INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Media Services
TO:	Chief Executive	**DATE:**	8 November 2017
	HR Manager		
	Media and Communications Manager		
C.C.	Head of Finance		
	Councillor A Mobbs		

1 Introduction

1.1 In accordance with the Audit Plan for 2017/18, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.

1.2 Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2 Background

2.1 The audit was concerned with the processes by which the centralised Media Team fulfils its roles comprising marketing, communications, graphic design, printing and copying. These include managing self-service printing and copying facilities and commissioning work externally where applicable.

2.2 Under the current structure the Media Team is made up of 6.3 FTE staff with 5.5 FTE staff in post at the time of the audit. Based on the 2017/18 budget the Team's gross operating costs are in the region of £340,000 per annum, substantially all of which is recharged to costs centres on the basis of their use of the service.

2.3 In their essentials, the underlying processes have not changed significantly since the previous audit reported in 2014. However, the audit process this time has had to take account of a service in transition with business and structural and re-design proposals (covering HR and web resource management as well as the Media Team services) under consultation with a timetable extending into 2018.

2.4 For this reason, conclusions on assurance are greatly concentrated on the effectiveness of day-to-day operational processes. Even here, certain aspects have not been reviewed in as much depth as would normally be the case due to an equipment-streamlining project that was implemented during the currency of the audit.

3   **Scope and Objectives of the Audit**

3.1   The audit examination was undertaken for the purpose of reporting a level of assurance on the adequacy of structures and processes of the Media Services Team in discharging its roles economically, efficiently and effectively in accordance with relevant legislation and corporate policies/strategies.

3.2   The examination was formed of an evidential risk-based overview of those structures and processes in the context of the following themes:

- strategies and policies
- roles, responsibilities and procedures
- procurement of external services
- quality assurance
- performance and improvement
- information assurance.

3.3   The findings of the audit are based on consultation and discussion with key contacts and examination and analysis of relevant documentation and records including computerised data where appropriate.

3.4   The principal contact for the audit was Nicki Curwood, Media and Communications Manager.

4   **Findings**

4.1   **Recommendations from previous report**

4.1.1   There were two recommendations from the previous report:

- 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.

- 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.

4.1.2   The picture in terms of implementation according to the original timetable has become clouded over time with subsequent staff change coming across as key factor. However, attention has been given to both benchmarking and internal survey as part of the service redesign process. A benchmarking exercise with other local authorities was undertaken in support of the redesign proposals, covering structures and resourcing. A further indicative exercise was undertaken in 2016 comparing charge rates with those of commercial agencies.

4.1.3   From discussion with management on the question of formal feedback being built into to the operational processes, it was acknowledged that this has not been implemented but would be addressed as part of the service redesign. It was advised that a more formal process is being worked on at the time of this report.

4.2   **Strategies and Policies**

4.2.1   It is in this area where the effects of the service transition are the most marked. The Communications Strategy and linked Action Plan, in which the remit of the Media Team is formalised, have effectively run their course. Proposals seen on the service redesign envisaged a new Marketing, Communications and Engagement Strategy being developed following restructure. It was advised that a draft strategy has been completed at the time this report for consultation with senior management.

4.2.2   It is noted that annual team operational plans were produced effective up to March 2016. These have since been subsumed into a combined HR/Media Forward Plan which, on examination of its content specifically relating to Media Services, showed limitations for 'operational' planning by being focused on two review projects with no tangible direction on ongoing business operations. Based on notes and feedback on future expectations of the service, it is envisaged that these limitations will be addressed automatically in future team plans without the need for a formal recommendation.

4.2.3   On the policy side, management and control of social media emerges most prominently. Although it was not envisaged to consider social media in depth under the audit scope, a brief review of the content of the Social Media Policy was undertaken with reference to a 'Top Ten Tips' guide from an article found in a previous issue of the Association for Local Authority Risk Management (ALARM) magazine. This entailed reading the Social Media Policy in conjunction with the Internet Acceptable Use Policy.

4.2.4   For the most part, there are appropriate provisions in the two Policies covering the areas in the ALARM guide. Areas that did not come across as addressed so clearly related to training, appreciation of cyber risks connected with social media and whether specialist 'audits' of social media risks to the Council had been considered.

4.2.5   These were discussed with the Digital Content and Social Media Officer. It was advised that the Social Media Policy is to be further developed to include staff usage of social media, which has become a necessity following increased use of this platform. A re-launch later this year is envisaged with associated training initiatives. A copy of the ALARM guide has been furnished for reference.

4.2.6   A statutory influence on policy is the Code of Recommended Practice on Local Authority Publicity (known as the Publicity Code). The statutory element comes from the Local Government Act 1986 under which powers of direct intervention can be used by the Secretary of State in specific cases where a local authority is held in breach of the Publicity Code by its action. The Intranet information resources published by the Media Team are seen as demonstrating due understanding of the Publicity Code and its implications.

4.3   **Roles, Responsibilities and Procedures**

4.3.1   The roles of the Media Team are well annotated in the Intranet information resources and require no further comment here.

4.3.2 The Media Team is represented by what can be regarded as three distinct skill disciplines:

- graphic design
- marketing and media
- equipment technician

4.3.3 These are expected to be carried over to the proposed new structure, though with some net reduction in resource under draft proposals, along with realignment of resources based on the impact of the leisure management externalisation and development of the digital area. The aforementioned post of Digital and Social Media Officer was created on a trial basis earlier this year to help meet requirements of the Digital Transformation Programme.

