

**AUDIT AND RISK COMMITTEE
TERMS OF REFERENCE**

July 2018

1. Constitution and authority

The Board of RTÉ resolves to establish a committee of the Board known as the Audit and Risk Committee (“the Committee”).

- a) The Committee is authorised by the Board to examine any activity within its terms of reference. It is authorised to seek any information it requires and all RTÉ employees are directed to co-operate with any request made by the Committee.
- b) The Committee is authorised by the Board to obtain outside legal advice or other independent professional advice, as deemed necessary.
- c) Board oversight of editorial matters is carried out by the Programme Committee and not by the Audit and Risk Committee. 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 / reputation risk.

2. Membership

- a) The Audit and Risk Committee shall be appointed by the Board and shall consist of not less than three independent¹ Non-Executive members of the Board. The Board may also appoint a member(s) of the Committee drawn from outside the Board.

The Audit and Risk Committee may:

- co-opt additional members to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the reasonable expense, subject to budgets agreed by the Board.

- b) At least one member of the Committee shall have “recent and relevant financial experience”.
- c) The Board shall appoint one of its members to Chair the Committee. In the absence of the Chair, the members who are present shall choose an acting Chair for the meeting.
- d) A quorum shall be two members.
- e) Only members of the Audit and Risk Committee have the automatic right to attend Committee meetings. The Director-General, the Chief Financial Officer, the Head of Internal Audit and the Group Secretary may, at the invitation of the Chair of the Audit and Risk Committee, attend meetings, except for any part of a meeting which the Chair of the Audit and Risk Committee wishes to reserve for Committee members only.

Other Board members, executives, representatives of the External Auditors and others may also be invited to attend all or part of any meeting(s).

- f) The duration of appointments to the Audit and Risk Committee is a matter for the Board.
 - Committee members who are members of the Board of RTÉ may be appointed for a period of time up to, and including, the date of expiry of their Board membership.
 - Other members may be appointed for a duration determined by the Board at the time of the appointment of the member

¹ As defined in Section B.1.1 of the *UK Corporate Governance Code (April 2016)*

3. Meetings

3.1 Frequency

- a) The Committee shall meet at least four times a year, at appropriate times in the reporting and audit cycle, and otherwise as required.
- b) The Committee shall, at least annually, meet separately with the External Auditors without the presence of management.
- c) The Committee shall, at least bi-annually, meet separately with the Head of Internal Audit without the presence of other members of RTÉ management.
- d) Where necessary, meetings may be held by telephone or other suitable electronic means whereby all the members of the Committee can hear and be heard.

3.2 Notice of meetings

- a) Meetings of the Committee shall be organised by the Secretary of the Committee at the request of any of its members, or at the request of External or Internal Auditors if they consider it necessary.
- b) Unless otherwise agreed, notice of each meeting (confirming the venue, time and date) together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, in a timely manner in advance of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- c) The RTÉ Group Secretary or his / her nominee shall act as the Secretary of the Committee.

3.3 Minutes of meetings

- a) The committee shall have access to the services of the RTÉ Group Secretary on all committee matters including: assisting the Chair of the Audit and Risk Committee in planning the committee's work; drawing up meeting agendas; maintaining minutes and providing any other necessary practical support as deemed necessary.
- b) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. (In the event that the Secretary is not present for an agenda item, the members who are present shall nominate one member to minute the proceedings).
- c) Minutes of Committee meetings shall be circulated promptly by the Secretary to all members of the Committee and, once agreed, to all members of the Board.

4. Duties

The duties of the committee are as follows:

4.1 Financial Statements

- a) To review and monitor the integrity of the annual Group Financial Statements and submit a recommendation to the Board, focusing particularly on:

- changes in accounting policies and practices
 - major judgemental areas
 - adequacy and completeness of disclosures
 - significant adjusted or unadjusted audit differences
 - the going concern assumption
 - compliance with accounting standards
 - compliance with legal requirements
 - consistency of other information presented alongside the financial statements (e.g. the Director-General's report)
- b) To review, prior to publication, any formal announcements relating to RTÉ's financial performance.

4.2 External Auditors

- a) To consider and recommend the appointment, re-appointment and removal of the External Auditor, the audit fee and any questions of resignation or dismissal;
- b) To develop and implement a policy on the engagement or the award of contracts to the External Auditor or affiliate for non-audit work, taking into account relevant best practice and ethical guidelines;
- c) To discuss with the External Auditor, before the audit commences, the nature and scope of the audit;
- d) To discuss matters arising from the interim and final audits and any other matters the External Auditor may wish to discuss;
- e) To resolve any disagreements regarding financial reporting between Management and the External Auditor;
- f) To review the External Auditor's Management letter and Management's response and any other communications addressed to the Board;
- g) To monitor and review at least annually the performance, qualifications, expertise, resources and independence of the External Auditor, to include the effectiveness of the external audit process.

