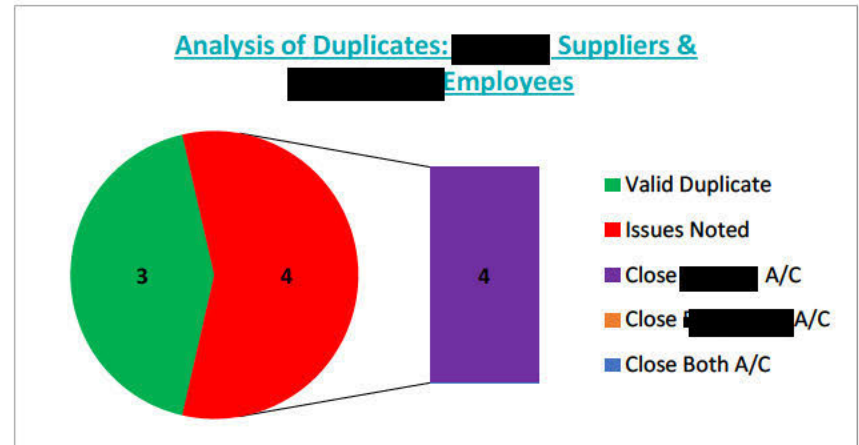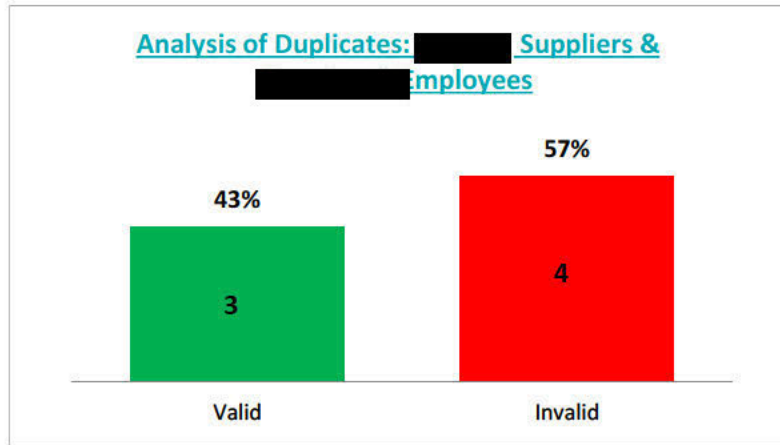# Findings

R2148 PAC33
Item 21
Part 3

1: Duplicate Accounts Across Different Payment Systems Continued

A.3 **Accounts Payable and PeopleSoft Employees** ⬤

Seven employees have an active account on Accounts Payable. There is a valid reason for the duplicate account in the case of <u>3</u> (43%) of these suppliers/employees with two relating to Petty Cash accounts and one related to the purchase of a licence fee in Television. The results have deteriorated since the last audit as there were no duplicate accounts noted.

The remaining <u>4</u> duplicates (57%) are not necessary and the supplier accounts are to be closed.
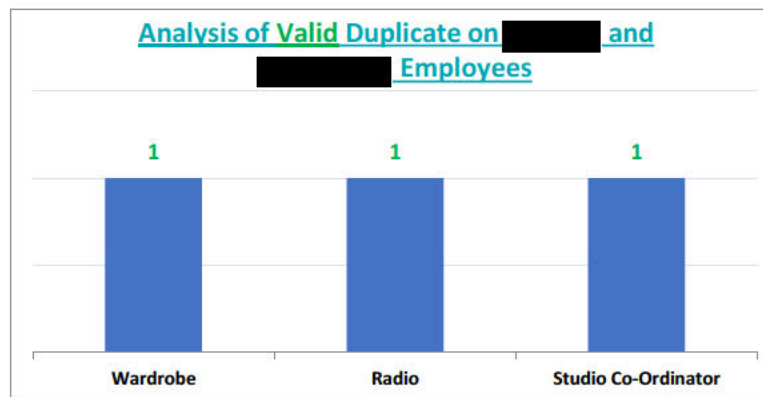
Please see charts below for further details.

Analysis of Duplicates: ███ Suppliers & ███ Employees

Bar chart: Valid 43% (3), Invalid 57% (4)

Analysis of Duplicates: ███ Suppliers & ███ Employees

Pie/bar chart legend:
- Valid Duplicate (3)
- Issues Noted (4)
- Close ███ A/C (4)
- Close ███ A/C
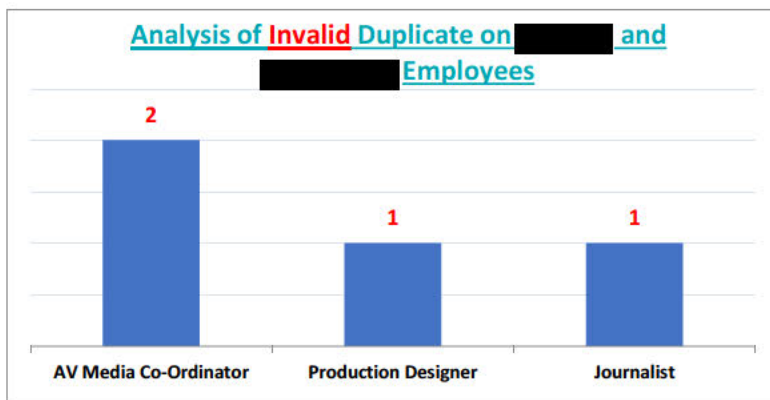- Close Both A/C

Page 11   RTÉ

Findings

1: Duplicate Accounts Across Different Payment Systems Continued

A.3 **Accounts Payable and** ███████ **Employees Continued** 🟡

The breakdown of duplicates between ██████ and ██████ Employees is analysed in the charts below, for both valid duplicates and invalid duplicates.

Analysis of **Invalid** Duplicate on ██████ and ██████ Employees

AV Media Co-Ordinator	Production Designer	Journalist
2	1	1

Analysis of **Valid** Duplicate on ██████ and ██████ Employees

Wardrobe	Radio	Studio Co-Ordinator
1	1	1

A.4 **Payroll and** ███████ **Employees** 🟢

For the review of Payroll records as compared to ██████ Employee records, IA analyses individuals paid via the outsourced payroll provider ████ that are not listed as active ██████ Employees.

IA identified five individuals that were paid via payroll but not listed as an active employee. On review of same, IA noted that all five were for valid reasons. These included employees on long term ill health (3) and employees who left on schemes (2). The results are in line with the prior audit result.

Findings

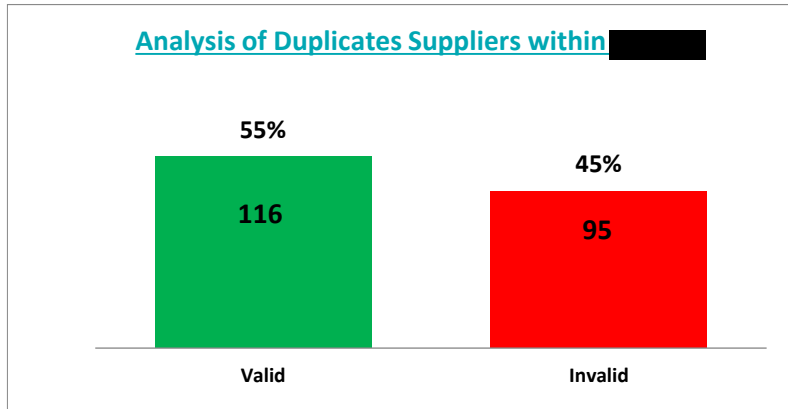## 2: Duplicate Accounts Within a Payment System

B.1 **Suppliers with more than one account on Accounts Payable**

We identified 211 suppliers (4.1% of 5,066 suppliers) with more than one account on Accounts Payable. 116 (55%) of the duplicate accounts were required for valid reasons due to billing in different currencies, separate legal entities etc.

A further 95 (45%) of these suppliers did not require more than one account on ████████ This is a circa 20% increase compared to the results of the previous audit. Please see the graph below for further details. However, it represents only 1.9% of all suppliers.

A review of the accounts in currently underway. Of the 95 duplicate suppliers, we anticipate that the majority will require one of the ████████ accounts to close.
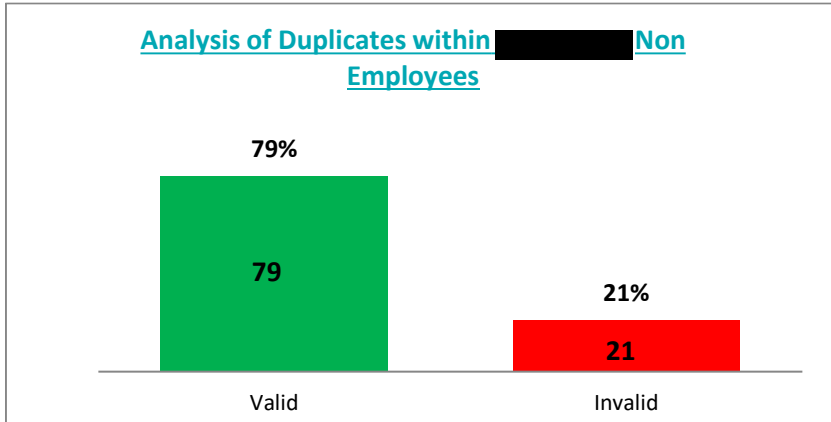
Analysis of Duplicates Suppliers within ████████

Valid	Invalid
55%	45%
116	95

Findings

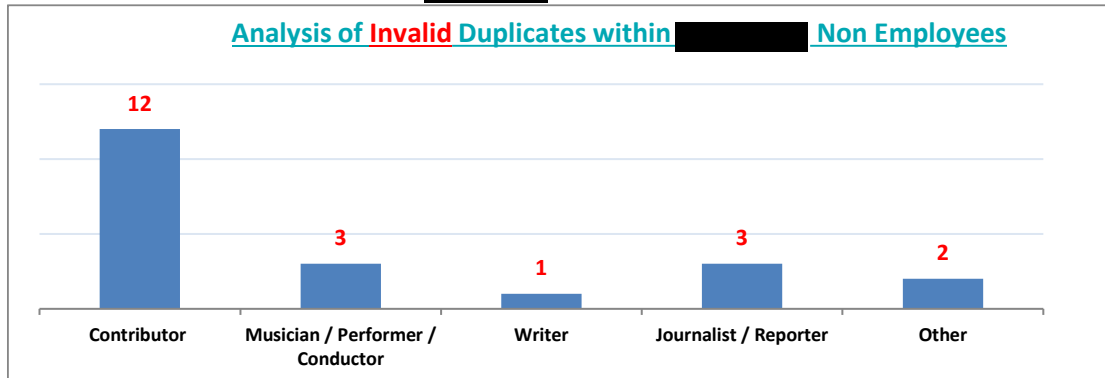## 2: Duplicate Accounts Within a Payment System Continued

B.2 — **Individuals with more than one account on** ███████████ ⬤

IA identified 100 individuals (1.2% of 8,088 ██████████ accounts) with matching data that indicated they had more than one active account. On review, IA noted that 79 (79%) of the matches were for valid reasons. However, the remaining 21 (21%) of the matches are invalid duplicates. The result represents an improvement on the last audit. When the large population size is considered, this is only 0.25% of all ██████████████ accounts.

Please see the graphs below for further details. The 21 individuals require one of their active ██████████ account to close.

Analysis of Duplicates within ███████████ **Non Employees**

79%	21%
79	21
Valid	Invalid

The breakdown of invalid duplicates of ██████████ Employees Fees is analysed in the chart below.

Analysis of Invalid Duplicates within ██████████ **Non Employees**

Contributor	Musician / Performer / Conductor	Writer	Journalist / Reporter	Other
12	3	1	3	2

Findings

2: Duplicate Accounts Within a Payment System Continued ⬤

B.3 **Individuals with more than one account on** ███████ **Employees** ⬤

IA identified 53 instances of possible duplicates of employee records on ███████ Employees.

IA reviewed all the data fields and these potential duplicates were based on matching data in the bank account and addresses fields. However, these matches were for valid reasons (generally family members working in RTÉ) and we noted no invalid duplicate employee accounts.

There were no duplicate accounts noted in the previous audit also.

Conclusion and Report Rating

Conclusion

The purpose of this audit was to determine if any suppliers, independent contractors or employees were set up on more than one payment system, or set up twice within a payment system. In some cases, judgment needs to be exercised as regards the most appropriate payment system based on the nature of the engagement. This increases the duplicate risk. The key risk of a duplicate account is intentional or unintentional duplicate payments. In addition, this audit represents a check of the operational effectiveness of the masterfile and account set-up controls.

The findings are outlined in section A.1 to B.3 above. These findings should be considered in the context of the large number of accounts on both systems – 5,066 (2016: 3,623) supplier in the case of accounts payable and 8,088 (2016: 5,237) accounts on ██████████ fees - and the low percentage of duplicate accounts in the context of the overall number of accounts.

The results of this audit are similar to those from the 2016 audit, with the exception of the number of duplicate supplier accounts within Accounts Payable. The audit is rated at the mid-point in the scale, although at the lower end of that point when considered in the context of the low level of exceptions as a percentage of the full data population.

Actions have been agreed to address the key issues raised in this report. A review will be carried out to ensure that no duplicate payments have been processed on the duplicate accounts identified in this report.

On the basis of the above findings we assess the overall process as "Improvement Needed".

Internal Audit would like to thank all staff for their time and assistance during this audit

Report Rating

IMPROVEMENT NEEDED

Appendix 1 – Audit Actions

Action Plan	Owner	Due Date
1 - Duplicate Accounts Across Different Payment Systems: **a) Accounts Payable and ▇▇▇▇▇▇ Fees (A.1)** Management should ensure that the relevant duplicate account(s) identified on ▇▇▇▇ and ▇▇▇▇ Fees are closed in line with the audit result. In addition, management should also complete a review to ensure no duplicate payments were made. **b) ▇▇▇▇▇ Fees and ▇▇▇▇▇▇ Employees (A.2)** Management should ensure that the relevant account is closed are closed. **c) Accounts Payable and ▇▇▇▇▇ Employees (A.3)** Management should ensure that the duplicate accounts identified on ▇▇▇▇ are closed. In addition, management should also complete a review to ensure no duplicate payments were made.	**a)** ▇▇▇▇▇▇▇ **(People Payments Finance Manager)/** ▇▇▇▇▇▇ **(Financial Accountant - Shared Services)** **b) Local HR Team** **c)** ▇▇▇▇▇▇ **(Financial Accountant – Shared Services)**	**a) 30 November 2020** **b) 30 November 2020** **c) 30 November 2020**

RTÉ

Appendix 1 – Audit Actions Continued

Action Plan	Owner	Due Date
2 - Duplicate Accounts Within a Payment System*:* **a) Suppliers with more than one account on Accounts Payable (B.1)** Management should ensure that the duplicate accounts identified on ▆▆▆ are closed. In addition, management should also complete a review to ensure no duplicate payments were made. **▆ Individuals with more than one account on ▆▆▆▆ (B.2)** Management should ensure that the duplicate accounts identified on ▆▆▆ Fees are closed.	**a)** ▆▆▆ **(Head of Procurement) /** ▆▆▆ **(Procurement/Category Manager) /** **b) Local HR teams** ▆▆▆ **(HR Information Systems Manager)**	**a) 31 December 2020** **b) 31 December 2020**

RTÉ Internal Audit

Review of Rights Clearance for Content on Non-Linear Services

31 August 2016

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Full Report:

Relevant Extracts:

The contents of this document are commercially sensitive and for internal RTÉ use only

RTÉ

Background

Background

Introduction

RTÉ offers a wide range of content to users across a number of different services, with the range expanding in line with developments in the industry, technology advances and the growing popularity of on-demand services. The purpose of this audit is to review rights clearance for RTÉ content provided on non-linear services such as:

1. **RTÉ Player on-demand:** on desktop, or via mobile Apps for Android and iOS devices.
2. **RTÉ Player via third party platforms:** access to RTÉ content as a catch-up / replay service via on-demand functions on third party platforms (such as Sky and Virgin Media); via gaming consoles; or via selected Samsung Smart TVs.
3. **RTÉ.ie website:** A broad range of content is available on RTÉ.ie desktop (or m.rte.ie). Content is both created and curated for News, Business, Sport, Entertainment, Arts & Culture, LifeStyle and Weather. Selected programme web pages offer users programme content, clips, competitions etc.
4. **RTÉ News Now App:** A range of content similar to #3 above is available to mobile users via the Android / iOS News Now app, which may be customised by users based on their own personal preferences.
5. **Social Media / Over-The-Top (OTT):** Delivery of content over the Internet, or via RTÉ's presence on social media (Facebook, Twitter, Instagram, etc.)

Copyright

Copyright law in Ireland is governed by the Copyright and Related Act 2000 and copyright is a 'property right' under Irish law. Essentially, copyright grants the copyright holder the ability to exclude others from using a copyright protected work without the permission of the creator. Everything from a handwritten note to a live performance may give rise to a property right protected under the Copyright Act. As a result, RTÉ must ensure that content available to users on non-linear services has copyright clearance in place for such use.

RTÉ is at risk of reputational damage and possible financial liability if content is included on RTÉ services without copyright clearance.

Process

The following is a summary of the copyright clearance process in place prior to the use of content on a non-linear service provided by RTÉ, or a third party:

- **RTÉ Television/News & Current Affairs programmes** – acquired programme rights are cleared via acquired programme contracts. Indigenous programmes are cleared with via independent production contracts or with the programme producers (they, in turn, obtain clearance for use via contributor release forms, within engagement contracts etc.). Sports rights are agreed under contractual arrangements with right holders.
- **Third Party Platforms** – content cleared via contracts with third parties.
- **RTÉ Radio programmes** – On-line usage is agreed via contributor release forms or independent production contracts.
- **News wires/photographs** – content supplied by News Agencies (Press Association, Reuters and AFP), with contractual assignment of rights to RTÉ. Photographs are supplied by Getty and Inpho with contractual assignment of rights.
- **Music rights** – cleared via contracts with music rights organisations.

Risks

The key corporate risks addressed by the report are as follows:

- Risk # 1 – Reputation Risk
- Risk # 9 – Content / Service Distribution

Objectives of audit

The object of the audit was to assess whether appropriate rights clearance was secured for a sample of non-linear content available on RTÉ services.

RTÉ

Objective and Scope

Scope

Rights clearance documentation was inspected for a sample of content selected across the following services:

1. RTÉ Player on desktop and on Android / iOS mobile Apps

2. RTÉ Player on third party platforms / set-top box (Virgin Media, Sky, Vodafone)

3. RTÉ News Now App / RTÉ.ie website

4. RTÉ content via the internet (OTT) e.g. on social media platforms

The audit work included the following:

✓ Selecting a sample of content, identifying the source of the content and reviewing relevant rights clearance documentation;
✓ Selecting a sample of programmes on the RTÉ Player and Player International and checking rights to acquired and independent production contracts. For in-house programmes, content was checked to release forms, engagement contracts, etc.;
✓ Gaining an understanding of the process in place for posting to RTÉ's YouTube page / social channels;
✓ Checking rights clearance documentation for a sample of pictures, stories and videos on the RTÉ Ten, Fashion, Food, Life and Style pages;
✓ Reviewing whether valid, signed, contracts are in place with content providers and whether RTÉ is compliant with contract clauses;
✓ Meeting with the relevant people in each area to gain an understanding of the processes in place regarding rights clearance.

✗ The audit did <u>not</u> include:

    ✗ RTÉ Radio Player or RTÉ services on the Irish Radio Player
    ✗ Rights associated with International programme sales – audited separately in Q3 2016

Conclusion

Key Management Issues

The action plan overleaf presents our findings under four headings – rights management process; RTÉ Player; RTÉ News Now App / RTÉ.ie website and copyright clearance. The two key issues are as follows:

Manual Process for collating rights information

The rights clearance process is manual, time consuming and repetitive and would benefit from further automation, or an electronic database. Rights information is stored in paper files in each of the IBDs and changes to rights information must be updated and communicated manually. There is a lack of centralised reporting on rights and rights utilisation across divisions and services.

Filing and renewal of contracts

There is currently no contract in place with one of the News Agencies, despite the fact that RTÉ is still using their content. There is no central filing place for News Agency Contracts. In addition, contract expiration and renewal dates are not being tracked. There is scope to consolidate divisional purchasing decisions into a single contract in some cases.

Conclusion

With an increasing range of content being made available to users across a number of different services, in some cases internationally, and with the growing popularity of on-demand services, it is important to ensure that this content is appropriately rights cleared. The purpose of this audit was to review rights clearance for RTÉ content provided on non-linear services.

In general, we noted a good awareness of the importance of rights clearance and processes are in place to ensure compliance in this regard. We noted that the rights clearance process is manual, and would benefit from further automation, or an electronic database. We also noted that inconsistencies exist in the rights clearance process across divisions and services. In addition, a more streamlined approach to Agency contracts is needed. The other issues noted are addressed in section A.

We appreciate the co-operation and assistance received from the relevant personnel during the course of this audit.

Rating

Overall Rating   IMPROVEMENT NEEDED

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Rights Management Process - General Findings				
1.	**Manual Process for Collating Rights Information** **Finding** The rights clearance process is manual, time consuming and repetitive and would benefit from further automation, or an electronic database. **Background** Rights information (i.e. contributor release forms, IPU contracts, etc.) is stored in paper files in each of the IBDs. Rights information is retrieved from these paper files on a regular basis to check rights in advance of: • Making programmes available via the RTÉ Player, third party services, programme web pages etc. • Re-transmission of programmes or its content on RTÉ Television, RTÉ Radio etc. • Programme sales The impact of having a manual paper based rights clearance system includes: • Manual retrieval of paper files and their content which is time consuming and repetitive. This is especially relevant, where there is multiple uses of programme content • Manual processes are more susceptible to error than automated processes • Potential permanent loss of data due to fire or flood • Risk of incomplete rights information as it is not feasible to have an electronically driven completeness check of	We are reviewing the possibility of incorporating a Rights Management module for Broadcast and Player only when renewing the Channel Management System ██████ There will therefore be a separate Rights functionality on the channel management system. The current ████ licence expires at the end of October 2017. The aim is to go to tender on renewal of the Channel management System at the end of the Summer 2016. ████████ Also, there would be a substantial capital cost involved in implementing such a system and a cost/benefit analysis would need to be done, with special reference to looking at the statement that the current system is leading to missed commercial opportunities. ████████	An investigation will be made into the feasibility of implementing an automated rights management functionality as a repository for contractual details and programme rights, to allow for the following: - Rights to be managed and queried centrally - An electronic document management system for storage, retrieval and searching of legal documents - Rights to be checked and enforced automatically by parameters / restrictions within the system prior to scheduling of content *(As outlined in the comment, this is likely to be part of an existing system rather than a standalone rights system)*	H	██████████ 31 December 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	records ***Risks*** The risks associated with such a manual rights clearance process are as follows: • Reliance on the knowledge of key staff members resulting in a possible information gap in the event of their departure • Inaccurate information on rights could be recorded manually, due to error • Data integrity / back-up controls may not be as strong as a consolidated IT solution. In addition, an IT solution is available for remote access (BCP Planning) • Inefficiencies in process and duplication of work • Reputation risk in the event that inaccurate rights information is used in making content business decisions ***Rights clearance process for on-line usage of RTÉ programmes*** There is a great variety in the rights RTÉ has for programmes made available on the RTÉ Player. Some content providers will only license content for RTÉ Player live, whilst other content may be available as part of the catch up service for a specific period of time. Alternatively some content may only be available on some of the platforms supported by the RTÉ player, or be restricted in the territories it may be consumed in. Before programmes are made available on the RTÉ Player or made available for simulcast on-line, RTÉ Digital has to check programme rights directly with the relevant programme producer (in-house programmes), Acquired Administration Department (acquired programmes) or TV Legal Services (IPU).				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	In the absence of an electronic process, the retrieval of rights information is a time consuming manual process. All RTÉ Television content has to be cleared in advance of any simulcast of content. This involves contacting multiple individuals across the organisation on a daily basis. The clearance process is outlined below: Acquired Programmes An e-mail is sent by RTÉ Digital on a weekly basis to the Acquired Administration Department to verify rights clearance for acquired programmes to be made available for simulcast and on demand streaming. The contracts have to be physically reviewed by Acquired Administration before confirming the agreed programme rights. In-House Programmes RTÉ Digital confirms rights clearance with the programme producer before making content available on the RTÉ Player. In-house contributor release forms are filed centrally with RTÉ legal Services after the series is completed. IPU RTÉ Digital checks rights clearance with RTÉ Legal Services before making independently produced programmes available on the RTÉ Player, simulcast etc. RTÉ Legal Services, in-turn, checks the contract and, when necessary, contacts the production company via e-mail to reconfirm rights clearance, geographical nature of rights etc. Prior to the current Terms of Trade (2014) with independent producers, RTÉ's catch-up rights were limited to 21 days. In the				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	case of these legacy programmes, the Rights Negotiator must contact the production company and negotiate for the on-demand rights for third party platforms that now carry the RTÉ Player and for the RTÉ Player premium international service.				
2.	**Sharing of rights information** *Summary Findings* During testing and discussions with Line Management the following issues were noted: - Information on rights is held and managed in numerous places and may be duplicated. - Changes and updates in rights information must be updated and communicated manually. - The process for clearance of Rights varies in consistency across the various RTÉ divisions and services, increasing the risk of inaccuracies. See point number 7 below, which refers to inconsistencies between different areas of the organisation. - There is a lack of centralised reporting on rights and rights utilisation across all RTÉ divisions and services, in addition to limited cross-divisional planning on the exploitation of rights. For example, as part of the overall planning process, RTÉ.ie may not have full visibility on rights information from various IBDs (i.e. rights which could be used as part of a broader package of curated content on RTÉ.ie) *Implications* The lack of shared visibility of rights information across all departments and services may adversely impact the planning process locally, possible leading to missed utilisation	See action in finding #1.	See action in finding #1.	M	See # 1

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	opportunities and difficulties in easily identifying the rights we have to exploit. For example, in finding #3 we identified an example of an acquired programme which was incorrectly assumed not to be available to be used on the RTÉ Player. The risk is that the rights strategy may not be developed in a planned, coordinated manner for the business as a whole. Incomplete information may mean that the strategy is some times reactive and is not underpinned by timely electronic data and regular reporting.				
	RTÉ Player				
3.	**Omission of programme on RTÉ Player** *Background* The content on RTÉ Player is based on 3 key areas: 1) The linear TV schedules from RTÉ One and RTÉ2 2) Clips and extras of associated TV/Linear programmes 3) Player original content which is commissioned and developed with an online audience in mind The vast majority of programming currently on RTÉ Player is from the RTÉ One and RTÉ2 linear schedules. For this test, a sample of 14 programmes were selected for compliance testing of the RTÉ Player, covering Acquisitions, IPU and In-house. Programmes were selected from the Player schedules as well as being selected from viewing the RTÉ Player itself, for completeness (i.e. 2-way testing).	Agreed. Quarterly meetings between Player and Acquisitions will be established to ensure that the 'To Be Excluded' list is reviewed on an on-going' basis. Digital rights are becoming more advanced and complex and a central rights management system would greatly benefit the efficient management of digital rights for RTE Player. ▬▬▬▬▬	A quarterly accuracy check of the "to-be-excluded" listing should be undertaken to ensure correct operation of the macro and ongoing verification of the programmes excluded. An automated Rights Management functionality would greatly reduce the chance of any errors as the information could be inputted directly by the relevant contracting team (Acquisitions / In-House / Legal / IPU / Player) and filtered automatically rather than having to be done manually. This system will then be accessible by all rights	M to L	▬▬▬▬▬ 31 October 2016 See # 1

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Process Content based on the linear TV schedules is extracted a few weeks in advance from ▮▮▮▮ and imported into a spreadsheet. Programmes for which RTÉ do not have the catch up rights for are removed from the catch-up schedule to the "to-be excluded" listing. For the remaining programmes, the Digital Rights Co-ordinator is responsible for checking the rights with the relevant internal or external contacts. *Finding* One programme from our sample ▮▮▮▮▮▮▮▮) was originally part of the listing of programmes "to be excluded" from the RTÉ Player schedule. This was due to the fact that all previous series had live-rights only, with no catch-up / on demand rights. However, this particular series of the programme had catch-up as well as live rights, but it remained in the "to-be-excluded" listing. It was therefore excluded from the RTÉ Player catch-up schedule in error. Once checked, it was confirmed that RTÉ had rights for the latest series. The RTÉ Player team have since removed the series in question from the "to-be-excluded" parameters list and included it in the Player Schedule. *Implication* The manual nature of this process results in a greater risk of something being missed and not broadcast on the RTÉ Player. The spreadsheets operate on macros and some sorting and analysis is automatically undertaken, increasing the risk that an error might not be noted. While the example highlighted in this		stakeholders and could have in-built controls of data accuracy.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	audit is a relatively trivial one, the risk of the content being recorded incorrectly on the RTÉ Player schedule exists for any programme.				
4.	**Electronic Enforcement of catch-up window on RTÉ Player** *Background* The RTÉ Player is now available on a number of different formats and third party platforms. Originally available on computer browsers worldwide, there are also mobile versions of the RTÉ Player available to Android and iOS users in the Republic of Ireland. The RTÉ Player is available to Sky and Virgin Media subscribers, Xbox gaming consoles and on Samsung Smart TVs. Typically the RTÉ Player will have live streaming within a 7 to 30 day catch-up window. However some programmes / platforms may have additional restrictions, as follows: - Programmes on various third party platforms (Sky, Vodafone, Virgin Media) may have different catch-up windows - RTÉ may not have the right to the content as catch up on certain platforms, or in certain territories. - Some programme may only be streamed live. Others, in contrast, may only be available as catch up - Some third party platforms have Replay TV, where programmes are available to "replay" from the users' EPG, requiring a separate listing of terms and conditions. - Programme may be held-back after the live broadcast before becoming available as catch up on the RTÉ player or is only available on catch up for a shorter period of time.	It is also the case that a rights management computer system will not fully remove the risk of errors, as it still will involve ongoing manual and time consuming data checking/inputting which may also lead to errors, especially in situations where the person inputting the data is checking and interpreting a wide variety of contracts. ███████	Investigate whether a scheduling system is able to enforce Player rights automatically from the rights managements system, when scheduling content is feasible. This new system should have parameters in place automatically restricting the catch-up windows. This will reduce the manual nature of the process there will be less scope for error.	L	See finding # 1 above

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
–	Programmes may have advertising restrictions. A decision has been taken that TV advertising is blacked-out from linear transmission of the RTÉ channels on the RTÉ Player. **Finding** The various catch-up windows for each individual platform and territorial restrictions must be entered manually into the Clipper system by the Player team. These rights parameters do not feed into the scheduling of content as they do in ▮▮▮▮ We carried out testing of the controls, using a sample of 10, noting no exceptions. **Impact** While there were no exceptions noted, there is a risk that an incorrect catch-up window (i.e. number of days) will be input onto the Clipper system and the programme will not be removed in time, or will be removed too soon. Also, this is a very manual, time consuming and inefficient process. **Mitigation** In mitigation, there are manual checks preformed at various stages in the process. Once the final copy of the excel file to be published the following week is issued on Friday evening, the Player Team perform two audits of the templates in Clipper associated with that week: one on Friday evening and one on Saturday morning, performed by different team members. However, manual controls are weaker than system controls and are subject to error, especially in the absence of key staff members.				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	RTÉ News Now App / RTÉ.ie website				
5.	**Filing and renewal of News Contracts** **Background** Each video news package may be composed of a number of different pieces of footage that come from a variety of sources including indigenous material produced by RTÉ, footage obtained from international news feeds and archive footage from the News, Sports and Television libraries. News Stories on RTÉ News Now App / RTÉ.ie are usually accompanied by a photo or may be sometimes sourced from a News Agency or other third party such as the EBU. It may be accompanied by audiovisual content. Contractual agreements with the likes of Reuters, AFP and Press Association for newsfeeds grants RTÉ the rights to use the footage for a limited time for a set annual fee. **Findings** 1) **Expired Contracts identified during the Audit** There is currently no contract in place with Press Association (provider of news wires to RTÉ.ie). The contract with Press Association expired on 31 March 2016 with no renewal/rollover instigated. RTÉ is still using content provided by PA. The Reuters and AFP contracts expired on 31 December 2015 and 31 January 2016, respectively. Both of these contracts are in the process of being renewed and with the expired contracts "rolling on" until they are finalised.	Agreed. ██████████	Contracts will be put in place where the existing contract has expired. Alternatively, News will cease to use the service. Signed hard copies of all News contracts will sent to the Financial Controller News and Current Affairs once finalised for central filing. The ████████████ will create a tracking spreadsheet for all News contracts detailing what they are for, who is responsible for them, their financial value and when they are due to be renewed.	H	████████ 30 November 2016 ████████ 30 November 2016 ████████ 30 November 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	The contract with ▮▮▮▮▮▮ was reviewed during the audit and is in line with guidelines and still in license. 2) **Renewal and Storage of contracts** There is no central filing place for News wires Contracts. During testing. Contracts requested were not easily accessible within News and had to be requested from Legal. News Finance are not provided with copies of contracts. In addition, contract expiration and renewal dates are not being tracked. News Finance, for example, currently has no visibility of when contracts are expiring and where they are located causing problems when budgeting for the following year. *Implication* The absence of a signed agreement increases the risk of a misunderstanding arising between the parties regarding the specific terms of trade. Should any disagreement arise between the parties, RTÉ is exposed by not having a signed agreement in place which clearly confirms the rights purchased. Expired contracts increases the risk that content is used without the appropriate right of use.				
6.	**On-screen credit for agency content used on RTÉ.ie** *Background* ▮▮▮▮▮▮▮▮▮▮▮▮▮▮		▮▮▮▮▮▮▮▮▮▮▮▮▮▮	M	▮▮▮▮ 30 November 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	███████████████████ ██ ███████████████████████		████████████████ █████████		
7.	**Entertainment / Life & Style Web Pages** *Background* Copyright clearance for a sample of content included in the entertainment (RTÉ Ten), Life & Style pages on RTÉ.ie (and RTÉ News Now App) was reviewed as part of this audit in order to understand the process in place to compile the content and to check that rights were appropriately cleared for use. The sample included articles, photographs, video clips and recipes included on these pages: - One recipe from a celebrity chef was selected for which rights clearance is necessary. - Two of the articles selected would have warranted release forms from contributors to have been completed - Two celebrity stories featuring "A-list" celebrities were also selected to ascertain the source and any news wires used for the text; the source of the photo, etc. *Findings* • Internal Audit was unable to verify the rights clearance for any of the sample selected.		Document the policy and approach for clearing rights for content on RTÉ Ten, Life & Style. Document an inventory of the third party sources of content and the date of expiry of the contract (wires, photos, other). Provide back-up for the sample selected in the audit to verify rights were appropriately cleared.	M to H	███████ 31 October 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	• Internal Audit was also unable to identify responsibility for clearing the content for use. • There was limited engagement from the staff in the area in response to the audit queries on rights clearance and it is unclear whether staff locally are aware of the division of responsibility in this regard. • The process for rights clearance does not seem to be as formalised in this area as in other areas within scope, with no written policies available for inspection. *Implication* The result of testing on the sample picked was inconclusive as it was not possible to verify whether rights were cleared for the sample chosen. We were unable to obtain sufficient information on the process in place in order to conclude on whether the process is designed so as to mitigate the risks appropriately.				
	Copyright Clearance				
8.	**Accuracy and completeness of release forms** *RTÉ Player* A sample of six in-house productions available for on-demand streaming via the RTÉ Player was reviewed as part of this audit. The relevant copyright clearance documents were checked to ensure that on-demand streaming was permitted under the relevant contracts/contributor release forms etc. Release forms were applicable for four of the programmes selected. The testing results are noted below: • Rights documentation for two programmes in Young	For ongoing programming it has now been agreed that Young People's will keep the documentation until the end of the year or run and then send it to Legal Services. (▉▉▉▉▉▉ Agreed. ▉▉▉▉▉▉▉▉▉▉)	A central repository will be created for filing of release forms in Young People's. All release forms for each programme will be sent to Legal Services for filing prior to the end of each season. Programme producers will be reminded to obtain signed release forms (in the most recent version) for all performances/footage in line with the current policy in RTÉ		▉▉▉▉▉▉ 30 November 2016 ▉▉▉▉▉▉▉ 31 October 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	People's were selected (*Swipe TV* and *Twigín*). The following was noted: - Release forms for programmes in Young People's are not collected and stored in one central filing location, leading to difficulties and delays when collating them. - Rights documentation was requested during the Summer months when people who worked directly with the programme were on leave, contributing to some delay in retrieving documents. • The following programmes were largely compliant: - ▮▮▮▮▮▮▮▮▮▮ : One release form was outstanding for the episode reviewed. The remaining 15 were on file, signed in the correct version. - ▮▮▮▮▮▮▮ : Two of 11 release forms for the episode reviewed were older versions of previous release forms dating back to 2002. All forms were signed. • All release forms permitted on-demand streaming by stating the following clause: *"I agree that RTÉ may use my contribution in any medium and in any format, and license the said rights, as it sees fit for the full period of copyright throughout the world including (but not limited to) radio, television and internet."*		Television.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
9.	**Unsigned contracts** **Background** In addition to requesting release forms as part of our testing of copyright clearance, we selected a sample of Independent Contractor engagements and searched for paperwork to ensure rights were appropriately assigned to RTÉ. The standard practice is to address rights as part of the initial contract of engagement. **Finding** Two contracts reviewed during testing were unsigned as follows: - While there was a contract in place with one sports Presenter used on a recurring basis, it was not signed by the Presenter. - An RTÉ Cork in-house production (███████████ ████████ selected as part of broader compliance testing on the RTÉ Player, was signed at the time but since misplaced by RTÉ. **Implication** The absence of a signed agreement increases the risk of a misunderstanding arising between the parties regarding the specific terms of engagement and rights. Should any disagreement arise between the parties, RTÉ is exposed by not having a signed agreement in place which clearly confirms the rights assigned by the Contractor / Producer.	Agreed. ████████ Agreed. ██████████	The contacts will be signed by the relevant third parties. Any misplaced contracts need to be requested by RTÉ and all signed copies will be retained in a central filing location.	M	██████████ 30 November 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
10.	**No formal contract in place with ▮▮▮▮▮▮ for images used in Linear Television production** ***Background*** While outside the scope of audit testing, it came to our attention that there is no formal contract in place between Television and ▮▮▮▮▮▮ for the use of their images in the production of linear television. Images are purchased on a case-by-case basis, as required, by the programme teams and the rights are secured as part of that transaction. RTÉ Digital has a contract with ▮▮▮▮▮▮ ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮▮▮▮▮▮ ***Implications*** • While images are appropriately rights cleared in Television, RTÉ may be able to negotiate more favourable terms by agreeing a blanket contract for all RTÉ services. • Individual purchase decisions by the programme teams may not take into account all the required rights clearances and may not include use in non-linear services in the future. A blanket contract provides a way of addressing all these matters in an efficient manner in a single contract. • The level of spend in the past two years in Television falls above tendering thresholds where a competition is required. In addition, a combined cross-divisional contract, including Television, may be more favourable when agreeing rates in the	Agreed. The procurement of stills and clips is driven by Editorial needs. One individual supplier may not be able to satisfy these needs; therefore a preferred list of suppliers is required. ▮▮▮▮▮▮	RTÉ will consider going to tender for the supply of International Sports images. The tender spec will be expanded to cover Television and News, as well as Digital.	M	▮▮▮▮▮▮ 31 December 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	contract renewal phase this year.				

RTÉ

RTÉ Internal Audit

Review of Management's Implementation of Actions in Internal Audit Reports

27 October 2017

Circulation:

Members of the Audit and Risk Committee
Executive

Introduction

- As part of its scheduled audit plan, Internal Audit issues reports containing actions to address any control deficiencies identified during an audit

- The actions contain a responsible manager and a target completion date

- We have carried out a review of management's progress in implementing the actions and the findings are set-out in the charts over-leaf

- This review is based on planned audit reports. Other work carried out by Internal Audit – "consultancy" assignments, ad-hoc reviews, whistle-blowing reviews, etc. – is not within scope as this work does not always lead to a formal, rated audit report

- The divisions referenced in the charts are based on the structures in place in RTÉ prior to the October 2017 organisational restructuring
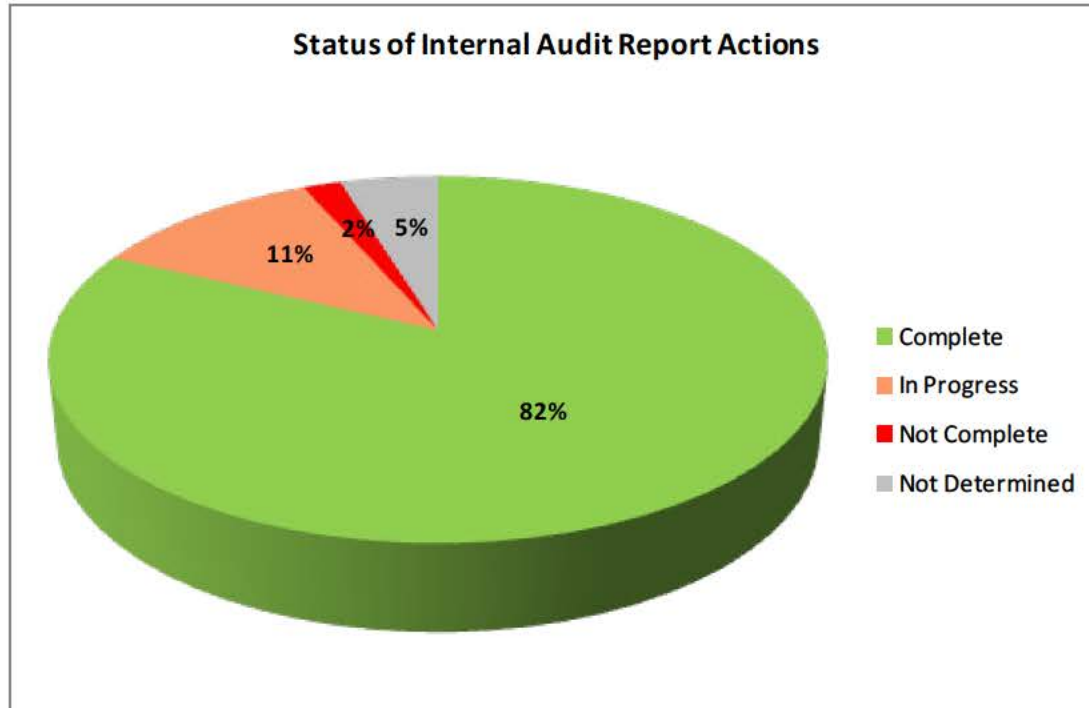
Internal Audit Reports within scope, by audit rating: (*42 reports*)
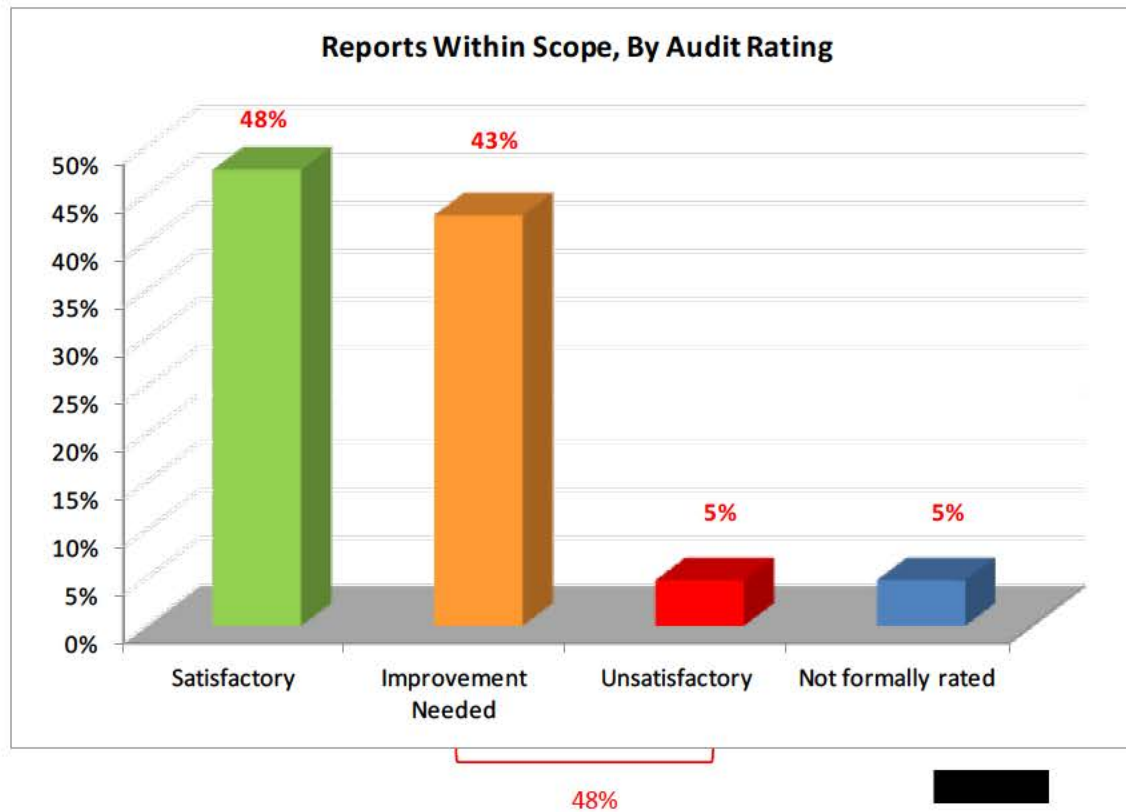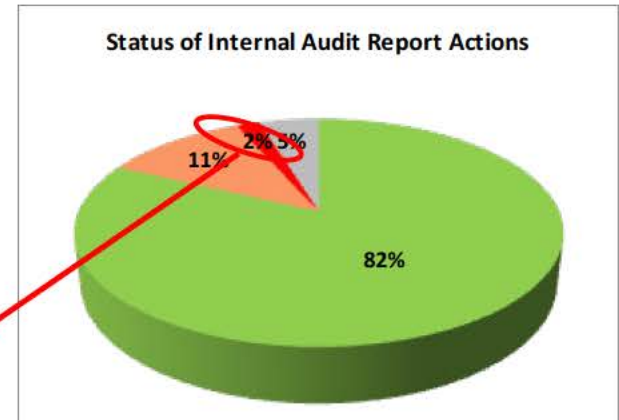

See Appendix 1 for a definition of the ratings

Status of Internal Audit Report Actions

Based on meetings and discussions with owners; at least 1 in 3 re-audited and verified

4

Analysis of Actions "Not Complete"

Population = 5 actions, across 5 reports

No. of Actions "Not Complete", by Priority

Legend: ■ Low Priority ■ Medium Priority ■ High Priority

(Pie segments: 2, 2, 1)

Status of Internal Audit Report Actions

(Pie: 82%, 11%, 2%, 5%)

No. of Actions "Not Complete", by IBD

Bar values: 2rn: 1, Cross-IBD: 1, Corporate: 1, Digital: 1, Technology: 1
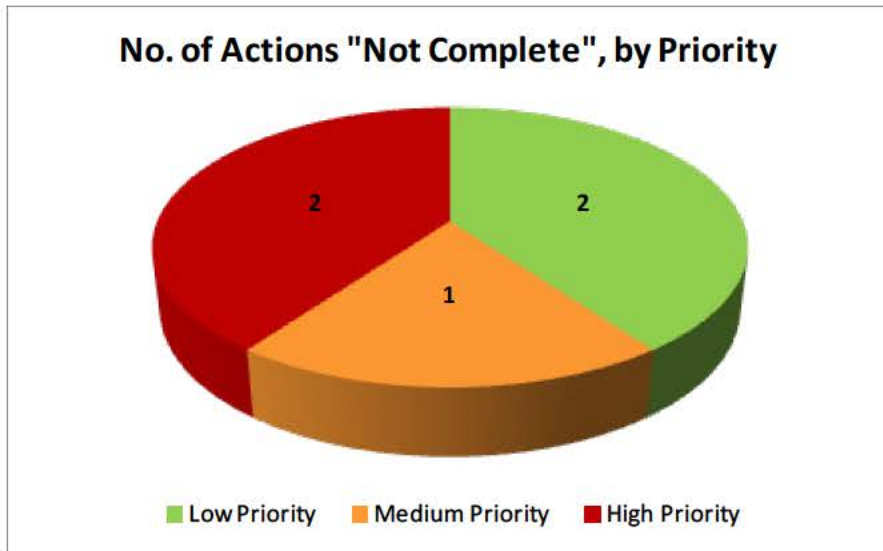
Ageing of Actions Overdue:	Number
0-3 months	0
5-6 months	1
7-12 months	1
> 1 year	3

Of the 3 actions > 1 year overdue, one was of High Priority, one of Medium priority and one of Low Priority.
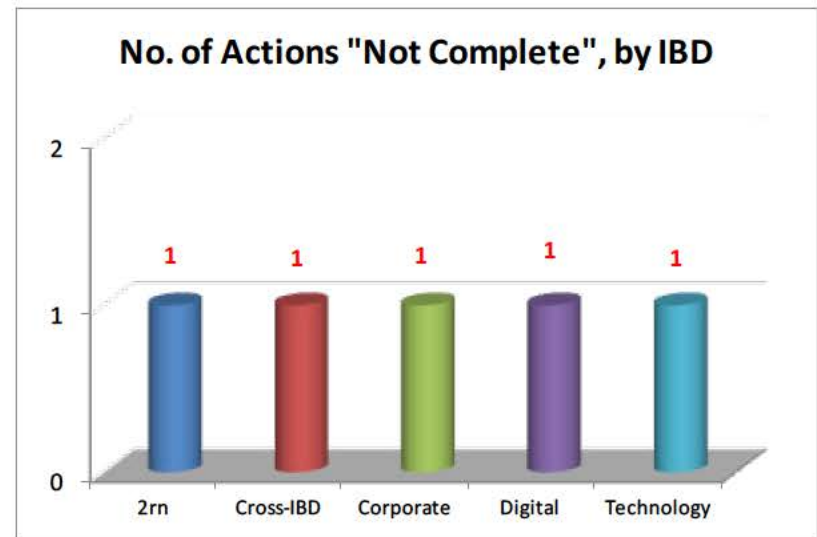
Analysis of Actions "In Progress"

Population = 31 action items, across 14 Internal Audit reports

Actions "In Progress", by Priority

- Low Priority
- Medium Priority
- High Priority
- Not Applicable

13% 10% 26% 51%

Status of Internal Audit Report Actions

2% 5% 11% 82%

Actions "In Progress", by IBD
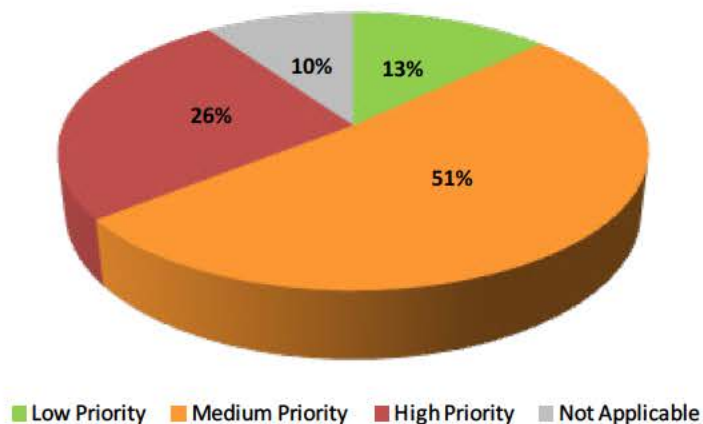

51% Technology
33% Central Shared Services
11% Cross-IBD
4% Radio
1% 2rn

Ageing of Actions Overdue:	
0-3 months	7%
5-6 months	29%
7-12 months	14%
>1 year	50%

Of the 50% (14 actions) > 1 year overdue, one (7%) was of High Priority, 11 (79%) were of Medium priority and two (14%) were of Low Priority.
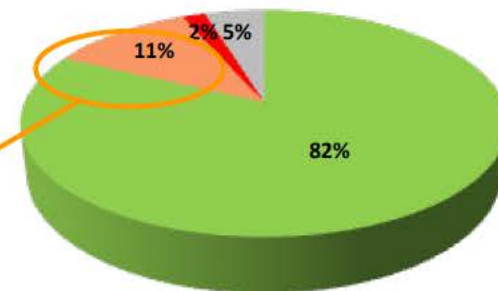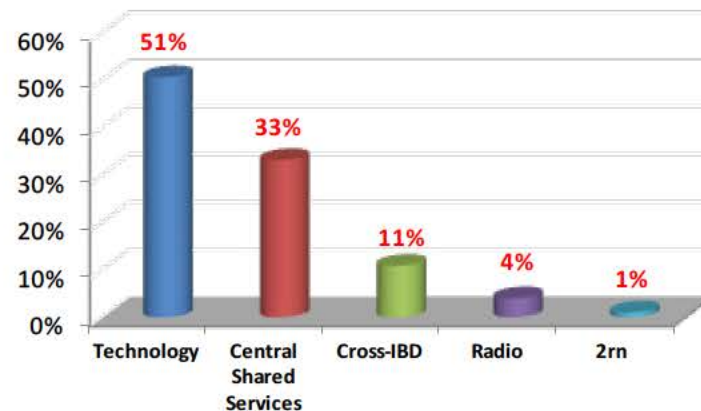
Central Shared Services: ▮▮▮▮ *Fees, On The Spot, Payroll, RTÉ Security, Insurance Arrangements*
Other Cross-IBD: Tendering Procedures, Media Services Contract
Technology: Mobile Devices, Cyber Controls Assessment, Internet Facing Structure

Conclusion

- We have completed a review of management's implementation of actions in Internal Audit reports

- In summary, good progress has been made in implementing the actions, with most actions now complete.

- A sizeable portion of the actions "in progress" relate to Technology areas *(although a majority of actions are low – medium priority)*
  - There are specific valid reasons for these actions remaining in progress
  - The reasons include legacy servers; servers awaiting decommissioning; non-user / service accounts and the importance of not implementing changes which could negatively impact legacy production systems.

- We will map open actions to the new divisional structures. The open actions will be carried forward to our next scheduled review at approx. Q2 2018

- We appreciate the assistance and commitment of management in implementing the actions raised in the Internal Audit Reports

RTÉ

Satisfactory: Standards of control for all key risks and activities are satisfactory. Objectives are being achieved efficiently, effectively and economically.

The report may suggest a small number of areas where there is scope for minor improvement in control. These areas have mitigating back-up controls, relate to low risk areas, or the risk of loss associated with the inadequate / missing control is not material.

Improvement Needed: While some controls are functioning as intended, the overall control environment is lacking or has degraded since the last audit. Improvements in control are therefore necessary for one or more medium risk areas. The report contains a number of re-occurring findings / control weaknesses. Mitigating controls are not in place and changes are necessary to make the control environment more effective and efficient. A loss could occur if the control environment continues to be unaddressed.

While actions are identified to address these findings, these actions are at an early stage of implementation and may require further investigation and resources to address the control weakness.

Unsatisfactory: Controls over high risk areas are below an acceptable standard and require improvement as a priority (e.g. the report contains at least one major finding / control weakness which could result in immediate loss).

The general control environment requires an immediate improvement. Objectives are not being met, or are being met without achieving value for money.

RTÉ Internal Audit

Report on ████████ Fee Payments

6 October 2014

Circulation:
Noel Curran, Director-General
Executive
Members of the Audit and Risk Committee

Fiona O'Shea, Group Financial Controller
████████████

Executive Summary: Objectives and Scope

Background

Overview

Two systems are used for processing payments to individuals - the payroll system and the ████████ fees system. Individuals paid via payroll are RTÉ employees working regular fortnightly hours. The ████████ fees payment system, which is the subject of this audit, is used to pay:

- Non-employees providing "people services" to RTÉ e.g. Presenters, Programme Contributors, Independent Camera Operators, Musicians, Actors, Writers etc.
- Employees who work irregular hours and employees on short-term contracts (as this payment system is flexible and allows for the payment of employees with irregular hours)

An average of approximately 275 individuals are paid via each payment run on the ████████ fees system. This figure fluctuates at different times of the year in line with changes in production demands.

Each IBD has a number of fee administrators who raise fee payment requests on ████████. These fee requests must be approved by two approvers - usually the costpool manager and a member of finance. In advance of the payment run, the People Payments department within Group Finance reviews material fee payment requests, checking for errors such as duplicate payments and monitor compliance with tax legislation etc. The final stage of processing fee payments is outsourced to ████████ who prepare payslips and reports and administer the actual payments to the individuals.

Objectives of audit

- Verify the accuracy of payments made via ████████ fees by agreeing a sample of fee payments to appropriate supporting documentation;
- Review the tax status of a sample of individuals, to include a review of the accuracy of tax deducted, checking VAT invoices, etc.; and
- Check that fee payment requests on ████████ Fees were approved by two appropriate approvers.

Scope of audit

The scope of our audit was organisation wide. We selected a targeted sample of 50 individual classified as non-employees on the ████████ system. In selecting our sample, we ensured there was a sufficient spread of the following characteristics across the sample of individuals:

- ➢ Types of Independent Contractors - companies, sole traders, programme contributors, etc.;
- ➢ Levels of earnings;
- ➢ Numbers of payments – ad-hoc / once-off payments / regular payments to Contractors / etc.

We tested the following:

- ✓ Agreed the payments to invoices and checked, where relevant, that the invoice was a valid VAT invoice;
- ✓ Agreed the rate charged to the contracted rate;
- ✓ Checked the accuracy and appropriateness of tax deductions;
- ✓ Checked that the approvers were appropriate; and
- ✓ Agreed the hours worked to rosters, schedules and other backup.

In addition, we also selected a small sample of casual / irregular employees paid via ████████ fees and agreed their payments on ████████ to contracts, rosters etc. We recalculated the income tax deductions.
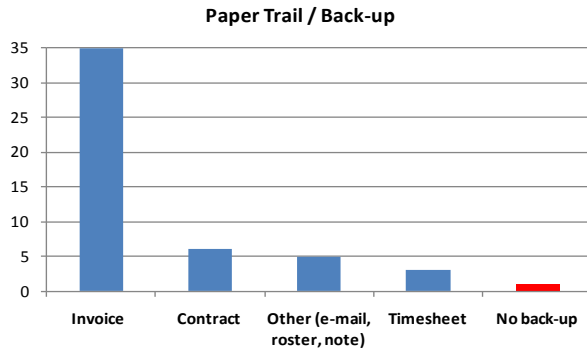
The scope of our audit did not include:

- ✗ A review of the IT systems used by RTÉ or ████████ to process people payments;
- ✗ The payroll system; and
- ✗ A review of master files / standing data – to be covered in a separate audit in 2014.

Executive Summary: Summary Findings (Cont'd)

Summary Findings – Accounting for Fee Payments

A

Paper Trail / Back-up

Paper Trail
The majority of individuals (70%) in our sample submitted invoices to RTÉ. The back-up for the remaining fee payments consisted of a variety of sources, with a signed-off timesheet or a contract of engagement being the most common back-up for casual employees.

No back-up was available in respect of one individual who provides content for the RTÉ Guide. This was a low value engagement.

B

Review of VAT Invoicing
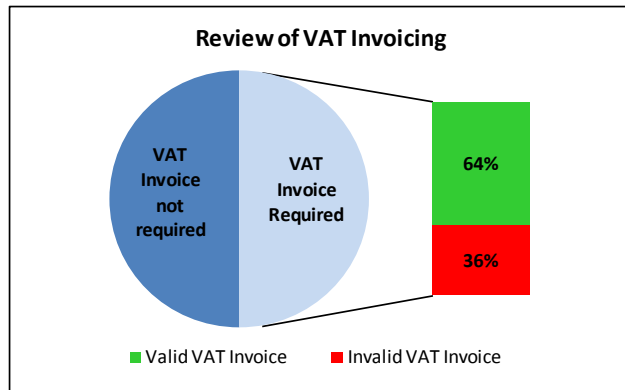
Valid VAT Invoice
25 of the Independent Contractors in our sample were VAT registered in the period covered by the audit test. However, only 16 of the 25 VAT invoices reviewed as part of this audit (64%) complied with <u>all</u> the Revenue's requirements for a valid VAT invoice.

The requirements for a valid VAT invoice include: name, address and VAT registration number of the person supplying the goods; the unit price; the VAT payable; the date on which the goods were supplied; etc.

Exceptions predominately related to administrative (name / address) matters, the absence of a VAT number for the supplier providing the service, or the absence of an invoice number / date.

Executive Summary: Summary Findings (Cont'd)

Summary Findings – Accounting for Fee Payments

Ⓒ

Fee Rates

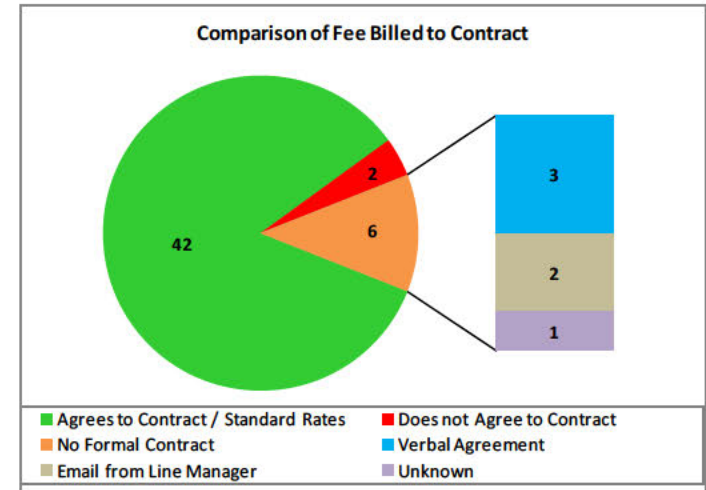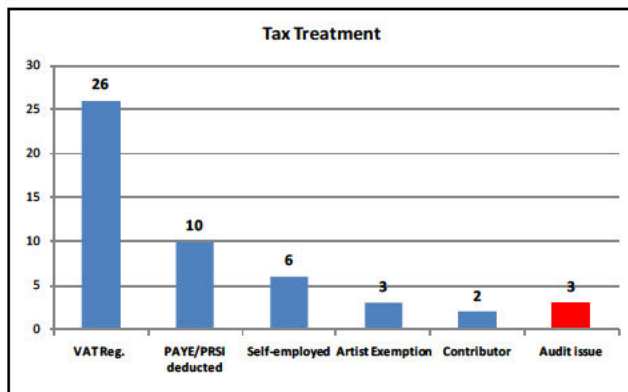We carried out a comparison of the fee rate RTÉ has contracted with the supplier to the rate actually billed to RTÉ. 42 of the 50 individuals invoiced RTÉ at their contract rate.

- Six individuals have no formal contract setting out fees as they are on-the-spot Contributors, Stringers or Special Guests. While this test is therefore not applicable to these individuals in all cases, we confirmed that the billed rate was in accordance with that agreed with the Line Manager and / or in line with the normal rate for the engagement.

- Two individual billed RTÉ at a higher rate than the contract. The difference was not material and, most likely, reflects a lack of filing of paperwork evidencing of a contract change or an addition to the existing contract.

Comparison of Fee Billed to Contract

Pie chart values: 42, 2, 6. Breakdown bar: 3, 2, 1.

