

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager      **SUBJECT:** Media Services  
**TO:** Head of People & Communications      **DATE:** 14 February 2022  
**C.C.** Chief Executive  
Deputy Chief Executive (TP)  
Head of Finance  
Marketing & Communications  
Manager  
Portfolio Holder (Cllr Day)

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 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 cooperation received during the audit.

### 2 Background

- 2.1 The Council's Media team provide a range of support services to other areas of the Council. Including, but not limited to, planning and monitoring marketing projects, providing print and copy services and offering graphic design and photography services.
- 2.2 The Media team work on a range of projects to successfully promote and enhance the Council's reputation and to build support for corporate decisions and initiatives.

### 3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since the start of this financial year following an external review of the function.
- 3.3 In terms of scope, the audit covered the following risks (see overleaf):

- Service operates at an unreasonable level of deficit with the resultant cost burden falling on the general fund/ housing revenue account.
- Service users bear excessive costs.
- Failure to institute correct recharges results in distorted budget outturn results.
- Service does not provide value for money.
- Procurement activities are contrary to legislation.
- Marketing and advertising 'misfires' occur.
- Service requests are not responded to or arranged in time to meet client objectives.
- Injury may occur due to unsafe equipment.

3.4 These were drawn from a combination of risks identified in discussions with the Marketing & Communications Manager (MCM).

3.5 These risks, if realised, would be detrimental to the Council with regards to the meeting of the following corporate objectives as set out in the Fit for the Future Strategy:

- Health, Homes, Communities – Impressive cultural and sports activities, cohesive and active communities.
- Green, Clean, Safe – Total carbon emissions within Warwick District are as close to zero as possible by 2030, Area has well looked after public spaces, improved air quality, low levels of crime and ASB.
- Infrastructure, Enterprise, Employment – Dynamic and diverse local economy, vibrant town centres.
- Effective Staff – All staff are properly trained, all staff have the appropriate tools, all staff are engaged empowered and supported, the right people are in the right job with the right skills and right behaviours.
- Maintain or Improve Services – Focusing on our customers' needs, continuously improving our processes, and increasing the digital provision of services.
- Financial Footing over the Longer Term – Better return/ use of our assets, full cost accounting, continued cost management and seek the best value for money.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations from the previous audit reported in 2017.

### 4.2 Financial Risks

#### 4.2.1 **Service operates at an unreasonable level of deficit with the resultant cost burden falling on the general fund/ housing revenue account.**

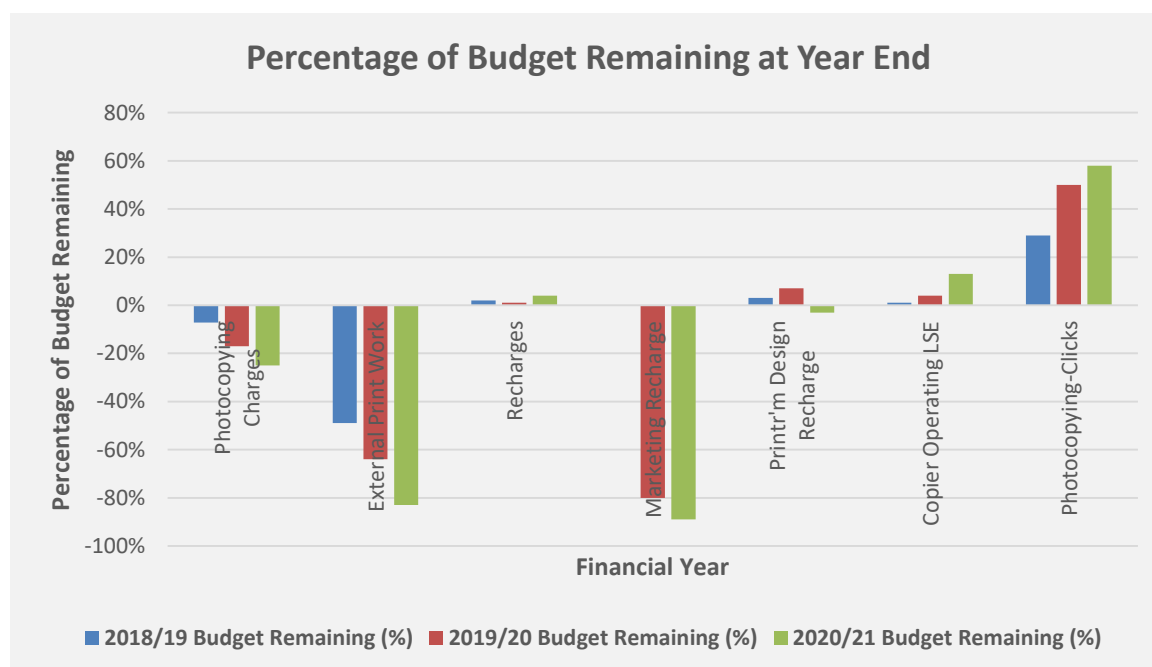
The annual budget for the 'media room' is divided into several cost categories. The budget for each cost category is set after considering the fixed costs, predicted costs, previous annual outturn, external industry costs, inflation, and other information.

