



# Interim Report to the Audit and Risk Committee – para 1.1 of Terms of Reference

## INTRODUCTION

### Terms of reference

1. I am appointed by the Audit and Risk Committee of Raidió Teilifís Éireann ("RTÉ") as the External Reviewer under the Terms of Reference (provided on Monday 26 June 2023) which states:

The Audit and Risk Committee of RTÉ (the "**Committee**") has directed that a review be conducted in relation to:

- 1.1 the contracts of RTÉ's top 10 most highly paid on-air presenters to independently validate that all remuneration figures have been correctly stated publicly and properly accounted for by RTÉ in each year during the period from 2008 to 2022 inclusive, i.e. the top 10 reported by RTÉ in each year during that period; and
- 1.2 the understatement by RTÉ of Mr. Tubridy's published remuneration by €120,000 in the period 2017-2019.

(the "**Review**").

2. The Terms of Reference for my review also states, amongst other things:

- (a) "The Review arises from and is supplemental to the Report of Grant Thornton dated 16 June 2023 (the "First Report")." (paragraph 3)
- (b) "The Review will consider all relevant available documentation, including without limitation commercial contracts, books of account, details of any relevant 'barter' accounts, electronic documents and information and accounting systems, where relevant, and Grant Thornton will meet with relevant personnel, as necessary." (paragraph 4).
- (c) "The Review will be conducted in accordance with the principles of natural justice." (paragraph 9).
- (d) "Subject to the timing considerations set forth in paragraph 15, on completion of the Review, Grant Thornton shall produce a report for RTÉ (the "Second Report") in one or more parts as required for the purposes of paragraphs 1.1 and 1.2. In advance of completing the Second Report, where appropriate to respect the principles of fair procedures, a draft of the Second Report and/or relevant extracts will be provided to individuals to afford them an opportunity to comment on its content prior to its finalisation. (paragraph 11).
- (e) "The Second Report shall include details of the methodology adopted, relevant evidence gathered and Grant Thornton's findings of fact based on Grant Thornton's analysis of same." (paragraph 13).

- (f) "Refusal or failure to co-operate with the Review by any party will not prevent the Reviewers proceeding and issuing a Second Report based on the information available." (paragraph 14).
  - (g) "For the avoidance of doubt the Review and Second Report shall be limited to findings of fact. Facts shall be determined on the balance of probabilities. Grant Thornton shall not offer any views on the culpability (or otherwise) of any individual or the gravity of any such culpability ...". (paragraph 16).
- 3. This Interim Report addresses paragraph 1.1 of the June 2023 Terms of Reference.
  - 4. Whilst substantially complete, my work is ongoing and therefore this report is an Interim Report.
  - 5. The Terms of Reference refers, at paragraph 1.1 to the Top Ten reported by RTÉ in each year during that period. I have ascertained that over the period 2008 to 2022 there were a total of 13 Contractors and 8 Employees (including Mr. Tubridy).

#### METHODOLOGY – PARAGRAPH 1.1

##### Overview 2008 to 2022

- 6. For the purpose of this review, when I refer to the Top Ten Earners, this relates to the Top Ten On-air Presenter Earnings ("Top Ten Earners").
- 7. My methodology, involved the following:
  - (a) Perform a review of press releases from 2008 to 2021 to determine the identification of the Top Ten Earners within RTÉ for the years in scope.
  - (b) Request the list of the Top Ten Earners for 2022 (not yet published) from RTÉ.
  - (c) Obtain an understanding of the processes and procedures performed by RTÉ in identifying the Top Ten Earners on annual basis.
  - (d) Obtain a list of all supplier codes and their descriptions within RTÉ.
  - (e) Request Statements issued by Barter Agencies for the period 2008 to 2022.
  - (f) Perform the following steps in relation to Contractors for each of the years that they were identified as a Top Ten Earner:
    - (i) review the Contractor Agreements between RTÉ and the Contractor to determine the Contractor fees;
    - (ii) review PeopleSoft<sup>1</sup> to determine the invoices raised by Contractors;
    - (iii) compare invoice amounts and details to the Agresso Financial Management System (e.g. the General Ledger); and

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<sup>1</sup> The PeopleSoft system was implemented by RTÉ in 2001.

- (g) where differences arise between the Contractor agreements, the PeopleSoft Human Resources system and the General Ledger codes, identify the reason for these differences and determine the appropriateness of the published earnings.
8. My methodology also consisted of the following steps in relation to Contractors and Employees included in the Top Ten Earners:
- (a) review the statements issued by three Barter Agencies to determine whether there were any payments made to Top Ten Earners that relate to the payment of additional fees/salary;
  - (b) search the Supplier list for all Employee names;
  - (c) search the Supplier list for all Contractors related Company names;
  - (d) identify all bank account numbers for all Contractors and Employees (e.g. bank accounts that they received payments through);
  - (e) search the Supplier list for bank account numbers to determine supplier names associated to bank accounts;
  - (f) search the competition winners detailed supplier account (99999) and also the location fees, donation and music bands' accounts (99996, 99998 and 99994 respectively) for all Top ten Earners names and also Company names for Contractors; and
  - (g) seek and obtain confirmation from the current Head of Internal Audit as to what steps were performed during my review period.
9. My methodology in relation to employees included in the Top Ten Earners is as follows:
- (a) request from RTÉ all December year end payslips for all the Employees identified in the Top Ten Earners listings for all the years during which they were among the Top Ten earners;
  - (b) request employers' annual (December YTD) contribution towards employees' Pension, Salary Protect and Group Life, as identified in firstly, the payroll system, and secondly, other payroll records; and
  - (c) perform a reconciliation between the earnings as per Year-end payslips, payroll system, other payroll records and earnings disclosed.
10. I acknowledge that paragraph 1.1 of the Terms of Reference refers to Contracts. In the context of employees, in my view the most reliable source of information of actual earnings are payslips and recorded payroll system data. Further, in advance of my Final Report for paragraph 1.1 of the Terms of Reference, I need to complete testing of employee contracts for 2008 to 2022.

