



Risk Committee of the Barbican Centre Board

- Date:** WEDNESDAY, 29 JUNE 2016
- Time:** At the rising of the Finance Committee of the Barbican Centre Board
(approx. 3.15 pm)
- Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL
- Members:** Deputy Dr Giles Shilson (Chairman)
Deputy John Tomlinson (Deputy Chairman)
Lucy Frew
Sir Brian McMaster
Keith Salway
- Enquiries:** Gregory Moore
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N.B. Part of this meeting may be the subject of audio or visual recording.

**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 of the meeting held on 20 January 2016.
For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**
Report of the Town Clerk.
For Information
(Pages 5 - 6)
5. **INTERNAL AUDIT UPDATE**
Report of the Head of Internal Audit.
For Information
(Pages 7 - 24)
6. **BRIBERY AND CORRUPTION: POLICIES**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 25 - 32)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **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
For Decision
10. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 20 January 2016.
For Decision
(Pages 33 - 36)
11. **RISK REGISTER**
Report of the Director of Operations & Buildings.
For Information
(Pages 37 - 72)

12. **BARBICAN CENTRE SECURITY REVIEW PROPOSALS**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 73 - 80)
13. **EVACUATION DRILLS - FOYER**
Report of the Managing Director.
For Information
(Pages 81 - 86)
14. **CINEMA EVACUATION UPDATE**
Report of the Managing Director.
For Information
(Pages 87 - 104)
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

Wednesday, 20 January 2016

Minutes of the meeting of the Risk Committee of the Barbican Centre Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 20 January 2016 at 9.30 am

Present

Members:

Deputy Dr Giles Shilson (Chairman)
Lucy Frew
Deputy Catherine McGuinness
Sir Brian McMaster
Keith Salway

In Attendance

Officers:

Sir Nicholas Kenyon	- Managing Director, Barbican Centre
Sandeep Dwesar	- Chief Operating & Financial Officer, Barbican Centre
Michael Dick	- Director of Operations & Buildings, Barbican Centre
Louise Jeffreys	- Director of Arts, Barbican Centre
Steve Eddy	- Head of HR, Barbican Centre
Jim Turner	- Head of Projects, Barbican Centre
Nigel Walker	- Head of Security, Barbican Centre
Niki Cornwell	- Head of Finance (Barbican), Chamberlain's Department
Anna Simmonds	- Senior Audit Manager, Chamberlain's Department
Gregory Moore	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Judith Pleasance and Deputy John Tomlinson.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were none.

3. MINUTES

The public minutes of the meeting held 13 October 2015 were approved.

4. OUTSTANDING ACTIONS

The Committee noted the outstanding actions list and received updates on the items thereon.

Bribery Act: Whilst it had not been possible to produce a more comprehensive report examining the prospective amendments to contracts and considering

potential guidance to officers requested, the Town Clerk and Head of HR circulated a summary paper providing a brief outline of the policies and training currently in place for Barbican staff. Members were encouraged to raise any questions with the Town Clerk outside of the meeting once they had had time to review the policies. A separate report concerning guidance to Barbican International Enterprise staff and potential amendments to contracts with third parties and sub-contractors would be presented to the next meeting.

Security - Contractual Items: The Director of Operations & Buildings confirmed that the suggested amendments to contracts to enable the recovery of additional security costs were indeed possible and would be implemented.

Equality and Diversity Action Plan: The Head of HR advised that thought was being given to potential risks and mitigation as the plan developed; crucial to this would be the data currently being produced to inform future actions. An update report on the Action Plan was being produced for the October Board meeting; the report would also be presented to the Risk Committee that month to facilitate appropriate consideration of any associated risks and planning.

RECEIVED.

5. **INTERNAL AUDIT UPDATE**

The Committee received a report of the Head of Internal Audit and Risk Management providing an update on Internal Audit activity undertaken at the Barbican Centre since November 2015, analysing the delivery of planned reviews in 2015-16, and presenting the draft audit plan for 2016-19.

A Member commented on the number of planned audits in future years, noting that it appeared that a decreasing proportion of time was being allocated to reviews of the Barbican's operations. The Senior Audit Manager advised that was due to a shift in approach which would see a number of larger scale Corporation-wide audits undertaken, rather than stand-alone specific audits of individual department's activities; these reviews would incorporate particular Barbican functions.