Legend:
- Agrees to Contract / Standard Rates
- Does not Agree to Contract
- No Formal Contract
- Verbal Agreement
- Email from Line Manager
- Unknown

Ⓓ

Tax Treatment

Bar chart values: VAT Reg. 26, PAYE/PRSI deducted 10, Self-employed 6, Artist Exemption 3, Contributor 2, Audit Issue 3.

Taxation

The taxation treatment of each individual in our sample is set-out in the graphic across.

The majority (94%) of individuals were treated correctly from a taxation perspective, either through the deduction of PAYE at source or by securing appropriate evidence from the individual of their tax status (e.g. VAT registration / self-employment, Exclusion Order, etc.).

However, we identified potential issues with RTÉ's taxation of **three** individuals. These issues are further explained and addressed in the action plan . In summary:

- Two relate to individuals with earnings above the VAT threshold, but not registered for VAT. These are know VAT issues, now resolved following the receipt of a valid VAT number
- The tax status of one individual is unclear and he has not responded to RTÉ's requests for evidence of his tax status. He is not VAT registered, does not have an Exclusion Order and PAYE is not currently being deducted

Executive Summary: Key Issues and Overall Conclusion

Key Management Issues

Segregation of Duties Controls

We noted an absence of segregation of duties in the approval of certain fee payments, with the first and second approval step being carried out by the same individual. In some cases this may be due to the manner in which temporary approvers are assigned to cover periods of leave

Secondly, we noted two instances of inappropriate sharing of ▮▮▮▮▮ log-in IDs, which meant that the normal segregation of duties controls did not operate as intended.

Taxation Issues

Only 64% of the applicable Contractors in our audit sample issued invoices which fulfilled all of the Revenue's requirements for a valid VAT invoice. It is timely to issue a reminder to fee inputters and approvers of the components of a valid VAT invoice in order to better identify issues of non-compliance prior to processing the invoices for payment.

A number of taxation matters merit review such as seeking tax evidence and RTÉ's dealings with non-VAT Registered Sole Traders with earnings above the VAT registration threshold.

Overall Conclusion

While the processing and payment of fees takes place in the People Payments department in Group Finance, this is the final step in a process involving a number of other parties - the administrators in the divisions inputting fee payment requests, the approvers of those fee payment requests and, also, HR in relation to issuing contracts to employees and non-employees. We carried out a review of a sample of fee payments in 2014 and sought evidence supporting the payment.

We noted examples of good controls in place in relation to the processing of payments and associated compliance requirements, with the majority of fee payments in our sample supported by paperwork, billed at the correct rate and processed according to the correct tax treatment.

However, we also identified opportunities for improvement, where stronger control is needed. We have agreed actions to address weaknesses in segregation of duties in approval, issues relating to VAT invoicing and evidence of tax treatment. A review will also take place of the number of active fee inputters on the ▮▮▮▮▮ system. Finally, a small number of other IT actions have been agreed in the report.

We appreciate the assistance and cooperation from the relevant HR and finance personnel during the course of the audit.

Rating   IMPROVEMENT NEEDED

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Fee Approval Procedures				
1.	<u>Sharing of ▮▮▮▮ **Log-in ID**</u> ***Background*** Each IBD has a number of fee administrators who raise fee payment requests on ▮▮▮▮. Fee requests must then be approved by two approvers – usually the costpool manager and a member of finance. We identified two instances of inappropriate sharing of log-in IDs, as set-out below. ***Finding 1A*** We identified that one fee payment request in our audit sample was actually input to ▮▮▮▮ by the approver of the same fee, but using the log-in details of another individual. As a result, the normal segregation of duty controls did not operate as intended. We were informed that the issue arose because there was no inputter suitably trained in the area at the time. The log-in details used by the approver were those of an inputter who departed on maternity leave and did not resume the role of fee inputter upon return. A replacement fee inputter was subsequently trained in the area, but departed shortly afterwards due to long term illness. In mitigation, all payments in question were approved by a second approver in the normal way – a Finance approver – and the Head of Operations was made aware of this issue from the offset. A new fee inputter is now being trained and will be responsible for inputting all fees in this area. In addition, a policy is currently underway to ensure that all invoices will be submitted by contractors in a standardised format, thereby facilitating ease of	*1A* This was an agreed solution to address a specific problem with a short-term shortage of resources in order to effect the smooth processing of important fee payments. A new long term solution is being put in place. A form is attached to the invoices prior to inputting to facilitate ease of input. ▮▮▮▮) *IB* This issue arose due to the maternity leave of two staff members. A solution is now in place, with a new fee approver assigned within the team. ▮▮▮▮)	*1A* Fee approvers will refrain from inputting fees under different user log-ins. A fee inputter will be trained and responsible for inputting all fees in this area. *1B* The sharing of log-in will cease an alternative approval arrangements will be put in place.	H H	▮▮▮▮ Done ▮▮▮▮ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	input of the fee by the inputter. ***Finding 1B*** We noted that the ████████ log-in details of a staff member on maternity leave was used by another individual – a non-employee contractor filling that job role on a temporary basis – to approve fee payments. 99 fee payment transactions were processed in this manner in the four week period after the commencement of the period of maternity leave. This was deemed necessary due to a shortage of resources at the time and to avoid any delays in the processing of payments. This issue is also relevant to finding #2 below, as some instances of duplicate approval of fee payments – i.e. first and second approval by the same individual – occurred in the period during which the log-in details was used by another individual. See below for details.				
2.	<u>**Segregation of duties – fee approval**</u> As outlined above, fee payment requests must be approved by two separate approvers – usually the costpool manager and a member of finance. ***Finding*** We noted an absence of segregation of duties in the approval of certain fee payments. In the period covered by this review: • The first and second approval step was carried out by the same individual in the case of **510** fee payments; • **12** individuals carried out the duplicate approval steps for these transactions. • Eight of the 12 individuals were Finance approvers,	Actions are being put in place locally to deal with the management of temporary approvals in the event of annual leave, leave of absence, etc. This is especially relevant for one IBD with specific issues due to maternity leave. (████████)	Reminders will be issues to all approvers as to the correct procedures for managing the transfer of worklists and approving fee requests. The same individual will not act as a first and second approver. An investigation will be carried out to determine in ████████ has the technical functionality to restrict an approver from acting as a first and second approver.	H	IBD Finance Directors / Financial Controllers 31 October 2014 ███████████ 30 November 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	accounting for 472 (93%) of the transactions. Nearly two-thirds (63%) of the transactions were Finance approvers in one specific IBD (*For the avoidance of doubt, transaction processed by super-users – see #4 below – are not included in the above statistics.*) While a majority of ████████ approvers do not have the functionality to carry out a first and second approval role, some users may be a designated first approver on some costpools and a second approver on other costpools. Therefore, the have access to both the approver 1 and approver 2 functionality on ███████. *Causes* The transferring of ████████ approval worklists is a factor contributing to this issue. The first approver is absent and transfers his / her approval to an individual who is already the designated second approver for the same transaction, or already assigned a temporary second approver. This becomes a particular issue in the case of long term absence (ICB, career break, etc.) where worklists are transferred for an extended period. In other cases, while the worklist was not forwarded the transaction may have been manually approved by an approver at short notice to meet the Tuesday fee payment deadline. From a technical perspective, ███████ does not currently prevent a user from acting as the first and second approver. The feasibility of introducing IT controls will be investigated.				
3.	**Finance approver** During our testing of a sample of 50 fee payments, we noted that a member of Finance was not one of the designated approvers in the case of three (6%) of the transactions tested. *(Contract types: one Limited Company, one Stringer and one ongoing casual*	In addition to the three specific examples highlighted in the audit, a review of approvers will be carried out to ascertain if finance approvers are in place for all	A review of fee approvers for all active costpools will be carried out to check if a finance approver is in place in all cases. Any exceptions will be addressed.	M	████████, in conjunction with local Finance team. 31 October 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	employee). Finance approval is important in order to have oversight of the appropriateness of taxation treatment and related matters.	costpools. ████████			
4.	**Segregation of duties – input and approval** ████████ "super-users" have the authority to input, approve (both first and second approval) and processes a transaction. These payments are valid transactions, but are not subject to the normal segregation of duties controls on ████████ Two "super-users" in People Payments process transactions in this manner relating to: • Top talent payments processed centrally by People Payments following manual approval by the CFO; • Fee requests which could not be processed locally, in the normal way for a variety of reasons – a written request is submitted to People Payments to process the transaction; • Corrections of errors identified before the payment run is processed. In the period covered by this audit 254 (0.8% of data) fee lines were input, approved (both first and second approval) and processed by the same individual. (A further 100 lines were processed in this manner to correct invalid Cara codes, VAT rates or other errors in input in the original fee request raised and approver in the IBD.) These were valid transactions. The input and approval of a transaction by the same individual should only happen in a small number of exceptions and merits regular monitoring. Therefore consideration should be given to introducing increased quarterly reporting to the Manager People	As outlined in the finding, these were valid transactions. In order to ensure the efficient processing of Fees and to avoid unnecessary delays in payments to individuals, it will always be necessary to have a number of super-users. A small number of transactions are processed in this manner. We will monitor the statistics to ensure this is not being used as an alternative to the normal approval procedures locally. ████████	Quarterly reporting of the number of transactions processed and approved in this way will be prepared for review by the People Payments Manager. This will list the number of transactions processed per IBD and separately analyse the number of low value transactions (e.g. OTS payments) processed by the super-users in the previous quarter.	L	████████ 15 November 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Payments outlining the number of transactions approved in this way, the IBDs impacted, transactions above predefined thresholds, etc. This is intended to introduce greater monitoring controls and to ensure that this approval method is not being used in an excessive number of cases, or to carry out inputting which should be done locally in the IBD.				
	Taxation Matters				
5.	**Valid VAT Invoice** We noted that 25 Independent Contractors in our sample of 50 were registered for VAT and, therefore, were required to issue a valid VAT invoice. However, our testing indicated that only 16 (64%) of these invoices fulfilled <u>all</u> of the Revenue's requirements for a valid VAT invoice. The requirements for a valid VAT invoice include: name, address and VAT registration number of the person supplying the goods; the unit price; the VAT payable; the date on which the goods were supplied; etc. The audit issues related to matters such as the recording of name / address (of RTÉ and / or the supplier) or the absence of a VAT number for the supplier providing the service. A valid VAT invoice is required in order to claim a refund / input credit for the VAT amount paid.	By its nature this is a difficult area to monitor as the approver may not have sight of each invoice at the point of approval. This will be addressed via training and checklists. ███████)	People Payments, in conjunction with the FDs/FCs of each IBD, will provide all fee inputters with a document listing the components of a valid VAT invoice. In addition fee inputters will be advised that any invoices not meeting the requirements of a valid VAT invoice should be returned to the supplier and a new valid VAT invoice should be requested. Quarterly spot checks of invoices to ensure they meet the requirements of a valid VAT invoice will be introduced by the People Payments department, in conjunction with the local Finance teams. As the level of compliance increases, these checks will move to a twice yearly frequency.	H	████████ 15 December 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
6.	**VAT thresholds** We noted examples of non-VAT Registered Sole Traders with earnings above the VAT registration threshold, but which are not currently charging VAT on their billings. In our audit sample, we identified two relevant examples – one Sole Trader was subject to a PAYE / PRSI deduction and the other Sole Trader was not subject to any deduction. Neither charged VAT on the billing. The current VAT threshold for providing a service is €37,500 for a calendar year. Section 6.1 of the standard contract of engagement includes the following clause: *(Note: The Revenue Commissioners require that persons supplying taxable services in the course or furtherance of business <u>must</u> register and account for VAT if their total turnover exceeds or is likely to exceed €37,500 in any twelve month period.)* A review of the current tax treatment and the taxation clause(s) contained in the standard engagement contract merits examination, focusing in particular on any possible exposure in the event of a VAT audit.	The obligation is on the individual to ensure that their tax affairs are in order and a clause is included in the contract in this regard. A notification letter will be sent on a case by case basis to relevant individuals, where appropriate. ████████████	On a case by case basis when issues are identified, letters will be sent to contractors <u>notifying</u> (as distinct from advising) them of their obligations to register for VAT if earnings exceed €37,500.	M	████████ Ongoing
7.	**Taxation of Writers** *Background* During 2014 RTÉ was informed of a personal taxation issue impacting certain Writers. This concerned the registration of Writers for VAT purposes, where earnings exceeded the VAT registration threshold. RTÉ engages a number such Writers for Fair City. In October 2013 the Writers Guild of Ireland ("the Guild") was	The Writers taxation issue is now resolved. We understand that a number of Writers are still awaiting final confirmation of VAT numbers from Revenue. ████████)	A check will be carried out to ensure that all Writers implement the Revenue agreement i.e. are registered for VAT and charge VAT on their billings to RTÉ.	M	████████ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	contacted by a member following a decision by Revenue to register the Writer for VAT and to backdate the registration for a period of five years. The Writer had earnings from RTÉ in excess of the VAT registration threshold in the previous twelve months. This matter had relevance for other Writers with earnings above the VAT threshold, but not formally registered for VAT. The Guild identified a list of relevant Writers and approach Revenue on their behalf. A settlement was reached where the Writers would register for VAT with effect from 1 October 2012. While a personal issue for the Writers concerned, this matter has a financial implication for RTÉ – the Writers will bill RTÉ for the VAT arrears but a portion of the VAT is non-recoverable by RTÉ. *Finding – Writers* RTÉ has engaged with the Guild and its Taxation representative to resolve the matter and the issue is being addressed and managed effectively. However, we noted that two Writers are still not charging VAT on their billings. The Writers, both included in our audit sample, have earnings year to date (at period 24 2014) approaching the VAT threshold and are expected to exceed the threshold in the coming weeks. Both Writers were above the VAT threshold for 2013. The requirement to register for VAT does not appear to be communicated by the Guild to its members in all cases, or the advice is not being accepted by the Writers. This could give rise to a future issue for RTÉ. *Implication for Actors* Many Actors working for RTÉ receive Exclusion Orders from Revenue excluding the deduction of PAYE from earnings.				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Therefore, RTÉ deducts PRSI only from their earnings. • One of the Actors in our audit sample had earnings above the VAT registration threshold in 2013 and has earnings approaching the threshold year to date. However, the Actor is not currently registered for VAT. PRSI is being deducted. • A second Actor in our audit sample also has earnings approaching the threshold year to date and is not registered for VAT. (PAYE and PRSI is being deducted) While sharing some characteristics with Writers, the Actors are not in the same category as they have Exclusion orders and PRSI is being deducted appropriately.				
8.	**VAT on expenses** Revenue guidance in relation to "VAT on expenses – mileage, accommodation, etc." outlines that: "*Expenses incurred by a person in the provision of a service and charged on are treated as ancillary to that service, and liable to VAT at the same rate.*" We noted an inconsistency in the treatment of expenses from a VAT perspective. • Two VAT registered Sole Traders in our audit sample did not charge VAT on the expenses (generally mileage and subsistence) element of their billing. • In contrast, we noted two other individuals in our sample charged VAT on the mileage element of their billing.	This is the responsibility of the individuals themselves. The Contractor's taxation responsibilities are included in clause 12 of the standard contract of engagement. ████████	No further proposed action. See #5 above for an action on carrying out spot checks of invoices, which is also relevant for this finding.	M	N/a

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	The fee inputter (and approver) is best positioned to review the appropriateness of the VAT treatment when the invoice amount is being input to ███████				
	Fee Inputting				
9.	**Raising Fee requests of** ████████ At the time of our audit, 199 individuals had the ability to raise fee payment requests on ████████ This is broadly unchanged from the number at the time of our last audit in late 2011. The movement in the number of inputters may be analysed by IBD as follows: There is scope to review the list to ascertain if all the inputters are required, particularly those raising fee payments on an ad-hoc basis. As is evident from the table above this finding is only relevant to some IBDs – while some have reduced the numbers of inputters, others have not. At the date of the report, Radio and Television account for 34% and 29% of all fee payments, respectively. However, there Television has nearly 50% more fee inputters.	Agreed. However, it is important that the number of inputters is not too low and an appropriate balance needs to be struck. If a sufficient number of inputters are not available locally, managers may have to ask a fee inputter from another department, not involved in the day-to-day business, to raise the fee. That has the potential to create further problems. (████████)	Central HR will circulate a list of individuals with a fee input access profile on ████ to Central Finance. In addition the list will specify when the individual last input a fees invoice. The relevant finance teams, with input from HR if necessary, will co-ordinate the review of the list in conjunction with the local finance teams (above). The purpose of this review will be to identify any individuals no longer requiring the fee input access profile (either because of a change in role or if they have not raised a fee for a considerable period of time. The access will be removed as appropriate. A similar review will take place twice per year in the future (once per year after the first two reviews have taken place).	M	████████ 15 November 2014 IBD Finance Directors / Financial Controllers, coordinated by Group Finance 30 November 2014

Table within finding 9:

IBD	2014 Audit	Late 2011 Audit	Change
Television	82	71	11
Radio	50	68	(18)
Corporate	32	26	6
News & CA	19	17	2
Orchestras	9	10	(1)
Digital	7	9	(2)
	199	201	(2)

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	The raising of fee payment requests on ▮▮▮▮▮▮▮ requires a certain level of specialised knowledge of the ▮▮▮▮▮ system, taxation, the components of a valid VAT invoice, exclusion orders etc. In addition, there is an element of basic administration required to ensure that: - Invoices agree to contracts; - The invoice has not already been paid; - Invoices are checked back to rosters as necessary; and - Invoices are correctly filed. The greater the number of individuals raising requests the more difficult it is to ensure that everyone is fully trained and, therefore, the greater the likelihood of error.				
10.	**Training** Taking into account the number of inputters highlighted in finding #10 above and other findings in this report, it is timely to carry-out training of fee inputters to ensure that they are fully aware of the various rules. This is also relevant as there are many new fee inputters in place following changes to organisational structures and the departure of staff over recent years. In addition, it is a lengthy period of time since formal training took place. Recent training has been ad-hoc based on requests. In mitigation, a ▮▮▮▮▮▮ 'drop-in clinic' was held during the Technology Awareness month earlier in the year, involving input from Finance and Human Resources.	Agreed ▮▮▮▮▮▮)	Training of fee inputters will be arranged. (This may involve a mix of formal training and the circulation of documents / checklists, in conjunction with the local Finance teams).	M	▮▮▮▮▮ 31 December 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Paperwork and documentation				
11.	**No paperwork** There was no paperwork or contract in place in respect of one of the fees in our audit sample, a €250 payment which is subject to PAYE/PRSI deduction. Arrangements need to be put in place to regularise or formalise dealings with this contractor.		Appropriate paperwork (release form, contract, etc.) will be put in place in respect of future engagements.	L	██████████ 31 October 2014
12.	**Data accuracy on ██████** We noted some inconsistency in data between what was recorded on ████████t and the actual tax position of the individual, as evident from the processing of fee payments. • Two individuals were recorded as Sole Trader Non VAT registered on ████████ even though they were VAT registered and charged VAT on their invoices • One individual had two active contracts on ████████ for the same period – one VAT registered contract and one non-VAT registered contract The contractor's record on ████████ should be reviewed and updated based on the actual position.	From an employment classification point of view, the individual is a Sole Trader. Any further sub-designation for taxation purposes is a separate matter to the employment classification and should be captured in a separate data field. ████████)	A review will be undertaken to ascertain the feasibility of: • amending the drop down menu on ████████ to record a single classification of "Sole Trader" / "Independent Contractor" • recording the taxation information (VAT registration) in a separate field	M to L	██████████ 30 November 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Engaging Contractors				
13.	<u>**Gathering taxation evidence and RTÉ policy in the event that no evidence is received**</u> Evidence of tax status is requested at the point of engaging a non-employee / contractor. In the case of existing contractors, this evidence is reviewed at the point of a contract renewal. *Finding* *A)* In a situation where no taxation evidence is gathered, the "default" working rule in People Payments is, in many cases, to deduct PAYE / PRSI. While this may be preferable than making no deduction, it is timely to revisit the taxation and legal implication of this approach to confirm that it is still appropriate. From a risk perspective, it is worth examining whether it is more appropriate to delay the engagement, or withhold payments, until such point that valid taxation evidence or a Tax Clearance Certificate has been provided, rather than adopting the default position of deducting PAYE / PRSI. *B)* The process for gathering taxation evidence in respect of (non-employee) Contractors paid through fees is not consistent with the process for gathering taxation evidence in respect of Contractors engaged and paid via Accounts Payable ███████). In the latter case, payment may be refused pending the receipt of a valid Tax Clearance Certificate. Irrespective of the payment system used, a consistent approach to seeking taxation evidence from Contractors should be applied, including a consistent application of a policy on	We are currently examining the processes for gathering taxation evidence. ██████████ *)*	A review will be carried out of the taxation evidence which Independent Contractors should be required to provide to RTÉ, upon engagement. This review will also determine the approach to be applied in the event that the taxation evidence is not received from the Contractor.	M	██████████ 31 December 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	whether payment should be withheld pending receipt of evidence. *C)* During the audit we noted that numerous requests for evidence of tax status have been made to one contractor in our sample (*a non-VAT Registered Sole Trader*). However, no evidence has been received and the contractor continues to be engaged. Payments to the individual are processed without any PAYE deductions and no Exclusion Order is on file. We also noted two instances within our audit sample where the tax evidence (Tax Clearance Certificate) was out of date at the time of audit. Requests for updated evidence were being made. Based on the above examples, we observed that taxation evidence is not always received on a timely basis before an individual is engaged. In some cases, no taxation evidence is on file.				

RTÉ

Internal Memorandum

To: ███████████████

Cc: ██

From: ████████████, Head of Internal Audit

Date: 30 August 2016

Re: Review of International Programme Sales Television

This memorandum sets-out the results of an Internal Audit review of International Programme Sales in Television.

1. Background

The International Programme Sales function offers content for broadcast on content platforms of all types worldwide. As well as selling directly to broadcasters, RTÉ works with 3rd Party Distributors (such as ITV Global, BBC Worldwide and Content Media Group) to place RTÉ content on a wide range of platforms.

The Programme Sales function represents many producers, both in-house and independent, who create content that strikes a chord with global audiences.

The diverse catalogue of content on offer internationally spans multiple genres including factual, lifestyle, comedy, drama, entertainment, arts and music.

The terms of a deal will vary on a case by case basis and, in the case of a commissioned programme, the financial arrangement may vary depending on factors such as RTÉ's contribution to the overall cost of production, the distributor appointed by the producer, etc.

In cases where RTÉ is appointed as distributor, the producer pays a programme distribution fee (*expressed as a percentage of the gross sale*) to RTÉ to access its contacts and experience of the international marketplace to sell the content. Any receipts remaining after the deduction of the distribution fee, distribution costs and (where applicable) music clearance / archive costs are divided between the producer and RTÉ in line with the terms of the original contract / distribution deal memo.

Revenue is also generated through the sale of cable re-transmission rights for RTÉ One and RTÉ2 in Northern Ireland.

2. Scope

The scope of the audit was International Programme Sales in Television, focusing on deals which entered into licence in 2016.

3. Objective

The objective of this audit was to assess the potential risks and test the operation of controls over the main risks, to include a review of the following:

- Contracting with copyright holders;
- Completeness of recording of sales;
- Accuracy of pricing of sales;
- Invoicing of customers and issue of credit notes;
- Follow up on overdue accounts;
- Completeness and accuracy of royalty accruals;
- Maintenance of appropriate books and records; and
- Compliance with relevant laws and regulations.

4. Risks

The specific Television financial risks addressed as part of the audit are set-out in Appendix A.

The key RTÉ corporate risks addressed by the report are as follows:

- Risk # 4 – Failure to grow commercial income
- Risk # 5 – Changes to Regulation impacting advertising / sponsorship / other commercial revenue

5. Findings

We selected a sample of deals and reviewed the sales contract with the third party, distribution deal memo, etc.

5.1 Key Management Issues

We noted no findings which merit classification as a 'key management issue' in line with the Internal Audit reporting matrix.

5.2 Other

We noted a small number of less significant matters, summarised below. These will be auctioned in line with the agreed actions set-out below.

a) Royalty Accruals
There are a number of legacy amounts being accrued in the royalty accruals account, some dating back as far as 2007. Some of these amounts are small unpaid balances on a larger contract value. With the passage of time, it now seems reasonable to write back some of these accruals to the Income Statement. It may also be the case that some of the copyright holders are no longer operational.

Action: Carry out a review of the royalty accruals prior to 31/12/2013 and make a line by line assessment of the appropriateness of continuing to carry the accrual.

███████████████████; 30 November 2016.

b)   Revenue Recognition

We identified issues with the timing of revenue recognition for one of the deals included in our audit sample. The deal comprised the sale of three separate lifestyle programmes to ███████ ██████████.

The Licence for one programme commenced on 1 May 2016, but was not recognised in RTÉ Television income until June 2016. The RTÉ accounting policy provides that income is recognised in the month of the commencement of the licence period. The licence for the other two programmes commenced on 1 July 2016. However, the income was also recognised in June 2016, but should have been deferred for one month until the commencement of the licence period.

We noted no issues with the income recognition for the remainder of our sample. This finding appears to be an isolated incident arising from the differences in licence start dates.

Action: Continue the process of monthly meetings between the ███████████████████████████ Television and the International Programme Sales Executive in order to reconcile the sales records maintained within the sales function and the revenue being recognised in the Television management accounts.

███████████ ongoing.

c)   Royalties

Royalties due to a third party in respect of cable re-transmission rights for RTÉ One and RTÉ2 in Northern Ireland were correctly accrued as part of royalties. However, we noted a minor discrepancy between the rate (*% of contract value*) used in calculating the accrual and the rate set-out in the updated contractual agreement maintained by legal. The difference is not material but merits investigation.

Action: update the spreadsheet for the correct rate, as set-out in the contract.

███████████ ; done

6.   Conclusion

Internal Audit carried out a review of International Programme Sales in Television, focusing on deals which entered into licence in 2016. The audit involved a review of sales contracts and relevant back-up documentation, including inspection of financial records.

There were no significant issues of note identified during the course of the audit. Actions have been agreed to address a small number of matters set-out in Section 5.2 above in order to ensure that RTÉ adequately addresses the risk areas set-out in Appendix A.

We appreciate the assistance of Programme Sales and Finance personnel during the audit.

Appendix A Financial Risks

We addressed the following financial risks as part of the audit, designing audit procedures to verify the operation and design effectiveness of the controls put in place by management to mitigate the risk.

No.	Risk
1	Incomplete revenue: ▪ A sale of a programme is not recorded in revenue in RTÉ's books ▪ An Independent Producer sells a programme internationally using a third party distributor but does not notify RTÉ that royalties are due, thereby understating revenue
2	Inaccurate revenue: ▪ Revenue is not recorded in line with the contract agreed with a Broadcaster (licence value, term, etc.) ▪ The share of income due to RTÉ is inaccurate as the Distribution Statement understates RTÉ's net share of distribution
3	Revenue recognition: ▪ The recognition of revenue is not accounted for in line with the commencement of the licence period as set-out in the terms of the contract (or is not accounted for in line with the receipt of the Distribution Statement from the Producer) ▪ Cut-off issues associated with deals coming into licence around the year-end period
4	Foreign exchange is not accounted for correctly in respect of non euro denominated sales
5	Deals are entered into at terms which will not generate a sufficient margin to be a commercial success i.e. after taking programme distribution costs and music clearance costs into account.
6	A pro-forma euro-denominated invoice is sent to the customer despite already being paid. *(Invoices are raised by the sales team in foreign currency. A pro-forma euro invoice is raised in ▮▮▮▮▮, for accounting purposes, when the euro denomination is received into the RTÉ bank account)*
7	Royalties due to another producer/rights holder are not correctly accrued for as a liability in the books of RTÉ
8	Programme distribution / music clearance / other costs are not correctly accrued for as a liability in the books of RTÉ

RTÉ Internal Audit

Review of Purchase Order Compliance *(to end Q3 '21)*

8 December 2021

Circulation:

████████, Chief Financial Officer

Division Finance:
████████ Head of Procurement
████████, Procurement Category Manager

RTÉ

Table of Contents

Background, Risk, Objective and Scope

Background

In line with the RTÉ Purchasing Policy, Purchase Orders ("POs") should be raised and approved prior to making any purchase commitment and before the invoice is received. This is a key aspect of purchasing policy.

Previous Internal Audit ("IA") reports highlighted that POs are sometimes raised after the invoice is received, which is contrary to Policy. This has an impact on the year-end accruals process for Finance teams as it increases the level of manual investigation needed and the possibility of misstatements.

There is an ongoing project / working group in place responsible for monitoring compliance levels in this area and liaising with Finance teams.

Risk

The key corporate risks addressed by the report are as follows:

- Risk #8 – Management of Finances and Business Planning; and
- Risk #10 – Legislation/Regulation & Compliance.

Other specific risks relevant to this report are as follows:

- Fraud.

Objective

The objective of this audit was to review the POs raised in the four month period ended 30 September 2021 to ensure compliance with the Purchasing Policy.

Scope

The scope of our review covered all POs (including Capital WIP and Commissioned Programmes) approved and processed for the five month period ended 30 September 2021, with the following considerations:

- A three days "grace" period was allowed;
- Orders to the value of <€1,000 were excluded from the results;
- All currencies were included;
- The following categories of expenditure were omitted from the analysis:
  - Competition Winners;
  - Donations;
  - Rates; and
  - Department of Foreign Affairs (travel recharges).

Findings

1a) PO Summary – NUMBER of Invoices

PO Summary - Analysis of number of invoices > €1,000						
	Previously Reported	**Current Period Under Review**				
Analysis of number of invoices	**Avg. (Jan-May 21)**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Average**
POs prior to invoice date	76%	75%	73%	79%	70%	**74%**
POs after the invoice date	23%	21%	24%	18%	28%	**23%**
Immaterial grace period (three days)	1%	4%	3%	3%	2%	**3%**
Total	100%	100%	100%	100%	100%	100%

RTÉ

Findings (Cont'd)

1b) PO Summary – <u>VALUE</u> of Invoices

PO Summary - Analysis of value of invoices > €1,000						
	Previously Reported	**Current Period Under Review**				
Analysis of value of invoices	**Avg. (Jan-May 21)**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Average**
POs prior to invoice date	76%	88%	79%	90%	86%	**86%**
POs after the invoice date	23%	11%	20%	9%	14%	**13%**
Immaterial grace period (three days)	1%	1%	1%	1%	0%	**1%**
Total	100%	100%	100%	100%	100%	100%

RTÉ
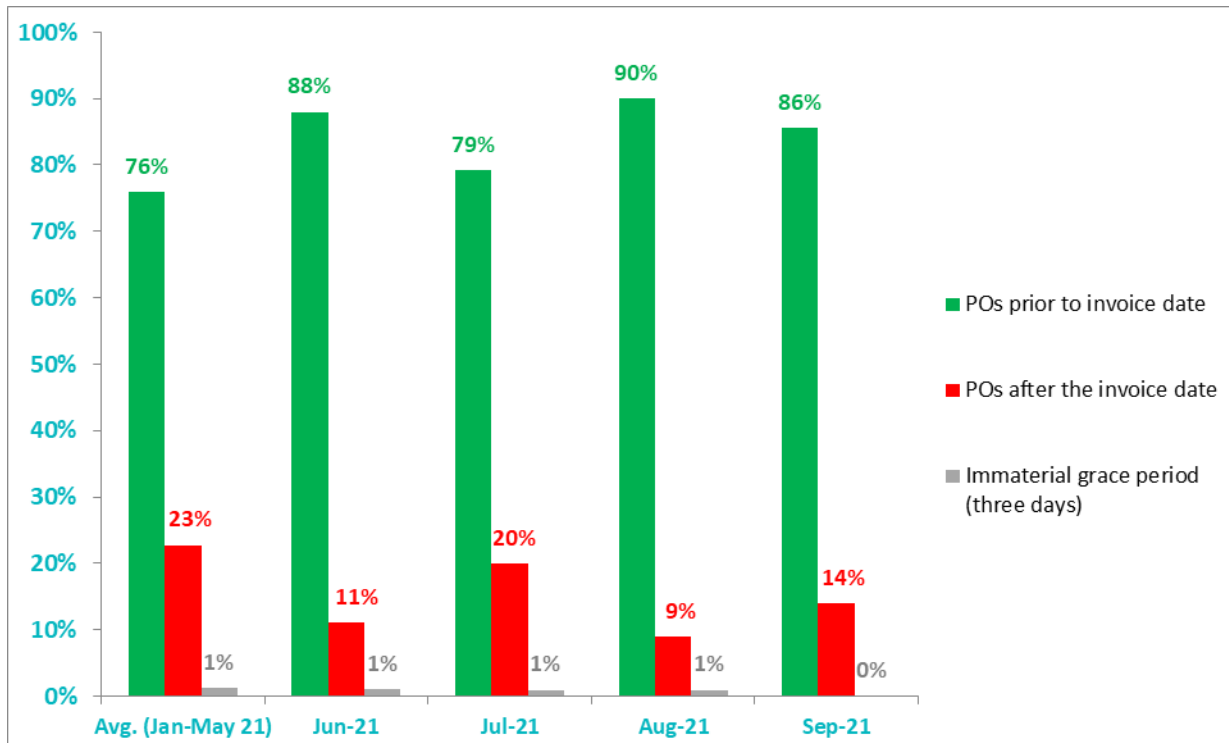
Findings (Cont'd)

2) No. of Late POs by Overall Responsible Manager – Top 10

No. of Late POs by Overall Responsible Manager - Summary (Top 10)					
	Current Period Under Review				
Overall Responsible Manager (Top 10)	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Total for period**
	6	11	10	18	45
	8	15	3	13	39
	8	4	14	9	35
	7	8	1	11	27
	4	11	3	3	21
	7	1	1	10	19
	9	1	3	5	18
	5	5	2	5	17
	5	5	1	2	13
	0	0	1	9	10
Top 10 Manager Total	**59**	**61**	**39**	**85**	244
Top 10 Manager % of Total Late POs	**51%**	**53%**	**41%**	**54%**	**51%**
Sum of POs from other managers	56	55	55	71	237
Total Late POs	**115**	**116**	**94**	**156**	**481**

Findings (Cont'd)

3) Late PO by Division Summary - % of All Late POs

Late POs by Division Summary (% All Late POs)					
	Previously Reported	**Current Period Under Review**			
Division	**Avg. (Jan - May 21)**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**
Content - RTÉ	40%	37%	38%	45%	37%
Operations - RTÉ	20%	24%	27%	29%	31%
Audience, Channel & Marketing - RTÉ	8%	4%	8%	3%	9%
News - RTE	2%	2%	3%	2%	1%
Network - RNL	5%	3%	3%	7%	0%
Central Services - RTE	5%	4%	6%	0%	2%
Technology - RTÉ	4%	7%	3%	3%	8%
Finance - RTÉ	5%	2%	3%	2%	0%
Commercial - CEL	4%	8%	1%	3%	3%
Human Resources - RTÉ	4%	7%	5%	3%	5%
Content - IPU	1%	1%	2%	2%	1%
Commercial - RTÉ	2%	1%	1%	1%	3%
Total		100%	100%	100%	100%

Audit Key

Red %   Denotes deterioration or static movement in the percentage of late POs from prior month.

Green %   Denotes improvement in the percentage of late POs from prior month.

RTÉ

Findings (Cont'd)

4) Number of Late POs by Supplier – Top 15

250 RTÉ suppliers had a total of **481** late POs in the four month period under review. This is broken down by month and further analysed in the tables below.

No. of Late POs by Supplier - Summary - Top 15					
	Current Period Under Review				
Supplier (Top 15)	**June**	**July**	**Aug**	**Sept**	**Total**
		7		10	17
	4	10	1		15
	2	1	8	2	13
	3	4	2	4	13
	1	5		4	10
	4			5	9
			4	3	7
	4			3	7
	4		2	1	7
	5		2		7
				6	6
	3			3	6
				5	5
	4		1		5
	1			4	5
Late POs - Top 15 Supplier	**35**	**27**	**20**	**50**	**132**
Top 15 Supplier % of Total Late POs	**30%**	**23%**	**21%**	**32%**	**27%**
Total Late POs per month	**115**	**116**	**94**	**156**	**481**

Total Number of Suppliers with late POs June to Sept (Cumulative)		
Number of Late POs	**# of Suppliers**	**% of total Late POs (540)**
≥ 10	5	14%
5 - 9	12	15%
2 - 4	70	37%
1	163	34%
Total	**250**	**100%**

Audit Key

Red	Greater than 6 Late POs in the month
Amber	Between 3-6 Late POs in the month
Green	Less than 3 Late POs in the month

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Conclusion

Conclusion

The results of our Purchase Order compliance review have remained relatively stable since the last review (covering January to May 2021), with a deterioration noted only in September 2021 (an increase from 18% in August to 28% in September). This is most likely due to individuals raising POs in arrears for invoices received during the summer holiday period, possibly upon return to the office.

The level of late POs still requires attention, in particular given the exclusions we have applied to our scope. An average of *23%* of the invoices received, *13% in monetary value,* are being received prior to managerial approval of the corresponding purchase order, contrary to RTÉ Purchasing Policy. The average for the previous period reviewed was also 23%.

As noted in the background section, an ongoing Finance Working Group has been working to address the late PO issue. On a monthly basis, and in conjunction with IA, reviews are completed. We are not issuing any additional audit actions at this time. The works and action of the working group will continue for the remainder of 2021.

However, it is on the basis of the above findings that we assess the overall standard of the process as "Improvement Needed".

Rating   IMPROVEMENT NEEDED

RTÉ Internal Audit

Review of Purchase Order Compliance

17 December 2020

Circulation:

█████████████████████

████████
████████████████
██████████████████████

RTÉ

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RTÉ

Background, Risk, Objective and Scope

Background

In line with the RTÉ Purchasing Policy, Purchase Orders ("POs") should be raised and approved prior to making any purchase commitment and before the invoice is received. This is a key aspect of purchasing policy.

Previous Internal Audit ("IA") reports highlighted that POs are sometimes raised after the invoice is received, which is contrary to Policy. This has an impact on the year-end accruals process for Finance teams as it increases the level of manual investigation needed and the possibility of misstatements.

There is an ongoing project/working group in place responsible for monitoring compliance levels in this area and liaising with Finance teams.

Risk

The key corporate risks addressed by the report are as follows:

- Risk #11 – Business Planning and Financial Prioritisation; and
- Risk #12 – Legal & Regulatory Changes and Compliance.

Other specific risks relevant to this report are as follows:

- Fraud.

Objective

The objective of this audit was to review the POs raised in the five month period ended 31 October 2020 to ensure compliance with the Purchasing Policy.

Scope

The scope of our review covered all POs (including Capital WIP and Commissioned Programmes) approved and processed for the five month period ended 31 October 2020, with the following considerations:

- A three days "grace" period was allowed;
- Orders to the value of <€1,000 were excluded from the results;
- All currencies were included; and
- The following categories of expenditure were omitted from the analysis:
  - X Competition Winners;
  - X Donations;
  - X Rates; and
  - X Department of Foreign Affairs (travel recharges).

Findings

1a) PO Summary – <u>NUMBER</u> of Invoices

PO Summary - Analysis of number of invoices > €1,000						
	Previously Reported	**Current Period Under Review**				
Analysis of number of invoices	**Average (Jan-May 20)**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**
POs prior to invoice date	73%	79%	76%	77%	74%	74%
POs after the invoice date	24%	17%	22%	21%	20%	22%
Immaterial grace period (three days)	4%	4%	2%	2%	6%	4%
Total	100%	100%	100%	100%	100%	100%
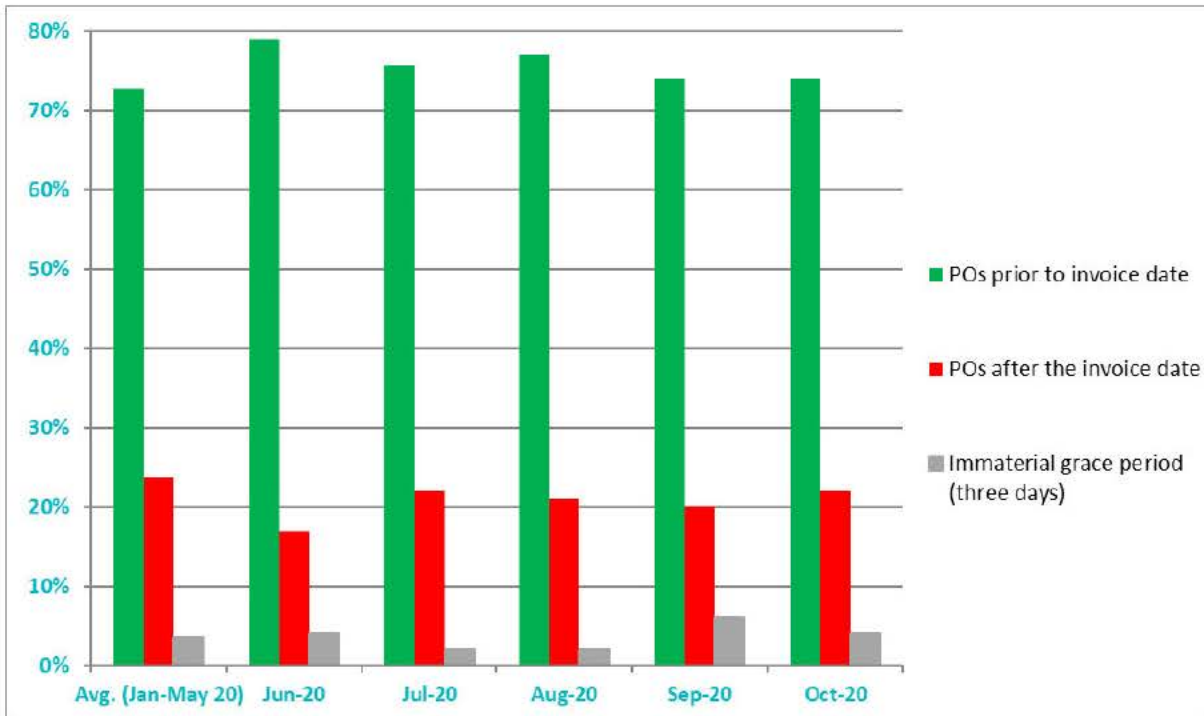
RTÉ

Findings (Cont'd)

1b) PO Summary – __VALUE__ of Invoices

PO Summary - Analysis of value of invoices > €1,000

Analysis of value of invoices	Previously Reported	Current Period Under Review				
	Aveage (Jan-May)	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
POs prior to invoice date	79%	89%	59%	67%	90%	75%
POs after the invoice date	19%	10%	41%	33%	9%	23%
Immaterial grace period (three days)	1%	1%	0%	0%	1%	2%
Total	100%	100%	100%	100%	100%	100%
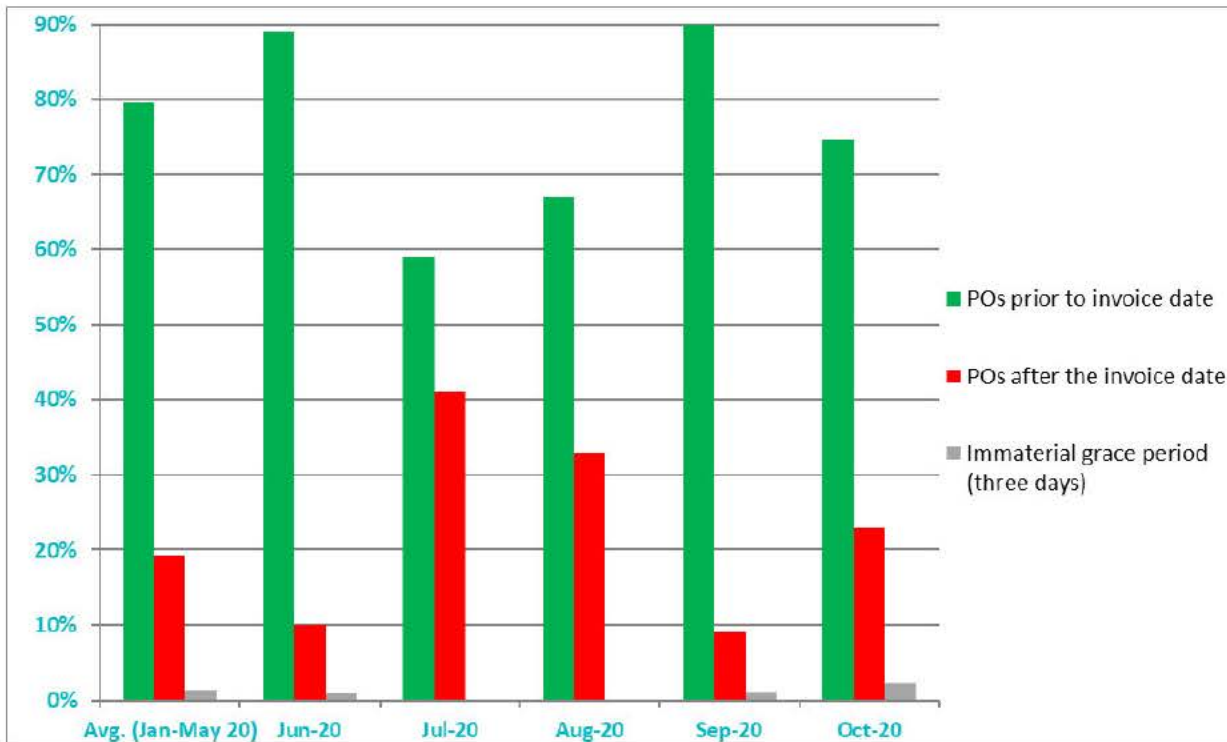
Footnote: Fluctuations

Large fluctuations between months reflect situations where individually large value POs were processed in the month (music licences, BAI levy, large acquisitions etc.). As a result, these months are out of line with the analysis by number invoices at 1a above.

RTÉ

Findings (Cont'd)

2) No. of Late POs by Responsible Manager Summary – Top 10

No. of Late POs by Responsible Manager - Summary - Top 10					
	Current Period Under Review				
Responsible Manager (Top 10)	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**
███ ███	7	23	5	5	6
███ k	9	4	3	5	4
███ , ███	1	6	4	4	9
███ , █	1	7	2	6	7
███ y, ███	0	3	8	8	2
███ , ██	4	6	4	1	4
███ , ██	3	4	5	0	4
███ , █	1	4	2	2	2
██ ██	2	1	1	2	4
███ , ██	0	3	1	2	4
Top 10 Manager Total	**28**	**61**	**35**	**35**	**46**
Top 10 Manager % of Total Late POs	**43%**	**66%**	**51%**	**38%**	**47%**
Sum of POs from other managers	**37**	**31**	**33**	**56**	**51**
Total Late POs	**65**	**92**	**68**	**91**	**97**

RTÉ

Findings (Cont'd)

3) Late PO by Division Summary - % of All Late POs

Late POs by Division Summary (% All Late POs)						
	Previously Reported	Current Period Under Review				
Division	Average (Jan-May 20)	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Content - RTÉ	39%	34%	51%	54%	43%	37%
Operations - RTÉ	22%	25%	16%	19%	29%	27%
Audience, Channel & Marketing - RTÉ	8%	11%	9%	7%	6%	6%
News - RTE	4%	0%	0%	0%	7%	6%
Network - RNL	8%	3%	9%	10%	3%	8%
Central Services - RTE	3%	6%	7%	3%	3%	4%
Technology - RTÉ	4%	9%	3%	0%	1%	3%
Finance - RTÉ	5%	3%	1%	2%	1%	3%
Commercial - CEL	3%	5%	0%	3%	3%	6%
Human Resources - RTÉ	2%	2%	2%	0%	1%	0%
Content - IPU	2%	2%	2%	0%	2%	0%
Commercial - RTÉ	1%	0%	0%	2%	1%	0%
Total		100%	100%	100%	100%	100%

Audit Key	
Red %	Denotes deterioration or static movement in the percentage of late POs from prior month.
Green %	Denotes improvement in the percentage of late POs from prior month.

RTÉ

Findings (Cont'd)

4) Number of Late POs by Supplier – Top 15

241 RTÉ suppliers had a total of **413** late POs in the five month period under review. This is broken down by month and further analysed in the tables below.

No. of Late POs by Supplier - Summary - Top 15						
	Current Period Under Review					
Supplier (Top 15)	June	July	Aug	Sept	Oct	Total
	2	3	1	3	5	14
	-	1	6	5	2	14
	1	11	-	-	-	12
	2	-	3	4	-	9
	-	-	1	1	5	7
	1	3	-	1	2	7
	-	-	2	2	2	6
	1	1	-	1	2	5
	1	1	1	1	1	5
	-	2	-	-	3	5
	-	-	-	5	-	5
	-	-	-	2	2	4
	-	3	-	-	1	4
	-	1	1	1	1	4
	-	1	1	1	1	4
Late POs - Top 15 Supplier	8	27	16	27	27	105
Top 15 Supplier % of Total Late POs	12%	29%	24%	30%	28%	25%
Total Late POs per month	65	92	68	91	97	413

Total Number of Suppliers with late POs June to October (Cumulative)		
Number of Late POs	**# of Suppliers**	**%**
≥ 10	3	1%
≥ 5	8	3%
2 - 4	70	29%
1	160	66%
Total	**241**	**100%**

Audit Key

Red — Greater than 6 Late POs in the month

Amber — Between 3-6 Late POs in the month

Green — Less than 3 Late POs in the month

Conclusion

Conclusion

There has been a slight improvement in the Purchase Order Process since the last review, as the number of late POs have decreased since then. The level of late POs still requires attention, in particular given the exclusions we have applied to our scope. Currently (October 2020 data) **22%** of the total invoices received, representing **23%** in monetary value, are being received prior to managerial approval of the order, which is contrary to RTÉ Purchasing Policy.

As noted in the background section, an ongoing Finance Working Group has been working to address the late PO issue. On a monthly basis, and in conjunction with IA, reviews are completed. We are not issuing any additional audit actions at this time. The works and action of the working group will continue into 2021.

However, it is on the basis of the above findings that we assess the overall standard of the process as "Improvement Needed".

Rating

IMPROVEMENT NEEDED

RTÉ Internal Audit

Review of Purchase Order Compliance

25 October 2019

Final

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Division Finance:

RTÉ

Background, Risk, Objective and Scope

Background

In line with the RTÉ Purchasing Policy, Purchase Orders ("POs") should be raised and approved prior to making any purchase commitment and before the invoice is received. This is a key aspect of purchasing policy.

Previous Internal Audit ("IA") reports highlighted that POs are sometimes raised after the invoice is received, which is contrary to Policy. This also has an impact on the year-end accruals process for Finance teams, and increases the level of manual investigation needed and the possibility of misstatements.

There is an ongoing project/working group in place responsible for monitoring compliance levels in this area and liaising with Finance teams.

Risk

The key corporate risks addressed by the report are as follows:

- Risk #6 – Management of Finances and Business Planning
- Risk #10 – Changes in Legislation/Regulation and Compliance

Other specific risks relevant to this report are as follows:

- Fraud

Objective

The objective of this audit was to review the POs raised in the six month period ended 30 September 2019 to ensure compliance with the Purchasing Policy.

Scope

The scope of our review covered all POs (including Capital WIP and Commissioned Programmes) approved and processed for the six month period ended 30 September 2019, with the following considerations:

- A three days "grace" period was allowed;
- Orders to the value of <€1,000 were excluded from the results;
- All currencies were included; and
- The following categories of expenditure were omitted from the analysis:
  - X Competition Winners;
  - X Donations;
  - X Rates; and
  - X Department of Foreign Affairs (travel recharges).

RTÉ

Findings

Summary Findings

On review of the POs tested during the six month period ended 30 September 2019, IA noted the following:
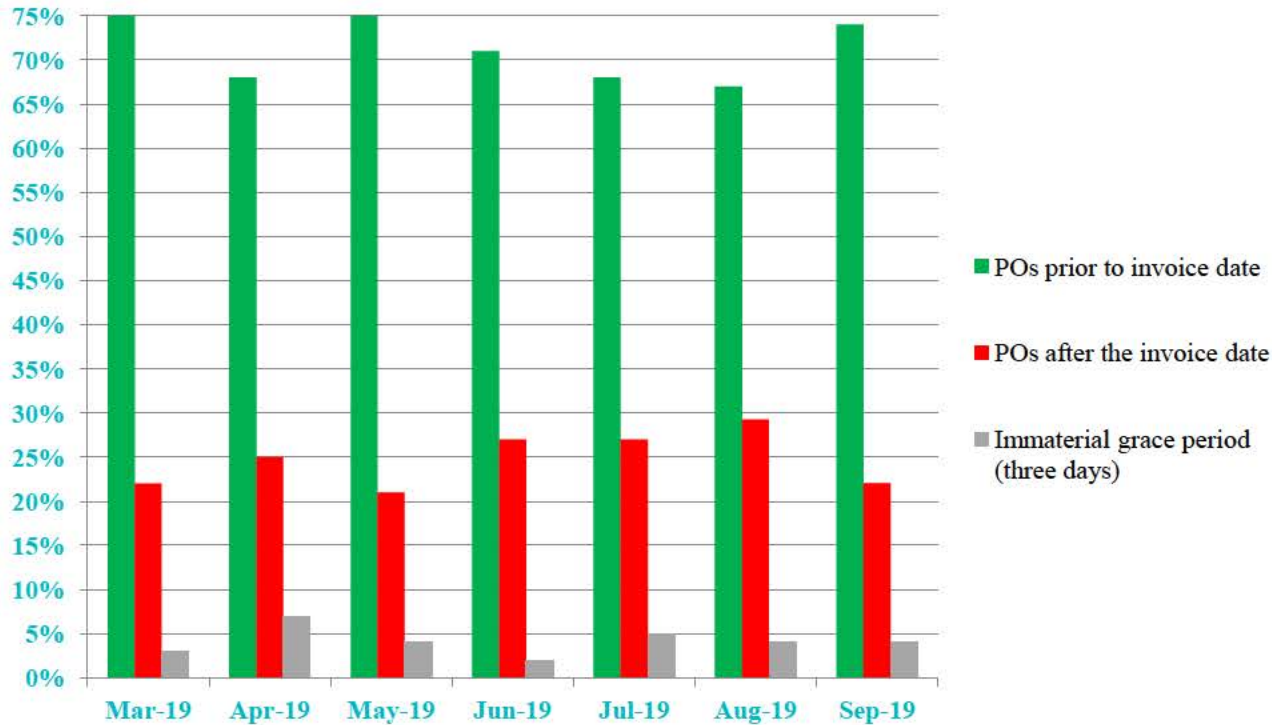
- The number of POs raised after receipt of an invoice fluctuated during the period, with a high of *29%* in *August*, however the numbers decreased in *September,* to the level reported in *March* of this year, of *22%.* Please see **"1a) PO Summary – Number of Invoices"** for further details, analysis and graphs;

- The monetary value of the POs raised after receipt of an invoice fluctuated during the period also, with a high of *30%* in *April*, however the number is down to *12%* in *September,* which is *slightly lower* than the level reported in *March* of this year of *15%.* Please see **"1b) PO Summary – Value of Invoices"** for further details, analysis and graphs;

- There is not always a direct correlation between the number of late POs raised and the value of same, which is evident during the period *May to September*. Please see **"1c) Late PO Summary – by No. of POs and Value"** for further details, analysis and graphs;

- 15 managers were attributable to ranges of *47%* to *65%* of **all** late POs during the period. Please see **"2) No. of Late POs by Responsible Manager Summary – Top 15"** for further details and analysis;

- In line with expectations from review of the managers responsible for POs, two divisions (*Content* and *Operations),* are consistently and significantly higher than all other divisions in relation to the percentage share of late POs. Please see **"3a) Late PO by Division Summary - % of All Late POs"** for further details, analysis and graphs; and

- Four divisions (*Content, Operations, ACM,* and *Central Services),* were consistently higher than the *average* of late POs across all divisions. These division's late POs as a % of their total POs range from *25% (Content – May)* to *55% (Central Services – June)*. Please see **"3b) Late PO by Division Summary - % All POs Issued in that Division"** for further details, analysis and graphs.

RTÉ

Findings

1a) PO Summary — __Number__ of Invoices

PO Summary - Analysis of __number__ of invoices > €1,000							
	Previously Reported	Current Period Under Review					
Analysis of number of invoices	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
POs prior to invoice date	75%	68%	75%	71%	68%	67%	74%
POs after the invoice date	22%	25%	21%	27%	27%	29%	22%
Immaterial grace period (three days)	3%	7%	4%	2%	5%	4%	4%
Total	100%	100%	100%	100%	100%	100%	100%

Legend:
- POs prior to invoice date (green)
- POs after the invoice date (red)
- Immaterial grace period (three days) (grey)

RTÉ

Findings

PO Summary - Analysis of value of invoices > €1,000							
	Previously Reported	Current Period Under Review					
Analysis of value of invoices	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
POs prior to invoice date	83%	66%	83%	89%	80%	87%	87%
POs after the invoice date	15%	30%	14%	11%	17%	10%	12%
Immaterial grace period (three days)	2%	4%	3%	0%	3%	3%	1%
Total	100%	100%	100%	100%	100%	100%	100%

RTÉ
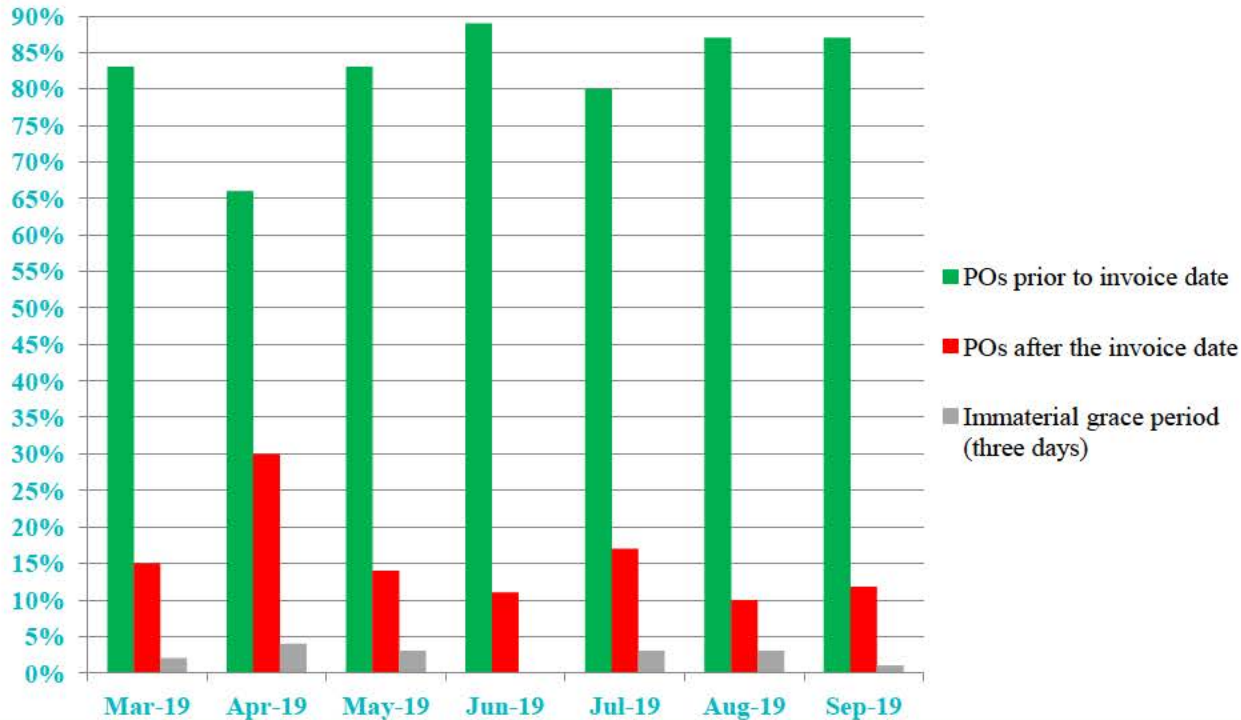
Findings

1c) Late PO Summary – by No. of POs and Value

Late PO Summary - By No. of POs and Value (as % of all POs)							
	Previously Reported	**Current Period Under Review**					
Analysis of invoices	**Mar-19**	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**
# POs after the invoice date	22%	25%	21%	27%	27%	29%	22%
€ POs after the invoice date	15%	30%	14%	11%	17%	10%	12%

RTÉ

Findings

2) No. of Late POs by Responsible Manager Summary – Top 15

No. of Late POs by Responsible Manager - Summary - Top 15							
	Previously Reported	**Current Period Under Review**					
Responsible Manager (Top 15)	**Mar-19**	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**
	18	11	6	8	29	10	13
	9	16	7	11	7	4	12
	5	1	4	8	5	15	10
	6	1	10	10	5	5	7
	5	4	2	6	5	4	6
	4	2	5	2	3	2	6
	8	1	6	7	4	5	5
	1	1	3	1	6	2	5
	1	1	0	7	2	7	4
	5	4	10	8	1	7	3
	2	2	3	1	3	5	3
	8	7	6	1	6	4	2
	5	0	4	3	5	8	2
	0	2	4	3	2	9	0
	4	0	1	1	3	7	1
Top 15 Manager Total	**81**	**53**	**71**	**77**	**86**	**94**	**79**
Top 15 Manager % of Total Late POs	**51%**	**47%**	**51%**	**48%**	**51%**	**61%**	**65%**
Other Managers > 3 late POs	**30**	**20**	**23**	**44**	**55**	**20**	**8**
Managers with < 3 late POs	49	39	46	41	27	39	35
Total Late POs	160	112	140	162	168	153	122

RTÉ

Findings

3a) Late PO by Division Summary - % of All Late POs

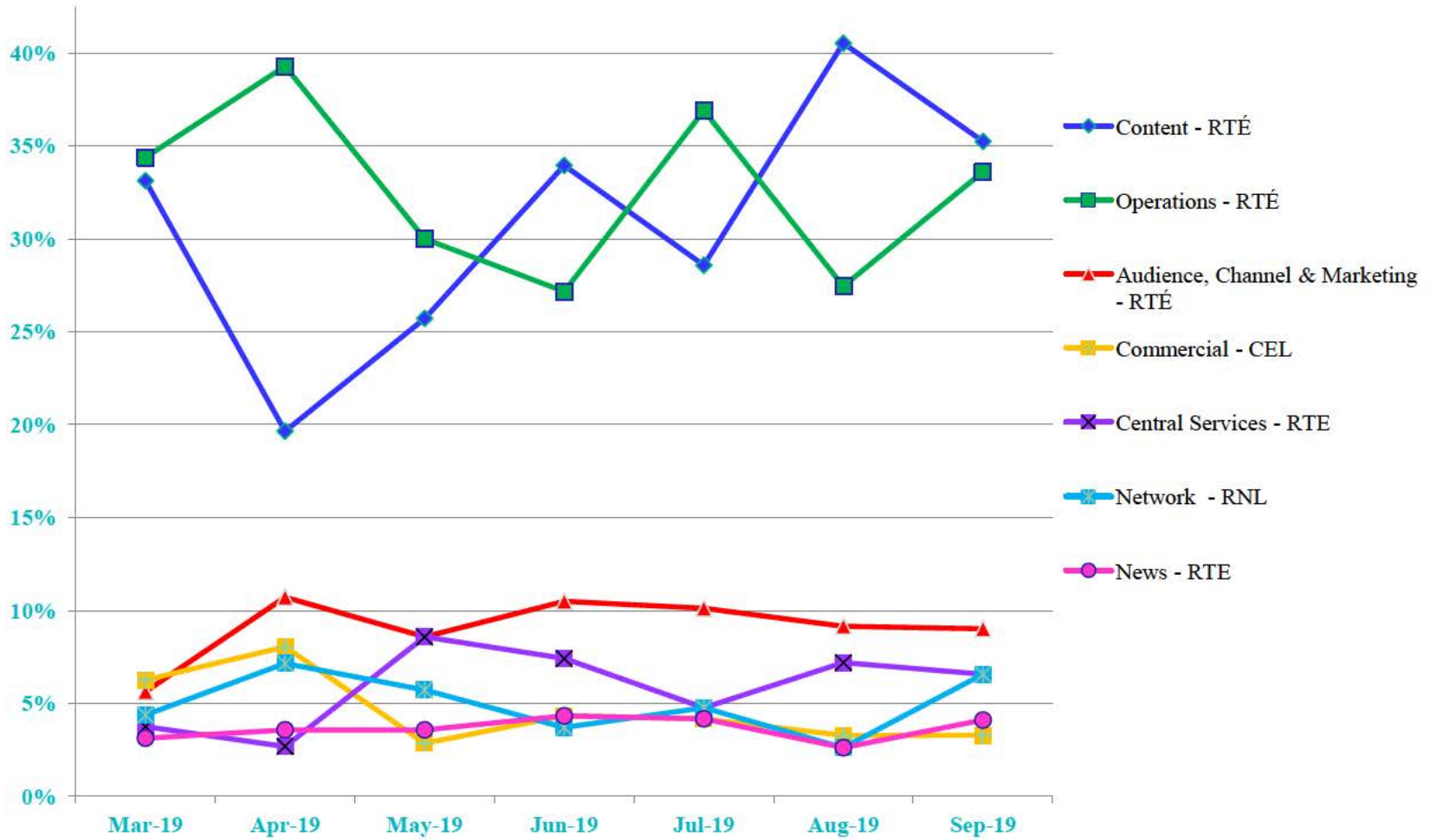| Late POs by Division Summary (% All Late POs)							
	Previously Reported	Current Period Under Review					
Division	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Content - RTÉ	33%	20%	26%	34%	29%	41%	35%
Operations - RTÉ	34%	39%	30%	27%	37%	27%	34%
Audience, Channel & Marketing - RTÉ	6%	11%	9%	10%	10%	9%	9%
Central Services - RTE	4%	3%	9%	7%	5%	7%	7%
Network - RNL	4%	7%	6%	4%	5%	3%	7%
News - RTE	3%	4%	4%	4%	4%	3%	4%
Commercial - CEL	6%	8%	3%	4%	4%	3%	3%
Technology - RTÉ	1%	3%	2%	1%	5%	1%	2%
Commercial - RTÉ	2%	2%	1%	1%	0%	1%	0%
Finance - RTÉ	3%	4%	9%	2%	1%	1%	0%
Human Resources - RTÉ	3%	1%	0%	2%	0%	5%	0%
Content - IPU	0%	0%	3%	3%	0%	0%	0%
Commercial - RTÉ Music	0%	0%	1%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%

Audit Key

Red %   Denotes deterioration or static movement in the percentage of late POs from prior month.
Orange % Denotes improvement in the percentage of late POs from prior month.
Green %   Denotes no late POs.

