



Risk Committee of the Barbican Centre Board

Date: TUESDAY, 14 OCTOBER 2014
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Catherine McGuinness (Chairman)
Deputy John Tomlinson (Deputy Chairman)
Lucy Frew
Sir Brian McMaster (External Member)
Keith Salway (External Member)
Jeremy Simons

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Lunch will be served in the Guildhall Club at 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **MEMBERS DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and summary of the meeting held on 10 June 2014.
For Decision
(Pages 1 - 4)
4. **INTERNAL AUDIT UPDATE**
Report of the Head of Internal Audit and Risk Management.
For Information
(Pages 5 - 12)
5. **PROCEDURES IN PLACE IN THE EVENT OF ARTIST CANCELLATIONS**
Report of the Director of Audiences & Development.
For Information
(Pages 13 - 16)
6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
8. **EXCLUSION OF THE PUBLIC**
MOTION – 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.
9. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 10 June 2014.
For Decision
(Pages 17 - 20)
10. **OUTSTANDING ACTIONS**
Report of the Town Clerk.
For Information
(Pages 21 - 22)
11. **RISK REGISTER UPDATE**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 23 - 66)
12. **EXHIBIT B VERBAL UPDATE**
Verbal update of the Director of Audiences and Development.
For Information

13. **BARBICAN IT SECURITY SYSTEMS AND POLICIES**

Report of the Chief Operating & Financial Officer.

For Information
(Pages 67 - 70)

14. **FINANCIAL APPRAISAL PROCESS**

Report of the Chamberlain.

For Information
(Pages 71 - 74)

15. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

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RISK COMMITTEE OF THE BARBICAN CENTRE BOARD

Tuesday, 10 June 2014

Minutes of the meeting of the Risk Committee of the Barbican Centre Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Tuesday, 10 June 2014 at 1.45 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Brian McMaster (External Member)
Deputy John Tomlinson (Deputy Chairman)	Keith Salway (External Member)
Lucy Frew (Ex-Officio Member)	Jeremy Simons

Officers:

Matthew Pitt	Town Clerk's Department
Paul Nagle	Chamberlain's Department
Sir Nicholas Kenyon	Managing Director, Barbican Centre
Niki Cornwell	Chamberlain's Department
Michael Dick	Guildhall School of Music & Drama
Sandeep Dwesar	Barbican Centre
Leonora Thomson	Barbican Centre
Nigel Walker	Barbican Centre

1. APOLOGIES

There were no apologies.

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

There were no declarations.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 14 January 2014 be approved.

4. CITY CORPORATION RISK MANAGEMENT UPDATE

The Committee received a report of the Chamberlain presenting an update on the Corporate Risk Register and the City Corporation's new Risk Management Strategy.

The Deputy Chairman requested a report be brought to the next meeting which outlined how the Centre could take forward the changes to Risk Management outlined in the new corporate strategy.

RESOLVED – That the report be noted.

5. **INTERNAL AUDIT UPDATE**

The Committee received a report of the Chamberlain providing the Committee with an update on the progress of Internal Audit reviews undertaken at the Barbican Centre since the last report made in January 2014.

In response to a Member's question, the Chamberlain responded that within the Audit Team there were two specialist Information Services (IS) Audit Managers. He added that a three year cyclical review was undertaken with year on year follow up on IS defence issues.

The Chairman requested a short briefing report on the IS defence processes and procedures.

In response to a Member's question, the Chief Operating and Financial Officer responded that where touring exhibitions went into new and unknown areas there were greater risks even where the Centre acted to minimise this.

RESOLVED – That,

- a) the report be noted;
- b) a report detailing IS defence measures at the Centre be brought to the next meeting; and
- c) a report updating Members on progress with implementing changes to risk management at the Centre following the recent change to City Corporation Risk Management Strategies be brought to the next meeting.

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 urgent 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.

Item No.

9 – 17

Paragraph No.

3

9. **NON PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 14 January 2014 be approved.

