



Risk Committee of the Barbican Centre Board

Date: THURSDAY, 11 OCTOBER 2012
Time: 2.00pm
Venue: COMMITTEE ROOM 3, GUILDHALL

Members: John Tomlinson (Chairman)
Deputy Catherine McGuinness (Deputy Chairman)
Brian McMaster
Keith Salway

Enquiries: Julie Mayer
tel. no.: 020 7332 1410
julie.mayer@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club at 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS OF ANY PERSONAL AND PREJUDICIAL INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA**
3. **MINUTES**
To approve the public Minutes and Summary of the Barbican Risk Committee of the 21 May 2012.

(Pages 1 - 4)
4. **INTERNAL AUDIT UPDATE- SEPTEMBER 2012**
Report of the Chamberlain

For Information
(Pages 5 - 12)
5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
7. **EXCLUSION OF THE PUBLIC**
That under Section 100A of the Local Government Act 1972, the public be excluded from the following items, on the grounds that they involve the likely disclosure of Exempt Information, as defined in Part 1, of Schedule 12A (Paragraph 3) of the Local Government Act.
8. **MINUTES**
The approve the non-public Minutes of the Barbican Risk Committee held on 21 May 2012

(Pages 13 - 16)
9. **OUTSTANDING ACTIONS**
Report of the Town Clerk

For Information
(Pages 17 - 20)
10. **LOSS OF HEATING AND HOT WATER**
Report of the Interim Buildings Director

For information
(Pages 21 - 28)
11. **THEATRE FLYING SYSTEM (A VERBAL UPDATE)**

12. **INSURANCE UPDATE**
Report of the Chamberlain and Chief Operating and Financial Officer
For Information
(Pages 29 - 30)
13. **FIRE SAFETY UPDATE**
Chief Operating and Financial Officer
For information
(Pages 31 - 34)
14. **GOODS LIFT (A VERBAL UPDATE)**
15. **RISK REGISTER UPDATE**
Report of the Chief Operating and Financial Officer
For Information
(Pages 35 - 78)
16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY ITEMS OF BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

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RISK COMMITTEE OF THE BARBICAN CENTRE BOARD
21 May 2012

Minutes of the meeting of the RISK COMMITTEE OF THE BARBICAN CENTRE BOARD held in The Managing Director's Office at the Barbican Centre on MONDAY, 21 MAY 2012 at 9.30 am.

Present

Members:

Jeremy Mayhew (**Chairman**)
Deputy Catherine McGuinness (**Deputy Chairman**)
Keith Salway
John Tomlinson

Officers

Julie Mayer	- Town Clerk's Department
Paul Nagle	- Chamberlain's
Aden Lisman	- Chamberlain's
Caroline Al-Beyerty	- Chamberlain's
Peter Martin	- Barbican Centre
Sandeep Dwesar	- Barbican Centre
Nick Kenyon	- Barbican Centre

1. APOLOGIES

Mr Brian McMaster submitted apologies

2. DECLARATIONS BY MEMBERS OF ANY PERSONAL AND PREJUDICIAL INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA

There were no declarations.

3. MINUTES

The public minutes and summary of the meeting held on 6 February 2012 were approved as a correct record.

4. INTERNAL AUDIT UPDATE

This report provided the Committee with an update on the progress of Internal Audit reviews undertaken within the Barbican Centre since the last report in February 2012. Members noted that all items listed on the '*Outstanding Actions*' list, at item 9 on the Non-Public Agenda, in respect of Internal Audit, had been discharged in this report.

In the course of questions from Members, the following issues were raised:

1. Delayed redundancies – the Chamberlain's representative would confirm, as soon as possible, with both the Chairman of the Board and the Risk Committee, that this had been completed.