RTÉ

Findings

3a) Late PO by Division Summary - % of Late All POs Continued

Findings

3b) Late PO by Division Summary - % All POs Issued in that Division

Late POs by Division Summary (% All POs Issued in that Division)							
	Previously Reported	**Current Period Under Review**					
Division	**Mar-19**	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**
Central Services - RTE	33%	33%	41%	55%	35%	42%	44%
Content - RTÉ	31%	29%	21%	34%	30%	46%	36%
Operations - RTÉ	33%	43%	30%	35%	40%	37%	30%
News - RTE	9%	11%	12%	17%	16%	16%	21%
Audience, Channel & Marketing - RTÉ	20%	44%	21%	37%	30%	29%	20%
Commercial - CEL	25%	25%	13%	18%	23%	19%	16%
Network - RNL	11%	14%	14%	10%	13%	11%	11%
Technology - RTÉ	7%	16%	12%	9%	32%	9%	8%
Finance - RTÉ	22%	33%	39%	27%	18%	5%	0%
Human Resources - RTÉ	45%	11%	0%	23%	0%	54%	0%
Commercial - RTÉ	13%	25%	10%	11%	0%	13%	0%
Content - IPU	0%	0%	6%	9%	0%	0%	0%
Average Late POs across Divisions	**22%**	**25%**	**21%**	**27%**	**27%**	**29%**	**22%**

Audit Key

Red %   Denotes deterioration or static movement in the percentage of late POs from prior month.
Orange %   Denotes improvement in the percentage of late POs from prior month.
Green %   Denotes no late POs.

RTÉ

Findings

3b) Late PO by Division Summary - % All POs Issued in that Division Continued
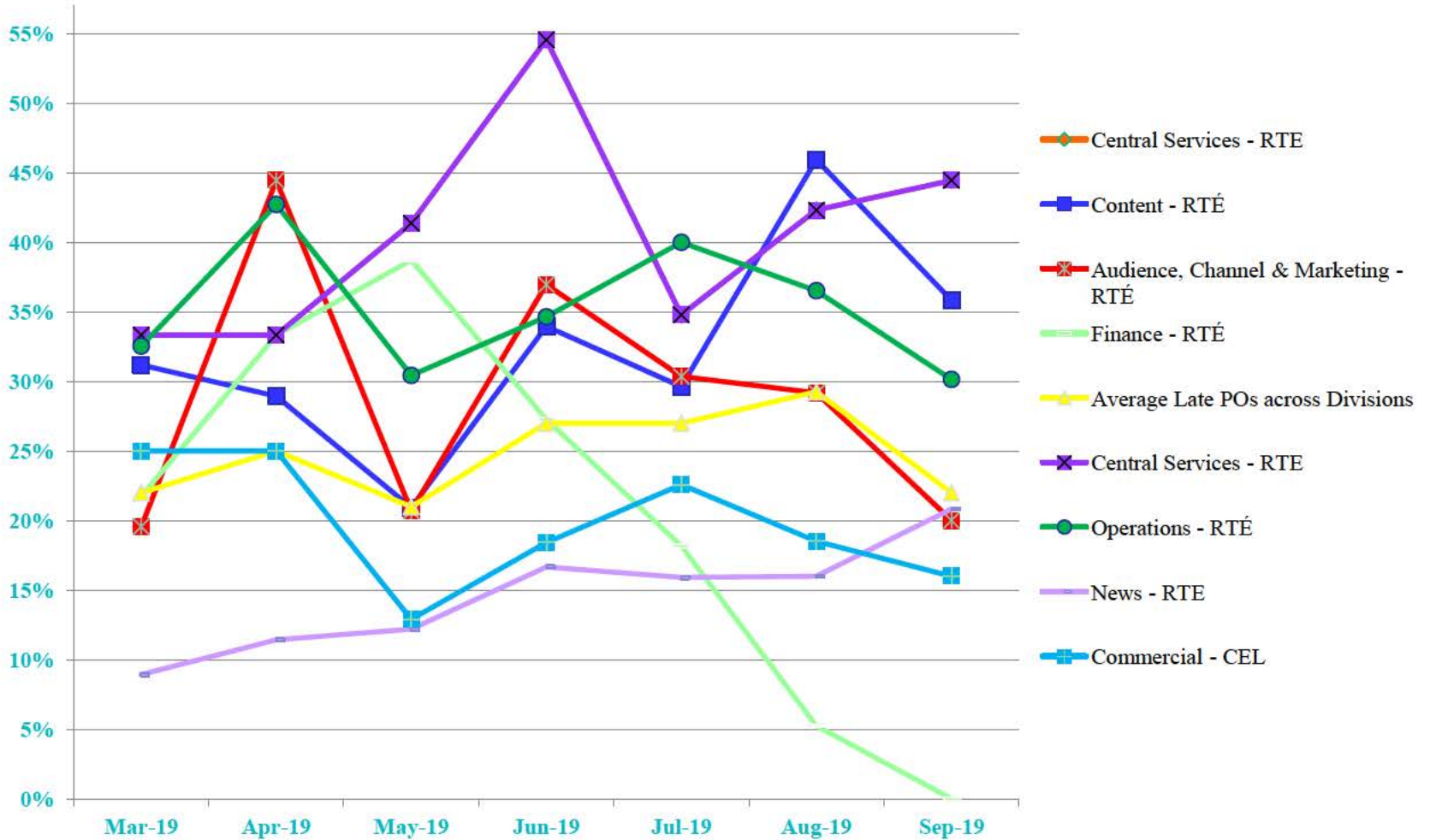
Conclusion

Conclusion

Improvements have been made to the Purchase Order Process since the last formal audit, as the late PO percentages have decreased since then (***32%: Dec 2018***). However, the level of late POs remains high, in particular given the exclusions we have applied to our scope. Currently ***over 20%*** of the total invoices received, representing ***over 10%*** in monetary value, are being received prior to managerial approval of the order, which is contrary to RTÉ Purchasing Policy.

As noted in the background section, an ongoing Finance Working Group have been working to address the late PO issue. On a monthly basis, and in conjunction with IA, reviews are completed. Due to staff shortages, this review has not been completed since May 2019. Given this fact and that the results at the end of 30 September 2019 have not deteriorated, we are not issuing any additional audit actions at this time. The works and action of the working group will continue into 2020.

However, it is on the basis of the above findings that we assess the overall standard of the process as "Improvement Needed".

Rating

IMPROVEMENT NEEDED

Auditor: ██████████ **, Internal Audit Manager**

RTÉ Internal Audit

Review of Tendering Procedures

9 September 2015

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Purchasing:

RTÉ

Objectives and Scope

Background

Introduction

It is a basic principle of good internal control and public procurement policy that competitive tendering procedures should be followed, unless there are justifiably exceptional circumstances for adopting a different approach. As a public body, RTÉ is obliged to comply with public procurement guidelines. This provides for formal tendering at national and EU level, depending on the threshold levels of spend and other circumstances of the purchase.

In addition, a competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement. Compliance with National and EU procurement guidelines also assist in ensuring that procurement activity is undertaken honestly and fairly, while upholding high standards of integrity. These guidelines also set a standard for good business practice and financial control in the procurement function.

National and EU Tendering Procedures

In late 2010 the National Public Procurement Policy Unit of the Department of Finance issued an updated version of *Public Procurement Guidelines – Competitive Process*. This document sets out steps to be followed in conducting an appropriate competitive process under EU and national rules. The EU threshold values were last revised on 1 January 2014. Further explanatory guidance is posted on the eTenders website from time to time.

Three new Directives have been issued by the European Commission in respect of Public Procurement. These Directives have not yet been transposed into National Law in Ireland. Updated legislation is awaited and must be in place by 18 April 2016.

The *Code of Practice for the Governance of State Bodies* also identifies procurement as one of a number of activities requiring special attention in promoting good corporate governance.

Objective

The objective of the audit was to establish whether a competitive tender was undertaken for a sample of suppliers to RTÉ, in circumstances as required by Public Procurement Guidelines.

Scope

The scope of our review was organisation wide, based on an analysis of spend by supplier in the calendar year 2014. This time period allowed for a sufficient period of time after the completion of the audit to check if a tender was subsequently undertaken. The audit involved:
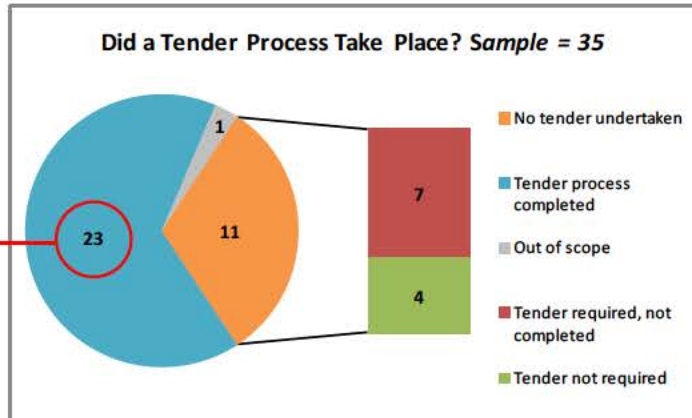
- ✓ Selecting a focused sample of 35 suppliers at different levels of spend, focusing in particular on spend just below threshold levels where different tendering procedures are applied;
- ✓ Contacting the contracting Line Manager to ascertain, for the 35 suppliers, if a tender was undertaken in circumstances where this was required;
- ✓ In instances where a tender took place, checking that the tender was carried out in an appropriate manner from the request for tender stage through to the evaluation process and, eventually, the contract award;
- ✓ Confirming the validity of not undertaking a tender, in those circumstances where a tender did not take place; and
- ✓ Reviewing the filing and documentation procedures.

The scope did <u>not</u> include:

- X IPU, sports rights, programme acquisitions and certain programme purchases covered under alternative tender arrangements. These are covered as part of separate audits.

RTÉ

Summary Findings

Did a Tender Process Take Place? Sample = 35

- No tender undertaken
- Tender process completed
- Out of scope
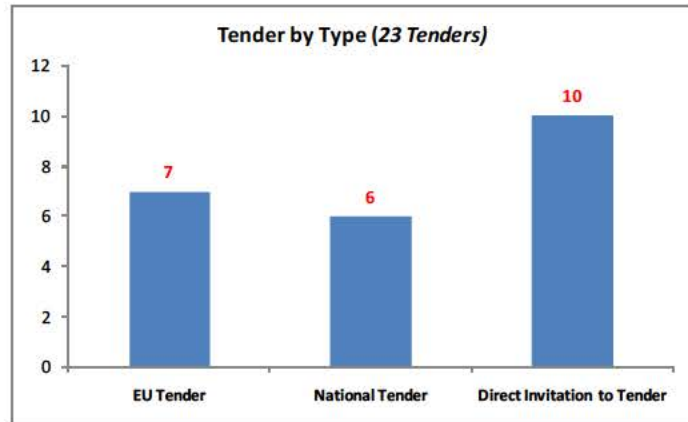- Tender required, not completed
- Tender not required

See Appendix B for the financial context to the above findings, analysed by full year spend.

To further analyse the 23 cases in which a tender process was completed, the chart below provides a summary of tenders by type:

Tender by Type (23 Tenders)

- EU Tender: 7
- National Tender: 6
- Direct Invitation to Tender: 10

Extent of Tendering undertaken:

Some form of competitive tender was carried out for 23 of the suppliers in the sample. (One of the sample, an Independent Radio Production, is out of scope and an alternative tendering approach is followed).

No tender process occurred in **11 cases** in our sample:

- A competitive tender should have taken place for **seven (64%)** of these suppliers.

- In many cases, these are legacy suppliers who continue to be used by RTÉ. As the level of spend has increased, a formal tendering process is needed. RTÉ is therefore exposed in that other suppliers could argue that they were not afforded the opportunity to tender for the work / service.

- There was a valid reason for not undertaking a competitive tender in the other **four (36%)** cases.
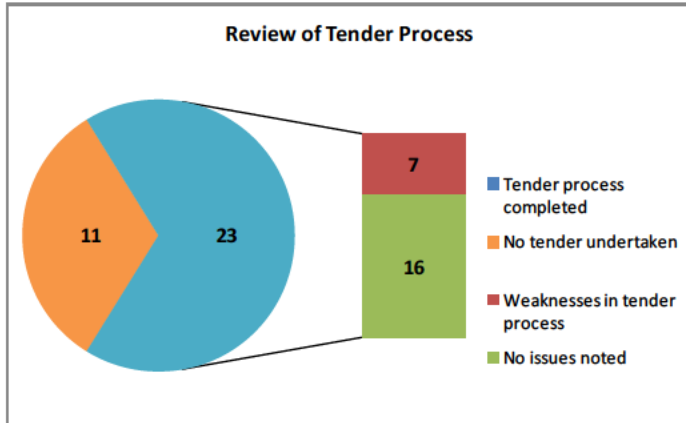
Tender by type:

In addition to a full National or EU tender, Public Procurement rules also provide that an alternative, more restricted, direct invitation to tender may be undertaken in certain circumstances.

Direct Invitation arises in circumstances such as a unique supply, preferred supplier in place, etc.

RTÉ

Summary Findings (Cont'd)

(C)

Review of Tender Process

- Tender process completed
- No tender undertaken
- Weaknesses in tender process
- No issues noted

Review of Tender process:

Where competitive tendering took place, we reviewed the tender files in order to ascertain if the tender process was carried out and documented in an appropriate manner.

- We noted weaknesses in the tender process in the case of **seven (30%)** of the tenders.

- No issues were noted for **16 (70%)** of the sample.

The weaknesses relate to matters such as documentation and filing or, in two cases, the type of tender process followed. Weaknesses are more likely to arise in the case of a direct invitation to tender process.

(D) Other matters

Reasons for Audit Exceptions:

We have attempted to identify possible reasons for the audit exceptions outlined in the charts above. In excess of a third of the reasons may be attributed to a lack of awareness and training matters. In a further 20% of cases, all documentation and filing exceptions, the issue may be directly traced to the departure/retirement of an individual, accompanied by poor handover procedures and / or filing.

In the remaining cases (43%) we can find no mitigating circumstances as to why the correct procedures were not followed. Convenience and familiarity with the existing approach may have been a factor in not initiating a new tender process, where required.

Audit Sample:

The audit sample was a focused random sample, determined after interrogation of the full population of data and focusing on specific categories of expenditure and risk areas. Caution should therefore be exercised in attempting to rigidly extrapolate these overall results to all RTÉ suppliers. However, the findings have relevance to the full population and it is prudent to conclude that the risk of similar issues occurring across the full population is high. Action is therefore necessary to address the findings.

Key Issues

Key Management Issues

Tenders not Undertaken

In seven cases, a competitive tender was not carried out in circumstances when one would be expected, given the level and the nature of the expenditure. The issue of particular concern is reputation risk: RTÉ is not in a position to demonstrate openness and transparency in the procurement process, in the event of a challenge by a third party. Actions had taken place to promote value for money in many of these cases. However, in the absence of a tender, it is difficult to verify that best value for money has been secured.
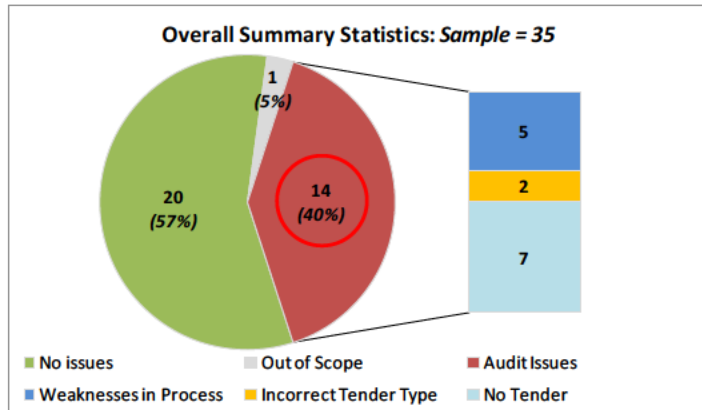
Weaknesses in Tender Process

We identified a number of cases where a direct invitation to tender process continued to be followed when a national tender was required. Some tender documentation / files (e.g. score-sheets evidencing the tender evaluation process) were not available for inspection in a number of cases.

Training and Awareness

There is also scope to carry out "refresher" training focusing on the tender procedures at National and EU level. This is relevant given the organisational changes over recent years and individuals, not formerly involved in purchasing, moving to new job roles which involve responsibility for the purchasing of goods and services.

RTÉ

Overall Conclusion

Overall Conclusion

Overall Summary Statistics: Sample = 35

- No issues — 20 (57%)
- Out of Scope — 1 (5%)
- Audit Issues — 14 (40%)
- Weaknesses in Process — 5
- Incorrect Tender Type — 2
- No Tender — 7

Summary Audit Result:

Consolidating all the weaknesses summarised in A and C earlier, we noted audit issues with **14 (40%)** of the sample of suppliers reviewed as part of this audit.

➤ 50% of these issues relate to circumstances where a tender did not take place. This represents a risk in terms of securing value for money, increases compliance risk and also creates a further risk of reputation damage.

➤ The remaining 50% of issues arose in cases where some form of tendering had occurred. This represents a compliance risk and, to a lesser extent, also increases the risk of reputation damage.

It is a basic principle of good internal control and public procurement policy that competitive tendering procedures should be followed, unless there are justifiably exceptional circumstances for adopting a different approach. Public Procurement Guidelines set-out the approach to be followed for contracts of different threshold values, with contracts for purchases in excess of €207,000 subject to EU Public Procurement Directives.

A number of issues were identified during the course of the audit including a tender not being carried out in circumstances when one would be expected. We also identified a small number of circumstances where the incorrect type of tender was undertaken and other process / documentation weaknesses. Actions have been agreed to address these matters. The audit is rated "unsatisfactory" given the high potential reputation risk involved, and taking into account the number of issues identified. The audit rating has deteriorated since the last audit report in 2012. Given the relatively small sample size, and the lowering in the thresholds from €50k to €25k for a National Tender in the period since the last audit, we are cautious to draw any significant conclusions in the differences in the audit rating from one audit to the next. The fall in the threshold is a key factor giving rise to the difference in rating.

Ongoing vigilance is needed in this area, particularly given the extensive use of restricted tendering, which itself creates a higher risk. As a result, we propose to revisit this area again in our Audit Plan for 2016.

We appreciate the assistance received from purchasing and the relevant staff in the divisions during the course of this audit.
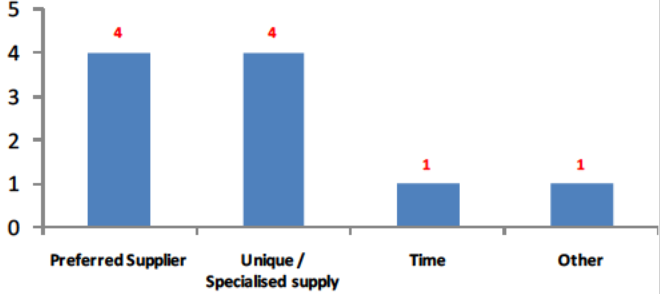
Rating

UNSATISFACTORY

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Results of Audit				

1.	**No Tender Undertaken**
	
	A sample of 35 suppliers was selected as part of the audit. Of the 35 suppliers, a competitive tender was carried out for 23. One of our sample, an Independent Radio Production, is out of scope and an alternative tendering approach is followed.
	
	No tender process occurred in the remaining 11 (32%) cases in our sample.
	
	• A tender should have taken place for **seven (64%)** of the 11 suppliers. The spend for these suppliers ranged from €22k to €830k (excluding VAT) for the year ended 31 December 2014. These suppliers can be analysed, by type of service, as follows:
	
	    Production Equipment 1
	    Hospitality 1
	    Painting & Design Services 4
	    Production Personnel <u>1</u>
	                    7
	
	• In many cases, these are legacy suppliers who continue to be used by RTÉ. As the level of spend has increased, a formal tendering process is needed. The suppliers also continue to be engaged on a recurring basis for a similar service. As a result, the total value of the contract is, or will be, above EU Threshold level in many cases.
	
	• RTÉ is therefore exposed in that other suppliers could argue that they were not afforded the opportunity to tender for
		Agreed.
		
		████████
		
		Agreed. Central Purchasing have already met with TV, News & Current Affairs and 2rn in reviewing the Top 10 suppliers. Further meetings are planned with other IBDs. A quarterly review meeting will take place between each IBD nominated individual and Purchasing once the initial set-up stages are complete.
		
		In some cases, this initiative will extend to covering the category of service (e.g. subtitling, set design) and not just the supplier in the Top 10.
		
		████████
			The relevant Purchasing Line Managers for the seven suppliers will be asked to liaise with Purchasing as regards the tendering options. The services outlined will be subject to the necessary competitive tender to ensure compliance with Public Procurement Guidelines.
			
			Purchasing is in the process of identifying the Top 10 suppliers of products / services to each IBD and to the RTÉ group. A named individual will be responsible for managing the supplier relationship and for all tendering and related matters. This initiative will help identify issues, especially with large legacy suppliers, and is expected to cover approximately 70% of spend via the procurement process. This project will be rolled out gradually and will continue into 2016.
			
			Purchasing will engage with the nominated individuals, with quarterly meetings taking place.
				H
				
				M
					████
					Line Managers
					31 October 2015
					
					████
					31 March 2016

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	the work / service. The issue is one of reputation damage and compliance with Public Procurement Guidelines. In addition, there is a risk that full value for money is not being secured. We noted examples of lower price being negotiated and cost is a key consideration among Managers. However, the process underpinning the engagement is not formal in all cases. • There was a valid reason for not undertaking a competitive tender in the other **four (36%)** cases.				
2.	**Tender Undertaken** In the 23 cases where competitive tendering took place, the tender files were reviewed in order to ascertain if the tender process was carried out and documented in an appropriate manner. We noted weaknesses in the tender process in the case of **seven (30%)** of these tenders. • Three of the weaknesses relate to insufficient <u>documentation and filing</u> in place to evidence the tender process. Some paperwork requested as part of the audit (e.g. the criteria used in the evaluation and the scoring sheets) was not available for inspection. • Two of the weaknesses relate to the incorrect <u>tender type</u> being used. ➢ In one case a direct invitation to tender was not the most appropriate process to follow under the Public Procurement Guidelines, given the value of the contract	Agreed. The three cases where documentation and filing were not available are older tenders. (▮▮▮▮▮	Where the finding relates to the scope or type of tender undertaken, the Purchasing Line Managers will be asked to liaise with Purchasing as regards the tendering options. To overcome the risk of poor filing locally, or the risk of files being mislaid following the departure of staff members, a copy of the scorecards / evaluation sheets and the names of the members of the evaluation team will be sent to Central Purchasing for filing in the central files maintained by purchasing. This will ensure that a copy is retained centrally in the event of any future inspection, in addition to the original tender files retained locally. The Procurement Manager will develop a training programme having regard for when training was last conducted in each	H	▮▮▮▮▮ Line Managers 31 October 2015 ▮▮▮▮▮ Line Managers 31 October 2015 ▮▮▮▮▮ 31 December and ongoing

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	and the nature of the service. ➢ In another case, a direct invitation was followed based on a legacy internal preferred supplier list. However, a new competitive process needs to take place, in the first instance, to establish a preferred supplier list. • An excessively <u>restricted scope</u> was followed in two further cases, in that not all potential spend was captured in the direct invitation process. For example, the maintenance aspect of a contract was not tendered even though the underlying equipment is subject to direct invitation. We estimate that the departure of staff and lack of awareness of the procurement rules account for nearly 60% of the audit issues. However, there are no mitigating circumstances for the remaining issues.		area – see finding #4. A reminder will be issued to relevant personnel of the importance of adhering to the thresholds and rules set out Public Procurement Guidelines.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
3.	**Direct Invitation to Tender and involvement of Central Purchasing** *Background* A direct invitation to tender generally arises in the case of a specialised project, or unique broadcasting services, where there are a limited number of suppliers or service providers in the market. It could also occur where there is an existing preferred supplier arrangement in place or where the supply is linked to an existing contract (e.g. maintenance of an IT system). Finally, if the value of the contract is low, written quotes to a number of suppliers will suffice. 10 of the 23 tenders tested (43%) as part of this audit were completed by direct invitation to tender process, for the following reasons: 	Agreed – by engaging in a direct invitation to tender procedure and not liaising with Central Purchasing for guidance poses a higher risk. ████████	The relevant Line Managers will be reminded of the circumstances during which a direct invitation to tender is appropriately used and of the associated risks. See action # 4. Line Manager will be asked to seek more involvement and advice from Central Purchasing before engaging with suppliers in a direct invitation to tender arrangement.	H	████████ 31 October 2015 ████████ 31 October 2015

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date

	Finding
	
	The following was noted during testing:
	
	• Use of a direct invitation to tender process is extensive across RTÉ divisions.
	
	• The decision on the appropriateness of a direct invitation to tender is often made locally by the Line Manager in question, without sufficient involvement / direction from Central Purchasing. The Central Purchasing team is reliant on the Line Managers to inform them of purchasing activity which may give rise to a tender.
	
	• Audit issues arose with **40%** of the direct invitation to tenders reviewed. In a further 20% of cases, the spend continued throughout 2015 and it will shortly be necessary to regularise the process via a more formal (National or EU) tender.
	
	• Preferred supplier lists are not being updated regularly. In addition, some of the audit exceptions arise in circumstances where "informal" preferred supplier lists have been established. The list should be established via a National Competition and re-run regularly to check on new entrants in the market.
	
	• By its nature, the direct invitation to tender process creates additional risk in terms of the following not being considered appropriately:
	   - Insurance Cover
	   - Terms and Conditions in the contract				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	- Payment terms • On occasions, the preferred supplier list operates in a manner such different types of work are allocated to the most appropriate supplier, rather than offering all work to all suppliers on the list as contracts arise. • While the tender process selected may have been compliant with purchasing regulations at that time, it may now be timely to explore alternative tendering options, given the change in regulation. It is important that ongoing vigilance is exercised to ensure that it remains appropriate to carry out a direct invitation to tender given the higher risk that buyers simply follow a direct invitation process for reasons of convenience and familiarity with the supplier. Direct invitations to tender have a higher risk profile and it is a cause of concern that such a large proportion of tendering takes place in this way.				
	Process / Other Observations				
4.	**Training and Awareness** It is important to ensure that buyers across RTÉ are aware of the circumstances when competitive tendering should take place and when Central Purchasing needs to be involved in the process. Consideration should be given to carrying out a training session for buyers to emphasise key aspects of the process such as: • tender procedures (open versus restricted) and current	Agreed. This was under consideration and planning by Central Purchasing but delayed due to resourcing issues. Training has taken place in some areas but more is required and to a wider audience. Training sessions have already been undertaken with Senior	Plans will be drawn up to carry out a number of internal briefing / training sessions for buyers to inform them of any changes to the Public Procurement Guidelines and to provide a reminder of RTÉ policy in this area. These sessions will also address the area of documentation and paperwork.	M	▉▉▉▉▉ Commence prior to 30 November 2015

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	thresholds; • appropriate use of Direct Invitation to Tender; • evaluation process; and • documentation and paperwork. It is also important to emphasise to buyers that value for money is not the sole factor to consider when purchasing. The need for compliance with the fundamental principles of EU law, namely objectivity, transparency, fairness and equality of treatment are equally as important. Future training will also be an opportunity to provide an update on the new European Directives.	Managers in Digital. Also, the Procurement Manager meets with Technology via monthly meetings to discuss Tendering procedures. The organisation of External training sessions offered by Legal firms is also in train. One such session has taken place to date. (███████			
5.	**Review of Orders > €10,000** *Background* Purchase Orders (POs) are raised and approved on ██████ using a web based tool – ██████████ Approvers are determined by the costpool and the value of the PO. Tiered approval is provided for in line with RTÉ's delegated authority limits. *Central Purchasing* All POs above €10,000 are routed to Central Purchasing in addition to approval by the Costpool Manager, Senior Manager, IBD FD and IBD MD. (Other approval steps may also apply for larger POs.) The Central Purchasing approval step is intended to act as a check to ensure tendering procedures too place.	Agreed. A review of the overall existing procurement structure will be undertaken. ████████	A review of the Procurement structure will take place to identify the scope for improvements.	M	████████ ████d 31 December 2015

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Finding 1,469 POs with a value greater than (or equal to) €10,000 were processed during 2014. In addition, the information to check if a tender has taken place is not held in a central repository. While Central Purchasing logs tenders undertaken centrally, a direct invitation to tender process is managed locally. Given the large number of POs involved, and the absence of centrally accessible records of tenders, the Central Purchasing control check of POs above €10,000 therefore has limited effectiveness, in practice, as a control check. The finance teams locally are in a good position to support Central Purchasing's oversight of compliance.				

Note: This was not delivered as a traditional internal audit report. The deliverable was the achievement of the Mark and the earlier preparation for the NSAI audit process. The two updates to the ARC are summarixed here.

2   INTERNAL AUDIT REPORTS

2.2   THE BUSINESS WORKING RESPONSIBLY MARK

R2148 PAC33
Item 21

Background
The Business Working Responsibly Mark ("the Mark") is the only independently audited standard for Corporate Social Responsibility ("CSR") and Sustainability in Ireland. The Mark is audited by the National Standards Authority of Ireland ("NSAI") and based on ISO26000 (Social Responsibility). It provides external recognition for organisations who are strong in responsible business practice.

RTÉ achieved the Mark in Spring 2017 and it is now due for renewal / recertification.

The Mark is accredited by Business in the Community Ireland ("BITC"). BITC is a leading adviser on Sustainability and CSR. Its purpose is to "inspire and enable businesses to bring about a sustainable, low carbon economy and a more inclusive society where everyone thrives". BITC provides access to best practices and supports businesses with practical management and monitoring systems.

Structure of the Mark
The Mark is a self-assessment questionnaire where the responses are independently verified by the NSAI. The questionnaire evaluates good practice of 22 Indicators across five CSR pillars covering:

- Governance;
- The Workplace;
- The Marketplace;
- The Environment; and
- The Community.

It is based on a comprehensive questionnaire which was developed with industry and stakeholder input. The structure of the questionnaire is set out overleaf. Each of the 22 indicators has approximately 12-15 questions.

Each of the 22 indicators noted above involve a detailed examination of Policy, Practice & Performance addressing the areas in the above image. For example, it is not sufficient to simply have a policy 'on the shelf'. It must be tracked with appropriate KPIs and implemented in practice. Please refer to the image below for further details on the evidence required.

Role of Internal Audit

Internal Audit has assisted management in compiling the questionnaire. The scope of the audit work involved:

✓ Reviewing and assessing all responses to the 22 indicators for completeness and accuracy and making amendments where required;
✓ Reviewing the feedback on RTÉ's 2017 submission to ensure that any areas identified as weaknesses in 2017 have been adequately covered;
✓ Checking the availability and suitability of source documents provided as evidence; and
✓ Reviewing and assessing the scoring provided to the 22 indicators for reasonableness and accuracy based on the scoring scheme used by BITC and making amendments where required.

This has also presented an opportunity for Internal Audit to evaluate controls in these areas and to identify any risk areas which need further attention.

Next Steps

RTÉ is submitting the evaluation questionnaire to BITC in the coming days. A formal audit by the NSAI will follow in due course. The Mark is awarded if organisations reach the 70% standard.

3.2   THE BUSINESS WORKING RESPONSIBLY MARK

Background

The Business Working Responsibly Mark ("the Mark") is the only independently audited standard for Corporate Social Responsibility ("CSR") and Sustainability in Ireland. The Mark is audited by the National Standards Authority of Ireland ("NSAI") and based on ISO26000 (Social Responsibility). The Mark is accredited by Business in the Community Ireland ("BITC").

It is based on a self-assessment questionnaire where the responses are independently verified by the NSAI. The questionnaire evaluates good practice in 22 processes (Indicators) across five CSR pillars covering:

Each of the 22 indicators has approximately 12-15 questions and involves a detailed examination of Policy, Practice & Performance.

RTÉ Recertification

RTÉ achieved the Mark in Spring 2017 and applied for mandatory recertification in 2020.

RTÉ was re-certified to the Business Working Responsibly Mark at a ceremony on 9 December 2020. An independent audit process took place a few months earlier.

Role of Internal Audit

As previously reported, Internal Audit assisted management in compiling the questionnaire prior to submission. This included reviewing and assessing the responses to the 22 indicators for completeness and accuracy and making amendments where required.

Subsequently, we provided further assistance to management in preparation for, and during, the NSAI external audit process. This included:

✓ Reviewing and assessing the scoring provided to the 22 indicators for reasonableness and accuracy based on the scoring scheme used by BITC.
✓ Identifying areas likely to generate queries or information requests.
✓ Attending meetings with the external auditor and dealing with queries.

3.3 ██████████████████

▮ ██

▮ ██

▮ ██
▮ ██
▮ ██

RTÉ

Corporate Compliance and Fraud Framework Review

EY
Building a better working world

Agenda

1	Introduction
2	Context: Compliance and Integrity within an organisation
3	Overall assessment: current v target maturity
4	Detailed findings and recommendations
5	Next steps
6	Appendix A – Maturity ratings

RTÉ Corporate Compliance and Fraud Framework Review

EY

1

Introduction

Introduction

At RTÉ, its reputation in the community, with the audience, with its regulators and with its employees is of paramount importance. In addition to the importance of maintaining a strong system of internal control, RTÉ also has reporting obligations under the *Code of Practice for the Governance of State Bodies*.

As part of the internal audit programme, this project has been commissioned to consider the current state of core compliance activities and opportunities for enhancement. The review has had a focus on fraud risk management.

Objectives and Scope of Review

▸ Assess the maturity of the corporate compliance framework in RTÉ by benchmarking against the EY maturity model (Appendix A)

▸ Identify a desired future state and activities to achieve this

▸ Identify actions and provide recommendations which would lead to this desired state, based on good practice in leading organisations

To undertake these objectives we:

▸ Held discussions with ███ ██████████████████████ based on their views on corporate compliance and fraud awareness in RTÉ.

▸ Reviewed relevant policies and procedures for appropriateness and suitability.

EY

Assessing compliance and integrity - how?

Compliance & Integrity

Missions and values | Strategy | Tone at the top | Culture

Effective and Aligned Compliance Activities

Board Oversight / Management Responsibility

PREVENT | **DETECT** | **RESPOND**

Compliance Risk Assessment and Monitoring

PREVENT	DETECT	RESPOND
Code of Conduct	Speaking Up and Confidential Reporting	Investigation
Policies and Procedures	Monitoring, Reviews and Auditing	Corrective Action
Education and Advice		Remediation

Integrated Compliance Management

- ▸ Each element in the framework above is measured against a maturity model; the ratings range from "Starting" to "Leading Practice"

Maturity rating	Starting (1)	Evolving (2)	Established (3)	Advanced (4)	Leading practice (5)

- ▸ "Established" maturity is the minimum baseline to be aiming for
- ▸ The desired state depends on the risk profile of the area
- ▸ Moving up the scale is a work in progress; you should constantly be aiming for progression until you reach where you want to be

EY

Summary of findings

▸ All management conversations demonstrated a high level of awareness and strong culture of integrity in RTÉ.

▸ The range and breadth of RTÉ's activities, including the broad variety of goods / services procured across the business, increases the inherent risk in this area

▸ In benchmarking RTÉ it is noted that:

  ▸ Policies and procedures are closely adhered to where the area they address is externally regulated (fair trading, programme content standards, advertising, etc.)

  ▸ Where there is no regulation, the risk of non-compliance is higher, as would be expected,

▸ Interviewees felt that "serious issues" would be raised, regardless of area of the business, however clarity over "acceptable" vs "unacceptable" could be enhanced in some areas

▸ The span of control is stretched in certain areas increasing the risk that the control does not operate effectively (e.g. monthly ████████████████ review)

▸ Managers would benefit from training in fraud risk and the purpose of controls they execute

▸ Issues identified are taken seriously and are investigated. Formalisation of the response processes would be of benefit

EY

Context: Compliance and
Integrity within an organisation

Willingness to act unethically to help a business survive in an economic downturn in Ireland

Which of the following can be justified?

EMEIA Fraud Survey 2017
Human instinct or machine logic: which do you trust most in the fight against fraud and corruption?

48%
would use client entertainment

16%/19%
would give personal gifts

0%/17%
would make cash payments

2%/6%
Misstate financial performance

RTÉ Corporate Compliance and Fraud Framework Review

EY

Actions justified to help survive/meet a target

Our 2017 survey found that a range of actions would be considered by employees

EMEIA Fraud Survey 2017
Human instinct or machine logic: which do you trust most in the fight against fraud and corruption?

More flexible product returns
43%

Changing assumptions determining valuations or reserves
14%

Extend monthly periods
20%

Book revenues earlier than they should be
16%

RTÉ Corporate Compliance and Fraud Framework Review

EY
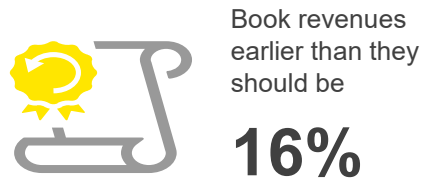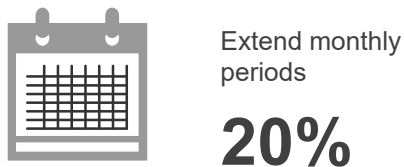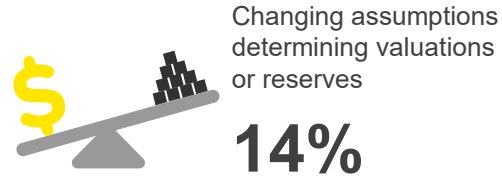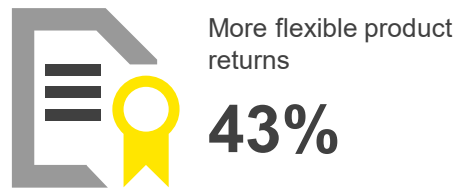
Irish trends in operating environments   Desired Environment

Whose responsibility is it for ensuring that employees behave with integrity
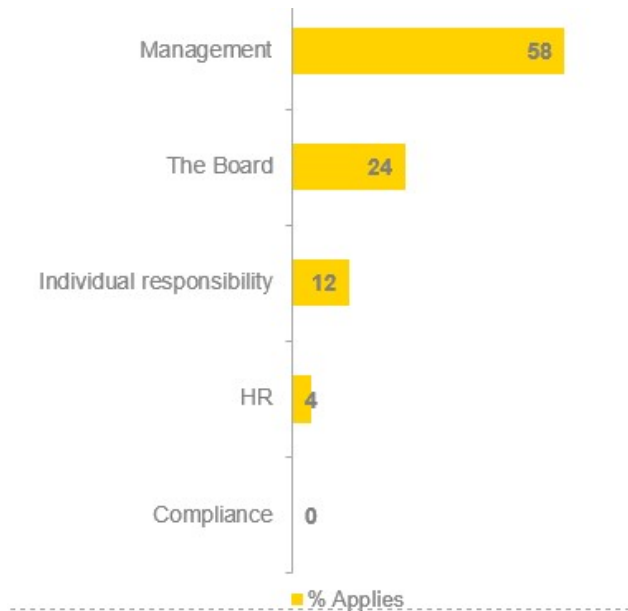
The desired environment is one that encourages employees to think through the following questions when the 'right' course of conduct may not be clear:

Management — 58
The Board — 24
Individual responsibility — 12
HR — 4
Compliance — 0

% Applies

Is the action at issue in line with corporate values?

Is the action legal?

Would I want everyone to know I took the action?

How would I feel if my action was in the public domain?

Is the action consistent with company policy?

Would I be embarrassed if my family or friends knew?

EY
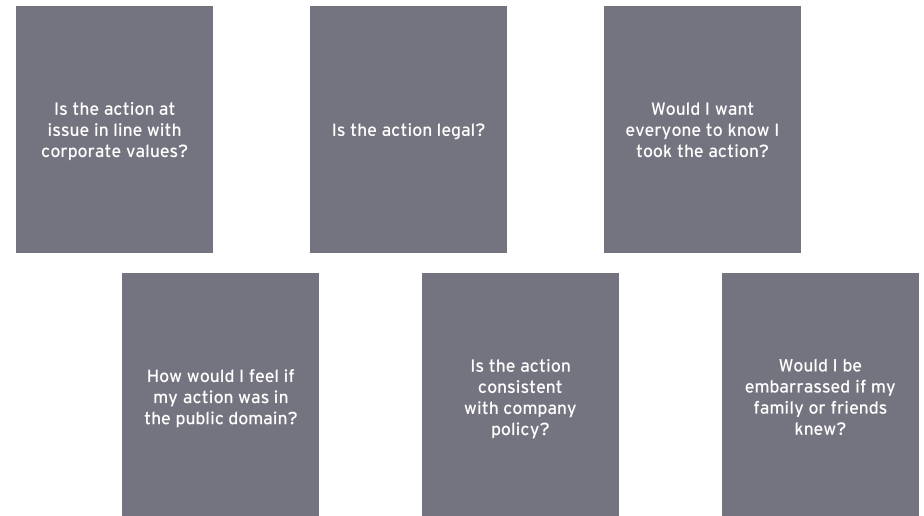
How do we create the desired environment?

It is important that the whole business is actively involved in creating this environment and embedding integrity within the organisation. The tone from the top should be set primarily by the 'three lines of defence' which are as follows:

1

Business operations management

▸ Setting correct "tone from the top" by encouraging proactive engagement with teams on the topics of fraud awareness and compliance

▸ Providing the encouragement to employees to raise and discuss matters

2

Risk and compliance

▸ Oversee and challenge risk and compliance management throughout the organisation

▸ Provide guidance and direction to the organisation

3

Internal audit

▸ Review actions being undertaken by 1st and 2nd lines

▸ Provide an independent perspective and challenge the process

▸ Offer assurance and assistance where requested

RTÉ Corporate Compliance and Fraud Framework Review

EY

Overall assessment - current v target maturity

Overall Assessment: introduction

▸ In undertaking the benchmarking exercise and assessing maturity, as presented overleaf, this report differentiates between activities which are regulated and other business activities

▸ **Regulated activities:** Fair Trading, Editorial (*Journalism Guidelines and Programme Content Standards*), Annual Performance Commitments, Advertising standards, large procurement / capital projects, etc

▸ **Other activities:** 'Day to day' compliance with areas such as expenses, taxi vouchers, staff travel, procurement cards and technology policies, etc.

RTÉ Corporate Compliance and Fraud Framework Review

EY

Overall Assessment: Current v Target maturity

Framework component	Current maturity rating	Target maturity rating	Headline actions (See Section 4 for full details)
Board oversight / management responsibility	Regulated: Established Other: Evolving	Regulated: Advanced Other: Established	• Include compliance / fraud risk discussions at team meetings to heighten awareness • Incorporate output of risk mapping into team meetings
Policies and Code of Conduct	Regulated: Advanced Other: Evolving	Regulated: Advanced Other: Established	• General tightening of policies e.g. monetary value for gifts and entertainment • Increased training; redesign the intranet ("Hub")
Education and advice	Regulated: Advanced Other: Evolving	Regulated: Advanced Other: Established	• Offer organisation wide annual workshops/training on key areas, particularly with changes in legislation • Formal induction for all new employees, including general training on policies • Revisit presentation of documentation on the Hub
Speaking up and confidential reporting	Regulated: Established Other: Evolving	Regulated: Advanced Other: Established	• Promote the role of Designated Contact Persons • Training sessions to promote the Policy
Monitoring, reviews and auditing	Regulated: Advanced Other: Evolving	Regulated: Advanced Other: Established	• Develop exception reporting for key non-compliance risks
Investigation / corrective action / remediation	Regulated: Established Other: Evolving	Regulated: Advanced Other: Established	• Consolidate investigation procedures to produce one entity-wide investigation protocol document

RTÉ Corporate Compliance and Fraud Framework Review

EY

Detailed findings and recommendations

4

EY

Board oversight / management sponsorship

Summary	
Desired state: Regulated - Advanced Other - Established	► Integrity and compliance is regularly considered in business decisions ► Leaders encourage employees to raise issues, and address them promptly ► Board's selection and evaluation of senior management includes integrity and compliance leadership ► Senior management have governance structures in place to manage and respond to compliance and integrity concerns
Strengths	► Inherent tone from the top of a zero tolerance of fraud/non-compliance ► Strong set of values selected at executive level and included in Annual Report and Employee Handbook ► Board discuss compliance issues from both a reputational/commercial perspective and also financial perspective ► Where externally regulated, compliance is actively promoted and focused on by management
Areas of opportunity	► Perceived lack of defined roles/programs to promote / encourage compliance and integrity throughout the org. ► Less of a focus on compliance where procedures are not externally regulated & where reputation risk is perceived as lower ► Potential opportunity to ensure values are embedded in all levels of organisation
Current state	► Regulated: Established ► Other: Evolving
Recommendations to achieve desired state	► Management take responsibility to include compliance and fraud risk discussions at team meetings in order to heighten awareness of fraud, embed ethical decision making and help employees feel comfortable about speaking up ► Outputs of risk mapping from board meetings incorporated into team meetings to ensure a firmwide awareness of organisational risks

RTÉ Corporate Compliance and Fraud Framework Review

EY

Policies and Code of Conduct

Summary	
Desired state: Regulated - Advanced Other - Advanced	▶ Established procedures for business unit implementation of policies and procedures and for implementation of controls adapted to local operations ▶ Compliance and integrity policy management and communication system integrated within general business policy management to facilitate translation, communication and training
Strengths	▶ A large suite of policies in place, many of which are supported by external regulation ▶ Editorial policies followed tightly as these are externally regulated. Reactive policy updates as a result of new legislation e.g. GDPR, bribery and corruption ▶ Proactive policy updates e.g. Dignity and Respect at the Workplace recently updated and training rolled out, update of grievance and disciplinary procedures ongoing, Journalism Guidelines currently undergoing update
Areas of opportunity	▶ Content of non-regulated policies could be tightened ▶ Certain interviewees felt there was a low awareness of content of some policies and where to find them ▶ Although policies are communicated well to senior management, it is unclear whether this is being passed down the line of command
Current state	▶ Regulated: Advanced ▶ Other: Evolving
Recommendations to achieve desired state	▶ Provide training on the policies available, where to find them and a high level overview of the content. Redesign the corporate intranet pages ▶ General tightening of policies, e.g. gifts and entertainment – implement a monetary value at which point approval is required ▶ Consideration be given to implementing a formal declaration process for certain individuals and key policies

RTÉ Corporate Compliance and Fraud Framework Review

EY

Education and advice

Effective and Aligned Compliance Activities

Board Oversight / Management Responsibility

PREVENT	DETECT	RESPOND

Compliance Risk Assessment and Monitoring

Code of Conduct	Speaking Up and Confidential Reporting	Investigation
Policies and Procedures	Monitoring, Reviews and Auditing	Corrective Action
Education and Advice		Remediation

Summary	
Desired state: Regulated – Advanced Other – Established	► Education provided to employees and new personnel on code of conduct, core policies and competencies. ► Key topics communicated regularly to employees and selected external stakeholders. ► Established system for reporting to the board and management teams at all organisation levels ► Catalogue of compliance requirements and process to track new and revised compliance requirements is in place for all compliance areas.
Strengths	► Training is delivered to employees on an ad hoc basis (e.g. Fair Trading Officer held workshops for **relevant employees** to promote awareness of Fair Trade policies; GDPR training delivered when legislation changed; dignity and respect training delivered after policy updated; editorial standards training; monthly procurement policy workshops)
Areas of opportunity	► Training is minimal on areas which are widely considered 'grey areas' e.g. expenses, corporate purchasing cards, taxi vouchers, with reliance on notices on the corporate intranet ► Lack of formalisation around training programs and the induction process
Current state	► Regulated: Advanced ► Other: Evolving
Recommendations to achieve desired state	► Offer organisation wide annual workshops/training on key areas, particularly when there are changes in legislation which impact business practices. Utilise electronic means to reach a wide audience ► Examine opportunities to improve presentation of and access to documentation on the corporate intranet ► Training on non regulated compliance requirements e.g. expense policy so that employees are aware of the risks, will recognise issues and reporting obligations ► Implementation of a formal induction for all new employees including general training on policies, key points of contact, expense claims, etc.

EY

Speaking up and confidential reporting

Summary	
Desired state: Regulated - Advanced Other - Established	► Open formal and informal communication about integrity and compliance issues to managers and supervisors is established part of organisational culture ► Use of confidential and anonymous reporting systems is positioned as important resource for employees and customised for national operations
Strengths	► General consensus from interviews that management/HR/IA/DG are approachable ► Good Faith Reporting Policy in place which provides guidance on how to raise concerns. Posters on site ► 'Safecall' confidential reporting line allowing employees to raise concerns anonymously ► High confidence that regulatory issues will be raised
Areas of opportunity	► Low awareness around who the DCPs are ► General impression that management would be clear on who to go to, but this is perhaps not communicated clearly to employees below management level ► Where issue is not regulated, not clearly non compliant or immaterial, there is a lower confidence that the issue will be raised
Current state	► Regulated: Established ► Other: Evolving
Recommendations to achieve desired state	► Training sessions to include mention of Good Faith Reporting Policy so employees know where to get information on speaking up ► Inclusion of a clear line of command in Good Faith Reporting Policy / a list of DCPs (currently this information is included in footnotes to text)

RTÉ Corporate Compliance and Fraud Framework Review

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Monitoring, reviews and auditing

Summary	
Desired state: Regulated - Advanced Other - Established	▶ Core work processes for highest compliance risks have been defined, core controls identified for monitoring and established protocols in place ▶ Internal audit department develops annual compliance auditing plan based on compliance organization's risk assessments regulators' audit priorities and program improvement priorities
Strengths	▶ Strong monitoring of externally regulated areas, e.g. 2/3 programmes selected each month and reviewed to check compliance with standards ▶ Implementation of new ERP system ▶ Head of Legal attends Audit and Risk Committee meetings to provide insight on relevant legislation updates

Areas of opportunity	▶ Interviewees indicated controls in may not be operating effectively outside regulated areas due to:
	
	  ○ workload and time pressure; or
	
	  ○ managers with large numbers of controls to execute (e.g. Procurement card approval, expense claim approvals, timesheets)

Current state	▶ Regulated: Advanced ▶ Other: Evolving
Recommendations to achieve desired state	▶ Inclusion of compliance and fraud risk discussions at team meetings to heighten awareness of fraud, embed ethical decision making and help employees feel comfortable about speaking up ▶ Develop exception reporting for key non-compliance risks

EY

Investigation, Corrective Action and Remediation

Summary	
Desired state: Established	► Entity-wide internal investigation process is formally chartered
	► Formally chartered corrective action procedure
	► Standards, procedures and monitoring protocols for compliance remediation is established across the organisation and applied for key compliance risks
Strengths	► If an investigation proceeds to disciplinary hearing, a separate board is set up consisting of a diverse senior panel from across the business
	► Various investigation procedural documents in place (HR, Finance, Security, Legal, Internal Audit)
	► Corrective action been carried out as a result of previous incidents e.g. approval now require for purchases using PayPal
Areas of opportunity	► Multiple investigation procedural documents may mean there are inconsistencies when conducting investigations
Current state	► Established – maturity deemed sufficient
Potential enhancement	► Consolidate various investigation procedures to produce one entity-wide investigation protocol document
	► Incorporate examples of previous frauds into fraud awareness training

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Next steps

Next steps

1

Increasing engagement on the topic

Emphasising the correct 'tone from the top'; management proactively engaging with their teams on the anti-fraud messaging and thus creating an environment within each team where individuals are comfortable raising a legitimate concern/issue

2

Policies& Procedures

Tightening up of policies in place.

Signed annual declarations as a check staff are reading the relevant policies.

3

Training

Initial training sessions could include:

1) fraud risk awareness

2) perceived 'grey areas' e.g. expenses, corporate cards, taxi vouchers.

Annual training to raise awareness of the importance of compliance and integrity and to improve knowledge on various policies in place.

4

Control review

Consideration that controls are commensurate with the specific compliance/fraud risk and are designed and operating effectively.

5

Response

Develop an more formalised response process to issues requiring review or investigation.

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Appendix A

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Maturity model ratings

Maturity rating	Starting (1)	Evolving (2)	Established (3)	Advanced (4)	Leading practice (5)
Description	Almost nothing exists for this performance factor. Documentation does not exist or the relevant activity has not been performed.	Some parts of this performance factor exist, application on different levels is inconsistent. Board or Executive management has not approved documentation. Messaging and/or activities are ad hoc. Risks are identified and controls in place but there has been no testing of these controls.	Performance factor is pragmatically defined and consistently applied. Documents, policies and procedures are approved by the board but are boiler plate. There is a clear tone from the top with management demonstrating their commitment to strategy. Training and Risk assessment in place, testing of controls occurs.	Performance factor is defined in more detail and consistently applied on most levels involved. Documentation, policies and procedures are tailored to the organisation, actively promoting honest and ethical conduct. Guidance to navigate 'grey' areas is available.	Performance factor is defined in more detail and consistently applied on all levels involved. Anti-fraud is part of 'business as usual' activities. Communication to employees is tailored to the employees for both content and method. Standards applied the third parties.

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RTÉ

Internal Memorandum

To: ▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉ .

CC: ▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉▉ .

From: ▉▉▉▉▉▉▉

Date: 4 November 2014

Re: Review of Mobile Phone Devices

The purpose of this memorandum is to set-out our findings following a review of mobile phone devices in RTÉ.

1. Background

There are approximately 800 mobile phone handsets currently issued to RTÉ staff. Staff members are assigned a phone if a valid business reason exists and upon completion of a Mobile Device Authorisation Form. The form must be approved by the local Line Manager, divisional Finance and MD. Further approval to the CFO may be necessary, in certain circumstances, depending on the specification of the phone. The process of ordering and issuing new phones is overseen by Technology, with Group Finance managing matters all relating to billing.

The use of mobile phones is governed by the RTÉ Mobile Devices Policy (2013).

▉▉▉▉▉▉▉▉▉ was selected as the preferred supplier of mobile services following a competitive tender process in 2011. Users are assigned to a package based on business requirements. The majority (circa 80%) of RTÉ users are assigned to a package which provides all national fixed calls, national mobile calls and national texts for a cost of €14.50 (ex-VAT) per month. Most of those users avail of a further data bundle package, the most common being 1GB of domestic data for €8.26 (ex-VAT) per month. A small number of other arrangements are in place in specific business functions.

Staff members are required to refund RTÉ for personal calls / data outside the fixed cost. The reimbursement takes place via an online refund form with payments deducted from salary. Group Finance carries out a monthly review of expenditure and contacts the accountholders of the largest 80-100 bills in the month to ascertain if a refund is needed.

Given the number of mobile phone users throughout the organisation and the value of the contract, Internal Audit has carried out a review of the operation of the process. Separately, after the assignment was listed in our 2014 Plan, the CFO commissioned a review of the mobile phone process in the context of various cost saving initiatives. As a result, a number of actions were already in progress prior to the commencement of the audit. We have not sought to duplicate the review carried out by Finance, or repeat recommendations and actions already being implemented.

2. Scope and methodology

This audit consists of a review of mobile phone data provided to RTÉ Internal Audit by Technology and Group Finance.

The Finance data comprised data on mobile phone billings in the period covered by the review and also included the user˙'s name, costpool, package description and other similar data. Data was also received from Technology listing all phones in use, the manufacturer and type of phone, the subscriber name among other details.

For ease of analysis we selected a six month period. The scope of the audit was therefore the mobile phone billings in the period January 2014 to June 2014 inclusive.

This review involved consideration of the following:

- ✓ The operation of the RTÉ Mobile Devices Policy
- ✓ Approval procedures for issuing new RTÉ mobile devices
- ✓ The management of physical assets following staff departure
- ✓ Reimbursement of the personal element of billings
- ✓ The management of phones generally

The review did not involve:

- ✗ Testing IT, technical and security aspects (other than confirming that controls were in place)

3. Financial analysis

This section presents background financial analysis of the existing mobile phone service and costs in order to provide a context of the scale and level of usage.

3.1 Expenditure by IBD

The expenditure on the mobile phone service was in the order of €250k in the six month period covered by this review. The expenditure varies across divisions as illustrated below.

Spend by Division: January - June 2014

A bar chart showing spend in €000's by division:
- News: 67k
- Radio: 41k
- Television: 40k
- Corporate: 28k
- 2rn: 23k
- Digital: 17k
- Orchestras: 4k
- Data Cards: 18k
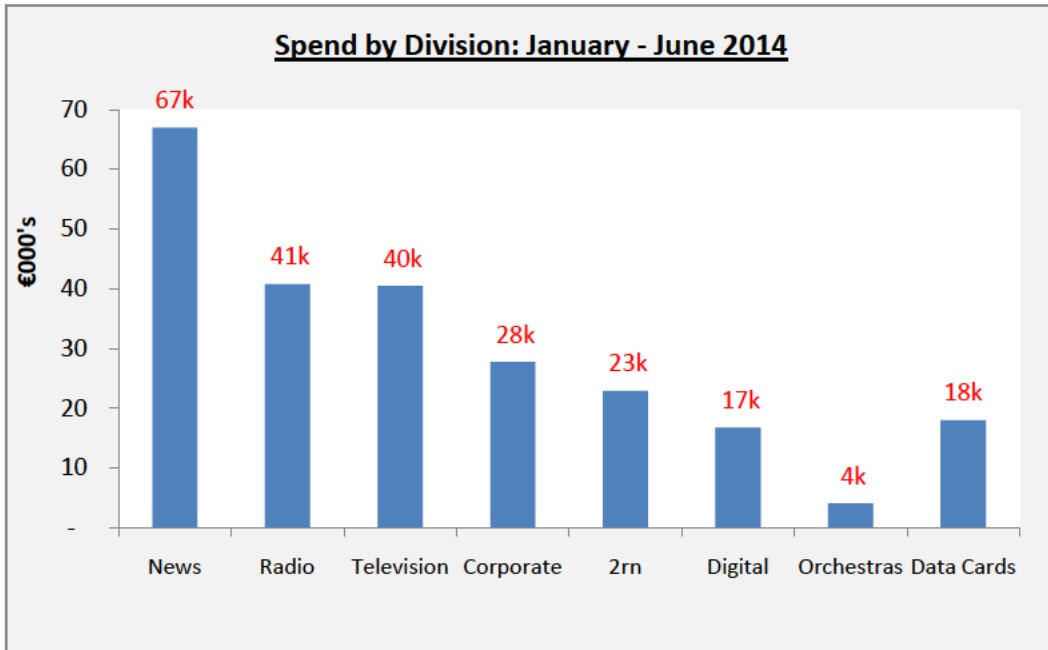
Based on the pattern of spend in the first six months of the year, we envisage a forecast expenditure of approximately ▮▮▮▮ on mobile phone costs in 2014 (▮▮▮▮ if the impact on non recoverable VAT is taken into account).

A further €19k of mobile phone costs were reclaimed through ▮▮▮▮▮ in the first six months of the year (excluding any costs which may have been coded to the sundries account). The remainder of the analysis in this section does not include mobile costs reclaimed via ▮▮▮▮.

Approximately 45% of the monthly spend is considered variable in nature, representing calls or data outside the fixed rental cost and monthly bundle allocation. The components of variable costs are analysed in further detail in Section 3.2 below.

