

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager
TO: Deputy Chief Executive (AJ)
C.C. Chief Executive
Head of Finance
Customer Contact Manager
Media Services Manager

SUBJECT: Media Services
DATE: 27 March 2014
FILE REF: MED 1/2014

1 Introduction

- 1.1 In accordance with the Audit Plan for 2013/14, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and co-operation received during the audit.

2 Background

- 2.1 The last audit of this area was undertaken in 2009. When this area was last audited it was called 'Printing and Design'. Since then it has taken on media & communication services such as marketing, communications and public relations. Other changes include the unit: no longer being required to make a profit or be self-financing; operating under a EU Print Framework for the work that is outsourced; and charging services directly for the actual cost of work (which includes contracted out work and consumables used for internal print). One service that has ceased in this period is printing for commercial organisations, although work is still performed for 'partner' agencies such as Leamington BID.
- 2.2 The services provided currently can be summarised as follows:

Marketing, Media and Communications (e.g. Press Releases, Events & Campaigns, Pro-active Media Engagement, Copywriting/Editing & Proof Reading and staff engagement)

Design & Print (e.g. Graphic Design, External Print & Management of Print Tender, Exhibitions/Signs)

Advertising (e.g. Organising Advertising Campaigns)

Internal Print (e.g. Digital colour printing, Committee Papers, Cheques, Payslips)

Technical Admin (e.g. Service Recharging, Project Monitoring & Evaluation, Quarterly Budget Monitoring)

Miscellaneous (e.g. Servicing the Staff Focus Group, Social Media Training, Photography Commissioning, Media Monitoring)

3 Scope And Objectives of the Audit

- 3.1 The audit was undertaken in order to ensure that controls are in place and are operating effectively in the following areas:
- Planning and resourcing
 - Operation of Media Services
 - Invoicing and recharging
 - Performance and financial monitoring.
- 3.2 The audit focused more on the design and printing aspects of the service than other areas. This is particularly the case in respect of 'Communications' where a separate audit is planned. It should be noted, however, that the recommendations arising from the review apply to all aspects of Media Services.

4 Findings

4.1 Planning & Resourcing

- 4.1.1 All the Council's printing and advertising work is required to be placed through Media Services. When requests for work are received, a quote will be set up on the Quote system and, once accepted, a job ticket will be created on the Ticketing system. The work will then be set up as a task on Outlook and allocated to an appropriate member of staff.
- 4.1.2 About 60% of work has a specific deadline that is required to be met; for the other, a schedule and deadline is created for the client based on available capacity. Some work is undertaken for partner bodies, but not for commercial organisations.
- 4.1.3 The Print Section does not have the capacity or the machinery to undertake all of the work itself. The main types of work undertaken in-house are design and artwork, small run digital print and copy jobs. The work outsourced consists of print jobs that run on large format presses that could not be housed within the Printroom, as well as specialist print such as promotional gifts, signage.
- 4.1.4 Annual reviews are undertaken of the printing equipment to identify whether any equipment needs replacing (i.e. it is coming to the end of its lease or is no longer sufficient for the work that is undertaken), or whether the purchase of new machinery would be required for the types of work planned for the year ahead.
- 4.1.5 A comprehensive Copier Replacement Plan was drawn up three years ago to replace the small desk printers with shared/networked MFDs copier machines

throughout Riverside House and to acquire a major copier in the Print Room. A project team was drawn up, including the Procurement Manager, to investigate the options and make recommendations.

- 4.1.6 As well as environmental benefits, significant financial savings were identified from the proposals.
- 4.1.7 The new printers were acquired through a finance lease rather than rental. The new contract resulted in a lower charge per click for copying and network printing, plus a small saving on ink cartridges from removal of the desk top machines.
- 4.1.8 The new contract included a colour copier/press to enable the Printroom to undertake 70% of digital printing and reduce the amount of work procured from external suppliers.
- 4.1.9 Total savings from the new contract were estimated to be in the region of £20K per annum with service budgets being reduced to reflect this. Some analysis was initially undertaken that appeared to prove that the savings were being realised.
- 4.1.10 Stock levels of consumable items are included on the Ticketing system, with stationery tickets being completed to show when items are used and deliveries being added. This system prompts the re-ordering. Physical stock checks are undertaken during the year, with a main count being done once or twice a year.
- 4.1.11 Whilst there is no specific documented contingency plan, there are contingencies built into the running of the Print Section. There are two main printing machines independent of each other. Large machines are also held by Revenues (within Finance) and Development Services and these could be used for most jobs if both main machines failed. There are also informal agreements with other local councils who given assurances that they would be able to take on work in cases of emergency.
- 4.1.12 The unit currently has eight posts. With most of these posts comprising part-time hours the full-time equivalent number of posts is 6.14. It would be difficult to compare the unit to operations at other local authorities due to the wide variety of arrangements in place. However, this in itself provides a good reason for doing so, in order to confirm that Warwick District Council has effective arrangements that provide value for money. Although the Unit looks to be busy and its services appear professional, there has been no peer reviews or benchmarking exercises to confirm how effective and appropriately organised the service is.

Risk

By not benchmarking the service against that provided at other local authorities the council will not have assurance that the service is organised and delivered in the most effective way possible.

Recommendation

The functions provided by Media Services should be benchmarked against other local authorities' arrangements to confirm that the current organisation of media and printing services is effective and provides value for money.

- 4.1.13 The unit has a 'Team Charter' setting out required standards of service. The document incorporates Printroom policies, particularly in respect of dealing with orders and recharging for work. The Team Charter provides useful guidance to staff on what is expected of them in terms of customer service.

