Appendix D CODA Audit Reports Completed and Presented to CODA Assurance, Audit and Risk Committee

Marketing and Social Media
Executive Summary

1 Introduction

Internal Audit has recently completed an audit of Marketing and Social Media at CODA Operations Ltd.

The purpose of this review was to provide senior management with an assurance about the adequacy and effectiveness of internal control. The objectives and scope for this review were agreed with the Commercial and Marketing Manager prior to the commencement of the audit.

The Audit work performed was as follows:

- Establishing the system of controls.
- Evaluating the adequacy of the controls.
- Designing and completing the audit programme to test the effectiveness of the controls.
- Reporting on the adequacy and effectiveness of the controls to achieve system objectives.

2 Objectives

The objectives of the audit are:

- To ensure there is a Marketing Strategy in place aligned to the CODA Business Plan.
- To ensure that a Marketing Plan for CODA Operations Ltd is in place and is subject to review.
- To ensure that budgets have been set for Marketing, available marketing support funding is received and ensure that projections associated with marketing activities are reasonable.
- To ensure there is an adequate Communication Planning Framework in place.
- To ensure that market information is collected, modelled and analysed to inform strategic objectives.
- To ensure there are management arrangements in place to manage stakeholders.
- To ensure the use of the Corporate Identity is monitored and promoted.
- To ensure that the key marketing channels are utilised effectively i.e.
  - Product marketing
  - Advertising
  - Literature and design
  - Direct marketing

- E-marketing
- Customer analytics
- Brand
- Public relations
- Internal marketing / communication to CODA staff

- To provide assurance over the control environment of social media to include:
  - Review of social media strategy, policy, procedure and processes
  - Assessment of the risk maturity of CODA to social media, based upon the Chartered Institute of Internal Auditors (CIIA) guidance
  - Monitoring and oversight controls to mitigate risks associated with social media
  - Day to day activities in the management of CODA's social media presence

3 Scope

- Marketing Strategy / Marketing Plan;
- Marketing Budget / Funding Support;
- Communication Planning Framework ;
- Research / Consultation;
- Stakeholder relationships
- Corporate Identify
- Key marketing channels to include Product Marketing, Advertising, Literature and Design, Direct Marketing, E-marketing, Customer Analytics, Brand, Public Relations, Internal Marketing / Communication to CODA staff
- Social media

4 Limitation of Scope

The review of social media is restricted to the areas listed in the objectives above.

5 Summary of Findings

From the testing carried out, Internal Audit found **satisfactory controls** over the Marketing and Social Media system. However, some improvements are recommended to enhance the overall system of internal control. The key recommendations made relate to:

Marketing Plan

CODA should consider including clearly defined SMART (specific, measurable, attainable, realistic and timely) objectives. As such reporting to the Board should show achievement towards these objectives rather than just a list of activity undertaken.

Marketing Budget

Internal Audit recommend that the budget should be profiled, based upon the timescale for campaigns within the marketing plan. This would help to provide a more realistic in year review of spend against budget.

Advertising

CODA should consider maintaining documentation as a robust audit trail for sign-off at key stages of advertising.

E-marketing

Senior management should consider consultation with customers to ensure the website meets their needs. Internal Audit recommend that a mechanism is put in place to gauge customers' views on the design / content of the website on an ongoing basis and how this could be improved.

Brand

CODA should consider including the 'Style Guidelines' and use of the CODA brand as part of staff induction training for all managers and administration staff who are required to use the brand.

Social media

CODA should consider developing a separate distinct social media policy to include the elements highlighted in the audit report. In addition a specific social media risk should be included on CODA risk register and continually reviewed.

6 Overall Conclusion and Opinion

On the basis of the audit work carried out the controls in place over Marketing and Social Media provide **satisfactory assurance** that the system objectives will be achieved.

Corporate Governance
Executive Summary

1 Introduction

Internal Audit has recently completed an audit of Corporate Governance at CODA Operations Ltd.

The purpose of this review was to provide senior management with an assurance about the adequacy and effectiveness of internal control. The objectives and scope for this review were agreed with the Finance and Administration Manager prior to the commencement of the audit.

