



## Risk Committee of the Barbican Centre Board

**Date:** WEDNESDAY, 24 JULY 2019  
**Time:** 10.00 am  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:** Deputy Tom Sleigh (Chairman)  
Deputy Dr Giles Shilson (Deputy Chairman)  
Russ Carr (External Member)  
Deputy Wendy Hyde  
Alderman David Graves  
Alasdair Nisbet (External Member)  
Judith Pleasance

**Enquiries:** Leanne Murphy  
tel. no.: 020 7332 3008  
leanne.murphy@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club at 1pm  
N.B. Part of this meeting could 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 agree the public minutes of the meeting held on 23 January 2019.  
**For Decision**  
(Pages 1 - 4)
4. **EDITORIAL GUIDANCE ON USE OF POTENTIALLY OFFENSIVE LANGUAGE**  
Report of the Artistic Director.  
**For Decision**  
(Pages 5 - 16)
5. **INTERNAL AUDIT UPDATE**  
Report of the Head of Audit and Risk Management.  
*(N.B. – to be read in conjunction with the non-public appendix at Item 10)*  
**For Information**  
(Pages 17 - 40)
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  
**For Decision**
9. **NON-PUBLIC MINUTES**  
To agree the non-public minutes of the meeting held on 23 January 2019.  
**For Decision**  
(Pages 41 - 44)
10. **INTERNAL AUDIT UPDATE (NON-PUBLIC APPENDIX)**  
*To be read in conjunction with the report at Item 5.*  
**For Information**  
(Pages 45 - 46)
11. **PROGRAMMING RISK REGISTER**  
Report of the Artistic Director.  
**For Information**  
(Pages 47 - 60)

12. **RISK UPDATE**  
Report of the Director of Operations and Buildings.

**For Information**  
(Pages 51 - 118)

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

14. **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, 23 January 2019

Minutes of the meeting of the Risk Committee of the Barbican Centre Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 23 January 2019 at 9.30 am

### Present

#### Members:

Deputy Dr Giles Shilson (Deputy Chairman)	Alisdair Nisbet (External Member)
Russ Carr (External Member)	Judith Pleasance
Deputy Wendy Hyde	Deputy John Tomlinson

### In Attendance

#### Officers:

Sir Nicholas Kenyon	- Managing Director, Barbican Centre
Sandeep Dwesar	- Chief Operating & Financial Officer, Barbican Centre
Pat Stothard	- Head of Internal Audit and Risk Management
Jonathon Poyner	- Director of Operations & Buildings, Barbican Centre
Louise Jeffreys	- Artistic Director, Barbican Centre
Sarah Wall	- Interim Head of Finance, Barbican Centre
Leanne Murphy	- Town Clerk's Department

#### 1. APOLOGIES

Apologies were received from Deputy Tom Sleight and Alderman David Graves.

#### 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 of the meeting held on 5 November 2018 were approved.

#### 4. OUTSTANDING ACTIONS

The schedule of outstanding actions was received and the various updates noted.

RECEIVED.

#### 5. INTERNAL AUDIT UPDATE

The Committee received a report of the Head of Internal Audit providing an update on Internal Audit activity undertaken at the Barbican Centre between November 2018 and January 2019, as well as a status update in respect of the schedule of planned work for 2018-19. The following comments were made:

- The Head of Audit and Risk Management advised the Committee that appendix 2 provided a schedule of Barbican Centre live red and amber high priority recommendations.
- The Chairman requested an update concerning the red recommendation concerning contract documentation. Members were advised that the Baxter Storey contract had not been signed but progress had been made by the legal teams who had submitted final drafts and it was hoped that all issues would be resolved by the end of January. A Member noted that this matter had been discussed at a recent Procurement Sub-Committee meeting and the Chairman had pushed for this to be finalised.
- In response to queries regarding the red recommendation concerning management of external Health & Safety Inspection Reports, Members were advised that a Health & Safety Audit took place annually in December, but the Barbican were not able to report at this time as monthly reporting of the reports did not start until January. The deadline had therefore been pushed back to allow for examination of three months of reporting to prove an ongoing cycle of review had taken place for audit signoff. The Managing Director noted the challenges for the Barbican to align with the Corporation's deadlines and strategic plan regarding audits.

RESOLVED – That Members note the status of planned audit work for 2018-19, the outcome of the recent corporate follow-up exercise, the live high priority recommendations position and proposed audit coverage in 2019- 20 based on the previously agreed Internal Audit Strategy 2018-21.

**6. HEALTH AND SAFETY UPDATE**

The Committee received a report of the Director of Operations and Buildings providing an update on the Centre's Health and Safety activities and provision over the last year and agenda items for 2019.

The Committee were happy with the progress being made regarding Health and Safety processes, audits and actions.

RECEIVED.

**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 100A(4) 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.  
9-14

Paragraph No.  
3

10. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 5 November 2018 were approved.

11. **RISK UPDATE REPORT AND RISK REGISTER**

The Committee received a report of the Director of Operations and Buildings 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.

12. **PROGRAMMING RISK REGISTER**

The Committee received a report of the Artistic Director concerning potential risks associated with forthcoming programmed activities at the Barbican Centre along with a Programming Controversial Risk Register.

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

There were no questions.

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

There were no urgent items.

**The meeting ended at 10.12 am**

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Chairman

**Contact Officer: Leanne Murphy**  
**tel. no.: 020 7332 3008**  
**leanne.murphy@cityoflondon.gov.uk**

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<b>Committee(s):</b>	<b>Date(s):</b>
Risk Committee of the Barbican Centre Board	24 July 2019
<b>Subject:</b> Editorial guidance on use of potentially offensive language	<b>Public</b>
<b>Report of: Louise Jeffreys, Artistic Director</b> <b>Report Author: Nick Adams, Senior Policy and Communications Manager</b>	<b>For Decision</b>
<p><b>Summary</b></p> <p>The Barbican’s ethics policy sets out the Barbican’s approach to programming potentially controversial work that sometimes puts us at the centre of difficult, nuanced and sometimes controversial debates. In addition to the Ethics Policy, which has been in operation since July 2017, the Barbican recently took the decision to develop guidance for staff around the organisation’s approach to use of potentially offensive language in the editorial and copy that the organisation publishes. This document is being submitted to the Risk Committee for comment and approval.</p>	

## Main Report

### **Background**

The Barbican’s ethics policy sets out that when programming work we do not set out to offend, however, one of our core values is to be brave and sometime provocative and we aim to sometimes programme work that responds to our fast-changing world.

The Barbican feels that these guiding principles should also be reflected in our editorial approach, whereby we do not deliberately set out to offend or provoke controversy but that we recognise that in some cases artists will want to present work that engages with challenging themes and that at times this involves the use of language that may cause offense, including in stage names and in titles and descriptions of artworks. By adopting this guidance, the Barbican aims to ensure it has a consistent and considered approach to dealing with editorial that includes potentially offensive terms.

### **Current Position**

The Barbican does not currently have set editorial guidance around potentially offensive terms in copy and editorial.

### **Options**

The Barbican Board Risk Committee is asked to agree the suggested guidance, with the option of suggesting any necessary amendments.

## Proposals

The current draft of the guidance has been approved by the Barbican's Management Team with the recommendation that the organisation adopts it, subject to approval of the Barbican Board Risk Committee.

