

INTERNAL AUDIT CHARTER

October 2018

1. Foreword

The Board of RTÉ attaches a high priority to the establishment and maintenance of a strong control environment in all areas of its business, the objectives of which are to ensure:

- the accomplishment of strategic goals;
- compliance with policies, procedures, laws and regulations;
- the safeguarding of assets;
- the reliability and integrity of information, including financial information; and
- the economical and efficient use of resources.

This responsibility is reinforced by the requirement for the Chair of the Board to formally report to the Minister for Communications, Climate Action and Environment on the systems of internal control and related matters, in accordance with Paragraph 2.6 of the Code of Practice for the Governance of State Bodies.

Executive management is responsible for the implementation, operation and monitoring of the control environment on a daily basis.

As the 'third line of defence' within the risk management framework, Internal Audit has a key role to play in the control environment by providing independent assurance on the continued appropriateness and effectiveness of controls. It is the policy of the Board of RTÉ to support and develop an Internal Audit function and to provide it with the multidisciplinary resources it requires to adequately discharge its responsibilities and to operate to best practice standards.

The Audit and Risk Committee is responsible for approving decisions regarding the appointment or removal of the Head of Internal Audit.

2. Role and Objectives

Internal Audit is an independent and objective assurance and consulting function.
(Definition per the Institute of Internal Auditors, International Professional Practices Framework)

It is charged with bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes within RTÉ, as a service to the Board of RTÉ and all levels of management.

The objective of Internal Audit is to provide reasonable assurance to both the Board of RTÉ and to management that the organisation's significant risks are being appropriately managed. This is achieved by appraising the organisation's risk identification and risk management processes and by recommending improvements, where appropriate.

The Head of Internal Audit has responsibility for ensuring that audit work takes due account of the possibility of the occurrence of fraud and for investigating actual or suspected fraud incidents.

3. Mission

Internal Audit's mission is to support RTÉ in achieving its strategic objectives by:

- providing independent and objective assurance to the Board of RTÉ and to Executive management that effective systems and controls are in place to manage all significant risks identified by management;
- providing assurance to the Board of RTÉ and to Executive management on the appropriateness and effectiveness of the 'day to day' controls put in place by operational management to ensure that routine transactions are processed and recorded correctly;

- supporting operational management by providing best practice advice on risks and controls; and
- assisting the organisation in fulfilling its Corporate Governance responsibilities.

4. Authorisation

The Board authorises Internal Audit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement. No operational areas or levels within the organisation are precluded from Internal Audit review.
- Allocate resources, set frequencies, select audit areas, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from other specialised services or third parties in order to complete the engagement.

5. Independence

The Head of Internal Audit reports administratively to the Director-General and functionally to the Audit and Risk Committee. The Audit and Risk Committee will define the function of Internal Audit, in consultation with the Head of Internal Audit, and will approve the programme of work undertaken by Internal Audit staff.

Independence is essential in ensuring the effectiveness of the internal audit programme of work. Internal Audit's independence is assured by not exercising direct authority over, or having responsibility for persons, procedures or activities subject to audit review. Internal Audit is not authorised to:

- perform any operational duties for the organisation;
- initiate or approve any accounting transactions external to the Internal Audit department;
- develop or install procedures; or
- direct the activities of any employee not employed within the Internal Audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Audit.

Independence will not be compromised where Internal Audit personnel sit on steering committees or other project groups in order to contribute to the development of systems and procedures by advising on control and security issues.

In order to support a necessary independent attitude, Internal Audit will remain free from interference by any element in the organisation, including relating to matters of audit selection, scope, procedures, frequency, or the content of reports (other than the report sign-off procedures – see below).

6. Scope

In order to achieve its objective, the scope of Internal Audit's remit extends to every aspect of business activity across the organisation, other than those matters specified below. The frequency of review will reflect the varying levels of potential risk attaching to different activities. The deployment of resources, which will be in accordance with plans agreed with the Audit and Risk Committee, will be weighted towards determining the efficiency and effectiveness of the systems of control.

The scope of Internal Audit does not include editorial matters, or the responsibility of the Director-General in his / her role as Editor-in-Chief. However, the Audit and Risk Committee will, as part of its

broader review of risk, satisfy itself with regard to the effectiveness of the processes in place to achieve oversight of editorial risk.