The annual budget is implemented in April and is reassessed at the end of

each quarter to ensure it remains relevant to changing business conditions. If needed, the budget is varied at the quarterly reassessment point.

A comparison between the annual budget and the annual outturn figures for the 'media room' from 2018/19, 2019/20 and 2020/21 was undertaken to ascertain whether the budget setting was accurate to within 5% of the annual outturn.

Analysis of the annual budget and the annual outturn figures for the media room revealed a trend of increasing outturn variance, as shown below:



It was noted that the variance during the 2020/21 budget may be significantly attributed to the drop in service demand due to the COVID-19 pandemic. This trend cannot be fully attributed to the COVID-19 pandemic, however, because it began in 2018/19.

The MCM advised that environmental factors may have influenced trends in service demand. These include the increased demand for digital services over analogue options and the increasing use of social media as a, mostly free, promotional and marketing tool. This has somewhat replaced the traditional approach of paying for marketing slots in local media publications and other printed material such as flyers and posters.

This explanation could explain why the "Recharges" cost category retained an outturn variance within the 5% tolerance margin for all three annual budgets. In contrast, the "Marketing Recharge" category saw increases from a perfectly balanced budget in 2018/19 to 89% of the budget remaining unspent at the end of the 2020/21 financial year.

It was noted that the budget for the "Recharges" cost category varies by a moderate percentage each year in response to a budget with a relatively balanced budget and outturn. By comparison, the "Marketing Recharges"

category was only varied once in 2020/21 with an increase of 2% in response to 80% of the budget remaining unspent.

### **Advisory**

**Consideration should be given to reassessing the criteria used when setting annual budgets with the aim of reducing outturn variance.**

#### **4.2.2 Service users bear excessive costs.**

The Procurement Manager (PM) advised that the Media team are required to follow the guidance within the Code of Procurement Practice (CPP) when undertaking procurement activities.

All live procurement contracts with an aggregate value of £5,000 or above must be included in the contracts register. The PM also advised that records of contractual spending above £10,000 is held by Procurement.

The key disposal requirements considered relevant to this audit are:

- Any asset considered to be available for disposal should be offered for re-use within the Council before being disposed of externally.
- Assets should not be sold without competition unless agreed by the Head of Finance.
- If a low-value asset cannot be sold, then consideration should be given as to its suitability to support local non-profit organisations.

A review of the contracts register identified ten active contracts related to the Media team. The most recent contract, commencing in May 2021, for a folding machine was reviewed.

The MCM advised that the previous folding machine contract had ended and the machine was returned to the supplier. This asset was exempt from disposal requirements as it was not owned by the Council.

The PM advised that the new folding machine was attained via a three-quote process which was signed off as compliant with the CPP by the Procurement team. A copy of the three-quote summary has been retained by the MCM in compliance with the CPP.

The MCM advised that the old Media team camera was donated via the not-for-profit organisation 'WeeeCharity'. This organisation is used by the Council for recycling electronic waste products.

The MCM advised that the device developed a fault meaning it would be unsuitable for re-use or resale. Donating the camera to charity is compliant with the CPP requirements.

#### **4.2.3 Failure to institute correct recharges results in distorted budget outturn results.**

Discussions were held with the Assistant Accountant (AA) who is responsible for completing the quarterly and end-of-year budget reconciliation procedure.

The AA advised that they are sent an extract showing all costs charged against Media team cost codes for a given period. These costs can be divided into direct costs and support costs.

When direct costs from delivering a service are incurred on behalf of the client, the costs can be recovered by recharging the client for their individual use. These costs are often variable and based on third-party charges but can be fixed by unit. For example, the contract with Ricoh UK Ltd charges a fixed 'cost per click' for printing jobs.

The Media team cost code summary extract for quarter one 2021 was reviewed. It was noted that the only direct costs that had not been recharged were those incurred by the Media team completing internal projects.

