



## Risk Committee of the Barbican Centre Board

**Date:** MONDAY, 21 MAY 2012  
**Time:** 9.30 am  
**Venue:** MANAGING DIRECTORS' OFFICE AT THE BARBICAN CENTRE

**Members:** Jeremy Paul Mayhew MA MBA      Keith Salway  
(Chairman)    John Tomlinson BA MSc  
Sir Brian McMaster

**Enquiries:** Julie Mayer  
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[julie.mayer@cityoflondon.gov.uk](mailto:julie.mayer@cityoflondon.gov.uk)

Lunch will be served in the Aldermen's Dining Room at the rising of the Court of Aldermen

Chris Duffield  
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 Risk Committee of the Barbican Centre Board held on 6 February 2012.

(Pages 1 - 4)

4. **INTERNAL AUDIT UPDATE**

Report of the Chamberlain

**For information**

(Pages 5 - 14)

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

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

7. **EXCLUSION OF THE PUBLIC**

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.

**Item Nos.**

8 - 13

**Exempt Paragraphs**

2;3

8. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the Risk Committee of the Barbican Centre Board held on 6 February 2012

(Pages 15 - 16)

9. **OUTSTANDING ACTIONS**

Report of the Town Clerk

**For information**

(Pages 17 - 20)

10. **CAPITAL CAP 3 (MAY BE REFERRED FROM THE FINANCE COMMITTEE OF THE BARBICAN CENTRE BOARD) - TO FOLLOW**

Report of the Chief Operating and Financial Officer

**For information**

11. **RISK REGISTER UPDATE - TO FOLLOW**

Report of the Chief Operating and Financial Officer

**For information**

(Pages 21 - 28)

12. **FIRE SAFETY BRIEFING - TO FOLLOW**

Report of the Interim Buildings Director

**For information**

(Pages 29 - 32)

13. **INSURANCE ARRANGEMENTS - TO FOLLOW**

Report of the Chamberlain and Chief Operating and Financial Officer

**For information**

(Pages 33 - 52)

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

15. **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**  
**6 February 2012**

**Minutes of the meeting of the RISK COMMITTEE OF THE BARBICAN CENTRE BOARD held in the Guildhall, EC2 on WEDNESDAY, 6 FEBRUARY 2012 at 9.00 am.**

**Present**

**Members:**

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

**Officers**

Julie Mayer	- Town Clerk's Department
Matthew Lock	- Chamberlain's Department
Sandeep Dwesar	- Barbican Centre
Shaun Kerfoot	- Barbican Centre
Nigel Walker	- Barbican Centre
Nick Kenyan	- Barbican Centre

**1. APOLOGIES**

Mr Brian McMaster submitted apologies

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

There were no declarations.

**3. MINUTES**

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

**4. INTERNAL AUDIT UPDATE**

The Committee received a report of the Chamberlain. The Barbican Finance Committee of 10 January had recommended that regular detailed update reports should be prepared for the Barbican Centre Risk Sub Committee. This would cover final Internal Audit reports and Internal Audit progress reports. Further comments made by the Finance Committee, in respect of E-commerce and business continuity reviews, had been noted and additional reviews added to the plan.

The Chamberlain's Risk and Assurance Manager responded to questions as follows:

In respect of ICT strategy/security and the amber recommendation concerning pen testers, there had been some slippage. The Risk and Assurance Manager would ask the ICT Team to provide an update.

The Risk and Assurance Manager would investigate why summaries of Internal Audit Reports had not been circulated to Members. There were further requests for the Firewall Management Letter to be included with the summaries and a briefing on progress in respect of the Efficiency Review report.

Members asked for clarity about 'completed' status, as shown in Appendix 1. The Risk and Assurance Manager explained that this indicated that a final report had been issued, with mutually agreed recommendations. For smaller projects, this might be a management letter. Members suggested that an extra column be added to the table to give status updates on the recommendations and or/action plans. In this way, similar clarity could be given to items shown as 'outstanding'.

The Finance Committee on 12 January 2012 had asked for assurance as to the Barbican Centre's insurance arrangements and the Chief Finance and Operations Officer confirmed that an initial meeting had taken place. The Chairman asked for the Risk Committee to be updated via an 'outstanding action' list. The Town Clerk would draft a tabular report, to be included as a regular agenda item.

The Barbican Risk Committee would need to meet quarterly, in line with the corporate standard. Members suggested that a meeting be held early in the first quarter, to look at any slippages on the Risk Register/Internal Audit Plan, prior to publication of the External Auditors' Opinion Letter in July.

The Chairman asked for an agenda plan to be set up, linked to the Five Year Audit Plan, scheduling internal audit and risk register reports at the appropriate management team meetings, the Risk Management Committee, the Finance Committee, the Board and, if necessary, the Corporate Audit and Risk Committee. The Chairman expected that the Risk Committee's reports should habitually have been discussed previously at the Centre's Senior Management Team meetings. The Committee noted that the Five Year Audit Plan (Appendix 2) had been produced following detailed consultation on the Business Plan and Risk Register and had been agreed with the Management Team.