Queries were also raised about the planned audit of the "Widening Audiences" strategy in 2017-18, with it suggested that it might not represent the best use of Audit officers' particular skills or expertise. It was advised that the planned schedule of audits would be revisited in due course and that this would be taken into consideration.

RESOLVED: That the delivery position for the 2015-16 Internal Audit Plan and the outcome of reviews completed to date be noted, along with the proposed areas of coverage for forthcoming reviews and the draft Internal Audit Plan for 2016-19.

6. **WHISTLEBLOWING**

The Committee received a report of the Head of HR providing an outline of the arrangements in place at the Barbican and Guildhall for promulgating the Whistleblowing Policy to staff.

In response to a Member's query, the Head of HR advised that arrangements were being strengthened such that Barbican staff would now specifically be asked to sign a document confirming they understood the policy. This document would form part of the probation review process, which would also provide staff with more time to acquaint themselves with the policy in its entirety.

RESOLVED: That the report be received and its content noted.

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

There were no questions.

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

There were no urgent items.

9. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) 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 paragraph 3 of Part I of the Schedule 12A of the Local Government Act.

10a. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 13 October 2015 were approved.

10b. **SPECIAL MEETING: NON-PUBLIC MINUTES**

The non-public notes of the special meeting held on 2 December 2015 were approved.

11. **RISK REGISTER**

The Committee received a report of the Chief Operating & Financial Officer advising Members of the risk management system in place at the Barbican, updating on the significant risks that had been identified and outlining measures for mitigation of these risks.

RESOLVED: That the report be received and its content noted.

12. **UPDATE ON IT SECURITY**

The Committee received a report of the Chief Operating & Financial Officer providing a regular update on the results of various penetration tests undertaken in respect of the security of the Centre's website and IT systems.

RESOLVED: That the report be received and its content noted.

13. **SECURITY UPDATE**

The Committee received an oral update from the Director of Operations & Buildings in respect of security at the Centre.

RECEIVED.

14. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

15. 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 10.27 am

Chairman

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Risk Committee of the Barbican Centre Board

Outstanding actions 2016

Action	Notes/Description	Officer responsible	Date added	Status
Bribery Act	Report setting out guidance to BIE staff and exploring potential contractual provisions to safeguard the Barbican to be produced.	Chief Operating & Financial Officer	October 2015	Report on policies tabled at January meeting; further report on agenda for June meeting.
Evacuation Drills (Foyer)	Evacuation drills to be undertaken in the foyer areas in advance of June meeting.	Director of Operations & Buildings	January 2016	Two drills have taken place; report on agenda for June meeting.
Security Reviews	Outcomes/findings of various security reviews to be shared with Members as available.	Director of Operations & Buildings	January 2016	On agenda for June meeting.
Cinema 1 Evacuation	Report to be produced identifying issues and lessons learnt.	Director of Operations & Buildings	January 2016	On agenda for June meeting.
Equalities and Diversity Action Plan: Risks	Committee to receive E&D Action Plan to facilitate discussions on identifying potential risks and mitigating actions.	Head of HR	January 2016	Report to be produced for October meeting.

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Committee:	Date:
Risk Committee of the Barbican Centre Board	29 June 2016
Subject:	Public
Internal Audit Update Report	
Report of:	For Information
Head of Internal Audit and Risk Management	

Summary

This report provides an update on Internal Audit activity undertaken at the Barbican Centre since the last report made in January 2016 and in summary for 2015-16.

All planned work for 2015-16 has been concluded with the exception of the review of Box Office (Pricing) which is in the process of being finalised. Delivery of 2015-16 reviews, including outcomes, is analysed at Appendix 1.

Since the last Committee update report three pieces of audit work have been progressed to completion: Artifax System Controls (moderate assurance), Bars (moderate assurance) and Membership Schemes (substantial assurance). These audits have resulted in three amber priority and six green priority recommendations being raised and all have been agreed by Barbican management. .

As of April 2016, Pat Stothard from Mazars was engaged as the Head of Audit and Risk Management (HARM) for a two year period following expiration of the contract with RSM (formerly Baker Tilly). Internal Audit processes are being kept under review and it is anticipated that recommendation follow-up arrangements will be subject to revision in the short term in order to provide timely assurance to Members in respect of the degree of implementation.