The AA advised that the process for recharging support costs is less straightforward. Support costs are generally fixed as they cover largely static departmental costs.

The total support costs for each year are divided between clients, with those who used the service more paying a higher percentage of the costs. This is calculated by assessing the number of jobs each client outsourced through the Media team.

The MCM and AA go through the list to manually account for differences in the size of job requests. The MCM advised that smaller jobs are grouped together and charged the equivalent of one 'standard' job. The AA advised that this process helps make the recharge process fairer for clients.

While the manual exercise should improve the perceived fairness of service recharges, the process is still liable to human error. A system for calculating the cost of jobs based on their size may help to standardise the process. However, it is understood that the variety of work undertaken by the Media team may be difficult to standardise and that manual adjustments in the recharge process may still be required. Introduction of the new finance system should assist this process.

#### 4.2.4 **Service does not provide value for money.**

The MCM advised that an action plan or design brief is completed with the project lead (the client contact for the project) before commencing work on a project. These documents help summarise the key objectives of the project, identify the target audience and outline the budget. Other information is also considered. For example, balancing internal projects and working with external organisations which might have overlapping timescales and conflicting priorities.

Project leads are asked to complete a design request form which allows them to provide additional detail around the type of marketing collateral (posters, leaflets, etc.) they would like to use. The MCM advised that the Media team usually recommend the best mix of publicity depending on their knowledge of the client's objectives and target audience.

The Media Officer (MO) responsible for the project carries out reviews against the original objectives and provides feedback at the end of the project.

The Media team continuously monitor and review the publicity during a project in case the need to amend or revisit the messaging arises.

A media statistics infographic report is produced monthly to provide an insight into how active projects have performed across all the Council's core media channels.

The MCM advised that depending on the individual requirements of a project, the media statistics infographic report will include separate monitoring. For instance, the Media team are producing separate monitoring for media activities associated with the Commonwealth Games 2022.

Once a marketing project action plan has been agreed upon between the Media Officer and the project lead, the proposal is submitted to the MCM for review.

The MCM's review primarily consists of approving the chosen marketing strategy and ensuring that external circumstances do not impact the delivery of the project. This might include checking that project timescales do not overlap with other projects.

A sample of recent project action plans was reviewed. Although the auditor could find no record that the MCM reviewed or approved the action plans, the MCM contends that these are discussed and agreed in the 1-2-1s with relevant officers.

### **4.3 Legal and Regulatory Risks**

#### **4.3.1 Procurement activities are contrary to legislation.**

A review of Media Services procurement activities was carried out to ascertain whether the guidance contained in the Council's Code of Procurement Practice (CPP) was followed.

All nine Media Services corporate contracts contained in the contract register were reviewed. Several items and services procured by the Media team which were not covered by a corporate contract were also reviewed to ascertain whether the CPP was followed when procuring items or low-value contracts.

The review found that all nine of the Media Services corporate contracts in the contract register are active and exceed the minimum contract value threshold which necessitates them being included in the register. This shows compliance with the CPP.

It was also noted that four of the corporate contracts do not have a scheduled review date that is compliant with the CPP. Although the MCM contends that Procurement usually signals when a review is required, this poses a risk that there may not be sufficient time to extend or retender the contract before its end date. Thus, adding a review date in advance rather than relying on Procurement would be preferable.

## **Recommendation**

**Corporate contracts should have review dates scheduled in accordance with the Council's Code of Procurement Practice guidance.**

Five other Media team purchases were also reviewed. The total spend for four of these items and services (over the last three years where applicable) never exceeds £5,000. This justifies their absence from the contract register.

For one item, the external photographer (EP) information on expenditure was not provided. The MCM advised that the Media team hire a single photographer for corporate events and this same photographer is used for ad-hoc work requested by other service areas. Expenditure on the EP, over a three-year period, could exceed £5,000 depending on the level of demand. The MCM considers the EP's rates competitive but concedes that benchmarking for external photography hire is difficult. This is because each project is different and requirements for the use of the photography are different.

The PM advised that Council services should hold a record of expenditure (quotes, invoices, receipts) to demonstrate that the purchase is value for money and compliant with the CPP.

## **Advisory**

**Consideration should be given to retaining a record of expenditure to demonstrate compliance with the Council's Code of Procurement Practice.**

## **Recommendation**

**Management should ensure that expenditure on external photography is compliant with the Council's Code of Procurement Practice.**

### **4.4 Reputational Risks**

#### **4.4.1 Marketing and advertising 'misfires' occur.**

The MCM advised that template documents such as a project action plan or design brief are used to ascertain project aims, objectives and client expectations. These documents establish targets and ensure they are relevant to the project objectives. The project action plans also provide space to consider how the project will support the Council's corporate objectives.