Adopting the policy would ensure the Barbican has a consistent and considered approach to dealing with editorial that includes potentially offensive terms.

## Corporate & Strategic Implications

The Editorial guidance on use of potentially offensive language is to be used alongside the Barbican's Ethics Policy, which was approved by the Barbican board in July 2017 and was a project identified as part of the organisation's strategic plan.

The guidance responds to the following areas of the City Corporation's Corporate Plan:

**Outcome 2 – People enjoy good health and wellbeing** by promoting equality and inclusion through ensuring the materials we produce do not alienate certain groups and audiences.

**Outcome 3 – People have equal opportunities to enrich their lives and reach their full potential** through promoting and championing diversity in our programme and removing institutional barriers to people engaging with our work.

**Outcome 4 – Communities are cohesive and have the facilities they need** through ensuring the language we use promotes mutual respect and tolerance.

**Outcome 5 – Businesses are trusted and socially and environmentally responsible** through ensuring we have a consistent and considered approach to how we use potentially offensive language in our editorial.

**Outcome 10 – Inspire enterprise, excellence, creativity and collaboration** through using the guidance to promote our world class cultural experiences to the widest possible audience.

## Implications

The policy will be used in conjunction with the existing Barbican Ethics Policy and Risk register and will help inform risk assessments and mitigate against reputational risks.

## Conclusion

- The Barbican has developed guidance for staff around the organisation's approach to use of potentially offensive language in the editorial and copy.

- This guidance aims to ensure we have a consistent and considered approach to dealing with editorial that includes potentially offensive terms.
- We are asking the Risk Committee to approve to agree the suggested guidance, with the option of suggesting any necessary amendments.

## **Appendices**

Appendix 1 – Editorial Guidance on Use of Potentially Offensive Language

Appendix 2 – Barbican Ethics Policy

### **Nick Adams**

Senior Policy and Communications Manager

T:0207 382 5274

E: [nick.adams@barbican.org.uk](mailto:nick.adams@barbican.org.uk)

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## **Barbican**

### **Editorial guidance on use of potentially offensive language**

#### **Background**

The Barbican's ethics policy sets out that when programming work we do not set out to offend, however, one of our core values is to be brave and sometime provocative and we aim to sometimes programme work that responds to our fast-changing world. This includes work that engages in the debates that define our age, that is relevant to the issues that affect people's lives and that represents the widest possible range of human experience across a wide diversity of age, ethnicity, nationality, sexuality and gender. The policy also recognises that our international outlook and programming approach can occasionally put us at the centre of difficult, nuanced and sometimes controversial debates.

These guiding principles should also be reflected in our editorial approach, whereby we do not deliberately set out to offend or provoke controversy but that we recognise that in some cases artists will want to present work that engages with challenging themes and that at times this involves the use of language that may cause offense.

#### **Freedom of Expression and Editorial Guidelines**

The Equality and Human Rights Commission guidance on Freedom of Expression, as protected by the Human Rights Act of 1998 by Article 10 of the European Convention of Human Rights 'does not protect statements that discriminate against or harass, or incite violence or hatred against, other persons and groups, particularly by reference to their race, religious belief, gender or sexual orientation.'<sup>1</sup> The guidance also states that a number of factors are likely to be relevant in judging whether use of language crosses the boundary into hate speech, including 'the intention of the person making the statement, the context in which they are making it, the intended audience, and the particular words used.'<sup>2</sup>

Similarly, editorial guidelines from public broadcasters such as the BBC and Channel 4 state that the context is key to the acceptability of language, with the BBC guidance stating that 'it is the responsibility of all content makers to ensure strong language is used only where it is editorially justified.'<sup>3</sup> As reflected in this guidance, key to this editorial justification are questions of context relating to why the language is used, who uses it, and how it was used in terms of tone and intent.<sup>4</sup>

#### **Barbican approach**

As with other areas relating to the ethical questions, it is suggested that the Barbican takes a nuanced approach as to how it takes decisions on whether uses of potentially offensive language is justified in communications materials and in editorial. It is not the Barbican's role to ban or prevent certain words appearing in these materials or to censor artists, however, it is our responsibility not

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<sup>1</sup> Source: Equality and Human Rights Commission Advice and Guidance on Freedom of Expression - <https://www.equalityhumanrights.com/en/advice-and-guidance/freedom-expression>

<sup>2</sup> Ibid.

<sup>3</sup> BBC Editorial Guidance on Strong Language - <https://www.bbc.co.uk/editorialguidelines/guidance/strong-language/guidance-full#heading-audience-expectations>

<sup>4</sup> Ibid.

to casually use language that may cause offense and to ensure that any use of potentially offensive language is justifiable and to provide a clear rationale and process as to how these decisions are made.

It is therefore suggested that the following process is adopted to make decisions of this nature:

- If an artist's name, title of a work or event/editorial copy contains terms that may cause offence but are mild in nature (e.g. mild/moderate expletives), it is the responsibility of individual departments to make a common-sense judgment on their appropriate use. It is expected in these cases that these words will be used in Barbican communications and marketing materials, but that sound judgment is applied in areas such as appropriateness for intended audience, whether contextualising text is needed and, if intended to be used in poster campaigns, that the language complies with Exterion Media/London Rail Codes of Practice.<sup>5</sup>
- If the language relates to strong swear words or terms that could be seen as derogatory in areas including but not limited to race, gender, sexuality or religion, usage should be signed off by the relevant Head of Department and/or Senior Manager across Communications, Marketing and relevant Artform. Where necessary this should also be agreed with the Artistic Director. In these cases, the following questions should be considered and answered when arriving at a decision on usage:
  - What language is being used?
  - Who is using the language and in what context?
  - What is the tone and intent of the language?
  - Is the language used necessary and justifiable? Is it integral to the artist's description of the work? What would be the implications if it was removed?
  - How have other organisations/publications dealt with the language describing this artist/work?
  - Where will this language be used in Barbican materials and what steps can be taken to ensure it is properly contextualised to audiences? Is it necessary to include any audience guidance/content warnings?
  - Are there any materials where it would be inappropriate to use this language or where it could be taken out of context (e.g. homepage of website, poster campaigns, social media advertising)?
  - Is any further research or consultation needed before a decision is taken?

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<sup>5</sup> Exterion Media Copy Approval Process and Codes of Practice - [https://www.exterionmedia.com/uk/~media/files/uk/product\\_specs/london%20rail/copy-approval-for-london-rail.pdf](https://www.exterionmedia.com/uk/~media/files/uk/product_specs/london%20rail/copy-approval-for-london-rail.pdf)

Last updated July 2017

## Barbican Ethics Policy

This ethics policy was first initiated and approved in July 2017 by the Barbican Board which is responsible for the strategic direction, management and operation of the Barbican Centre. The policy is to be adhered to by all employees.

The City of London Corporation is the founder and principal funder of the Barbican Centre and this policy is supplemental to all other corporate policies and procedures, including the City of London Corporation's Employee Code of Conduct.

### a) **Barbican vision**

The Barbican's vision is *Arts without boundaries*.