There are no outstanding red priority recommendations as at mid-May 2016; there are five live amber priority recommendations awaiting follow-up, recognising that a further two amber recommendations had not been agreed by management (as reported previously to this Committee).

There has been liaison between Internal Audit and Barbican management to determine suitable timing and potential areas of focus for planned 2016-17 audit reviews. Delivery progress and target timescales in respect of 2016-17 reviews are outlined at Appendix 2.

Recommendation(s)

Members are asked to note: the final delivery position for the 2015-16 Internal Audit Plan including audit review outcomes since the last Internal Audit Update Report in January 2016 and the details of the 2016-17 delivery position.

Main Report

Background

1. This report provides an update on audit work progressed since 20th January 2016 Committee and includes a final summary of the status of all 2015-16 reviews (Appendix 1). Three audits have been finalised since the last meeting of this Committee, resulting in three amber priority and six green priority recommendations being raised. As at the middle of May 2016 there are no live red priority recommendations and five amber priority recommendations awaiting formal follow-up. The Internal Audit Plan for 2016-17 is attached at Appendix 2 and outlines the status of reviews and target delivery timescales.

Internal Audit Review Outcomes 2015-16

2. All planned work for 2015-16 has been concluded with the exception of the review of Box Office (Pricing) which is in the process of being finalised. A summary of the status and outcomes of audit reviews relating to 2015-16 is attached at Appendix 1.

Other Relevant Assurance Work

3. 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 schedule of corporate reviews in the 2015-16 internal audit plan is attached at Appendix 2. Summary audit outcomes will be reported to this Committee where appropriate. No audit recommendations were made directly in respect of the Barbican Centre.

Delivery of Internal Audit Work

System Controls: Artifax System – Moderate Assurance

4. This review of Artifax, the Venue and Event Management system, was focused on the adequacy of arrangements to restrict system access to authorised personnel through the use of password controls and system access rights.
5. The version of Artifax in use at the time of audit fieldwork had inadequate controls in place over passwords, for example:
 - No requirements in respect of the 'complexity' of passwords set;
 - Regular password changes not enforced
 - User accounts not locked out after inactivity or disabled upon input of incorrect passwords multiple times
6. It was noted that there were compensatory controls in place as access to Artifax was via a 'Terminal Server', requiring staff to be granted access to this in order to log in to the system. The passwords used to gain access to the Terminal Server were synchronised to those used by staff to access their Microsoft Windows accounts.
7. Audit testing confirmed that the IT department had implemented best practice controls in place in respect of Microsoft Windows passwords. A moderate

residual risk was noted in terms of staff accessing the Terminal server and gaining unauthorised access to Artifax accounts of other staff Members. An amber priority recommendation was raised to address this and Barbican management undertook to address this in the short term by introducing additional controls such as a database script to enforce requirements in respect of password length and maximum use periods. In the longer term (by end of January 2017) it is understood that the Barbican will be upgrading to Artifax version 4.

8. The audit identified through testing of new users accounts that adequate access controls were in place to ensure that appropriate levels of access are granted to Artifax system users. Adequate controls were also in place to ensure that only authorised users gain access to the Terminal Server, the server upon which the Artifax system is located.

Bars – Moderate Assurance

9. This review sought to obtain assurance that there are adequate arrangements in place in respect of cash income received by the Barbican's bars, that income was recorded and banked in full and that bar stock was appropriately managed. The audit also focused on reporting arrangements in respect of bar income and stock levels held.
10. Overall, there was scope to improve arrangements in place to ensure that cash income is collected, recorded and banked in full. The audit noted that adequate arrangements were in place to keep cash secure in safes until takings reach the bank. However, safe insurance limits were not reviewed as part of this audit. Opportunities for improvement were identified in respect of the following:
 - EPOS tills were cashed up by Bar Supervisors, who were responsible for reconciling cash takings to the EPOS system and then storing them in a safe for collection by the Cashiers in the Finance Team. An amber priority recommendation was made to reduce the risk of fraud and error, according with good practice.
 - A green priority recommendation was made for sales summary reports to be signed off by the Bar Operations Manager and Assistant Managers as evidence that the level of refunds have been checked and validated.
 - A green priority recommendation was made to address the incomplete audit trail related to the checking of till floats to ensure that all such funds are accounted for.
11. Audit testing confirmed that adequate arrangements were in place to mitigate the risk of stock shortages through supplier next day delivery services. It was noted that there was scope to improve stock purchasing arrangements, however, to help avoid excessive stock levels, the scope for theft and to maximise bar sales. An amber priority recommendation was made to strengthen control over stocking and it is understood that the Stores Manager

