# Cumbria Shared Internal Audit Service
## Internal Audit Report for Carlisle City Council

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CITY COUNCIL
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## Audit of External Communications

Draft Report Issued:   14th October 2016

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# Audit Resources

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# Audit Report Distribution

| | |
|---|---|
| For Action: | Steven O'Keeffe, Policy and Communications Manager |
| For Information: | Jason Gooding, Chief Executive<br>Darren Crossley, Deputy Chief Executive |
| Audit Committee | The Audit Committee, which is due to be held on 22<sup>nd</sup> December 2016 will receive the following parts of the report:<br>• Executive summary (sections 1-4) and the Management Action Plan (section 5) |

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

# Executive Summary

## 1.    Background

1.1.   This report summarises the findings from the audit of External Communications. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.

1.2.   Corporate communication is the function involved in managing and coordinating internal and external communications with the stakeholders which the organisation serves. It is comprised of the messages issued by an organisation to its audiences, such as employees, the media, and the general public. Corporate communication is a key function effectively linking all stakeholders to the organisation

1.3.   At Carlisle City Council Communications are managed by Steven O'Keeffe, Policy and Communications Manager who reports directly to the Chief Executive. The Communications team reporting to Steven O'Keeffe is comprised of Sarah Irving, Media and Communications Officer and Janet Wainwright, Principle Graphic Designer.

## 2.    Audit Approach

2.1.   **Audit Objectives and Methodology**

2.1.1.   Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.  A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2.   **Audit Scope and Limitations**

2.2.1.   The Audit Scope was agreed with management prior to the commencement of this audit review.  The Client Sponsor for this review was Jason Gooding, Chief Executive.  The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas of **External Communications**;

- Clarity of purpose, objectives and risk management
- Roles & responsibilities
- Protocols and training for Officers and Members

- Communication support to other areas of the Council, particularly on service development projects and high risk areas such as emergency planning
- Corporate use of social media
- Website management

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

# 3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within External Communications provide **Substantial** assurance.

*Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

## 4. Summary of Recommendations, Audit Findings and Report Distribution

4.1.    There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2.    There is **1** audit recommendation arising from this audit review and this is summarised as follows:

| Control Objective | No. of recommendations | | |
|---|---|---|---|
| | **High** | **Medium** | **Advisory** |
| **1.  Management** - achievement of the organisation's strategic objectives achieved | - | - | - |
| **2.  Regulatory** - compliance with laws, regulations, policies, procedures and contracts | - | - | - |
| **3.  Information** - reliability and integrity of financial and operational information (see section 5.1) | - | - | 1 |
| **4.  Security** - safeguarding of assets | - | - | - |
| **5.  Value** - effectiveness and efficiency of operations and programmes | - | - | - |
| **Total Number of Recommendations** | 0 | 0 | 1 |

4.3.    **Strengths:** The following areas of good practice were identified during the course of the audit:

- A draft Communications Strategy and supporting toolkit have been prepared which are due to be issued in December 2016.
- The draft Communications Strategy requires that all communications are coordinated by the internal team.
- The policies listed in the Communications Strategy including the Social Media policy will be reviewed prior to release of the Strategy in December 2016.
- There is an annual programme of Communications projects designed to meet the Strategy.
- Objectives targets and performance is monitored within individual Communications Plans which have been prepared for each project included within the annual Programme.
- Progress towards delivering the annual programme of Communications projects is regularly monitored.

- Risks are listed and reviewed quarterly.
- There is a Media Protocol setting out what the rules are on all types of External Communications.
- The Code of Recommended Practice on Local Authority Publicity has been adopted and followed by the City Council.
- Briefing and Purdah guidelines are in place.
- Training on Media awareness has been provided to both Members and Staff.
- The Legal Department are regularly consulted on difficult or contentious issues.
- There is a Social Media Policy in place.
- Internet governance arrangements are in place and the website is effectively managed.
- A new Emergency Plan is being prepared which is due to be released in December 2016 including updated media arrangements.
- The format and content of Communications have been compared with those of other local Councils to ensure standards are consistent.
- Customer surveys have been conducted which will be applied to future Communications updates.
- There is standard Carlisle City Council branding and guidelines on Corporate design.

4.4. **Areas for development**: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- None


4.4.2. *Medium priority issues:*
- None


4.4.3. *Advisory issues:*

- The quality assurance and approval of individual Communication outputs is not always clearly and fully evidenced and lacks formality.

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**Comment from the Chief Executive**

Thank you to the Internal Audit Service for a thorough and helpful audit. I am happy to follow their advice to sharpen up quality control and accountability for signing off external communications.

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# Management Action Plan

## 5.    Matters Arising / Agreed Action Plan

### 5.1.    Information - reliability and integrity of financial and operational information.    ● **Advisory issue**

| Audit finding | Management response |
|---|---|
| 5.1.1. **Formality of the Quality Assurance and Approval Process**<br><br>Communications output whether in the form of Press Enquiry responses, Press Releases, or Printed / Digital Material is quality assured and approved but the evidence for this is not always complete or clear, consisting of e-mail trails, undocumented discussions and implied approval rather than definitive evidenced approval at each stage of production including formal sign-off at completion. | **Agreed management action:**<br>Recommendation accepted for implementation by 31 Dec 2016 |
| **Recommendation 1:** Management should consider the need for greater formality in the approval of all forms of Communications both in production, as part of the Quality Assurance process, and at final draft stage in order to ensure that there is clear, consistent and complete evidence of review and approval for each output. | |
| **Risk exposure if not addressed:**<br>• Risk of adverse publicity where an incorrect or incomplete message appears in a Communication and there is no clear evidence of Quality Assurance and final approval<br>• Greater possibility of misunderstanding in the preparation of the Communication leading to error. | **Responsible manager for implementing:**<br>**Policy and Communications Manager**<br>**Date to be implemented:**<br>**31/12/2016** |

# Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

| | Definition: | Rating Reason |
|---|---|---|
| **Substantial** | There is a sound system of internal control designed to achieve the system objectives and this minimises risk. | The controls tested are being consistently applied and no weaknesses were identified.<br><br>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks. |
| **Reasonable** | There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable. | Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.<br><br>Recommendations are no greater than medium priority. |
| **Partial** | The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk. | There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.<br><br>Recommendations may include high and medium priority matters for address. |
| **Limited / None** | Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk. | Significant non-compliance with basic controls which leaves the system open to error and/or abuse.<br><br>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present. |

# Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

| | | Definition: |
|---|---|---|
| **High** | ● | Significant risk exposure identified arising from a fundamental weakness in the system of internal control |
| **Medium** | ● | Some risk exposure identified from a weakness in the system of internal control |
| **Advisory** | ● | Minor risk exposure / suggested improvement to enhance the system of control |

Recommendation Follow Up Arrangements:
- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.