## Barter Agencies

11. I have been advised that these are the only three barter agencies that RTÉ have barter arrangements with.
12. On Thursday 6 July 2023, on foot of my request I received from RTÉ statements issued by three barter agencies ("Barter Agencies"). For the period under review, I note:
  - (a) Active: statements with a first transaction date of 8 November 2015 and a last transaction date of 22 December 2022.
  - (b) Miroma: trade statements with a first transaction date of 25 November 2021 and a last transaction date of 1 December 2022.
  - (c) Astus: statements with a first transaction date of 30 November 2012 and a last transaction date of 31 December 2022.
13. I am informed by RTÉ that it has received, or has requested, statements from the Barter Agencies for the current year, which I will review once provided to me.
14. I reviewed the respective Barter Agencies' statements for the following references to:
  - (a) Top Ten Earners names, whether employee or contractor;
  - (b) Top Ten Earners Contractors Company names;
  - (c) Noel Kelly and related entities / associated companies; and
  - (d) general descriptions (e.g. consultancy fees, top up's, fees).

## De Minimis

15. In devising my methodology I considered the procedures that I would adopt in the event that the published remuneration figures differed from the values shown in the books and records, contracts, and other documentation that I would examine ("difference").
16. In my view it would not be proportionate from a time and cost perspective for me to investigate in detail small differences identified from my review. For these purposes I have applied a De Minimis level of €1,000 per person per year.
17. In respect of both Contractors and Employees, in circumstances where I identified a difference below €1,000, I performed two additional steps.

Step 1: from my review of the documentation provided I identified the nature of the difference e.g. expenses that reimbursed by RTÉ.

Step 2: in respect of contractors, I performed a more detailed review of these differences.

18. In this Interim Report, where I use the phrase “correct” I mean that the published figures are correct having applied the De Minimis procedure described above. Likewise, where I use the phrase “no errors” it has a similar meaning i.e. no errors subject to the application of the De Minimis procedure described above.
19. These terms “De Minimis” and “correct” and “no errors” are specific to my report only.

#### This Interim Report

20. This Interim Report addresses 2010 to 2022.
  - (a) My work in relation to 2008 to 2009 inclusive is ongoing.
  - (b) In relation 2022, I note that the 2022 Top Ten Earners, have not yet been published, and therefore I have reviewed the remuneration figures provided by RTÉ for that year.
21. Mr. Tubridy's Earnings for 2008 to 2022 are separately dealt with in my report on paragraph 1.2 of the Terms of Reference. In this regard, I note:
  - (a) Given the factual pattern, in order for me to address the Terms of Reference (paragraph 1.2), it was also necessary for me to consider the Tubridy 2020 Agreement between RTÉ and Mr. Tubridy dated 24 July 2020, and therefore I have considered 2017 to 2022 as one cohort.
  - (b) It should be noted that my consideration of Mr. Tubridy's earnings for 2008 to 2022 (it will be necessary to encompass paragraphs 1.1 and 1.2 of the Terms of Reference) and for those aspects to be addressed together in my Final Report on paragraph 1.2 of the Terms of Reference.
22. I can, however, based on my review to date, in respect of 2008 to 2016, I have found no errors in the published remuneration figures by RTÉ for Mr. Tubridy. The period 2017 to 2022 remains under review at the date of this Interim Report.

#### Limitations

23. I have sought documentation for all periods including 2008 and 2009. Apart from contracts, there are other relevant types of documents e.g. documentation which assist in the consideration of any differences between published remuneration figures and the values shown in the books and records etc. I understand that RTÉ are experiencing difficulties in identifying whether it retains all of this documentation. RTÉ have informed me that it is committed to providing the documentation required. In my experience, it is not unusual for organisations to have difficulties locating all relevant documentation for a full period up to 15 years ago. I will provide an update in due course.
24. As part of my procedures I identified that RTÉ made accruals for fees owing at the end of the respective years (“Normal Fee Accruals”). Recently, I have identified that in addition to Normal Fee Accruals, RTÉ have made other accrual(s) for remuneration e.g. exit fees, performance fees etc. I am in the process of reviewing these other accruals, and as such, I reserve the right to amend this Interim Report.