Our mission is to:

- inspire people to discover and love the arts
- work with outstanding artists to create an innovative international programme that crosses art forms
- celebrate the artists of today and invest in those of tomorrow

### b) **Our guiding principles for programming and partnership decisions**

#### **Guiding principles**

Our vision of arts without boundaries means that, in line with the Barbican and City of London Corporation's diversity and inclusion plan, we believe that the work we present on our stages, in our galleries and on our screens should represent the widest possible range of human experience across a wide diversity of age, ethnicity, nationality, sexuality and gender.

One of our core values is to be brave and sometimes provocative. Our programme is international in scope and, as an organisation that enables artists to showcase their work, we believe it's our responsibility to sometimes programme work that responds to our fast changing world, that engages in the debates that define our age and that is relevant to the issues that affect people's lives.

We're proud of our international outlook but recognise this can occasionally put us at the centre of difficult, nuanced and sometimes controversial debates. As a recipient of public funding, we see the Barbican as a civic space that can foster this kind of discussion and debate. Our aim is to strike a balance between being confident in the work we present but also being open to engaging in discussion.

#### **Our approach to programming controversial work**

All work the Barbican presents is programmed in the context of our international, cross-arts programme. We do not set out to offend or provoke controversy, however we do recognise sometimes individuals and/or communities may find some of the work we present provocative.

In line with [What Next's? arts sector guidance](#) on meeting ethical and reputational challenges, when making a decision whether to programme a potentially controversial artwork we use the following criteria:

- Is the decision we're making consistent with our vision, mission, guiding principles and ethical policy?
- Does the work contribute to our international, cross-arts programme?
- Have we undertaken a risk assessment and sufficiently weighed up the risks and benefits?
- Has the course of action been discussed internally to an appropriate extent?
- Have we done enough research and taken the necessary advice from relevant experts and communities outside the organisation?
- Has the Barbican's Board and/or Barbican Board Risk Sub-Committee been informed where appropriate?
- Is the decision publicly defensible and do we have a clear articulation for the reasons for the decision being made and the process used for reaching this conclusion?

Programming decisions will be based on the criteria set out above, with the final decision made as per the below:

- For work where risk is rated as *Minor* the decision whether to programme will be made by the Head of the relevant artform.
- For work where risk is rated as *Serious* the decision whether to programme will be made by the Director of Arts in consultation with the Head of the relevant artform.
- For work where risk is rated as *Major* the decision whether to programme will be made by the Managing Director in consultation with the Head of the relevant artform and the Director of Arts.
- For work where risk is rated as *Extreme* the decision whether to programme will be made by the Managing Director in consultation with the Chairman and Deputy Chairman of the Barbican Board, the Head of the relevant artform and the Director of Arts.

In cases where risk is rated as Major or Extreme, the Town Clerk of the City of London Corporation will be informed. The City of London Police will also be informed if relevant.

### **Our political position and relationship with artists**

As a department of the City of London Corporation the Barbican is apolitical. Our aim is to give the best artists from around the world a platform to showcase their work.

While apolitical, the Barbican does not shy away from presenting work that invites discussion and debate. However, all artists/organisations who appear in the Barbican programme are there as a result of their exceptional artistic work and our relationship with them does not extend to political issues, or imply sympathy with their personal views or those of anyone associated with them.

### **Artistic hire**

Alongside the arts and learning events that the Barbican programmes, the Barbican's artistic venues are available for hire by third party promoters. In hiring out our spaces we aim to work with promoters and organisations that share our values and artistic ambitions. While we are selective about the projects we can accommodate, including where appropriate assessing using our criteria for programming potentially controversial work, we cannot be held fully accountable for the artistic content of these events. We identify the promoter of all events on the relevant event page of the Barbican website and direct customer comments back to them.



## Commercial hire

The Barbican regularly hosts business events across our spaces, the income from which directly supports the Barbican's arts and learning programme. These are private and corporate events and do not form part of our public programme. While we are not responsible for the business practices of any organisation that hires our spaces, we undertake a risk assessment procedure to ensure any risk these events may cause to the City of London Corporation's and the Barbican's reputations, policies, and working practices are mitigated and/or prevented.

### c) Our code of conduct for staff

#### Guiding principles

All staff have an obligation to adhere to and represent the Barbican's vision and principles as set out in this document. Our continued success relies on the trust and confidence of the public and therefore all Barbican staff are expected to uphold the highest standards of personal conduct and integrity.

As a department of the City of London Corporation, Barbican employees must adhere to the [City of London's employee Code of Conduct](#). This incorporates requirements to abide by City of London financial procedures, restrictions on receiving hospitality/gifts and anti-corruption/anti-bribery measures.

The Code also includes a requirement for all Barbican staff to uphold the [Nolan Principles on standards in public life](#) which are:

#### 1. Selflessness

Holders of public office should act solely in terms of the public interest.

#### 2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

#### 3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### 4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### 5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

#### 6. Honesty

Holders of public office should be truthful.

#### 7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

#### d) Our approach to fundraising

The Barbican delivers its world-class arts and learning programme through a mixed-funding model consisting of: core support from the City of London Corporation which is the Barbican's principal funder; revenue generated from audience attendances; commercial income from sales, events etc.; as well as raised income including from grants, donations, sponsorship and membership income from individuals and organisations.

The Barbican is supported by The Barbican Centre Trust Limited, a charity registered in England and Wales (Charity No. 294282; Company No. 01962950). The Trust is a separate company with charitable purposes, and its objectives are: To foster and promote the maintenance, improvement, and development of artistic taste and the knowledge, understanding, education, and appreciation of the arts amongst the inhabitants of the City and generally. In support of those objects, the Trustees are dedicated to raising funds to support the Barbican's world-class arts and creative learning programmes.

The Barbican and the Barbican Centre Trust are separate legal entities, and while the Trust Board includes two *ex officio* Trustees (the Managing Director and the Chairman of the Barbican Centre Board), elected Members and employees of the City of London Corporation may not form the majority on the Trustees. The Trust has no employees and the Barbican Centre provides support to the work of the Trust. The Barbican Centre Trust has also agreed to follow the Approach to Fundraising and Gift Acceptance Process guidance and principles set out in this policy in support of their charitable purposes.

The Barbican recognises that individuals, the grant making community and private sector businesses have an important role to play in advancing our vision and mission. Funds raised by the Barbican and the Barbican Centre Trust provide vital support towards these goals, and we are grateful to those who contribute to making the Barbican's programmes possible.

When the Barbican and the Barbican Centre Trust seek the support of external organisations and individuals to work together to help achieve our respective goals we each aim to ensure that:

- We have honest relationships with our donors.
- We retain our independence and avoid over-reliance on one or more key donors.
- We have consistent processes for making decisions about who we accept money from.
- We seek to be as cost effective as possible in developing sustainable fundraising streams.

The Barbican's Development team are members of the Institute of Fundraising and have agreed to adhere to the Fundraising Regulator's Codes of Practice to ensure best practice, transparency and accountability. The Barbican Centre Trust is registered with the Fundraising Regulator.

Accepting grants, donations and sponsorship can bring with it an element of risk. When deciding whether to accept a donation the Barbican and the Barbican Centre Trust each have a duty to:

- weigh the benefits of the donations against the level of risk this will or might bring (and to identify if and how risks might be mitigated).
- demonstrate that they have acted in the best interests, as relevant, of the Barbican Centre Trust (and its beneficiaries in furtherance of its charitable purposes for the

public benefit) or the Barbican (and, the City of London, in provision of a public service).

