

D Singer

28 September 2011

**LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS OF THE
PRESS**

WITNESS STATEMENT OF DARREN SINGER

I, Darren Singer, of Guardian Media Group PLC, Kings Place, 90 York Way London, N1 9GU, WILL SAY as follows:

1. I am the Chief Financial Officer (CFO) of Guardian Media Group PLC (GMG). I have been the CFO of Guardian Media Group since 18 April 2011. Unless stated otherwise, the facts stated in this witness statement are within my own knowledge and belief. In this witness statement I refer to documents that are exhibited to this statement in an exhibit marked DS1.
2. I make this statement in response to a Notice dated 5 August 2011 served on me under section 21(2) of the Inquiries Act 2005 and the Inquiry Rules 2006, by Lord Justice Leveson, as Chairman of the Inquiry. These require me to provide evidence to the Inquiry Panel in the form of a written statement and/or to provide documents as requested in the Notice.
3. GMG has carefully considered the Inquiry's request to waive privilege and have decided not to do so as a matter of principle. Accordingly anything I say in this witness statement is not intended to waive privilege and should not be read as doing so. We have otherwise done our best to assist the Inquiry.
4. The notice states as follows: "If you cannot answer these questions, or take the view that they could be more fully answered by someone else, you must nonetheless provide answers to the extent that you can, and to the extent that you cannot you must provide the Inquiry as soon as possible with names of those who would be able to assist us further."
Where that is the case I have referred to the witness statements of others.
5. I have been asked to provide the Inquiry Panel documents relating to the following:
 - (a) Any policies or protocols referred to
 - (b) Any details or documents relating to expenses paid to private investigators and/or other external sources of information.

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6. Q (1) Who you are and a brief summary of your career history in finance and in the media

I have worked in the media sector for 15 years. Between 1998 and 2008 I held various finance positions at BSkyB rising to Director of Group Finance in 2006. Thereafter I worked as Chief Financial Officer EMEA for Group M, a subsidiary of global media company WPP with responsibility for the management and oversight of WPP's media planning and buying services.

7. Q (2) How you understand the system of financial governance to work in principle and in practice at the newspapers owned by your company with particular emphasis on systems to ensure that the newspaper's funds are not used to pay bribes or to fund the gathering of information by illegal methods

Guardian News & Media (GNM) owns The Guardian and Observer newspapers. GNM is a wholly owned subsidiary of GMG, of which I am the CFO. I believe Guardian News & Media Ltd ("GNM") has a robust system of financial governance. The finance function within GNM splits into two distinct functions;

- (i) Financial control and compliance with responsibility for amongst other things, expenses policies being followed within GNM, delegated signature authority thresholds and GNM's bribery and anti corruption policy. All finance and governance policies are available to GNM staff at all times via the company wide intranet.
- (ii) Business decision support which includes financial controllers who are assigned to GNM business units e.g. business controllers are located within GNM's Editorial department. This function has responsibility for working alongside directors, department heads or other senior leadership roles within GNM who have direct responsibility for a section budget or cost centre. Although finance business controllers work with managers to track performance against budget, they are independent of the business units to which they are assigned and report ultimately to the Finance Director of GNM.

Payments out of GNM are made through one of the following auditable methods;

- (a) Expenses – these are claimed and paid via GNM's expenses policy.
- (b) Cheque requisition – This process is usually used for one off payments
- (c) New Supplier Purchase Order Creation – The majority of payments out of GNM are made via the Procure to pay process under which any new supplier's details are recorded and given a unique PO number. Supplier invoices are not paid without a PO number.
- (d) Company settled credit cards
- (e) P Card – This is a company settled card for the purchase of high volumes of low value items and

(f) Foreign travel cash advance.

Each process runs parallel with a delegated financial approval authority. More details of which can be provided if necessary.

It is perhaps helpful to say something at this point about the ownership structure of GMG. GMG was historically owned by a trust, the Scott Trust, which was established in 1936 to secure the financial and editorial independence of the Manchester Guardian (which became the Guardian) in perpetuity. I refer to the witness statement of Andrew Miller CEO of GMG and the statement of Dame Elizabeth Forgan, Chair of the Scott Trust Limited, which explain the Scott Trust more fully and the constitutional separation of power between the editorial and commercial sides of GNM in order to safeguard the editorial independence of the journalism.