was asked to attend weekly Events Planning Meetings to obtain relevant data related to performance and audiences, to inform procurement decisions.

12. Based on testing performed, stock was held securely and access to stock was restricted to authorised staff only.
13. Audit testing indicated that there were adequate controls in place to ensure that stock purchases and sales are accounted for within the EPOS system. Independent monthly stocktakes ensured that stock in hand quantities were regularly verified and corrected as appropriate.
14. Audit testing indicated that there was adequate management information available to assist the Bar Operations Manager in managing the bars, though a green priority recommendation was made to document key procedures for operating the bars to regulate activity and ensure that management expectations are met.

Membership Schemes – Substantial Assurance

15. On the basis of testing performed, adequate arrangements were in place to ensure that the benefits of the Membership schemes to the Barbican Centre have been identified and objectives set accordingly. Overall, there were adequate processes for setting membership take up targets and corresponding income budgets. One area for improvement was identified and a green priority recommendation made to ensure the on-going accuracy of calculations.
16. Audit testing indicated that there were satisfactory mechanisms for monitoring performance against membership take up targets and corresponding income budgets, based on relevant and timely management information. Although the Direct Marketing Manager had put good practice arrangements in place to monitor the financial benefits generated by members for other Barbican Centre income streams, there was scope for improvement in this area though consideration of additional management information. Two green priority recommendations were made in this respect and Barbican management undertook to implement these subject to the management information being available on the EPOS and ticket systems.

Box Office Income - Pricing

17. The terms of reference for this review as reported to the last meeting of this Committee were subsequently revised following discussion with the Head of Finance. Changes are in recognition of developments as part of the Evidenced Based Pricing (EBP) strategy project which has progressed since the scope of the audit was originally agreed. The original objective of this internal audit review was to establish and evaluate the rationale for setting box office pricing for a sample of art forms, namely theatre (to include a sample of commercial rentals), cinema and gallery. Evidence supplied for audit purposes has been largely focused on Classic Music, however, as this has been the first area to roll out the EBP model. The audit report is in the process of being finalised.

Implementation of Audit Recommendations

18. As at mid May 2016 there are no live red priority recommendations and five amber priority recommendations awaiting formal follow-up; three of these arose from reviews finalised since the last Internal Audit Update Report. Internal Audit follow-up arrangements are under review to ensure that audit resources are targeted appropriately and an update will be presented to the next meeting of this Committee.

Internal Audit Plan 2016-17

19. The Internal Audit Plan 2016-17 (Appendix 3) has been prepared using a risk-based approach and is aligned to the Barbican's strategic objectives. There has been consultation with the Head of Finance since the last meeting of this Committee to determine suitable timing for reviews and to support detailing planning. Comment and suggestions for consideration in the reviews shown in Appendix 3 are sought from your Committee Members.

Conclusion

20. Delivery of the Internal Audit Plan 2015-16 (Appendix 1) has concluded with the exception of one audit at draft report stage. Delivery of the Internal Audit Plan 2016-17 is underway following discussion with Barbican management regarding the scope and timing of individual reviews and is expected to proceed as outlined in Appendix 3.
21. There are no live red priority recommendations at as the middle of May 2016 and five amber priority recommendations which have not been followed up by Internal Audit, three of which relate to reviews finalised since the last Internal Audit Update Report. Formal follow-up arrangements are under review and will be notified to your Committee Members at the next meeting.