- demonstrate that the association with any particular donor does not unduly compromise each organisation in any way, and further the Barbican's position and artistic integrity, harm its reputation or put future funding at significant risk.

The main criteria for accepting partnerships or donations will be where there are grounds for believing that it will benefit the Barbican's mission. The Barbican and Barbican Centre Trust will not accept funding where the donation:

- was known to be associated with criminal sources.
- would help further a donor's personal or business objectives when these are in conflict with the objectives of the Barbican or the Barbican Centre Trust.
- would lead to long-term and / or irreparable decline in support of the Barbican or in the resources available to fund our work.
- would cause long-term and / or irreparable damage our respective reputations.

e) **Gift Acceptance – process and assessment**

We assess potential donations to ensure they meet our standards for accepting such gifts and to ensure they do not conflict the values stated above, or otherwise would cause us to breach any legal obligations. This process starts with an informal review, moving into formal review and / or escalation for those deemed at higher risk, using a standardised assessment criteria. For those gifts under formal review and rated as *Serious*, *Major* or *Extreme*, a Gift Advisory Committee will be formed from key personnel which shall include the Barbican's Chief Operating & Financial Officer (CO&FO) (and may include the Chairman of the Barbican Centre Trust) in order to make a recommendation about whether the gift should be accepted or not.

Taking into account the recommendation made by the Gift Advisory Committee a final decision on *Major* and *Extreme* risk-rated gifts to the Barbican will be made as per the below:

- the Managing Director (MD) in the case of gifts of up to £1,000,000 per annum in consultation with the Chair of the Barbican Centre Trust.
- the Managing Director in consultation with the Chairman and Deputy Chairman of the Barbican Centre Board and the Chair of the Barbican Centre Trust for gifts £1,000,001+ per annum.

Accepting or otherwise gifts rated as *Serious* will be made by the Chief Operating & Financial Officer in consultation with the Head of Development, following consultation with other key colleagues, as deemed necessary. Accepting or otherwise gifts rated *Minor* will be made by the Head of Development.

Individuals involved in making any decision will be asked to declare any conflicts of interest that might prevent them from making an unbiased and objective assessment of the gift under review. Any individual deemed too closely connected to the donor or donation under review will be excluded from the advisory and decision-making process and an alternative individual approached.

The Gift Advisory Committee will meet in person or by secure correspondence to consider the matters referred to it. Minutes will be kept of its discussions and key points from the minutes which inform the decision-makers in taking their decisions (as noted above) will be presented to next subsequent meeting of the Barbican Centre Trust and Board, as relevant, together with the research material and reports and supporting documents, as required.

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<b>Committee:</b>	<b>Date:</b>
Risk Committee of the Barbican Centre Board	24 July 2019
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> Head of Audit and Risk Management	<b>For Information</b>

## Summary

This report provides an update on Internal Audit activity undertaken at the Barbican Centre since the last report made in January 2019. Delivery of 2018-19 planned audits is in progress and is analysed at Appendix 1.

Since the last Committee update report two pieces of audit work in respect of the Barbican Centre have been finalised: Strategic Planning, Monitoring & Implementation (moderate assurance) and Fraud Risk Management (moderate assurance); the scope of these audits is outlined in Appendix 2. Additionally, the draft report has been circulated in respect of Financial Monitoring. Delivery of the remaining assurance work has been delayed by Internal Audit staff absence.

A number of corporate audits have been finalised since the last report to this Committee, some of which relate to key systems and processes which are relevant to the Barbican Centre. Audit scope information is provided at Appendix 3. None of the recommendations arising from these audits are the responsibility of Barbican management to progress.

There are 18 live high priority (amber, in this case) recommendations as at the end of June 2019, as set out in Appendix 4, seven of which arose as part of the two Barbican audits finalised since the last meeting of this Committee. Internal Audit will continue to liaise with Barbican management to determine the progress of implementation as part of more frequent corporate follow-up exercises.

The outcomes of two fraud investigations relating to the Barbican Centre are summarised for this Committee (Appendix 5).

Internal Audit and Barbican management have now determined suitable timings and potential areas of focus for planned 2019-20 audit reviews (Appendix 6).

## Recommendation(s)

### Members are asked to note:

- **the delivery position for the 2018-19 Internal Audit Plan, including audit review outcomes for recently finalised audits,**
- **the outcome of Barbican-related fraud investigations**
- **live high priority recommendation details, and**
- **planned audits for 2019-20.**

## Main Report

### Background

1. This report provides an update on audit work progressed since the January 2019 Committee meeting and includes a summary of the status of all 2018-19 reviews (Appendix 1). Two audits have been finalised since the last meeting of this Committee, resulting in nine amber priority and four green priority recommendations being raised. Details of the scope of these audits are shown in Appendix 2. A further audit report has been issued in draft form.
2. Six corporate audits have been finalised since the last report to this Committee in respect of other assurance work and both scope and outcome information is contained within Appendix 3.
3. As at the end of June 2019 there are no live red priority recommendations and 18 live amber priority recommendations related to Barbican Centre audits, as set out in Appendix 4.
4. Fraud investigation outcomes relevant to the Barbican Centre are reported in Appendix 5.
5. Internal Audit have liaised with Barbican Management to agree areas of audit coverage for 2019-20 and details, including agreed timings, are included at Appendix 6.

### Delivery of Internal Audit Work

6. Details of 2018-19 Audit Plan delivery are shown at Appendix 1. Two Barbican audits have been finalised since the last meeting of this Committee, as set out below.

#### Strategic Planning, Implementation, and Monitoring – **Moderate Assurance**

<b>Recommendations</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Number Made:	0	2	0	2

7. Amber priority recommendations were made in respect of the following:
  - In order to facilitate effective planning and delivery monitoring, the Barbican Incubator should ensure that, going forward, all Project Initiation Forms are fully completed by the relevant Project Lead before submission for approval.
  - SMART KPIs should be defined as part of the project initiation process to facilitate delivery monitoring and evaluation.
8. Barbican management agreed both recommendations and proposed a target implementation date of September 2019 for the control improvements.

## Fraud Risk Management – **Moderate Assurance**

<b>Recommendations</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Number Made:	0	7	4	11

9. Amber priority recommendations were made in respect of the following:

- The Barbican Centre Directorate should ensure that the Barbican Centre's key fraud risks are recorded in the Pentana Risk Management System and managed within its existing Risk Management Framework.
- The Barbican Centre Directorate should ensure that risk management forms a standing agenda item at all Divisional Team meetings.
- The Barbican Centre should include copies of the City's Anti-Fraud and Corruption Strategy and Whistleblowing Policy on its intranet site. Centre wide emails should be regularly circulated to draw staff attention to these documents.
- Barbican Centre management should take appropriate steps to roll-out Fraud Awareness training, including the setting of targets for the proportion of staff undertaking the new module, and monitoring of performance against these.
- The Barbican Centre should ensure that its control framework is enhanced to ensure that consultant services are only employed when formally approved by a Director.
- The Director of Operations and Buildings should ensure that Engineering stock management procedures are developed and circulated to appropriate staff.
- The Head of Retail and Bars Operations Manager should ensure that appropriate staff training records are maintained to evidence training delivered to Retail and Bars staff on key procedures.