Analysis of Fixed and Variable Costs

A pie chart showing:
- Fixed: 54.9% €134k
- Variable: 45.1% €110k
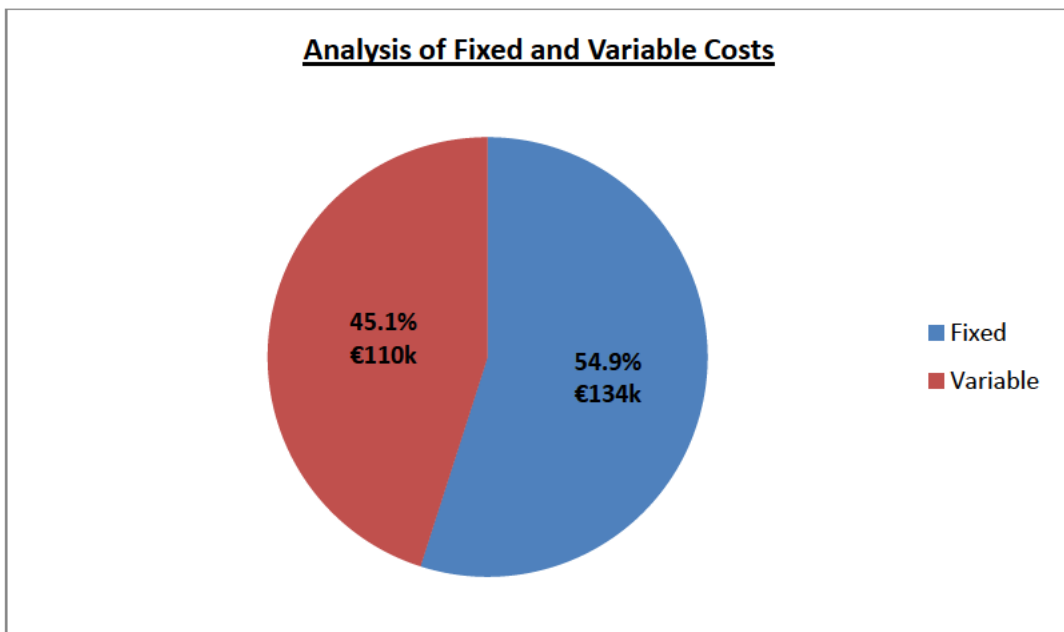
[For the avoidance of doubt, as new users are added the monthly "fixed" cost element increases. However, the cost of new rentals and data bundles is determined based on the fixed ▮▮▮▮▮ tender price.]

3.2 Sub-analysis of variable expenditure

As outlined above, 45% of the cost is deemed to be variable. The variable cost may be analysed into a number of key components, by type of expenditure, as presented below:

Sub-Analysis of Variable Cost: By Type (1/2)

Pie chart showing: Equipment Charges 43%, Data Charges 21%, SMS-MMS 11%, Voice Charges 26%
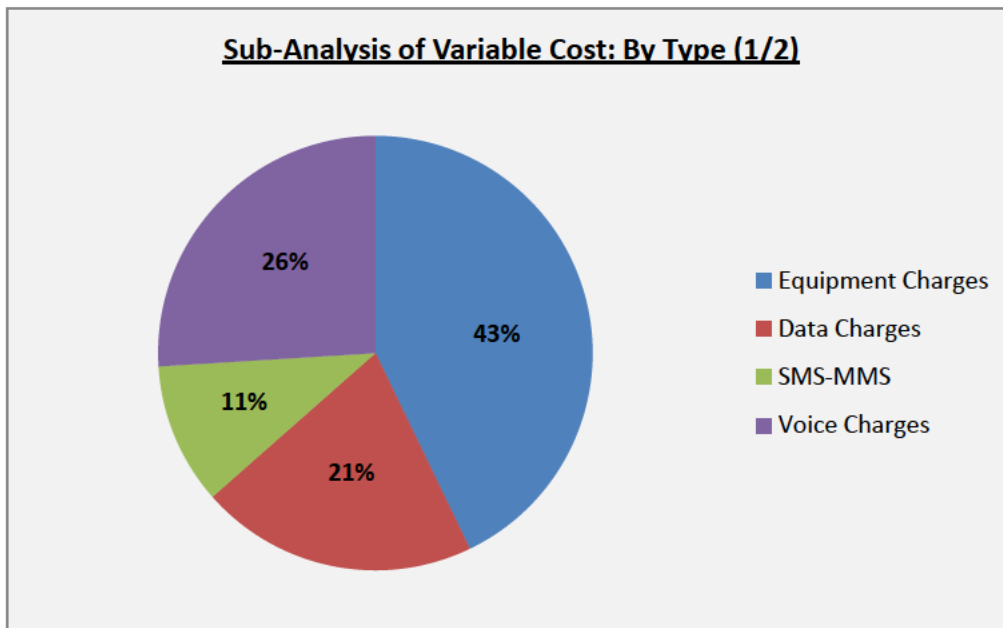
"Equipment" relates to the purchase and repair of new handsets / devices. This may be necessary due to the loss or damage of an existing device, the requirement for an upgrade to carry out additional functionality, or the replace of an existing legacy device.

The category "SMS-MMS" refers to the cost of transmitting messages which include multimedia content such as a photo and also includes the cost of roaming text messages.

The variable cost may also be analysed as set-out below to differentiate between costs incurred in Ireland and roaming charges.

Sub-Analysis of Variable Cost: By Type (2/2)
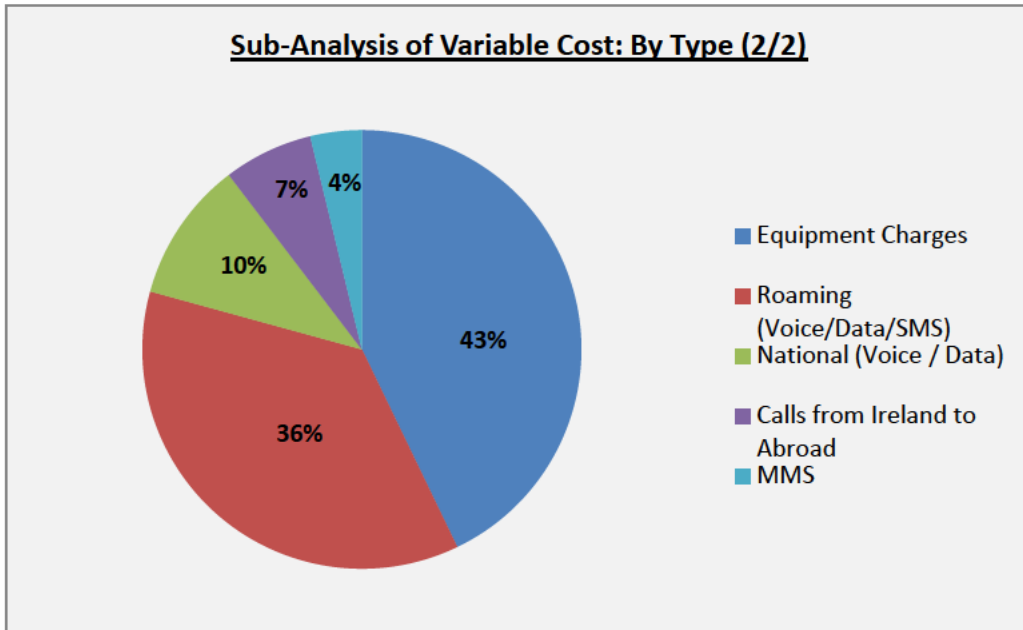
Equipment charges represent the largest component of variable cost and is analysed by division below. The chart presents the equipment cost, by IBD, in the six month period covered by the review.

Equipment cost by IBD
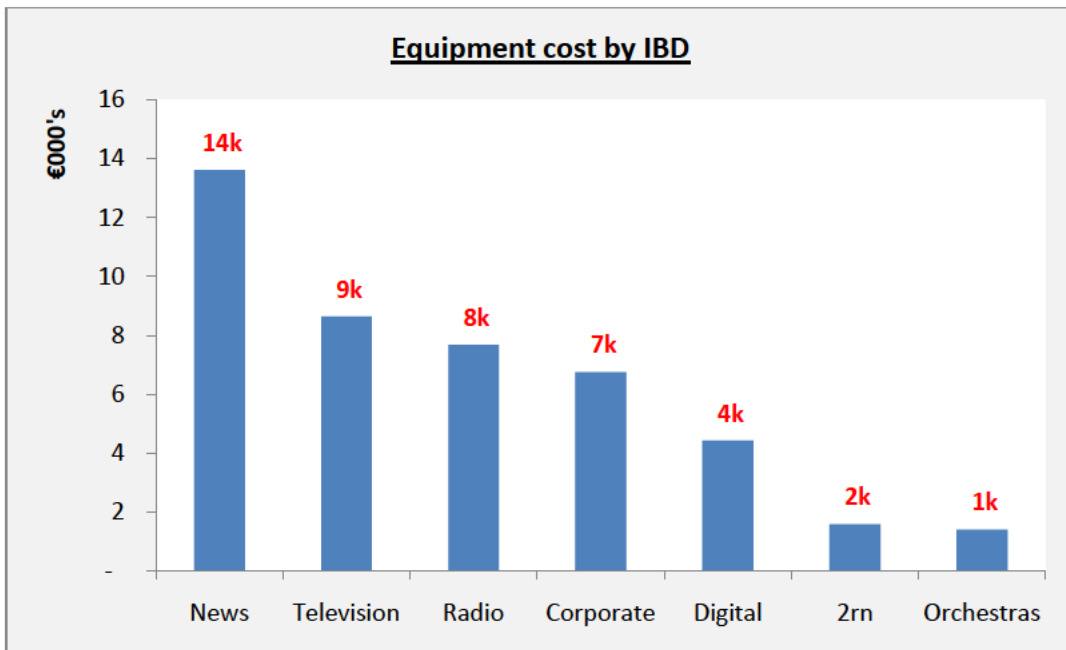
3.3 Individuals exceeding fixed monthly package

We examined the billings in one month to identify the number of individuals exceeding their standard monthly package cost. The cost incurred by the 58% of users exceeded their fixed charge in June 2014, as set-out below:

Analysis of individuals exceeding package cost

- Within package charge
- Exceeding package charge
- Exceed by < €10
- Exceed by €10 - €20
- Exceed by > €20
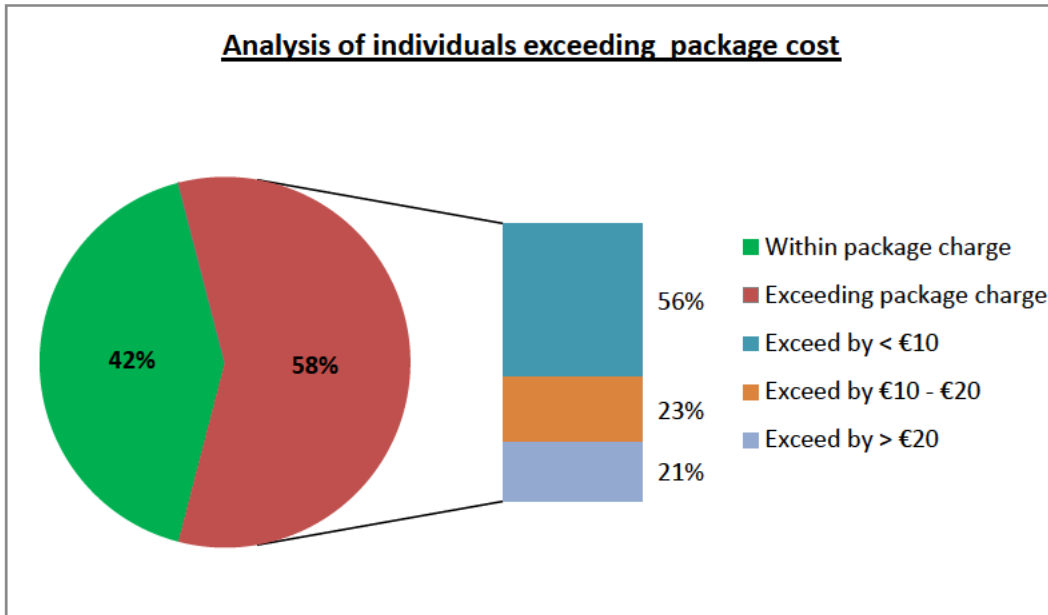
Of the individuals who exceeded their standard package / bundle, 21% exceeded their fixed billing for the month by an amount greater than €20. As illustrated below, roaming charges is the main factor driving the increase.

Breakdown of charges exceeding package cost

- Roaming (Data/Voice/SMS)
- National (Data & Voice)
- International (Voice)
- MMS
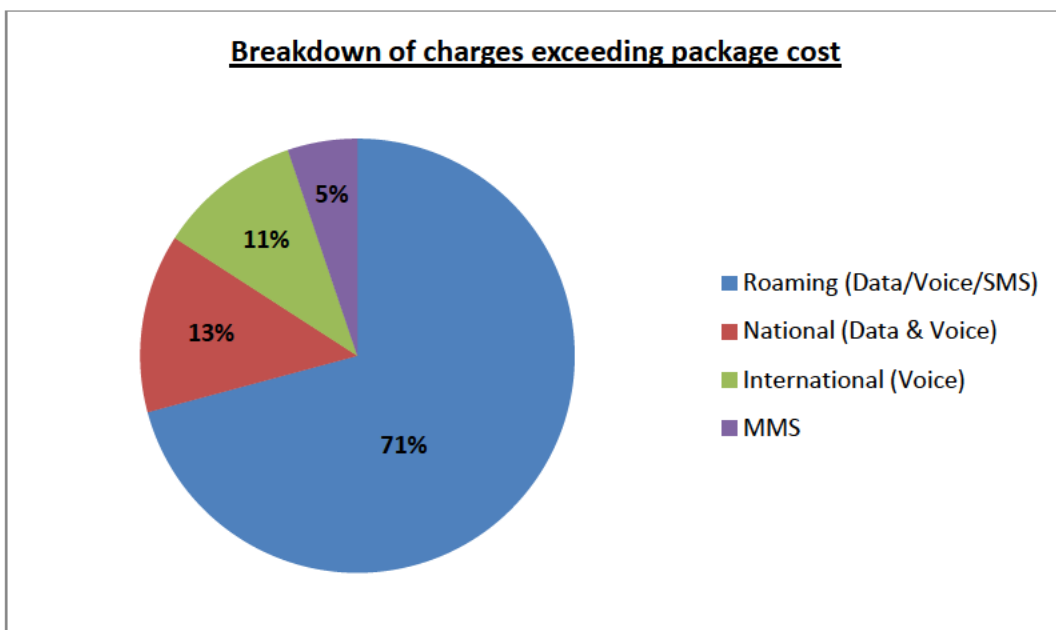
3.4 Refunds

Staff refunds of €6.8k were processed via payroll in the first half of the year.

3.5 Analysis of devices / handsets in use

The type of mobile handsets used by the approximately 800 staff accounts may be analysed by manufacturer as follows:

Handset in issue by Manufacturer

3% 2%

3%

13%

19%

59%
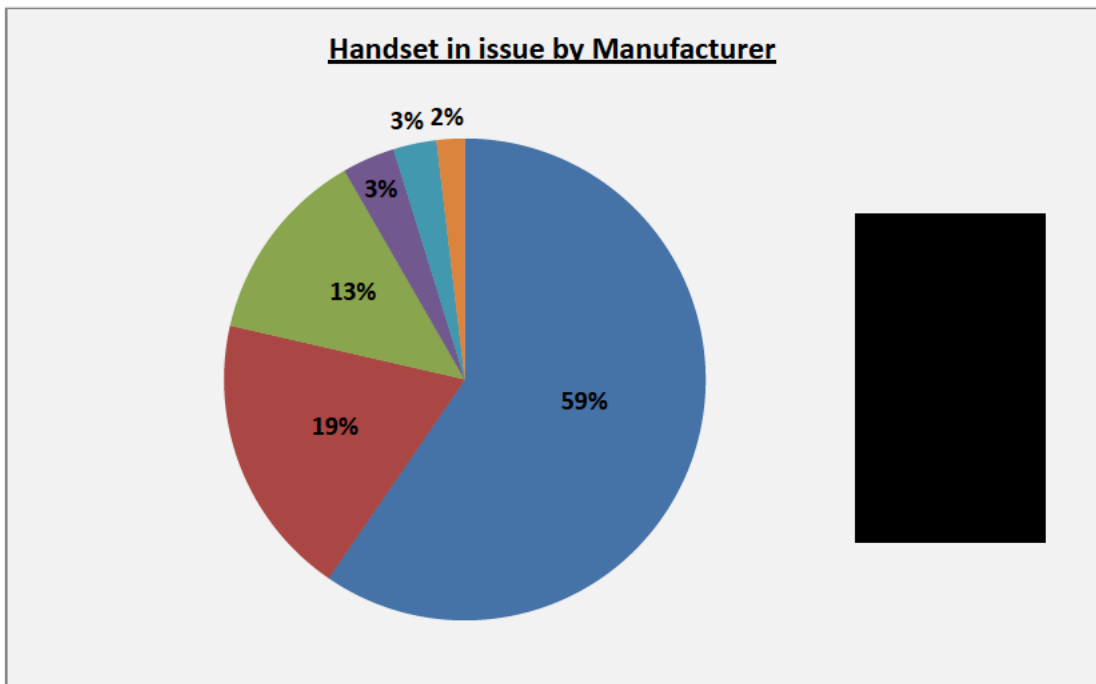
As shown in the charts above, Apple devices account for nearly 60% of mobile phones devices in issue in RTÉ. 46% of these are the latest version (at the time of writing, the iPhone 5).

The chart below analyses the data by type of phone and illustrates that approximately 19% of handsets are, in our view, "basic handsets" which do not incur any significant data charges. In many cases these are pooled phones assigned to cleaning personnel, on-call personnel, engineers etc. The remaining 81% are smartphones which need particular attention and oversight from a cost perspective given the potential for additional data charges.

Handsets in issue by Product Type

5%

17%

19%

59%

- iPhone
- Basic Handset
- Standard Smartphone
- Other Smartphone
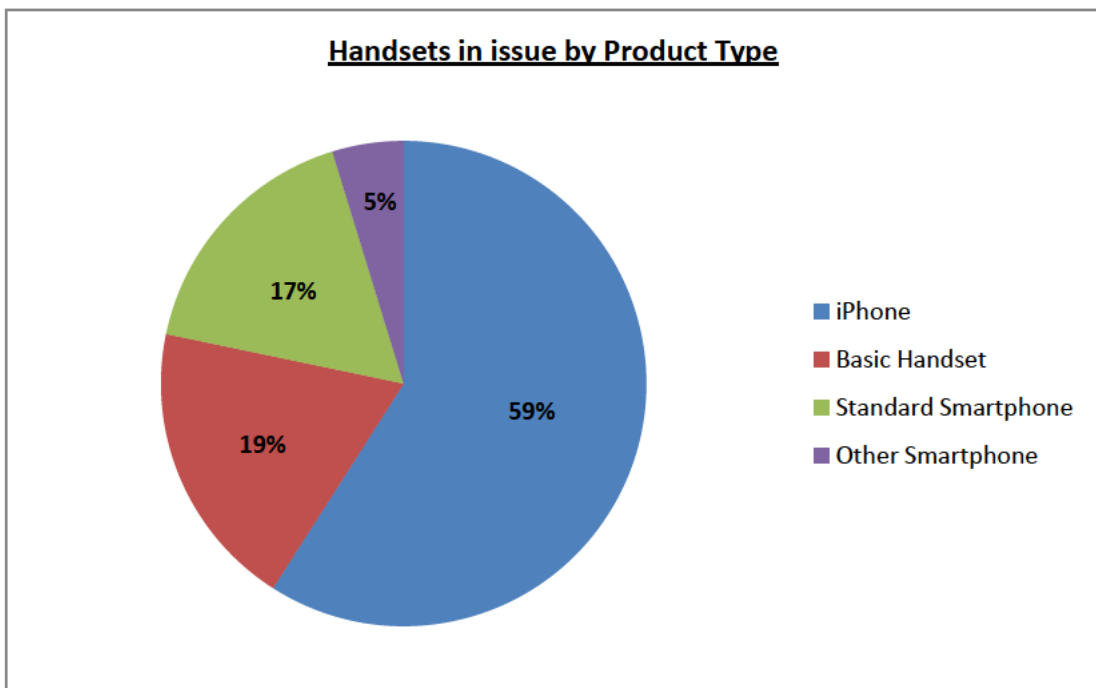
3.6 Packages

The majority (80%) of accounts avail of a package which provides all national fixed calls, national mobile calls and all national texts, in most cased accompanies by a data bundle. 15% of the accounts involve a standard €2 line rental and may be accompanied by a data package, depending on the work area. A small number of specialist packages are in operation in areas such as Technology and Digital (4G, test accounts with large data allowances, etc).

4. Findings

4.1 Criteria for determining the allocation of a mobile phone

Neither the RTÉ Mobile Device Policy nor the Mobile Device Authorisation Form currently lists the criteria for determining the allocation of a mobile phone device to a staff member.

Possible examples of criteria for determining the allocation of a mobile phone include:

No.	Criterion
1	Requirement to spend time working out of the office, or normal place of work
2	Staff member is on an official on-call rota
3	The individual is not office based and works on the production floor / studios / etc.
4	Customer facing – the individual has regular communications with customers / agencies or other third parties which requires a mobile phone
5	A key member of staff that needs to be contactable at any time

Consideration should also be given to listing these criteria on the Mobile Device Authorisation Form, with a request for the authorising Line Manager to indicate (tick a box) on the form the reason(s) for granting a mobile phone to the user.

As nearly half of the workforce has an RTÉ issued mobile phone there is a risk that a mobile phone could be viewed as a „standard issue" in some areas. On a case by case basis, the business reason for issuing a mobile phone should be assessed against standard criteria for allocating an RTÉ mobile to a staff member. The criteria should be met prior to issuing a phone. This could be easily tracked via the Mobile Device Authorisation Form and would afford the opportunity to gather statistics on the factors driving new accounts.

4.2 RTÉ Mobile Device Policy

The RTÉ Mobile Device Policy ("the Policy") was published in mid-2013. Technology had commenced a scheduled review of the RTÉ Mobile Device Policy prior to the start of this audit.

The following matters merit review as part of the next revision of the document:

High Priority

a) Outline the criteria determining the allocation of a mobile phone, as set-out in 4.1 above

b) Outline the criteria determining the requirement for a staff member to make a refund in respect of repairs / issue of new devices. The Mobile Device Authorisation Form outlines that:

> *"The user may be liable for costs incurred for repairs up to a maximum 50% depending on the circumstances"*

The circumstances under which a refund is applicable should be set-out in the Policy to ensure clarity in this regard and consistency in the approach to dealing with different cases.

c) It is timely to revisit the operation of Section 4.11 of the Policy in relation to the return of devices during periods of leave of absence. When the Policy was originally written shorter periods of leave of absence – as occurred under the most recent incentivised schemes – may not have been considered and this may explain the requirement (4.11) that:

> *"Should an individual avail of a leave of absence from the organisation the individual is required to return their mobile device(s) to Technology Operations"*

Furthermore, the Mobile Device Authorisation Form outlines that:

> *"Staff on personal/short term leave must contact RTÉ Finance, to arrange payment of their monthly ▮▮▮▮▮ bills"* and

> *"If on extended unpaid leave, staff must contact: mobiledevices@rte.ie, RTÉ Technology to arrange alternative payment methods and/or return of devices and transfer of ownership"*

The operation of these clauses merit review as these clauses are not adhered to in practice in all cases, as evidenced from the findings in Section 4.3 below.

Secondly, the Policy needs to outline the costs which must be refundable in the event of a leave of absence / maternity leave – clearly outline in the Policy whether the cost to be refunded is the excess above the standard package cost, or the full cost of the bill (including rental).

Medium Priority

d) The Policy does not refer to authorisation / approval procedures and does not refer to the Mobile Device Authorisation Form and approval of same. Section 3 of the Policy is excessively focused on the IT steps to log a service call without firstly setting out the initial authorisation procedures

e) The Policy would be strengthened by including a section on standards of acceptable use of mobile devices, with emphasis on highlighting the importance of using phones in a lawful and ethical manner

f) The document does not refer to the Policy on the procurement of associated equipment (chargers, replacement batteries, etc.) and matters relating to repairs

Low Priority

g) The section on refunding RTÉ in respect of personal calls (Section 6) is now out of date. A new online system operates via a process facilitated via Google forms

h) The standard package referred to in the "Useful Tips and Guides" Section of the Policy is out of date and needs updating. National texts are free in the most commonly applied tariff package in RTÉ and does not involve a charge, as currently set-out in the Policy

i) Finally, the document would be improved by including a section setting out the roles and responsibilities of various parties – Line Manager, Finance, user, etc.

4.3 Managing staff departures

We assessed the risk of a mobile phone account of a departed member of staff continuing to be paid after his / her departure. We also assessed the risk of out of bundle call / data costs of a staff member on maternity leave or leave of absence not being recouped by RTÉ.

In the event of a staff resignation, the member of staff and his / her manager are reminded, in a letter from HR, of the Policy on returning devices. Similarly, individuals on maternity leave / leave of absence are reminded in their departure letter of their obligations regarding mobile devices.

On a monthly basis, Technology compares active RTÉ mobile phone user records to IT records of RTÉ e-mail accounts inactive for a period of greater than three months. Inactive e-mail accounts with a corresponding active mobile phone records are highlighted and investigated. This check is carried out to identify any staff departures / long term leave of absence etc. not communicated to Technology. While this partly mitigates the risks, we would expect stronger detective controls to be in place for the process.

Weaknesses in the preventative and detective controls may be the root cause of the following findings:

4.3.1 Retired staff members

The current list of individuals assigned an RTÉ mobile phone includes two staff members who, according to our records, retired in December 2012 and December 2013, respectively.

- We were informed that a local arrangement existed with the December 2012 retiree to retain his RTÉ phone and e-mail account for a short period after his departure in lieu of being available for consultancy after his departure. This arrangement now merits review.

- Following this audit, the latter account will now be closed.

4.3.2 Leave of absence

We noted that 22 members of staff on leave of absence at the time of our review were assigned an RTÉ mobile phone. Of those, 16 had exceeded the fixed cost of their bundle (based on their expenditure in the final month of our review).

We note that Group Finance does not have access to data on members of staff on Leave of Absence. As a result, Finance is not in a position to carry out a more specific focused review on the level of expenditure incurred by these individuals in order to ensure costs are being recouped.

Monitoring controls would be strengthened if Finance accessed data to carry out specific monitoring checks on these accounts.

4.3.3 Maternity leave

We noted that nine members of staff on maternity leave at the time of our review were assigned an RTÉ mobile phone. Of these, three had exceeded their fixed bundle charge in the final month of our review.

Similar to 4.3.2, the monthly phone expenditure of individuals on maternity leave is also not subject to specific review as Finance does not access data of staff on maternity leave.

(With reference to points 4.3.2 and 4.3.3 it is worth noting that some of these staff members may be making a refund when prompted as part of the monthly finance procedures).

4.4 Mobile phone costs claimed via ▮▮▮▮▮

In the period covered by this review, 26 holders of RTÉ mobile phones also used the T▮▮▮▮ system to make a reclaim of costs to the mobile phones account code. While the amounts involved are not material, a twice-yearly review of mobile phone costs reclaimed through ▮▮▮▮▮ is merited to:

- Ascertain the type of costs being reclaimed locally; and
- Ensure that the purchase of hardware or repair services is not arranged locally and reclaimed through ▮▮▮▮▮. (Procedures are now in place centrally via Technology in this regard.)

4.5 Line Manager's oversight

Mobile phone account-holders receive an electronic copy of their monthly phone bill from RTÉ's mobile service provider. Monitoring control would be strengthened if the individual's Line Manager had oversight of the level of mobile phone expenditure, either via being copied on the e-bill sent by e-mail to the account holder, or by receiving a consolidated summary of all applicable bills. The latter may be more appropriate given that some Line Managers have multiple bill holders in their costpool.

Prior to the implementation of the e-bill solution, the practice has been to circulate physical mobile phone bills to Line Managers for distributing to staff. Under the new electronic billing process, Line Managers do not have visibility of bills.

4.6 Sharing of information

Staff members submit (signed) Mobile Authorisation Forms to Technology in respect of new connections, or if a new handset is required due to damage etc.

It would improve oversight if Technology copied new Mobile Authorisation Forms to Finance in order to better track accounts, especially the issue of new phones issued following damage. On occasions, depending on the circumstances, a staff member may be required to reimburse part of the cost of the handset to RTÉ. By receiving the relevant Mobile Authorisation Forms, Finance will be in a position to track the receipt of this refund through payroll.

4.7 Managing variable cost

As illustrated in Section 3 above, 45% of the expenditure on mobile phones is variable in nature. Two categories of expenditure account for the majority of the variable cost – equipment charges (43%) and roaming charges (36%).

Equipment
We estimate approximately €100k will be spent on new mobile handsets in 2014, which represents a sizeable proportion of the overall mobile phone cost for the year. As a result, it is important to ensure that new handsets are issued only when there is a valid business reason and that handsets are recycled among staff, where appropriate, following the departures and retirement of personnel.

As outlined in Section 3.5, 59% of the phones in issue are Apple iPhone products. While the functionality of the standard (Samsung) smartphone is similar to an iPhone in many respects – such as email functionality and apps – the latter costs multiples times more. Therefore, it is important that the Samsung is the default standard issue smartphone unless there is a valid business reason for Apple IOS applications or specific apps.

We acknowledge the benefits of Apple products in terms of the standardisation of support and security and the low number of versions of products in issue at any point in time (e.g. the recent iPhone issued is version 6, whereas approximately 140 iterations of the Android operating system exist on devices currently within support). We also acknowledge that IOS has been an important tool in promoting efficiency in news gathering via mobile journalism.

However, it is questionable whether 59% of existing users have a valid business reason for IOS apps and, as a result, a valid reason for an Apple phone. It is important to enforce the issuing of Samsung devices, as standard, unless a valid business case exists.

We note that new procedures have been introduced in this area. Four categories of phones are available to RTÉ staff, with the higher end production business phones requiring sign-off from the CFO prior to purchase.

Roaming cost
Roaming costs account for under a third of the variable cost of mobile phones. In late May 2014, Finance issued a short reminder of the cost implications of roaming and a reminder to users to disable the automatic updating of email / apps. This was the first such update for a considerable period of time and should be carried out on a more frequent basis. Other similar reminders should also be considered.

We forecast that about €25k of the variable cost in 2014 will relate to SMS-MMS, two-third of which relates to roaming text messages.

4.8 Non-employees

We identified that two non-employees (*one non-VAT registered Sole Trader and one Limited Company*) had an RTÉ mobile phone account in their own name in the period covered by this review. The rationale for granting these individuals a mobile phone should be reviewed as they are not employees of RTÉ.

_4.9_ _Tender specification_

The existing mobile phone contract is due to expire at the end of the year and a new tender is scheduled to take place at that point. We recommend that the terms of the tender specification are assessed in light of the changes in the pattern of use of mobile phones over recent years. This is in order to ensure the specification outlined in the tender is best aligned to the current pattern of use.

For example, the use of data while roaming has increased considerably over recent year as journalists post real-time photos and comments on social media and, in some cases, use their phone as an additional tool for production. The data limits on the existing data roaming bundles (e.g. €2 for a 1-day 50MB for Europe) merit review as part of the new tender process with a view to better aligning the package to the current demand and increased level of use.

We acknowledge that the tender is a competitive process and that the specification of the package is therefore dependent on the tender bids provided.

_4.10_ _Approval_

We selected a sample of mobile phone accounts and requested the signed Mobile Device Authorisation Form for the account. No issues noted.

5. Action Plan

Audit Finding and Reference		Agreed Action	Responsibility / Date
Criteria determining the allocation of a mobile phone	*4.1*	This will be addressed as part of the update of the Policy – see action to update the policy, set-out below.	See action below
RTÉ Mobile Device Policy	*4.2*	Prior to the start of this audit, Technology commenced a scheduled review of the RTÉ Mobile Device Policy. The latest draft of the Policy will be reviewed and updated, as necessary, to address the points (a - i) set-out in section 4.2. The priority areas are: • Outline criteria for determining the allocation of a mobile phone; • Outline the circumstances when a staff refund of equipment cost is required; and • Set-out the Policy in relation to refunds of costs in the event of leave of absence. The Mobile Device Authorisation Form will also be updated as necessary (e.g. to record criteria for the allocation of a phone)	██████ ████████ 31 January 2015
Managing Staff Departures	*4.3*	Technology is in the process of developing a new Leaver, Joiner and Mover Policy and will consult with Human Resources as part of developing the Policy in order to seek input on aspects relating to employee data. The input of personnel involved in the management of mobile phones will be sought, as required. The monthly HR Headcount report will be used as the source data to identify staff on leave of absence / unpaid maternity leave in order to highlight any out of bundle expenditure. This will be carried out having regard for the updated policy set-out at 4.2 above.	██████ ████ 31 January 2015 ███████ ████ Ongoing
Mobile phone costs – ████████	*4.4*	A twice yearly review will be carried out to identify the mobile phone holders who also used the ████████ system to make a reclaim of mobile phone costs.	██████ ████ 31 January 2015

Audit Finding and Reference		Agreed Action	Responsibility / Date
		In the case of any material amounts (above a predefined limit) the local Finance Directors / Financial Controllers will be requested to review the relevant ▆▆▆▆▆ reclaims of the individuals to identify any duplication of mobile costs, or categories of expenditure (repairs, purchase of hardware) which should have been procured centrally through Technology.	
Line Manager's oversight	4.5	Technology will contact ▆▆▆▆▆ to ascertain the technical feasibility of providing, to the relevant supervising Line Manager, a consolidated summary of all the mobile phone billings chargeable to the costpool. (It is a matter for the mobile provider to determine if this is feasible.)	▆▆▆▆ *(to raise with 3rd party mobile provider)* 31 December 2014
Sharing of information	4.6	A new folder will be set-up on the G: drive. Copies of the completed PDF Mobile Device Authorisation Forms will be saved in the folder when each IT Helpdesk ticket is completed. Finance will be granted access to the form.	▆▆▆▆ ▆▆▆▆ Done
Managing variable cost	4.7	New procedures have been introduced and four categories of phones are set-out on the Mobile Device Authorisation Form. The higher end production business phones require sign-off from the CFO prior to purchase. Guidance and clarification will be provided in the Policy on when an iPhone is merited, as opposed to a standard smartphone (IOS Apps etc.) Reminders about the cost implications of roaming will be posted on the intranet from time to time, with tips on disabling the automatic updating of e-mail and apps.	Done See 4.2 above ▆▆▆▆▆ Ongoing
Non-employees	4.8	The two specific cases will be queried with line management locally.	Done
Tender specification	4.9	A tender process is scheduled to commence in late 2014. The tender specification (ITT) will be updated for developments in the past three years. (Planning for the tender was already in progress prior to the completion of the audit)	▆▆▆▆ 31 December 2014 (to commence the process)

6. Summary and Rating

There are approximately 800 mobile phone handsets currently issued to RTÉ staff. ████████ was selected as the preferred supplier of mobile services following a competitive tender process in 2011. The use of mobile phones is governed by the RTÉ Mobile Devices Policy (2013).

This audit involved a review of the existing Policy and an examination of mobile phone data provided to RTÉ Internal Audit by Technology and Group Finance.

The audit is rated as "improvement needed". A key action is to update the RTÉ Mobile Device Policy, in particular to provide further clarification on the:

– Criteria for determining the allocation of a mobile phone;
– Policy in relation to refunds of costs in the event of staff leave of absence; and
– Circumstances when a staff refund of equipment cost (repair / new device) is required.

These matters are not clearly set-out in writing, resulting in inconsistency in the application of the existing Policy. We also identified some other opportunities to improve monitoring controls as set-out in the action plan.

Appropriate approval of the issue of the mobile device and the set-up of new account was in place for a sample selected during the audit.

We appreciate the assistance of staff in Technology and Finance during the course of this audit.

Rating: ⬛ **Improvement Needed**

RTÉ Internal Audit

Review of ███████ Fee Payments

13 December 2017

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Human Resources:

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Finance:
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RTÉ
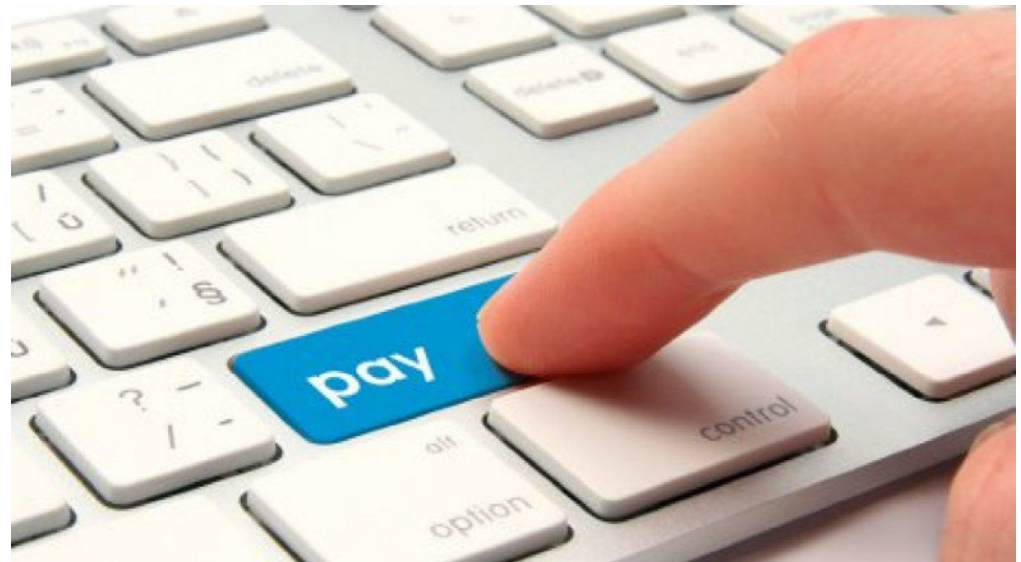
Background

Background

Two systems are used for processing payments to individuals – the payroll system and the ▮▮▮▮▮ fees system. Individuals paid via payroll are RTÉ employees working regular fortnightly hours. The ▮▮▮▮▮ fees payment system, which is the subject of this audit, is used to pay:

- Non-employees providing "people services" to RTÉ e.g. Presenters, Programme Contributors, Independent Camera Operators, Musicians, Actors, Writers etc. (contract for services)
- Employees who work irregular hours and employees on short-term contracts (as this payment system is flexible and allows for the payment of employees with irregular hours)

An average of approximately 900 individuals are paid via each payment run on the ▮▮▮▮▮ fees system. This figure fluctuates at different times of the year in line with changes in production demands.

Each division has a number of fee administrators who raise fee payment requests on ▮▮▮▮▮ These fee requests must be approved by two approvers: usually the costpool manager and a member of Finance. In advance of the payment run, the People Payments department within Group Finance reviews material fee payment requests, checking for errors such as duplicate payments and monitor compliance with tax legislation etc. The final stage of processing fee payments is outsourced to ▮▮▮▮▮▮▮ who prepare payslips and reports and administer the actual payments to the individuals.

Objectives of Audit

- Verify the accuracy of payments made via ▮▮▮▮▮ fees by agreeing a sample of fee payments to appropriate supporting documentation;
- Review the tax status of a sample of individuals, to include a review of the accuracy of tax deducted, checking VAT invoices, etc.; and
- Check that fee payment requests on ▮▮▮▮▮ Fees were approved by two appropriate approvers.

Scope of Audit

The scope of our audit was organisation wide. We selected a targeted sample of 28 individual classified as non-employees on the ▮▮▮▮▮ system. In selecting our sample, we ensured there was a sufficient spread of the following characteristics across the sample of individuals:

- Types of Independent Contractors - companies, sole traders, programme contributors, etc.;
- Levels of earnings;
- Numbers of payments – ad-hoc / once-off payments / regular payments to Contractors / etc.;
- Job Description

We tested the following:
- ✓ Agreed the payments to invoices and checked, where relevant, that the invoice was a valid VAT invoice;
- ✓ Agreed the rate charged to the contracted rate;
- ✓ Checked the accuracy and appropriateness of tax deductions;
- ✓ Checked that the approvers were appropriate;
- ✓ Agreed the hours worked to rosters, schedules and other backup; and
- ✓ Investigated the process under which the individual was engaged (procurement / tendering), including compliance with the new (2016) Code of Practice for the Governance of State Bodies.

The scope of our audit did not include:
- ✗ A review of the IT systems used by RTÉ or ▮▮▮▮▮▮▮ to process people payments;
- ✗ The payroll system; and
- ✗ A review of master files / standing data

Risk

The key corporate risks addressed by the report are as follows:
- Risk #3 – Management and Prioritisation of Financial Resources
- Risk #1 – Reputation Risk
- Risk #8 – Organisation & People

Data Analysis

Spend / # Payments by IBD

€15 million of ████████ fee payments took place in the seven month period to 4 August 2017 (week 31), of which 48% related to Television (€7.1m).

Spend by Division (Jan - July 2017) EUR
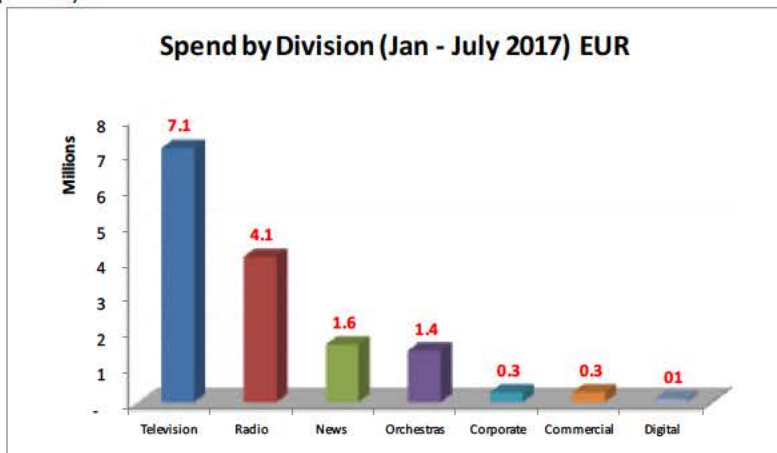
27,288 ████████ fee payments have been processed in the period, with Radio payments accounting for 40%. 4,990 individuals / entities received a fee payment during the period. The average payment was for €550. However, individual payments ranged from €1 to €45k.

No. of Payments per Division (Jan - July 2017)
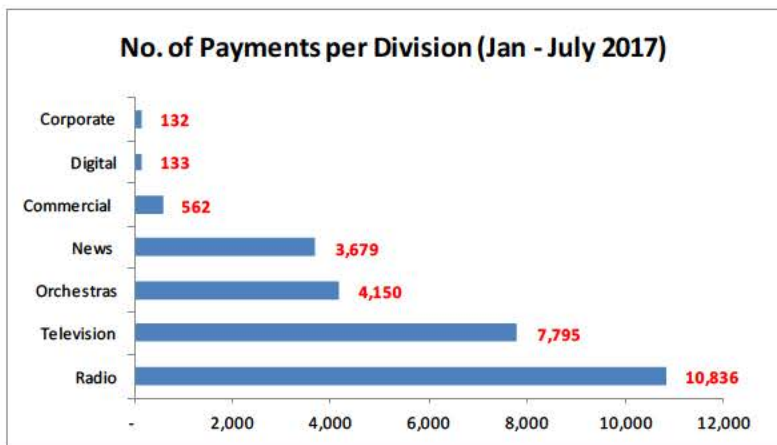
A summary of statistics per IBD (up to week 31) is shown in the table below.

Per IBD	Total Spend €m	# of Payments	# of Individuals
Television			
Radio			
News			
Orchestras			
Corporate			
Commercial			
Digital			
Total	15.0	27,287	4,990

(B) **Spend per Category**

████████ fee payments can be further analysed according to their contract classification. As shown in the chart below, 36% of fee payments are made to Sole Traders (both VAT and Non VAT Registered), followed by Limited Companies at 23%.

Spend per Payment Category

- Sole Trader Non Vat
- Limited Company
- Actor
- Fixed Term Employees
- Writer
- On The Spot
- Special Guest
- Sole Trader - Vat
- Other
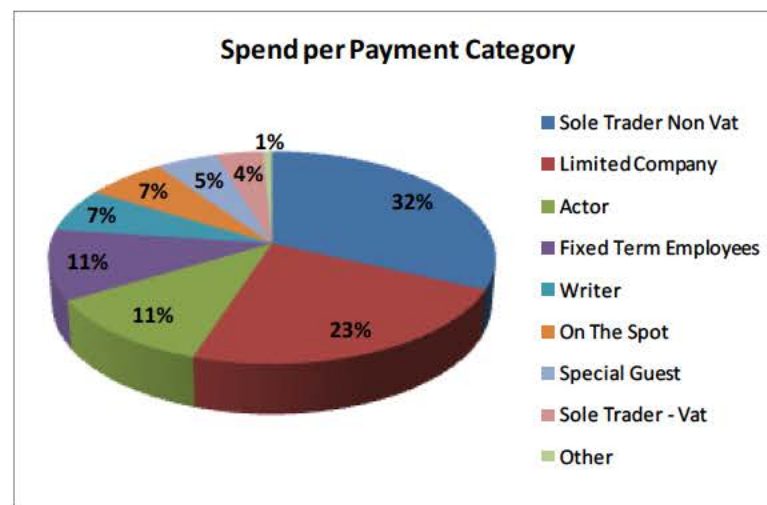
Summary of Key Findings – *See Action Plan for more details*

1) Paper Trail

Paper Trail / Back-up

Bar chart values:
- Invoice: 19
- Contract: 6
- Other (e-mail, roster, note): 1
- Timesheet: 2
- No back-up: 0
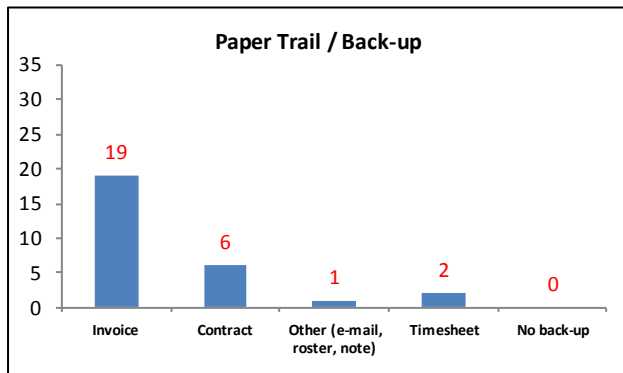
Paper Trail
The majority of individuals (64%) in our sample submitted invoices to RTÉ. The back-up for the remaining fee payments consisted of a variety of sources, with a signed-off timesheet or a contract of engagement being the most common back-up for casual employees.

It should be noted that one of the invoices was handwritten (a Contributor on RnaG). However, there is a valid signed contract in place covering the engagement.

2) Valid VAT Invoice

Review of VAT Invoicing

Pie chart: VAT Invoice not required / VAT Invoice Required
- Valid VAT Invoice: 57%
- Invalid VAT Invoice: 43%

Legend: ■ Valid VAT Invoice ■ Invalid VAT Invoice
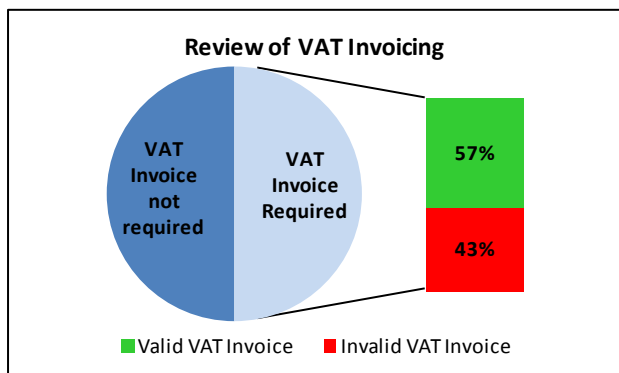
Valid VAT Invoice
14 of the Independent Contractors in our sample were VAT registered in the period covered by the audit test and therefore are within the scope of this test. Eight of the 14 VAT invoices reviewed as part of this audit (57%) complied with all the Revenue's requirements for a valid VAT invoice.

The requirements for a valid VAT invoice include: name, address and VAT registration number of the person supplying the goods; the unit price; the VAT payable; the date on which the goods were supplied; etc.

Exceptions identified in the audit predominately related to administrative (name / address) matters, the absence of a VAT number for the supplier providing the service, the absence of an invoice number / date or the absence of a unit price.

Summary of Key Findings – *See Action Plan for more details*

3) Fee Rates

We carried out a comparison of the fee rate RTÉ has contracted with the supplier to the rate actually billed to RTÉ. 22 of the 28 individuals invoiced RTÉ at their contract rate.

- Three individuals have no formal contract setting out fees as they are on-the-spot Contributors, Stringers or Special Guests. While this test is therefore not applicable to these individuals in all cases, we confirmed that the billed rate was in accordance with that agreed verbally or over email with the Line Manager and / or in line with the normal rate for the engagement.

- Three individuals billed RTÉ at a slightly different rate than the contract (two at a higher rate than the agreed fee per content and one at a lower rate). All three differences were not material and, most likely, reflect a lack of filing of paperwork evidencing of a contract change or an addition to the existing contract.

Comparison of Fee Billed to Contract

- Agrees to Contract / Standard Rates
- Does not Agree to Contract
- No Formal Contract
- Verbal Agreement
- Email from Line Manager
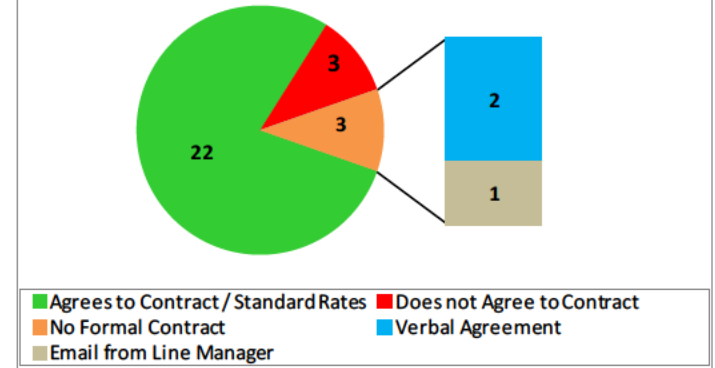
4) Taxation
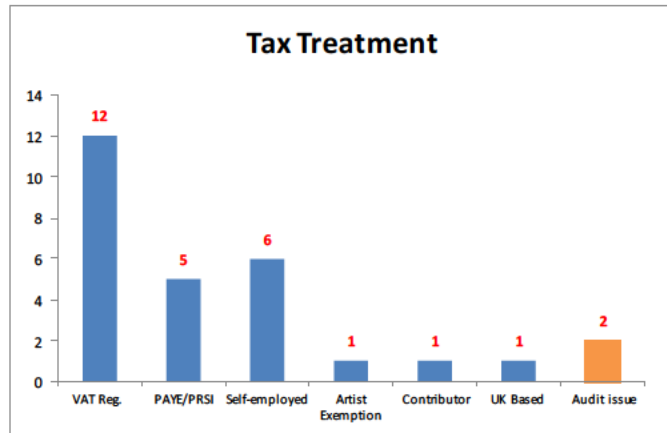
Tax Treatment

Taxation

The taxation treatment of each individual in our sample is set-out in the graphic across.

The majority (93%) of individuals were treated correctly from a taxation perspective, either through the deduction of PAYE at source or by securing appropriate evidence from the individual of their tax status (e.g. VAT registration / self-employment, Exclusion Order, etc.).

However, we identified potential issues with RTÉ's taxation of **two** individuals although the amounts involved are not material. These issues are further explained in the action plan. In summary:

- Two individuals are registered for VAT, but not charging VAT on their invoices to RTÉ. The RTÉ records indicate the individuals should be charging VAT, given their VAT Registration. (The year-to-date earnings for both individuals was less than the €2k threshold after which an investigation into their tax status is initiated by People Payments.)

Summary of Key Findings – *See Action Plan for more details*

5) Tender Process

During the audit we investigated whether a competitive tender process was carried out in respect of the engagement of individuals in our audit sample. The findings are set-out in the graphic across and explained in further detail below.

- 16 (57%) of the individuals in our sample were out of scope of a formal procurement process due to the nature of their role (Presenters, Special Guests, Musicians, etc). While certain judgement is exercised in our conclusions, the engagement of these individuals is based on editorial decision making and therefore subject to the audio-visual media services exemption.

- Some form of competitive process occurred for 18% (five individuals) selected from our sample. However, this did not always involve an advertisement.

- No response was received from the Line Manager for two of our selected sample (7%). We conclude that these engagements do not fit into the "out of scope" category as they do not involve editorial engagements. In these circumstances, a conclusion that no competitive process took place is reasonable.

- A competitive tender process was not carried out for 18% (five individuals) of the sample selected.

  o A tender was not required for two of the three individuals due to the expenditure being below the relevant threshold. However, if the individual continues to be engaged a tender will be required in the near future ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮

  o For the remaining three engagements, we have concluded that a more formal competitive tender process should have been completed (as is done for suppliers on the ▮▮▮▮▮ payment system). In these three cases, similar roles are currently being engaged via ▮▮▮▮ ▮▮▮▮▮▮▮▮▮▮▮▮▮▮

Analysis of Engagement Process

Legend:
- No response
- Out of Scope (Editorial Reasons)
- Competitive Process Completed
- No Competitive Process
- No Tender Undertaken - Required
- Tender Not Required (low spend)

Key Findings

Key Management Issues

Segregation of Duties Controls

We noted an absence of segregation of duties in the approval of certain fee payments, with the first and second approval step being carried out by the same individual in these cases. 95% of these instances occurred in Radio which reflects the nature of its output. In some cases this may be due to the manner in which temporary approvers are assigned to cover periods of leave.

We also noted three instances, in our sample, where there was no approval from a member of Finance.

Tender Process / Public Procurement Rules

No competitive tender process took place in respect of three engagement where a competitive process was deemed necessary. Secondly, no formal process exists to monitor if a competitive tender has taken place for engagements via ▮▮▮▮▮▮▮ fees. While taxation and employment classification matters are considered throughout the process, tendering is delegated to the contracting Line Manager with limited central monitoring. This increases the risk than tendering is not carried out when required

The new (2016) Code of Practice for the Governance of State Bodies contains specific requirements regarding the monitoring of compliance with Public Procurement rules and reporting of same. This is in force for the first time for the year-ended 31 December 2017.

Taxation Issues

Only 57% of the applicable Contractors in our audit sample issued invoices which fulfilled all of the Revenue's requirements for a valid VAT invoice. It is timely to issue another reminder to fee inputters and approvers of the components of a valid VAT invoice in order to better identify issues of non-compliance prior to processing the invoices for payment. A number of minor taxation matters merit review such as ensuring that VAT is being charged in cases where the individual is VAT registered.

RTÉ

Conclusion

Conclusion

While the processing and payment of fees takes place in the People Payments department in Group Finance, this is the final step in a process involving a number of other parties - the administrators in the divisions inputting fee payment requests, the approvers of those fee payment requests and, also, HR in relation to issuing contracts to employees and non-employees. We carried out a review of a sample of fee payments in 2017 and sought evidence supporting the payments.

We noted examples of good controls in place in relation to the processing of payments and associated compliance requirements, with the majority of fee payments in our sample supported by paperwork, billed at the correct rate and processed according to the correct tax treatment. However, we also identified opportunities for improvement, where stronger control is needed. We have agreed actions to address weaknesses in segregation of duties of certain approvals in Radio; issues relating to VAT invoicing and, finally, evidence of tax treatment. These are explained in further detail in the action plan.

In addition, there is a need to strengthen monitoring controls to check if tendering is taking place where required in the cases of Contractors engaged through ▓▓▓▓▓ fees.

We appreciate the assistance and cooperation from the relevant HR and finance personnel during the course of the audit.

Rating

IMPROVEMENT NEEDED

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	████ **Fee Approval Procedures**				
1.	**Segregation of Duties – Fee Approval** **Background** Each IBD has a number of fee administrators who raise fee payment requests on ████ Fee requests must then be approved by two approvers – usually the costpool manager and a member of finance. **Finding** We noted an absence of segregation of duties in the approval of certain fee payments. In the period covered by this review: • The first and second approval step was carried out by the same individual in the case of **814** fee payments; • This represented **2.8%** of all fee payments processed; • **12** individuals carried out the duplicate approval steps for these transactions. • Nine of the 12 individuals were Finance approvers, accounting for 801 (98%) of the transactions. 95% of the transactions were Finance approvers in Radio. *(For the avoidance of doubt, transactions processed by super-users – see #3 below – are not included in the above statistics.)* While a majority of ████ approvers do not have the functionality to carry out a first and second approval role, some users may be a designated first approver on some costpools and a second approver on other costpools. Therefore, they have access to both the approver 1 and approver 2 functionality on ████	Radio has been highlighted due to the fact that RTÉ Radio output is predominantly live and relies on presenters, contributors and interviewees – who all must be paid fortnightly. On a monthly basis approx. 1,400 ████ payments are made in Radio to approximately 200 programme costpools. (The number of Radio programme costpools has effectively been halved over recent years reflecting ongoing cost reduction, schedule changes and restructuring). RnaG programmes generate c900+ individual ████ payments per month. The vast bulk of these payments are for small amounts, paid to local contributors in Casla, Baile na nGall, Doire Beaga and Baile Átha Cliath. There are only a handful of	The Finance team in Radio will be given ████ rights to transfer worklists to other members of the team. This will allow two different approvers (both being Finance) to a payment, in the cases where the programme approver / Line Manager is not available. Under the new organisational structure approvers will be reviewed with an action plan to reduce the burden on particular individuals. Reminders will be issues to all approvers as to the correct procedures for managing the transfer of worklists and approving fee requests. The same individual will not act as a first and second approver.	M to H	████ ████ 31 December 2017 ████ 31 December 2017

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Causes The transferring of ███████ approval worklists is a factor contributing to this issue. The first approver is absent and transfers his / her approval to an individual who is already the designated second approver for the same transaction, or already assigned a temporary second approver. This becomes a particular issue in the case of long term absence (ICB, career break, etc.) where worklists are transferred for an extended period. In other cases, while the worklist was not forwarded the transaction may have been manually approved by an approver at short notice to meet the Tuesday fee payment deadline. From a technical perspective, ███████ does not currently prevent a user from acting as the first and second approver. An action from the 2014 Fees audit was to investigate whether ███████ has the technical functionality to restrict an approver from acting as a first and second approver. It was determined that it was not possible to implement this without causing a significant performance problem given the age and functionality of the system.	Finance approvers to deal with a significant volume of transactions. Following the restructuring of Radio and Orchestras the number of approvers has reduced from 6 to 4. Only one person in Radio Finance has ███████ rights to actually transfer work-lists. No matter how many times Finance remind Editorial and programme colleagues to clear their work-lists they are invariably left with unapproved payments. Work-lists are not transferred to substitute approvers when on leave or out of the office. In remote locations there are not many approvers to share the responsibility. (███ ███ ██ ███ ███			
2.	**Finance Approver** During our testing of a sample of 28 fee payments, we noted that a member of Finance was not one of the designated approvers in	Agreed ███████ ███	A review of fee approvers for all active costpools will be carried out to check if a finance approver is in place in all cases. Any exceptions will be addressed.	M	███████ ███████ ███████ 31 December

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	the case of three (11%) of the transactions tested. *(Contract types: two Sole Traders and one ongoing casual employee).* Two out of the three instances occurred in Radio. Two of the approvers were local administrators not involved in the business operations, which is a form of mitigation as they are removed from the initiation of the transaction and this is a form of segregation of duties. Finance approval is important in order to have oversight of the appropriateness of taxation treatment and related matters.				2017
3.	**Segregation of Duties – "Super-Users"** ***Background*** ▮▮▮▮▮▮ "super-users" have the authority to input, approve (both first and second approval) and processes a transaction. These payments are valid transactions, but are not subject to the normal segregation of duties controls on ▮▮▮▮ Three "super-users" in People Payments process transactions in this manner relating to: • Top talent payments processed centrally by People Payments following manual approval by the CFO; • Fee requests which could not be processed locally, in the normal way for a variety of reasons – a written request is submitted to People Payments to process the transaction; • Corrections of errors identified before the payment run is processed. ***Finding 3A*** In the period covered by this audit 274 (0.9% of data) fee lines	Agreed. Half-yearly reports will be completed to ensure the number of "super-user" approvals is in line with previous years and monitored for reasonableness. ▮▮▮▮▮▮▮▮	**3A** Half-yearly reporting of the number of transactions processed and approved in this way will be introduced. This will be completed by one member of People Payments and reviewed by the People Payments Manager. This will list the number of transactions processed per individual, in this manner, in order to identify and investigate any increased use (should it occur). **3B** In the case of the duplicate sign-on, one sign-on will be disabled.	L Done	▮▮▮▮▮ ▮▮▮▮▮ 31 March 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	were input, approved (both first and second approval) and processed by the same individual. This is slightly less than the prior year where there was 362 (1.1%). The input and approval of a transaction by the same individual should only happen in a small number of exceptions and merits regular monitoring. However, the use of this powerful approval method is consistent over the past few years and it is being used appropriately in limited circumstances as intended. In mitigation, all "super-user" approvals for Top Talent are authorised in advance in writing with two signatures on invoices from the Group Financial Controller and a suitable person from within the Business. For remaining "super-user" transactions, authorisation would be received from the relevant Line Managers over email and filed. ***Finding 3B*** During our review, we noted that one of the "super-users" in People Payments had logged in under two different user names during the year. On further investigation it was noted that the individual's username was changed during the year for house-keeping purposes. The old log-in has been locked and is unusable but kept for reference.				
	Taxation Matters				
4.	<u>**Valid VAT Invoice**</u> ***Background*** We noted that 14 Independent Contractors in our sample of 28 were registered for VAT and, therefore, were required to issue a	Agreed. What constitutes a valid VAT invoice will continue to be covered in the localised training groups on Fee payments.	People Payments, in conjunction with the FDs/FCs, will provide all fee inputters with a document listing the components of a valid VAT invoice.	M	██████████ ██████████ 31 January 2017

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	valid VAT invoice. These were within the scope of our audit test. ***Finding*** However, our testing indicated that only eight (57%) of these invoices fulfilled <u>all</u> of the Revenue's requirements for a valid VAT invoice. The requirements for a valid VAT invoice include: name, address and VAT registration number of the person supplying the goods; the unit price; the VAT payable; the date on which the goods were supplied; etc. The audit issues related to matters such as the recording of name / address (of RTÉ and / or the supplier) or the absence of a VAT number for the supplier providing the service. A valid VAT invoice is required in order to claim a refund / input credit for the VAT amount paid.	These are interactive working groups and focus on explaining the approach and understanding the reasoning behind Fee payments. They re-emphasise the criteria to consider when instigating payment. ▮▮▮▮▮▮	In addition fee inputters will be advised that any invoices not meeting the requirements of a valid VAT invoice should be returned to the supplier and a new valid VAT invoice should be requested.		
5.	**Taxation Treatment** ***Background*** The taxation treatment of each individual in our sample was reviewed for appropriateness. ***Findings*** ✓ The majority (93%) of individuals were treated correctly from a taxation perspective, either through the deduction of PAYE at source or by securing appropriate evidence from the individual of their tax status (e.g. VAT registration / self-employment, Exclusion Order, etc.).	Agreed. People Payments will notify the local teams and ensure they are aware that the two individuals are VAT registered. The importance of ensuring the correct taxation rules are adhered to when making payments will continue to be covered in the localised training groups on Fee payments.	The Finance teams in both areas will be made aware that both individuals are VAT Registered and request that VAT be charged on all future invoices to RTÉ.	L	▮▮▮▮▮▮ ▮▮▮▮▮▮ 31 December 2017

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	X However, we identified potential issues with RTÉ's taxation of two individuals. Both individuals are registered for VAT, but not charging VAT on their invoices submitted to RTÉ. However, the amounts involved are not material. Per People Payments records and verification of the VAT number on the (European Commission) VIES VAT number validation website, the individuals should be charging VAT, given their VAT Registration. The year-to-date earnings for both individuals was less than the €2k threshold after which an investigation into their tax status is initiated by People Payments.	(██████████			
	Contract Compliance				
6.	**Comparison of Fee Billed to Contract** **Background** During testing we carried out a comparison of the fee rate, per contracts agreed with the suppliers to the rate actually billed by the supplier to RTÉ, in order to ascertain whether any discrepancies exist. **Finding** 22 of the 28 individuals invoiced RTÉ at their contract rate as per the RTÉ contract of engagement / employment. The circumstances around the remaining six individuals was as follows: ✓ Three individuals have no formal contract setting out fees as they are on-the-spot Contributors, Stringers or Special	Agreed. The contract was not updated for a new negotiated fee rate in the case of one individual. This will be brought to the attention of HR and the contract will be updated to reflect the agreed rate. (██████████ The importance of ensuring that rate changes agreed locally are communicated to Finance and HR teams will be reiterated to the fee in-	While relatively minor differences, the Finance official responsible for the area will investigate the correct rate per recent agreements. This will then be either reflected in the contract if necessary, or communicated to the individual providing the service to ensure invoicing at the incorrect rate.	M	██████████ ██████████ 31 December 2017

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Guests. While this test is therefore not applicable to these individuals in all cases, we confirmed that the billed rate was in accordance with that agreed with the Line Manager and / or in line with the normal rate for the engagement.	putters / approvers at the localised training sessions. ████████			
X	Three individuals billed RTÉ at a slightly different rate than the contract (**two** at a higher rate than the agreed fee per content and **one** at a lower rate). See below for more details of each:				
	a) The fee per the invoice to RTÉ was €50 higher than the agreed rate per the contract. There were eight payments made to this individual during the period of the contract and to when the data was run (maximum margin of difference €400)				
	b) The fee per the invoice to RTÉ was €25 higher than the agreed rate per the contract. There were 19 payments made to this individual during the period of the contract and to when the data was run (maximum margin of difference €475)				
	c) The fee per the invoice to RTÉ was €50 lower than the agreed rate per the contract. There were five payments made to this individual during the period of the contract and to when the data was run.				
	Conclusion All three differences were not material and, most likely, reflect a lack of filing of paperwork evidencing a contract change or an addition to the existing contract.				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
7.	**Duplication of Contracts** ***Background*** We identified one further issue as part of our review of the accuracy of the billed rates (compared to the contract). ***Finding*** For one of the 28 individuals reviewed, it was noted that the person engaged via the RTÉ Guide, was already engaged under a Sole Trader contract elsewhere in RTÉ. The RTÉ Guide staff were not aware of the individual's contract already in place with RTÉ's makeup department. The individual was engaged by the RTÉ Guide via an agency, with whom the RTÉ Guide has standard rates in place per cover shoot for hair and make-up artists. The Guide usually pay the Agency via ██████ but paid this artist via ██████████ fees as they were already set up there under the Sole Trader contract. ***Implications*** The fact that the same individual is engaged under two different contracts, or methods of engagement, within RTÉ creates additional complication as there is no visibility over the total level of work the person is carrying out. There also may be inconsistent rates being applied with potential savings to be made if all consolidated under the one contract.	Agreed. We have no objection to finding out who's on contract to the make-up department for future reference. ████ ████ █ ████ ████ This point will continue to be covered at localised training sessions encouraging people to investigate whether individuals are already engaged by RTÉ under another contract. Ideally, all of the work provided from one service provider should be captured in one contract for a period. This gives greater visibility and consistency over rates, pricing and levels of work provided to RTÉ. ████████	The RTÉ Guide will consider liaising with the RTÉ make-up team to ascertain the methods in which they engage make-up artists and whether any other individuals regularly engaged via an agency have any existing relationships / contracts with RTÉ. The need for a separate engagement via an agency will also be re-visited.	L	██████████ 31 March 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Other Process Observations				
8.	**Tender Process / Public Procurement Rules** **Background** RTÉ is required to comply with public procurement guidelines. These provide for formal tendering at national and EU level, depending on the levels of spend and other circumstances. It is a basic principle of good internal control and public procurement policy that competitive tendering procedures should be followed, unless there are justifiably exceptional circumstances. There are some exemptions for audio-visual media services. During the audit we investigated whether a competitive tender process is being carried out in the engagement of individuals. These are "contracts for services" processed through ███████ Fees, although in some cases similar services are engaged and processed through the Purchase Order System on ██████. The national procurement rules apply irrespective of the payment system / internal RTÉ processing applied. **Findings** The findings from this review are explained in further detail below: ✓ 16 (57%) of the individuals in our sample were out of scope of a formal procurement process due to the nature of their role (Presenters, Special Guests, Musicians, etc). While certain judgement is exercised, the engagement of these individuals is based on editorial decision making and therefore subject to the audio-visual media services		*Code of Practice for the Governance of State Bodies* A review will be carried out to ascertain the extent of tendering carried out for non-employees (Contractors) engaged via ███████ fees in 2017. Follow-up actions will be agreed as necessary. Scope: expenditure >€25k *(for a non-employee ID in* ███████ in FY 2017, excluding the engagement of services involving editorial discretion and also excluding employee contracts. *Process Issues* These findings will be considered in the context of the broader initiatives outlined below: 1. HR's recently announced review of the engagement of Contractors in RTÉ will consider how best to integrate tendering / procurement procedures into any new Contractor engagement process. 2. The strategic project to select a new ERP system will consider how to efficiently align the existing procurement process and workflow	H	███████ Finance Teams 28 February 2018 ███████ 30 April 2018 ███████ To Q1 2019

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date

	exemption.
	