Appendices

Appendix 1 Summary of Internal Audit Plan Delivery 2015-16

Appendix 2 Corporate Reviews – Schedule of Internal Audit Work 2015-16

Appendix 3 Internal Audit Plan Status 2016-17

Pat Stothard

Head of Audit and Risk Management

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Scheduled Work Internal Audit Plan 2015-16

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<u>Cost Estimating and Cost Planning</u> This review focused on evaluation of whether: <ul style="list-style-type: none"> • Accurate budget estimates are prepared prior to major projects commencing (in relation to estimates made at Gateway 2-4 of the City's project) • Budget estimates are used to confirm the reasonableness of tenders received from prospective contractors (Gateway 5 of the City's Project Procedure) • Appropriate budgets are authorised prior to works contracts being let • Project outturn costs and works delivered are reviewed against original project budgets and project specification to learn lessons for the future in respect of cost estimation (Gateway 7 of the City's Project Procedure) 	25	Final Report	31 August 2015	Substantial	0	1	1	2

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<u>Barbican International Enterprise</u> The review sought to evaluate whether: <ul style="list-style-type: none"> • There is an adequate process in place for the identification, development and delivery of a programme of touring exhibitions and that project management techniques are employed to ensure that the projects are run successfully, within budget and on time. • Adequate arrangements are in place in the recruitment of curators, designers, technicians, and other exhibition team members and that there are contractual arrangements in place to guarantee the effective delivery of the tour/exhibition and to protect the Barbican in case of cancellations. • Sound financial management for the costing of tours and exhibitions are in place to maximise the profit potential of each project, as well as keeping income on target and dealing with any losses. • There is a risk register in place and management actions are sufficient and are effectively applied in order to mitigate risks identified. 	20	Final Report	31 December 2015	Substantial	0	2	6	8

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<p><u>Budget-Setting and Financial Management</u></p> <p>The objectives of this Internal Audit review were to:</p> <ul style="list-style-type: none"> • Evaluate the adequacy of budget setting arrangements and the mechanism to ensure that this accords with Barbican priorities, for example the Artistic Strategy. • Determine whether sufficient relevant, reliable and timely information is available to budget holders (including forecasts of the year end position). • Identify whether significant budgetary variations are analysed, investigated, explained and acted upon by budget holders. • Ensure there is regular, timely and accurate reporting of budgetary position to Committee such that prompt, informed decisions may be made. • Assess if the integrity of the financial ledger and its records are assured through interface from feeder systems and periodic reconciliation of the general ledger to the bank account(s), creditors and debtors systems. 	15	Final Report	31 December 2015	Substantial	0	2	2	4

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<p><u>Box Office Income (Pricing)</u></p> <p>This review sought to establish and evaluate the rationale for setting box office pricing and to determine by reference to evidence whether:</p> <ul style="list-style-type: none"> • An approved approach is in place for setting box office charges, including discounting, that is adhered to • Pricing mechanisms include consideration of income maximisation, optimisation of attendance and development of new audiences • Pricing structures are subject to periodic review and adjustment as appropriate • Arrangements for pricing of productions that are the subject of commercial hire agreements safeguard the Barbican Centre's interests 	15	Draft Report	-	-	-	-	-	-
<p><u>Bars</u></p> <p>This review examined the adequacy of arrangements to ensure that:</p> <ul style="list-style-type: none"> • Cash income is collected, recorded and banked in full • Bar stock levels are appropriately managed to avoid excessive stock levels or stock shortages 	7	Final Report	31 March 2016	Moderate	0	2	3	5

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> Bar stock is stored properly and kept secure Bar stock purchases and sales are fully accounted for. <p>This review also looked to ensure that there are adequate management information reporting arrangements in place in respect of bar income and stock levels held.</p>								
<p><u>Membership Scheme</u></p> <p>Examination of the adequacy of arrangements to ensure that:</p> <ul style="list-style-type: none"> The benefits of the schemes to the Barbican Centre have been identified, financial or otherwise, and objectives set accordingly Benefits of the schemes are realised Scheme take-up targets have been appropriately set and agreed Scheme take-up meets or exceeds targets set Sufficient, accurate and timely management information is available to enable performance monitoring and inform decision-making in relation to the membership schemes. 	10	Final Report	31 st May 2016	Substantial	-	0	3	3

Project	Planned Days	Current Stage	Completion Date	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<u>IT – System Controls</u> The purpose of this review was to obtain assurance that adequate arrangements are in place to ensure that access to the Artifax system is restricted to authorised personnel. Specifically, this audit reviewed the adequacy of internal controls in respect of both password controls and controls over system access rights.	7	Final Report	29 February 2016	Moderate	0	1	0	1
TOTAL					0	8	15	23