10. Barbican management agreed all recommendations and Internal Audit has confirmed implementation of two of these. A revised target timescale is required for full implementation of one of the outstanding recommendations, with the remaining high priority recommendations due for implementation between July 2019 and March 2020.

11. The draft report has been circulated in respect of the audit of Financial Monitoring, which sought to verify that adequate arrangements were in place to seek opportunities to maximise income and manage the financial performance of the Centre. Audit testing was focused on confirmation of the following:

- There is a defined strategy in place which sets out how the Centre is to maximise its income.
- Roles, responsibilities, accountabilities and reporting lines have been defined between all interested parties to help ensure that the CoL interests are safeguarded.
- Accurate financial information and reasonable projections are used to prepare the annual budget.

- Budget variances are analysed regularly and where relevant, corrective actions are agreed and followed up.
- Regular meetings are held with key partners / stakeholders to discuss the financial performance of the Centre and actions arising from the meetings are followed up promptly.
- Financial performance of the Centre is reported to and challenged by the group of officers at the right levels.

12. The planned audit of Event Decision-Making, Contracting and Evaluation was split into three separate pieces of assurance work, with the agreement of Barbican Management. Fieldwork has been completed in respect of all three of these audits and a further audit of Barbican IT Projects but reporting has been impacted by Internal Audit staff absence. Work is underway to complete delivery.

### **Other Relevant Assurance Work**

13. The outcomes of the following finalised 2018-19 corporate audits, relevant to the Barbican Centre in terms of corporate policy and procedures, have not been reported previously to this Committee: Corporate Expenses, Procurement Cards and Petty Cash, City Procurement, GDPR Readiness, Corporate Programmed Repairs & Maintenance, Payroll, and Oracle (CBIS) Application Audit. Scope and assurance level information in respect of these corporate audits is shown in Appendix 2. No recommendations have been made directly in respect of the Barbican Centre.

### **Corporate Follow-Up Exercise**

14. The corporate high priority (red and amber) recommendation monitoring process has been operating on an approximately quarterly basis. Recommendations are assessed as “implemented” only where suitable evidence has been provided to Internal Audit, rather than advised by management / recommendation owners. Where evidence is not provided, recommendations are assessed as either partially or not implemented and a revised target is agreed, recognising the Audit and Risk Management Committee view that there should be only one extension to implementation deadlines.

15. The last corporate follow-up exercise was carried out in respect of all live red and amber priority recommendations due for implementation by 31<sup>st</sup> March 2019 and the outcome was reported to the City’s Audit and Risk Management Committee in May 2019. There were seven recommendations related to the Barbican which were within the scope of this exercise whereby status updates were sought from recommendation owners and evidence was requested of progress in implementation.

<b>Implementation Evidenced</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>	<b>Total</b>
---------------------------------	------------------------------	------------------------	--------------



<b>Implementation Evidenced</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>	<b>Total</b>
1	4	2	7
One of the recommendations has been superseded by the new corporate contract for catering. Revised target dates for implementation have been supplied in respect of the six outstanding high priority recommendations, with management comments provided for five of these to explain the delay in implementation.			

16. Internal Audit has reiterated the need for management to set realistic and appropriate target implementation timescales so that revised timescales are set only in exceptional circumstances.
17. Internal Audit has been actively looking at ways to streamline the corporate follow-up approach and reduce the impact upon available resource for Audit Plan delivery. The City's Audit and Risk Management Committee has agreed the proposal for Internal Audit to undertake more regular follow-up of high priority recommendations to promote regular monitoring of implementation by departmental Senior Management and reduce the perception that this activity as a 'bolt on'; recommendation tracking should be part of business as usual arrangements.

### **Recommendations Implementation Position**

18. At the time of the last update to this Committee (January 2019), there were two live red priority recommendations and 17 live amber priority recommendations related to the Barbican Centre. Both red priority recommendations have been closed since that time upon receipt of implementation evidence. Additionally, nine amber priority recommendations have been raised as part of two recently finalised audits. Internal Audit has received implementation evidence in respect of eight amber priority recommendations, resulting in a total of 18 live amber priority recommendations as at the end of June 2019. A breakdown of all live high priority recommendations is shown at Appendix 4.
19. Of the live amber priority recommendations, eleven have been subject to implementation slippage and revised target dates have been supplied; five of these revised target dates have been provided since the Internal Audit update to the January 2019 meeting of this Committee.

### **Fraud Cases**

20. A summary of Fraud Investigation outcomes relevant to the Barbican Centre is provided in Appendix 5.

### **Internal Audit Plan 2019-20**

21. The updated Internal Audit Plan for 2019-20 is attached at Appendix 6. The Plan was initially prepared using a risk-focused approach and in consultation with both the Barbican's Chief Operating and Financial Officer, and the Acting Head of Finance - Chamberlain's Department.

22. Internal Audit have liaised with the Head of Finance to agree the timing of audit coverage for 2019-20 and assignment planning discussions are underway to agree the detailed scope of audits.

## **Conclusion**

23. Delivery of the Internal Audit Plan 2018-19 (Appendix 1) has progressed with four finalised audits and one audit, Equalities and Inclusion, currently at draft report stage. The scope of recently finalised audits is detailed at Appendix 2 and details of other assurance work are shown in Appendix 3.

12. There are no live red priority recommendation as at the end of June 2019 and there are 18 live amber priority recommendations (Appendix 4). Seven of these high priority recommendations arose from audits finalised since the last Internal Audit Update Report in January 2019. As agreed with the City's Audit and Risk Management Committee, corporate Internal Audit follow-up activity will be undertaken more regularly in future to encourage recommendations tracking to become part of business as usual operations.

13. Two fraud investigations have been undertaken in relation to the Barbican Centre and action has been taken to address the necessary control improvements (Appendix 5).

14. Areas of Internal Audit coverage have been agreed for 2019-20 (Appendix 6), with feedback obtained from Barbican Management and Chamberlain's Finance in respect of the broad scope and timing, and audit assignment planning is underway.

## **Appendices**

Appendix 1 Summary of Internal Audit Plan Delivery 2018-19

Appendix 2 Barbican Finalised Audits – Scope Information

Appendix 3 Corporate Finalised Audits – Scope and Outcome Information

Appendix 4 Live High Priority Recommendations

Appendix 5 Fraud Investigation Outcomes

Appendix 6 Audit Plan 2019-20

Pat Stothard, Head of Audit and Risk Management

E: [Pat.Stothard@cityoflondon.gov.uk](mailto:Pat.Stothard@cityoflondon.gov.uk)

## Scheduled Work - Internal Audit Plan 2018-19

Project and Rationale	Planned Days	Current Stage	Assurance Rating	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Strategic Planning, Monitoring and Implementation</u>  An examination of the Barbican Centre's strategic planning framework, to include arrangements for stakeholder input, formulation of plans/projects to facilitate Plan implementation, development of SMART objectives and related KPIs, and communication. This audit will also look at mechanisms for monitoring of delivery and on-going review.	15	Complete	Moderate	0	2	0	2
<u>Artistic Events: Decision-Making &amp; Evaluation</u>  To obtain assurance on the decision-making process for artistic event programming, including evaluation, to ensure alignment with the Barbican's Strategic Goals.	20	Fieldwork Complete	-	-	-	-	-
<u>Commercial Events: Decision-Making &amp; Evaluation</u>  To obtain assurance on the decision-making process for commercial event programming, including evaluation, to ensure alignment with the Barbican's Strategic Goals.	10	Fieldwork Complete	-	-	-	-	-

