

Internal Controls over Financial Reporting Corporate Policy

Why this Policy matters

Effective internal controls are crucial to ensure the accuracy and reliability of our financial reporting, protect our assets, and maintain the trust of our stakeholders and the public.

As a public service and commercial broadcaster, we have a responsibility to manage our finances with integrity and transparency. This Policy helps us mitigate the risk of material misstatements in our financial reports and supports our compliance with regulatory requirements for the board to provide a control based attestation to the FRC over financial statutory reporting.

Who this Policy applies to

This Policy applies to you if:

1. You work for, or represent, the BBC or one of its subsidiaries, and
2. You have responsibility for internal controls that impact financial reporting. This includes finance teams, management, and employees in operational roles that affect financial data.

This includes, but is not limited to:

- employees, full-time or part-time
- those on a fixed term or temporary contract
- freelancers, contractors or consultants
- volunteers or interns

Guiding principles

These principles guide our decision-making on internal controls over financial reporting:

- We focus our efforts on the areas of greatest risk to financial reporting.
- We regularly assess and enhance controls to address emerging risks and to improve efficiency
- We promote open communication about control issues and improvements
- We maintain a standard consistent set of expected minimum controls (EMCs) relating to financial reporting risk across the BBC and, where appropriate on a risk-based approach, identify Material Financial Statement lines that require more granular controls at a process/transactional level.

The essential things you must do or not do

These high-level essential mandatory requirements are the most important for you to understand and follow to meet the Policy objectives.

In addition to these, there are detailed requirements and best practices outlined in supporting procedures and guidance, linked below. Read this information when you need to understand the detail.

If you have any concerns or conflicting priorities that prevent you following essential requirements, please discuss them with one of the people listed in the section under 'Where to go for help and exceptions'. Without an approved exception, breaches may put the BBC at risk and may result in disciplinary action, up to and including dismissal, or termination of our relationship with you.

Internal Control over Financial Reporting (ICFR) & Expected Minimum Controls

1. You must report promptly any suspected weaknesses or failures in internal controls, or any concerns about the integrity of financial reporting through appropriate control oversight and governance processes.

Identifying and addressing control weaknesses early helps prevent errors in financial reporting.

2. You must NOT override or circumvent established ICFR controls without identification of appropriate compensating controls and GFR&C oversight and approval.

Bypassing controls can lead to errors or fraud.

3. You must maintain appropriate documentation to support financial transactions and internal control activities. This documentation must be sufficient to support independent understanding of the documentation and provide sufficient review and challenge.

Documentation provides evidence that controls are operating as intended.

4. You must complete mandatory training on ICFR and EMCs.

Staying informed about control requirements is essential for effective implementation.

We provide ICFR and EMC training annually to all key stakeholders.

5. You must cooperate fully with GFR&C when reviewing internal controls and ensure appropriate evidence is maintained to support the testing of ICFR controls.

Audits help ensure our controls are effective and identify areas for improvement.

6. If you are a process owner, you must ensure that all EMCs used for financial reporting have been identified and adhered to, with key controls for in-scope processes (defined by ICFR Scope) documented and assessed - for design and operational effectiveness- annually.

7. If you are a process owner, you must ensure all End User Computing (EUC) tools impacting financial reporting have been identified and documented on the EUC log and baselined to ensure completeness, accuracy and validity of the EUC outputs.

Conflicts of interest can compromise the integrity of our controls.