Corporate Reviews – Internal Audit Plan 2015-16

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Petty Cash	15	Final Report	Amber	A corporate wide substantive testing review of a sample of claims processed from larger and more frequently used petty cash imprests.	-	5	1	6

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Cash income Collection and Banking	20	Final Report	Amber	A corporate wide substantive testing review of a sample of cash income transactions are banked intact.	.	5	1	6

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Liquidations	15	Final Report	Amber	A review to ensure that the impact of risks relating to contractor and consultant liquidations are minimised	-	3	-	3

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Main Accounting	20	Final Report	Green	An assessment of the City's financial management systems in respect of financial reporting.	-	-	1	1

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Corporate Procurement	15	Draft Report		<p>A corporate wide substantive testing review of a sample of purchase transactions via various methods, e.g. purchase orders, procurement cards and expense claims to ensure compliance with corporate procurement rules and corporate contracts are used where appropriate.</p> <p>Excluded from the review: tendering processes, supply chain management and contract monitoring.</p>				

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
					RED	AMBER	GREEN	TOTAL
Expenses	15	Draft Report (Awaiting Overdue Response)		A corporate wide substantive testing review of a sample of expense and travel claims made by those members, officers and staff who claim the most in terms of value and volume.				

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Pre-Contract Appraisal	15	Draft Report		A review to ensure that a robust approach exists over the decision to proceed with projects.				

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Scheduled Work Internal Audit Plan 2016-17

Project and Rationale	Planned Days	Current Stage	Proposed Timing	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<u>Major Incident, Security and Safety</u> This is a key risk area and the audit review will evaluate whether the controls in place are operating effectively.	15	Planning	Q1	-	-	-	-	-
<u>Car Parking System</u> A new system was introduced in summer 2015 and this audit review will evaluate whether appropriate key controls have been implemented.	10	Planning	Q2	-	-	-	-	-
<u>Catering</u> An examination of arrangements for management of the catering contract to ensure that services are delivered as per requirements and that appropriate financial monitoring controls are in place.	10	Planning	Q2	-	-	-	-	-

Project and Rationale	Planned Days	Current Stage	Proposed Timing	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
<u>Customer Experience</u> This is a strategic goal to enable delivery of a great experience to Barbican Centre Visitors. The audit review will examine arrangements to ensure delivery of the supporting work strand: 'a seamless, real-time and consistently high standard customer experience across all touch points and channels, digital and physical. There will be a focus on data management related to customer satisfaction.	10	Not started	Q4	-	-	-	-	-
TOTAL	45							

Committee(s): Risk Committee of the Barbican Centre Board	Date(s): 29 June 2016
Subject: Bribery and Corruption: Policies	Public
Report of: Chief Operating & Financial Officer	For Information
Report authors: Nadine Rodrigues – Barbican Centre; Neil McConnon – Barbican Centre; Niki Cornwell – Barbican Centre	

Summary

The Risk Committee of the Barbican Centre Board previously considered the implications of the Bribery Act on the Centre, particularly in the context of touring exhibitions and the potential situations that Barbican International Enterprise (BIE) staff might find themselves in. A further paper was subsequently submitted outlining the policies and training currently in place for all Barbican staff.

This report lays out the clauses included in all BIE contracts in order to safeguard against the risks related to the Bribery Act 2010, and denotes the uptake of required training in order to ensure the team which oversees the touring enterprise are adequately informed and equip to deal with potential threats which may arise during their usual course of Business.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. In October 2015, the Risk Committee of the Barbican Centre Board received a report setting out the implications of the Bribery Act 2010 for the Barbican. In January 2016, the Risk Committee of the Barbican Centre Board then received a further report clarifying the guidance and training in place for Barbican staff.
2. The BIE Department is led by Neil McConnon who was previously sought for comments regarding the existing guidance in place. Further to this, it was suggested a formal structure be implemented which would ensure all relevant members of the team are inducted onto all advised training.

The Bribery Act and its impact on the Barbican

3. The Bribery Act came in to force on 1 July 2011. It provides a modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery in the UK or abroad.