	✓ Some form of competitive process occurred for 18% (five individuals) selected from our sample. However, this did not always involve an advertisement.
	
	→ No response was received from the Line Manager for two of our selected sample (7%). We conclude that these engagements do not fit into the "out of scope" category as they do not involve editorial engagements. In these circumstances, a conclusion that no competitive process took place is reasonable.
	
	● A competitive tender process was not carried out for 18% (five individuals) of the sample selected.
	
	   → A tender was not required for two of the three individuals due to the expenditure being below the relevant threshold. However, if the individual continues to be engaged a tender will be required in the near future██████████████████.
	
	   X For the remaining three engagements, we have concluded that a more formal competitive tender process should have been completed (as is done for suppliers on the ████████ payment system). In these three cases, similar roles are currently being engaged via ████ ████ ████ ████ ████ ████ ██████.
	
	The 2017 year-to-date expenditure for one engagement (€55k) exceeds the €25k threshold over which a formal
			for Contractors currently engaged via ████████ fees, as compared to the Contractors engaged via ████████		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	tender should take place (using eTenders). For the remaining two engagements, the spend over the past two years falls within the €5k to €25k threshold requiring some form of competitive process to take place. ***Conclusion*** • No competitive tender process took place for three engagements where a competitive process was deemed necessary. (This is based on a small audit sample size – there may be other cases of an absence of formal tendering across the population of 4,990 individuals, given the weak monitoring controls). • No formal process exists to monitor if a competitive tender has taken place for engagements via ███████ fees. While taxation and employment classification matters are considered throughout the process, tendering is delegated to the contracting Line Manager with limited central monitoring. This increases the risk than tendering is not carried out when required. There is a difference in the tendering monitoring controls in place for Contractors engaged via ███████ fees and Contractors engaged via Accounts Payable. A formal process exists via the Purchase Order ("PO") System on ███████ to check if a competitive tender process has taken place for orders >€10,000. In addition, Purchasing carry out follow-up monitoring checks to assess compliance. This is accompanied by Delegated Authority Limits for the approval of POs.				

|	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	• No centralised tendering register is currently in place in respect of engagements via ██████ fees. The new (2016) *Code of Practice for the Governance of State Bodies* contains specific requirements regarding the monitoring of compliance with Public Procurement rules and the reporting of same. This is in force for the first time for the year-ended 31 December 2017. There is a requirement to maintain a centralised register listing all payments in excess of €25k with a monitoring system in place to flag non-competitive procurement.				

RTÉ Internal Audit

Review of Taxi Expenditure *(Taxi Vouchers)*

17 October 2018

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

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RTÉ
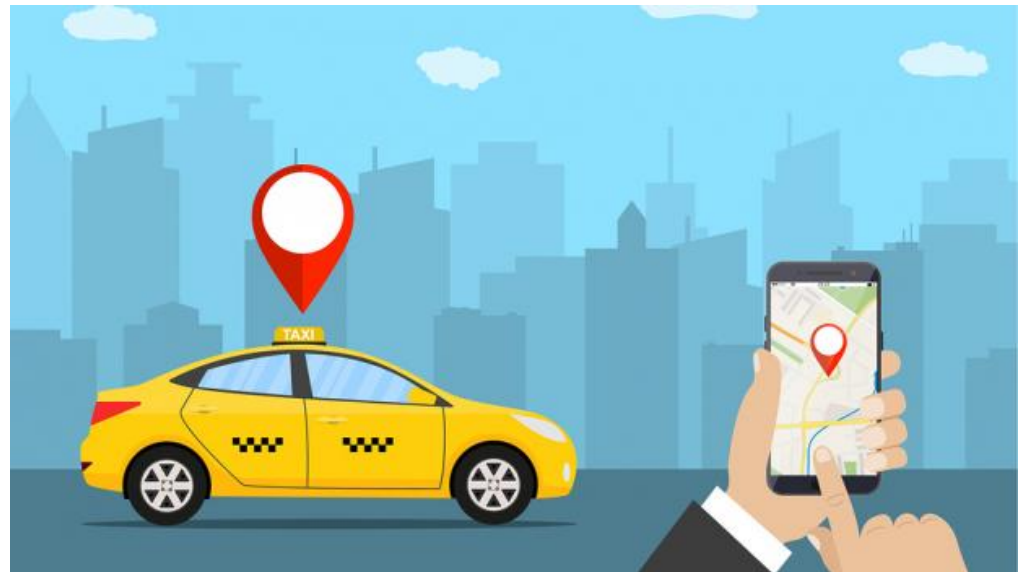
Background

Background

Overview

If a staff member takes a taxi journey for a valid business reason, RTÉ's Travel Policy requires them to pay in cash and reclaim the expense through the Transfare system. The expense claim is authorised by the individual's line manager, in the usual manner.

However, a staff member with a more regular taxi requirement, particular in the context of their normal working roster, may use the taxi voucher system as an alternative to reclaiming a taxi receipt through Transfare.

Process for Taxi Vouchers

In summary, the taxi voucher system works as follows:

- A business area with an ongoing need - staff or contributors - for taxi vouchers nominates a person to have responsibility for collecting book(s) of vouchers from Office Services. This nominated person is authorised by the Director of that area.
- It is the responsibility of that nominee, or the costpool manager, to distribute the books of vouchers around the department, if necessary, or to hold them in their possession.
- When a staff member needs a taxi for him/herself or for a contributor, they request a voucher from the nominated person in their area who holds the taxi vouchers. The staff member fills in the details on the voucher – i.e. name, date & time of journey, journey details and costpool.
- When these details are complete, the authoriser will authorise the voucher. (The authoriser is generally the person holding the voucher book.)
- The completed, authorised voucher is given to the taxi driver as "payment" at the end of the journey, with the employee/contributor annotating the cost of the journey on the voucher.

In the case of staff members, the taxi voucher system is for use outside public transport hours i.e. before 07.00 or after 23.30. These terms and conditions are clearly outlined on the voucher.

Voucher Types

Vouchers are printed in different colours, with each colour illustrating the reason for use. The three voucher types are explained below:

- ➤ **Yellow**: The intended use is for RTÉ programme contributors (non-staff) and can be used at any time
- ➤ **Green**: Denotes staff usage in the early morning (pre 07:00)
- ➤ **Blue**: Denotes staff usage late at night (post 23:30)

RTÉ Staff Travel Policy

The key elements of RTÉ's Travel Policy (2011) in relation to the use of taxis are as follows:

- Taxis should be used only exceptionally due to the time of travel, nature of the journey, personal safety considerations, the carriage of heavy luggage, or if public transport does not provide a reasonable option;
- Staff are expected to make their own arrangements for travel to and from their workplace;
- RTÉ may provide taxis for staff required to travel to or from work outside of public transport hours;
- Vouchers may not be used by employees except when travel to / from work is required outside public transport hours; and
- Vouchers must be authorised by a person in authority and not the passenger.

Taxi Companies

RTÉ avails of the services of two Taxi Companies which operate the voucher system – ▇▇▇ (▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇) and ▇▇ (▇▇▇▇▇▇▇▇▇▇▇▇). These companies also accept cash fares.

Other Information

Taxi voucher expenditure is generally charged to programmes. For example, taxis used by staff working in News and Current Affairs will be charged to the various programme sitting within the Content Division.

Objectives, Scope & Risks

Objectives of Audit

The objective of this audit was to carry out a review of expenditure incurred on taxi vouchers from January to June 2018 inclusive, and to investigate whether the usage and authorisation of taxi vouchers is in compliance with the RTÉ Travel Policy.

Scope of Audit

The scope is limited to a review of electronic data provided by the taxi company which, in turn, was compiled from the physical taxi vouchers used by RTÉ staff members and contributors.

We tested the following:

- ✓ Verified the appropriateness of voucher use based on the user and time of the day (valid business reasons);
- ✓ Performed analysis on whether taxi vouchers are being used by staff outside of public transport hours only;
- ✓ Checked whether staff are using contributor vouchers (yellow);
- ✓ Verified whether vouchers were authorised and the appropriateness of person authorising;
- ✓ Performed a check of the completeness and accuracy of vouchers;
- ✓ Investigated the process in place for obtaining taxi voucher booklets;
- ✓ Checked for self-authorisation of taxi vouchers; and
- ✓ Reviewed data for other unusual items / irregularities.

The scope of our audit did not include:

- ✗ A review of the IT systems used by RTÉ or the relevant taxi companies in compiling the data;
- ✗ Taxi Expenditure reclaimed via the ▮▮▮▮▮▮ system

Risk

The key corporate risks addressed by the report are as follows:

- Risk # 4 – Reputation and Compliance *(a common subject of FOI requests)*
- Risk # 6 – Management of Finances and Business Planning

Data Analysis

Ⓐ Overall Taxi Expenditure

Expenditure on taxis was €174k across all payment systems in the six month period to June 2018. As shown below, 81% of this amount was attributed to taxi vouchers, which is the subject of this report.

Overall Expenditure on Taxis 2018

The breakdown of spend per month for the period is shown in the chart below. Expenditure is relatively consistent month on month with an expected decrease in June, when some programmes depart for the summer.

Taxi Expenditure by Month to end June 2018

Ⓑ Spend / Payments on Vouchers by Division and per Month

5,886 taxi vouchers to the value of €137k were invoiced in the six month period to June 2018, of which 65% related to the Content division (€90k). News is captured within the relevant content / programme area.

Taxi Expenditure by Division
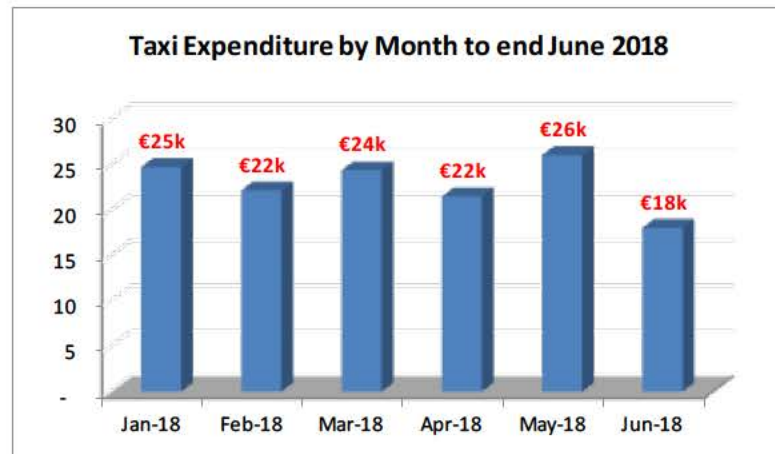
Ⓒ Analysis of Taxi Fares by Value

A further breakdown of taxi vouchers and number of journeys undertaken, by value thresholds, is displayed below. Individual taxi fares ranged from €7 to €554 in the period and the average taxi fare was €23.

Fare per Voucher Used	Number of Journeys	€ Total Value
€0 - €10	321	2,965
€11 - €20	2,886	44,745
€21 - €30	1,465	36,331
€31 - €40	674	23,565
€41 - €50	315	14,182
€51 - €60	112	6,135
€61 - €70	60	3,889
€71 - €100	46	3,754
> €100	7	1,374
Total	**5,886**	**136,940**

Data Analysis

(D) Spend by Voucher Type

The data can be further analysed according to the voucher type used. As shown below, over two thirds (68%) of expenditure is on Contributor vouchers. Of the 5,886 vouchers used during in the period, 4,003 (68%) were contributor vouchers, with the balance explained below:

Taxi Expenditure by Voucher Type

- Staff Use
- €27.7k 20%
- €16.7k 12%
- €92.5k 68%
- Late Evening
- Early Morning
- Contributor
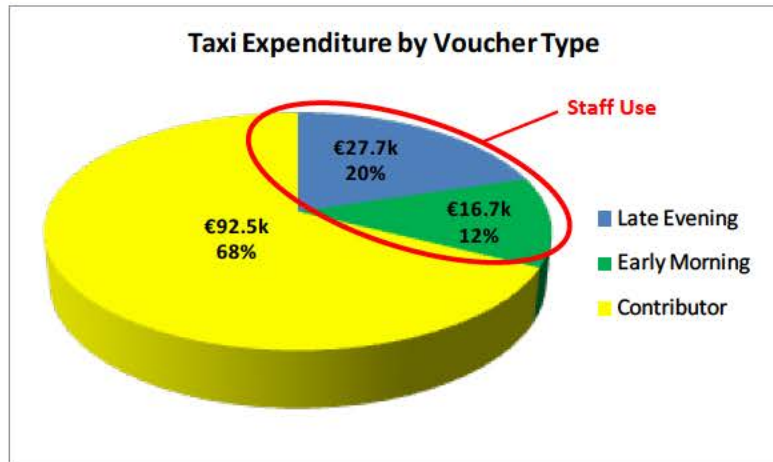
Summary of Key Findings – *See Action Plan for more details*

1) Usage of Taxi Vouchers

Appropriateness of Use of Staff Taxi Vouchers

- No Issue
- Audit Issue
- Morrning Voucher (Green)
- Night Voucher (Blue)

1,303 (69%) 577 (31%) 262 (45%) 315 (55%)

Taxi Vouchers used at incorrect times by staff members

The chart illustrates the appropriateness of use of staff taxi vouchers (Blue and Green). In summary, there was no issue with 1,303 of vouchers (69%) during the period under review as the taxi was used outside public transportation hours, as specified in the RTÉ Travel Policy. This represents €30,814 in value.

The remaining 577 vouchers (31%) to the value of €13,540 were used by staff during public transport hours, which is not in line with the policy. This exception can be further analysed by voucher colour, with 45% of exceptions relating to early morning (green) vouchers and 55% being late evening (blue). In these cases, if a valid business use is determined, the staff member should have redeemed the journey through Transfare.

Contributor Vouchers

In addition, we noted inappropriate use of contributor vouchers by staff members. Contributor (yellow) vouchers are reserved for use by Contributors to programmes and related third parties.

2) Authorisation of Vouchers

Authorisation of Taxi Vouchers

4%   2%   0.5%   93.5%

- Authorised
- Self-Authorisation
- Authorisation Illegible
- Authorisation Blank
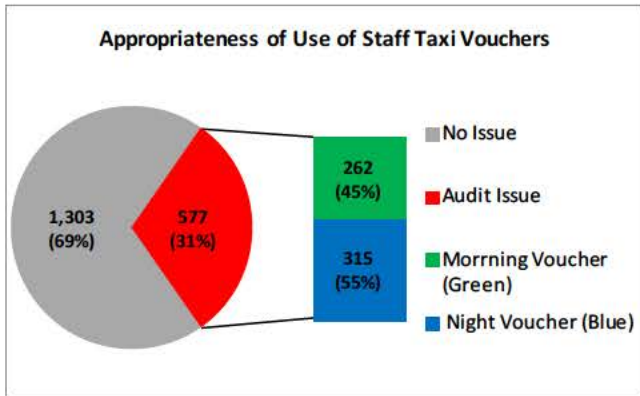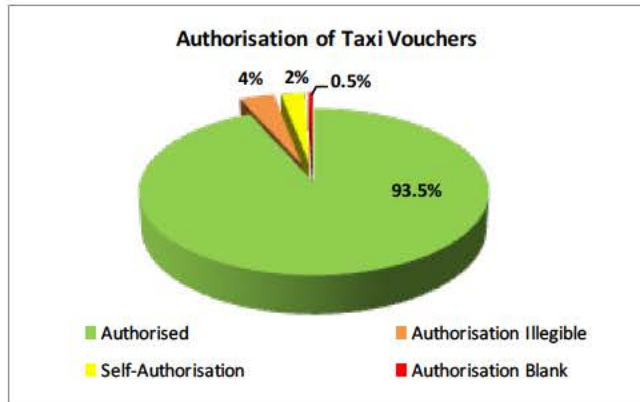
Taxi Vouchers used without proper authorisation

The rules and regulations for the use of the RTÉ taxi voucher system (set-out on the reverse of the voucher) outline that vouchers must be authorised by a person in authority and not the passenger.

As shown on the left, taxi vouchers were appropriately authorised in 93.5% of the 5,886 vouchers used during the period.

In 4% of cases (213 vouchers), the authorisation was recorded as being illegible. Self-authorisation (where the authoriser and passenger were the same person) took place in 2% of cases (147 vouchers) and the authorisation field was blank in 0.5% of cases (31 vouchers). In both latter cases, this represents a breach of policy.

Key Findings

Key Management Issues

Incorrect Usage of Vouchers

We noted that 31% of staff taxi vouchers issued during the period were used incorrectly during public transport hours, representing a breach of the RTÉ Staff Travel Policy. This represents 577 vouchers and €13,540 in value.

In addition, the review highlighted the inappropriate use of contributor vouchers by RTÉ staff members. This is also a breach of the rules, as alternative vouchers are in place to govern appropriate use by RTÉ staff.

Inappropriate Authorisation of vouchers

Taxi vouchers were used in circumstances where the authorisation was not properly evidenced by a supervisor. This occurred approximately 400 vouchers (7%) used during the six month period. We noted instances of authorisation signatures being illegible, self-authorisation or an absence of authorisation. This is also in breach of the RTÉ Staff Travel Policy.

Conclusion

A large proportion of vouchers are used appropriately by staff members in line with the Policy. However, this review also highlighted the use of taxi vouchers in circumstances that are in breach of the RTÉ Staff Travel Policy.

31% of vouchers reviewed (€13.5k) were used by staff during public transport hours, which is not in line with the policy. In also noted inappropriate use of contributor (yellow) vouchers by staff members, which should be used by contributors and third parties only. In addition, in 7% of cases (approximately 400 vouchers and €8.4k in value), inappropriate authorisation of taxi vouchers was recorded, also representing a breach of policy.

As explained above, breaches are primarily due to the use of some vouchers by staff members during public transport hours, the use of contributor vouchers by RTÉ staff members and taxi vouchers being used where the authorisation is not properly evidenced by an appropriate supervisor.

In response to these findings, both management and staff need to be reminded of the RTÉ's Travel Policy, specifically with relation to the use of taxi vouchers.
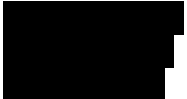
We appreciate the assistance of Office Services in providing relevant data for the audit.

Rating

IMPROVEMENT NEEDED

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Usage and Authorisation of Vouchers				
1.	**Contributor Taxi Vouchers Used by Staff** *Background* Green and blue coloured vouchers denote use in early morning or late evening, respectively, by staff members. Yellow vouchers are reserved for programme contributors and, by their nature, are expected to have a more widespread usage in terms of times of the day. However, yellow vouchers are not expected to be used by RTÉ staff members. *Findings* We carried out a review of all vouchers used in the first six months of the year. The findings applicable to the green and blue vouchers are summarised in the points below: X The review highlighted the inappropriate use of contributor vouchers by RTÉ staff members. Due to data limitations (i.e. no ID number from the taxi data to easily link to staff listings), it is not possible to quantify the level of inappropriate usage, but repeated staff usage of yellow vouchers was evident from our observation of the data. This occurred throughout the period of time within scope of the audit. X While not considered a significant issue, the green and blue vouchers are being used interchangeably for early morning and late evening trips i.e. the voucher was not always correctly aligned to the time of the trip, with many vouchers used at the incorrect time.	There are inherent faults in the current policy and procedures around the use of taxi vouchers. To correctly address the issues raised in this report, RTÉ needs to review and make changes to its current policy. As it stands the current policy will continue to be breached as staff are continually using the contributor (yellow) vouchers during public transport hours rather than claiming the fares via Transfare. For various business reasons staff will continue with this practice in the absence of a suitable voucher. An "emergency" staff voucher for use during public transport hours, issued at Line Manager's discretion, would address this breach. Companies with which RTÉ has an agreed contract obtain a 12% discount. It is not possible to guarantee the 12%	A written reminder will be issued to all staff and management regarding taxi vouchers. This written reminder will cover the policy that is currently in place as per the RTÉ Travel Policy, guidelines around the correct usage and authorisation of vouchers, and the procedures that are in place for their correct usage. Voucher holders will be also reminded of security of vouchers and the importance of retaining vouchers in a secure location.	H	██████████ 31 December 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
		is awarded when staff are paying with cash.

A management process needs to be introduced for assessing the issues raised in this report and how to address them.

██████ | | | |
| 2. | **Vouchers Used by Staff During Public Transport Hours**

Background
In the case of staff members, the taxi voucher system is for use outside public transport hours only i.e. before 07.00 or after 23.30, as per the RTÉ Travel Policy.

Finding
The findings are summarised in the points below:

✓ There was no issue with 1,303 of vouchers (69%) during the period under review as the taxi was used outside public transportation hours, as specified in the RTÉ Travel Policy. These vouchers represent €30,814 in value.

X The remaining 577 vouchers (31%) were used by staff during public transport hours, representing €13,540 in value. This exception can be further analysed by voucher colour, with 45% of exceptions relating to early morning (green) vouchers and 55% being late evening (blue).

In these cases, if a valid business use is determined, the staff | See Management Comment in finding #1 above. | See actions in finding #1 above. | H | See above |

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	member should have redeemed the journey through Transfare.				
3.	**Use of Vouchers Without Appropriate Authorisation** *Background* The rules and regulations for the use of the RTÉ taxi voucher system (set-out on the reverse of the voucher) outline that vouchers must be authorised by a person in authority and not the passenger. *Findings* The findings are summarised in the points below: ✓ Taxi vouchers were appropriately authorised in 93.5% of the 5,886 vouchers used during the period. This represented €128,582 in value. X In 4% of cases (213 vouchers), the authorisation was recorded as being illegible. Self-authorisation (where the authoriser and passenger was the same person) took place in 2% of cases (147 vouchers). The authorisation field was blank in 0.5% of cases (31 vouchers). The total value of vouchers not appropriately authorised was €8,358 or 6.5% of the total expenditure. *Impact* While an illegible signature may simply reflect a lack of due care and attention by the authorising RTÉ staff member signing the voucher, there is a risk that a signature is made deliberately illegible to mask non-compliance with the regulations for the use	See Management Comment in finding #1 above. The voucher itself has a space for the approver to complete their name in block capitals. Reminders should be made to staff to complete vouchers fully. ███████	See actions in finding #1 above.	H	See above

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	of the RTÉ taxi voucher system. This could arise for a variety of reasons: self-authorisation (by the passenger), fictitious authorisation, or authorisation by an individual who is not a valid RTÉ approver.				
	Policy & Other Observations				
4.	**Strategic Review of Taxi Voucher System** On a more strategic level, in the context of the ongoing organisational restructuring and changes in work practices, it is timely to revisit the purpose and objective of staff taxi vouchers. Staff use is likely to represent in excess of €100k of the expenditure on taxi vouchers in 2018 (> 4,000 vouchers). An entitlement to access a taxi voucher for travel to work outside of normal public transportation hours has been created over the years, irrespective of whether it is a once-off / project requirement, or an ongoing requirement based on the individual's normal rostered pattern of work. It is timely to reconsider if this is still appropriate based on changes in working methods and changes in the composition of teams. It is timely to consider whether the scope of the entitlement to use a voucher outside normal transportation hours should be restricted to certain types of work activity *(rostered versus late changes; regular patters versus once-off/project; etc.)* and validate whether the existing use remains in line with management's intention.	Agreed. RTÉ also needs to strategically review whether they want to continue paying taxi fares for staff to come to work for their normal rostered hours, strictly because they are outside public transport hours. (███████)	A strategic review of the current taxi voucher system will be undertaken. Consideration will be given to reviewing taxi vouchers in the context of the six enabling initiatives to support the delivery of the RTÉ strategy and is likely to fit best in the Creating Smarter initiative.	M	███████ 31 January 2019

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	This could be considered in the context of the six enabling initiatives to support the delivery of the RTÉ strategy or in the context of the update of the RTÉ Travel Policy.				
5.	**Lack of Regular Communication to Staff** *Finding* We noted during the audit that communication to staff members regarding the use of taxi vouchers is overdue. It is timely that a reminder is issued to all staff and management regarding taxi vouchers. This written reminder should cover the policy that is currently in place as per the RTÉ Travel Policy, guidelines around the correct usage of vouchers and the procedures that are in place. Guidance on security and safekeeping, and the importance of retaining vouchers in a secure location, is also needed.	Agreed. Holders of taxi voucher booklets need to: a) Ensure they are locked away securely. b) Be passed to their Line Manger should they transfer to a different area or depart the organisation, as well as informing Office Services of the change. ███████████	In addition to the written reminder in finding #1, a notice will be placed on The Hub reminding all staff members of the appropriate procedures. A separate written reminder will be issued to voucher book holders (once updated), reinforcing the importance of security and to treat taxi voucher booklets in a manner similar to cash. Booklets should not be left lying around in open common areas.	H	███████ 31 December 2018 ███████ 31 December 2018
6.	**Use of Different Coloured Vouchers** *Background* As explained in finding #1 above, green and blue coloured vouchers denote use in early morning or late evening, respectively, by staff members. *Finding* We noted during testing that the correct vouchers are not being issued at the correct times, for example, early morning vouchers (green) were issued and used in the evening, and vice versa.	Agreed. Rationalising the number of voucher book types available in line with any agreed changes in policy would be appropriate. ███████████	A review into combing the early morning and late evening staff vouchers into one single voucher for staff use outside of public transportation hours will be undertaken.	M	███████ 31 December 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	We note that there may not be a requirement to have both an early morning and late evening vouchers in place for staff. There is no business requirement to differentiate between early morning and late evening fares as the rates are largely the same and the current process of having two vouchers may be unnecessarily complicating the process. It may make more sense to merge the early morning / late evening vouchers into one staff voucher for use outside of public transport hours.				
7.	**Out-dated Authorisation Listing for Taxi Booklets** **Background** According to the RTÉ Travel Policy, taxi vouchers must be authorised by a person in authority and not by the passenger. To ensure taxi booklets are issued to the authorised personnel only, a listing of authorised nominees for collection of taxi vouchers is kept by the holders of voucher booklets in Office Services. Approval in writing must be received by Office Services from the relevant Line Manager in the area before a new nominee for obtaining taxi booklets can be added to the list. **Finding** The findings are summarised in the points below: X It was noted that the authorisation listing being used at the time of the review was not fully up-to-date, with departed staff names still listed as nominees.	1) The authorisation listing will be updated. The responsibility lies with the booklet holders to keep Office Services informed of change once the list is updated. 2) The introduction of a counterfoil or perforated stub booklet can be investigated. All Line Managers / book holders should record who they have issued vouchers to and the reason for use. Any changes to the voucher book design	1) The authorisation listing of taxi voucher booklet holders will be updated to reflect changes due organisation restructuring and staff departures. The authorisation listing will be updated on a half-yearly basis. 2) The feasibility of introducing counterfoil booklets for vouchers will be examined. This will improve record keeping and aid in the tracking of voucher usage.	M	▉▉▉▉▉▉ 31 December 2018 ▉▉▉▉▉▉ 31 December 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	X The authorisation is no longer fully up to date following the organisation restructure, with many nominees having moved roles or divisions. ***Impact*** The above findings reduce the ability of Office Services personnel to accurately track the location of taxi voucher booklets, during and following the restructuring period. There is also a risk that Line Managers are not following up on the location of booklets of staff that have departed. It is their responsibility to reassign taxi voucher booklets in such situations.	should only be done after the taxi policy has been finalised to reduce costs associated with double jobbing on this issue. (▓▓▓▓▓▓▓)			
8.	**Incomplete vouchers and lack of sufficient information** ***Background*** When a staff member needs a taxi for him/herself or for a contributor, they request a voucher from the nominated person in their area who holds the taxi vouchers. The staff member fills in the details on the voucher – i.e. name, date & time of journey, journey details and costpool. When these details are complete, the authoriser will authorise the voucher. (The authoriser is generally the person holding the voucher book.) ***Findings*** It was noted during testing that all of the necessary fields were not completed by staff members when completing vouchers. While the pick-up point and destination fields were completed in all instances, the passenger name was omitted on 48 vouchers	See Management Comment in finding #1 above.	See actions in finding #1 above.	L	See above

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	(0.8%) and expenditure to the value of €1,235. However, we note that Office Services track voucher booklets issued and is therefore in a position to know which area the voucher related to, although not the named individual. *Impact* Insufficient information on taxi vouchers does not facilitate monitoring of their usage or provides limited information in the case of a dispute. Staff using vouchers should be made aware of the correct voucher to be used, the rules around their use and the details to be completed on each voucher.				
9.	**Travel Policy out of date** *Finding* The RTÉ Travel Policy has not been updated since November 2008. An update of the Policy is therefore now overdue. A draft was submitted to employee representatives for discussion in late 2013 but was never finalised or approved. The coming together of part of the business into 'One RTÉ' draws further attention to the need for a new Policy as the existing policy may have been implemented slightly differently across different areas, which are now coming together. As outlined in #4 above, the purpose and objective of staff taxi voucher use should also be considered in the context of this update to determine if the use of vouchers by staff members should be restricted.	Most issues of this audit could be managed through the updating of the policy and ensuring that it is appropriate for RTÉ's business needs. Then it can be managed through senior level communication and strong line management control. ███████	This was highlighted in another audit report and is already being tracked on our log of open audit action points.	H	N/A – already actioned

RTÉ Internal Audit

Report on Supplier and Employee Master Data

11 November 2016

Circulation:
Director-General
Executive
Members of the Audit and Risk Committee

Central HR

RTÉ

Background, Objectives & Scope

Background

RTÉ has three key payment systems to pay individuals and companies supplying goods / services to RTÉ: Accounts Payable ▮▮▮▮), Payroll ▮▮▮▮▮▮▮▮) and ▮▮▮▮▮▮▮▮

➤ **Accounts Payable** is used to pay suppliers of goods, professional fees, corporate services etc. There are tiered delegated authority approval limits in place via ▮▮▮▮ web. All purchases, irrespective of value, are firstly approved by the relevant costpool manager. The level of additional approval, up to Director-General level, varies depending on the contract value.

➤ ▮▮▮▮▮▮▮▮ is used to pay non-employees providing "personal services", including any company whose primary function is to provide the personal services of a named individual. In addition, casual employees and employees on very short fixed term contracts are paid via ▮▮▮▮▮▮▮▮ Payments are approved by two approvers – generally a costpool manager and a second relevant approver (primarily a member of finance).

➤ **Payroll** is used to pay for the services of all other RTÉ employees. **Employee master data** is maintained on ▮▮▮▮▮, with processing by the outsourced providers, ▮▮▮▮▮▮▮.

The purpose of this audit was to determine if any suppliers, independent contractors or employees were set up on more than one payment system, or set up twice within the same payment system. The key risk of duplicate accounts is intentional (fraudulent) or unintentional duplicate payments. The audit also detects potential conflicts of interest.

Objectives of audit

Payroll / Employee Data

✓ To detect if any employees are being paid via other payment systems and to assess if appropriate
✓ To detect "ghost" or fictitious employees

▮▮▮▮▮▮▮▮

✓ To identify if any individual has more than one ▮▮▮▮▮ fees account
✓ To detect if any individuals receiving fee payments are also set up as suppliers on Accounts Payable, or as employees on payroll

Accounts Payable

✓ To identify duplicate supplier accounts and, where arising, to assess if all such duplicate supplier accounts are necessary
✓ To detect if any suppliers are also paid via ▮▮▮▮▮▮▮▮ or payroll

Scope of audit

This audit is a "catch-all" audit providing a second check of existing operational controls. Any issues with the operational effectiveness of the second line of defence internal controls will be evidenced by a higher number of invalid duplicate accounts and payments. The audit is informative regarding the financial control environment generally.

The scope of our audit was limited to analysing "active" supplier, employee and ▮▮▮▮▮▮▮ fees master file data. The master file data on Accounts Payable, ▮▮▮▮▮ (Fees & Employees) and Payroll (via outsource provider) was analysed to identify duplicate accounts using:

✓ Bank Account Number
✓ Name of business, employee, Independent Contractor, Sole Trader etc.
✓ Address
✓ PPS number or VAT number, where relevant

The following was outside of the scope of this audit:

𝘟 Suppliers paid via purchase card
𝘟 A full review of duplicate payments as many of the payments on these systems are multiple payments of a similar value. [Duplicates were examined by exception]

Key Risks & Summary Findings

Risks

The key corporate risks addressed by the report are as follows:

- Risk #1 – Reputation Risk *(Fraud risk; Conflicts of Interest)*
- Risk #3 – Management and prioritisation of financial resources
- Risk #8 – Organisation and people

Summary Findings

Operational control effectiveness, both within and across payment systems, was assessed and assigned a control rating based on a three-point traffic light scale.

The control rating is based on an assessment and review of the effectiveness of controls currently in place, while also comparing to the results when the audit was last carried out.

See table below for results in each area:

Review of Master Data	Ref.	Result
Across Systems:		
Accounts Payable & ▉▉▉▉ Fees	A.1	🟠
▉▉▉▉ Fees & ▉▉▉▉ Employees	A.2	🟠
Accounts Payable & ▉▉▉▉ Employees	A.3	🟢
Outsourced Payroll & ▉▉▉▉ Employees	A.4	🟢
Within Systems:		
Accounts Payable data	B.1	🟠
▉▉▉▉ Fees data	B.2	🟢
▉▉▉▉ Employees data	B.3	🟢
Outsourced Payroll Data	B.4	🟢

In the pages overleaf we have summarised the detailed findings for each of the areas referenced above.

RTÉ

Detailed Findings

Detailed Findings

The audit findings are presented in two sections. Section A outlines duplicate accounts across different payment systems and Section B, overleaf, outlines duplicate accounts within a payment system.

A: Suppliers set-up on more than one payment system

① **Accounts Payable and** ▮▮▮▮▮▮▮▮▮▮ **– set up on both systems** ⬤

72 suppliers (2% of the 3,623 suppliers) on Accounts Payable have an account with matching master file data to an account(s) on ▮▮▮▮▮▮ fees (1.3% of the 5,237 accounts on ▮▮▮▮▮ fees). There was a valid reason for the duplicate account in the case of 45 (63%) of these suppliers/accounts.

The remaining 27 duplicates (38%) are not necessary and need further action as duplicate accounts pose a higher risk. In 26 cases, at least one payment had been processed on each payment system. The nature of the service delivered was similar irrespective of the payment system used. While the remaining supplier has an account on both payment systems, only one account has been used to make a payment.

Of the 27 unnecessary duplicate accounts, 15 ▮▮▮▮▮▮ accounts should be closed and three ▮▮▮▮ accounts. Both accounts should be closed in four instances, as they are legacy accounts with no recent activity.

The breakdown of duplicates between ▮▮▮▮ and ▮▮▮▮▮▮▮ is analysed in the charts across.

Talent Agencies
There was matching master data in the case of nine talent agencies receiving payments for "named talent" via Accounts Payable and ▮▮▮▮▮▮. See the action plan for further details. These talent agencies were receiving payment via accounts payable for individuals who also have active accounts on ▮▮▮▮▮ ees.

Analysis of Duplicates: Accounts Payable & Fees

- 45 Valid Duplicate
- 27 Issue Noted
- 15 Close ▮▮▮ Account
- 8 Close ▮▮ Account
- 4 Close Both Accounts
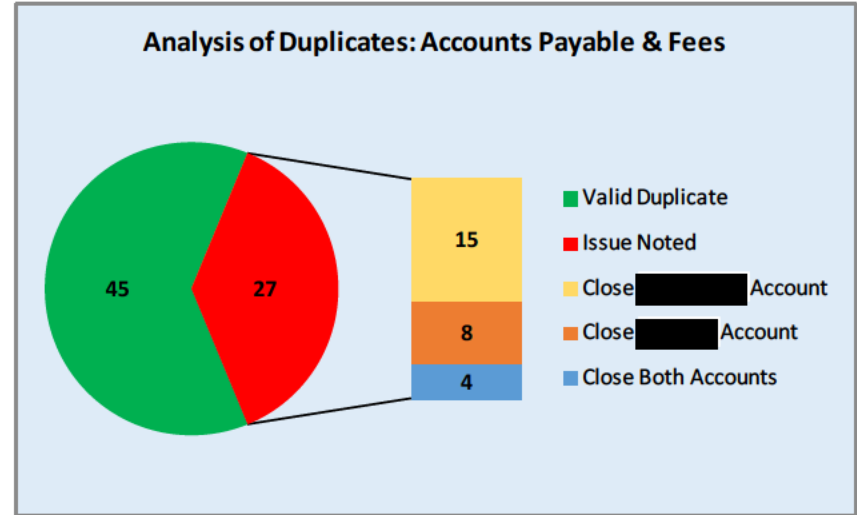
The type of service being provided by these 27 suppliers is set-out below:

Analysis of 27 Suppliers set up on Accounts Payable and ▮▮▮▮▮▮

(Values: 6, 6, 5, 3, 3, 2, 2)
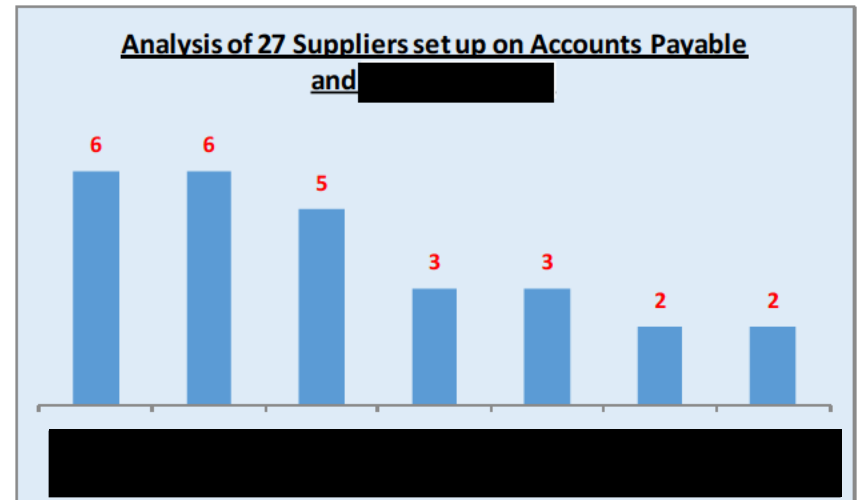
Summary Findings (Cont'd)

② ▮▮▮▮ Fees and ▮▮▮▮ Employees – set up on both systems 🟠

Two employees have an unnecessary active account on ▮▮▮▮ fees.

In one case, a former non-employees was successful in securing an employee role and the duplicate account is therefore a timing issue. The remaining duplicate is a legacy fees account that needs to be deactivated.

(Six further accounts had already been closed / deactivated. These accounts are flagged with a "Do Not Use" notification on the master data, and no activity / payments can be made. They are inactive accounts and for historical viewing purposes only.)

Analysis of Duplicates: Fees & Employees

- 🔵 Duplicate Account: Valid
- ⬜ Duplicate Account: Invalid
- 🟨 Timing Reason - Change in job role
- 🟥 Legacy Account
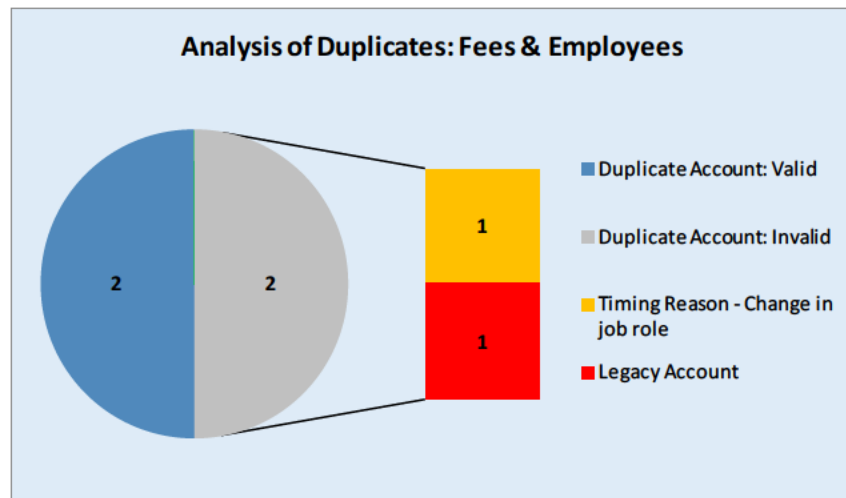
③ Accounts Payable and ▮▮▮▮ Employees – set up on both systems 🟢

Six employees also have an active account on Accounts Payable. Four of the duplicate accounts related to employees having petty cash accounts and two related to the purchase of programme rights in Television. There are valid reasons for the duplicates in all cases.

④ Payroll and ▮▮▮▮t Employees – set up on both systems 🟢

There were no individuals listed on the records provided by the outsourced Payroll company, ▮▮▮▮, that did not exist on the ▮▮▮▮ records as valid employees. Data sets were comapred using PPSN and bank account numbers.

B: Duplicate supplier accounts within a payment system

① Suppliers with more than one account on Accounts Payable 🟠

We identified 93 suppliers (2.6% of suppliers) with more than one account on Accounts Payable. 72 (77%) of the duplicate accounts were required for valid reasons due to billing in different currencies, separate legal entities etc. However, 21 (23%) of these suppliers did not require more than one account on ▮▮▮▮. This is similar to the results of the previous audit.

In the case of seven of the 21 duplicate suppliers, payments were made in 2016 using both of the duplicate accounts. 10 suppliers were paid using only one of the duplicate accounts. Finally, no payments were made in 2016 in the case of the remaining four duplicate accounts.

Suppliers with more than one account on ▮▮▮▮

- 72 (77%) — Duplicate Supplier account required
- 21 (23%) — Duplicate supplier account not required

RTÉ
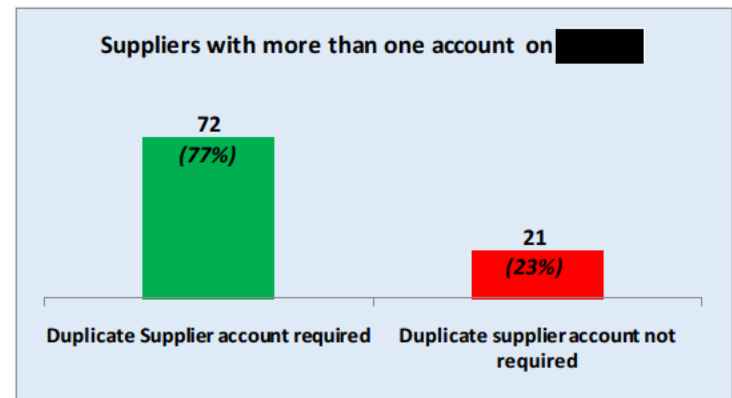
Summary Findings (Cont'd)

② Individuals with more than one account on ▮▮▮▮▮ fees 🟢

We identified <u>18</u> individuals with more than one active account on ▮▮▮▮ fees (0.3% of 5,237 accounts). These are isolated incidents in the context of the number of active accounts and represent an improvement on the results recorded in the last audit.

These individuals do not, in our view, based on further investigation, need more than one active account. In a majority of cases, payments are only being made via one of the accounts, and the second, legacy, account should therefore be closed.

Of the 18 individuals, 13 had already been partially actioned by HR as the accounts not required were flagged with a "Do Not Use" notification on the master data.

In eight of the 18 instances, the original creation of the second account was unavoidable for taxation purposes. However, on creation of the second account, the initial account should have been made inactive.

③ Individuals with more than one account on ▮▮▮▮▮ Employees 🟢

We did not identify any employees with duplicate records on ▮▮▮▮ Employees data. We performed checks using bank accounts, National Identifier (PPSN / VAT no / Company No), names and addresss.

④ Individuals with more than one account on Payroll 🟢

We did not identify any employees set up twice on the outsourced payroll providers, ▮▮▮▮▮▮.

The results of both three and four above are in line with the previous audit.

C: Duplicate Payments

We noted no duplicate payments, in 2016, in respect of the duplicate accounts highlighted as an exception during the course of our testing.

Analysis of 18 Duplicate Accounts on ▮▮▮

Already Partially Addressed — 13
Not Addressed — 5

18

Duplicate account - not required
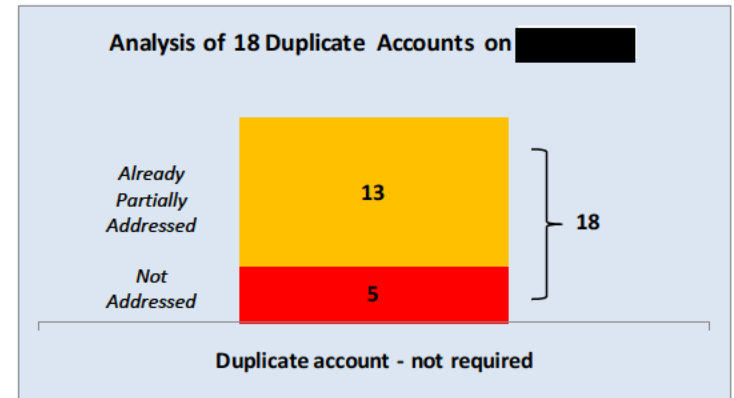
Conclusion

Key Management Issues

Duplicate accounts

We noted some instances of unnecessary duplicate accounts, both across and within payment systems. This increases the risk of duplicate payments being processed and the difficulty in tracking the level of business with the supplier for the purpose of monitoring tender thresholds, procurement rules and matters relating to employment legislation / scope of work. This will be actioned by the closure of unnecessary duplicate accounts.

Conclusion

The purpose of this audit was to determine if any suppliers, independent contractors or employees were set up on more than one payment system, or set up twice within a payment system. In some cases, judgment needs to be exercised as regards the most appropriate payment system based on the nature of the engagement. This increases the duplicate risk. The key risk of a duplicate account is intentional or unintentional duplicate payments. In addition, this audit represents a check of the operational effectiveness of the masterfile and account set-up controls.

We identified 27 suppliers with active accounts on both the Accounts Payable and ▆▆▆▆▆ fees payment systems. Following a separate review of the supplier list on each payment system, we identified 18 individuals (0.3% of total accounts) with more than one account on ▆▆▆▆▆ fees and 21 suppliers (0.6% of total suppliers) with duplicate accounts on Accounts Payable, both in circumstances where only one account was required.

These findings should be considered in the context of the large number of accounts on both systems - 3,623 suppliers in the case of accounts payable and 5,237 accounts on ▆▆▆▆▆ fees - and the low percentage of duplicate accounts in the context of the overall number of accounts.

A number of results show improvements from the 2014 audit. This is especially relevant for the number of duplicate supplier accounts on Accounts Payable and the number of duplicate accounts on ▆▆▆▆▆ fees. The audit is rated at the mid-point in the scale, although at the upper end of that point when considered in the context of the low level of exceptions as a percentage of the full data population.

Actions have been agreed to address the key issues raised in this report. A review will be carried out to ensure that no duplicate payments have been processed on the duplicate accounts identified in this report.

We would like to thank the relevant personnel in People Payments, Accounts Payable and the HR (Data) team for their assistance in carrying out this audit.

Rating   **Overall Rating**   ▮   IMPROVEMENT NEEDED

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	Suppliers set up on more than one payment system			
1.	**Suppliers on Accounts Payable and** ▮▮▮▮▮▮ **fees** *Findings* **72** suppliers on Accounts Payable (2% of the 3,623 suppliers) have accounts with similar master file data to accounts on ▮▮▮▮▮▮ fees (1.3% of the 5,237 accounts on ▮▮▮▮▮▮ fees). Internal Audit deemed it appropriate that **45** of these suppliers be set-up on both payment systems as the nature of the services being paid for on Accounts Payable are entirely different from the services of the named individuals being provided on ▮▮▮▮▮▮ fees. (For example hotel accommodation for RTÉ staff paid through Accounts Payable and the owner of the same hotel receiving fee payments on ▮▮▮▮▮▮ for contributing to a radio programme). This is in line with RTÉ payment guidelines. The remaining **27** duplicates (38%) are not necessary and need further action. • The 27 suppliers providing the services of named individuals were set up for payment on both Accounts Payable and ▮▮▮▮▮▮ fees. These can be analysed, by type of service, as follows: ▮▮▮▮▮▮ 6 ▮▮▮▮▮▮ 6 ▮▮▮▮▮▮ 5 ▮▮▮▮▮▮ 3 ▮▮▮▮▮▮ 3 ▮▮▮▮▮▮ 2 ▮▮▮▮▮▮ <u>2</u> **27**	Accounts Payable and People Payments will carry out a joint review of the 27 suppliers set up on both payment systems and a decision will be made as to the most appropriate payment system for the supplier in question. Any supplier accounts set up on the wrong payment system or not used within the last year will be deactivated. A review of these 27 suppliers will be carried out to ensure that no duplicate payments were made during the year. A review of the remaining 45 accounts will be undertaken to ascertain whether both accounts are actually required.	M	Done ▮▮▮▮▮▮ Done ▮▮▮▮▮▮ Done ▮▮▮▮▮▮

Finding	Agreed Action	Priority	Completion Date and Manager Responsible
This represents a slight deterioration on the position since the last audit (i.e. 19 duplicate accounts in the prior audit compared to 27 for this audit) • We noted 9 talent agencies receiving payment for "named talent" on Accounts Payable. However only payments to agencies for "generic talent" – talent contracted to the agency, extras for Fair City, backing dancers etc. – should be processed through Accounts Payable • These talent agencies were receiving payment via Accounts Payable for individuals who also have active accounts on ▮▮▮▮▮ fees. **Impact** As a result: • There is a risk of duplicate payments in the event of an invoice being posted and approved on both payment systems • The appropriate contract may not be in place. All individuals providing personal services to RTÉ should receive an independent contract in order to clarify the nature of the individual's relationship with RTÉ. Suppliers set-up on Accounts Payable are not issued with standard independent contracts • Deductions may not be processed correctly - Accounts Payable does not facilitate the deduction of PAYE and PRSI, which may be required for certain independent contractors, where evidence of their tax status has not been obtained. • This may cause confusion with suppliers as Accounts Payable is managed by a different department to Fee payments and would have different points of contact; and • Payslips may be issued in circumstances which are not appropriate e.g. to charities			

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
2.	**Incorrect system used to record payment** As outlined above, 45 duplicate accounts across Accounts Payable and ▮▮▮▮ Fees are assessed as being valid and appropriate as the nature of the services being paid for on Accounts Payable are entirely different from the services being provided on ▮▮▮▮ fees. However, of the 45 accounts, we noted three instances where personal work was incorrectly being recorded on ▮▮▮▮ instead of on ▮▮▮▮ The personal work would have been more appropriately billed via Fees. For example, an IPU Television programme was purchased and paid for via a supplier account on ▮▮▮▮ (Accounts Payable). The owner / director of the same company has also contributed on various Producer / Director training courses in an individual personal capacity and has an account on ▮▮▮▮ fees. However, we noted that some of the personal work was incorrectly processed through the Accounts Payable account. A similar issue arose for two other accounts. While a valid duplicate account exists in these three cases – therefore not highlighted in the 27 exceptions in finding # 1 – the work was not always billed on the correct system.	See finding for action # 1 above.	M	N/a
3.	**Employees with active ▮▮▮▮ fee accounts** Four employees also have active ▮▮▮▮ fees accounts (i.e. a payment could be made through ▮▮▮▮ fees and payroll for the employees). In two cases, it was deemed appropriate for the individual to have an account on each payment system. In the remaining two cases, only one account is required. The details of both are set-out below:	The employee's account on ▮▮▮▮ fees will both be deactivated.	M	▮▮▮▮ Completed

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	• An employee (ill-health early retiree) was paid for a contribution on a Radio Documentary in 2009 via ▮▮▮▮▮▮ Fees. While the payment method was appropriate, this legacy account should now be closed. • A former non-employee was successful in securing an employee role (Video Editor in TV Operations) and the duplicate account is a timing issue. The non – employee (Fees) account will be closed. The risk of a duplicate accounts is: - Potential duplicate payments; and - Employee history spread over different accounts leading to difficulty in tracking the nature of RTÉ's relationship with the individual. In the case of the exceptions above, one of the accounts did not have a PPS number assigned to it. As a result, the automatic ▮▮▮▮▮▮ control which prevents a duplicate account being created with the same PPS number did not operate.			
4.	**Employees with an active Supplier Account** Six employees also have active supplier accounts on ▮▮▮▮ (Accounts Payable). There is a risk here of potential duplicate or inappropriate payment as a result of duplicate accounts. However, the duplicate accounts are valid in all six instances, as explained below. Four are staff members with valid supplier accounts to receive petty cash floats and specific procedures are in place to manage petty cash. There is no issue with this. In the remaining two instances the supplier accounts were used for the purchase of programme rights, which is a valid payment method, independent of the job role and procured using the normal procurement	No action required.	N/A	N/A

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	procedures. No other current employees had an active account on Accounts Payable.			
	Duplicate Supplier accounts within a payment system			
5.	**Duplicate supplier accounts on Accounts Payable** **93** suppliers on Accounts Payable had more than one supplier account (circa 3% of the 3,623 suppliers on Accounts Payable). **72** (77%) of these suppliers needed a second supplier account to facilitate billing in different currencies, separate legal entities etc. However, the remaining **21** suppliers did not require multiple accounts. This is similar to the results of the previous audit. (20 duplicate accounts identified at the time). The risk of having more than one account for a supplier includes: • Potential duplicate payments as invoices could be posted to both supplier accounts and inadvertently paid twice; and • Difficulty in tracking spend may lead to breaches in RTÉ procurement guidelines as purchases may, when the purchase activity on both accounts is combined, exceed the threshold for public tenders etc. Of the 21 (23%) duplicate accounts identified, payments were made in 2016 using both of the duplicate accounts in the case of seven suppliers.	The 21 duplicate supplier accounts on Accounts Payable will be reviewed and any accounts not required will be deactivated ("parked"). A review will be carried out by Purchasing, in conjunction with Accounts Payable, to ensure that no historic duplicate payments have been processed on the supplier accounts. (Scope: the 21 suppliers identified as not needing a duplicate account) A reminder will be issued to personnel with the authority to set-up a supplier account to perform a detailed check in advance of set-up to ensure that the supplier in question does not already have a supplier account.	Medium	Done ███████ Done ███████ 31 December 2016 ███████ 31 December 2016
6.	**Duplicate accounts on** ██████████ We identified **18** individuals with more than one account on ████████ fees (0.3% of the 5,237 accounts in total on █████████ fees). All 18 were	In the case of the 18 duplicate accounts, a review will be carried out and one of the accounts will be deactivated / terminated on ██████████		Done ████████

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	deemed to be invalid duplicate accounts. Of the 18 issues, 13 (72%) had already been partially actioned by HR as the accounts not required were flagged with a "Do Not Use" notification on the master data. In eight of the 18 instances, the original creation of the second account was unavoidable for taxation purposes. However, on creation of the second account, the initial account should have been made inactive. This represents an improvement on the position at the last audit (30 invalid duplicate accounts) ███████ will not allow a supplier account to be set up using a PPS number already keyed into the system for another supplier. This is a key control to prevent duplicate accounts. However, a PPS number is not assigned to an account in all cases (e.g. ad-hoc programme contributors), which explains why some of the duplicate accounts were not prevented by the IT controls. This impact of duplicate accounts are: • A duplicate payment could occur if the same invoice was posted to both accounts on ████████ fees and inadvertently approved for payment twice • As HR monitor the level of activity within ███████ fee accounts to determine if the individual's contract continues to be appropriate, this is more difficult when there are multiple accounts • For tax purposes, where PAYE and PRSI are deducted for an individual, more than one account will cause confusion re tax credits, PAYE limits etc.			

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	General			
7.	**Number of Fee In-putters on** ██████ At the time of our audit, 243 individuals had the ability to raise fee payment requests on ██████. This has increased from the number at the time of our audit of ██████ Fee payments in late 2014 (199). With the passage of time it is now timely to carry out an updated review of the list. The number of fee inputters is high and HR Shared Services have little control or visibility over who the inputters are and whether payments are being input correctly. In addition, there is inconsistency in who inputs fees in each division with some people undertaking the exercise very infrequently, increasing the risk of errors. The raising of fee payment requests on ██████ requires a certain level of specialised knowledge of the ██████ system, taxation, the components of a valid VAT invoice, exclusion orders etc. In addition, there is an element of basic administration required to ensure that: - Invoices agree to contracts; - The invoice has not already been paid; - Invoices are checked back to rosters as necessary; and - Invoices are correctly filed. The greater the number of individuals raising requests the more difficult it is to ensure that everyone is fully trained and, therefore, the greater the likelihood of error. ██████ as a system, is also very limited in that extra prompts or	Central HR will circulate a list of individuals with a fee input access profile on ██████ to Central Finance, specifying when the individual last input a fees invoice. Central Finance will circulate to the IBDs as appropriate. The purpose of this review will be to identify any individuals no longer requiring the fee input access profile (either because of a change in role or if they have not raised a fee for a considerable period of time). The access will be removed as appropriate. A similar review will take place twice per year in the future.	M	██████ ██████ / █ █ ██████ s 31 December 2016

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	parameters at the fee input stage of the process cannot be added as extra precautionary controls.			

RTÉ

Technology Risk Assessment Report

16 September 2015

EY

Building a better
working world

Table of contents

1.   Executive Summary

1.1   Background

The purpose of this document is to identify the current and emerging technology risks facing RTÉ. RTÉ engaged ■ to assist Internal Audit in carrying out this review. The review involved a combination of meetings, review of documentation, audit testing and a workshop with Technology personnel. At the outset of the review process a Technology risk questionnaire was issued to technology management to allow individuals to anonymously input their key Technology risks and to rate other aspects of Technology operations.

A large number of risks were identified during this review. Risks were analysed and grouped into common Technology risk themes, which forms the basis of the top Technology risks identified below. ■ and Internal Audit conducted follow up meetings with the risk owners to finalise rankings, identify existing controls and understand any relevant on-going mitigation projects. In addition, where applicable, the risk owners also provided comments on estimated effort/cost required to reduce the Technology risks.

1.2   Summary of findings

Outlined below are the key Technology risks and the risk radar which highlights the risk category plus the assessed risk status.