Project and Rationale	Planned Days	Current Stage	Assurance Rating	Recommendations			
				Total Red	Total Amber	Total Green	Total
<u>Events Contracting</u>  To obtain assurance in respect of the management of event contracts, including cancellation arrangements, to ensure that the Barbican Centre's interests are safeguarded.	15	Fieldwork Complete	-	-	-	-	-
<u>Financial Monitoring and Income Generation</u>  An examination of the adequacy and effectiveness of the control framework for financial monitoring and generation of income.	15	Draft Report	-	-	-	-	-
<u>IT Projects</u>  An examination of the control framework related to a sample of IT projects, for example CRM, Agile Working, Ticketing System, in support of the Barbican's strategic objectives.	15	Fieldwork Complete	-	-	-	-	-
<u>Fraud Risk Management</u>  A high-level examination of fraud risk management arrangements in operation, focusing on internal fraud areas such as asset misappropriation & corruption.	10	Complete	Moderate	-	7	4	11
<b>TOTAL</b>	<b>100</b>			-	<b>9</b>	<b>4</b>	<b>13</b>

**Barbican Centre: Recently Finalised Audits July 2019 – Audit Scope Details**

Strategic Planning, Implementation and Monitoring – Moderate Assurance

1. The overall objective for this audit was to examine the Barbican Centre's strategic planning framework, to include arrangements for stakeholder input, formulation of plans/projects to facilitate Plan implementation, development of SMART objectives and related KPIs, and communication. This audit also looked at the mechanisms for monitoring of delivery and on-going review.
2. The audit sought to obtain assurance that adequate arrangements are in place in respect of the following:
  - A strategic planning framework has been established which enables identification of long-term objectives and prioritisation of activities to achieve these;
  - Stakeholder engagement in Plan formulation and arrangements for communication of Plan developments, to promote buy-in;
  - Development of specific strategies and plans to enable implementation of the Strategic Plan.
  - Development of SMART objectives and related KPIs to facilitate evaluation of Plan delivery;
  - Monitoring implementation of the Strategic Plan and related plans/projects through appropriate forums; and
  - Mechanisms for review and update of the Strategic Plan to ensure it remains relevant and up to date.

Fraud Risk Management – Moderate Assurance

3. This audit was a high-level examination of fraud risk management arrangements in operation in respect of the Barbican Centre, focusing on key internal fraud areas.
4. The objectives of this Internal Audit review were to provide assurance that fraud risk management arrangements include the following:
  - A clear framework is in operation for identifying, assessing, mitigating and monitoring fraud risks.
  - Arrangements are in operation for reporting to Members and Senior Management on the effectiveness of fraud risk management.
  - Policies and procedures have been developed and communicated to all key staff, clearly depicting what is expected in areas of the business activity with a high fraud risk, for example procurement below £10k, ticketing, income collection (cash handling in particular), inventory and stock management, and declarations of interest / gifts and hospitality.

5. The audit also looked to obtain assurance that appropriate training has been delivered to staff in these high fraud risk areas and that a fraud aware culture is promoted through:

- determining and communicating appropriate routes through which suspected or actual fraud can be reported and;
- taking appropriate actions to implement lessons learned from known fraud cases.

## Corporate Audit Outcomes for July 2019 Barbican Risk Committee

### Corporate Expenses, Procurement Cards and Petty Cash – Moderate Assurance

1. The scope of this audit was examination of controls over the administration of expense claims, use of procurement cards, and the administration of petty cash.
2. Five amber recommendations were raised regarding the following: timeliness of claims policy; a review of expense policies; approval of claims; compliance with policies; accurate coding; and VAT input on claims.
3. Three amber recommendations were raised regarding the following: approval of expenditure limit amendments; splitting of purchases; compliance with policies; supporting documentation for purchases; timeliness of approval of purchases; accurate coding; and VAT inputs on purchases.
4. Four amber recommendations were raised in relation to an update to Financial Regulations; further corporate guidance for petty cash administration; reconciliations of petty cash floats, reviewing the Walbrook Wharf imprest account; and the approval of petty cash claims.
5. All twelve amber priority recommendations were accepted by management.

### City Procurement – Moderate Assurance

#### *Strategy*

6. Audit established by examination of Corporate Procurement Policy documents that a City of London procurement strategy (2015-2018) is in place for achieving value for money, whilst undertaking procurement activity. The strategy has been approved by the Finance Committee and senior management in the form of the Chamberlain's sign-off on the document. The strategy sets out key actions and measures of success in support of the value for money strategy and includes the need for procurement to comply with the Public Contracts Regulations 2015 and the City Procurement Code. However, audit examination noted a weakness in the documentation, whereby an approved change: the replacement of the Procurement Regulation 2014 to the Procurement Code 2015; had not been reflected in strategy document. In addition, Audit established that document version history is not in operation, (for example reviewed and approval date) reducing the clarity of the document review process. Two amber recommendations were made to address these areas.

#### *Compliance*

7. Compliance with the procurement code was determined by examination of a sample of three high value procurements, over one hundred thousand pounds (£100k), and five low value procurements, less than ten thousand pounds (£10k). The compliance criteria for the high value transactions were found to be specific in their compliance requirements, and the sample of high value procurements established them to be compliant. For the low value procurements (under £10k) Audit established that the compliance requirements are less rigid, with the one

exception that where a corporate contract for supplies exists then this must be used. The procurement code for low value procurements does not include explicit requirement to demonstrate adherence to the principles. An amber recommendation was made with respect to the compliance requirements for low value transactions.

### *Savings*

8. Audit identified by discussion and examination of documentation a methodical approach to calculate the annual savings target, and to agree targets with the appropriate stakeholders for the coming year. This methodology includes adequate monitoring and reporting arrangements put into operation to report on progress against savings targets.

### *Partnerships*

9. Audit established that City procurement has suitable arrangements in place to achieve value for money targets in collaboration with internal (City departments) and external (suppliers) parties. Arrangements with external parties includes framework agreements and a supplier contracts register to achieve value for money, with the information published and maintained on the intranet. Internal departments are assisted in achieving value for money by the City Procurement through range of offerings for example regular category boards meetings where expertise is provided on procurement projects and the delivery of the procurement annual sourcing plans.

### *Advice*

10. Audit findings established by discussion that various arrangements are in place to assist departments in procurement matters. A commercial contract team, formed in 2017, is available to provide commercial expertise and advice across all corporate contracts, further advice can be sought on procurement projects and spend at the regular category board meetings that take place between departments and City Procurement. Audit examination of the intranet content established that it contains guidance on the city procurement offerings, including a "toolkit" to assist in the contract management process. However, management information could be improved in the area of the toolkit utilisation by maintaining records of toolkit uptake by departments/contract managers with an amber level recommendation made.