The Marketing and Communications Strategy (MCS) 2019-2023 contains guidance for the Media staff planning and implementing marketing projects and can be accessed via the Intranet.

The MCS also includes a framework of planning and monitoring activities to help Media staff deliver a project.

The MCS references other internal policy and guidance documents relevant to the delivery of marketing projects. This includes: Social Media Policy, Media Policy, Brand Guidelines, Accessibility Guidelines for Print and the Website Accessibility Policy.

The MCS also highlights key external documents that should be referenced and adhered to when managing marketing projects. This includes: General Data Protection Regulations (GDPR), Code of Recommended Practice on Local Authority Publicity, Purdah, RNIB Accessibility Guidelines for Print, Web Content Accessibility Guidelines, and Plain English Campaign Crystal Mark.

The above resources should provide Media staff with the necessary knowledge to confidently manage a marketing project while mitigating the risk of reputational damage due to a marketing misfire. Officers managing marketing projects can also discuss concerns and/or project performance with colleagues.

The MCM reviews all marketing proposals. If the MCM is satisfied with a proposal, the project is approved, and work begins.

The Media Officer managing the project periodically reviews the projects progress against the original objectives.

Data is shared with project leads during progress review meetings. The MCM advised that project performance concerns are addressed through a review of the project targets and if necessary, adapting the project plan. This process helps support the Media team in providing a responsive project management service.

The performance data showing how each project is performing across all media channels is published in monthly media statistics reports.

The MCM advised that project work is not published without prior approval from the client's project lead.

A final review is carried out at the end of a project. The MCM advised that the engagement data can be used to inform future project strategies.

#### 4.4.2 **Service requests are not responded to or arranged in time to meet client objectives.**

The timescale for a project is decided during the initial consultation stage and forms part of the Communications Plan.

Project plans include a 'calendar of activity' which contains the actions necessary for the achievement of the project's objectives. Each of these actions has its own timescale.

Progress against project action plans is continually monitored to ensure actions are completed as scheduled.



## 4.5 Health and Safety Risks

### 4.5.1 Injury may occur due to unsafe equipment.

The key disposal requirements considered relevant to this audit are:

- The risks associated with operating media equipment have been considered and controlled for.
- There is sufficient guidance available.
- Where applicable, use is restricted to appropriately trained individuals.
- Equipment is checked for defects and maintained.

The review covered the media room drone, camera, folding machine, guillotine, and copiers. All of these are expensive, electrical devices with the potential to cause harm through misuse or poor maintenance.

The review found that there is some evidence that risks associated with operating the above devices have been considered and there are some systems of control in place. However, only the guillotine and copiers have a risk assessment report uploaded to the AssessNet server. The MCM advised that there are no risk assessments for the other media devices.

However, the Digital Content and Social Media Officer (DCSMO) advised that, while there is no official risk assessment for the drone, the drone usage checklist covers the risk, safety, and maintenance considerations. The DCSMO agreed that creating a drone risk assessment on AssessNet would ensure that the risk considerations are saved and accessible to all staff.

The DCSMO also noted that the benefit of producing risk assessments for some devices would be small because the severity of the inherent risks associated with operating the device is perceived as low. For example, using the media camera.

Despite this, there are still risks associated with using the camera and the current controls, such as the image consent form, evidence the need to manage such risks.

A formal risk assessment could improve management confidence that the risks, however small, do not exceed the Services' risk tolerance and aid in future assessments of the risk environment.

### **Advisory**

**Consideration should be given to conducting risk assessment exercises for all media equipment and uploading the reports to AssessNet.**

The DCSMO advised that there are two media cameras; a basic 'point and shoot' camera which does not require any technical knowledge or guidance to operate and a more technologically advanced camera which requires training and specialist photography skills to use effectively and without risk of damaging the device.

The DCSMO confirmed that their degree in Communication, Culture and Media provides the specialist knowledge required to confidently operate the advanced camera. As the only member of the Media team with this qualification, the use of the advanced camera is restricted solely to the DCSMO.

The DCSMO advised that the 'point and shoot' camera requires no specialist knowledge or training to operate, and its use is restricted to members of the Media team. This helps protect the Council's reputation from the impact of poor-quality photos being taken and published.

