



Meeting of the BBC Audit and Risk Committee

SUMMARY MINUTES

Thursday 14 March 2024

Boardroom, London Broadcasting House and by video conference

ITEMS OF BUSINESS

1. Committee business
 - a) Apologies and conflicts of interest
 - b) Minutes and matters arising from the 6 December and 1 February Audit and Risk Committees
2. Finance and controls
 - a) Accounting matters and NAO management letter points
 - b) Risk of fraud and error - management assessment
 - c) Compliance with recent changes to The UK Corporate Governance Code
3. NAO Audit update
4. Risk and compliance report
 - a) InfoSec risk update
5. News international controls - project update
6. Internal Audit
 - a) Internal Audit quarterly report
 - b) 24/25 Internal Audit plan
 - c) Internal Audit – Assurance Ratings
 - d) Update on limited assurance rated audits
7. Project reporting
 - a) Transformation and assurance overview
 - b) Project Assurance report
 - c) Sustainability – TCFD, TNFD, Scope 3 and Transition Plan Disclosures
8. Whistleblowing report
9. AOB

ATTENDANCE

Members:

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

Board members present:

- Samir Shah Chair of the Board
- Leigh Tavaziva Group Chief Operating Officer

With:

- Ian Griffiths Commercial Board NED, Observer
- Alan Dickson Chief Financial Officer
- Peter Tansley Director, Internal Audit
- Claire Rollo National Audit Office
- Greg Wilson National Audit Office
- Phil Harrold Company Secretary
- Chris Sandford Head of Governance (secretary)
- Bethan Pearce Head of Financial Reporting (2,3,7c)
- Holly King Group Financial Controller (2,3,7c)
- Simon Adair Director, SSR (items 2c,8)
- Gurdip Ryatt Head of Risk (4)
- Peter O'Kane CTO (4a)
- Deborah Turness CEO, News (5)
- Sam Taylor COO, News (5)
- Lina Lawrence Project Manager, News (5)
- Sarah Gregory Deputy CPO (6d)
- Eddy Datubo Director, Transformation (7)
- Danielle Mulder Director, Sustainability (7c)
- Jigna Chandaria Senior Sustainability Manager (7c)

Apologies

- Balram Veliath Director, QRA

AUDIT AND RISK COMMITTEE SUMMARY MINUTES – 14 January 2024

1. Minutes and matters arising from the 6 December and 1 February Audit and Risk Committees

1.1 The minutes were approved and no new conflicts of interest were raised. The actions were noted and follow ups would be arranged as discussed.

2. Finance and controls

a) Accounting matters and NAO management letter points

2.1 The Committee were briefed on key risks and issues arising from the audit process, as well as progress with points raised in the NAO management letter. Current areas of management judgement and the emerging results were noted. Areas to keep under review would include the Britbox transaction, the recent HMRC tax rebate and the ongoing Competition Markets Authority review into sport production. Discussing judgment areas, the Committee were briefed on plans to change the approach to revenue recognition for Children's content for 2025/26, to align it with the model for iPlayer.

2.2 Pension risks were noted and it was agreed a deep dive session on the scheme would be arranged for a future meeting. The timetable for producing the final Annual Report and Accounts was discussed. Early sight for Committee members of the draft would be provided as necessary, with agreement to the desirability of having a clear central narrative running through the report.

b) Risk of fraud and error - management assessment

2.3 The Committee reviewed a paper providing assurance on the risk of material misstatement due to fraud or error. The relatively low risk was noted and welcomed.

c) Compliance with recent changes to The UK Corporate Governance Code

2.4 The Committee were briefed on outline plans to address new requirements under the Corporate Governance Code for Boards to provide attestation on the effectiveness of internal controls for both financial reporting and principal risks. The complexity of the work needed to review systems and risks was noted and it was agreed the matter was one the Committee would keep under regular review. It was also agreed that there were cultural opportunities in looking at the alignment of risk management across the BBC.

2.5 The Committee agreed there was a need to bring an overview of the principal risks to a session focused on risk later in the year. It was also agreed that a proportionate approach to the issue should be taken. There was a need to ensure that the specific

duties of directors in making the necessary attestations were properly understood by the Board.