2. Virtual Private Networks connections – Members noted that the audit of the new Firewall systems had highlighted some new, relatively minor issues, in respect of one or two connections to rarely used organisations. The Internal Auditor explained that there had been no problems at the point of the review. Implementation of the green recommendation was due for completion by June 2012. Officers assured Members of stronger lines of communication between the Centre and Corporate IT.
3. Annual IS Strategy – Members noted that the IS Strategy had been informed by the findings from IT audits and updates from the industry press. The City IS Security Strategy would be presented to the Information Systems Sub Committee on an annual basis. The Chief Operating and Financial Officer assured Members that the Barbican Centre IT team meets regularly with the Corporate IT team.
4. Green Assurance Audit Reports - Members would like to receive copies of previous audit report summaries, circulated prior to the current practice of circulating the summaries to all Members and not just the Chairman and Deputy Chairman. The Head of Audit agreed to circulate the Trade Waste Audit Summary to Members.
5. Appendix 1 (Securities and Facilities Management) – the Head of Internal Audit confirmed that the audit follow-up is going ahead as planned. The Chairman asked to be informed if the follow-up indicated that the two recommendations had or had not been implemented.
6. Appendix 2 (Old Contracts) – the Chamberlains’ representative advised that proportionality was being taken into account in the review of when to ‘draw a line’ in particular cases and this exercise would be concluded shortly.

The Managing Director commended the joint working between Chamberlains and the Barbican Centre, which had produced a very positive review.

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6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

**SUMMARY OF THE MATTERS CONSIDERED WHILST
THE PUBLIC WERE EXCLUDED**

9. MINUTES

The non-public minutes and summary of the meeting held on 19 October 2011 were approved as a correct record.

10. OUTSTANDING ACTIONS

Received

11. CAPITAL CAP 3

Withdrawn

12. RISK REGISTER UPDATE

Received

13. FIRE SAFETY BRIEFING

Received

At 11.25 am Members agreed to suspend standing orders, to conclude the business on the Agenda

14. INSURANCE ARRANGEMENTS

Received

15. QUESTIONS RELATING TO THE WORK OF THE COMMITTEE

There were no questions

**16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
AND WHICH THE COMMITTEE AGREED SHOULD BE CONSIDERED
WHILST THE PUBLIC WERE EXCLUDED**

There were no urgent items.

The meeting finished at 11.50 am

CHAIRMAN

**Contact Officer: Julie Mayer
tel. no. 020 7332 1410
e-mail: Julie.mayer@cityoflondon.gov.uk**

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Agenda Item 4

Committee(s):	Date(s):	Item no.
Risk Committee of the Barbican Centre Board	11 th October 2012	
Subject: Internal Audit Update Report – September 2012		Public
Report of: The Chamberlain		For Information
<u>Summary</u>		
<p>1. The purpose of this report is to provide your committee with an update on the progress of Internal Audit reviews undertaken within the Barbican Centre since the last report made in May 2012. There were eight Internal Audit reviews included within the 2011/12 Internal Audit Plan –seven are now fully completed, a further review was carried forward into the 2012/13 audit plan with a draft report currently being considered by Barbican Management.</p> <p>2. There are a number of important control issues which have been identified in respect of the Control Self-Assessment of Construction Design Management (Health and Safety) review which is at draft reporting stage. Management have notified internal audit that they are actively addressing the recommendations raised. All other Internal Audit work undertaken since the last update report in May 2012 has not revealed any other significant weaknesses.</p> <p>3. Work is progressing on the 2012/13 Internal Audit planned work within the Barbican Centre. The review of Retail Outlets is completed to draft report stage. Details of the Internal Audit Plan for 2012/13 are included within Appendix 2 of this report.</p>		
Recommendations		
<ul style="list-style-type: none">• That this report be noted.		

Main Report

Background

4. Regular update reports on Internal Audit activity within the Barbican Centre were requested by the Barbican Centre Finance Committee in November 2009. This report includes details of internal audit outcomes following the finalisation of the 2011/12 Internal Audit Plan and also provides an update on progress being made against the 2012/13 Internal Audit Plan.

Internal Audit Plan 2011/12 completion

5. Two reviews commenced in 2011/12 have been progressed to Final Report Stage:-.

- Income Collection and Banking – which examined the controls over income once it has been recorded in the Box Office system (ENTA) to transfer to the Finance Office for banking and posting to CBIS.
- Events Income & Expenditure (including Artifax) – which examined the control of raising invoices for events, setting charges and ensuring that all relevant expenditure has been recharged to each event.

