



Meeting of the BBC Audit and Risk Committee

SUMMARY MINUTES

Wednesday 6 December 2023

Central Square, Cardiff and by video conference

ITEMS OF BUSINESS

1. Committee business
 - a) Apologies and conflicts of interest
 - b) Minutes from 8 October Audit and Risk Committee
2. NAO - Audit planning report
3. Accounting matters
4. Risk matters
 - a) Risk and compliance report
 - b) InfoSec risk update
5. Internal Audit quarterly report
 - a) AI audit follow up
6. Project reporting
 - a) Transformation and assurance overview
 - b) Project Assurance report
 - c) East Bank briefing
7. Committee review and effectiveness
 - a) External audit effectiveness review
 - b) Terms of reference review
 - c) Whistleblowing reporting
8. For noting/approval:
 - a) S4C assurance report
9. AOB

ATTENDANCE

Members:

- Chris Jones Non-executive director (Chair)
- Shumeet Banerji Non-executive director
- Elan Closs Stephens Acting Chair

Board members present:

- Tim Davie Director-General
- Leigh Tavaziva Group Chief Operating Officer

With:

- Ian Griffiths Commercial Board NED, Observer
- Alan Dickson Chief Financial Officer
- Balram Veliath Director, Quality, Risk and Assurance
- Claire Rollo National Audit Office
- Greg Wilson National Audit Office
- Eleanor Parker National Audit Office
- Chris Sandford Head of Governance (secretary)
- Bethan Pearce Head of Financial Reporting (2,3,4,7a)
- Sam Carrier Finance Director, T&O (2,3,4)
- Gurdip Ryatt Head of Risk (4)
- Peter O'Kane CTO (4b)
- Helen Rabe CISO (4b)
- Peter Tansley Director, Internal Audit (5,6)
- Storm Fagan CPO (5a)
- Eddy Datubo Director, Transformation (6)
- David Pembrey COO, Content (6c)
- Jon Taylor Senior Project Director (6c)

AUDIT AND RISK COMMITTEE SUMMARY MINUTES – 6 December 2023

1. Minutes and matters arising from 8 October Audit and Risk Committee

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

2. NAO – Audit planning report

- 2.1 The Committee reviewed the NAO's planning report for the 2023/24 year-end audit process. The revised risk assessment was noted and it was agreed that more detail on the handling of IT change risk would be reported in March. Other risks to be monitored were noted. The Committee agreed that a paper from management on the risks of material misstatement due to fraud and error risks would be presented in March. The level of the NAO fee was also noted, with no change year on year.
- 2.2 The Committee confirmed that it agreed with the assessment of risks set out and that these were complete. The plan to address the risks was agreed. The independence of the audit team was noted.

3. Accounting matters

- 3.1 The Committee reviewed a paper providing an update from the Executive on accounting matters that would be a focus in the year end process. The overall risks and themes were aligned with the NAO view. Updates on the pension scheme and tax matters were noted, including the latest position in relation to investigations in India. It was noted that an update on sustainability reporting would come to the Committee in March and that further consideration would be given to the right level of assurance.
- 3.2 The Committee then discussed work that was underway to provide an initial assessment and framework in support of attestations on financial reporting to be required in the future. It was agreed that this was a key piece of work and likely to be complex. An external review of readiness had been conducted and specialist project expertise was being put in place. The potential resource implications of this work were noted.
- 3.3 The Committee were briefed on progress in response to points raised in the NAO's management letter for the 2022/23 year-end process. All the actions proposed were on track and the Committee were assured by the process. Work to address the complexity of the Annual Reporting process was noted, with thoughts on how to improve this to be discussed offline. The accounting matters paper was noted.

4. Risk matters

a) Risk and compliance report

- 4.1 The Committee reviewed the quarterly risk report. Strategic risks would be discussed at the December Board meeting and the metrics supporting the impartiality risk were discussed. The operational risk report showed an increase in safety risk, particularly around staff in conflict zones. Support for teams on the ground in Gaza was noted. The risk report was noted and it was agreed that a deeper dive on risk appetite would be arranged for the new year, following review at the Operations Committee. Work would also be done to align reporting further with BBC Studios.
- 4.2 The Compliance report was noted, including the introduction of a new automated system for declarations of personal interest.

b) InfoSec risk update

- 4.3 The Committee were given a briefing on Information Security and cyber-security issues. The proposed metrics to be reported were discussed and welcomed. Further discussion of these would be taken offline and a final set would be presented at the next meeting.

5. Internal Audit quarterly report

- 5.1 The Committee reviewed the quarterly update on internal audits. Ten reviews had been completed in the period.
- 5.2 The audit plan was reviewed and it was agreed that a proposed audit on supply chain risk should be retained on the plan. Current overdue audit actions were noted. The quarterly report was noted.

a) AI audit follow up

- 5.3 The Committee were briefed on the actions in response to a recent audit on AI and machine learning. The proposed approach to tracking of actions, introduction of increased controls and central oversight was noted. The Committee welcomed and was reassured by the response.

6. Project reporting

a) Transformation and assurance overview

- 6.1 The Committee reviewed the quarterly report on critical projects. The trend overall was improving and progress with the D&I and E20 projects was noted. A more detailed update on the Across the UK project would come to a meeting in the new year and it was noted that actions arising from the NAO's value for money review would be tracked

through regular reporting. A briefing on annual reporting plans for sustainability would come to the March meeting. The Committee also noted the reshaping of the overall transformation portfolio, to now include key strategic projects, which would continue to be monitored at the Board. The overall plan for continuing oversight was welcomed.

b) Project assurance report

- 6.2 The latest assurance report was noted. The Finance outsourcing project had been assessed and would be looked at again in March. The Committee asked for an assessment rating on the assurance to be added to future reports.

c) East Bank briefing

- 6.3 The Committee were briefed on the latest position with the East Bank project, which was improving. The Committee noted the update and asked for a further briefing at the appropriate point in 2024.

7. Committee review and effectiveness

a) External audit effectiveness review

- 7.1 The Committee reviewed findings of the annual effectiveness review of the external auditor. The NAO would reflect on the findings and report back at the next meeting.

b) Terms of reference review

- 7.2 The Committee approved minor factual changes to the terms of reference, following the annual review.

c) Whistleblowing reporting

- 7.3 The Committee noted a proposal for a revised approach to the reporting of whistleblowing. The proposed approach was agreed and would be put in place for the next meeting.

8. For noting/approval

a) S4C assurance report

- 8.1 The Committee noted the report, as part of the usual annual assurance process. The Committee also discussed the current governance issues being experienced by the S4C.

9. AOB

- 9.1 There were no other items of business.