The Audit work performed was as follows:

- Establishing the system of controls.
- Evaluating the adequacy of the controls.
- Designing and completing the audit programme to test the effectiveness of the controls.
- Reporting on the adequacy and effectiveness of the controls to achieve system objectives.

2 Objectives

The objectives of the audit are:

- To ensure that appropriate organisational structures and processes are in place.
- To ensure that appropriate systems are in place for effective financial reporting.
- To ensure that adequate systems of internal control are established and operate effectively in practice.
- To ensure that appropriate standards of behaviour are adhered to at all times by individual board members and all employees.
- To provide assurance of CODA compliance with the updated provisions of the UK Corporate Governance Code (last updated September 2014).
- To ensure CODA have appropriate plans in place, which are appropriately monitored and reported.
- To ensure the conditions of the Regional and City Airports Management (RCAM) contract are being complied with and monitored.
- To provide assurance over the progress on implementing the external Board review recommendations.

3 Scope

- Statutory Accountability;
- Company secretarial issues;
- Accountability for Public Money;
- Communication with Stakeholders;
- Roles and Responsibilities;
- Annual Reporting;
- Internal Controls;
- Risk Management;
- Audit Committee;
- External Auditors;
- Leadership;
- Codes of Conduct.
- CODA planning processes
- RCAM Contract; and
- Review of recommendations from External Board review

4 Limitation of Scope

None

5 Summary of Findings

From the testing carried out, Internal Audit found **satisfactory controls** over Corporate Governance. However, some improvements are recommended to enhance the overall system of internal control. The key recommendations are as follows:

Business Planning

Part 2 of the Business Plan should be developed as soon as is operationally feasible. Monitoring and reporting mechanisms should be defined, to regularly review performance against this plan.

Assessment of Board Effectiveness

An assessment of the performance of the Chair of the Board should be carried out as soon as is practicable.

Improvements to roles and responsibilities

- The Board should consider if it would be advantageous to have at least one Senior Management of CODA as an attendee at Board Meetings.
- Any future engagement of a Chair should have a clear outline of the additional duties required, which should be clearly stipulated within the Contract of Engagement.

Improvement to the systems for financial reporting and monitoring internal control

- In compliance with the Combined Code the CODA Board should consider including statements within their annual report to confirm that they have applied the main principles of the Corporate Governance Code and a statement on the effectiveness of CODA's system of internal control.

- Internal Audit recommends that the Board consider developing a Code of Conduct for Board Members and making a statement within their letter of representation confirming they have made a robust assessment of the principal risks.

Updated Provisions UK Combined Code 2016

Internal Audit recommends that the Board consider the latest changes to the Combined Code in 2016 for future accounting periods, and identify and implement any changes to current practices required.

Recommendations in relation to the RCAM Contract:

Internal Audit recommends that the Board note the areas reviewed by audit and the level of fees placed in the 'risk pot' and consider the correlation between performance and payment of these areas in future agreements.

Implementation of 'Strictly Boardroom' recommendations

A number of the Strictly Boardroom recommendations are not yet fully implemented:

- The appointment of additional Non Executive Director's (NED's) in the future is an area which should be kept under consideration to ensure the board has an appropriate mix of skills.
- Consideration should be given to whether training is needed to ensure Board Members are kept up to date with Best Practice on their roles/ responsibilities and reinforce and acknowledge the collective responsibility and working of the Board.
- The CODA Board should consider the frequency of meetings required for subcommittees and request the committees meet at the requisite frequency and amend the Terms of Reference accordingly.
- The CODA Board should consider if it is timely to review the governing documents.
- The Board should consider succession planning as early as considered feasible to ensure last minute board renewal / member replacement is avoided and to avoid a loss of corresponding skill / knowledge.
- Consideration should be given to the refreshment of the Board prior to any further extension of NED contracts
- The role of NEDs should be clearly stipulated within the contracts of engagement. In compliance with the Combined Code, consideration should be given to ensure that NED's have no executive responsibilities.

6 Overall Conclusion and Opinion

On the basis of the audit work carried out the controls in place over Corporate Governance provide **satisfactory assurance** that the system objectives will be achieved.