4.3.4 The Media Team is well served by documented procedures, both for internal Team reference and guidance for wider 'client' consumption. The Team's operations are substantially supported by an externally purpose-designed case management database application referred to as a 'job ticketing system' (referred to hereafter as 'JTS').

4.3.5 Walkthrough tests on a range of 'jobs' covering a cross-section of design, advertising and marketing services confirmed robust processes to be in place consistent with prescribed procedures and internal checks, the latter manifest in access levels and controls for both the JTS and Total Financial Management System.

4.3.6 The only significant flaw to emerge was spotted while analysing purchase order data for procurement profiling (see Section 4.4. below). This related to a recurring pattern of purchase orders for external services being partially miscoded with incidences that can be traced back almost three years. While this occurred in a minority of orders generated by (or for) the Media Team, the incidence was seen as significant with potential implications for management of client cost centre budgets.

4.3.7 The issue was incorrect use of a subjective code intended for in-house recharges only – instances which Finance (Accountancy) had to track down and correct to prevent distortions in budget outturn. This was raised during the audit with the Media and Communications Manager and a Design Officer who was able to give valuable insight into how the errors had occurred, the upshot being that instructions to the officer generating the orders needed to be clearer on the correct codes to use. Since raising the matter, there has been no recurrence of these errors on orders up to the time of this report.

4.3.8 In wider perspective, the underlying circumstances come across as a typical scenario of service teams made up of specialised disciplines no longer having access to administrative resources that in the past supported Council managers in discharging their responsibilities under the Code of Financial Practice. With this in mind, it can be argued that understanding and appreciation of Council financial administration needs to be more widely developed among staff irrespective of their technical and professional specialisms. This is especially the case for officers whose roles include generating financial transactions directly.

4.3.9   This observation is presented to management as 'advisory' only for consideration as part of the ongoing service redesign process.

4.3.10 Management of the Council-wide network of self-service printer/copiers is also a significant role of the Media Team. While examined in some detail in the previous audit, only cursory attention has been given on this occasion on account of recent streamlining of the printer/copier network.

4.3.11 From enquiries made, the processes leading to recharging of costs have changed little in their basic essentials, still driven by automated data capture with parameterised charge-out 'click' rates. The most noticeable difference is that the data capture is now based on card recognition, identifying individual users instead of the previous suite of PINs representing cost centres. It has been advised that management of the printers can now call on ICT Services support so as not having to rely solely on a single officer as in the past.

4.3.12 Along with the replacement equipment, some investment has been put into improved data reporting capability. The benefits of this were yet to become manifest at the time of the audit.

4.4   **Procurement of External Services**

4.4.1   Based on an analysis of purchase order data extracted from Total, an indicative profile show that the Media Team commissions external supplies and services on its own behalf and on behalf of service clients to the tune of approximately £200,000 per annum.

4.4.2   The areas showing the most significant levels of spend are:
        • corporate printer/copiers (£71k)
        • external printing (£60k)
        • generic advertising (£50k).

4.4.3   The figure that emerged for the corporate printer/copiers is a somewhat inflated representation which includes non-recurring costs associated with the replacement of equipment under the streamlining project. The procurement and financing for the project was not deemed within the scope of this review and thus not examined further.

4.4.4   The selection process for external printers is governed by a framework contract with a range of suppliers secured in accordance with EU law. The current framework agreement took effect on 1 January 2017 and tests on purchase orders from that date showed that all suppliers used are specified in framework entry in the Contract Register.

4.4.5   The bulk of generic advertising orders were with the local 'Courier' group of newspapers as expected, with some further orders extending to the Leamington Observer and Coventry Telegraph. The remainder were dispersed among a wide range of neighbouring area's local press and professional and special interest publications. None of these were individually significant enough in scale to warrant further examination.

4.5   **Quality Assurance**

4.5.1   Although there is was no formal customer feedback process implemented at the time of the audit, other elements contributing to quality assurance were in evidence from enquiries and testing on procedures. These include ongoing verbal feedback, interactions by e-mail with the respective clients for each job and case review and checks by the Media and Communications Manager.

4.5.2   Outturn measures are provided for in the Service Area Plan covering aspects of social media, website and press coverage. Monthly statistics are published on these as 'infographic' displays on the Intranet.

4.6   **Performance and Improvement**

4.6.1   In the light of the service transition, the review of this area has been cursory only.

4.6.2   In the context of the audit subject, the focus of the current year's Service Area Plan has been on the HR/Media service review and initiatives in evidence have included the aforementioned benchmarking exercise and a survey of managers across the Council.

4.6.3   At Team and individual staff level, there is a standing assumption that the processes of the Performance Appraisal and Competency Scheme are duly observed. Evidence of periodic Team meetings has been seen in the form of documented agendas and minutes.

4.7   **Information Assurance**

4.7.1   The review of this area has focused on the JTS and supporting electronic information on the Council's network.

4.7.2   The JTS operates under a software maintenance agreement with an external supplier which has signed up to the obligatory network access agreement with the Council. Access to, and permissions within, the JTS are controlled through the network log-in scripts of specified named users.

4.7.3   All supporting electronic information is held in appropriately restricted network folders accessible to the Media Team only and requiring authorisation of the Media and Communications Manager for other users to be granted access.

5   **Conclusions**

5.1   In the light of the service transition, the conclusions drawn on assurance have to be centred on the day-to-day operational base as higher level policy and strategic provisions had still to be developed and updated as at the time of the audit. Also more detailed elements of operational business planning are expected to be reinstated in due course.

5.2 The operational base was found overall to be highly robust and therefore we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Media Services operations are appropriate and are working effectively.

5.3 The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.4 There are no recommendations arising from this review.

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