Matters Arising:

Maintenance Contract Issues

The Chamberlain advised that she was working with departmental colleagues to resolve the outstanding cost issues via a claim for compensation. The Operations and Buildings Director confirmed that his team was working closely with the City Surveyors Department to minimise disruption from the current contract.

10. **OUTSTANDING ACTIONS**

The Committee considered a report of the Town Clerk.

11. **RISK REGISTER UPDATE**

The Committee received a report of Chief Operating and Financial Officer.

RESOLVED – That the report be noted.

12. **JUST JAM: FOLLOW UP**

The Committee received a verbal update by the Director of Audiences and Development.

RESOLVED – That the update be noted.

13. **DEMONSTRATIONS/PROTESTS AT THE BARBICAN CENTRE**

The Committee received a report of the Chief Operating and Financial Officer.

RESOLVED – That the report be noted.

14. **HEALTH AND SAFETY UPDATE**

The Committee received an update by the Operations and Buildings Director.

RESOLVED – That the update be noted.

15. **DESIGNING 007: FIFTY YEARS OF BOND STYLE - EXHIBITION IN MOSCOW**

The Committee received a report of the Chief Operating and Financial Officer.

RESOLVED – That the report be noted.

16. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was one urgent item.

The meeting ended at 3.27 pm

Chairman

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Agenda Item 4

Committee:	Date:
Risk Committee of the Barbican Centre Board	14 th October 2014
Subject: Internal Audit Update Report	Public
Report of: Head of Internal Audit and Risk Management	For Information

Summary

This report provides an update on the internal audit reviews undertaken between June 2014 and September 2014 as well as further information on the progress being made on the completion of the 2013/14 Internal Audit Plan (Appendix 1). It also includes a status update in respect of the schedule of planned work for 2014/15 (Appendix 2).

One full audit from the 2013/14 audit plan has been postponed as result of the need to reprioritise other internal audit work. This review of International Enterprise is anticipated to be completed by the end of December 2014.

Draft reports have been issued in respect of two 2014/15 Control Self-Assessment (CSA) reviews: Projects -Extensions of Time and Interim Valuations (details of the outcome of these reviews will be included in the next update report once management action plans have been agreed).

A planned spot check of debt management has been finalised which concluded that the overall systems of control for the management and monitoring of debts are operating adequately and in accordance with Financial Regulations.

Fieldwork in respect of the spot check of Expense Claims has been completed and the findings subsumed by a wider corporate review. A thematic issue of inaccurate coding of expenditure was identified and a further update will be presented to this Committee once the review output has been finalised.

Two follow-up exercises have been completed in respect of the ICT Review finalised in July 2013 and the Stocks and Stores audit finalised in August 2013. A good level of implementation of audit recommendations has been noted.

Recommendation

Members are asked to note the outcome from recent internal audit work and progress against the internal audit planned work.

Main Report

Background

1. This report provides an update on audit work progressed since the last update to this Committee in June 2014 and includes a summary of the status of all 2013/14 reviews (Appendix 1) and 2014/15 reviews. (Appendix 2). An analysis is also provided in respect of the progress made in implementing Internal Audit recommendations based on the outcome of recent follow-ups.

Delivery of Internal Audit Work

2. Since the last Committee update report, the planned review of Debt Management has been finalised and the detailed outcome is reported below. Fieldwork in respect of the planned spot check of Expense Claims (including staff hospitality) has been completed and subsumed within a corporate review in light of issues related to the accuracy of coding of expenditure, a recurring theme across City of London departments. A further update will be provided to this Committee once the corporate expenses work has been finalised. It should be noted that these were the last two spot checks relating to the 2013/14 plan year; no further such checks are planned.
3. Following the decision at the last meeting of this Committee to cancel the review of the Value Framework, one full audit remains outstanding. It is anticipated that the review of International Enterprise will be initiated shortly and concluded by the end of December 2014. This delayed delivery is due to emerging priorities in other City departments, which have required resources to be focused elsewhere.
4. Two follow-up exercises have been completed since the last meeting of this Committee in respect of reviews finalised in 2013/14. The outcome of these exercises relating to Stocks and Stores and ICT Strategy, Security and Operations are shown below.
5. Progress in delivering 2014/15 audit reviews has comprised the completion of fieldwork in respect of two CSA exercises and the initiation of the annual ICT assurance review. Draft reports have been issued in respect of the Project Control Self Assessment reviews: Extensions of Time and Interim Valuations and the detailed outcomes will be reported to the next meeting of this Committee, once the management action plans have been agreed.