Similarly, as the pensions risk is overseen directly by the Board of RTÉ, and separately by the Trustees of the individual pension schemes sponsored by RTÉ, the scope of Internal Audit does not include the RTÉ sponsored pension schemes.

However, any requests from the Programme Committee / Audit and Risk Committee to carry out an editorial audit assignment, or by the Trustees of the schemes to carry out pension audit assignments, will be considered in the context of the Internal Audit planning process and this Charter does not exclude Internal Audit from carrying out assignment(s) in these areas.

7. Responsibilities of Internal Audit

Internal Audit personnel will operate to the highest standards of integrity and conduct all work in accordance with the International Standards for the Professional Practice of Internal Auditing.

The work of Internal Audit will include (but is not limited to):

- Reviewing and appraising the identification and management of risk, together with the efficiency and effectiveness of the systems of control, recommending improvements, where appropriate;
- Reviewing the reliability, timeliness and integrity of financial and operating information, and the processes used to identify, measure and report such information;
- Reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- Reviewing the means of safeguarding assets, physical and IT;
- Reviewing the adequacy and effectiveness of management action to address issues identified by Internal Audit and the external auditors; and
- Investigating internal fraud, theft or other occasions where management has reservations concerning staff integrity. This includes receiving, and where necessary investigating, reports via the RTÉ Good Faith Reporting Policy.

Planning

Internal Audit will:

- Submit, at least annually, to the Audit and Risk Committee, a risk-based internal audit plan for review and approval.
- Review and adjust the internal audit plan, as necessary, in response to changes in RTÉ's business, risks, operations, programs, systems, and controls.

Internal Audit's plans will be developed by prioritising risk areas. Management's goals and objectives, together with its perceptions of risk and exposures, will also form a key input to Internal Audit's strategic and operational planning process, as will the scope of the work of the External Auditors.

In planning, executing and reporting its work, Internal Audit will co-ordinate its activity with other assurance providers.

The detailed process for determining the plan will be set-out in a separate Internal Audit strategy document, supported by a Policy & Procedures manual.

Reporting

- Issue objective, timely and risk focussed audit reports. The reports will address control issues, provide actions for their improvement, indicate who is responsible for the relevant action and give a timetable for its completion.

Prior to the issue of any final report, meetings will be held with the relevant management in the area under review to obtain agreement on the substance and tone of the report.

- Bring Internal Audit reports to the attention of members of the Audit and Risk Committee at scheduled meetings of the Committee.
- The Head of Internal Audit will, as part of regular reporting, alert the Audit and Risk Committee on the status of implementing agreed audit action points.

Record Keeping

Any data obtained by Internal Audit personnel during the course of its work or otherwise shall be treated as confidential and data will be managed in line with the RTÉ Data Retention Policy and the RTÉ Privacy Policy. In addition, Internal Audit will:

- Maintain comprehensive records of activity to demonstrate that the audit work has been performed to best practice standards.

8. Responsibilities of Management

It is management's responsibility to manage risk and maintain effective controls. Executive management also has primary responsibility for the prevention of fraud and for detecting and dealing with any fraud that may occur.

Managers will proactively interface with auditors, respond to draft reports in accordance with agreed procedures (below) and agree actions and timescales to rectify control weaknesses identified.

In terms of responding to Internal Audit reports:

- The management of the area under review, to whom the draft report is addressed, will promptly respond in writing, indicating what actions are being taken to address the finding raised in the report.
- Management will be granted a maximum of 15 working days to respond to Internal Audit. This period may be extended, at the discretion of Internal Audit, having due regard for exceptional circumstances or other demands.
- If management fails to respond within the required time period, Internal Audit is authorised to issue the draft report as a "final report". In addition, where management has not committed to actions in the draft report, Internal Audit will include recommendations to address control issues in the final report.

The implementation of agreed actions included in Internal Audit reports will be the responsibility of the management of the area audited.

The Head of Internal Audit should receive timely feedback from management of progress in completing the actions identified in audit reports to address audit issues.

9. Approval

On 25 October 2018 this Internal Audit Charter received the approval of:

Moya Doherty, Chair of the Board
Anne O'Leary, Chair of the Audit and Risk Committee
Dee Forbes, Director-General
Peadar Faherty, Head of Internal Audit