Priority Rank	Technology Risk
1	Reliance on legacy applications that are in need of investment /replacement
2	Lack of awareness regarding information security and data protection
3	Inadequate technology BCP and disaster recovery
4	Reliance on ageing infrastructure that is in need of investment /replacement
5	Applications not fit for purpose for current and known future requirement
6	People and skills risks: • Capability (skills) deficit to deliver service demand • Capacity of team to keep pace with service demand
7	Over-reliance on key individuals: • RTÉ staff members • Third parties: including availability of local skills and overall management of third party contracts
8	Lack of adherence to policies and procedures
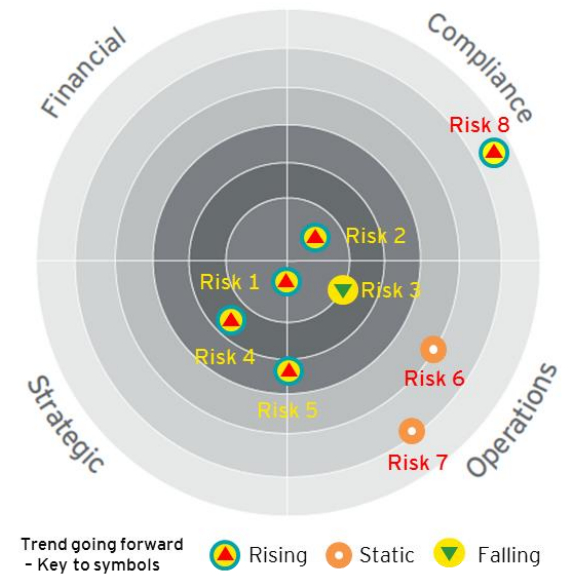
1.3 Controls remediation status

We engaged with the relevant risk owners to assess the controls employed to mitigate the risks. This review is only focused on the controls to address the specific risk identified: while other related controls are in place in many cases, these are not documented in this report. Where control gaps were noted, we investigated the remediation plan. Outlined below is the remediation status for each of the top Technology risks. In determining the remediation status we assessed the extent of progress towards implementing robust controls which will mitigate the risks.

Priority Rank	Technology Risk	Risk Category	Summary of Remediation Activities	Remediation Status
1	Reliance on legacy applications that are in need of investment/replacement	Operational/ Strategic	Technology is engaging with Finance to gather the business requirements and decide on whether to replace or upgrade ███████ The solution design for an upgrade to ████████ is in progress (phased budgeting). Migration of the ████████ application to new hardware platform.	2
2	Lack of awareness regarding information security and data protection	Compliance	A new User Management Policy, effective Q3 2015. Technology is currently engaging with third parties who provide IT security awareness training.	3
3	Inadequate technology BCP and disaster recovery	Operational	A cross-IBD project is underway to develop the BCP and DR plans and to identify where investment may be needed. Technology is within scope.	3
4	Reliance on ageing infrastructure that is in need of investment/replacement	Strategic	Funding committed towards the establishment of (and migration to) a private cloud and a new storage strategy based on virtualisation: Project Nebula.	2
5	Applications not fit for purpose for current and known future requirements	Strategic	Upgrade of ██████ in the planning phase. Other actions are in progress for the other (less key) systems.	2
6	People and skills risks: • Capability (skills) deficit to deliver service demand • Capacity of team to keep pace with service demand	Operational	A training budget is available for Technology staff. Reorganisation of Technology team to facilitate better work shadowing and job rotation is complete.	3.5
7	Over-reliance on key individuals: • RTÉ staff members • Third parties: including availability of local skills and overall management of third party contracts	Operational	Training underway to ensure work shadowing in the case of a small number of instances of over-reliance on key skills. Access to a broader pool of third parties now available, including UK based providers.	3
8	Lack of adherence to policies and procedures	Compliance	This will be addressed by the actions under risk 2 above.	3

Level 1: No formal plan	Level 2: Formal plan established	Level 3: Activities ongoing against plan	Level 4: Remediation status advanced	Level 5: Remediated

2. Detailed Findings by Technology Risk

We have provided additional context including controls, business impact and remediation status for each of the eight technology key risks. This was based on interviews held with each of the risk owners and consideration of controls:

Risk 1:
Reliance on legacy applications that are in need of investment / replacement

Risk owner: ██████████, Head of Applications & Systems

Risk rating: ●

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Key system outages might occur due to software or hardware failure			

Risk 1:
Reliance on legacy applications that are in need of investment / replacement

Risk owner: █████████, Head of Applications & Systems

Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities

Risk 2:
Lack of awareness regarding information security and data protection

Risk owner: ███████████, Connectivity & Security
Team Lead
Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Unauthorised access could be gained to RTÉ's systems and supporting hardware exposing the information assets to potential abuse. RTÉ devices could be used to conduct unauthorised business activities by ex-employees. Non-compliance with Data Protection legislation and possible reputation damage.			

Risk 2:
Lack of awareness regarding information security and data protection

Risk owner: ████████, Connectivity & Security
Team Lead
Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities

Risk 2:
Lack of awareness regarding information security and data protection

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities

Risk 3:
Inadequate technology BCP and disaster recovery

Risk owner: ███████████████████████
████████

Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Single points of failure in critical technology and other broadcast infrastructure, impacting business continuity and output (e.g. ████████ ████████ in the TV building). Poor planning impacting the organisation's recovery from a disaster event (fire, flood, environmental event, etc.) within an acceptable timeframe.	████████████████████		

Risk 4:

Reliance on ageing infrastructure that is in need of investment/replacement

Risk owner: ███████████, Head of Technology Infrastructure

Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Ageing network infrastructure and storage could result in system outages across RTÉ's Technology landscape. (Ageing broadcast infrastructure addressed by TV RCM exercise referred to in risk 3)	Storage		

Risk 4:
Reliance on ageing infrastructure that is in need of investment/replacement

Risk owner: ██████████████, Head of
Technology Infrastructure

Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities

Risk 5:
Applications not fit for purpose for current and known future requirements

Risk owner: ██████████, Head of Applications & Systems

Risk rating: 🔴

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
RTÉ might fail to achieve strategic objectives due to system limitations. **Decisions might be made based on inaccurate management information sourced from spreadsheets.**			

Risk 5:
Applications not fit for purpose for current and known future requirements

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities

Risk 6:
People and skills risk

Risk owner: ███████████, CTO

Risk rating: ●

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
RTÉ strategic objectives that require supporting Technology developments might not be realised on a timely basis. Delays in business as usual processing due to slower responses from Technology personnel.	**Capability (Skills) deficit**		
	Additional context: The Technology team does not have a sufficient number of individuals with certain key skills (e.g., project management skills) to manage the service demand. The Technology team does not possess some of the new skills required to support new emerging technology. **Risk driver**: Some legacy issues in the mix of skills among existing personnel. Headcount restrictions limiting the ability to acquire new skills externally.	• IT might fail to provide required support to the business due to absence of the skills required • Inability to execute some of the strategic projects	**Control**: Training budget in place for leadership and technical training. **Remediation activities**: n/a
	Team Capacity to keep pace with service demands		
	Additional context: Technology does not have the required headcount to meet some of the operational and strategic demands of the business and, more importantly, to be more proactive in anticipating user needs and future project requirements. **Risk driver**: Inadequate headcount budget given the financial constraints over recent years.	• Slow delivery and inability to execute some of the strategic projects • Succession planning challenges as there is no capacity to shadow other key roles • Failure to proactively anticipate requirements	**Control**: The Technology team has been reorganised to facilitate shadowing and job rotation. In addition, staff members are being cross training across the key technologies to facilitate the job rotations. **Remediation activities**: Manpower planning process in progress.

Risk 7:
Over reliance on key individuals:
- RTÉ staff members
- Third parties: including availability of local skills and overall management of third party contracts

Risk owner: ███████████████████████ ,
Director of Production and Operations Digital

Risk rating: ●

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Individuals and third parties might not be available to provide on-going application support or key services.	**Additional context:** There is a reliance on one ██████████████████████ who is responsible for certain key tasks, without backup. (███████ ████████████████████████ ████████████████████████ ██████) Restructuring of technology over recent years has now addressed a number of legacy specialist skills areas. In some cases there is scope for improvement in the processes in place to manage business critical third party contracts. In addition, for some niche broadcasting services, reliance is being placed on third parties. **Risk driver:** No succession planning to reduce reliance on individuals. There is a limited pool of third parties offering some of the broadcasting services in the Irish market hence a dependence on a few third parties.	• Failure to effect required system changes resulting in the systems not being available to process transactions or respond to changing business needs • Process disruption due to third party support not being available to remediate technology issues or provide ongoing maintenance	**Control:** Development of systems in a structured fashion to industry best practice to allow handover to another Develop, as necessary. **Remediation activities:** A second individual in ██████ is in the process of being trained to shadow the ██████████████████ which, in turn, will free up time to focus on development work on ████████████████████████████ . Resourcing Plan in Digital. Sourcing and engagement of new suppliers to mitigate over reliance where identified.

Risk 8:
Lack of adherence to policies and procedures

Risk owner: ████████, Connectivity &
Security Team Lead

Risk rating: ●

Risk description	Additional context/Risk driver	Business impact	Controls/Remediation activities
Unauthorised access could be gained to the RTÉ systems. **Misuse of existing systems.** **Loss or damage to assets.**	**Additional context:** Adherence to policy by staff often only takes place when it is enforced by the configuration of systems (e.g., password complexity). Users will often try to circumvent policy where not technically enforced. The user access management policy and password policies are not being complied with. In addition, there is no formal HR exit process. Lack of awareness of policies in some cases and users sometimes view policies as bureaucratic. **Risk driver:** Lack of user awareness regarding their responsibilities and potential impact of non-compliance.	• Same as Risk 2 above	Same as Risk 2 above.

Appendix A   BCP/DRP management comments relating to risks 1 and 3

Ref	Application	Recovery plan tested in the last year (Y/N)	Additional comments

EY | Assurance | Tax | Transactions | Advisory

ey.com

RTÉ Internal Audit

Review of Media Services Contract, dated July 2011

11 October 2016

Circulation:

RTÉ

Background and Scope

1. Background

Objective

This report sets-out a summary of the findings following Internal Audit's review of RTÉ's contract with ██████ ██████ (a trading division of ████ ██████ ██████ Limited). The contract covers the provision of media planning, buying and other related services.

This contract was selected for review as:

- It is financially material;
- ██████ has multiple RTÉ contact points throughout the organisation (thereby increasing the risk of inconsistency or lack of coordination);
- The potential for increased risk of inaccuracy in billings is increased due to the treatment of rebates / discounting and the number of job roles and hourly rates.

This is a follow-on exercise from recent work in the areas of tendering and purchasing and, in that context, Internal Audit is examining some of RTÉ's largest contracts.

Background to Tender Process

In February 2011 RTÉ commenced a tender process seeking an ████████████ ████████████████████████████████ ██████████████████

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Contract

Following a two-stage bid process and agency presentations, ████ ████ ████████████████████ ██████ was appointed as the successful bidder.

The contract was effective for three years from 11 July 2011, with the possibility to extend for an additional two years at RTÉ's discretion.

This is a material contract with an average annual net expenditure (excluding non-recoverable VAT and net of agency commission) ████████████ ██████████████████████████████████

2. Scope

The scope of this audit involved an examination of a sample media campaign in the following areas:

- RTÉ Guide
- Radio (RTÉ 2fm)
- Television (RTÉ One)
- RTÉ Corporate / Licence Fee
- GAAGO

In some cases the media plan audited was targeted at a specific product or campaign (RTÉ 2fm brand re-launch; Rebellion, RTÉ One) and we audited that campaign accordingly. In other cases (e.g. RTÉ Guide), a single consolidated media campaign is agreed for the year and we audited one month within the plan.

The audit involved:

- ✓ Comparing the media costs billed by ██████ to the Media Plans agreed with RTÉ
- ✓ Comparing the details of the media fees billed by ██████ to RTÉ to the Media Plan
- ✓ Reviewing the Media Plan and recalculating the media fees with reference to the contract, where sufficient detail of hours/roles is provided

Risks and Summary

2. Scope (Cont'd)

- ✓ Where feasible, validating the cost of a sample of media purchased by ▮▮▮▮ on behalf of RTÉ to another independent source, to verify the appropriateness of the pass-through cost
- ✓ Reviewing the Media Plan generally for unusual items, reasonableness and checking arithmetic accuracy
- ✓ Comparing the billing mechanisms, and the consistency of pricing, across RTÉ departments
- ✓ Checking compliance with the contract, especially with reference to billings, pricing, discounting and the treatment of agency commissions

We have not carried out a full audit of the data provided by ▮▮▮▮ However, we carried out a high-level reconciliation to RTÉ's records on the Accounts Payable ledger in Agresso.

3. Risks

The key corporate risks addressed by the report are as follows:

- ▪ Risk # 3 – Management and Prioritisation of Financial Resources
- ▪ Risk # 8 – Organisation Structures

4. Executive Summary

Internal Audit carried out review of RTÉ's media services contract with ▮▮▮▮ ▮▮▮▮ (a trading division of ▮▮▮ ▮▮▮▮▮▮▮▮▮▮▮) dated 11 July 2011. The purpose of the review was to assess ▮▮▮▮ compliance with the contract and to identify any opportunities for strengthening control.

We found evidence of good practice in the management of campaigns locally in the divisions. Media plans are agreed in advance of campaigns and marketing personnel carry out reviews at the end of the material campaigns. For the sample of campaigns reviewed as part of this audit, we noted that billing was in line with the media plan, agency commission was appropriately adjusted for in the case of 'traditional' / above the line media campaigns and billing rates were largely in line with the agreed contract. Work is also already well advanced on re-tendering the contract as required under public procurement rules.

We identified opportunities to improve the management of the contract as set-out in the actions. In particular, this refers to providing for regular contract review meetings, improving the centralised management report and strengthening the monitoring of the contract from a consolidated RTÉ group perspective. In this regard, a central owner of the contract is recommended to ensure oversight of the entire spend across the organisation and to ensure ongoing compliance with the contract. This would be in addition to the existing monitoring procedures taking place locally.

This report sets-out a number of findings in Appendix 1. These findings are addressed by the action points in Appendix 2 of the report.

We appreciate the assistance of relevant marketing personnel during the course of this review.

RTÉ

Findings

5. Findings

The findings are summarised briefly below. Refer to Appendix 1 for full description and for further background and context. The suggested actions to address these are set-out in Appendix 2.

Area / Theme	Summary
1. Tendering	The contract between RTÉ and ██████ ██████ is due to be re-tendered. This is at an advanced stage and the Invitation to Tender document is about to issue.
2. Contract Management	We noted some weaknesses in the manner in which the contract between RTÉ and ██████ ██████ was executed and is managed. There is scope for increased centralised monitoring of the contract, in conjunction with better management reporting and KPIs.
3. Contract Compliance	There is no formal process to ensure compliance with certain clauses in the contract, specifically in the areas of monitoring discounts; the treatment of unbilled media; and the pricing / billable hours.
4. Finance	This audit did not highlight any significant weaknesses with the financial control procedures, but does highlight the importance of strong oversight and monitoring procedures. We noted some delays in billing and instances of multiple months of media fees billed in a single invoice.
5. Hourly fee rates	We noted some differences between the hourly rates / roles specified on divisional media plans and the rates / roles included in Schedule C of the contract between RTÉ and ██████
6. Media Fees	We examined the media fees as a percentage of media cost and our observations, including tables of financial data, is contained in Appendix 1. We noted some inconsistency in the format of the pricing of media fees, as set-out in media campaigns.
7. Media Costs	There is no agreed process or policy in place for the verification of the media costs charged to RTÉ by ██████ No formal value for money industry benchmarking is undertaken to check if ██████ is securing the best rates in the marketplace on behalf of RTÉ. ██████ ██████ is not entirely consistent in the format of the pricing of media costs across different media plans.

Rating

Overall Rating 🟧

RTÉ

Appendix 1 – Detailed Findings

This section provides further details on the summary findings set-out on page 3 of the report.

1. **Tendering**

   The contract between RTÉ and ███████████ is due to be re-tendered in line with clause 2 (duration and renewal) and to ensure continuing compliance with public procurement guidelines.

   Technically, the tender process should have taken place in July 2016. We were informed that a short contract extension was agreed to facilitate the tender process. We note that the tender preparation process is now at an advanced stage and the Invitation to Tender document is about to issue.

2. **Contract Management**

   We noted some weaknesses in the manner in which the contract between RTÉ and ██████████ was executed and is managed.

   - The contract is not signed, which may create a risk in the event of a dispute. It proved difficult to locate a final version of the contract and the version inspected as part of this audit is headed "subject to contract" and contains a dated tracker of amendments

   - Not all RTÉ personnel engaging with ██████ in the planning of campaigns are aware of all the relevant details / clauses within RTÉ's contract with ██████

   - There is no single owner of the contract, with multiple contact points between RTÉ and ██████ It is appropriate that personnel in the divisions manage details of their own campaigns and liaise with ██████ staff on a day-to-day basis regarding the delivery of campaigns. However, the absence of an additional central contact point / owner makes it difficult to monitor the contract from an overall RTÉ group perspective and to assess operational performance, as explained further in the bullet points below

   - There is no regular, consolidated reporting on the contract and, in practical terms, the contract is managed as if it is a number of separate IBD contracts. While this may be appropriate at an individual campaign level, there are added benefits to having regular reporting at a consolidated RTÉ group perspective to enhance oversight

   - The sections on contract performance do not contain any KPIs. While reviews of campaign performance are undertaken locally, contract performance does not appear to be considered in practical terms at an overall RTÉ group-wide basis

     o   Section 2.2 outlines that:

        ██
        ██
        ██
        ████████████████████████
        ██████████████████████████████████

While reviews happen after campaigns at a divisional level, at varying time intervals, in practical terms we understand that this clause is not operating on a consolidated 'RTÉ group' basis

o   Section 5 (b) of the contract refers to:

███
███████████████████████████████████
                                    nce with the reasonable instructions given from time to time by the RTÉ Media Buyer"

The clause above does not reference the frequency of review meetings, the agenda and the management reporting requirements in advance of the meeting. In addition, similar to the earlier finding, we understand that this clause is not implemented on a consolidated basis for overall expenditure at a group level

In summary, there is scope for increased centralised monitoring of RTÉ's Media Services contract. While we noted evidence of good practice in the management of campaigns locally in the divisions, centralised oversight combined with improved management reporting and KPIs may afford an opportunity to achieve better monitoring, implement more sophisticated pricing arrangements and better manage access to ██████ resources (billable hours), especially in the case of strategic planning.

3. Contract Compliance

We reviewed the extent to which the contract is being complied with and the following compliance aspects merit reference:

• Clause 7.9 of the contract states that:

██
██
██
██████████████████████

o   We are not aware of any formal process to follow-up on discounts or other rebates due to RTÉ. We have no evidence that RTÉ has the data to calculate if discount amounts are due, the methodology for calculation, or has followed-up with ██████ regarding this matter.

    –   No individual is monitoring the overall spend and activity across the entire organisation; no individual has sight of RTÉ's consolidated spend
    –   In the absence of centralised monitoring of contract compliance at an RTÉ group level, there is a risk that discounts are not being passed to RTÉ (or are not granted at the appropriate level)
    –   We reviewed the ██████ supplier account in the Accounts Payable Ledger in Agresso for the period from January 2015 to date. We noted no credits or rebates in respect of discounts. (However, this review would not identify any local netting arrangement against an existing campaign)

o   We acknowledge that the level of other *"supplier discounts"* to be passed to RTÉ may not represent a material amount. This is due to the fact that that the contract provides that ██████ will retain *"all volume incentives and prompt payment incentives"*.

- o   We audited the treatment of agency commission across the divisions, noting no issues for the audit sample selected: a 15% commission rebate was provided to RTÉ in the case of traditional Television and Radio broadcast media, outdoor, cinema and digital marketing campaigns placed on Irish digital media (entertainment.ie, joe.ie, Sky Go, etc.).   See observation in Section 6.3 below on commission on social media campaigns generally

- The definition of cost in Clause 1 of the contract states that cost comprises:
  "the Agency's invoiced cost from a third party...."

  This suggests that any unbilled media should be passed back to RTÉ, if for whatever reason a media vendor fails to bill ██████   It is unclear if RTÉ has ever asked the question in this regard.

- Clause 7.3 states that:

  ██
  ██
  ███████████████████████████████████

  As explained below, we noted some isolated examples where the hours were not explicitly analysed in the media plan. Secondly, it would improve control if centralised oversight or tracking of the hours billed across all RTÉ campaigns was implemented and reviewed at regular performance meetings.

4. Finance and billing

There is a lot of activity on the ██████ supplier account, with █████████████████████ ██████████████████████████████████

As a result, strong financial management procedures are important in order to track billings and reduce the risk of a duplicate billing being passed for payment. We noted the following:

- There is good practice in most business areas, with a "PO tracker" as an appendix to the media plan. We also noted that media costs and media fees were separately billed in each of the campaigns reviewed, thereby assisting ease of verification
- We noted isolated delays in billings to RTÉ. As an example, a ██████ billing in May 2016 related to a media fee incurred in November 2015
- We noted that billings for media fees occur in an ad-hoc pattern on occasions. While often correctly billed monthly in arrears, we noted examples whereby two to three months of media fees are billed separately in a short time-period (effectively as a 'catch-up' on earlier months)
- As part of reviewing our sample, we also noted an example of two months of media fees billed in a single invoice, which increases the difficulty of tracking
- Sometimes a single month of media fees is covered by a single PO; on other occasions one PO covered a number of months of media fees, illustrating the need for robust procedures
- Social media billings are more complex to track and to reconcile the amount spent to the budget

This audit did not highlight any significant weaknesses with the financial control procedures, but does highlight the importance of strong oversight and monitoring procedures. Management reporting from ██████ could be expanded to provide greater centralised reporting on the status of billings.

5. **Hourly Fee Rates:** Inconsistency in the hourly fee rates in the contract as compared to the rates in the media plans

    We noted some differences between the rates / roles specified on project media plans and the rates / roles included in Schedule C of the contract between RTÉ and ███████

    - We noted some inconsistency between the role descriptions used in individual media plans and the role descriptions set-out in the contract.
        - ██

        - However, we noted that the rates billed for these roles are generally in line with equivalent roles in the contract

    - ██

        ██

    - Related to the above issues, we noted different rates charged for individuals classified as a "Director" role (e.g. one campaign inspected has Directors billed at ██████████ ██████████. While it is to RTÉ's benefit to have a lower ██ rate for a Director, it is unclear how this reconciles to Schedule C of the contract where a Director ██████████████████ ███████.

    - In the absence of regular, consolidated reporting on the contract at a group level, there is a risk that different divisions could be charged different rates for the same role.

    - One of the media plans has no job roles listed; the plan contains staff names and rates only.

    - We have seen no written evidence of an approval process for amendments to the rates per Schedule C of the contract.

6. **Media Fees**

    6.1 Media fees as a percentage media cost
    The media fees vary as a percentage of media costs, depending on the nature of the work.

    - Media fees as a percentage of the net media costs ranged from ██████████████ ██████████████

    - However, excluding one outlier at ████████████████████████████ ████████████████████████████

    - The campaign with the media fees comprising ██████ of the net media costs contained a large element of digital marketing and addressed the re-launch of a refreshed programme schedule, which may account for some of the difference.

    - In the financial year ended 31 December 2015, the ████████████████████████) billed by ██████ represented ████████████████████████████

Table 1:

	Media Cost (gross)	Media Cost (net)	Media Fees
	€'000	*€'000*	*€'000*
YE 31.12.2015	███████	███████	███████

Notes:
- Based on 2015 data provided by ████ data adjusted by Internal Audit to also include RTÉ Guide media campaigns
- Comprises billable cost excluding the impact of NRV; includes the cost of RTÉ own media purchased at an arm's length basis (e.g. RTÉ Guide adverts on RTÉ Television), but adverts aired as part of owned inventory (e.g. Licence Fee ads on RTÉ Television, Radio and RTÉ.ie) are priced at zero
- Excludes Saorview

Note that in addition to the above, some digital media costs (especially social media) are also incurred directly by RTÉ and are not arranged through ████ These costs are excluded from the data.

The gross media costs may be analysed by category of media as follows:

Table 2:

Category of Media	Media Cost (gross) €'000	
	███████	
Outdoor		25.2%
Broadcast (Radio)		24.3%
Digital marketing		22.3%
Social media		15.1%
Broadcast (Television)		13.1%
Total YE 31.12.2015		100%

- Based on 2015 data provided by ████

The media fees for 2015 may be sub-analysed as follows:

Table 3:

Business Area	Media Fee
RTE Guide	███████
RTE International Player	
RTE Player	
RTE GAAGO	
TV Licence	
RTE TV - RTE1	
RTE TV - RTE2	
RTE TV - 6 Nations	
RTE Radio	
RTE Corporate / Brand	
Total	

- Based on 2015 data provided by ████

While difficult to form definitive conclusions based on a small sample of campaigns, we noted that campaigns with a higher digital media element incur higher media fees. In our sample, we noted that the campaigns with a high level of traditional broadcast media or outdoor incurred a lower level of media cost compared to more complex digital or social media campaigns.

(The above analysis excludes the impact of access to internal resources, or other Contractors, which might reduce the level of work carried out directly by the Agency. Each division does not have access to the same level of internal specialist resources, and some may therefore be more reliant on Agency resources than others, which impacts the level of media fees in the division and the media fees as a percentage of gross media costs.)

6.2 Inconsistency in the format of pricing
We noted some inconsistency in the format of the pricing of media fees, as set-out in media campaigns.

- Three of the five campaigns inspected included sufficient detail to interrogate the make-up of the fee, including the number of hours worked by each job role and the hourly rate per role
- Two campaigns did not set-out a sufficient level of detail.
   o Monthly estimated media fees were included in the campaign for ███████████. However, despite job roles and names being listed on the sheet, no individual hours are assigned to the job; the monthly media fee is a single figure without further sub-calculation
   o Another campaign did not list the media fee as part the media campaign documentation

6.3 Social media campaigns
We noted the following regarding social media campaigns. (This finding is also relevant to Section 3 above)

- No 15% commission rebate is granted to RTÉ for social media campaigns run via international brands such as Facebook, Twitter etc. (We were informed that this is because these are self-service platforms and the agency does not levy an additional commission in the same way as for the other digital campaigns.)
- Media fees are charged on social media campaigns, although the manner in which the media fees are presented in media plans varies across divisions.
   o In some cases, specific social media plans are prepared, with the media fees (hours) for that campaign specifically identifiable and shown on the media plan with the related social media costs. These campaigns are straightforward to understand and analyse
   o In other cases, the media fee is calculated as part of the broader media plan and the media fee for the month covers all campaigns in the month. However, in such cases the plan becomes more complex and difficult to track:
      – In months containing social and traditional/above the line campaigns, the media fee is therefore not readily analysed between the two elements of costs
      – In one division the media fees and the traditional media costs are contained in one tab of the media plan spreadsheet. However, the related social media (Facebook and Twitter) costs are contained in another
      – This increases the complexity of the plan and an individual not familiar with day to day operations would find it difficult to interpret the plan. In this case, we also noted the plan audited was version # 77
      – In cases where an under-spend on a social media campaign occurs in a month, we noted that the media fee is still charged at the level agreed in the original budget for that month

7. Media Costs

7.1 Verification of media cost

There is no agreed process or policy in place for the verification of the actual media costs charged to RTÉ, such as spot checks of the original invoice from the third party to ▇▇▇▇▇▇ There is a risk that the cost recharged to RTÉ is higher than the actual cost, without RTÉ's knowledge.

'Reasonableness checks' are carried out by RTÉ and the personnel are experienced in managing media campaigns. However, we noted the following:

- The use of a media auditor to verify value for money at an RTÉ group level is not exercised under the contract.
- No formal value for money industry benchmarking is undertaken to check if ▇▇▇▇▇ is securing the best rates in the marketplace on behalf of RTÉ.
- No evidence is obtained that the campaign is fully delivered as per the media plan and billed to RTÉ at a rate equal to the third party's invoice to ▇▇▇▇▇

7.2 The format of pricing

▇▇▇▇▇▇▇▇ is not entirely consistent in the transparency of the pricing of media costs in the media plans in each division.

- We noted good practice (▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇) whereby unit cost data, no. of adverts, etc. is provided thereby facilitating a better analysis of the make-up of the calculation of the cost of the media bought on RTÉ's behalf. The calculation of price is transparent and the media plan represents a centralised record of the planned media activity
- In other cases the make-up of the media costs is less clear from the spreadsheet, with incomplete income unit cost information, or inconsistencies in the media costs spreadsheet. While this information may be available in other sources, the media plan should be a definitive, standalone, record of plans in the event of non-availability of staff or to provide ease of analysis across divisions.
- We were unable to reconcile the unit cost and quantity of an outdoor campaign to the calculation of media charges.

Appendix 2 – Action Plan

We set-out a number of actions to address the findings identified above, to be actioned in a timetable in line with the tender evaluation and contract award process.

	Ref. to Detailed Finding in Appendix 1	Suggested Action	Owner
1.	Tendering – 1)	• Carry-out a tender for media services. (We note that this action was already in progress prior to this review taking place) • When the contract is awarded, ensure that relevant marketing personnel, and any other staff dealing with ▮▮▮ receive a copy of the contract and the agreed fee table	▮▮▮

2.	Contract management – 2)
	Contract compliance – 3)
		• Prepare a comprehensive Invitation to Tender document, expanding the scope of the February 2011 document to address management reporting, KPIs, performance review meetings and the agreed fee structure. Clearly outline:
		   ○ Regularly (most likely quarterly) review meetings
		   ○ Format of reporting e.g. RTÉ media spend, sub-analysed by division; hours and media spend billed; performance evaluation criteria, etc.
		   ○ Pricing mechanism: clarify the discount / rebate arrangement and the process to be followed to calculate (based on consolidated RTÉ expenditure) when / if this is due to RTÉ
			▮▮▮

3.	Finance and billing – 4) Media fees – 5), 6)	• In conjunction with the reporting procedures in action two, introduce a mechanism to monitor compliance with the contracted fee rates and to check on consistency in their application across the organisation • Ensure there is an agreed approach specified in the contract for amending rates / roles, should this be required • Consider expanding the management reporting requirements to include centralised reporting on the status of billings	▮▮▮
4.	Media costs – 7)	• Agree a process for the audit of media costs, such as spot checks to the original third party invoice to ▮▮▮ in order to mitigate the risk that the cost recharged to RTÉ is higher than the actual cost.	See finding # 3: address in contract with successful

	Ref. to Detailed Finding in Appendix 1	Suggested Action	Owner
		• Consider the use of a Media Auditor to undertake a value for money industry benchmarking exercise to check if ▆▆▆ is securing the best rates in the marketplace on behalf of RTÉ. • Introduce a review process to ascertain if, for whatever reason, any media vendor failed to bill ▆▆▆ in order to check if the credit is passed to RTÉ	bidder
5.	Relevant to all findings, especially contract management – 2) and Contract compliance – 3)	• Consider appointing a single owner / coordinator of the media services contract. While marketing personnel locally will continue to engage with ▆▆▆ on individual campaigns, there are benefits to implementing stronger oversight mechanisms and regular reporting from a consolidated RTÉ group perspective. • This individual will: lead the review meetings with ▆▆▆ assisted by divisional representatives, and will monitor the consolidated RTÉ spend; review consistency in approach across divisions; pricing / rebate matters; track billings and monitoring performance etc. • This also affords an avenue to provide increased coordination across complementary campaigns scheduled in different divisions at a similar time • For the avoidance of doubt, the review mechanisms taking place locally will continue in operation. This action is envisaged as an addition oversight given the size of the contract and the multiple contact points	▆▆▆▆

RTÉ Internal Audit

Report on Payroll

16 October 2015

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

People Payments / Group Finance

Human Resources

Finance Teams

The contents of this document are strictly confidential and for internal RTÉ use only

RTÉ

Objectives and Scope

Background

Introduction
The People Payments department in Group Finance is responsible for processing payments to (1) RTÉ employees and (2) non employees (such as programme presenters, writers, musicians etc.) who provide personal services to RTÉ. The Manager of the department is assisted by a team of five people. There are two separate payments systems in place in People Payments – the payroll system and the fees system. (A separate audit of Supplier and Employee Master Data is completed to determine if there is any duplication of payments between the systems.)

Payment Methods
Individuals paid via the **payroll** system are employees of RTÉ and have PRSI and PAYE deducted from their salary. These employees are either permanent & pensionable, in ongoing employment or on fixed term / fixed purpose contracts. Fixed term / fixed purpose contracted employees paid through payroll have contracts greater than three months duration and work fixed fortnightly hours.

The **fees** payment system (which is out of scope) is used for processing payments to non-employees providing personal services to RTÉ programmes. The system is also used in respect of employees who work irregular hours, or employees on short term contracts (<3 months).

Payroll
Three employees manage RTÉ's payroll, processing the payments of 1,735 (September 2015) individuals each fortnight. Each payment covers a period a week in advance and a week in arrears. Part of the payroll function is outsourced to ▮▮▮▮▮▮▮▮ which calculates employer and employee taxes, prepares payslips and reports etc.

There are three separate fortnightly payrolls – main payroll, sterling payroll and the Irish language payslip payroll. The monthly executive payroll is also managed by the People Payments department.

Objective and Scope

The scope of the audit was the three fortnightly payroll runs. The audit was financial in nature, with random samples selected from dates in 2015. It included a review of the:

- ✓ accuracy of employee pay data on the payroll system i.e. the employee's base salary, overtime rates, allowances, pension contributions, voluntary deductions etc;
- ✓ accuracy of pay data on ▮▮▮▮▮▮
- ✓ accuracy of tax deducted by ▮▮▮▮▮▮▮ and of the subsequent payments made to each individual;
- ✓ accuracy and timely submission of the related tax forms;
- ✓ overtime process, focusing on overtime approval, compliance with policy, efficiency and process aspects; and
- ✓ completeness and accuracy of data transfer to ▮▮▮▮

It did not include a review of the:

- X IT audit of systems used by RTÉ or ▮▮▮▮▮▮▮▮; or
- X Fees payment system, subject to a separate audit in October 2014; or
- X Executive Payroll – to be audited separately.

Sample Selection
- ▪ Full end-to-end testing of the payroll process was performed for 12 employees – selected randomly – covering new joiners, leavers (both early retirement and 'normal' departures), current employees and employees receiving overtime.
- ▪ Eight employees were selected at random for the following 'focused' testing:
  - Maternity Leave
  - Sick Leave
  - Benefit-In-Kind entitlements
  - Unpaid Leave of Absence

Conclusion and Rating

Key Management Issues	We identified a small number of findings which are set-out in the action plan. However, individually, none of these findings merit reporting as a "key management" issue in the executive summary.

Overall Conclusion

RTÉ's People Payments department administers the fortnightly RTÉ payroll. This is not a straightforward task given the turnover in short term employee contracts, the processing of overtime payments and changes in voluntary deductions. In addition, payroll personnel carry out a second check of overtime already approved locally, sometimes identifying errors in the application of the rules. The standard of control in the payroll department is strong, with the payroll run being administered in an effective manner.

In order to carry out their duties, the People Payments department rely on the support of HR Shared Services / HR teams in order to identify changes in the payroll standing data or other matters impacting the payroll run. In turn, HR is reliant on the support and timely notifications from line management. HR is in regular communication with a large group of managers and deals with the contractual implications of a variety matters in the employment life cycle – new hires, resignations, changes in pay, contract extensions. Therefore our audit also included testing of the notification process.

We appreciate the assistance of People Payments (Payroll) and Human Resources during the course of this audit.

Rating   **SATISFACTORY**

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
1.	**Departure / Reengagement of Staff** *Background* Three employees that had departed RTÉ in the period under review were selected for testing as part of our broader end-to-end payroll process testing. One departure was a "normal" resignation and the remaining two departed via early retirement. *Finding* We noted no issues with two of the departed employees selected. All calculations and supporting paperwork were in order. In the case of the remaining employee, an early retirement, we noted the following: 1) Reengagement of staff member - The individual departed in March 2015 and has since been reengaged as an Independent Contractor for the period from 1 September 2015 to 31 December 2015. The individual was reengaged to carry out a piece of work similar to that being undertaken by them prior to departure (*management of an external event*). We noted the following: • Approval from the Director General, or a member of the Executive appointed in his absence, is required prior to the reengagement of an employee that has departed under early retirement or a severance package. In this instance, verbal confirmation was received in agreement to the individual's return, on an exceptional		1) Written approval (including signature and date) should be sought from the Director-General / Executive member appointed on his behalf prior to reengaging retired employees. This will facilitate an audit trail of approval if needed. 2) For completeness, the employee's annual leave record for 2015 will be updated on ▇▇▇▇▇▇ to reflect the departure.	L	HR IBD Teams Ongoing ▇▇▇▇▇ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	basis. Ideally, this agreement should be in writing with an authorising signature. 2) <u>Incorrect details on</u> ▮▮▮▮▮▮ – At the time of testing (after the individual had retired), the individual's 2015 annual leave record contained an outstanding annual leave balance. While not a significant audit issue, the normal HR practice is to reduce the annual leave balance to zero upon departure, explaining the adjustment in the comment box in the leave record on ▮▮▮▮▮ In mitigation, it has been confirmed that the reengagement was on an exceptional basis this year and that the event will be managed by Corporate Communications thereafter.				
2.	**Overpayment Due to Late Notification** *Background* We carried out end to end testing on the Payroll process for a sample of employees, as outlined in the Executive Summary. *Finding* We noted that one employee was overpaid for three weeks due to a late notification of a promotion / new role. In summary, the employee was overpaid an allowance that should have ceased on commencement of a new role, and underpaid his new salary. The sum of the allowances was greater than the new salary and, therefore, the net effect was a total overpayment of ▮▮▮▮ This was recouped over the course of three pay periods. We noted no issues with the other 19 salary payments tested.	Agreed. ▮▮▮▮▮▮▮▮▮▮)	Discussions will be held between HR and the Manager of People Payments on devising the best approach to streamline the notification process. This will include a consistent approach for dealing with overpayments. All overpayments will be tracked on one spreadsheet to monitor their recoupment, whether the number of them is increasing / decreasing and any other trends etc. This is already in train.	M L	▮▮▮▮▮▮ ▮▮▮▮▮ ▮▮▮ 31 December 2015 ▮▮▮▮▮▮ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Implication While not a material amount, this matter has a cash flow implication for RTÉ, as the recoupment of overpayments sometimes occurs over a period of time, based on putting a reasonable repayment schedule in place. In addition, it causes additional unnecessary administration effort. The resolution of overpayment issues may be dealt with by HR or People Payments directly. It is therefore important to have an agreed-upon policy that is consistent for all instances of over-payments within RTÉ.				
3.	<u>**Overtime Process**</u> ***Complicated overtime rules*** There are several overtime rules and procedures in RTÉ particular to different work areas, grades etc. The overtime rules and procedures evolved over years of negotiations / bargaining, with different conditions applicable to different grades of employees. As a result, the rules can be complicated and some employees and costpool managers do not appear to have a complete knowledge of the overtime rules in their department in all cases. Consequently, Payroll has to check each individual overtime claim sheet for accuracy. In addition, we noted the following the following issues during the course of our audit testing: ***Inaccuracies in overtime sheets*** We reviewed 20 overtime sheets submitted by 15 employees	Agreed. █████████)	In the context of the broader (strategic) exercise examining the options for the upgrade or replacement of the Financial Application, consideration will be given towards implementing online timesheets whereby coding and data input parameters can be written specifically to reduce the manual checks required.	M	████████████ ████████████ 31 December 2015

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	covering 11 different pay periods. The results of testing are as follows: ▪ All overtime sheets were approved by an appropriate Supervisor ▪ Seven overtime claim sheets (out of 20 sheets tested) were approved by Supervisors even though part of the overtime claimed was incorrect (35%). In mitigation, four of the instances resulted in the employee under claiming. ▪ Three instances of over claiming were noted on the timesheets tested, including: - Incorrect number of shifts claimed, or claiming a shift when not entitled to it; and - Meal break encroachment claimed when not entitled to it. All errors in the sample tested had been detected by People Payments prior to payment and therefore the correct amount of overtime was paid to the employee. *Manual Process* The processing of overtime is a manual and time-consuming process. Each pay period People Payments rekeys overtime claim sheets into a format (notepad) suitable for electronic submission to ▅▅▅▅▅▅ and into batch control worksheets. People Payments, as noted above, also manually check each overtime sheet to ensure they comply with the overtime rules.				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
4.	**Access to ▮▮▮▮▮▮ / Review of User profiles** Part of the payroll function is outsourced to ▮▮▮▮▮▮, which calculates employer and employee taxes, prepares payslips and reports etc. The RTÉ Payroll team can access current and historic payroll records via ▮▮▮▮▮▮ (the payroll enquiry system). ▮▮▮▮▮▮ is a database hosted in RTÉ and is accessed by the Payroll team via Citrix. ▮▮▮▮▮▮ is a read-only system and changes to standing Payroll records are input via interface files. During testing we noted that nine user logins in RTÉ still have access to ▮▮▮▮▮▮ even though the individual has either moved to other teams or departed RTÉ. There is no annual review performed of the appropriateness of users' access. In mitigation, it is a reference system only and cannot be edited.	Agreed. (▮▮▮▮▮▮ Agreed. ▮▮▮▮▮▮)	Login access for the nine individuals will be terminated. An annual review of ▮▮▮▮▮▮ log-in access will be undertaken and updates made accordingly.	L	▮▮▮▮▮▮ Done ▮▮▮▮▮▮ 31 December 2015
5.	**Backup For Voluntary Deductions** There was no formal employee notification on file in the People Payments department for certain voluntary deductions made in the case of two employees tested as part of the audit. In the case of one employee there was no record evidencing a deduction for the RTÉ Sports and Social Club and the RTÉ Golf Club. In the other case, there was no record on file evidencing deductions made to the Credit Union and the RTÉ Sports and Social Club. In mitigation, both employees are employees of RTÉ for greater than 16 years and this is therefore, more than likely, a legacy	Agreed. (▮▮▮▮▮▮	An email from the employees sanctioning the deduction will be kept on file instead. Efforts will be made to file all future employee notices on their receipt.	L	▮▮▮▮▮▮ Ongoing

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	issue. In mitigation, each employee receives fortnightly a hard copy of their payslip for review and validation and any deductions not requested can be queried with People Payments.				

RTÉ Internal Audit

Review of Premium Rate Competitions

18 December 2017

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Television Commercial:

██████████████████████████████
███████

RTÉ Guide:

██████████████████████████
██████████████████████

Radio Commercial:

██████████████████████████████
███████████████████████

RTÉ

Background

RTÉ Competitions

Viewers of / listeners to RTÉ services are given the opportunity to win prizes by entering competitions on RTÉ Radio and RTÉ Television services. Readers of the RTÉ Guide also have the opportunity to enter weekly competitions. RTÉ competitions have various entry mechanisms. Competitions operate at a premium rate (income generating for RTÉ), standard rate (the cost of a standard call or text and no income for RTÉ), by e-mail or, on very rare occasions, postal entry. This report focuses on competitions which have a premium rate entry mechanisms.

Regulation

The Irish market is regulated by ComReg. ComReg operates a Code of Practice for Premium Rate Services ("Code of Practice") which must be observed by all companies and/or individuals offering premium rate services in Ireland.

Definition of Premium rate competitions

Premium rate competitions are competitions where entrants have to pay more than the cost of a standard call / text to enter. RTÉ premium rate competition entries are generally at a cost of €2 or £2. The prizes for such competitions tend to be high value prizes or cash prizes in order to attract high entry levels.

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The Code of Practice includes specific guidance in relation to competition promotions and winner selection. All competition announcements and promotion material must include specific information such as the competition question, details of the prize, the cost of entry etc.

Premium Rate Revenue

Premium rate revenue is shared between the Network Operators (e.g. Vodafone), the Service Provider (e.g. ███████████ which collates the calls/texts for RTÉ) and the Promoter (e.g. RTÉ). In many cases, prizes for the premium rate competitions are provided by a prize sponsor (at no cost to RTÉ). In isolated cases the prize sponsor also pays a media fee.

RTÉ is budgeted to generate approximately €6m (gross) revenue from competitions, of which **96%** relates to Television competitions.

Programme Interaction and Competitions Department

Premium rate services in Television are managed by the Programme Interaction and Competitions Department ("PIC"), a sub-unit of RTÉ Commercial. Four members of staff work in PIC, managing Television competitions.

RTÉ Guide and RTÉ Radio premium rate competitions are managed separately, by one person within each area. In Radio, the PIC team are involved only in the technical set-up of the competition on the system and are not involved in the winner selection process.

The various teams managing Premium Rate Competitions across the organisations are responsible for the following:

- sourcing prizes for RTÉ competitions;
- technical set-up and management of the call/text event in tandem with RTÉ's preferred IVR and SMS service providers;
- providing programme teams with detailed script and graphic instructions
- writing support material (including competition/vote details on rte.ie);
- monitoring of live events in tandem with the IVR and SMS Service Providers with a view to ensuring no technical issues;
- winner selection and communication of winner details to programme teams for on-air announcement;
- record keeping including competition winner details, demonstrating the winner was a valid random entrant; and
- prize fulfillment (where the prize is provided via RTÉ).

RTÉ

Scope and Objectives

Objectives of Audit

This audit is a full review of the operation of premium rate competitions across the organisation and is merited given the high profile nature and the high level of reputation risk involved.

The objectives of the audit were as follows:
- ✓ Check if on-air/ on-screen/ printed competition announcements comply with the Code of Practice;
- ✓ Check if on-air/on-screen voting announcements comply with the Code of Practice;
- ✓ Ascertain if the competition winners are valid entrants to the competition and are selected in a fair, open and transparent manner;
- ✓ Assess the adequacy of documentation and record keeping;
- ✓ Review the PIC policies and procedures for competitions including disaster recovery procedures and a review of training records;
- ✓ Ensure that procedures are in place to prevent viewers from voting during repeat programmes, programmes shown on the RTÉ Player and RTÉ One+1, and competitions advertised on Social Media;
- ✓ Gain an understanding of whether personal data from competitions is being retained locally within each area and how/where it is stored;
- ✓ Review RTÉ's general competition terms and conditions; and
- ✓ Ascertain the status of the issues and recommendations noted in the last audit report on Premium Rate Competitions.

Risk

The key corporate risks addressed by the report are as follows:
- ▪ Risk #1 – Reputation Risk
- ▪ Risk #3 – Management and Prioritisation of Financial Resources
- ▪ Risk #5 – Changes to Regulation
- ▪ Risk #6 – Business continuity and disaster recovery

Scope of Audit

The scope of this audit is limited to premium rate competitions promoted on RTÉ Television, RTÉ Radio and in the RTÉ Guide in 2017.

The scope of our audit did not include:

- ✗ A review of non-premium rate competitions, including the comment lines for Radio services (51551, 51552, 51553 and 51554)
- ✗ Detailed IT / technical review
- ✗ A detailed review of the accounting for premium rate income

Key Findings

Key Management Issue

Operation of Competitions in Radio *(Finding #1)*

We noted some instances of non-compliance with the Code of Practice in Radio. These included:

- One promotion for a charity initiative in Radio went to air in July 2017 without any pricing information, or notification, that a premium rate charge was involved. As a result, consumers could potentially have texted the short code without realising that a premium rate charge was involved.

  This issue was alerted to RTÉ by the Charity after the Charity was itself notified by the Premium Rate Licensing section in ComReg.

- The on-air announcements for the Radio competitions in the audit sample did not cross refer to a relevant RTÉ.ie webpage containing supporting competition information (full competition details, Service Provider information, general terms and conditions etc.)

- The back-up provided for one competition – which ran across the programme for a full week – was incomplete to verify whether the winner selection process was completed correctly. (However, it was possible to recalculate based on the individual daily competitions that week)

Television – Technical Set-up Issue *(Finding #3)*

Due to a technical issue, one competition in Television was not set up correctly on the Service Provider's system, resulting in a very small number of entrants (188) having to be refunded. This was a one-off incident involving a relatively new member to the team. The refunds were minimal, with no complaints or inquiries following the error.

There were no issues with other premium rate competitions in Television in 2017.

Conclusion

Conclusion

RTÉ Television Competitions

The operation of premium rate competitions across RTÉ Television services is satisfactory. This process is managed in-house by the Programme Interaction and Competitions team working closely with programme teams. Good policies and procedures are in place and record-keeping is strong. The PIC team has worked well with programme teams in educating them on processes and responsibilities in this area. RTÉ Television programmes were in compliance with the requirements of the Code of Practice. With the exception of a one-off incident involving a refund due to the technical set-up of a competition by a new staff member, there were no other issues of note.

RTÉ Guide Competitions

The operation of premium rate competitions in the RTÉ Guide is satisfactory and no issues were noted during our review. This represents a major improvement since the last audit in 2010 and reflects the fact that premium rate competitions were brought in-house rather than being entirely run by a third party Service Provider.

RTÉ Radio

██. We noted an issue with a premium-rate charity initiative during the year, although this is resolved and announcements are now in line with the Code. There is scope to improve competition announcements and filing procedures generally. While the income generated from Radio competitions is largely immaterial in the context of overall Television income, any weaknesses could potentially impact the reputation of all RTÉ services and could have a broader impact. A dedicated competition webpage for Radio competitions will be investigated.

Finally, we would like to thank the staff members from each competitions team within RTÉ for their time and assistance during this audit.

Rating

Given the different areas and management teams locally, it is appropriate to assign a separate audit rating to each of the three areas under review. Radio is assigned a "red" rating on the basis of the communication from ComReg. However, at the time of issuing the report that matter has been addressed.

Individual Rating
- 🟢 RTÉ Television Competitions: **Satisfactory**
- 🟢 RTÉ Guide Competitions: **Satisfactory**
- 🔴 RTÉ Radio Competitions: **Unsatisfactory**

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Compliance with ComReg's Code of Practice				
1.	**RTÉ Radio Premium Rate Competitions** **_Background_** We reviewed a sample of seven premium rate competitions from three areas across the organisation (RTÉ Television, RTÉ Radio and the RTÉ Guide). This included relevant competition support material on RTÉ.ie. ██████████████████████████ ██████████████████████████ ██████████████ **Findings** We noted control weaknesses and audit issues impacting compliance with the requirements of the Code of Practice in Radio. These included: • One promotion for a charity initiative in Radio went to air in July 2017 without any pricing information, or notification, that a premium rate charge was involved. As a result, consumers could potentially have texted the short code without realising that a premium rate charge was involved. This issue was alerted to RTÉ by the Charity after the Charity was itself notified by the Premium Rate Licensing section in ComReg, the Regulator for premium rate services. While ComReg informed the Charity of its responsibility – as licence holder and main benefactors – to ensure the service is promoted and operated in line with the requirements of the Code of Practice, there is also potential for significant	Agreed – we will investigation the most efficient technical method for maintaining a radio competitions web-page. ███████████	The operation of future premium rate competitions will be amended to reflect the findings highlighted in the report: 1. A cross reference to the competition terms and conditions web-page will take place during the on-air competition announcements for premium rate competitions. 2. A dedicated competition terms and conditions web page will be developed. In the interim, a reference to the general RTÉ competition voting terms and conditions, located in the "About Us" section of RTÉ.ie, will be considered 3. The paperwork filed in respect of competitions running across a full week will be increased to ensure records are retained of the cumulative number of entrants ████████████████████ ██████ ██ ███ ████ ██████████████████ ███████████ ████ ███ ████ █ █ ██████████████ ████████████. *(There is an administrative burden*	H	██████████ RTÉ 31 January 2018 ████ ████████ ████████ ████████ ████ 31 March 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	reputation damage for RTÉ. We noted a similar charity initiative currently (December 2017) operating on RTÉ 2fm which is in line with the requirements, with appropriate on-air announcements. • The on-air announcements for both of the Radio competitions in our audit sample did not cross refer to a relevant RTÉ.ie webpage containing full competition details, Service Provider information, general terms and conditions, etc. Given the nature and time constraints of radio announcements, only limited information may be broadcast on-air. As a result, it is important to refer listeners to a competition web-page. • The back-up provided for one competition *(17/11/2017: tickets, hotel stay and €500)* was incomplete to verify whether the winner selection process was completed correctly and in line with the Code. The competition ran across the programme for a full week. While the paperwork was complete for a daily winner in our sample (16/11/2017), it is important to retain additional documentation on file evidencing the total number of entrants for the week. *(It was possible to recalculate the method for selecting the weekly winner based on the daily winners)* ***Implications*** While the income generated from Radio competitions is largely immaterial in the context of Television income, control weaknesses could potentially impact the reputation of all RTÉ services and could have a broader impact across all premium rate services.		*involved in maintaining knowledge and skills on regulations and operating procedures etc. It is questionable whether this is justified in Radio where such a small number of individual competitions are involved – circa €50k income YTD 2017)*		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	(As outlined in the Executive Summary, RTÉ is budgeted to generate approximately ▇▇ (gross) revenue from competitions, of which ▇▇ relates to Television competitions).				
2.	**RTÉ Television Premium Rate Competitions** **Background** Four of the sample of seven premium rate competitions selected were from Television programme competition announcements. **Findings** ✓ RTÉ Television programmes were in compliance with the requirements of the Code of Practice. ✓ There were no issues with the competitions reviewed for the four programmes. All of the paperwork was on file, announcements / visuals were in compliance with the Code of Practice and all the correct references were made.	The PIC department work in a heavily regulated area and work across a vast amount of TV programmes throughout the year including The Late Late Show, The Ray D'Arcy Show, Sport programming, Nationwide, The Rose of Tralee, St. Patrick's Day Festival, Dancing with the Stars, Fair City, Today and lots more besides, generating 6 million in revenue via premium rate services. Considering we had one minor issue in 2017 by a new member of staff I feel this is a great achievement by PIC and I would like to congratulate and acknowledge each member of the department for their continued hard work. (▇▇▇▇▇▇	N/a	N/a	N/a

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Technical Issues				
3.	**Television technical set-up issue** ***Background*** Premium rate competitions need to be technically set up on the Service Provider's systems (███████ for calls and ███████ for texts) prior to the competition going to air. If this is not completed, none of the calls / texts will be recorded or logged for entry to the competition but the contestants will be charged the premium rate. ***Finding*** Due to a technical issue, one competition in Television (*Today with Maura and Daithí*) was not set up correctly on the service provider's system, resulting in a very small number of entrants (188) having to be refunded. The refund for this number of entrants would have amounted to just under €400. However, had it not been brought to the Team Lead's attention so promptly, it could have resulted in larger amounts to be refunded to entrants. In addition, as the competition had to be terminated, it resulted in RTÉ incurring a revenue loss. In mitigation, this was a one-off incident involving a relatively new member to the team. The refunds were minimal, with no complaints or inquiries following the error. There have been no issues with any other premium rate competitions in Television in 2017.	See comment for finding #2.	A reminder will be issued to PIC team members regarding the set-up of competitions correctly prior to going to air.	L	███████ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Policies and Procedures				
4.	**Policies and Procedures documents** *Background* The PIC team in Television has comprehensive policies and procedures already in place with numerous reference documents with guidelines for various scenarios. Record-keeping is also strong with detailed instructions in place on what should be documented to verify the winner selection for each competition. *Findings* a) Policies and Procedures Document: The official PIC policies and procedures document is dated 2008. The following, in particular, need updating: • The document refers to RegTel which has now been replaced by Comreg. • Filing is now managed by PIC and not the programme teams. This needs to be updated in the document. • There may be other 'housekeeping' changes needed given the passage of time. *Mitigation* In mitigation, the current PIC team has a folder of one-page policy documents that each member is given upon joining the team, and is referenced to regularly. However, it is timely to update the 2008 policy document as it is a very detailed and could be beneficial as a "go-to" for new team members in understanding the rules and requirements for running premium rate competitions.		a) Update the 2008 Policies and Procedures document. b) Update the text on the document published on RTÉ.ie for current tariff rates (*Guide to RTÉ's Interactive Services*). d) Republish the *Managing all Premium Rate Audience Interaction* document on the HUB in early 2018 and at half yearly intervals after that.	L H L	███████ 31 March 2018 ███████ 31 January 2018 ███████ 1 February 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
b)	Guide to RTÉ's Interactive Services Related to the above, there is a useful "Guide to Interactive Services" posted on RTÉ.ie and provides answers to a number of frequently asked questions on interactive services. It is timely for the PIC team to update the information on charging and tariffs as the tariff and entry numbers have changed from the version posted on RTÉ.ie. The old version may be misleading to the public.				
c)	Managing all Premium Rate Audience Interaction There is a useful guide to "Managing all Premium Rate Audience Interaction Services" posted on The Hub which highlights the importance of complying with the ComReg Code of Practice with regard to premium rate competitions, and the risks of non-compliance. Given the current organisational change and restructuring, it is timely to republish this document on The Hub in early 2018 and at half yearly intervals after that. It would be particularly timely prior to the new programme making season commencing each September.				

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Data Protection				
5.	**GDPR / Data Protection** ***Background*** While the existing contracts with Service Providers contain Data Protection clauses, the introduction of the EU's General Data Protection Regulations ("GDPR") on 25 May 2015 amounts to a substantial overhaul of the existing Directive 95/46/EU and of the Data Protection Acts 1988 and 2003. It has significantly enhanced the obligations of the Data Controller (RTÉ) and the Data Processor (Service Provider) with regard to customer data. RTÉ retains minimal personal records of competition entrants, retaining only competition winner details (generally on G: drive) as part of a competition file. However, the Service Providers (as Data Processors) handle large volumes of personal data and retain data on its servers. ***Finding*** In advance of the introduction of GDPR it is timely to carry out a review of GDPR readiness in respect of premium rate competition data, which would include the following: • Review the contracts with the Service Providers (███████ Communications, █████████ to include the addition of relevant specific GDPR clauses therein • Ascertain if any data sub-processors are used by the Service Provider and if they are appropriately approved by RTÉ • Determine if the servers used by the Service Provider are located in the EEA • Confirm there is a lawful basis on which to obtain / process		Carry-out a review of GDPR readiness, engaging with RTÉ Legal Services, the Data Protection Officer and the wider GDPR working group as required regarding the matters listed across.		███████████

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	the data gathered from competition entrants. *(The data gathered for the competitions included in our sample in this audit did not highlight any issues re: gathering excessive data.)* In addition, a wider project is ongoing in RTÉ and the cross-organisational actions will be relevant to PIC e.g. the new RTÉ Data Retention and Destruction Policy.				

RTÉ Internal Audit

Review of Visa Procurement Cards

28 October 2014

Circulation:
Members of the Audit and Risk Committee
Noel Curran, Director-General
Executive

Executive Summary: Objectives and Scope

Background

Overview

Purchase cards exist in order to make it simpler and more cost effective for RTÉ personnel to make low value purchases of goods and services. This, in turn, reduces the number of low-value orders processed via ▮▮▮▮ web.

RTÉ's purchase cards are Visa cards provided by ▮▮▮▮▮▮ The administration of issuing cards and the management of card master data is the responsibility of Central Purchasing. All new purchase card applications must be approved by the Chief Financial Officer and the Group Financial Controller. There are currently 145 purchase cards issued to RTÉ staff.

Guidelines for the use of purchase cards are documented in the Visa Procurement Card Guidelines.

Each cardholder's transactions are recorded by Visa on an online system (▮▮▮), which is accessible by the cardholder via the internet. The use of each purchase card is restricted by an individual transaction limit and a monthly cumulative transaction limit. Each month cardholders manually record the transactions made using their purchase card on a pre-printed purchase card envelope and the receipts for the transactions are placed in the envelope. The envelope is then forwarded to the relevant costpool manager for approval.

Scope of audit

The scope of our audit was purchase card transactions during the period 1 May 2014 to 31 August 2014. We selected a sample of 20 purchase card holders across the organisation and requested the relevant monthly purchase card envelopes. We also carried out some high level analysis of the full population of transactions.

This is a repeat audit, at the request of the CFO, following our 14 March 2014 report.

We tested for the following:

- ✓ Verified an envelope was used;
- ✓ Checked for approver sign-off;
- ✓ Checked purchases were within card limits;
- ✓ Verified that receipts were retained; and
- ✓ Verified the reasonableness of accounting code recorded.

Any instances of missing receipts are categorised as follows:-

Category	Description
A	**Major**: missing receipt for a purchase in excess of €500, or numerous higher value receipts.
B	**Intermediate**: missing receipts related to amounts greater than €100 but less than €500, or related to a number of missing low value receipts.
C	**Moderate**: missing receipts related to individual amounts of less than €100, or where the number / value of missing receipts was low in the context of the number of transactions.

The scope of our audit did not include:
- ✗ 2rn purchase cards – covered in a separate assignment;
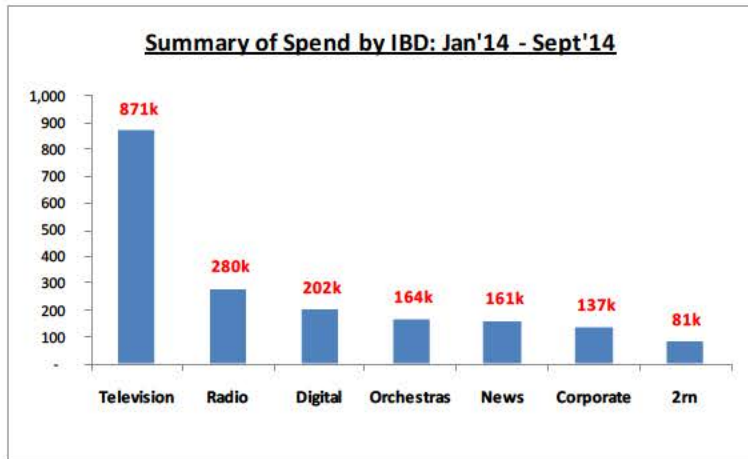- ✗ Transfare claims.

Methodology

The full population was interrogated based on a suite of pre designed tests in order to highlight irregularities and to assist in the selection of our "focused" random sample. In addition, a number of other purchase card holders were selected randomly from the full population of purchase card transactions.