Notwithstanding this separation between the editorial and commercial sides of GNM, all staff are required to comply with GNM's financial processes. A business controller is located within all functional departments including the editorial department to assist the managing editor and desk heads manage budgets and track performance against forecast. I refer to the witness statement of Alan Rusbridger, Editor-in-Chief of GNM, for a useful explanation of the role and duties of the managing editor's team who are responsible amongst other things for budgets and pay.

As mentioned above each business controller reports to GNM's Finance Director, who in turn reports to me. Therefore the finance function within GNM has good visibility of spending within the editorial part of the business, and the application of financial controls is monitored independently of editors' and journalists' direct reporting lines.

Policies are kept under review to ensure they are up to date. Any changes to a policy, which may be as a result of a change in legislation or a change in the business practice of GNM, are brought to the attention of the finance teams at monthly team meetings.

Methods of financial reporting from GNM to Guardian Media Group are prescribed in GMG's Group Control Manual.

Beyond controls within the GNM finance function are group wide controls. These include Group Audit Committee which assists the board in its oversight of amongst other things integrity of financial reporting process and company's compliance with legal and regulatory requirements. This committee is made up of independent non executive directors of GMG although both the CEO and I attend these meetings. In addition, we have an internal audit function to carry out reviews and audits of controls and procedures. The internal audit function is independent of GNM and reports to myself and the Group Audit Committee.

GMG also has an anti bribery & corruption policy. A steering group made up of senior managers across the Group monitors compliance with the policy and are required to report to me any incidences to come to light.

In addition GMG provides a confidential, anonymous employee whistle blowing hotline monitored by third party.

I refer to the witness statement of Alan Rusbridger which sets out the codes of conduct that staff within editorial departments are expected to comply with.

8. **Q (3) What your role is in ensuring that financial governance and all relevant policies are adhered to in practice. If you do not consider yourself to have been/be responsible for this, please tell us who you consider to hold that responsibility and why –**

Divisional finance directors across GMG report to me. In addition to monthly management accounts, finance directors are responsible for bringing to my attention any material matters within their divisions. This would include any breaches of financial governance or control policies along with reports as to how these have been dealt with. At the time of making this statement no such matter has been brought to my attention during my time at GMG.

9. **Q (4) Whether financial governance policies and practice (to the extent that they relate to anti-bribery measures and the prevention of funding illegal information gathering activities) are adhered to in practice, to the best of your knowledge.**

To the best of my knowledge I believe that GMG's financial governance policies and practice (to the extent that they relate to anti-bribery measures) are adhered to within Guardian News & Media Ltd ("GNM") owners of The Guardian and Observer newspapers.

Prior to my arrival at GMG, GNM had established an Anti-Bribery and Corruption Committee (The ABCC) in September 2010, with senior staff from Legal, Finance, Editorial, Commercial, Risk and Communications departments to carry out a full risk assessment across GNM's business' activities across all operations (nationally and internationally) and those of third parties as well as of the markets and countries in which GNM and its third parties operate.

The ABCC used the risk assessment findings to design an appropriate Anti – Bribery and Corruption Policy (The Policy) for GNM and to identify where GNM needed to codify its existing practices.

The Policy was published in June 2011 and is supported by and refers to underlying policies, namely the Editorial Code, the Travel and Expenses

Policy, the Whistleblowers Policy, the Procurement Policy and a Gifts and Hospitality Policy.

The Policy has been communicated to all GNM personnel and is currently being shared with relevant third party associates and is available on GNM's intranet Spike for easy staff access.

Training started in June 2011 for those employees carrying out high risk activities or working in high risk territories as identified by the risk assessment carried out by the ABCC. It is intended that all GNM personnel and where appropriate, anyone acting on its behalf, will receive relevant training on the terms and implementation of The Policy.

The Policy has been shared with other divisions within the Group which have each adapted it to their own business.

To the extent that they relate to the prevention of funding illegal information gathering activities I refer to the witness statement of Alan Rusbridger.

- 10. Q (5) Whether these practices or policies have changed, either recently as a result of anti-bribery laws, phone hacking media interest, or prior to that point, and if so, what the changes were and the reasons for them -**

I refer to my answer to question 4 above. The Policy introduced in anticipation of commencement of the Bribery Act 2010 codified various practices across the business. The risk assessment carried out by the ABCC identified the need for a gifts and hospitality policy for use within the commercial departments within GNM, consistent with the policy included in GNM's Editorial code.