### *Information*

11. Audit testing of documentation established that measures are in place to provide regular management information to the appropriate forums to enable effective review and scrutiny of value for money targets and to allow effective decision making. A savings tracker excel spreadsheet is maintained and monitored by City Procurement Business Process and Reporting Team, and is used to provide regular management information to senior management. An update report is produced by City Procurement on a quarterly basis, which specifies the savings realisation on a cumulative basis against the cumulative targets. The report is provided to the Finance Committee as part of the quarterly update report of the



Chamberlains. The December 2017 quarterly update reported £4.06m in savings and efficiencies had been achieved against a cumulative target of £3.97m.

12. All four amber priority recommendations were accepted by management.

### Corporate: GDPR Readiness – Moderate Assurance

13. The CoL has achieved material compliance with GDPR, as they have all the necessary measures in place and are in progress of becoming fully compliant, once all the below points have been fulfilled.

- The review of third-party contracts has not been fully completed but there has been good progress to address these sufficiently i.e. contractual clauses for data sharing;
- A final retention policy has not been implemented, although this is currently under review. Furthermore, a formal review of all data stored on computer network drives is required, with the help of proposed diagnostic tools;
- The GDPR Project team and the Access to Information Network (AIN) representatives (reps) have worked and coordinated successfully on implementations tasks; however, the going use of the AIN reps should be regularly reviewed to confirm that their continued use meets the expected requirements;
- A mini gap analysis and follow-up audit is beneficial to ensure the tasks are completed and identify any remaining aspects of the GDPR implementation;
- There is ongoing 'Business As Usual' support by the Governance team to continue with GDPR compliance, alongside engagement with the AIN reps who monitor and support departments. The GDPR e-learning course suggests engagement; however, the remaining 6% out of the 94% completion should be identified in order to establish if they are active staff or not;
- Additional resourcing may be needed to embed compliance more actively in some departments, this could be utilised from the GDPR Project team.

14. The review determined that full compliance can be achieved within the organisation once all the above points have been completely accomplished. In particular the review of all data and successfully updating all third party contracts.

15. Both high priority recommendations (red) were agreed by management.

### Corporate: Programmed Repairs & Maintenance – Moderate Assurance

#### *Compiling Asset Registers and Programmed Maintenance Schedules*

16. The audit confirmed that there were appropriate arrangements for devising asset registers as part of preparing the original contract tender; asset registers were produced by City Surveyor's department Property Facilities Managers, building on asset registers used under the previous building repairs and maintenance

contract with Mitie. The asset registers were approved by the Facilities Management Category Board.

17. Audit examination of the contract terms determined that Skanska were required to undertake a further asset verification exercise to locate unidentified assets and update the asset registers accordingly; through audit inspection of revised asset registers it was confirmed that this was undertaken in May 2018. The asset registers set out the frequency at which each asset will be subject to maintenance, as determined by using an externally recognised framework - SFG20.
18. Audit testing confirmed that the original asset registers were uploaded to Micad, the City's Computer Aided Facility Management system which is used to produce programmed maintenance schedules. The Assistant Director advised that the Implementation Manager reviewed Micad to ensure that the asset registers had been uploaded correctly and that accurate maintenance schedules were being produced. Through further inspection of the Micad system, the audit confirmed that the revised asset listings were uploaded to the Micad system in October 2018. Internal Audit was advised by the Property Contracts Performance Manager that the Property Facilities Managers reviewed the accuracy of asset information and corresponding maintenance schedules upon upload.

### *Delivery of Programmed Maintenance Schedules*

19. Audit examination of contractual documentation and discussion with the Property Contracts Manager determined that there are established arrangements for monitoring contractor performance. It was noted that the contractor is required to report against a range of contract Key Performance Indicators each month, one of which relates to the completion rate for programmed maintenance tasks. Under the contract, the target completion rate is 96% and contractual penalties are payable if performance falls below this level. Audit inspection of the monthly performance reports confirmed that the contractor reported satisfactory performance from May to October 2018.
20. The Property Contracts Performance Manager advised Internal Audit that the City Surveyor's department Technical Advisory Group have yet to commence inspection of works to ensure that completion is to the required standard; a red priority recommendation has been made accordingly. In addition, there are no arrangements in operation for following up on those programmed maintenance items that are not completed by their set deadline and an amber priority recommendation has been made.

### *Contract Variations – Compensation Events*

21. Through audit discussion with the Property Contracts Performance Manager and audit testing, including examination of process flowcharts, it was confirmed that there is an appropriate process for managing compensation events in relation to asset additions and disposals to ensure that they are valid and reflected in contractual documentation. There is scope to improve control by establishing arrangements for updating programmed maintenance schedules following

agreement of variations, referred to in the contract as 'compensation events', and an amber priority recommendation has been made accordingly.

### *Monitoring the Relative Proportions of Programmed and Reactive Maintenance*

22. Audit examination of the reports presented to the Corporate Asset Sub Committee and Property Investment Board in September 2018 and October 2018 respectively confirmed that the City is working towards a programmed maintenance to reactive maintenance task ratio of 80:20; it is understood that this ratio is widely recognised as reflecting industry best practice. The reports also confirm that over the next 12 months, the City Surveyor's department intends to identify and take appropriate actions to ensure that the ratio of programmed and reactive maintenance is delivered according to the required ratio. On the basis that management have identified appropriate actions, no recommendations have been made in this area.

### *Costing Programmed Maintenance Schedules and Setting Budgets*

23. Audit examination of reports presented to the City's Finance Committee determined that the Building Repairs and Maintenance contract was originally tendered based on costed asset registers devised by the City. It was noted that the contractor's tender price of £21.9m was approved and subsequent additions to the asset registers increased costs by a further £763k.

24. The Assistant Director confirmed that the City set a programmed maintenance budget of £4.7m in 2017/18 which was sufficient to cover the programmed maintenance requirement. Audit examination of a report presented to the Members of the Corporate Asset Sub Committee in September 2018 confirmed that a reduced budget of £4.4m was set in 2018/19 and that this was deemed to insufficient to cover the City's programmed maintenance requirement (£515k shortfall). Internal Audit confirmed by reference to the minutes of the Policy and Resources Committee meeting in October 2018 that a budget increase was approved to resolve this issue.

25. All three high priority recommendations (one red, two amber) were agreed by management.

### Payroll

26. The key conclusions arising from this audit are as follows:

- It was established that members of the Payroll Team have access to procedure notes on the shared drive. However, some of the procedure documents examined had not been recently reviewed.
- Sample testing of new starters and leavers identified that they were correctly processed.
- Sample testing of voluntary deductions from pay identified that they were correctly processed.

- It was established that the Assistant Payroll Manager has an annual control schedule for processing pay adjustments arising from the annual pay award. Testing of the schedule for the July 2018 award established that it was fully updated to confirm completion of required tasks.
- Sample testing of one-off pay adjustments identified that they were correctly processed.
- Sample testing of recurring pay adjustments identified that they were correctly processed.
- Examination of the Payroll intranet page identified that it did not include cut-off dates for permanent and temporary payroll input.
- Documentary evidence of regular back-ups of iTrent was obtained. It was confirmed that supporting documents for monthly pay runs are held on SharePoint which is password protected.
- It was established that monthly net pay reconciliations were carried out by a Principal Payroll Administrator and checked by the Assistant Payroll Manager. Sample testing of net pay reconciliations established that they were undertaken in a timely manner and independently checked.
- It was established that the Finance Team were checking payroll postings to the general ledger and bank accounts, but formal monthly reconciliations were not in place. An amber recommendation has been raised to address this issue.
- It was established that a dummy pay run is undertaken before each final pay run. Exception reports received for both the dummy run and final pay run are checked by members of the Payroll Team and the checks are recorded on a run sheet.
- Testing of a sample of monthly pay runs identified that they were fully documented, with required checks being evidenced (apart from Year to Date Reconciliation reports, which were not initialled and dated by the person reviewing them).