4.3 Budgeting and Financial Management

- a) To review, prior to formal submission to the Board, the RTÉ group annual financial budget;
- b) To periodically review RTÉ's financial position and most recent group management accounts and to consider any in-year budget adjustments;
- c) Capital expenditure: to keep under review the organisation's capital needs and to ensure that appropriate financial provision is made for same;
- d) To monitor the cash flow and funding position of RTÉ and subsidiaries and to periodically review all borrowing, investments and treasury management policies; and
- e) To maintain an overview of pension and taxation policy.

4.4 Risk Management

- a) To support the Board in carrying out its responsibilities for ensuring that risks are properly identified, assessed, reported and controlled including advising the board in its consideration of the organisation's overall risk appetite, risk tolerance and risk strategy;
- b) To establish a risk management framework / structure and monitor its effectiveness;
- c) To ensure that the risk management function is adequately resourced and has appropriate standing within the organisation;
- d) To review and recommend for approval to the Board the risk policy and procedures;
- e) To review divisional risk registers and to receive reports from Risk Sponsors / Risk Owners on the management of risk and the adequacy of planned mitigation;
- f) To track risk management activity in the divisions and to consider, on an ongoing basis, new and emerging risks; and
- g) To make reports and recommendations to the Board and to prepare a risk management report for the annual report.

4.5 Internal control

- a) To assist the Board in fulfilling its responsibilities in ensuring the appropriateness and completeness of the systems of internal control and risk management. This includes reviewing the framework by which management ensures and monitors (i) the adequacy of the nature and extent of the internal control systems and (ii) the effectiveness of the system of internal control;
- b) To review annually, with Management and the Internal Auditors, the system of Internal Control and Risk Management, including the measures implemented and planned to ensure the effective management of the organisation's significant Financial and Non-Financial risks and to review and consider compliance with the *Code of Practice for the Governance of State Bodies* (August 2016);
- c) In conjunction with the activity in Section 4.4 above, to report to the Board on its annual assessment of the operation of the system of internal control, to make any recommendations to the Board thereon and to review the Group's annual statements on internal control and risk management prior to endorsement by the Board; and
- d) To receive and review periodic reports from Management in respect of (i) fraud detection and prevention measures and their effectiveness, and (ii) fraud losses incurred.

4.6 Internal Audit

- a) To review and approve the Internal Audit Charter;
- b) To review and approve the Internal Audit plan of work, at least on an annual basis;
- c) To receive and consider reports from the Internal Audit function;
- d) To consider the findings of Internal Audit investigations and management's response;

- e) To consider compliance with the *Code of Practice for the Governance of State Bodies* via the Internal Audit function;
- f) To review the operation and the effectiveness of the Internal Audit function and, in particular:
 - to ensure that the Internal Audit function is adequately resourced;
 - to monitor and review the effectiveness of the Internal Audit programme of work; and
 - to ensure co-ordination between the Internal and External Auditors.
- g) To affirm or reject the appointment, or termination of appointment, of the Head of Internal Audit; and
- h) To ensure that the Head of Internal Audit has direct access, as necessary, to the Chair of the Board and to the Chair of the Audit and Risk Committee.

4.7 Other activities

- a) The Committee shall review the arrangements by which staff may, in confidence, raise concerns about possible business, financial or other improprieties and ensure that arrangements are in place to investigate such matters (the *RTÉ Good Faith Reporting Policy*).
- b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- c) To review arrangements established by Management for compliance with regulatory reporting requirements.

5. Reporting Procedures

- a) The Chair of the Audit and Risk Committee shall report formally to the Board on the Committee's proceedings after each meeting.
- b) The Committee shall compile a report describing its membership and its duties and activities during the year, to be included in the Annual Report and Accounts.
- c) Management and the Head of Internal Audit will ensure that all information relevant to the discharge by the Committee of its responsibilities, as outlined in Section 4, is provided to the Committee (or as requested by the Committee).
- d) Management will also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.

6. Other Matters

- a) On an annual basis, the Committee will review these terms of reference and make recommendations to the Board on updating or amending them, as appropriate.
- b) The members of the Committee shall be provided with appropriate and timely training.
- c) The Audit & Risk Committee will, in accordance with the requirements set-out in the Code of Practice for the Governance of State Bodies, conduct a self-assessment of its effectiveness and the extent to which it is adding value to the organisation. In carrying out the assessment,

the Committee will employ objective criteria and may avail of the services of an external consultant if required.