In total, 2/3 of our sample was based on the "focused audit tests" and a further 1/3 was selected randomly. Representative coverage was also achieved across all divisions and months within scope.
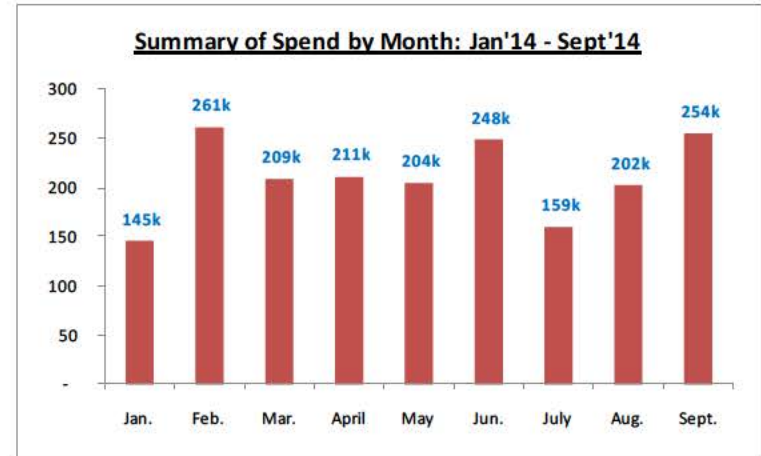
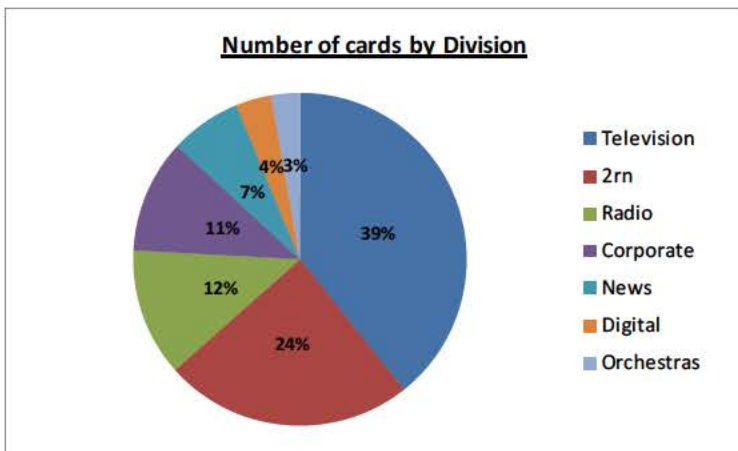# Executive Summary: Financial Background

Financial Background

A

Summary of Spend by IBD: Jan'14 - Sept'14

- Television: 871k
- Radio: 280k
- Digital: 202k
- Orchestras: 164k
- News: 161k
- Corporate: 137k
- 2rn: 81k

B

Summary of Spend by Month: Jan'14 - Sept'14

- Jan.: 145k
- Feb.: 261k
- Mar.: 209k
- April: 211k
- May: 204k
- Jun.: 248k
- July: 159k
- Aug.: 202k
- Sept.: 254k

€1.9m of transactions were processed through RTÉ's purchase cards in the nine month period from 1 January 2014 to 30 September 2014, up from €1.6m for the same period in the previous year (an increase of 19%). The largest spend is in Television (46%), Radio (15%) and Digital (11%). The total number of transactions for the nine month period was approximately 13,500, up by 16% from the same period in 2013.

Chart A above presents an IBD analysis of purchase card spend in 2014 to date, while total purchase card spend per month is shown in chart B.

C

Number of cards by Division

- Television: 39%
- 2rn: 24%
- Radio: 12%
- Corporate: 11%
- News: 7%
- Digital: 4%
- Orchestras: 3%

As shown in C across, there are currently 145 purchase cards issued to RTÉ staff, with the largest numbers assigned to individuals in Television (39%), Radio (12%) and 2rn (24%).

Given its size, 2rn has a disproportionately high number of cards which reflects the fact that engineers and riggers based at various remote regional locations throughout Ireland are assigned a card for local purchasing of supplies for engineering and maintenance works etc.

Executive Summary: Summary Findings

(D)

Purchase Card Amounts by Account Code

Legend:
- ■ Staff Travel & Subsistence
- ■ Contributors Travel
- ■ Production
- ■ Equipment & Stationary
- ■ Purchase Card Holding Account
- ■ Communications, Promotions and Selling
- ■ Representation
- ■ Other Accounts

Chart values: 12%, 14%, 22%, 12%, 10%, 11%, 6%, 14%
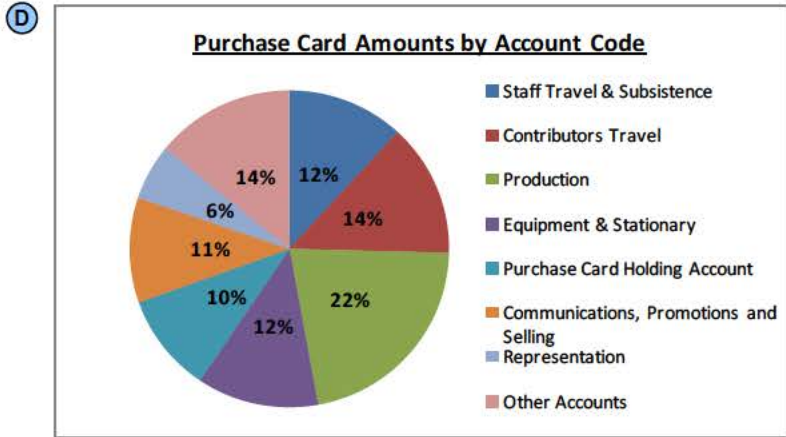
An analysis of spend by account code is illustrated in chart D. Production costs represent the highest expenditure for the period at 22%. This consists of various programme cost categories such as set construction, graphics, props, animation, make-up, flowers, venue hire and other direct programme costs.

'Other Accounts' of 14% related to costs such as: catering, transport, copyright, professional fees, subscriptions and insurance, IT costs and premises. Contributor's Travel costs (e.g. hotel accommodation for guests and programme panellists) were also 14%.

Equipment and stationary costs and staff travel and subsistence costs accounted for a further 12% each. Transactions not assigned to a specific account code by the cardholder in advance of the monthly cut-off are allocated to a holding account and must be reallocated, via journal, to the correct account code.

Summary Findings

(A)

Existence of Purchase Card Envelopes

Chart values: 2, 18

Legend:
- ■ Envelope on file
- ■ No envelope / receipts on file

(B)

Approval of Purchase Card Expenditure

Chart values: 13, 5, 4, 1

Legend:
- ■ Appropriately Approved
- ■ No Approval
- ■ Self-Approval
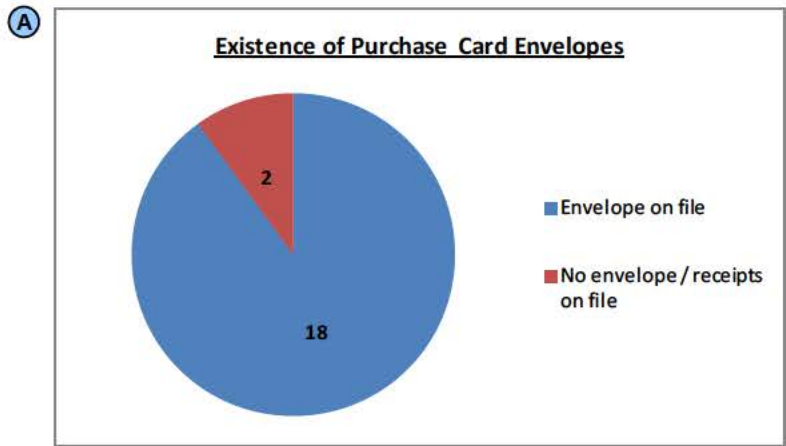
Existence of envelopes:

A Purchase Card envelope was on file for 18 (90%) of the 20 card-holders selected for testing. An envelope was not available for audit in two instances.
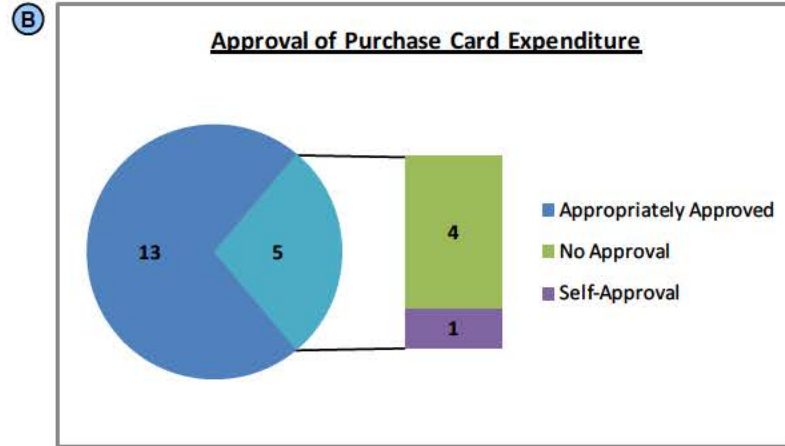
Authorisation / Sign-off of envelopes:

We identified some issues with the approval of the purchase card envelopes tested. Of the 18 envelopes tested, five (28%) were not appropriately approved. There are some mitigating circumstances in three cases as explained in the action plan. While an improvement on the prior audit, further action is needed.

Executive Summary: Summary Findings (Cont'd)

Ⓒ

Analysis of missing receipts by significance

- No Missing Receipts
- Missing Receipts - Category A
- Missing Receipts - Category B
- Missing Receipts - Category C

(16) No Issues — (2) Missing Receipts — 1 / 1
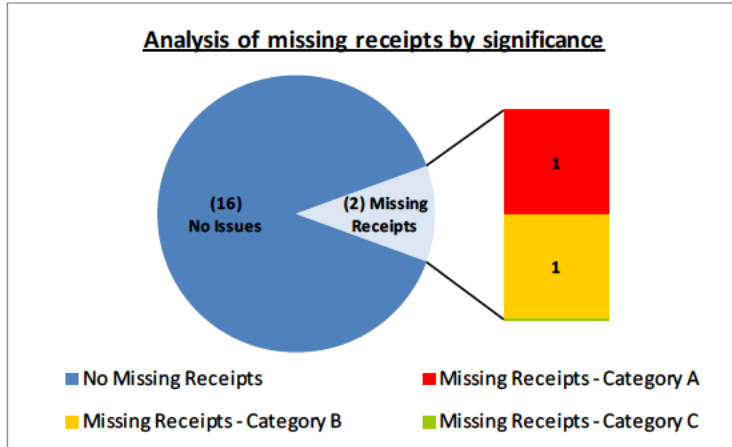
Evidence of Receipts:

We noted issues with receipting in the case of two of the 18 purchase card envelopes tested (11%). The two cards were assigned to individuals in Digital and Radio.

As shown in the chart above, one of the cards with missing receipts was assigned a "Category A" rating. This card is a "departmental card". While assigned to a named individual, departmental cards are used to make purchases by a number of individuals in the department. There were 222 transactions processed through this card in the month under review, which is therefore difficult to manage from an administration point of view.

One card was assigned a "Category B" rating. There were 11 missing receipts out of 28 transactions in the month under review (39%). However, these were all low value transactions.

There has been an improvement in the instances of missing receipts since the previous audit.

Executive Summary: Key Issues and Overall Conclusion

Key Management Issues

Breaches of Policy

We noted breaches of policy in certain areas as follows:

- Two out of 20 envelopes tested were not available for inspection
- Five of 18 envelopes reviewed were not approved appropriately
- Two of 18 envelopes reviewed contained missing receipts.

Policy Updates

The "Purchasing Procurement Card Guidelines" have not been updated since September 2004. An update of the guidelines is therefore now overdue.

Overall Conclusion

Visa purchase cards were originally introduced to make it simpler and more cost effective for RTÉ personnel to make low value purchases of goods and services. This objective is being met by the use of purchase cards in RTÉ with the vast majority of transactions being low value, ad-hoc purchases. In addition, purchase cards are being used to purchase the types of goods and services as originally intended when the purchase cards were introduced.

We noted some improvement from the last audit, particularly with regard to receipting. This reflects a renewed focus on this area led by the Finance teams. We would expect these improvements to continue into 2015 as the actions implemented by Finance in Quarter two 2014 continue to take effect.

We appreciate the co-operation received from the relevant staff members during the course of this audit.
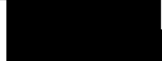
The audit tests highlighted instances of non-compliance with the procurement card guidelines, particularly in the areas of envelope retention, approval of purchase card envelopes and some isolated receipting issues. Two envelopes were not available for inspection and five out of eighteen envelopes tested were not appropriately approved.

Rating   IMPROVEMENT NEEDED

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Breaches of Policy				
1.	**Existence of Envelopes** We selected a sample of 20 Purchase Cards for review across the organisation (excluding 2rn), covering the four month period from May to August 2014. A purchase card envelope was available for 18 (90%) out of the 20 cards selected. In the remaining **two** instances, the purchase card envelope and relevant receipts were not available for inspection, as follows: • Radio: The card in question is used in Radio Operations and the person administering the card was on annual leave during the month selected for review. As the card is used by more than one person to make purchases, the card administrator was unable to track the receipts upon return. • Television: The named cardholder was on sick leave at the time of the review and the relevant envelope was not located. The management of the card during periods of leave appears to be a common feature in both cases. The audit sample covered the summer period.	Agreed	The relevant Finance Directors / Financial Controllers will inform the relevant Line Manager of the specific breaches of policy relating to the retention of purchase card envelopes to ensure that they are addressed with the relevant cardholder.	M	███████ 30 November 2014
2.	**Authorisation / Sign-off of envelopes** We identified issues with the approval of the purchase card envelopes tested, as follows: • Of the 18 envelopes tested, five (28%) were not evidenced as	Agreed	Within each division, purchase card approvers will be contacted by the FDs / FCs to remind them of the importance of ensuring that purchase card envelopes are all signed off on a timely basis and dated as evidence of review. This is especially	M	Financial Directors / Financial Controllers 15 December 2014

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	approved by an appropriate approver / costpool manager. The five cards were assigned to individuals in the following areas – Television (1), Radio (1), Digital (1) and Orchestras (2). There are mitigating circumstances in three cases – Radio (1) and Orchestra (2). Due to new hires and organisational change in these areas in the period covered by the audit, a suitable person of authority to approve the envelopes may have been absent. However, an alternative approver should have been sought, or retrospective approval secured. • In two other cases, while the envelope was signed off, the date of approval was not evidenced on the envelope. This is a slight improvement on the prior audit when seven (35%) of the 20 envelopes tested were not approved appropriately.		relevant for the five cases of unapproved envelopes found during the audit.		
3.	**Evidence of Receipts** Full receipts were retained on file in the case of 16 (89%) of the 18 purchase cards received for testing, analysed as follows – Television: 6 cards, Radio: 2 cards, News & Current Affairs: 3 cards, Corporate: 2 cards, Digital: 1 card and Orchestras: 2 cards. There were issues with receipting in the case of the two remaining envelopes. The cards were assigned to individuals in Digital and Radio. As shown in the Executive Summary, one card was assigned a Category A rating and one a B rating. These are explained in further detail as follows: ■ Card assigned to *Digital*: 18 missing receipts, ranging in values up to €640, out of 222 transactions in the month of testing.	Agreed	The FDs / FCs will inform the relevant Line Managers of the instances of missing receipts, to ensure that they are addressed with the relevant cardholder. The FDs / FCs will remind all approving Line Managers of their responsibility to ensure that receipts are retained on file and checked prior to signing-off on the expenditure. Consideration will be given to issuing a new card in Digital in order to reduce the number of transactions being processed via card tested (i.e. the 222 transactions in the	M	████████ 30 November 2014 Financial Directors / Financial Controllers 31 December 2014 ████████ Done

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	The missing receipts totalled €2k, 10% of the cardholder's expenditure in the month of review. Many related to online purchases. In mitigation, 36% of the transactions with missing receipts had an e-mail on file from the purchaser informing the cardholder of the purchase. However, the original receipt(s) was not subsequently forwarded to the cardholder by the purchaser. Secondly, the card had a large number of transactions in the month under review. The reason for the missing receipts is that the card operates as a "departmental card" and is used to make purchases on behalf of an individual other than the named cardholder: • This type of dispersed ordering increases the risk of missing receipts as a number of individuals, other than the named cardholder, make purchases. The receipts then have to be retained and consolidated in one envelope at the end of each month. • These cards are also more difficult to manage as purchasers with knowledge of the card number from a previous purchase sometimes make purchases without informing the cardholder in advance that they plan to make a purchase. When the unexpected transaction appears on their ▇▇ statement, the cardholder has to firstly identify the likely purchaser and then follow-up with them to request an original receipt for the purchase. This is a time consuming process and receipts can easily be misplaced. ▢ Card assigned to *Radio*: 11 missing receipts out of 29 transactions in the month of testing. The majority were online transactions. The missing receipts totalled €280, 32% of the		period under review).		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	cardholder's expenditure in the month of review. While all low value items this is assigned a Category B on the basis of the number of missing receipts.				
	Policy				
4.	**Policy Updates** The "Purchasing Procurement Card Guidelines" have not been updated since September 2004. An update of the guidelines is therefore now overdue. A new version of the RTÉ Procurement Policy was published in July 2014 and the update should be carried out in that context.	Agreed - The "Purchasing Procurement Card Guidelines" are already in the process of being updated. (▮▮▮▮▮▮▮)	The "Purchasing Procurement Card Guidelines" will be updated and communicated to staff.	M	▮▮▮▮▮▮ 15 February 2015

RTÉ Internal Audit

Review of Purchase Cards

19 November 2018

Circulation:
Director-General
Members of the Audit and Risk Committee
Executive

Finance:

RTÉ

Background, Objectives and Scope

Background

Overview

This report outlines the results following a review of purchase transactions using RTÉ's Visa procurement cards ("purchase cards").

Purchase cards were introduced in RTÉ to make it easier and more cost effective for RTÉ personnel to make low value purchases of goods and services. This, in turn, reduces the number of low-value orders processed via ███████ web. It was also acknowledged that for some purchases a credit card payment is the only payment method accepted.

Purchase cards operate in a manner similar to a personal credit card. RTÉ's purchase cards are ███ cards provided by ██████████. The administration of issuing cards and the management of card master data is the responsibility of ████████████████.

All new purchase card applications must be approved by the Chief Financial Officer and the Group Financial Controller. There were 160 purchase cards in issue to RTÉ staff at the time of the commencement of the audit.

Process around use of RTÉ Purchase Cards

Guidelines for the use of purchase cards are documented in the Purchasing Card Guidelines 2015, which form part of the overall Purchasing Procedures and Guidelines. The process is summarised in the points below:

- Each month cardholders record the transactions made using their purchase card on a pre-printed purchase card envelope and the receipts / invoices for the transactions are placed in the envelope.
- Each cardholder's transactions are recorded on an online system ████.
- At the end of each monthly billing period, the cardholder must log into the system and allocate each transaction an account code, costpool and allocate the VAT in line with the invoice/receipt.
- Once the cardholder has reviewed the transactions and cross-checked the purchase card envelope against the online system the envelope is then forwarded to the relevant Line Manger for approval.

- The use of each purchase card is restricted by an individual transaction limit and a monthly cumulative transaction limit.
- Purchase Card transactions are recorded in ██████ via a monthly batch upload of data from the ████ on line system to ██████.
- Transactions not assigned to a specific account code by the cardholder in advance of the monthly cut-off are allocated to a holding account and must be reallocated, via journal, to the correct account code.

Objectives of Audit

The objective of this audit was to carry out a review of purchase card transactions during the period 1 January 2018 to 31 July 2018 and to report on whether cardholders and associated responsible individuals are adhering to the RTÉ Purchasing Card Guidelines document, published in 2015.

Scope of Audit

Sample Selection Process

The full data set was interrogated based on a suite of pre-designed tests in order to highlight irregularities and to assist in the selection of our "focused" random sample.

Using the results of the tests mentioned above, a sample of 25 purchase card holders was selected from across the organisation and the relevant monthly purchase card envelopes were requested for review. In addition, a number of other purchase card holders were selected randomly from the full population of purchase card transactions.

In total, 2/3 of our sample was based on the "focused audit tests" and a further 1/3 was selected randomly. Representative coverage was also achieved across all divisions and months within scope.

We also carried out some high level data and financial analysis of the full population of transactions, covered in more detail in the pages overleaf.

Scope *(continued)* & Risks

Audit Testing Completed

a) Authorisation & Completeness Testing
For the **25** envelopes selected the following work was performed on each:

✓ Verified a Purchase Card envelope was used;
✓ Checked Purchase Card envelope for approver sign-off;
✓ Checked total transactions for the month were within individual's limit;
✓ Verified that receipts were retained and filed in the envelope; and
✓ Verified the reasonableness of accounting code recorded.

b) Detailed Testing
For **6** envelopes selected (25% of sample), the following work was completed:

✓ Verify that a till / VAT receipt was retained for each transaction and review same. Any instances of missing receipts are categorised as follows:

Category	Description
A	**Major**: missing receipt for in excess of €500, or numerous higher value receipts.
B	**Intermediate**: missing receipts related to amounts greater than €100 but less than €500, or related to a number of missing low value receipts.
C	**Moderate**: missing receipts related to individual amounts of less than €100, or where the number / value of missing receipts was low in the context of the number of transactions.

✓ Check if Visa invoice retained (if no Till/VAT receipt)
✓ Amounts Agreed to ▇▇▇
✓ VAT – to what extent is VAT being reclaimed
✓ Agree the transactions per purchase card envelopes to the transaction information on ▇▇▇ reports (the online system provided by Ulster Bank) for month.

c) Testing on full population
The full population of purchase card data was interrogated based on a suite of pre-designed tests in order to highlight irregularities and to assist in the selection of our "focused" random sample. The range of tests performed on the sample included:

✓ Analysis of Entertainment and Subsistence related transactions
✓ Analysis of transactions by employee/costpool/division/account
✓ Transactions exceeding the individual's normal block limit
✓ Analysis of payments to people which should be processed through ▇▇▇ fees
✓ Review for large round sums
✓ Review for any disallowed expenses, e.g. petrol
✓ Review for duplicate amounts by Name & Supplier

The results of these tests were reviewed and investigated in conjunction with the transaction information on ▇▇ A sample of unusual items not within the norm, or which appeared unusual, were chosen for further investigation as part of our audit sample.

The scope of our audit did <u>not</u> include:

✗ 2rn purchase cards – covered in a separate assignment;
✗ Transfare claims.

Risks

The key corporate risks addressed by the report are as follows:
- Risk # 4 – Reputation and Compliance *(a common subject of FOI requests)*
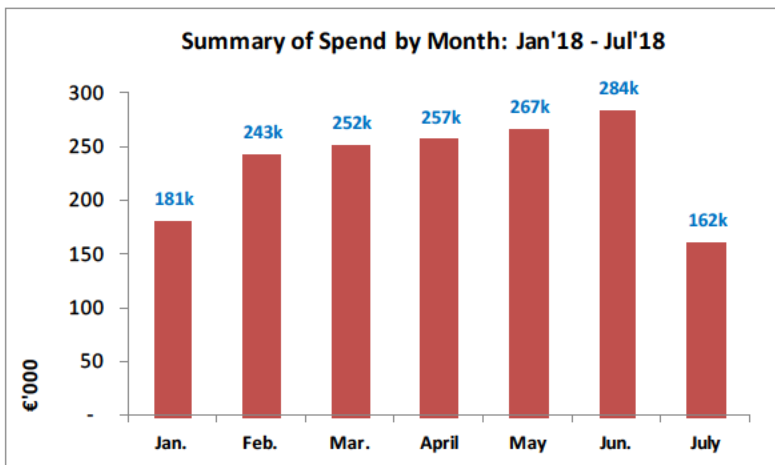- Risk # 6 – Management of Finances and Business Planning

By their nature, Purchase Cards are a higher risk profile than Purchase Orders and the risk of fraud is higher. In mitigation, the procedures for being granted a purchase cards are very stringent. In the absence of Purchase Cards it is difficult to know how certain buying activities would operate efficiently, for example, wardrobe, make-up, etc.
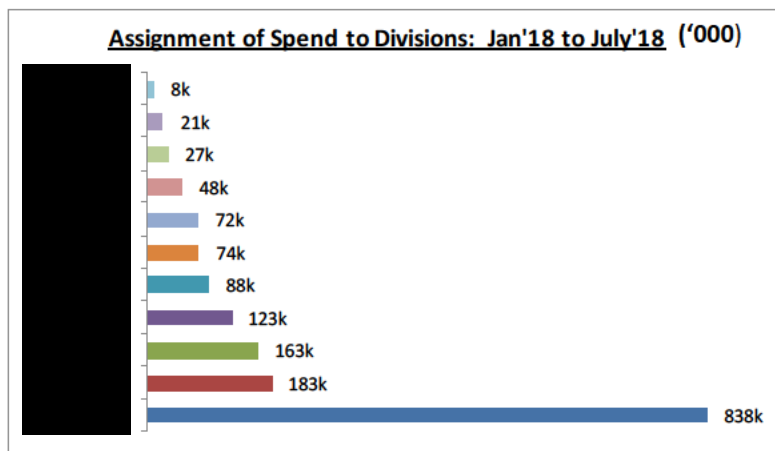
Data Analysis

Ⓐ Purchase Card Expenditure by Month

€1.6m of transactions were processed through RTÉ's purchase cards in the seven month period from 1 January 2018 to 31 July 2018, down 8% from the same period in the previous year (€1.8m).

Summary of Spend by Month: Jan'18 - Jul'18

Month	Spend (€'000)
Jan.	181k
Feb.	243k
Mar.	252k
April	257k
May	267k
Jun.	284k
July	162k

Ⓑ Purchase Card Spend by Division

As shown below, the largest spend is in Content (51%), followed by News (11%) and Operations (10%). The total number of transactions for the seven month period was approximately 12,560.

Assignment of Spend to Divisions: Jan'18 to July'18 ('000)

Value
8k
21k
27k
48k
72k
74k
88k
123k
163k
183k
838k

The analysis of B is based on where the expenditure is charged. The cardholder may be in a different division, e.g., Operations charging programme teams.

Ⓒ Number of Purchase Cards by Division

There were 160 purchase cards in use by RTÉ staff at the time the data was compiled, with the largest number of cards assigned to individuals in Content (32%), followed by 2rn (25%).

At the time of commencing the audit, Procurement was undergoing a review of purchase card holders across the organisation, following the period of restructuring. This exercise will likely have an effect on both the number of cards issued as well as the holders of purchase cards, following organisational change.
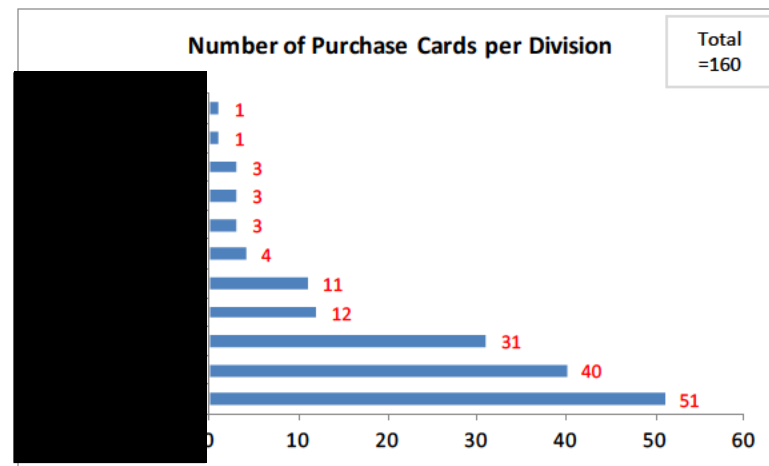
Number of Purchase Cards per Division — Total =160

Value
1
1
3
3
3
4
11
12
31
40
51

Given its size, 2rn has a disproportionately high number of cards which reflects the fact that engineers and riggers based at various remote regional locations throughout Ireland are assigned a card for local purchasing of supplies for engineering and maintenance works etc.

Data Analysis *(Continued)*

(D) <u>**Purchase Card Spend by Account Code**</u>

An analysis of spend by account code is illustrated below. Production costs represent the highest expenditure for the period at 24%. This consists of various programme cost categories such as set construction, graphics, props, animation, make-up, flowers, venue hire and other direct programme costs.

'Other Accounts' of 15% related to costs such as: catering, transport, copyright, professional fees, subscriptions and insurance, IT costs and premises. Staff Travel costs (e.g. flights, hotel accommodation, transport costs, etc) were also 15%.

Transactions not assigned to a specific account code by the cardholder in advance of the monthly cut-off are allocated to a holding account and must be reallocated, via journal, to the correct account code.

Purchase Card Amounts by Account Code

Legend:
- Staff Travel & Subsistence
- Contributors Travel
- Production
- Equipment & Stationary
- Purchase Card Holding Account
- Communications, Promotions and Selling
- Representation
- Other Accounts

RTÉ
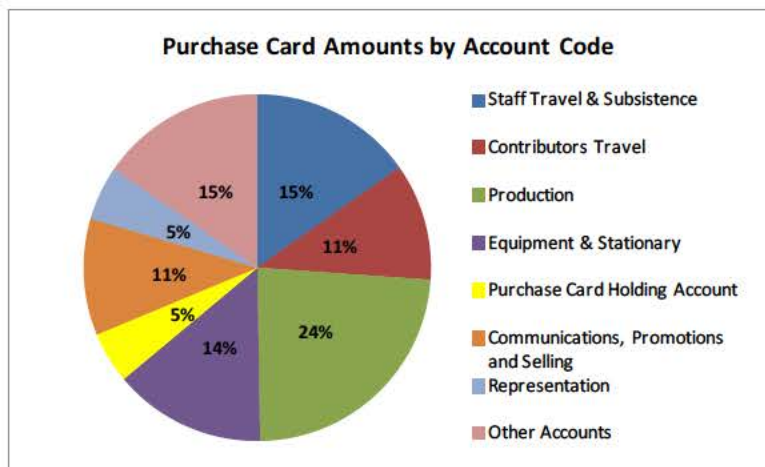
Summary of Key Findings – *See Action Plan for more details*

1) Existence of Envelopes
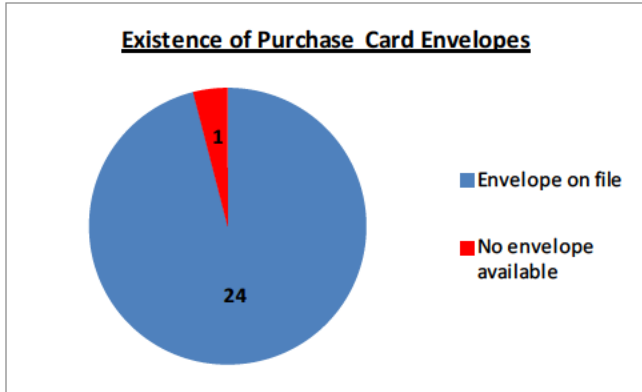
Existence of Purchase Card Envelopes

- Envelope on file (24)
- No envelope available (1)

Existence of envelopes:
A Purchase Card envelope was on file for 24 (96%) of the 25 card-holders selected for review. An envelope was not available for audit at the time of testing in one instance.

In mitigation, the cardholder was on leave during the testing period and an envelope was provided at the end of the audit. Refer to the Action Plan for more details.

The nature of this test and the fact that envelopes are retained locally means that individuals had time to compile and the envelope and receipts, in arrears, after the request for the envelope has been made.

2) Authorisation of Vouchers

Approval of Purchase Card Expenditure

- Appropriately Approved (11)
- Approved with no date (2)
- Audit Exception (11)
- No Approval (1)
- Self-Approval (10)
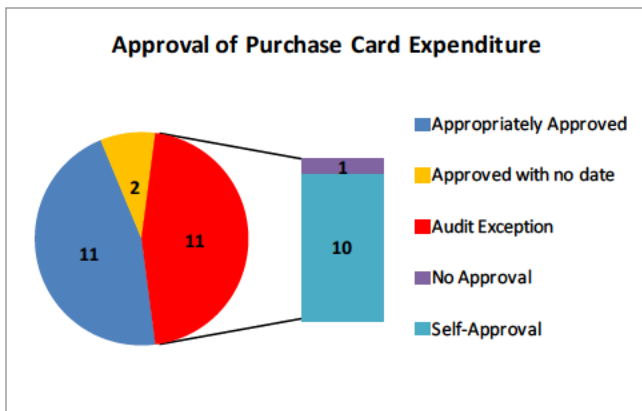
Authorisation / Sign-off of envelopes:
As per the Purchasing Card Guidelines 2015, once the cardholder has reviewed the transactions and cross-checked the purchase card envelope against the online system the envelope is then forwarded to the relevant Line Manger for approval.

We identified issues with the approval of the purchase card envelopes tested. As shown on the left, of the 25 envelopes tested, 11 (44%) were not appropriately approved.

Of the 11, self-authorisation (where the envelope is approved by the cardholder) took place on 10 of the envelopes (91%). There was no approval evident on the remaining envelope. These both represent a breach of policy.

Given the nature of the test, it is possible that some of those reported as validly approved may have been done so in arrears prior to inspection during the audit.

RTÉ

Summary of Key Findings *(Continued)*

3) Evidence of Receipts

Analysis of missing receipts by significance

- No Missing Receipts
- Missing Receipts - Category A
- Missing Receipts - Category B
- Missing Receipts - Category C
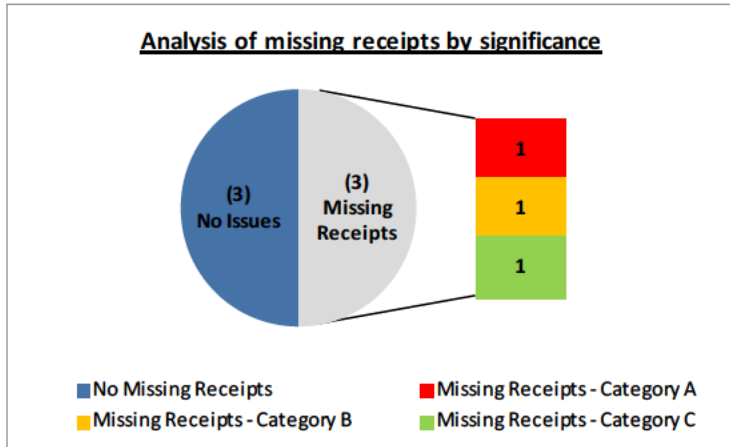
Evidence of Receipts:

We noted issues with receipting in the case of three of the six (50%) purchase card envelopes where more detailed testing was undertaken. The three cards were assigned to individuals in News & Current Affairs, Audience, Channels & Marketing, and Content.

As shown in the chart above, one of the cards with missing receipts was assigned a "Category A" rating. There were 35 transactions processed through this card in the month under review, with receipts not on file for 23 of the transactions, representing 74% of the total transaction value for that card in the particular month under review. The total expenditure on the card in the month was €4.5k.

One card was assigned a "Category B" rating. There were three missing receipts out of 26 transactions in the month under review (11%). While two of the three transactions were of very low value, one missing receipt was more substantial (>€100 and 3% of total transactions for the month), placing it in Category B.

The remaining card was assigned a "Category C" rating. There were three missing receipts out of 15 transactions in the month under review (12%). All three were very low in value (<€30 for each one).

4) Other Findings

We noted other findings regarding the process, as explained in the action plan. These cover the process to manage the cards, span of control, use of holding a/c, etc.

Key Findings

Key Management Issues

Breaches of Purchase Card Policy

We noted breaches of policy in certain areas as follows:

- 11 of 25 envelopes reviewed were not approved appropriately.
- One out of 25 envelopes tested were not available for inspection at the time of testing.
- Three of six envelopes reviewed in detail contained missing receipts.

Manual time-consuming process

The monthly management of purchase card envelopes and the collection of receipts is a very manual process and there is an absence of electronic approval. There is also no link between the physical receipts and review process and the online ▮▮▮▮ management process. Given the manner in which credit cards operate, the cards are paid every month regardless of whether receipts are on file, or if the envelope is approved. Therefore, this puts greater emphasis on approval, review and filing procedures.

Management of Purchase Cards

During audit testing it was noted that purchase cards in the name of departed staff members were still being used. We were also informed of an instance where one cardholder requested for their card to be cancelled / reissued - the cancellation never occurred with the card being retained in the department and used in the name of the original cardholder.

Month-End Procedures

During audit testing, we noted that purchases are not being categorised and assigned a specific account code on a monthly basis. As a result, they remain in a holding account awaiting reallocation. Cardholders are not completing the month-end procedures on a timely basis.

Key Findings

Conclusion

The objective of this audit was to carry out a review of purchase card transactions during 2018. The full data set was interrogated based on a suite of pre-designed tests in order to highlight irregularities and to assist in the selection of our "focused" random sample.

The audit is rated 'unsatisfactory' for the following reasons:

- 11 of 25 envelopes reviewed were not approved appropriately. (Given the nature of the test, it is possible that some of those reported as validly approved may have been done so in arrears prior to inspection during the audit). In addition, three of six envelopes reviewed contained missing receipts.

- There are weaknesses in the process: the monthly preparation of purchase card envelopes and the collection of receipts is a very manual process and there is an absence of electronic approval.

- During audit testing we noted that purchase cards of departed staff members were still being used.

- Some purchases are not being categorised and assigned a specific account code on a monthly basis by cardholders as part of the monthly financial close procedures. This affects the cost against actual reporting in these areas and finance teams therefore have to follow up with cardholders.

- We identified that cards were being used even though the named cardholder had departed the organisation.

Actions have been agreed to address these points as outlined in the action plan.

We appreciate the co-operation received from the relevant staff members during the course of this audit.

Rating

UNSATISFACTORY

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Breaches of Policy				
1.	**Existence of Envelopes** **Background** We selected a sample of 25 Purchase Cards for review across the organisation (excluding 2rn), covering the seven month period from January to July 2018. **Findings** The following findings were noted: ✓ A Purchase Card envelope was on file for **24** (96%) of the 25 card-holders selected for review. X **One** envelope from Human Resources was not available for audit at the time of testing. In mitigation, the person administering the card was on annual leave for a period during the review. The envelope was submitted at the end of the audit. X It was noted during our review that in certain instances, cardholders were only compiling the envelopes and following up on receipts (for purchases made by others in the case of shared cards) when the audit request was made. This occurred despite the fact that month selected for review was earlier in quarter one.	Agreed. This is already being done with a reminder email circulated by Procurement to all cardholders and the Finance teams each month. The email reminds cardholders of the close-off date for assigning account codes and costpools to all purchase card transactions. ██████████	Cardholders will be reminded that envelopes need to be prepared monthly following the month where purchases have taken place.	N/A	Complete
2.	**Authorisation / Sign-off of envelopes** **Background** As per the Purchasing Card Guidelines 2015, once the cardholder	Agreed. This is already being done with a reminder email circulated by Procurement to all cardholders and the	Within each division, purchase card approvers will be contacted by the FDs / FCs to remind them of the importance of ensuring that purchase card envelopes are	N/A	Complete

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	has reviewed the transactions and cross-checked the purchase card envelope against the online system the envelope is then forwarded to the relevant Line Manger for approval. ***Findings*** We identified issues with the approval of the purchase card envelopes tested, as follows: ✓ Of the 25 envelopes tested, 11 (44%) were approved appropriately as evidenced by an authorising signature from appropriate Line Manger and relevant date. *(However, there is a risk that this was done in arrears.)* X A further 11 (44%) were not evidenced as approved by an appropriate approver / costpool manager. Of the 11, self-authorisation (where the envelope is approved by the cardholder) took place on 10 of the envelopes (91%). There was no approval evident on the remaining envelope. These both represent a breach of policy. The 11 cards were assigned to individuals in the following areas – Content (4), Operations (5) and Finance (2). There are mitigating circumstances in two cases – both Finance (2). These two cards are "departmental cards". While assigned to a named individual, departmental cards are used to make purchases by a number of individuals in the wider department. In effect, the self-approval by the Finance Manager is sufficient once they are performing the monthly review. In addition, due to organisational change in the period	Finance teams each month. ███████████████████	all signed off on a timely basis and dated as evidence of review.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	covered by the audit, a suitable person of authority to approve the envelopes may have been absent. However, an alternative approver should have been sought, or retrospective approval secured. ➤ In two other cases, while the envelope was signed off, the date of approval was not evidenced on the envelope.				
3.	**Evidence of Receipts** *Background* As explained in the Executive Summary, more detailed audit testing was carried out for 6 of the 25 envelopes tested (25% of the sample). This, among other tests, involved verifying that a valid till /VAT receipt was retained for each transaction during the month selected. *Findings* ✓ Full receipts were retained on file in the case of three of the six purchase cards received for testing. ✗ There were issues with receipting in the case of the three remaining envelopes. The cards were assigned to individuals in News, Content and ACM. These are explained in further detail as follows: ▮ There were 31 transactions processed through this card in the month under review, with receipts not on file for 23 of the transactions, representing €3,361 in value (74% of the total transaction value).	Agreed. There is a new system being introduced that will replace ▮▮▮▮▮▮▮▮▮. It is yet to be confirmed whether it is possible for cardholders to print monthly purchase card activity from this new system. This will be confirmed over the coming weeks. Once the new system is live, training will take place on how to use it and a user manual will be provided showing cardholders how to access their monthly transactions etc. It will be mandatory for all cardholders, relevant Personal Assistants and Finance teams to attend. Essentially, once an individual	Consideration will be giving to making it a requirement for the ▮▮▮ print-out, listing transactions for the month, to be presented the Line Managers when seeking approval. This will prevent transactions from being omitted in error. The FDs / FCs will inform the relevant Line Managers of the instances of missing receipts, to ensure that they are addressed with the relevant cardholder. The FDs / FCs will remind all approving Line Managers of their responsibility to ensure that receipts are retained on file and checked prior to signing-off on the expenditure.	M	31 December 2018 30 November 2018 30 November 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	On comparison with the online ▉ report for the selected month, it was noted that only two thirds of the transactions were recorded manually on the face of the purchase card envelope. This highlights the risk of Line Managers approving incomplete information (i.e. the staff member might not record everything on the envelope). Using a print-off from the ▉ systen as a starting point for which to gather receipts should be recommended to ensure completeness. 🟧▉▉▉▉ Three missing receipts out of 26 transactions in the month under review (11%). While two of the three transactions were of very low value (€26 in total), one missing receipt was more substantial (€364 and 3% of total transactions for the month), placing it in Category B. The reason for the missing receipts is that the card operates as a "departmental card" and is used to make purchases on behalf of an individual other than the named cardholder: • This type of dispersed ordering increases the risk of missing receipts as a number of individuals, other than the named cardholder, make purchases. The receipts then have to be retained and consolidated in one envelope at the end of each month. • These cards are also more difficult to manage as purchasers	has been authorised to have a purchase card, this is main approval step. ▉▉▉			

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	with knowledge of the card number from a previous purchase sometimes make purchases without informing the cardholder in advance that they plan to make a purchase. When the unexpected transaction appears on their ▇ statement, the cardholder has to firstly identify the likely purchaser and then follow-up with them to request an original receipt for the purchase. This is a time consuming process and receipts can easily be misplaced. 🟩 ▇▇▇▇▇▇▇▇ There were three missing receipts out of 15 transactions in the month under review (12%). All three were very low in value (<€30 each).				
	Policy & Other Process Observations				
4.	**Use of PayPal as a form of payment** **Background** As part of a separate review in Summer 2018, Internal Audit carried out an investigation involving one RTÉ purchase card. The investigation highlighted some irregularities. **Findings** The irregularities identified during this investigation focused, in particular, on transactions processed via PayPal, which is not commonly used as a payment transaction mechanism in RTÉ. *PayPal is an American company operating a worldwide online payments system that supports online money transfers and serves as an electronic alternative to traditional methods of payments, whether electronic bank transfers or physical cheques*	Agreed. The Purchasing Card Guidelines are currently being reviewed and updated and the point on prohibiting the use of PayPal, where possible, will be incorporated and communicated to all cardholders. ▇▇▇▇▇▇▇▇▇	The practice in certain areas within Operations where each cardholder set up a PayPal account linked to the RTÉ procurement card will cease. The Purchasing Card Guidelines 2015 will be updated to prohibit the use of PayPal as a method of payment via RTÉ purchase cards unless approved by the local Finance Director for specific classes of transactions. The prohibition around the use of PayPal will be communicated to relevant Finance Personnel in the Divisions.	H	▇▇▇▇▇▇ 31 December 2018 ▇▇▇▇▇▇ 28 February 2019 ▇▇▇▇▇ 31 December 2018
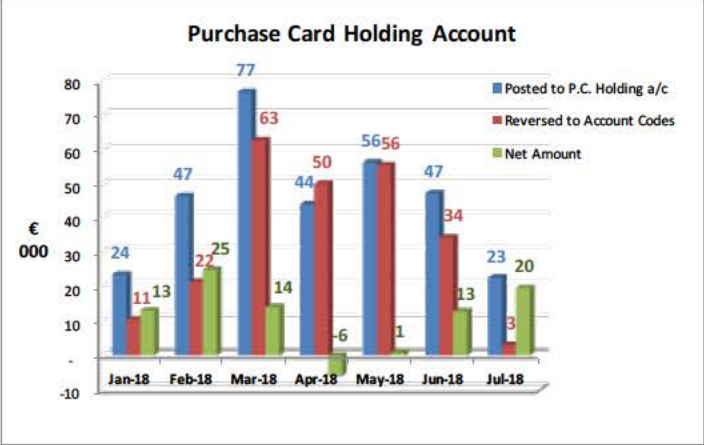
	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	etc. Internal Audit's investigation highlighted various control weaknesses in the control system in place by PayPal, which facilitated a breach of the Purchasing Card Guidelines 2015. Each PayPal account is assigned a "credit card statement name" which is the name which appears on the customer's (payer's) credit card statement. It is possible to edit the name in the 'My Account' function within PayPal, without any restrictions, increasing the risk of fraudulent activity. There is a risk that the merchant / supplier name appearing on the RTÉ purchase card statement does not reflect the reality of the transaction. In mitigation, only 4% of all RTÉ purchase card payments were processed in this manner and the majority relate to one purchase card, which was the subject of the investigation. ***Impact*** The findings highlighted in investigation detailed above indicate that PayPal is a riskier method of making payments to suppliers, with loose controls in place in PayPal creating opportunities for fraudulent activities. In response to this report, RTÉ needs to address this risk and prohibit the use of PayPal as a method of payment or limit to specific circumstances. The Purchasing Card Guidelines need to be updated to reflect this additional amendment and it needs to be communicated to all staff.				
5.	**Manual Process and Absence of Electronic Approval**	The new ERP system will be the main project for Finance	The Head of Procurement and potentially a wider working group will explore	M	▆▆▆▆▆▆ 31 August 2019

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Background Each month cardholders record the transactions made using their purchase card on a pre-printed purchase card envelope and the receipts / invoices for the transactions are placed in the envelope. Once the cardholder has reviewed the transactions and cross-checked the purchase card envelope against the online system the envelope is then forwarded to the relevant Line Manger for approval. The Line Manager must then review each line item on the face of the purchase card envelope and manually inspect the contents of the envelope to verify whether a valid receipt is available before signing their approval. ***Finding*** The monthly preparation of purchase card envelopes and collection of receipts is a very manual process, and there is an absence of electronic approval for Line Managers. There is also no link between physical receipts and review process, and the online ▮▮▮▮ process, meaning that each transaction and receipt must be inspected manually. Due to the time-consuming and manual nature of this exercise and the fact that certain Line Managers have numerous cards to approve each month, approval and sign-off often gets neglected, as evidenced by the earlier findings. Therefore, by issuing a purchase card, the cardholder effectively has authority to spend up to their limit irrespective of whether the envelope is reviewed by the Line Manager. ***Impact***	and the key priority for 2019. Improvements / changes to other business process will follow on from this and be reviewed and explored at a later stage once the ERP system has bedded in. In the meantime the current process in place for Purchase Cards will continue as normal. ▮▮▮▮▮▮▮▮▮▮ There is a facility on the new purchase card system for uploading receipts, therefore eliminating the need for the physical envelope. However, the current tool for uploading is currently very slow and RTÉ have opted not to avail of it at present. This will be explored again six months after the "go live" date of ▮▮▮▮ as the company are working on improving it. ▮▮▮▮▮▮▮▮▮▮	improvements that can be made to the current process around the use of Purchase Cards; exploring areas such as electronic approval and automating the filing of receipts.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	The cards are paid every month regardless of whether receipts are on file or approved, thereby increasing risk. This reflects the nature of any credit card. ***Potential Solutions*** It may be timely, with the roll-out of the new ERP system, to explore opportunities for automating the process around RTÉ purchase cards. Electronic approval, similar to what is used to approve Transfare claims, would greatly assist Line Managers as an alternative to the manual envelopes. Similarly, a more systematic approach to the filing / electronic storing of receipts would greatly assist the tracking and approval process. For example, a function allowing receipts to be photographed at point of purchase and automatically filed with each transaction would quicken the approval process and this is functionality is now becoming is more commonplace across similar payment systems. Another control measure to be explored is the possibility of a notification to departmental card holders, notifying them each time their card is used. These options now exist as technology evolves.				
6.	**Span of Control** ***Background*** Due to the nature of the organisation, certain areas require heavy usage of purchase cards, and consequently more purchase cards are in operation within these areas, for example, Content	As part of the move to a new Purchase Card system, an email will be sent to all Financial Directors / Controllers, listing all current cardholders.	In areas where there are a large numbers of Purchase Card holders reporting into one Line Manger, consideration will be given to appointing one individual within the team (an existing Post of Special Responsibility) to assist in the approval	M	███████ 28 February 2019

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	and Operations, in order to process low value purchases. ***Finding*** Due to the fact that more purchase cards are required in certain areas, the span of control in these areas is a lot wider. This means that it may be difficult for Line Mangers to be close enough to the detail when approving, due to the sheer volume of envelopes and receipts to review on a monthly basis. In certain areas, the number of cards to be reviewed by Line Managers each month (via the current process) is too high, resulting in either approval at a high level without thoroughly checking transactions, or no approval occurring at all. This was evident in the area of Operations. During our audit testing, we were informed that cardholders in certain areas (for example Make-up and Wardrobe) are required to submit their envelopes to the Line Manager on quarterly rather than monthly basis. This is not in line with the Purchasing Card Guidelines 2015 and increases the risk. One such Line Manager has 12 cardholders reporting into him each month, all of which are high volume cards with numerous transactions each month. ***Impact*** Line Mangers not performing a thorough review of cardholder transactions on a monthly basis is a risk and leaves RTÉ more exposed in terms of inappropriate transactions. A delay in approval also impacts the speed with which an issue is identified. It may be worth considering whether Line Managers in these	They will be requested to confirm that each person still has a valid business need for the purchase card and to make any changes to cardholders in their areas, where necessary. The email will also request the most suitable monthly approver of each purchase card envelope to be nominated. The FDs/FCs must be satisfied with the approvers and number of cardholders in each area. This process is currently in train, with one division completed so far. ███████████████	process or other options to reduce the span of control. This could be explored in conjunction with finding #5 above via a wider working group.		

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	areas need to appoint people within their team to perform part of the review process. This point is also tied into finding #5 above in that if the process was a little more user friendly and automated it would have a knock on effect on the quality and timelines of approval carried out by Line Mangers.				
7.	**Purchase Card Holding Account** ***Background*** Part of the current process is for cardholders, on a monthly basis, to log into the system and allocate each transaction an account code, costpool and allocate the VAT in line with the invoice/receipt. Transactions not assigned to a specific account code by the cardholder in advance of the monthly cut-off are allocated to a holding account and must be reallocated, via journal, to the correct account code. ***Finding*** During audit testing, we noted that purchases are not being categorised and assigned a specific account code on a monthly basis. As a result, they remain in a holding account awaiting reallocation. Cardholders are not completing the month-end procedures on a timely basis. The chart below shows that €318k was posted to the Purchase Card Holding Account in the period covered by the review. At the end of the period, €80k remained unallocated to specific account codes.	Agreed. This is already being done with a reminder email circulated by Procurement to all cardholders and the Finance teams each month. The email reminds cardholders of the close-off date for assigning account codes and costpools to all purchase card transactions. ███████████	Reminders will be issued to all cardholders to log into the system and allocate each transaction an account code, costpool and allocate the VAT in line with the invoice/receipt on a monthly basis. Exception reporting will be completed and a listing of repeat offenders will be circulated monthly and discussed periodically at the monthly Finance meeting.	N/A	Complete ██████ 31 March 2019

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	Purchase Card Holding Account chart (Jan-18 to Jul-18) showing Posted to P.C. Holding a/c, Reversed to Account Codes, and Net Amount in € 000. Values: Jan-18: 24, 11, 13; Feb-18: 47, 22, 25; Mar-18: 77, 63, 14; Apr-18: 44, 50, -6; May-18: 56, 56, 1; Jun-18: 47, 34, 13; Jul-18: 23, 3, 20. ***Impact*** This means that the Purchase Card Holding Account still has legacy transactions as far back as January 2018 which were never reversed out or assigned an account code. This affects the cost against budget reporting in these areas as the true spend by account code is not reflected. Finance teams therefore have to follow up with cardholders to find out where to reallocate transactions as they would not be close enough to the detail to determine this. This is time consuming and manual.				
8.	**Review of Cardholders in terms of Organisation Structure** ***Finding*** 1) During audit testing we noted that purchase cards of departed staff members were still being used. The names of	This is already in train. When employees depart from the organisation a "Notice of Cessation" email is circulated by PeopleSoft notifying the	1) The list of cardholders will be updated for any departed staff / changes in cardholders. 2) Purchasing will continue to review	N/A M	Complete ■■■■■

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	the cardholders were not updated to reflect their departures and changed to the current users at the time of the commencement of the audit. This is mainly due to the period of restructuring that was going on for the first six months of this year. Procurement was aware of this issue and opted to wait until a suitable time when the majority of departures had taken place prior to updating the listing of cardholders. 2) Since the commencement of this audit Procurement have updated the list of cardholders based on the new structure and reviewed card limits accordingly. On review of the updated list, Internal Audit noted that three staff members were still listed as cardholders despite the fact that they have departed. In mitigation, the departures may have been only occurring as this list was being updated, making it difficult for Procurement to track the changes in the interim. 3) Internal Audit were informed of an instance where one cardholder, promoted since the original data was run, requested for her card to be cancelled / reissued, as it was no longer needed. However the cancellation never occurred with the card being retained in the department and still being used in the name of the original cardholder. To ensure that Procurement have a current most up-to-date list of cardholders, a quarterly review will take place.	Procurement and allowing them to update for any changes. It is more difficult to track movements within the organisation, as Procurement is not always notified. A quarterly review of cardholders would assist in this process. ██████████████	this listing and update for any changes on a quarterly basis. 3) The purchase card referred to in point #3 will be reclaimed and reallocated to a named individual / cancelled as necessary.	H	██████████ 31 December 2018

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
9.	**Number of Cardholders** *Background* At the time the audit commenced, there were 160 RTÉ purchase in issue among staff. Following the update that was carried out after the One RTÉ organisation restructuring, mentioned in finding #8 above, this number was reduced to 144 cards. *Findings* 144 cards is a high number of cards to have in circulation around the organisation (almost 8% of all employees), especially given their risk as explained earlier. In mitigation, 40 are issued to 2rn for valid reasons. On review of the full population of purchase card data for the seven month period, we noted that there was no activity or transactions recorded for 16 cardholders. A further three cards had total expenditure of less than €100 for the seven month period. 14 of the 144 cards had less than €700 spend in total for the seven month period, indicative of spend less than €100 per month. *Impact* The above suggests there may be scope to reduce the number of cards in issue in the organisation by potentially a further 33 (23%). Given the risk they pose, consideration should be given to reducing the number of them in issue where possible. This would bring the number in issue in RTÉ to 70-75 (excluding 2rn).	As part of the move to a new Purchase Card system, an email will be sent to all Financial Directors / Controllers, listing all current cardholders. They will be requested to confirm that each person still has a valid business need for the purchase card and to make any changes to cardholders in their areas, where necessary. The email will also request the most suitable monthly approver of each purchase card envelope to be nominated. The FDs/FCs must be satisfied with the approvers and number of cardholders in each area. This process is currently in train, with one division completed so far. ██████████████████ *)*	A review will be undertaken into the number of purchase cards in issue and whether they are actually needed. The purchase cards of the cardholders with no or little transactions in the seven months should be returned and cancelled.	M	██████████ 31 January 2019

RTÉ Internal Audit

Review of Outside Broadcast Contracts

7 December 2017

Circulation:

Executive

Purchasing

██████████████████████████████████
███████████████████████

Divisions

███████████████████████████████
████████████████████
███████████████████████████████

RTÉ

Background

1. Background

Objective

This report sets-out the findings following Internal Audit's review of RTÉ's expenditure on Outside Broadcast ("OB") Television services.

Expenditure on OB services was selected for review as:
- The level of expenditure is financially material;
- The existence of multiple RTÉ – Supplier contact points throughout the organisation increases the risk of inconsistency or lack of coordination;
- The services are primarily live, high-profile, indigenous programming output with a higher risk of reputation damage if problems arise.

This is a follow-on exercise from recent work in the areas of tendering and purchasing and, in that context, Internal Audit is examining some of RTÉ's largest contracts.

Background to Main OB Tender Process

In April 2014 RTÉ commenced a tender process seeking suppliers for the provision of quality outside broadcasting services for the capture and transmission of predominantly live events. This specification included core outside broadcast technical facilities and associated crewing. The delivery of the service enables RTÉ to broadcast designated events to its viewers and, where applicable, third party broadcasters.

Given the large number of events, the tender comprised four separate lots:
- Lot 1: circa 10 sports events***** with around 12 or more cameras per event (*Rugby and other sports*)
- Lot 2: circa 20 sports events, comprising 5 events with around 15 cameras and 15 events with around 7 cameras (*Soccer and other sports*)
- Lot 3: circa 30 sports events, comprising 10 events with around 10 cameras, 15 events with around 7 cameras and 5 events with around 15 cameras (*GAA and other sports*)
- Lot 4: circa 15 mixed events (parades, sport, political etc.) where 5 events will require around 10 cameras and 10 events will require around 7 cameras

* *The number of events and camera requirements are indicative, based on the original tender documentation, and are subject to modification based on production demands and replays of sporting events etc.*

Contract

The duration of contracts is dependent on sports rights agreements between RTÉ and Soccer, GAA and Rugby authorities. Following a two-stage bidding process in 2014 contracts were awarded as follows:

- Lot 1 and lot 2: ███████████████████████████████) for an initial three-year term █████████████████████████████ ██ ████████████████████

- Lot 3 and lot 4: ███████████████████ for an initial two-year term ████████████████████.

  Lot 3 was subsequently ███████████████████████ ██ ████████████████████████████████.

Mini-OB Tender / *'Today'* facilities

In addition to the main tender, a tender process to select a mini-OB panel was completed in 2016, to address smaller OB events up to five cameras.

Nine suppliers are currently listed on the mini-OB panel and individual tenders are managed via RTÉ Purchasing. RTÉ issues tender requests to companies appointed to the Panel inviting them to respond within a specified time limit. The process provides RTÉ with greater flexibility, with the tender response time being as short as two days on some occasions.

The mini-OB panel addresses events not covered by the main OB contract outlined across.

Finally, a separate, standalone, tender process is undertaken for OB services for *Today with Maura and Dáithí* from Cork. An updated tender process was completed in recent months, in advance of the 2017/2018 season.

Background (cont'd) and Scope

Financial Analysis

In the published RTÉ Annual Report for the year-ended 31/12/2016, RTÉ reported expenditure of €5.9m. on OB services.

The forecast expenditure on OB services for 2017 ███████████████ This reflects higher expenditure in 2016 due to the General Election and events relating to the 1916 commemoration. The difference also reflects the timing of sporting events and the renegotiation of contracts.

In 2017, in excess of ████ of the expenditure on OB services related to two large suppliers. This is consistent with 2016.

In excess of ████ of the expenditure on OB services in 2017 related to sporting events, with the remainder split between news events and Television programmes.

The corresponding figure for sport was ████ in 2016, with the balance equally split between News events *(party conferences, elections, 1916 and national commemoration)* and Television programmes *(Today, entertainment, Rose of Tralee, Electric Picnic etc.)*

2. Scope

The scope of this audit involved an examination of expenditure on Outside Broadcast Television services. The expenditure is captured in ██████ account code 5600.

The audit involved:

- ✓ Checking the tendering arrangements
- ✓ Confirming the existence of the event (with reference to transmission logs, production plans, etc.) and the engagement of the supplier for OB facilities
- ✓ Comparing the accuracy of the OB facilities and crew costs invoiced by the supplier to the rates contracted with RTÉ
  - ○ Where contracts have been renegotiated, we included a sample at both the old and new rates to ensure the new contract was correctly applied

- ✓ Agreeing additional services / staff included in the invoice to an Event Variation Sheet / RTÉ approval to ensure appropriately authorised
- ✓ Reviewing the accounting for OB expenditure
- ✓ Comparing the billing mechanisms, and the consistency of pricing, for different events across the organisation – sport, entertainment, parades, party conferences, etc.
- ✓ Checking compliance with the contract generally, especially with reference to contractual clauses covering service review, billings, pricing, etc.

The scope of the audit included lot 1 to lot 4 of the main tender; a sample of the mini-OB tenders and the Cork facilities tender. The following was out of scope:

- *X* Racecourse Outside Broadcast services

3. Risks

The key corporate risks addressed by the report are as follows:

- ▪ Risk # 3 – Management and Prioritisation of Financial Resources

Findings

4. Findings

The findings are summarised below.

Tender Type / Category	Sample Size (# invoices)	Sample Value (€'000)	Testing Result	Audit Issues
Main OB Tender (lot 1 to lot 4)	9	532	🟢	-
Mini-OB Tenders	6	43	🟠	1
Cork Facilities	1	76	🟢	-
Total	16	651		

1. We tested a sample of six different supplies of OB services which should have been procured through the mini-OB panel:
   ✓ We noted no issues with **four** of our mini-OB tender samples. Three involved a full tender. ███████████████████████████████████████
   ████████████████████████████████████

   → Following further investigation, **one** was out of scope of the requirement to carry out a tender via the mini-OB panel

   ✗ ██

Action: Create a more specific template pricing schedule for the mini-OB ITT. This is especially relevant for assignments greater than one day. Update the template as necessary and circulate to Line Managers for implementation.

████████████████████ I 31 March 2018 I Medium Priority

RTÉ

Conclusion

5. Conclusion

Internal Audit carried out review of RTÉ's expenditure on Outside Broadcast ("OB") services. The purpose of the assignment was to review the tendering arrangements, check compliance with the various contract in place and identify any opportunities for strengthening control.

We found evidence of good practice in the management of OB expenditure in the divisions. The vast majority of RTÉ's expenditure on OB services is carried out under the main (lot 1 to lot 4) OB contracts and the Cork facilities tender. This expenditure was undertaken in line with the public procurement rules and, for the sample of invoices tested, we noted that the billing was in accordance with the contract, with additional services agreed in advance. As summarised in the table above, we noted no audit issues as part of our testing.

We also examined a sample of expenditure under the mini-OB contract process. There were no audit issues for the majority of our audit sample. The expenditure was undertaken in line with the public procurement rules and we noted that the billing was in accordance with the tender.

However, we identified that one supplier ███ ███ ███.

As the exception is 0.76% of our audit sample and only 0.11% of the forecast 2017 expenditure on OB services we consider this an isolated incident and the rating remains at "satisfactory". In addition this rating reflects the fact that the expenditure under the mini-OB process is a small proportion of the overall expenditure.

We appreciate the assistance of Purchasing and other relevant personnel during the course of this review.

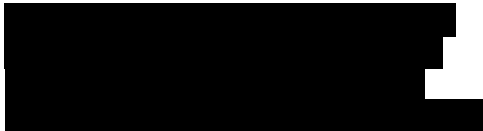| Rating	Overall Rating	

RTÉ

RTÉ Internal Audit

Report on Pension Administration *(RTÉ Superannuation Scheme)*

16 December 2015

Circulation:
Director-General
Trustees of the RTÉ Superannuation Scheme
Members of the Audit and Risk Committee
Executive

People Payments / Group Finance

████████████████████████████
████████████████████████████
████████████████████

Relevant Extracts

██████████████████████████

RTÉ

Introduction and Background

Background

Introduction

The purpose of this audit is to review how RTÉ discharges its responsibilities as Registered Administrator of the RTÉ Superannuation Scheme. The audit focused on testing the controls in place.

Pension Administration

The Social Welfare and Pensions Act 2008 ("the Act") was signed into law on 7 March 2008. With effect from 1 November 2008, the Trustees of every scheme must appoint a Registered Administrator to provide various services to the scheme known as "core administration functions".

