

**Use of Controlled Premium Rate Services Annual Statement**

**Channel 5 Broadcasting Ltd**

**01 January 2010 to 31 December 2010**



## Use of Controlled Premium Rate Services Annual Statement

### Introduction

On 9 May 2008 Channel 5 Broadcasting Limited's licence for Channel 5 ("C5") was amended by Ofcom to include a new condition that requires the implementation and maintenance of a system to verify the proper handling of premium rate telephone communications between viewers and C5. Verification measures became an active requirement from 1 August 2008.

The verification obligations are twofold. An independent assessment of the technical and administrative systems used for PRS-based votes and competitions is required under Condition 12A 3(b)(i) of the licence. In addition, appropriately regular reviews of individual programmes must be conducted under Condition 12A 3(b)(ii) to ensure that the systems are working properly in practice.

### Ofcom requirements

C5's licence includes the following obligations:

#### *Requirements for the handling of communications from viewers*

- (1) The Licensee shall be responsible for all arrangements for the management of communication, including telephony, between members of the public and the Licensee or the Licensee's contractors or agents (together here described as "the Licensee") where such communication is publicised in programmes. 'Communication' includes, but is not limited to, methods of communication in which consideration is passed between a member of the public and the Licensee directly or indirectly and methods of communication intended to allow members of the public to register with the Licensee indications of preference or intended to allow entry to any competition, game or scheme operated by the Licensee.
- (2a) Arrangements for the management of methods of communication publicised in programmes and intended to allow communication between members of the public and the Licensee must ensure, in particular, that:
  - i. reasonable skill and care is exercised by the Licensee in the selection of the means of communication and in the handling of communications received;
  - ii. voting, competitions, games or similar schemes are conducted in such ways as to provide fair and consistent treatment of all eligible votes and entries; and
  - iii. publicity in programmes for voting, competitions, games or similar schemes is not materially misleading.
- (2b) In addition to the requirements in sub-paragraph 2(a), the Licensee shall ensure that the provisions of the code approved by Ofcom for regulating the provision of premium rate services, or in the absence of such a code, the terms of any order made by Ofcom for such purposes, are observed in the provision of the Licensed Service.
- (3a) The Licensee shall implement and maintain appropriate compliance procedures to ensure arrangements for the management of methods of communication publicised in programmes and intended to allow communication between members of the public and the Licensee fulfil all the requirements set out in paragraph 2 above.
- (3b) Where the Licensee uses a Controlled Premium Rate Service as defined under the PRS Condition in force at the time made under section 120 of the Communications Act 2003 as the method of communication for voting or competitions publicised within programme time, the Licensee shall ensure that its compliance procedures include a system of verification by an appropriate independent third party ('the third party'), in accordance with the following requirements:
  - i. Verification shall include confirmation by the third party that an end-to-end analysis of the technical and administrative systems to be used for the receipt and processing of votes and competition entries from members of the public has been conducted and that such systems fulfil all the requirements set out in paragraph 2 above. All such systems and the analysis of such systems must be fully documented.

## Use of Controlled Premium Rate Services Annual Statement

- ii. Verification shall include appropriately regular reviews by the third party of individual programmes. Such reviews must track all votes or competition entries through all stages from receipt, and the results of each review must be fully documented.
- iii. The Licensee shall ensure that a Director of the Board (or, where there is no Board, an appropriate equivalent) ('the designated Director') has specific responsibility for verification.
- iv. The Licensee shall ensure that the third party provides reports regarding analyses of processes (as specified under sub-paragraph 3(b)(i)) and reviews of individual programmes (as specified under sub-paragraph 3(b)(ii)) to the designated Director. If significant irregularities or other problems are discovered, the Licensee shall ensure that these are reported forthwith to Ofcom.
- v. The Licensee shall provide forthwith and in an appropriate form any information requested by Ofcom regarding verification.
- vi. The Licensee shall retain for at least two years all relevant data regarding votes and competition entries from callers by means of Controlled Premium Rate Services and all documentation regarding the verification of its systems (as specified under sub-paragraph 3(b)(i)) and the reviews of individual programmes (as specified under sub-paragraph 3(b)(ii)).
- vii. The Licensee shall publish annually a statement signed by the designated Director confirming that he is satisfied that the Licensee has in place suitable procedures to fulfil the requirements of paragraph 3(b) and confirming the name of the third party engaged by the Licensee to fulfil the requirements of paragraph 3(b).