3. NAO audit update

3.1 The Committee were briefed on progress with the NAO's audit work. It was noted that the audit process was progressing well and the Committee confirmed it was not aware of any changes on matters for which confirmation had been requested in the report. Changes to the previously reported risk assessment were noted. These included accounting for the Britbox transaction, updates to areas of audit focus on accounting for tax and the licence fee settlement.

4. Risk and compliance report

4.1 The Committee reviewed the quarterly risk report. Action to complete the extraction of staff from Gaza was welcomed. Election planning was underway and it was noted this was a key risk, both editorially and in terms of technology. There was a need to ensure the Board was briefed on it. Third party risks were being kept under review and it was agreed the new Director of Procurement would be invited to present to the Committee. The latest position in relation to the Capita IT upgrade project was also noted, and this continued to be managed at the highest senior level.

4.2 The Committee noted that a risk appetite review was underway through the Operations Committee. Progress with compliance on declarations of personal interest and mandatory training was also noted.

a) InfoSec risk update

4.3 The Committee were given an update briefing on Information Security and cyber-security issues.

5. News international controls - project update

5.1 The Committee were briefed on the latest position with the project to identify and mitigate potential risks in controls and processes across the BBC's global bases. The total number of processes reviewed was noted and the Committee were briefed on any residual areas of concern. Plans were being developed for a new operating model to support international bases. The Committee agreed that a clear risk acceptance process should be put in place for residual risks, and that this should sit outside the News division. The update was noted.

6. Internal Audit

a) Internal Audit quarterly report

- 6.1 The Committee reviewed the quarterly update on internal audits. Twelve audits or reviews had been completed in the period.
- 6.2 The Committee discussed proposed changes to the audit plan and asked that the Commercial FRG look at these issues to ensure appropriate coverage. The process for tracking editorial red flag issues was noted.

b) 24/25 Internal Audit plan

- 6.3 The Committee reviewed the proposed internal audit plan for 2024/25. Audits in the plan were grouped by thematic areas of risk, and the plan had been developed in consultation with senior leaders and Committee members. The plan was approved subject to points raised in the discussion and subject to further discussion with Studios to ensure appropriate coverage. Internal audit would also review the plan to consider areas of lower or marginal risk that could be removed.

c) Internal Audit – Assurance Ratings

- 6.4 The Committee approved a proposal to make changes to the ratings for internal audits.
- d) Update on limited assurance rated audits*

- 6.5 The Committee were briefed on the response from management to two recent limited assurance rated audits.

7. Project reporting

a) Transformation and assurance overview

- 7.1 The Committee were briefed on the overall transformation portfolio, which was stable on the last quarter, with an improvement on the East Bank project. Work to update the BBC's project management methodology was noted. Progress with the D&I project was noted and it was agreed that data on applicants to hire should be presented in a more detailed format, when available.

b) Project assurance report

- 7.2 The latest assurance report was noted. The benefits of the process were noted and the team collaborated closely with the Transformation Office on lessons and benefits.

c) Sustainability – TCFD, TNFD, Scope 3 and Transition Plan Disclosures

7.3 The Committee were briefed on proposed annual reporting plans for sustainability issues in the 2024/25 Annual Report. Additional requirements around reporting of scope 3 emissions were noted, as well as the plans for assurance around this data. There was confidence in the robustness of the current data. The Committee also noted the rationale for RAG ratings under TCFD risks.

7.4 In discussion, the Committee noted comparators of sustainability disclosure provided by other organisations. It was agreed that a gap analysis of the current reporting requirements should be conducted and that the BBC should comply with these. A plan for assurance of the data would also be produced. It was also agreed that a briefing on the wider sustainability plans and strategy should be arranged for the Board. The Committee agreed to delegate final approval of annual reporting requirements to the Committee Chair.

8. Whistleblowing report

8.1 The Committee reviewed the regular whistleblowing report. Themes arising from current cases were noted. The Committee noted the time to complete some cases and the complexity of these. It was agreed that an update on the overall process for raising concerns would be brought to the Board.

9. AOB

9.1 There were no other items of business.