



**Audit and Risk Committee
Terms of Reference**

June 2010

1. Constitution and authority

The Board of Directors 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 investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all 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.

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. At least one member of the Committee shall have “recent and relevant financial experience”.
- b) The Board shall appoint one of its members to act as Chairman of the Committee. In the absence of the Chairman, the members who are present shall choose an acting Chairman for the meeting.
- c) A quorum shall be two members.
- d) The duration of appointments to the Audit and Risk Committee is a matter for the Board and members may be appointed for a period of time up to, and including, the date of expiry of their Board membership.

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) 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, the Group Financial Controller and the Group Secretary will normally, at the invitation of the Chairman of the Audit and Risk Committee, attend meetings.

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

- c) The Committee shall, at least annually, meet separately with the External Auditors without the presence of management.

¹ As defined in Section A.3.1 of the *Combined Code on Corporate Governance* (June 2008)

- d) The Committee shall, at least annually, meet separately with the Head of Internal Audit without the presence of other members of RTÉ management.

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 should have access to the services of the RTÉ Group Secretary on all committee matters including: assisting the Chairman 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.
- 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.
- d) A sufficient interval should be allowed between meetings of the Committee and meetings of the Board to allow any work arising from the Committee meeting to be carried out and reported to the Board as appropriate.

4. Duties

The duties of the committee are as follows:

4.1 Financial Statements

- a) To review and monitor the integrity of the annual 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. 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 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; and
- h)** To annually assess the effectiveness of the external audit process.

4.3 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 (updated 15th June 2009);

- c) 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.

4.4 Internal Audit

- a) To set the Terms of Reference for the Internal Audit Department and to review these Terms of Reference on an annual basis. To ensure that these Terms of Reference are visible to everyone in the organisation;
- b) To review and approve the Internal Audit Charter and to review and approve the Internal Audit plan, at least on an annual basis;
- c) 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.
- d) To receive and consider reports from the Internal Audit function;
- e) To consider compliance with the Code of Practice for the Governance of State Bodies via the Internal Audit function;
- f) To consider the findings of Internal Audit investigations and management's response;
- 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 Chairman of the Board and to the Chairman of the Audit and Risk Committee.

4.5 Budgeting

- a) To review, prior to formal submission to the Board, the Group's annual financial and capital expenditure budget.

4.6 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 (RTÉ Whistleblowing 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 Chairman 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, both in the form of an induction programme for new members and on an ongoing basis for all members.
- c) The Audit & Risk Committee will conduct an annual 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.