25. I am continuing to meet, interact and interview individuals in the context of paragraph 1.2 of the Terms of Reference. If during those interviews, information comes to light which is relevant to paragraph 1.1 of the Terms of Reference I reserve the right to amend this Interim Report.
26. I also reserve the right to amend my report should additional information or documentation be provided to me.

#### EXECUTIVE SUMMARY OF FINDINGS

27. In my opinion, having regard to (a) the Terms of Reference, (b) the fact that the 2022 remuneration figures have not been published, and (c) noting and subject to my comments in relation to Mr. Tubridy (2017 to 2022):
- for the period 2010 to 2022 inclusive, all remuneration figures have been correctly stated publicly and properly accounted for by RTÉ in each year (as set out in Table 1 below).
28. My opinion at paragraph 27 above is subject to one minor exception. In respect of one employee who was in the Top Ten, I identified that the published remuneration exceeded my assessment of the valuation of the individual's employment entitlements by an amount of €1,359. I identified the reason for this overstatement (unpaid annual leave). In my view, the difference of €1,359 is not significant, particularly relative to the total published remuneration figures of the Top Ten Earners, and has no impact on the rankings of the Top Ten Earners, no further work was carried out in this regard.

12 July 2023



Paul Jacobs

Partner, Head of Forensic & Investigation Services

Table 1a - Summary of earnings of the "Top Ten Earners" at RTÉ for the years 2010 to 2016 (including Mr. Tubridy):

Presenter's name	<u>Publically available information</u>						<u>Publically available information</u>							
	2010	Ranked	2011	Ranked	2012	Ranked	2013	Ranked	2014	Ranked	2015	Ranked	2016	Ranked
Ryan Tubridy	€643,333	1	€723,500	1	€752,950	1	€495,000	2	€495,000	1	€495,000	1	€495,000	1
Joe Duffy	€384,065	4	€377,776	4	€300,000	5	€303,750	3	€416,893	2	€389,988	3	€389,988	3
Claire Byrne					€187,738	10					€201,500	7	€216,000	7
Ray D'Arcy											€400,000	2	€450,000	2
Miriam O'Callaghan	€332,000	6	€307,250	5	€306,000	4	€293,167	5	€280,445	5	€299,000	4	€299,000	6
Brendan O'Connor			€228,540	6										
Bryan Dobson			€197,936	10	€196,758	9	€197,338	7	€195,816	6	€195,913	9	€198,146	8
Mary Wilson													€185,677	10
Darragh Maloney											€188,803	10		
George Lee							€180,020	10	€179,031	7				
Áine Lawlor														
Sean O'Rourke	€207,748	10	€208,801	8	€208,559	8	€240,986	6	€290,096	4	€290,113	6	€308,964	4
Marian Finucane	€473,769	3	€491,770	3	€437,005	3	€295,000	4	€295,000	3	€295,000	5	€300,617	5
George Hamilton	€208,130	9	€202,853	9	€214,122	6	€182,107	9					€186,195	9
Nicky Byrne											€200,583	8		
Pat Kenny	€630,000	2	€630,000	2	€630,000	2	€728,417	1						
Derek Mooney	€247,923	7	€220,063	7	€209,809	7	€190,447	8	€168,871	10				
Richard Crowley									€174,120	8				
Colm Hayes									€169,992	9				
Gerry Ryan	€336,367	5												
Eamon Dunphy	€208,895	8												



Table 1b - Summary of earnings of the "Top Ten Earners" at RTÉ for the years 2017 to 2022 (excluding Mr. Tubridy):

	<u>Publically available information</u>						<u>Publically available information</u>				<u>Not published</u>	
Presenter's name	2017	Ranked	2018	Ranked	2019	Ranked	2020	Ranked	2021	Ranked	2022	Ranked
Ryan Tubridy		1		1		1		1		1		
Joe Duffy	€398,738	3	€404,988	3	€392,494	3	€360,650	2	€351,000	2		
Claire Byrne	€240,000	7	€250,000	7	€250,000	7	€282,919	4	€350,000	3		
Ray D'Arcy	€450,000	2	€450,000	2	€450,000	2	€305,000	3	€305,000	4		
Miriam O'Callaghan	€299,000	6	€322,667	6	€320,000	6	€263,500	5	€263,500	5		
Brendan O'Connor			€240,000	8	€220,000	8	€238,753	6	€245,004	6		
Bryan Dobson			€209,282	9	€209,282	9	€217,332	7	€209,282	7		
Mary Wilson					€196,961	10	€204,537	8	€196,961	8		
Darragh Maloney	€183,743	9					€190,804	9	€183,738	9		
George Lee									€179,131	10		
Áine Lawlor							€183,662	10				
Sean O'Rourke	€321,071	4	€325,263	5	€327,988	5						
Marian Finucane	€314,809	5	€333,013	4	€358,013	4						
George Hamilton	€191,496	8	€192,796	10								
Nicky Byrne	€182,400	10										
Pat Kenny												
Derek Mooney												
Richard Crowley												
Colm Hayes												
Gerry Ryan												
Eamon Dunphy												

Please note that figures relating to 2022 Earnings of "Top Ten Earners" are not yet published.

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# Audit and Risk Committee



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