The core administration functions consist of the preparation of the annual scheme reports, the preparation of annual benefit statements and the maintenance of sufficient and accurate records to discharge these functions.

Registered Administrators are statutorily obliged to register with the Pensions Board on an annual basis when they perform core administration functions on behalf of scheme trustees. The registration process takes the form of self-certification whereby the Registered Administrator concerned certifies its competence and capability to perform the core functions and that it has adequate administrative systems and procedures in place.

In order to determine whether Registered Administrators are complying with the provisions of the Pensions Act, 1990 and related regulations in carrying out the core administration functions, each year the Pensions Board performs a number of on-site inspections of these entities pursuant to its powers under Section 18 of the Act. The most recent inspection of RTÉ's administration of the Superannuation Scheme was carried out in 2014.

RTÉ Superannuation Scheme - Background

The RTÉ Superannuation Scheme is a funded, contributory, defined benefit scheme, established under legislation and sponsored by RTÉ. The assets of the Scheme are vested in the Trustees and entirely separated from the assets of RTÉ.

The Scheme was originally set up under Section 15 of the Broadcasting Authority Act, 1960 and is now governed under Section 91 of the Broadcasting Act, 2009. No new employees have been admitted to the scheme since 1989. RTÉ has been Registered as the Registered Administrator of the Scheme with effect from 1 November 2008.

RTÉ Superannuation Scheme - Membership

As at 30 September 2015, there were 230 RTÉ employees (Permanent and Pensionable classification) who are members of the RTÉ Superannuation Scheme (236 as at 30 December 2014). In addition to the Permanent and Pensionable employees, a further 1,494 retired members were in the scheme at 30 September 2015, as follows:

o Pensioner   1,230
o Spouse   233
o Others *(Children, divorces)*   31

The assets of the RTÉ Superannuation Scheme had a market value of ███ million at 30 September 2015 (███ million as at 31 December 2014).

IT Systems
The following are the key applicable IT systems:

- ████████ Human Resource Management System
- ████████ Financial Accounting Software

Objectives and Scope

Objective and Scope

The scope of the audit was to undertake a review of the pension administration of the RTÉ Superannuation Scheme. Please refer to *Section B* overleaf for details of the specific controls tested.

✓ The scope of the review addresses the following four categories of control:

Category of Control	Scope
Physical Access Controls	Review of access rights to premises and buildings and whether they are appropriate and authorised.
IT Access Controls	Review of user profiles and access rights to the relevant IT systems and shared drives.
Data Integrity Controls	Review of the procedures in place to ensure the accuracy and consistency of member data records.
Operational Controls	Review and walkthrough of day-to-day business operations and controls, covering the retirement process, the processing of pensions and pension accounting.

It did not include a review of:

X The Annual Accounts of the Scheme. The accounts are audited each year by KPMG.
X The administration of the RTÉ Defined Contribution (DC) Scheme or the RTÉ "50/50" Risk-Sharing Pension Scheme (Hybrid), which is undertaken by a third-party (Invesco).

Key Management Issues

No issues were identified in this audit which merit classification as "key management issues".   A small number of other less significant observations are included in *Section A* overleaf.

Conclusion and Rating

Overall Conclusion

This audit examined RTÉ's responsibilities as Registered Administrator of the RTÉ Superannuation Scheme. The RTÉ Superannuation Scheme is a funded, contributory, defined benefit scheme, established under legislation and sponsored by RTÉ. In line with the Social Welfare and Pensions Act 2008 the Trustees of every scheme must appoint a Registered Administrator to provide various services to the scheme known as core administration functions.

The standard of control in the administration of the RTÉ Superannuation Scheme is satisfactory. While there is reliance on excel spreadsheets to track membership listings under various pension categories, this is tightly monitored and reconciled with both People Payment's records and ███████ We carried out a review of the key controls in the areas of: physical and IT access controls, data integrity controls, retirement processes, benefit statements and life certificates. We noted no significant issues as part of testing. A small number of less significant items are being actioned at present, as set out in the Appendix overleaf.

We appreciate the co-operation and assistance received from the Pensions Manager, Pensions Administrator and relevant staff during the course of this audit.

Rating

SATISFACTORY

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
	User Access				
1.	**Access to Superannuation pages on ▮▮▮▮▮ / Review of User profiles** A review of user access to the Superannuation pages on ▮▮▮▮▮ was carried out during the audit. It was noted that nine individuals in RTÉ have edit-access to the Superannuation pages on ▮▮▮▮▮. Of the nine, it was deemed appropriate that seven individuals retain edit access to the Superannuation pages. Three of the seven are directly involved in the Pension Administration and the remaining four are involved in system support or are super users of the system. The remaining two individuals are part of the People Payments team and it would be more appropriate for them to have read-only access to the Superannuation pages.	Agreed. ▮▮▮▮▮	Edit access for the two individuals in question will be updated to allow read-only access.	L	▮▮▮▮▮ Completed
2.	**Review of access to the Pension Shared Drive (G Drive)** A review of user access to the Shared Pension Folder on the G Drive was carried out during the audit. It was noted that eight individuals have access to view the Pension Shared drive. Of the eight, it was deemed appropriate that six individuals have this access and should retain it. The remaining two individuals do not require access to this drive based on their current job role and should be removed. The number of people given access should be kept to a minimum for confidentiality reasons.	Agreed. ▮▮▮▮▮)	Access to the Pension Shared Drive will be removed for the two individuals in question.	L	▮▮▮▮▮ Completed

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
3.	**Security of physical pension files** *Background* The physical pension files are stored on the second floor of the Administration building in a special filing unit called a Lektriever Cabinet. The Lektriever Cabinet is an automated filing vertical carousel designed to manage a complete range of files and media. It is locked with a padlock that is accessed via a key. *Finding* The key to the Lektriever is currently unmarked and stored on the Pension Administrator's desk. Access to the Lektriever cabinet is not password protected / protected by a secure code, although the functionality appears to be available. Given the confidentiality of the files stored in the Lektriever, an investigation into whether a password can be installed to access the file rather than using a key is merited.	Agreed. ▮▮▮▮▮▮▮▮	The possibility of implementing a password to access the Lektriever file will be investigated the next time maintenance of the cabinet is being carried out (yearly).	L	▮▮▮▮▮▮▮▮ 30 June 2016
4.	**Filing of Reconciliations** The Monthly Membership Reconciliation is saved on the personal drive (F-drive) of the Group Pension's Manager rather than on the Pension Shared Drive (G-drive) and is not password protected. This limits access to these files and could be a potential issue from a continuity of work point of view. In mitigation, all files on the F-Drive can be located by the Technology team on request.	While storing reconciliations on the F-Drive limits access, it maintains the confidentiality of the salary and pension information contained. The membership lists are moved to the G-Drive once the reconciliation is complete ensuring that up-to-date listings are available for administrative purposes. The reconciliations are not required for day to day	Consideration will be given to moving the reconciliations stored on the F-drive to the Pension Shared drive on the G-drive, should the responsibility of the reconciliation process move to other team members.	L	▮▮▮▮▮▮▮▮ 31 December 2015

	Finding	Management Comment	Agreed Action	Priority	Manager responsible and Completion Date
		administrative purposes. They are reviewed in summary form as part of the audit validation process.			

	Control Activity	Summary of Test of Control	Testing Approach
Physical Access Controls			
1)	ID cards are required to access the buildings housing pension records and IT databases, appropriately restricted based on job roles.	• Verify the operation of the ID card access control system and the assignment of job roles.	Test of operating effectiveness
2)	Physical pension files and records are retained in a secure manner to ensure confidentiality.	• Verify the security of physical pension files, including access to the Lektriever filing cabinets.	Test of operating effectiveness
3)	CCTV system in place on the RTÉ campus.	• Review of the existence and operation of CCTV cameras in the relevant premises.	Test of application controls
4)	Controls to preserve information in the event of fire / other natural disaster.	• Review of controls / remediation should the physical storage be impacted by a fire / other natural disaster.	Walkthrough testing
IT Access Controls			
5)	Access is appropriately restricted, based on job roles, to the Superannuation pages on the ▇▇▇▇▇ system.	• Review the appropriateness of the list of individuals with a user profile granting access to the Superannuation pages on ▇▇▇▇▇	Observation and inspection
6)	Access is appropriately restricted to the Exchequer (Accounting) System.	• Review the appropriateness of the list of individuals with access to the Exchequer system.	Observation and inspection
7)	A maintenance / support contract is in place for key systems.	• Confirmation of the existence of up to date support contracts.	Observation an enquiry
8)	Key systems and databases are appropriately backed-up.	• Review of back-up schedule and backup storage locations.	Observation and inspection
9)	Access is appropriately restricted to the Pension shared drive (G: Drive)	• Review the appropriateness of the list of individuals with access to the Pension shared drive.	Observation and inspection
10)	Access is appropriately restricted to sensitive spreadsheets / files containing personal information.	• Investigate the storage location (on the IT network) of key files and the access arrangements.	Test of control
Data Integrity Controls			
	Standing Data		
11)	A monthly reconciliation takes place between the membership records / spreadsheet, maintained by the Pension team in Group Finance, and ▇▇▇▇▇ Data.	• Audit the reconciliation for one month in 2015 and review any reconciling items.	Substantive testing
		• Select a sample of individuals from the pension membership records and agree the data to the standing data maintained by HR on ▇▇▇▇▇.	Observation and inspection

	Control Activity	Summary of Test of Control	Testing Approach
		• Select a sample of individuals from the records maintained by HR on ▮▮▮▮▮ and agree the data to the pension membership records	Observation and inspection
12)	A quarterly reconciliation takes place between the membership records maintained by the Pension team and People Payment's records, covering both membership numbers (*members in scheme*) and financial data (*payments / contributions to the scheme*); "Quarterly Administration Report"	• Audit one reconciliation in 2015 and review any reconciling items.	Substantive testing
	Annual Life Certificates		
13)	A Life Certificate is circulated annually to pensioners of the Scheme to be returned, signed, by the pensioner and a certifying witness	• Test for completeness – select a sample of pensioners from sources independent of the Pensions database and confirm they are within the scope of the Life Certification process.	Observation and inspection
		• Review the results of Life Certificate circulation process and audit the "reconciliation" to the database of members.	Substantive testing
	Annual Benefit Statements		
14)	Benefit Statements are circulated annually to RTÉ employees who are members of the Superannuation Scheme (but yet to retire).	• Understand the procedures and controls in place for running / sending the Benefit Statements (via mail merge) and verify the control checks involved.	Walkthrough testing
		• Audit a sample of Benefit Statements from 2015, agreeing the data to the membership database, ▮▮▮▮▮ and to the physical personnel files.	Substantive testing
Operational / Processing Controls			
	Retirement Process		
15)	A retirement process is in place in respect of members retiring from employment in RTÉ, which is applied consistently for all retirements.	• Select a sample of recent retirees and walk through the pension retirement process from start to finish, verifying to source documentation	Walkthrough testing
		• For the sample selected, recalculate lump sum and pension amounts.	Substantive testing
		• For a sample of relevant retirees, validate the processing of children's pension and check to source documentation.	Walkthrough – test of operating effectiveness
	Payment of Pension		
16)	A monthly reconciliation takes place between the membership records, maintained by People Payments in Group Finance, and	• Audit the reconciliation for one month in 2015 and review any reconciling items.	Substantive testing

	Control Activity	Summary of Test of Control	Testing Approach
	the monthly pension payments report received from NorthgateArinso, the payroll outsource service provider.		
17)	A quarterly reconciliation takes place between the membership records maintained by the Pensions team and the pension payments report received from NorthgateArinso.	• Audit one reconciliation in 2015 and review any reconciling items.	Substantive testing
18)	An input sheet recording changes to pensioners' data in the month (new retirees, deaths, changes in pension amount etc.) is prepared and checked by a second person before being sent to NorthgateArinso for processing.	• Verify the validity of a sample of changes processed for one month in 2015.	Observation and inspection
	Death of Pensioner		
19)	A process is in place to administer the death of a pensioner (including processing of a spouse pension, where applicable), which is applied consistently for all retirements	• Check the processing of a sample of new spouse pensions in 2015 to source documentation and verify the correct pension amount is paid by People Payments and recorded correctly.	Substantive testing
	Accounting		
20)	Journal entries are prepared and signed off to account for monthly financial transactions (i.e. deductions from active Permanent and Pensionable employees and payments of pensions to Pensioners) and to maintain the books and records of the Scheme.	• Audit one journal entry to the books and records of the RTÉ Superannuation Scheme.	Substantive testing
21)	There is a 17-step process for administering the pension levy each year	• Walkthrough the process.	Walkthrough test

RTÉ Internal Audit

Report on Supplier and Employee Master Data

4 November 2014

Circulation:
Director-General
Executive
Members of the Audit and Risk Committee

Central

Executive Summary: Objectives and Scope

Background

RTÉ has three key payment systems to pay individuals and companies supplying goods / services to RTÉ: Accounts Payable (██████ Payroll (████████ ████████████

➤ **Accounts Payable** is used to pay suppliers of goods, professional fees, corporate services etc. ██████████████████████ ████████████████ All purchases, irrespective of value, are firstly approved by the relevant costpool manager. The level of additional approval, up to Director-General level, varies depending on the contract value.

➤ ████████████████████ employees providing "personal services", including any company whose primary function is to provide the personal services of a named individual. In addition, ███████████ ████████████████████████ Payments are approved by two approvers – generally a costpool manager and a second relevant approver (primarily a member of finance).

➤ **Payroll** is used to pay for the services of all other RTÉ employees.

The purpose of this audit was to determine if any suppliers, independent contractors or employees were set up on more than one payment system, or set up twice within the same payment system. The key risk of duplicate accounts is intentional (fraudulent) or unintentional duplicate payments.

Objectives of audit

Payroll

✓ To detect if any employees are being paid via other payment systems i.e. ██████ or ████████ fees
✓ To detect "ghost" or fictitious employees

████████ Fees

✓ ████████████████████████████████████
✓ To detect if any individuals receiving fee payments are also set up as suppliers on Accounts Payable, or as employees on payroll

Accounts Payable

✓ To identify duplicate supplier accounts and, where arising, to assess if all such duplicate supplier accounts are necessary (e.g. to facilitate payment in different currency)
✓ ████████████████████████████████

Scope of audit

The scope of our audit was limited to analysing "active" supplier, ████████ ████████████████████ ████████████████ via outsource provider) was analysed to identify duplicate accounts within each payment system and between different payment systems using:

✓ Bank account number
✓ Name of business, employee, Independent Contractor, Sole Trader etc.
✓ Address
✓ PPS number or VAT number, where relevant

The following was outside of the scope of this audit:
𝑋 Suppliers paid via purchase card
𝑋 A full review of duplicate payments on payroll, ████████████ ████████████████████████████ Duplicates were examined by exception]

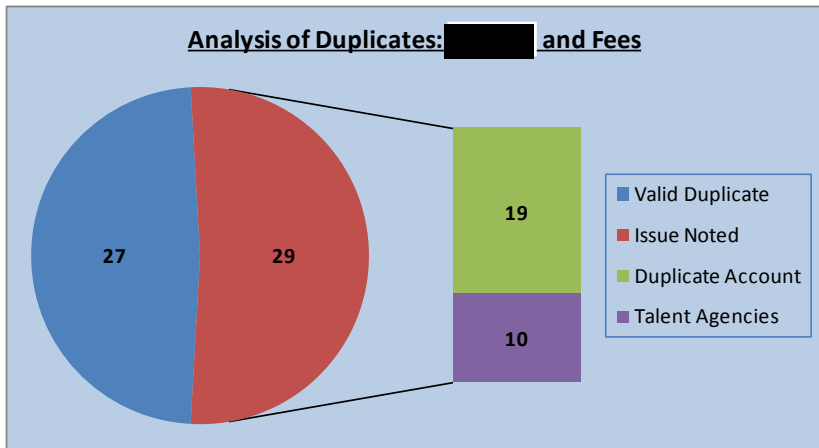# Executive Summary: Summary Findings

Summary Findings

The audit findings are presented in two sections. Section A outlines duplicate accounts across different payment systems and Section B, overleaf, outlines duplicate accounts within a payment system.

A: Suppliers set-up on more than one payment system

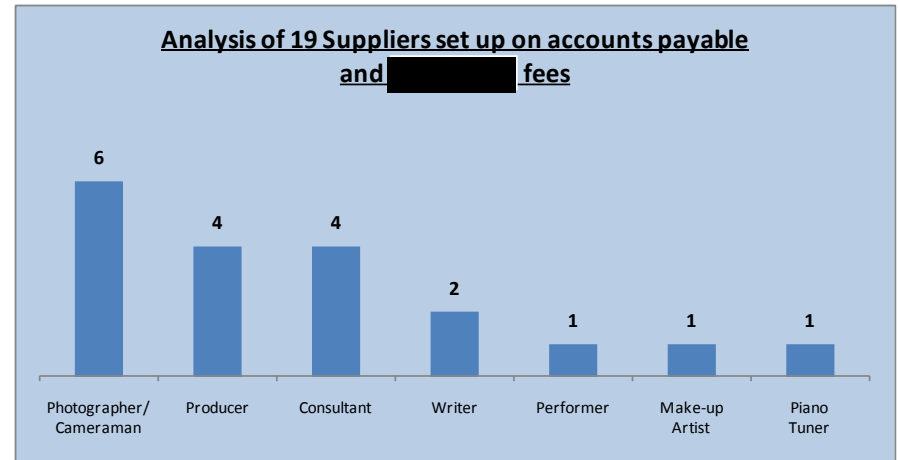**①** **Accounts Payable and ▮▮▮▮▮ fees – set up on both systems**

56 suppliers (< 2% of the 3,327 suppliers) on Accounts Payable have an account with matching master file data to an account(s) ▮▮▮▮▮▮ ▮1% ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ There was a valid reason for the duplicate account in the case of **27** (48%) of these suppliers/accounts.

The remaining **29** suppliers (52%) need further action:

Analysis of Duplicates: ▮▮▮▮ and Fees

- 27
- 29
- 19
- 10
- ■ Valid Duplicate
- ■ Issue Noted
- ■ Duplicate Account
- ■ Talent Agencies

Of the 29 issues noted, **10** are a specific finding relating to talent agencies receiving payments for "named talent" ▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮ See the action plan for further details.

The other **19** duplicate accounts are not necessary. In **13** cases, at least one payment had been processed on each payment system. The nature of the service delivered was similar irrespective of the payment system used. While the remaining **6** suppliers have accounts on both payment systems, only one account has been used to make a payment to date. The type of service being provided by these 19 suppliers is set-out below:

Analysis of 19 Suppliers set up on accounts payable and ▮▮▮▮▮▮ fees

Photographer/ Cameraman	Producer	Consultant	Writer	Performer	Make-up Artist	Piano Tuner
6	4	4	2	1	1	1

② **▮▮▮▮▮▮ Fees and Payroll – individuals set up on both systems**

▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ The (legacy) fees accounts need to be deactivated at this point.

**③** **Accounts Payable and Payroll – individuals set up on both systems**

One retired employee (*departed on a severance package and availing of a DARP*) also has an active account, and received payments, via Accounts Payable. Appropriate written approval for the re-engagement was secured. No other current employees have an account on Accounts Payable, other than a small number of valid employee accounts for petty cash payment purposes.

Executive Summary: Summary Findings (Cont'd)

B: Duplicate supplier accounts within a payment system

① Suppliers with more than one account on Accounts Payable

We identified **81** suppliers (2% of suppliers) with more than one account on Accounts Payable. These suppliers were deemed to be related as they had the same name, addresses, bank account details or VAT number. 61 (75%) of the duplicate accounts were required for valid reasons due to billing in different currencies, separate legal entities etc. However, 20 (25%) ████████████████ ████████████████████████████████
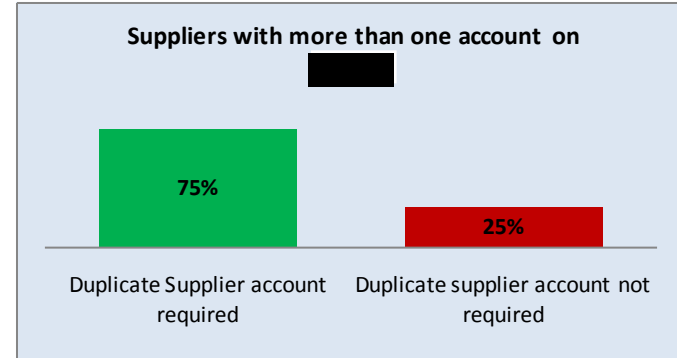
In the case of four of the 20 duplicate suppliers, payments were made in 2014 using both of the duplicate accounts. Nine suppliers were paid using only one of the duplicate accounts. Finally, no payments were made in 2014 in the case of the remaining seven duplicate accounts.

Suppliers with more than one account on ████

- 75% — Duplicate Supplier account required
- 25% — Duplicate supplier account not required

② Individuals with more than one account on ████████ fees

██
████ % of accounts).

30 (94%) of these individuals do not, in our view, based on further investigation, need more than one account. In a majority of cases, payments are only being made via one of the accounts, and the second, legacy, account should therefore be closed. Of the 30 individuals, five had already been actioned by HR in the period between our download of data and the issue of the draft report.
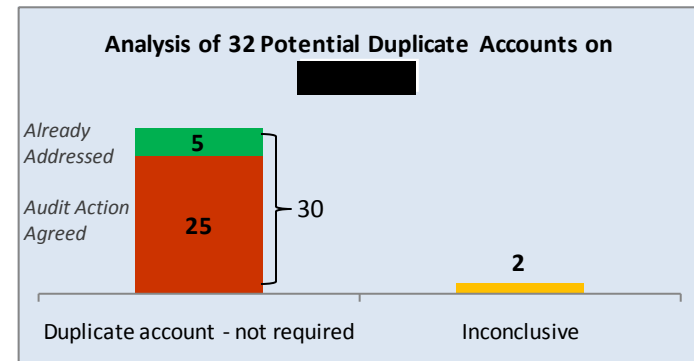
The case of two (6%) of the 32 individuals are deemed to be inconclusive based on the evidence on hand and merit further review.

Analysis of 32 Potential Duplicate Accounts on ████

- Already Addressed: 5
- Audit Action Agreed: 25
- (30) — Duplicate account - not required
- 2 — Inconclusive

③ ████████████████████████

██
████████

C: Duplicate Payment

We noted no duplicate payments, in 2014, in respect of the duplicate accounts highlighted as an exception during the course of our testing.

Executive Summary: Key Issues

Suppliers with more than one account within a payment system

20 suppliers have more than one account on Accounts Payable, in circumstances where only one supplier account is required. In addition, we noted that 30 suppliers (Independent Contractors, Sole Traders, Writers etc.) ███████████████████████████████ also in circumstances where only one account is required. As a result:

- ➢ There is a risk of duplicate payments being processed;
- ➢ It is difficult to track the level of business with the supplier for the purpose of monitoring tender thresholds, procurement rules and matters relating to employment legislation / scope of work

Suppliers set up on more than one payment system

19 suppliers have "active" ███████████████████████████████ As a result:

- ➢ There is a risk of duplicate payments being processed;
- ➢ It is difficult to track the level of business with the supplier for the purpose of monitoring tender thresholds, procurement rules and matters relating to employment legislation / scope of work

In addition, 10 Talent Agencies are processing billings for "named talent" through Accounts Payable. ██ ███████████ble.

Executive Summary: Overall Conclusion

Overall Conclusion

The purpose of this audit was to determine if any suppliers, independent contractors or employees were set up on more than one payment system, or set up twice within a payment system. The key risk of a duplicate account is intentional or unintentional duplicate payments. In addition, this audit represents a check of the operational effectiveness of the masterfile and account set-up controls.

███ Following a separate review of the supplier list on each payment system, we identified 30 individuals (<1% of total accounts) ██████████████████████████████████████ 1% of total suppliers) with duplicate accounts on Accounts Payable, both in circumstances where only one account was required.

These findings should be considered in the context of the large number of accounts on both systems, ██████████████████████████████ and the low percentage of duplicate accounts in the context of the overall number of accounts. In addition, in some cases, judgment needs to be exercised as regards the most appropriate payment system based on the nature of the engagement. This increases the duplicate risk.

We are pleased to note improvements in results compared to our 2013 audit. ██ ████████████████████████████████. ███████████ this is driven by the number of issues in relation to Talent Agencies, which are more difficult to manage.

Actions have been agreed to address the key issues raised in this report. A review will be carried out to ensure that no duplicate payments have been processed on the duplicate accounts identified in this report. We would like to thank the relevant personnel for their assistance in carrying out this audit.

Rating   **Improvement Needed**

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	Suppliers set up on more than one payment system			
1.	**Suppliers on Accounts Payable and ███████ fees** *Findings* **56** suppliers on Accounts Payable (<2% of the 3,327 suppliers) have accounts with similar master file data to accounts on ███████ fees (1% of the 4,018 accounts on ███████ fees). **27** of these suppliers are required to be set-up on both payment systems as the nature of the services being paid for on Accounts Payable are entirely different from the services of the named individuals being provided on ███████ fees. (For example hotel accommodation for RTÉ staff paid through Accounts Payable and the owner of the same hotel receiving fee payments for contributing to a radio programme). This is in line with RTÉ payment guidelines. The remaining **29** suppliers on Accounts Payable merit investigation and action. • We noted that 19 suppliers providing the services of named individuals were set up for payment on both Accounts Payable and ███████ fees. These can be analysed, by type of service, as follows: ███████ 6 ███ 4 ant 4 ██ 2 P██ 1 ██ 1 ██ <u>1</u> **19** • We noted 10 talent agencies receiving payment for "named talent" on Accounts Payable. However only payments to agencies for "generic	███████████████████████ will carry out a joint review of the 19 suppliers set up on both payment systems and a decision will be made as to the most appropriate payment system for the supplier in question. Any supplier accounts set up on the wrong payment system or not used within the last year will be deactivated. A review of these 19 suppliers will be carried out to ensure that no duplicate payments were made during 2014. A review and update of the existing payment system guidelines will be carried out: • The RTÉ payment system guidelines will be updated and expanded to provide clarity regarding the treatment of various categories of expenditure. The existing guidelines are in excess of 10 years old and many staff members are not aware of the existence of the document. • The guidelines will indicate which type of supplier of personal services should be set up on ███████ fees and the circumstances when Accounts Payable is the appropriate system. • The payment system guidelines will be circulated to all employees in Finance and HR who are responsible for dealing with queries regarding the appropriate payment system to use. A note on talent agency contracts will be included in the above guidelines setting out the most appropriate payment system for talent agency contracts under various scenarios – i.e. whether it is named or generic talent.	M	████████

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	talent" – talent contracted to the agency, extras for ████████, backing dancers etc. – should be processed through Accounts Payable • These talent agencies were receiving payment via accounts payable for individuals who also have active accounts on ████████ fees. This represents a slight deterioration on the position since the last audit (i.e. 27 duplicate accounts in the prior audit compared to 30 for this audit) *Impact* As a result: • There is a risk of duplicate payments in the event of an invoice being posted and approved on both payment systems • The appropriate contract may not be in place. All individuals providing personal services to RTÉ should receive an independent contract in order to clarify the nature of the individual's relationship with RTÉ. Suppliers set-up on Accounts Payable are not issued with standard independent contracts • Deductions may not be processed correctly - Accounts Payable does not facilitate the deduction of PAYE and PRSI, which may be required for certain independent contractors, where evidence of their tax status has not been obtained. • This may cause confusion with suppliers as Accounts Payable is managed by a different department to Fee payments and would have different points of contact; and • Payslips may be issued in circumstances which are not appropriate e.g. to charities On a broader level there is scope to update the existing Payment System Guidelines in order to provide clearer, more specific guidance on the appropriate payment system for different types of purchases, having regard for procurement procedures.			

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
2.	**Incorrect system used to record payment** As outlined above, 27 duplicate accounts across Accounts Payable and ▉▉▉▉ Fees are assessed as being valid duplicates as the nature of the services being paid for on Accounts Payable are entirely different from the services being provided on ▉▉▉▉ fees. However, of the 27 accounts, we noted **four** instances where personal work was incorrectly being recorded on ▉▉▉▉ instead of on ▉▉▉▉ The personal work would have been more appropriately billed via Fees. For example, a specialist media software system was purchased and paid for via a supplier account on ▉▉▉▉ (Accounts Payable). The owner of the same software company is also a contributor on various programmes and has an account on ▉▉▉▉ fees. However, we noted that some of the personal work was incorrectly processed through the Accounts Payable account. A similar issue arose for three other accounts. While a valid duplicate account exists in these four cases – therefore not highlighted in the 29 exceptions in finding # 1 – the work was not always billed on the correct system.	See finding for action # 1 above. This will be addressed via the updated Payment System Guidelines.	M	N/a
3.	**Employees with active ▉▉▉▉ fee accounts** One current employee also has an active ▉▉▉▉ fees accounts (i.e. a payment could be made through ▉▉▉▉ fees and payroll for the employees). The details are set-out below: • ▉▉▉▉ engaged under an ongoing contract of employment. A legacy non-employee account (from 2008) on ▉▉▉▉ Fees also exists for this individual arising from an On the Spot contract. This account should now be closed.	This employee's account on ▉▉▉▉ fees will be deactivated.	M	▉▉▉▉ Done

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	The risk of a duplicate accounts is: - Potential duplicate payments; and - Employee history spread over different accounts leading to difficulty in tracking the nature of RTÉ's relationship with the individual. In the case of the exception above, one of the accounts did not have a PPS number assigned to it. As a result, the automatic ███████ control which prevents a duplicate account being created with the same PPS number did not operate.			
4.	**<u>Employee with an active Supplier Account</u>** One retired employee (*recently departed on a severance package and availing of a DARP*) also has an active account, and received payments, via ███████ Accounts Payable. There is a risk of potential duplicate or inappropriate payment as a result of duplicate accounts. No other current employees had an active account on Accounts Payable, other than a small number of valid accounts for petty cash payment purposes. (A small number of staff members have a valid supplier accounts to receive petty cash floats and specific procedures are in place to manage petty cash).	No action required – appropriate approval was secured in respect of the re-engagement following retirement.	M	N/a

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	Duplicate Supplier accounts within a payment system			
5.	**Duplicate supplier accounts on Accounts Payable** **81** suppliers on Accounts Payable had more than one supplier account (circa 2% of the 3,327 suppliers on Accounts Payable). **61** of these suppliers needed a second supplier account to facilitate billing in different currencies, separate legal entities etc. However, the remaining **20** suppliers did not require multiple accounts. This represents an improvement since the last audit (32 duplicate accounts identified at the time). The risk of having more than one account for a supplier includes: • Potential duplicate payments as invoices could be posted to both supplier accounts and inadvertently paid twice; and • Difficulty in tracking spend may lead to breaches in RTÉ procurement guidelines as purchases may, when the purchase activity on both accounts is combined, exceed the threshold for public tenders etc. Of the 20 duplicate accounts identified, payments were made in 2014 using both of the duplicate accounts in the case of four suppliers.	The 20 duplicate supplier accounts on Accounts Payable will be reviewed and any accounts not required will be deactivated ("parked"). A review will be carried out by Purchasing, in conjunction with Accounts Payable, to ensure that no historic duplicate payments have been processed on the supplier accounts. (Scope: the 20 suppliers identified as not needing a duplicate account) A reminder will be issued to personnel with the authority to set-up a supplier account to perform a detailed check in advance of set-up to ensure that the supplier in question does not already have a supplier account.	Medium	███
6.	**Duplicate accounts on ███ Fees** We identified **32** individuals with more than one account on ███ fees (<1% of the 4,018 accounts in total on ███ fees). 30 (94%) of the duplicate accounts were not, in our view, required. Of the 30 issues, five had already been addressed by HR in the period between our download of data and the issue of the draft report. The position of the remaining two individuals was deemed to be inconclusive based on the evidence available.	In the case of the 25 duplicate accounts, a review will be carried out and one of the accounts will be deactivated on ███ A further review to conclude on the two inconclusive accounts will be undertaken. Staff responsible for setting up new accounts on ███ will be reminded that a full check has to be carried out to determine if there is an account already open for the individual on ███ before setting up a new account.		███

	Finding	Agreed Action	Priority	Completion Date and Manager Responsible
	This represents an improvement on the position at the last audit (53 duplicate accounts) ████████ will not allow a supplier account to be set up using a PPS number already keyed into the system for another supplier. This is a key control to prevent duplicate accounts. However, a PPS number is not assigned to an account in all cases (e.g. ad-hoc programme contributors), which explains why some of the duplicate accounts were not prevented by the IT controls. This impact of duplicate accounts are: • A duplicate payment could occur if the same invoice was posted to both accounts on ████████ fees and inadvertently approved for payment twice • As HR monitor the level of activity within ████████ fee accounts to determine if the individual's contract continues to be appropriate, this is more difficult when there are multiple accounts • For tax purposes, where PAYE and PRSI are deducted for an individual, more than one account will cause confusion re tax credits, PAYE limits etc.	A review will be carried out to ensure that duplicate payments have not been processed on the 30 duplicate accounts in 2014.		████████
7.	**Duplicate account – Match of PPSN Numbers** The ████████ system should not allow an account to be set up using a PPSN number that has already been used on the system. This is a key control. However, during testing, we noted that one individual had two accounts on ████████ containing the same PPSN master data. This may indicate that a key ████████ IT control is not operating effectively. On further investigation, we were informed that both records are legacy items, most likely loaded from a legacy system when ████████ was initially implemented. The technical controls did not operate at that point.	One account will be deactivated on ████████ As payments have been made from both accounts in 2014, and to facilitate reporting, "Do Not Use" will be added to the terminated account name, as opposed to removing the account from the user's view on ████████	M	████████

Internal Audit Reports Competed and Issued
Request of the Committee of Public Accounts

Overview / Scope

The table below sets-out the Internal Audit reports issued to, and discussed at, the Audit and Risk Committee ("ARC") for the 10-year period from approximately July 2013 to June 2023.

These reports are filed in individual folders by year, cross-referenced by the report number in the table below. For example the following report is report number three in the report listing for 2023 and relates to 2rn Internal Financial Control: *PAC21_3_2rn Internal Financial Control_Mar'23.* The PAC query reference is included at the beginning of every report title. Note:

- Some of the reports were commissioned from third parties or were jointly undertaken between RTÉ Internal Audit and a third party. In most cases, these relate to specialist technology areas.
- There is a contractual requirement to secure permission for the release of such reports from the third party, in line the engagement letter terms. That permission was secured, except for any reports specifically highlighted in the table.

For completeness, note also that the work of the Internal Audit team is not limited to the preparation of reports for the ARC. The Internal Audit team may be asked to assist with other processes, such as HR investigation processes, which may necessitate the preparation of confidential memorandums which form part of those processes. The ARC does not receive such reports but would receive an update at a high-level as part of regular updates on the Internal Audit plan. If this work was to highlight a broader issue relevant to all of RTÉ, as opposed to the specific HR matter under review, then the topic would be included in the audit plan and a full audit later be prepared and a report issued to the ARC.

Redactions

The redactions in the report are mainly for commercially sensitive or personal information. Further redactions are required to remove the names of IT systems or details of specific financial or technology processes which, if disclosed, may expose the organisation to additional risk such as cyber-attack risk or external fraud.

Cyber, technology infrastructure or related reports: these reports are not released on grounds of the non-disclosure of sensitive data on RTÉ's technology infrastructure. Such a disclosure would increase cyber security risk, may be a signal or prompt to attract external attacks and may disclose details of confidential preventative security measures which 3rd parties could attempt to exploit. These reports are referenced in red text below.

Audit	Assignment Title	Issue Date
July – December 2013		
1	Digital Commercial Revenue	1 July 2013
2	Car Rental Service	1 August 2013
3	Insurance	30 September 2013
4	Audit of Merchandising Inventory, Digital	8 October 2013
5	Commercial Revenue Television	4 November 2013
6	Programme Acquisitions (Television)	8 November 2013

Audit	Assignment Title	Issue Date
2014		
1	Purchasing Receipting and Ordering	21 January 2014
2	RTE NSO Report	31 January 2014
3	Report on System of Internal Control System	13 March 2014 9 April 2014
4	Allocations Process	14 March 2014
5	Purchase Cards	14 March 2014
6	2rn Financial Control	8 April 2014
7	Insurance Update	12 May 2014
8	Commercial Revenue - Radio	16 June 2014
9	Treasury Report	30 June 2014
10	2rn Network Operations	14 August 2014
11	Review of Fees	6 October 2014
12	Mobile Devices Policy	4 November 2014
13	Purchase Cards	28 October 2014
14	Supplier and Employee Master Data	4 November 2014

Audit	Assignment Title	Issue Date
2015		
1	Security	21 January 2015
2	Acquired Programme Inventory	3 February 2015
3	Travel & Subsistence	20 February 2015
4	Purchasing Receipting and Ordering	28 January 2015
5	2rn Financial Control	24 February 2015
6	Review of Cost Allocation Process	23 March 2015
7	Annual Internal Control Review	11 March 2015 15 April 2015
8	Web Scanning Service	27 March 2015
9	Health and Safety Risk	5 June 2015
10	2rn Revenue	21 September 2015
11	Review of Tendering	9 September 2015
12	Technology Risk Assessment	16 September 2015
13	Report on Payroll	16 October 2015
14	Review of Pension Administration - Defined Benefit Scheme	16 December 2015

Audit	Assignment Title	Issue Date
2016		
1	Music Reporting to Collecting Societies	21 January 2016
2	2rn Financial Control	26 February 2015
3	Review of Cost Allocation Process	14 March 2015
4	Annual Internal Control Review	14 March 2016 13 April 2016
5	Security Review of Internet-facing Infrastructure *Cyber, technology infrastructure or related report.*	23 March 2016
6	Compliance with the Code of Practice for the Governance of State Bodies	31 March 2016
7	Review of Purchasing Compliance	12 April 2016
8	Commercial Revenue – Digital	23 June 2016
9	Report on Cyber Controls Assessment *Cyber, technology infrastructure or related report.*	20 July 2016
10	Review of Rights Clearance for Content on Non-Linear Services	18 August 2016
11	Programme Sales	30 August 2016
12	Supplier and Employee Master Data	11 November 2016
13	Review of Media Services Contract	11 October 2016

Audit	Assignment Title	Issue Date
2017		
1	Tendering Procedures – Follow-up Review	4 January 2017
2	2rn Financial Control	21 February 2017
3	Review of Purchasing Compliance	8 March 2017
4	Review of Cost Allocation Process	23 March 2017
5	Compliance with the Code of Practice for the Governance of State Bodies	5 April 2017
6	Annual Internal Control Review	15 March 2017 12 April 2017
7	On The Spot Contracts	3 May 2017
8	Report on Backup Arrangements *Cyber, technology infrastructure or related report.*	26 July 2017
9	IT and Data Privacy Assessment of the RTÉ ID Database *Cyber, technology infrastructure or related report.*	4 August 2017
10	Report on Commercial Revenue and Commercial Regulation (Television Channels)	14 August 2017
11	Review of Management's Implementation of Actions in Internal Audit Reports	27 October 2017
12	Review of Fees	13 December 2017

Audit	Assignment Title	Issue Date
13	Review of Premium Line Competitions	18 December 2017

Audit	Assignment Title	Issue Date
2018		
1	2rn Data Risk Assessment	2 February 2018
2	2rn Financial Control	20 February 2018
3	Review of Procurement Compliance *Year-ended 31 December 2017* *Report 1 of 2 (Purchasing Compliance)*	23 February 2018
4	Review of Cost Allocation Process	28 March 2018
5	Review of Procurement Compliance *Year-ended 31 December 2017* *Report 2 of 2 (Procurement Register)*	11 April 2018
6	Compliance with the Code of Practice for the Governance of State Bodies	12 April 2018
7	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2017*	13 March 2018 & 18 April 2018
8	Review of Database Management System Controls for the PhoneBOX Application	21 May 2018
9	Blank	
10	Commercial Revenue and Commercial Regulation (Radio Channels)	13 August 2018

Audit	Assignment Title	Issue Date
11	Implementation of Actions in Internal Audit Reports: Status Update Report	14 September 2018
12	Review of Taxi Expenditure (Taxi Vouchers)	17 October 2018
13	Review of Purchase Cards	19 November 2018
14	Review of Outside Broadcast Contracts	7 December 2017
15	Review of Cyber Phishing Controls (Payments) *Cyber, technology infrastructure or related report.*	12 December 2018

Audit	Assignment Title	Issue Date
2019		
1	2rn Financial Control	7 February 2019
2	Review of Office 365 Security and Privacy: Exchange Online	11 February 2019
3	Review of Procurement Compliance *Year-ended 31 December 2018* *Report 1 of 2 (Procurement Register)*	12 February 2019
4	Compliance with the Code of Practice for the Governance of State Bodies	11 April 2019
5	Review of Procurement Compliance *Year-ended 31 December 2018* *Report 2 of 2 (Purchasing Compliance)*	12 April 2019
6	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2018*	13 March 2019 & 17 April 2019

Audit	Assignment Title	Issue Date
7	Educational Partnership	6 June 2019
8	Implementation of Actions in Internal Audit Reports: Status Update, Q2 2019	13 June 2019
9	2rn Commercial Revenue *(Incorporating RTÉ's charges, as Multiplex Service Provider, for carriage on the DTT platform)*	4 July 2019
10	Review of "Lump Sum" Payments	19 September 2019
11	Review of Purchase Order Compliance	25 October 2019
12	Corporate Compliance and Fraud Framework Review Update	2019

Audit	Assignment Title	Issue Date
2020		
1	Review of Card Payment Terminal Processing	15 January 2020
2	2rn Financial Control	12 March 2020
3	Review of Compliance with the Code of Practice for the Governance of State Bodies *Year-ended 31 December 2019*	9 April 2020
4	Review of Procurement Compliance *Year-ended 31 December 2020 Report 1 of 2 (Procurement Register)*	9 April 2020
5	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2019*	18 March 2020 & 15 April 2020

Audit	Assignment Title	Issue Date
6	Review of Procurement Compliance *Year-ended 31 December 2019* *Report 2 of 2 (Purchasing Compliance)*	5 June 2020
7	Fraud Risk Workshop	1 July 2020
8	Review of Health and Safety	14 July 2020
9	Review of Purchase Order Compliance	23 July 2020
10	Review of Supplier and Employee Master Data	30 October 2020
11	Review of Purchase Order Compliance	17 December 2020
12	Business In The Community Re-Certification	Various 2020

Audit	Assignment Title	Issue Date
2021		
1	2rn Financial Control	12 March 2021
2	Review of Compliance with the Code of Practice for the Governance of State Bodies *Year-ended 31 December 2020*	15 April 2021
3	Review of Procurement Compliance *Year-ended 31 December 2020* *Report 1 of 2 (Procurement Register)*	16 April 2021
4	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2020*	24 March 2021 & 21 April 2021

Audit	Assignment Title	Issue Date
5	Review of Purchase Cards	13 May 2021
6	Review of Procurement Compliance *Year-ended 31 December 2020 Report 2 of 2 (Purchasing Compliance)*	3 June 2021
7	Review of Purchase Order Compliance *(Jan – May 2021)*	24 June 2021
8	Review of Remote Working Controls *Cyber, technology infrastructure or related report.*	25 June 2021
9	Programme Classification & Compliance Review	6 September 2021
10	Commercial Regulation Compliance Review	26 September 2021
11	Review of Purchase Order Compliance *(to end Q3 '21)*	8 December 2021

Audit	Assignment Title	Issue Date
2022		
1	Assume Breach Security Assessment *Cyber, technology infrastructure or related report.*	20 January 2022
2	2rn Internal Financial Control	24 February 2022
3	Review of Procurement Compliance Year-ended 31 December 2021 *Report 1 of 2 (Procurement Register)*	31 March 2022
4	Review of Compliance with the Code of Practice for the Governance of State Bodies *Year-ended 31 December 2021*	14 April 2022
5	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2021*	16 March 2022 & 21 April 2022
6	Review of Programme Acquisitions	17 May 2022
7	Review of Procurement Compliance Year-ended 31 December 2021 *Report 2 of 2 (Purchasing Compliance)*	22 June 2022
8	Report on Commercial Revenue Operations (Advertising & Sponsorship)	31 August 2022
9	Review of Purchase Order Compliance (Q1, Q2 2022)	19 October 2022
10	Review of Finance Fee Payment	14 November 2022
11	Cyber Incident Response Planning – *Cyber, technology infrastructure or related report.*	Various across 2022

Audit	Assignment Title	Issue Date
	no formal report: input to project team.	

Audit	Assignment Title	Issue Date
2023 (Half Year)		
1	Implementation of Actions in Internal Audit Reports	24 January 2023
2	Review of Purchase Order Compliance (Q3, Q4 2022)	26 January 2023
3	2rn Internal Financial Control	8 March 2023
4	Review of Procurement Compliance Year-ended 31 December 2022 *Report 1 of 2 (Procurement Register)*	12 April 2023
5	Review of Compliance with the Code of Practice for the Governance of State Bodies *Year-ended 31 December 2022*	14 April 2023
6	Reports to the Audit & Risk Committee on the System of Internal Control *Year Ended 31 December 2022*	21 March 2023 & 20 April 2023
7	ERP Lessons Learned	20 April 2023
8	Review of Procurement Compliance Year-ended 31 December 2021 *Report 2 of 2 (Purchasing Compliance)*	3 July 2023

RTÉ

Implementation of Actions in Internal Audit Reports:
Status Update Report

Peadar Faherty, 14 September 2018

Background

- As part of its scheduled audit plan, Internal Audit issues reports containing actions agreed to address any control deficiencies identified during an audit

- The actions contain a priority, responsible manager(s) and a target completion date

- We last checked on progress in implementing actions in early 2018. That review included many historic actions and was based on the organisation structures in place prior to the October 2017 restructuring.

- This is a follow-on from that report, incorporating both in progress actions at the date of the last review, as well as new actions from more recent audit reports issued in 2018.

- This review was based on planned audit reports. Other work carried out by Internal Audit – "consultancy" assignments, ad-hoc reviews, whistle-blowing reviews, etc. – is not within scope as this work does not always lead to a formal, rated audit report

Internal Audit Reports within scope, by audit rating:

(*25 open reports, across circa three years*)

Reports Within Scope, By Audit Rating

Satisfactory: Standards of control for all key risks and activities are satisfactory. Objectives are being achieved efficiently, effectively and economically.

The report may suggest a small number of areas where there is scope for minor improvement in control. These areas have mitigating back-up controls, relate to low risk areas, or the risk of loss associated with the inadequate / missing control is not material.

Improvement Needed: While some controls are functioning as intended, the overall control environment is lacking or has degraded since the last audit. Improvements in control are therefore necessary for one or more medium risk areas. The report contains a number of re-occurring findings / control weaknesses. Mitigating controls are not in place and changes are necessary to make the control environment more effective and efficient. A loss could occur if the control environment continues to be unaddressed.

While actions are identified to address these findings, these actions are at an early stage of implementation and may require further investigation and resources to address the control weakness.

Unsatisfactory: Controls over high risk areas are below an acceptable standard and require improvement as a priority (e.g. the report contains at least one major finding / control weakness which could result in immediate loss).
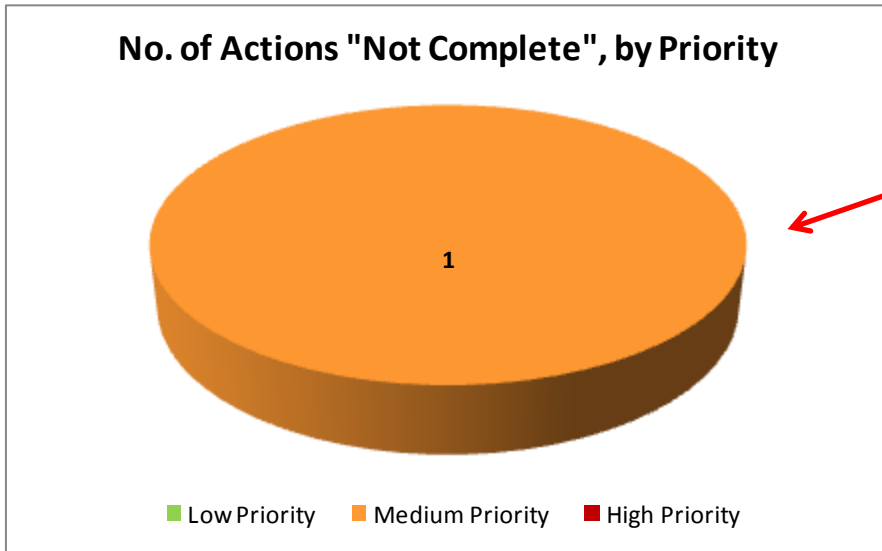
The general control environment requires an immediate improvement. Objectives are not being met, or are being met without achieving value for money.

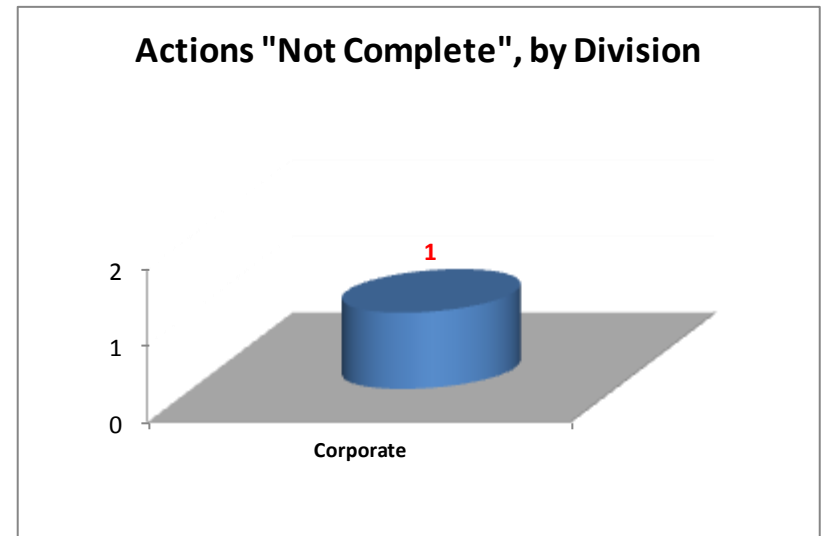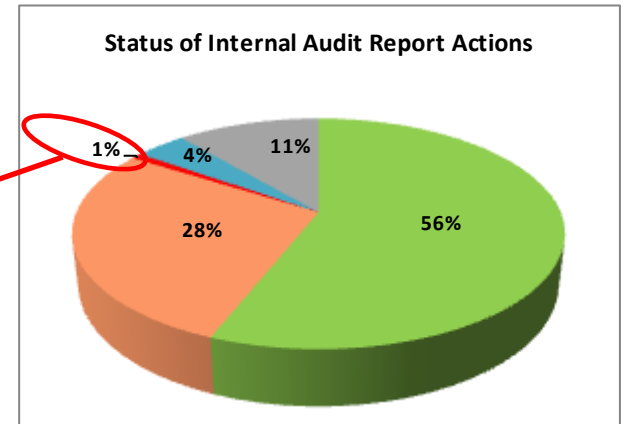# Status of Actions (Early September 2018)
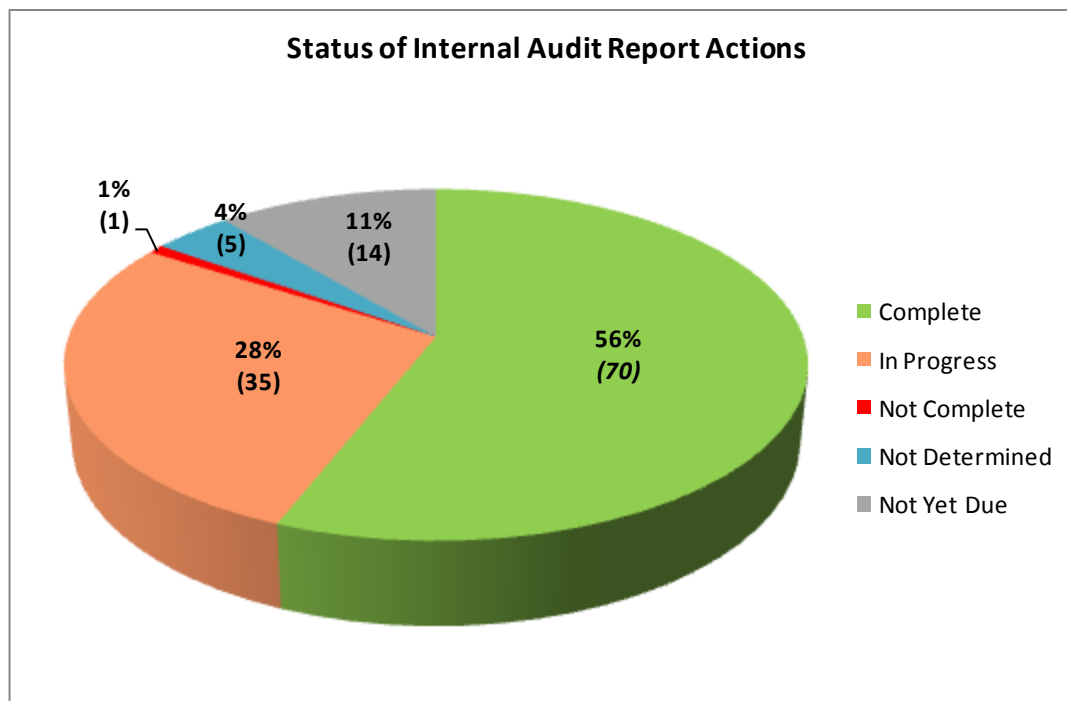
Analysis of Actions "**Not Complete**"

*Population = **1** action, across 1 report*

No. of Actions "Not Complete", by Priority

- ■ Low Priority
- ■ Medium Priority
- ■ High Priority

[Priority is sub-analysed further in the blue text overleaf]

Status of Internal Audit Report Actions

1% 4% 11% 56% 28%

Actions "Not Complete", by Division

Corporate

Analysis of Actions "Not Complete"

No. Actions	No. Reports	Area	Summary
1	1	Finance / HR	RTÉ Travel Policy – update policy *[M priority]*
1	*1*		

Analysis of Actions "In Progress"

Population = 35 action items, across 18 Internal Audit reports

No. of Actions "In Progress", by Priority

- Low Priority
- Medium Priority
- High Priority
- Unassigned

10% (4)
48% (18)
30% (8)
13% (5)
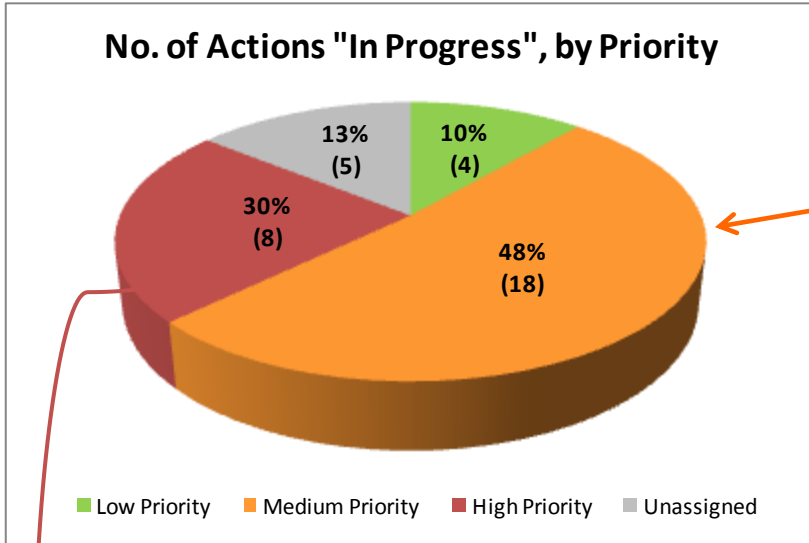
[Priority is sub-analysed further in the blue text overleaf]

8 'H' = 5 x tendering related actions, in progress; 3 x technology actions, linked to new system implementation
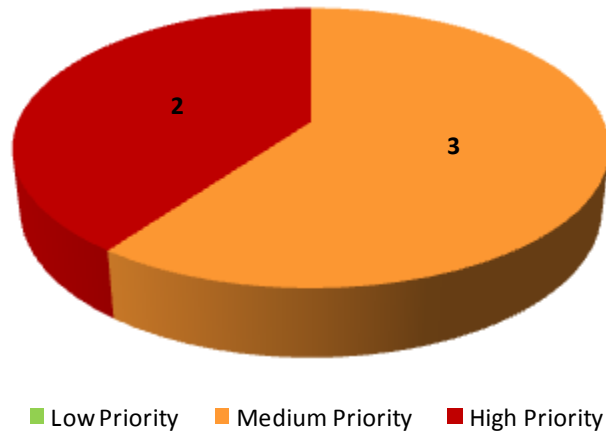

Status of Internal Audit Report Actions

1%
4%
11%
56%
28%

Actions "In Progress", by Division

23% — Technology
20% — Commercial
9% — All Divisions
11% — Corporate
17% — Operations
11% — 2rn
6% — Finance
3% — News
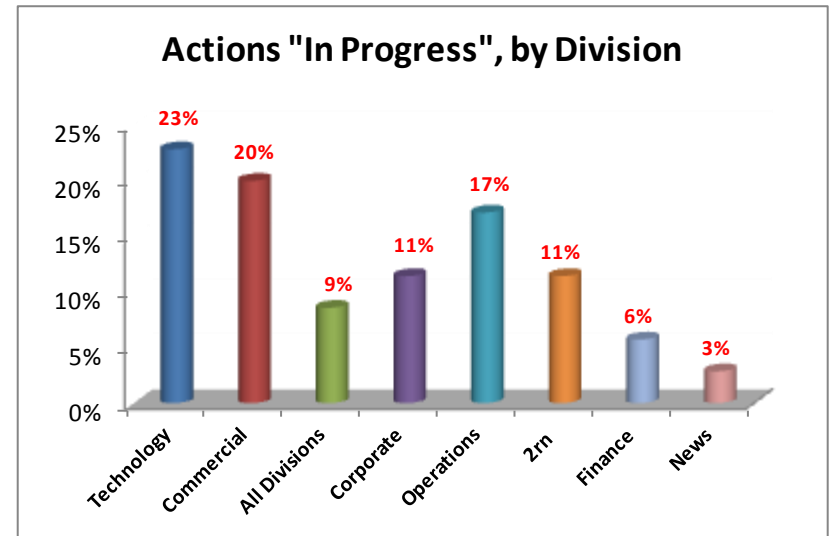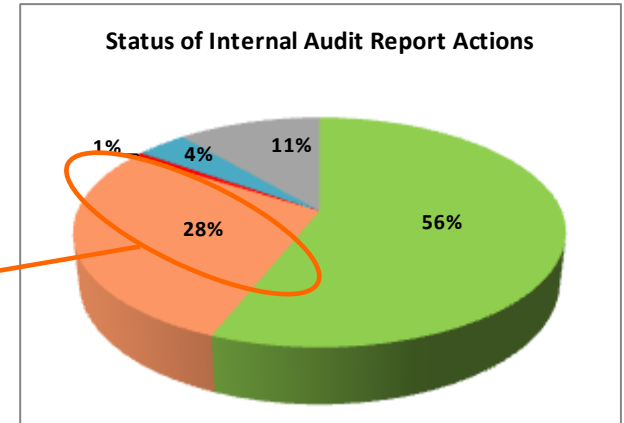
Analysis of Actions "In Progress"

No. Actions	No. Reports	Area	Summary
8	4	Technology	• Cyber Controls Assessment *[1 x 'H']* • Backup Arrangements *[2 x 'M']* • IT & Data Privacy RTÉ ID database *[2 x 'H' & 2 x 'M']* • Purchasing Compliance (System Issue) *[1 x 'M']*
8	3	Commercial	• Commercial Revenue & Regulation *[5 x 'M']* • Music Reporting *[2 x 'M']* • Premium Rate Competitions *[1 x 'L']*
3	1	Cross-Divisional	• Media services contract (Vizeum): 3 actions *[N/A]*
4	4	Corporate	• Review of Payroll *[1 x 'M']* • Insurance Arrangements *[1 x 'M']* • Tendering Procedures *[1 x 'M']* • Mobile Devices *[1 x 'L']*
12	6	Other	• Tendering related actions *[4x 'H' & 1 x 'M']* • 2rn x 4 – Contract sign-off and GDPR *[1 x 'M' , 1 x 'L'& 2 x N/A]* • Finance *[1 x 'M' & 1 x 'L']* • News *[1 x 'H']*
_35_	**_18_**		

Analysis of Actions "Not Determined"

Status of Internal Audit Report Actions

No. of Actions "Not Determined", by Priority

- Low Priority
- Medium Priority
- High Priority

[Priority is sub-analysed further in the blue text overleaf]

Actions "Not Determined", by Division
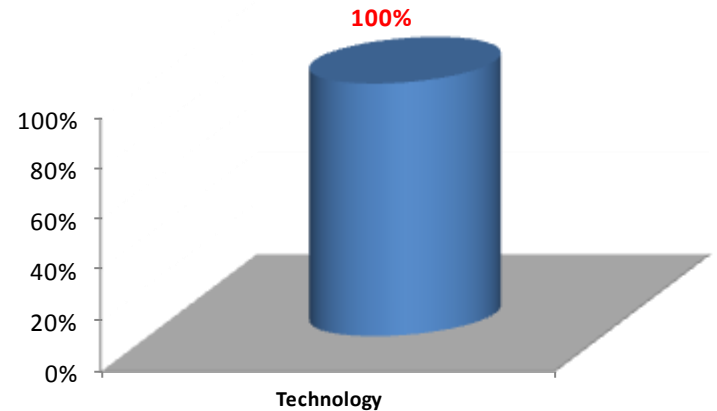
Technology

Analysis of Actions "Not Determined"

No. Actions	No. Reports	Area	Summary
5	1	Technology	• Matters relating to back-up arrangements *[2 x 'H' & 3 x 'M']*
5	**1**		

Conclusion

- This review includes a number of recently issued audit reports. The elapsed time from when the action was due for implementation is much shorter than the last review and, as a result, the level of open items was expected to rise

- In summary, progress has been made in implementing the actions, with the 56% of actions now complete. A majority of the 28% actions in progress are at an advanced stage of completion
  - Eight high-priority actions in progress will be monitored, in particular, as part of the next review. A majority relate to tendering activities

- Themes – the open actions are spread across 19 report and there is no single reason for non-completion. A small number of general common themes are set-out overleaf

- Themes (continued)
  - Tendering: a number of tenders are in progress and the action remains open until the tender is complete. This accounts for in excess of a quarter of open items

  - There are a number of technology related open action items:
    - This reflects a number of system upgrades currently in progress and the action will be closed when the project is complete
    - The reasons also include legacy servers; servers awaiting decommissioning; non-user / service accounts and the importance of not implementing changes which could negatively impact legacy production systems.

  - GDPR: some actions are not finalised while engagement with third parties on GDPR contractual matters is ongoing

  - Restructuring – a small number of action items lost focus and attention due to staff changes, retirements and reorganisation in late 2018. They are in progress and assigned to a new owner

  - Various other matters

Next Steps

- The actions from Internal Audit reports to be issued later in 2018 will be added to the log.

- A further update report on the status of implementing actions will be prepared later in 2018.