4. The legislative requirements bind all individuals and organisations defined with the Act.
5. Consequences of not implementing adequate procedures should bribery be found at the Barbican include:
 - a. Risk of organisation being penalised with an unlimited fine.
 - b. Serious reputational damage sustained, impacting on the standing of the organisation amongst its peers, staff morale, public image and regulatory bodies through revealing an ineffective governance framework.
 - c. Financial loss sustained through non-award of contracts which represent best value for money as a result of contracts awarded subjectively from inducements.
 - d. Conviction of the corporate offence can result in disbarment under both EU and US rules.

Policies

6. The City of London Corporation has in place a number of relevant policies and strategies in relation to the Bribery Act.

Code of conduct: Bribery and Corruption

7. First of these is the Code of Conduct, by which all employees are contractually bound. This Code contains a specific section on Bribery and Corruption, setting out the expectations on all staff. This is attached at Appendix 1 for Members' information.
8. As with the Whistleblowing Policy, all new starters are required to familiarise themselves with the Code of Conduct as part of their induction process, sign a document confirming this familiarisation, and also note that they are contractually bound to comply with the Code of Conduct.
9. All members of the BIE team (including those on short term contracts & guest curators) have returned signed contracts, binding them to the Code of Conduct and contents therein. Additionally, the relevant sections of the code (as per appendix) have been recirculated to the team for review.
10. The Barbican intranet site (BIZ) and City Corporation intranet also have links to the Code of Conduct through the Employee Handbook.
11. The Code of Conduct also contains an associated section on gifts and hospitality, clearly setting out the expectations and requirements for registering or accepting any such offers. This guidance is also set out at Appendix 1.
12. The guidance around conflicts of interest, gifts and hospitality was reviewed and updated following the implementation of the Bribery Act.

Training

13. Fraud awareness is a mandatory course for all staff, including Barbican staff (but excluding Police civilian staff, who receives different but comparable training). The training course includes a substantial section specifically on the Bribery Act 2010, its implications and the requirements for staff.
14. Of the 10 employees currently working under the BIE remit, 6 have completed the training. The remaining 4 members of the team will undergo training in coming weeks.
15. The City hosts a “lunchtime learning” course covering the Bribery Act routinely throughout the year. Core members of the team will enrol on this course in the coming months, with reiteration of its contents to be reviewed regularly during team meetings.

Contractual Safeguards

16. All contracts issued in relation to BIE tours are thoroughly reviewed and amended by Neil and the City Solicitor’s department on a case by case basis, taking into account the specifics arising during the course of negotiations and related to the continent to host the exhibition.
17. The Comptroller & City Solicitor’s Office have confirmed the template which forms the basis of each BIE exhibition contract includes the following clauses:
 - a) The Producer shall comply with the following anti-corruption conditions:
 - i. Any person or body engaged or appointed by the Barbican either to provide services or execute works or supply goods or materials of any kind or nature whatsoever or who hires or uses any Barbican property who shall give offer or allow any gratuity gift or benefit of any kind to any person in the Barbican’s employ (whether under a contract of or for services) shall not be engaged or appointed by the Barbican in respect of any further such provision execution or supply nor permitted any further hire or use.
 - ii. The provisions of paragraph (i) shall apply whether or not the giving offer or allowance was (a) made by an employee, agent or sub-contractor of the person or body and (b) authorised by the person or body.
 - iii. Persons and bodies to whom paragraph (i) applies shall have their attention drawn to the provisions of the National Code of Local Government Conduct (as amended from time to time).
 - b) The Producer shall comply at all times with the provisions of the Bribery Act 2010, in particular Section 7 thereof in relation to the conduct of its employees, or persons associated with it. Any breach by the Producer of this provision shall entitle the Barbican to terminate this Agreement with immediate effect and recover from the Producer any losses arising from such termination

- c) Any breach by the Producer of condition (a) or (b) shall entitle the Barbican to terminate this Agreement with immediate effect and recover from the Producer any losses arising from such termination.

Conclusion

18. This report sets out the various policies, guidance and training courses in place for all staff to ensure that all individuals working within BIE are aware of the implications of the Bribery Act 2010. It also details the BIE department's uptake of detailed courses.
19. Furthermore, this report clarifies the legal clauses currently included in all BIE final contract agreements to safeguard against the financial risks and threats related to the Bribery Act 2010.