6. A Control Self-Assessment of Construction Design Management (CDM) (Health and Safety) review is currently at draft reporting stage. The draft report was issued at the end of July 2012. Management have notified internal audit that they are actively addressing the recommendations raised which includes improving procedures over the notification of ‘notifiable’ projects to the HSE in accordance with CDM regulations , and ensuring a construction phase plan is in place prior to work commencing on construction projects.

Barbican Centre – Income Collection and Banking (25 days)  - 4 green priority recommendations

7. The systems of control for collecting and recording and banking income are considered to be sound, with adequate division of duties being practiced. There are also good systems in place over the safe custody of income prior to banking and existing insurance limits for cash holdings are not being exceeded.
8. A minor area of improvement was identified over management authorisation of income reconciliations. It was recommended that the Master Banking Reconciliations prepared by cashiers should be independently checked on a weekly basis for accuracy and completeness by the Systems and Control Manager. This recommendation was accepted, to be implemented by 30th June 2012.
9. It was established that whilst written procedures (known as “How to Cashiers) have been prepared, current staff had not been issued with a copy. It was agreed that a review of these procedures to ensure that they are up to date will be undertaken and made available to staff via the Centre’s shared file drive by 1st September 2012.

10. Controls over monitoring and recovery of overdue debts were examined and it was concluded that arrangement in practice are not consistent with current written procedures. This is because it was found that there had been no consistent follow-up of overdue debts since January 2012. Unpaid invoices as at April 2012 were £1.28 million. It was recommended that written procedures were adhered to and that outstanding debts were followed-up to establish what action was being taken by the Chamberlain's Revenue Collection Group and the City Solicitor. Debts totalling £84,575 are being considered for write-off. (These are in respect of irrecoverable debts raised between July 2007 and November 2010). All debts have now been followed-up and the Centre's new Credit Controller has received training on debt management procedures.
11. The Managing Director of the Barbican Centre agreed to ensure that all outstanding recommendations were to be implemented by 31st August 2012.

Barbican Centre Events Income & Expenditure (20 days)

(4 green priority recommendations.)

12. Audit testing completed in June 2012 established that there are sufficient processes in place across the three departments to control income and expenditure. The departments review fees and production budgets regularly. The Corporate Sales department has undertaken benchmarking to ensure their fees remain competitive. In addition the Barbican Centre has reviewed its commercial strategy.
13. Income and expenditure is being recorded on CBIS and all event associated expenditure examined as part of this review was processed through the Finance Office, accounted for and posted to the correct event. Two event accounts for theatre productions which completed at the end of November and December 2011 had not been finalised at the time of testing. In both these cases, the delay in finalisation was due to where internal recharges needed to be processed. It was agreed with Internal Audit that wherever possible accounts will be settled promptly. Four contracts for Music Department bookings were not fully completed with signatures and dates and it was agreed that the Management Accountant will check that contracts are fully completed with immediate effect.
14. The dates that contracts for the Theatre Department are sent and signed copies returned are not always being recorded on the Artifax system in the fields provided for this information. The issue of consistency of system use across the Barbican Centre was raised with the Chief Operating and

Financial Officer; he has subsequently decided that given other compensating controls, the Theatre Department can continue with the current level of Artifax utilisation.

15. Access controls to the Artifax system were found to comply with the City of London's System Development Security & Audit Requirements, however, there were four generic user IDs which weakens the audit trails within the system and therefore not all transactions can be traced back to individual users. Subsequent to the review the Artifax suppliers advised the Centre that admin users cannot be disabled or renamed, however, the Centre's IT Manager has reset all passwords and read only access granted where this is sufficient.
16. Controls for budget setting and monitoring were found to be satisfactory with fees and production budgets being reviewed on a regular basis. The Corporate Sales Team undertakes benchmarking to ensure that their fees are competitive and the Centre's commercial strategy has been reviewed in the past 12 months.
17. The Managing Director of the Barbican Centre has advised that all recommendations have now been implemented.