I refer also to the witness statement of Alan Rusbridger regarding the revision of the GNM editorial policy of August 2011.

- 11. Q (6) The extent to which you, as a Finance Director, felt any financial and/or commercial pressure from the proprietors of your newspaper, the editor or anyone else, and whether any such pressure affected any of the decisions you made in relation to the use of the newspaper's funds to secure information for news stories -**

None. The ownership of GMG by the Scott Trust which comprises ten Trustees and the Secretary ensures that there is no single proprietor capable of exerting commercial and/or financial pressure on me.

Moreover the editor is unable to exert financial or commercial pressure on me. My reporting line is into the CEO of GMG.

12. **Q (7) Whether, to the best of your knowledge, the newspapers owned by your company used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile phone companies or others with access to the same: if so, please provide details of the numbers of occasions on which such investigators or other external providers of information were used and of the amounts paid to them (NB. You are not required to identify individuals, either within your newspaper or otherwise) –**

I am aware that the Observer newspaper was named in a report published by the office of the Information Commissioners ("ICO") in December 2006 titled What Price Privacy Now. The report followed the ICO's Operation Motorman investigation into alleged data protection breaches by a Hampshire detective. The ICO included the Observer in a list of newspapers that had used the services of the detective. Both the report and the period of investigation, pre-date my time at GMG.

I know of no other occasion on which such investigators were used.

I have read the witness statement of Alan Rusbridger and note that he refers to the use of a corporate security company in relation to a report commissioned by the Guardian in 2000, which was never published.

13. **Q (8) What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information**

None

14. **Q (9) If such investigators or other external providers of information were used, what policy/protocol, if any, was used to facilitate the use of such investigators or other external providers of information (for example, in relation to how they were identified, how they were chosen, how they were paid, their remit, how they were told to check sources, what methods they were told to or permitted to employ in order to obtain the information and so on)**

Please see my answer to question 7. I refer to the witness statements of Alan Rusbridger and John Mulholland concerning these matters.

15. **Q (10) If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters –**

I am aware of no occasion, other than that set out in my answer to question 7 on which such investigators or other external providers of information were used.

16. **Q (11) Whether there are any situations in which neither the existing protocol/policy nor the practice were followed and what precisely happened/failed to happen in those situations. What factors were in play in deciding to depart from the protocol or practice? –**

I am aware of no occasion, other than that set out in my answer to question 7 on which such investigators or other external providers of information were used.

17. **Q (12) The extent to which you are aware of protocols or policies operating at your newspaper in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by the newspapers owned by your company or not). There is no need for you to cover 'official' sources, such as the Press Association –**

I am aware of GMG's anti-bribery and corruption guidance. In addition I am aware of GNM's expenses policy which I refer to above.

18. **Q (13) The practice of the newspapers owned by your company in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by your newspaper or not). There is no need to cover 'official' sources such as the Press Association –**

The managing editor is responsible for managing payment of expenses and/or remuneration to external sources of information. In each case payments to contributors would be made via GNM's RCS protocol, and/or in accordance with one of the payment methods set out in my answer to question 1 above. Expenses would be paid in accordance with the GNM's expenses policy.

19. **Add anything else want to add.**

GMG is committed to high standards of corporate governance and believes that it is in the interests of all its stakeholders to voluntarily adopt the principles of the Combined Code, despite the fact that as an unlisted plc it has no requirement to do so. In this respect, GMG is compliant with all aspects of the Code, with a few minor exceptions.

The group seeks to hold itself accountable to a visible standard of corporate values and ethics, set down within the principles of the Scott Trust, and supported by the separation of powers between the editorial and commercial sides of the business as referred to in my answer to question 2 above and in

further detail in the witness statement of Aian Rusbridger, Andrew Miller and Dame Elizabeth Forgan.

In particular I would draw attention to the following governance structures to support how the above standards are applied in practice;

Scott Trust – Comprises ten trustees of which only two are executive directors at the Group;

GMG board – Comprising a chair, five independent directors and four executive directors of the Group;

Audit committee – Comprising four independent directors;

Remuneration committee – Comprising three independent directors and

Nominations committee – Comprising the chair and five independent directors.

I believe that the contents of this witness statement are true.



Darren Singer

28/9/11

Date

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September 2011

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WITNESS STATEMENT OF

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