Summary of audit review outcomes - 2013/14 Planned Work

Debt Management (5 days)

6. This probity check was focused on debt levels, the adequacy of arrangements related to recovery action and resulted in the provision of substantial assurance. Testing identified that the overall systems of control for the management of monitoring of debts are operating adequately and in accordance with Financial Regulations.

7. The Barbican Finance Department was found to have adequate written procedures for monitoring debts for the whole Centre. Testing confirmed that debts over 30 days old are monitored consistently each month and actions taken to recover outstanding amounts are recorded appropriately.
8. An examination of Aged Debtors for end of the 2013/14 financial year period identified that the outstanding debts (i.e. debts more than 30 days old) totalled £986,720. This represents a £235,000 reduction over the previous financial year 2012/13, where the debts totalled £1,222,062.
9. With regard to a prominent debt of £16,000 (dating back to 2012) accrued by the Centre's catering contractor, Searcy's, it was noted that these are monitored closely by the Centre under an agreed arrangement. The debts are understood to relate mainly to room hire for external client events and the charges were billed directly to Searcy's on the basis that they were collecting the catering element directly from the clients. The need for payment in advance of the event for the room hire element is understood to have presented difficulties and the contract was subsequently amended to incentivise Searcy's to chase the client for the room hire element. Currently if no payment is obtained within a six month period, Searcy's is obliged to pay the Centre the full hire cost; the £16,000 is thus considered to be a legacy issue.
10. It was understood from discussions with the Group Accountant that no debts had been written off during the 2013/14 financial year.

Other Relevant Assurance Work

11. Delivery of the plan of corporate and key systems reviews across the City's departments is on-going, providing assurance over a range of arrangements relevant to the Barbican Centre. A review of banking arrangements has been completed and two reviews in City Procurement are in progress: one concentrating on the payment of invoices and the other relates to the work of the Corporate Buying Team. A review of Insurance arrangements is also imminent.

Implementation of Audit Recommendations

12. Based on the outcome of the two recent follow-up exercises there has been a high degree of recommendations implementation. The summary of progress since the last update report is as follows:

Recommendations	Red	Amber	Green	Total
Implemented	0	1	17	18
In progress	0	2	3	5
Total	0	3	20	23

13. The follow-up review of the Stocks and Stores audit finalised in August 2013 identified that out of the 17 green priority recommendations made, 14 had been implemented in full. The outstanding recommendations related to the development of written procedures for the day to day operation and management of stocks and stores, the undertaking of a feasibility study of the store to evaluate need and whether value for money is demonstrated in its operation, and regular reconciliations between the financial balance on the stock system and CBIS.
14. The follow-up review of the 2013 ICT Strategy, Security and Operational Control identified that of the six recommendations made (three amber priority and three green priority), four had been implemented as far as feasible and two amber recommendations were in progress.
15. The two outstanding recommendations relate to the significant omission from the Disaster Recovery Plan of the arrangements to cater in full for the total loss of the computer room, and the need to improve and document the testing of user system and access which is performed remotely to the Disaster Recovery site. Actions were in progress and full implementation is anticipated by the end of October 2014.