### Terms of reference

C5 has appointed Deloitte LLP<sup>1</sup> ("Deloitte") as the appropriate independent third party for the purpose of licence condition 3 (b), in particular, members of Deloitte's Enterprise Risk Services practice which helps organisations deal with issues related to business process, technology, operational and financial risk.

C5 has determined that a report that provides reasonable assurance in accordance with International Standard on Assurance Engagements 3000 ("ISAE 3000") is most appropriate to its needs under the Ofcom licence variation. C5 feels that this form of reporting:

- Provides formal assurance over the activities included in the scope;
- Is based on a recognised assurance framework and therefore provides an external element of consistency; and
- May be more comprehensive than other forms of reporting, although it does therefore take more time.

C5 believes it needs reasonable assurance to fully meet the Ofcom licence requirements. The objective is to provide reasonable assurance in accordance with ISAE 3000 that an end-to-end Analysis of the technical and administrative systems to be used for the receipt and processing of votes and competition entries from members of the public has been conducted and that such systems fulfil all the requirements set out in paragraph 2 of the Ofcom licence variation.

### Annual Statement

The Licence require C5 to publish annually a statement by the Director of C5's Board with specific responsibility for verification confirming that he is satisfied that C5 has in place suitable procedures to fulfil the requirements of Condition 12(A)(3)(b) of the licence and confirming the name of the third party engaged by the Licensee to fulfil the requirements of the Condition 12(A)(3)(b). C5's annual statement for the year ending 231 December 2009 is set out below.

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<sup>1</sup> Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited. Its registered office is at 2 New Street Square, London, EC4A 3BZ.

## Use of Controlled Premium Rate Services Annual Statement

### Director's Statement

As the Directors of Channel 5 Broadcasting Ltd we are responsible for:

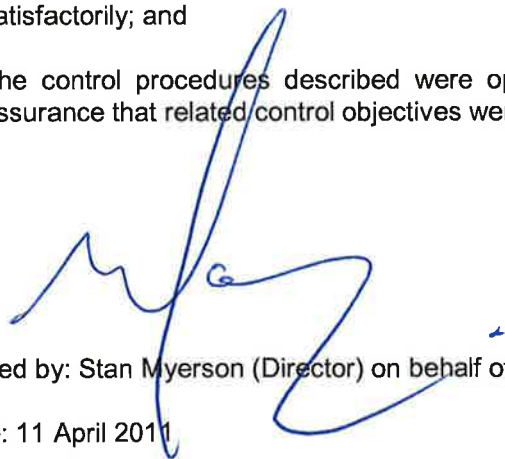
- Establishing control objectives relating to the administration and delivery of premium rate competitions and votes ensuring that all transactions are properly recorded and managed; and
- The design, implementation and maintenance of procedures, to provide assurance that the control objectives are achieved.

In carrying out these responsibilities we have regard not only to the interests of our audience and customers but also to those of Ofcom and the owners of the business and the general effectiveness and efficiency of the relevant operations.

We have reviewed and approved the control objectives and procedures in operation having regard to the criteria established in C5's Premium Rate Services Controls Objectives, refer to Section 5 – Control Objectives and Procedures.

We set out in this report the relevant control objectives relating to the administration and delivery of premium rate competitions together with the specific control procedures which were operating from 01 January 2010 to 31 December 2010 and confirm that:

- The report describes fairly the control procedures that relate to the control objectives referred to above, which were in place as at 31 December 2010;
- The control procedures described are suitably designed such that there is reasonable assurance that the specified control objectives would be achieved if described control procedures were complied with satisfactorily; and
- The control procedures described were operating with sufficient effectiveness to provide reasonable assurance that related control objectives were achieved during the period.



Signed by: Stan Myerson (Director) on behalf of the Board of Directors

Date: 11 April 2011