The drone was the only device with a formal training record. The DCSMO, completed online training with the Civil Aviation Authority (CAA) and is the only member of the team registered and approved to operate the drone.

Drone operators must complete training with the CAA before being authorised to fly the device. The DCSMO advised that the Media team are not currently looking to train additional drone operators.

There is a minor risk that the reliance on one team member to operate specialist equipment may impact media projects should that staff member take a leave of absence.

### **Advisory**

**Consideration should be given to training additional members of the Media team in the use of specialist media equipment to improve the team's resilience. The problem is that training staff in such circumstances is only effective if they use the facilities on a regular basis; if not, they will struggle to recall what is required. Alternatively, consideration should be given to provide only basic training to additional members of staff but supplemented by the use of a guide to follow.**

The drones' mobile application and website include a comprehensive user guide for operatives to reference.

When conducting the pre-flight drone user checklist, the DCSMO uses third-party mobile applications to make informed decisions. For example, they might use the UAV weather forecast application to discern whether weather conditions are suitable based on the type of drone the Council use. By inputting the parameters for the Council's drone, the application can advise as to whether the conditions are suitable for flight.

Other applications such as 'Drone Assist' identify areas designated as 'no-fly zones' by the CAA and 'Flight Radar' which monitors the flight area for other air traffic. Both applications are used when planning flight paths.

Training on how to operate most other devices is conducted informally by experienced Media team members and as such, no record of this training is held. The Copier Operative (CO) advised that training on how to operate the guillotine and folding machine was conducted years prior by the supplier. There was no record of this training, but the CO confidently demonstrated

their understanding with regards to operating the machines and perform basic maintenance tasks. It is also worth noting that the machine is in an office with a locked door and therefore not accessible to anyone else but the CO.

Guidance is available for all devices, however, the depth of guidance varies for each device. For example, the guillotine only has warning labels displayed around guards and sharp cutting edges whereas the copiers have warning labels and instructions displayed on the machine. There are also several 'how-to' documents advising staff on the key processes for copiers.

It was noted that the risk assessments for the guillotine and copiers mandate a six-monthly safety inspection and maintenance review in addition to ensuring each device's portable appliance testing (PAT) certificate is in date.

Visual inspection of the machines in the post room were carried out. The inspection identified an in-date PAT certificate on all copiers and the folding machine but not on the guillotine.

Due to positioning of the guillotine, not all areas were available for inspection. Due to its weight, it could not be safely moved. All machines will be due for PAT retesting in one month's time. Therefore, this doesn't present as an issue at this time.

The inspection also verified that the warning labels, graphics, and instructions are present on all devices. It was also noted that the folding machine and copiers include a digital display to inform and guide users on how to execute processes or handle errors.

The six-monthly inspection and maintenance record for the guillotine was reviewed. The most recent inspection was conducted in November 2021. No such record was found for the copiers, although, the CO advised that inspections do occur at the mandated schedule. Also, a log is held on the machines themselves, and the printers automatically register a request for maintenance when a fault is detected.

## **Advisory**

**Consideration should be given to keeping a record of copier maintenance visits to demonstrate compliance with the risk assessment control.**

The MCM advised that, in most cases, equipment defects are identified while operating the device or by identifying output issues and tracking the process back to the faulty device.

For example, a fault with the print room folding machine was identified after a GDPR breach in which correspondence containing potentially sensitive personal information was sent to the wrong recipient. The MCM advised that the issue was the result of the folding machine folding letters, intended for multiple recipients, together. This resulted in the folding machine contract being re-tendered and the machine was ultimately replaced.

## 5 Conclusions

5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Media Services are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 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.

5.3 There are some issues that require further action:

- Corporate contracts are not scheduled for review in accordance with the Council's Code of Procurement Practice.
- Expenditure on external photography may not be compliant with the Council's Code of Procurement Practice.

5.4 Further, minor, 'issues' were identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted and addressing these issues are discretionary on the part of the service.

## 6 Management Action

6.1 The 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 – February 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Legal and Regulatory Risks - Procurement activities are contrary to legislation.	Corporate contracts should have review dates scheduled in accordance with the Council's Code of Procurement Practice guidance.	Low	Marketing & Communications Manager	Review dates have been agreed with the Procurement team and put in my calendar.	Completed
4.3.1	Legal and Regulatory Risks - Procurement activities are contrary to legislation.	Confirmation should be sought that expenditure on external photography is compliant with the Council's Code of Procurement Practice.	Low	Marketing & Communications Manager	Photography will be assessed for value with every booking.	Ongoing

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.