Implementation of Agreed Audit Recommendations

18. All amber priority rated recommendations resulting from the finalised 2011/12 reviews have been implemented. Details of implementation of other open green priority recommendations from finalised internal audit reports are set out in Appendix 1.

Internal Audit Plan 2012/13

19. Work on delivery of the 2012/13 Internal Audit Plan is progressing satisfactorily. There are eight planned reviews for completion during the 12 month period. A draft report has recently been issued in respect of the Retail Outlet review.

Appendices

- Appendix 1 – Schedule of Internal Audit Projects 2011/12
- Appendix 2 – Schedule of Internal Audit Projects 2012/13

Contact:

Jeremy Mullins, Audit Manager
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Schedule of Internal Audit Projects 2011/12

Full Reviews

Project	Planned Days	Audit Stage	Assurance Level	Recommendations				Recommendation Implementation Progress
				Total Red	Total Amber	Total Green	Total	
Income Collection and Banking	25	Final Report Issued	Green	0	0	2	2	All implemented by 31 st August 2012.
Income & Expenditure controls (including Artifax)	20	Final Report Issued	Green	-	-	4	4	All implemented by 30 th September 2012.
Construction Design Management (Health & Safety)	15	Management Letter issued by 26 th July 2012	Amber (tbc)	tbc	tbc	tbc	Tbc	

Schedule of Internal Audit Projects 2012/13

Project	Planned Days	Planned Completion Date	Current Stage	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Retail Outlets</u> The Barbican Centre has a number of retail outlets and has recently taken back in-house the management of the bookshop. The procurement, pricing, stock control, and income collection and banking controls will be examined.	25	30 th June 2012	Draft Report	-	-	-	-
<u>Stocks and Stores</u> There are a number of stores operating across the Centre, for example set and scenery materials, technical equipment, and tools and machinery. This review will examine the arrangements for the purchase, recording, security and disposal of items held within stores. It will also consider how appropriate the current level of stocks are, given the Centre's level of activity.	20	31 st March 2012	Not started	-	-	-	-

<p><u>Box Offices Process</u></p> <p>The Box Office is the event booking and ticketing outlet for the Barbican Centre catering for on-line, telephone and face-to-face customers. The collection and recording of income will be reviewed, as well as controls over complimentary and refunded tickets. This review will not examine e-ticketing or the software application which it is planned to review separately.</p>	10	31 st December 2012	Not started	-	-	-	-
<p><u>Annual IS Strategy & Security</u></p> <p>"This being an annual review as requested by the Barbican Committee following the 2011/12 review. The objectives of the audit exercise are to establish and assess: -</p> <ul style="list-style-type: none"> • Adequacy of the strategy in providing the operational service required. • Responsibility to ensure that tasks have been properly assigned. • Configuration to ensure it provides a sound operational and secure setting. • Logical access controls to ensure a secure management frameworks. • Operational and housekeeping procedures • Resilience. <p>Additionally to incorporate a second follow-up on ICT review (department request).</p> <p>"</p>	5	31 st December 2012	Planning	-	-	-	-

<p><u>E-commerce – Box Office Application (ENTA)</u></p> <p>Standard application/system review, objectives being to establishing and evaluating the strategy, responsibility, logical security, physical & environmental controls, housekeeping and resilience.</p>	10	31 st March 2012	Not started	-	-	-	-
<p><u>Business Continuity (Including disaster recovery)</u></p> <p>Will assess Barbican DR plans being based on Barbican strategic objectives and stated need compared to benchmark leading practice.</p>	15	31 st December 2012	Not started	-	-	-	-
<p>Projects – Cost Monitoring</p> <p>This review will examine the Barbican Centre’s procedures for monitoring and control of the cost of projects, the process of updating of budgets and cost reports, and the governance arrangements in place to ensure adequate reporting and authorisation of cost overruns.</p>	15	31 st December 2012	Planning				

Agenda Item 8

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of the Local Government Act 1972.

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