Conclusion

16. The review of Debt Management has provided substantial assurance, identifying that arrangements in this respect are well-controlled and as such no recommendations were made. Follow-up exercises in respect of Stocks and Stores and ICT identified a high degree of recommendation implementation.
17. Work in other City departments which represent greater overall risk to the organisation has resulted in the deferral of a full review from 2013/14 until later in the 2014/15 plan year. In determining this resource prioritisation, account has been taken of the overall sound control and risk environment at the Centre and previous recent coverage of internal audit work.

Appendices

Appendix 1 Internal Audit Plan Schedule of Projects 2013/14

Appendix 2 Internal Audit Plan Schedule of Projects 2014/15

Paul Nagle, Head of Audit and Risk Management

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Scheduled Work Internal Audit Plan 2013/14

Project	Planned Days	Planned Completion Date	Current Stage	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Business Continuity Review</u> The objective of this review is to determine the assurance that can be placed on the Barbican Centre's business continuity management system.	15	31 st January 2014	Complete	-	1	9	10
<u>Variation Orders and Change Control Procedures (Barbican Centre)</u> This review will examine the method by which project variations are notified, authorised and controlled, and the effectiveness of change control reporting arrangements.	20	31 st March 2014	Complete	-	3	-	3
<u>Barbican Centre – International Enterprise</u> The activities of this initiative will be examined with emphasis on governance, operational controls and measurement of outcomes.	10	31 st December 2014	Not started	-	-	-	-

Project	Planned Days	Planned Completion Date	Current Stage	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Spot Check Reviews</u>							
<u>Cash Security (Petty Cash/Floats/Safes)</u> Probity check of cash holdings against agreed sums, security arrangements and reconciliations.	5	30 th June 2013	Complete	-	2	-	2
<u>ICT – Annual review</u> This review of strategy, security and operational control is intended to establish and assess the assurance level that can be placed on the Barbican Centre's ICT operation.	5	31 st July 2013	Complete	-	3	3	6
<u>Debt Management (including CBIS AR)</u> Probity check of debt levels and recovery action.	5	31 st August 2014	Complete	-	-	-	-
<u>Expense Claims (including staff hospitality)</u> Probity check of a sample of claims submitted by staff.	5	31 st October 2014	Draft Report	-	-	-	-

Scheduled Work Internal Audit Plan 2014/15

Project	Planned Days	Planned Completion Date	Current Stage	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>CSA – Extensions of Time</u> This Control Self-Assessment review will consider the level of compliance with contractual requirements.	15	30 th September 2014	Draft report				
<u>CSA – Interim Valuations</u> This Control Self-Assessment review will consider the level of compliance with contractual requirements.	15	30 th September 2014	Draft Report				
<u>Box Office (income target setting and monitoring)</u> This audit review will examine the process for determining how productions are priced so that costs are recovered and audiences will be attracted to purchase tickets, as well as the relationship between the target income to be achieved and the scope that the Centre has for setting prices in a competitive environment.	15	31 st December 2014	Not started				

Project	Planned Days	Planned Completion Date	Current Stage	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Budget Setting / Financial Management</u> The purpose of this review is to ascertain how the Barbican Centre sets a budget that is flexible at a time of economic uncertainty and addresses the commercial, artistic and educational aspects of the Centres programme. It will also examine budget monitoring and the accuracy of financial performance reporting.	10	31 st December 2014	Not started				
<u>Mini – Assurance Reviews</u> <u>ICT Assurance Overview</u>	4	30 th November 2014	Initiated				
<u>Business Continuity Management Review (incl. 2013 review follow-up)</u> Standard BCMS review (includes organisational structure, polices, planning activities, responsibilities, procedures and resources) based on previous comprehensive baseline audit. Undertaken at the request of Barbican Risk committee.	7	31 st December 2014	Not started				

Committee: Risk Committee of the Barbican Centre Board	Date: 14 th October 2014
Subject: Procedures in place in the event of artist cancellations	For Information
Report of: Director of Audiences and Development	Non- Public
<u>Summary</u>	
<p>Following a query at a previous Barbican Risk Committee, this report summarises the processes put in place in the event of an artist cancelling.</p>	
Recommendations	
<p>It is recommended that Members note the contents of this report.</p>	

Main Report

Background

1. At the meeting of the Barbican Risk Committee on 10 June 2014 a member asked a question regarding artistic cancellations. He was interested in how the arts departments avoided cancelling events if a particular artist had to cancel, asking what processes were in place. During the discussion a question was also asked about box office practice and procedures in case of cancellation. The Director of Audiences and Development undertook to liaise with the Director of Arts and bring information to the next meeting. This short report gives information to members on these issues.