4.2 Operation

- 4.2.1 Staff will be trained on the use of each machine when it is first obtained. Any instructions or training materials are retained within a housekeeping folder on the network. Refresher sessions are also run by the Copier Operative on the use of the copying machines so that staff can cover for him if he is away from the office. Regular development days are also held within the team, where different team members will run a session on different aspects of the team's processes.
- 4.2.2 Health and safety risk assessments had been performed for the machines and tasks such as lifting and handling that are associated with the job. The Safety Advisor is involved in the assessment of these issues, and formal documents drawn up.

4.3 Invoicing & Recharging

- 4.3.1 When providing quotes to the 'clients' (both internal and external) for the cost of the work requested, the aim is to ensure that all relevant costs are covered. This will include the cost of any stock used if it is to be 'produced' internally and the cost of any outsourced work. The time of the Graphic Designers, if any artwork is required, is not included in the quote as the time for artwork is used in calculating the department service recharge at the end of the year and is not a direct charge.
- 4.3.2 The costs of photocopying and printing on the networked printers are also the responsibility of the Print Section (i.e. the budgets are held by Media Services), although the actual recharges are processed in Finance, based on reports produced by two different systems.
- 4.3.3 Each computer is assigned to a section / department and each time that computer sends a print job to a networked printer it is logged on the Equitrac system. On a quarterly basis, a summary report from Equitrac will be passed to Finance for the recharges to be processed, based on the total number of jobs for each section.
- 4.3.4 The use of the photocopiers is logged by the Smart Net Monitor system. The photocopiers require a key code to be entered before copying can be undertaken, and these codes are assigned to different sections / departments. Again, on a quarterly basis, reports from each copier are provided to Finance.

- 4.3.5 The total costs recharged for both the network printing and the photocopying are based on a 'cost per click', and this cost is based on a number of different elements, including the cost per click charged by the rental company and the cost of paper. The machine rental charge is included in the click as the finance lease for the copiers is a service recharge at the end of the year.
- 4.3.6 The calculation of the recharges to services for photocopying is undertaken quarterly by Accountancy staff in Finance. It is performed manually using hard copy information that the Printroom supply. As such, it is an extremely laborious and time-consuming task and the justification for doing it in this way must be open to question bearing in mind that the costs being apportioned across services are in the region of only £1k per quarter in total.
- 4.3.7 It is understood that the Strategic Finance Manager is in the process of drawing up a pivot-based spreadsheet that will automate the calculations enabling apportionments from the electronic receipt of base data from the Printroom. This seems much more sensible and should save large amounts of time in Accountancy.
- 4.3.8 Another alternative is to apportion the charges based on historical data but this will be more open to challenges from those services who monitor their budgets closely.

4.4 Performance & Financial Monitoring

- 4.4.1 Feedback is obtained in an informal manner with users apparently asked for their views on the service provided at the completion of individual jobs. More formal or structured methods are not employed, however, to gauge the level of satisfaction with the services provided either for individual jobs or the service in general

Risk

By not obtaining feedback on performance in a formal, structured manner, assurance will not be obtained that the service provided is appropriate to users.

Recommendation

In order to properly gauge customer satisfaction and identify any areas for improvement, formal feedback should be obtained from service users through 'end-of-job' surveys or in a more general way through annual surveys, like those used by ICT.

- 4.4.2 Regular budget monitoring is undertaken, with the Studio Operations and Production Officer meeting with Finance staff to review income and expenditure and discuss any issues arising.
- 4.4.3 Media Services has a number of development objectives and customer and operational measures set out in its Team Operational Plan.

- 4.4.4 Examples of Customer Measures include:
- Cost savings achieved through ensuring a single point of contact for advertising – £100K per annum
 - Cost savings achieved through the introduction of in-house print – £2.7K in quarter 1 2013/14.
- 4.4.5 Examples of Operational Measures include:
- WDC floor copier uptime – 97%.
- 4.4.6 These are monitored and reported throughout the year as part of the service plan process.

5. Summary & Conclusion

- 5.1 The audit is able to provide a SUBSTANTIAL level of assurance in regard to the systems and procedures within the Media Services unit.
- 5.2 Improvement could be made, however, in the area of service validation, through benchmarking and customer surveys.
- 5.3 As a support service whose services vary across local authorities in terms of size, structure and range, unlike say, HR or accountancy, where the level and type of services tend to be more uniform, it is important that the Council receives assurance of the value of the services provided. The report recommends, therefore, that benchmarking should be undertaken to confirm that the service is organised effectively and provides value for money to the Council. Similarly, internal user surveys should be carried out to determine the level of user satisfaction with the services provided and identify areas for improvement.

6. Management Action

- 6.1 Recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Media Services – March 2014

Report Ref.	Recommendation	Risk Rating*	Responsible Officer	Management Response	Target Date
4.1.12	The functions provided by Media Services should be benchmarked against other local authorities' arrangements to confirm that the current organisation of media and printing services is effective and provides value for money.	Medium	Media Services Manager	Experience when undertaking a review of the service has shown that obtaining useful comparisons from a benchmarking exercise is difficult. Other authorities work and structure their media service differently. Few have print frameworks in place and departments can source their own print with little or no consultation with their print team. The EU print framework WDC has in place demonstrates efficiency and savings. The Communications audit is planned for 14/15 perhaps as a result of that we could look again at the benefits of Benchmarking.	Mar 2015
4.4.1	In order to properly gauge customer satisfaction and identify any areas for improvement, formal feedback should be obtained from service users through 'end-of-job' surveys or in a more general way through annual surveys, like those used by ICT.	Medium	Media Services Manager	Agreed – we will look to do this by the end of the year	Dec 2014

* Risk Ratings are defined as follows:

- Low - Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
- Medium - Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
- High - Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.