27. The amber priority recommendation was agreed by management.

### Oracle (CBIS) Application Audit

28. The key conclusions arising from this audit are as follows:

- Whilst system management responsibilities have been assigned for day to day Oracle tasks, system ownership has not been formally assigned. A green priority recommendation has been raised to ensure that ownership of the Oracle system is formally assigned.

- Audit sample testing indicated that while Oracle licenses are in place, they have been exceeded. An amber priority recommendation has been raised that a review be carried out of Oracle usage to ensure that Oracle license arrangements are in line with actual usage and whether additional licenses need to be procured.
- Reasonable controls were seen to be in place to ensure the Oracle application is backed up and that data is replicated offsite. Agilisys have used source backup files to duplicate the Production Oracle database to a new Oracle database, which has shown that the system can be recovered if needed. Whilst a technical restart procedure is in place, there is not a formal Disaster Recovery procedure covering the Oracle application, nor is there a corresponding Business Continuity Plan. An amber priority recommendation has been raised that a Disaster Recovery procedure covering the Oracle application be created along with a Business Continuity Plan.
- We have noted CoL have an Oracle Dataguard implementation, whereby the production Oracle database ships it's archived logs to a standby database server hosted in another site. These archived redo logs are then applied to the standby database, which keeps the Production live and Standby server in synchronisation. We have noted the need for a Disaster Recovery plan to be introduced and this needs to be tested annually. An amber recommendation has been raised that the Disaster Recovery Plan be tested annually.

29. All three amber priority recommendations were agreed by management.

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## Schedule of Barbican Centre Live Red and Amber Priority Recommendations – July 2019

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
<u>Visitor Experience</u> : Common understanding of 'visitor experience'.	Amber	Not Yet Due	31/08/18	31/12/19	Management comment, December 2018: As agreed with Members, our aim is to create an environment that enables and inspires others to achieve their best. It was agreed that this is to be achieved through the delivery of the following prioritised areas: 1) Compliant, 2) Efficient, 3) Appropriate. We have been delivering a ground-up review and much resultant change and this has meant that people have had to prioritise their finite time on areas of compliance including fire safety and terrorism for example. The Barbican's Strategic Plan defines the goals, one of which is Visitor Experience, (which, unfortunately, shares its name with one of our teams, causing confusion during the audit). Within that goal are contained the objectives all of which have a direct and indirect impact on audience experience. Within these are projects which deliver change in the areas of audience experience. Our prioritised plan means that we will focus on the points raised in the audit and bring together the projects under the 'appropriate' priority. In the meantime, the works under 'compliant' and 'efficient' have all contributed to the Visitor Experience.
<u>Visitor Experience</u> : Improved 'Line of sight' between strategic aims and operational activities to embed 'visitor experience' within the organisational culture.	Amber	Not Yet Due	31/01/19	31/12/19	
<u>Visitor Experience</u> : Business Plan content update to reflect SMART objectives supporting delivery of strategic goals.	Amber	Not Yet Due	30/11/18	31/12/19	
<u>Visitor Experience</u> : Data measurement, analysis and dissemination to interested parties to facilitate monitoring of delivery against the Strategic Goal.	Amber	Not Yet Due	31/05/19	31/12/19	
<u>Visitor Experience</u> : Business Plan progress monitoring to obtain assurance that all the projects / activities relating to the Visitor Experience Strategic Goal are being delivered as anticipated, and performance measures achieved.	Amber	Not Yet Due	30/11/18	31/12/19	
<u>Barbican Retail and Bars</u> : Retail stock ordering – increased automation.	Amber	Not Yet Due	31/07/18	31/12/19*	

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
<u>Barbican Retail and Bars: Retail - online sale system interface with the EPOS system.</u>	Amber	Not Yet Due	31/07/18	31/12/19*	therefore we need to go out to tender. This will happen in the next couple of months with implementation hoping to happen at the end of the year.
<u>Barbican Retail and Bars: Retail – streamlining of stocktake arrangements.</u>	Amber	Not Yet Due	31/07/18	31/12/19*	
<u>Barbican Retail and Bars: Retail – information capture in respect of internal sales.</u>	Amber	Not Yet Due	31/07/18	31/12/19*	
<u>Barbican Retail and Bars: Bars – accurate capture of stock cost information on the EPOS system.</u>	Amber	Not Yet Due	30/04/18	31/12/19*	
<u>Barbican Retail and Bars: Bars – inclusion of till points within CCTV coverage.</u>	Amber	Not Yet Due	31/05/18	31/12/19	Management comment, August 2018: This is being tied in to the larger Barbican wide CCTV project. As this is being procured centrally for all City departments this project has seen a delay to 2019. New deadline - 31st December 2019.
<u>Strategic Planning: Development of SMART KPIs</u>	Amber	Not Yet Due	30/09/19	-	
<u>Strategic Planning: Completeness of Project Initiation Forms</u>	Amber	Not Yet Due	30/09/19	-	
<u>Fraud Risk Management: Divisional Meetings</u>	Amber	Not Yet Due	30/06/19	-	Recommendation partially implemented. Revised timescale required for full implementation.
<u>Fraud Risk Management: Engineering Stock Procedures</u>	Amber	Not Yet Due	31/08/19	-	



Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
<u>Fraud Risk Management: Fraud Awareness Training</u>	Amber	Not Yet Due	20/03/20	-	
<u>Fraud Risk Management: Previous Instances of Fraud</u>	Amber	Not Yet Due	31/07/19	-	
<u>Fraud Risk Management: Retail and Bars Training Records</u>	Amber	Not Yet Due	31/07/19	-	

‘\*’ Denotes revised target date supplied since the last Internal Audit Update Report to the Barbican Risk Committee

Recommendation Status		Partially Implemented	Not Implemented	Revised Target Date To Be Confirmed	Target Date Revised Since January 2019 Committee
Live red priority recommendations	0	0	0	0	0
Live amber priority recommendations	18	5	13	1	4
<b>TOTAL</b>	<b>18</b>	<b>5</b>	<b>13</b>	<b>1</b>	<b>4</b>

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## Scheduled Work Internal Audit Plan 2019-20

Project – <i>Scope to be confirmed</i>	Planned Days	Timing	Current Stage	Assurance Rating	Recommendations			
					Total Red	Total Amber	Total Green	Total
Security	15	Q2	Planning	-	-	-	-	-
Sponsorship & Donations	10	Q2	Planning	-	-	-	-	-
Facilities Management & Maintenance	15	Q3	Not Initiated	-	-	-	-	-
Data Security	15	Q3	Not Initiated	-	-	-	-	-
<b>TOTAL</b>	<b>55</b>				-	-	-	-

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