk Committees

- 1.1 The minutes were approved and no new conflicts of interest were raised. Matters arising were noted. Michael Plaut was welcomed as a new member of the Committee, and it was noted it had been agreed that the functions of the Fair Trading Committee would now be taken on by the ARC.

2. InfoSec risk update

- 2.1 The Committee were briefed on recent cyber and information security activity. The election period had been delivered alongside a number of other events and processes to prioritise activity during such periods were noted. The response to the recent incident involving data held on Github was noted and welcomed. An external review had been conducted and the recommendations were being followed up. Progress against these would be reported in the next update. It was agreed there was a need to consider wider risks arising from West Coast tech firms, in conjunction with key stakeholders. An update on this would be included in the next report.
- 2.2 The Committee discussed the recent CrowdStrike outage and noted that BBC impacts had been limited, though learnings were still being assessed. Work to develop opportunities from generative AI was noted, with risks in relation to coding, text and images all requiring consideration. The update was noted.

3. CMA update

- 3.1 The Committee were briefed on the latest position in relation to the Competition and Markets Authority investigation into sport production. The Committee agreed to the recommendations made, which would be put to the Board. It was also noted that there was wider work on training and culture to be done across the industry on the issues raised by the investigation.

4. Risk

a) Risk and compliance report

- 4.1 The Committee reviewed the latest risk and compliance report. There were no elevated operational risks in the last quarter. Risks around safety and high risk deployments were stable. An update on the Capita IT upgrade project would come to the next meeting.

- 4.2 Risk appetite was noted, with trend on high risk deployments remaining stable but elevated. A future discussion on the approach to deployments would be arranged.
- 4.3 The compliance dashboard was noted. The Commercial Finance and Risk Group would be asked to look at supply chain risks around forced labour on merchandise marketing, which was a complex area to assess. Current levels of DOPI compliance were noted and it was agreed this needed to be part of a wider cultural push to ensure completion of mandatory tasks.

b) B&H update

- 4.4 The Committee were briefed on bullying and harassment case trends. Case numbers were currently high. There were specific pressures on resourcing and case management, though analysis of the types of cases showed no specific systemic issue. It was agreed the Committee would be regularly briefed on progress. There was also a need to continue with wider education and awareness raising comms on this issue.

c) Risk appetite deep dive - safeguarding

- 4.5 The Committee discussed the risk appetite approach to safeguarding, noting the processes in place and the duty of care placed on the BBC. The target level of risk appetite was discussed. It was agreed that zero tolerance to risk should be the aim, noting that the activities undertaken by the BBC meant that there would always be some inherent or residual risk. This meant this issue needed to be carefully managed, with strong risk mitigations and targets in place.
- 4.6 The Committee noted the review and agreed the target risk appetite.

5. Finance and audit

a) NAO management letter

- 5.1 The Committee reviewed the NAO's letter, recommendations and the management response to those. The key issues raised would be picked up as part of wider work in Finance on the year-end process. Detail on issues defined as lower risk would be summarised in a future update for the Committee.

b) Lessons learned from the year end process

- 5.2 The Committee discussed the lessons learned from the recent year-end process and the steps being taken to address the issues identified. The Finance team would report back at the next meeting on the vision for the work and the prioritised plan to address aggregated actions arising.

c) ICFR scope and d) ICFR framework

- 5.3 The Committee were briefed on the draft scope and proposed framework for work to respond to Internal Control over Financial Reporting (ICFR) requirements. The Committee recognised this was a significant piece of work and noted the timeline for development of controls and testing of the systems. It was agreed the work should align closely with the work discussed already on wider Financial controls and processes. The Committee would continue to be briefed on the work and an offline briefing would be arranged for the Chair on management's assessment of payroll and pension risks in the work.

6. Transformation and assurance overview

- 6.1 The Committee noted the regular portfolio review, with a stable picture for the previous period. Work was underway to consider a refresh of the portfolio and this would be reported back to the Committee when complete.

7. Internal Audit

a) Audit and Assurance Quarterly Update

- 7.1 The Committee reviewed a report on the audits completed in the last quarter. Nine reviews had been completed in the period. It was agreed that the response to the review of the international controls project in News would come back to the Committee at the next meeting. The Commercial Finance and Risk Group would look into findings around Studios advertising controls. A response to the review on Content ROI would come to the ARC, noting the desirability of embedding the use of the measure further into decision making across the business.
- 7.2 An update on overdue audit actions was noted.

b) Records management audit response

- 7.3 The Committee reviewed a response to the recent audit of records management. Progress against the actions was noted and welcomed, with a need to continue to streamline policies and processes, as well as to continue education for teams.

8. Committee roles and responsibilities

a) Fair Trading - programme of work and assurance plan

- 8.1 The Committee reviewed an outline of the work programme and assurance plan for Fair Trading, following the decision to close the Fair Trading Committee and incorporate those functions into the ARC. The approach to external assurance was discussed and an

update on this would be brought back to the Committee. Briefings for the Committee members on the rules and the role of the Committee would be arranged.

b) Committee terms of reference

- 8.2 The Committee reviewed and approved updated terms of reference, which incorporated the fair trading functions as agreed.

9. Whistleblowing report

- 9.1 The report was noted, with closure times for cases reducing. A new whistleblower protection tool was being piloted. The Committee agreed that information on any sanction or consequence put in place in upheld cases would be added to reporting. Analysis would also show an assessment of case numbers against overall headcount across divisions.

10. For noting

a) News mandatory training update

- 10.1 The Committee reviewed an update from the News division on plans to address levels of mandatory training compliance. It was agreed that an update on progress would come to the next meeting.

b) S4C assurance report

- 10.2 The Committee noted the report and agreed that a session for the Committee Chair to meet with his counterpart would be arranged.

11. External audit effectiveness review

- 11.1 The Committee discussed the draft external effectiveness review findings in private session with the Executive. The report would be updated following the discussion and then shared with the NAO.