Appendices

- Appendix 1: Code of Conduct (relevant extracts)

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Code of Conduct: Relevant Extracts

Corruption and Bribery

45. Employees must be aware that it is a serious criminal offence (and an act of gross misconduct) for them corruptly to receive or give any gift, loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity. If an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained. Such acts may compromise the impartiality of the City Corporation and cause reputational, legal and financial damage.
46. It is important to avoid the perception as well as the fact of corruption or bribery and employees must comply with all applicable bribery and corruption laws.
47. Employees will not offer, promise, give, request, or agree to receive, or accept any bribes:
- in the course of their employment;
 - when conducting City Corporation business; or
 - when representing the City Corporation in any capacity.

A bribe means a financial payment or other forms of reward or advantage, whether direct or indirect, that is intended to induce or influence, or has the effect of inducing or influencing, an individual, company or public body (whether in the UK or abroad) to perform their functions, including business and public duties, improperly. Improper performance includes:

- not acting in good faith
 - not acting impartially; and
 - not acting in accordance with a position of trust.
48. Employees must not act fraudulently, particularly in relation to The City Corporation's resources or assets.

Hospitality and Gifts

54. There can be little doubt that the acceptance of gifts by employees from persons who have, or may seek to have, dealings with the City Corporation would be viewed by the public with grave suspicion and would make the employee concerned and the City Corporation extremely vulnerable to criticism.
55. An employee should tactfully refuse any personal gift which is offered to him/her or a close relative by, or indirectly attributable to any person or body who has, or may have, dealings of any kind whatsoever with the City Corporation or, who has applied, or may apply, to the City Corporation for any kind of decision.
56. The only exceptions to this rule that have been agreed are:-
- Small gifts of only token value often given by way of trade advertisements to a wide range of people, e.g. calendars, diaries, pens, pencils and similar articles of use in the workplace (up to a maximum value of £20)

- Small gifts of only token value given on the conclusion of a courtesy visit or visit by/to dignitaries, (up to maximum value of £20)
 - Working meals which are permissible, provided the employee has the approval of the Chief Officer
 - Chief Officers or appropriate employee nominated to represent them can attend work related functions as the City Corporation representative
57. When acting under this dispensation, employees must complete the appropriate declaration (e-form available on the intranet). The completed form will need to be sanctioned by the Line Manager in advance.
 58. If there is any doubt about whether a gift may be accepted the gift should be politely and tactfully refused.
 59. Employees are reminded that they are forbidden under the terms of their office and employment to accept any fee or reward other than their proper remuneration and any person who contravenes this provision would be liable to Court proceedings.
 60. In the event of an employee receiving a gift without warning, which does not fall in any of the exceptions mentioned above, this should immediately be reported to a Chief Officer who will be responsible for deciding whether the gift should be returned.
 61. Employees should only accept offers of hospitality if there is a genuine need to impart information or represent the City Corporation in the community, establish or maintain good business relationships, and/or improve the image and reputation of the City Corporation; provided that this is in good faith and not likely to secure advantage or have an intention to induce. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the City Corporation should be seen to be represented.
 62. When acting under this dispensation, employees must complete the appropriate declaration e-form, which is accessible from the City Corporation's Intranet site before the hospitality is taken up. The completed form will automatically be forwarded to the employee's line manager for approval and copied to the Town Clerk's Department for monitoring purposes.
 63. When hospitality has to be declined the offer should be courteously but firmly declined and it should be explained to the other party the procedures and standards operating within the City Corporation.
 64. When receiving authorised hospitality employees should be particularly sensitive as to its timing in relation, for example, to decisions which the City Corporation may be taking affecting those providing the hospitality.
 65. Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, where the City Corporation gives consent. Where visits to inspect equipment or review services by undertaking site visits etc. are required,

employees should ensure that the City Corporation meets the cost of such visits to avoid jeopardising the integrity of subsequent procurement decisions.

66. Hospitality should only be accepted where it is on a scale appropriate to the circumstances, reasonably incidental to the occasion and not extravagant and where it is apparent that no cause could reasonably arise for adverse criticism about the acceptance of hospitality.

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