Artistic planning

2. Generally the process for a cancellation would involve the following steps. Initially there would be substantial discussion at Head and Director level and discussions with any partners.

3. Once a decision is made the relevant people are informed: the Customer Experience department (Box Office and Centre Managers), Communications, Marketing, and Development if relevant due to funding.
4. Audience communication is then put into place through marketing and box office. These days communication is massively enhanced by social media which we can use in addition to email, phone and text.
5. Financial decisions will be worked through e.g. whether it is a fee cancellation, or whether we give an audience refund.
6. Events with high risk attached e.g. major names, controversy or very high income targets, go on to the organisational risk register. We have recently also started a separate document which lists potentially controversial productions, given the recent increase in protest situations.
7. There many variations that we have to respond to but the basic communication system described above is understood and has been proven to work. There are variations for each art form and some scenarios are listed below.
8. **Gallery:** In a recent example of an event cancellation, when Guy Tillim was unable to come over from South Africa because of visa issues, we cancelled his talk. However, if particular exhibits were withdrawn or unavailable at last minute we would find replacements or expand the rest of the show.
9. **Cinema:** Because of the nature of the cinema business, there are quite frequent changes to release dates. For these, the audience informed via the website or via direct communication if tickets have already been bought. Occasionally a print for an art house movie might not arrive, or could be of unacceptable quality. In these circumstances we would let people know in advance if we have time by phone, email or text or put something else on instead, whilst offering a refund.
10. **Contemporary music:** Recent examples of major artist changes included both our major offsite weekend events. Toots, from Toots and the Maytals, pulled out of headlining Open East in 2013 after being hit by a bottle at another gig, and sadly, Bobby Womack died

shortly before he was due to headline the Walthamstow Garden Party. On both occasions suitable replacements were found and we did not offer refunds. There is generally no understudy system for bands. The Just Jam cancellation in February of this year is another example of the different kinds of situation we sometimes have to manage and also demonstrates how we review a situation and implement learning across the organisation.

11. **Classical:** Within the classical music programme, extensive industry knowledge is used to replacements for soloists and conductors at the last minute. The information on replacement artists is then communicated to the audience and a decision is made on whether a refund is offered at the time the audience is informed. This judgment will depend on how major a name the soloist or conductor is.
12. **Theatre/Dance:** On certain theatre shows an understudy system is in place. A high-profile non-Barbican-related example was when David Tennant was replaced by an unknown understudy in Hamlet for a run in the West End. Some smaller companies do not have understudies and indeed can sometimes adapt the work to cover the person who has pulled out. Dance companies can usually adapt, unless a major soloist is involved. In another non-Barbican example, Akram Khan adapted his show at the Edinburgh Festival this year when a soloist was injured; a shorter version of the show was made and 20% refund given to audiences. Our learning from Just Jam helped us in handling the more current controversy over Exhibit B and we will in turn ensure we review and learn from this.

Box Office procedures

13. There is a rigorous event change/cancellation procedure which the box office team follows as soon as an event change decision is made. The document states what has to be put into place and when, who has to be consulted and the responsibilities of each nominated manager. It also describes the customer communication protocol.
14. Alongside that document and more used on a day to day basis, as the procedure is now so engrained in staff, is an event change and cancellation checklist.

Conclusion

15. The above report summarises procedures undertaken with regard to event changes and cancellations.

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Director of Audiences and Development

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