## **RECEIVED**

### **5. CITY CORPORATION RISK MANAGEMENT HANDBOOK**

The Committee received a report of the Chamberlain, providing a summary of the key elements of the City of London Corporation's new Risk Management Handbook and Risk Management Framework, as approved by the Audit and Risk Management Committee in October 2011. The handbook had introduced a systematic approach across the City's departments defining a common risk language; regularity of reporting; accountability for risk; and risk tolerance.

The Risk and Assurance Manager was pleased to report good progress and emphasised that the Barbican is a unique City of London Department, with complex challenges. The Chamberlain's Department had been working closely with the Centre to address its training needs. The Chairman was pleased with this progress and stressed that all relevant officers be included and not just risk specialists.

Members noted that 'risk maturity' was currently at level 2, aspiring to level 3; as per the corporate standard. Members asked to be updated on progress to level 3. There was some discussion about strategic and local risks, as defined by the handbook. The Chairman stressed that there was no intention to take responsibility away from departmental management and suggested that the next update of the handbook reflect this.

Members agreed that the new definitions set out in the Risk Matrix were very clear and should ensure greater consistency.

There was a further question about security arrangements in respect of the Olympics. This had previously been raised by the Finance Committee on 12 January and the Chairman asked for this to be added to the new outstanding actions list, to ensure that Members receive timely updates.

There was some discussion about the definition of 'signed off' red risks. The Risk and Assurance Manager explained that a red risk would automatically be escalated to Internal Audit. Once the risk had been 'signed off', the Chief Officer should have acknowledged and understood the position and mitigating actions should be in place. The Chairman suggested this language might be too passive and a better explanation would be to show the risk as being 'owned' at Chief Officer level. Members noted that the Chairman's letter at the beginning of the Risk Handbook had been more specific about this.

## **RECEIVED**

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

There were no questions

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

There were no items.

### **8. EXCLUSION OF THE PUBLIC**

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

#### **Item No.**

8-12

#### **Exempt Paragraphs**

3

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

**9. MINUTES**

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

**10. RISK REGISTER**

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

**11. QUESTIONS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions

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

There were no urgent items.

**The meeting finished at 10.55 am**

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**CHAIRMAN**

**Contact Officer: Julie Mayer**

**tel. no. 020 7332 1410**

**e-mail: [Julie.mayer@cityoflondon.gov.uk](mailto:Julie.mayer@cityoflondon.gov.uk)**



# Agenda Item 4

Committee(s):	Date(s):	Item no.
Barbican Centre Risk sub-Committee	21 <sup>st</sup> May 2012	5
Subject: Internal Audit Update Report - May 2012	Public	
Report of: The Chamberlain	For Information	
<b><u>Summary</u></b>		
<ol style="list-style-type: none"><li>1. The purpose of this report is to provide your committee with an update on the progress of Internal Audit reviews undertaken within the Barbican Centre since the last report made in February 2012. There were eight Internal Audit reviews included within the 2011/12 Internal Audit Plan – five are now fully completed and the remaining three have been progressed to completion of fieldwork.</li><li>2. No significant control issues have been identified from Internal Audit work undertaken since the last update report in February 2012. In accordance with your request for more information concerning the progress in implementing recommendations, a column has been included within Appendix 1 of this report which provides summary details of recent action.</li><li>3. Work has now commenced on the 2012/13 Internal Audit planned work within the Barbican Centre. Initial meetings to prepare the terms of reference for the Retail Outlets review have been arranged. Details of the Internal Audit Plan for 2012/13 are included within Appendix 2 of this report.</li></ol>		
<b>Recommendations</b>		
<ul style="list-style-type: none"><li>• That this report be noted.</li></ul>		

## **Main Report**

### **Background**

4. Regular update reports on Internal Audit activity within the Barbican Centre were requested by the Barbican Centre Finance Committee in November 2009. This report includes details of the progress made in completing the 2011/12 Internal Audit Plan and also provides a schedule of the Internal Audit Plan 2012/13 including completion dates discussed with the Head of Finance.

## **Internal Audit Plan Progress 2011/12 to date**

5. There were eight reviews included within the annual plan 2011/12 comprising a total number of 125 Audit days. There are two reviews which have been progressed to the completion of fieldwork as follows:-
  - Income Collection and Banking – which examined the controls over income once it has been recorded in the Box Office system (ENTA) to transfer to the Finance Office for banking and posting to CBIS.
  - Events Income & Expenditure (including Artifax) – which examined the control of raising invoices for events, setting charges and ensuring that all relevant expenditure has been recharged to each event. Draft reports for these reviews will be issued by the end of May 2012.
6. A review of Health and Safety on Building sites is on-going and a management letter for this review will be issued by the end of May 2012.
7. The final report for the Efficiency Review has been issued and the Chairman of the Barbican Centre Board, together with other Members, has been briefed on the outcome of this review. Details of this audit are included in the next section.
8. Members have also requested details of the Barbican Firewall review which was requested by Centre Management following the completion of the main IS Security & Strategy review. Details from this review are included in the next section.

## **Barbican Centre Efficiency Savings – Progress Against Plan (10 days)**

### **Assurance Level – Green /Substantial**

9. The overall purpose of this review was to identify the efficiency savings agreed for the Barbican Centre for the years 2011/12 and 2012/13 and determine whether they are being realised in practice during the course of the year. This included providing assurance that the regular financial updates concerning progress in implementing agreed budget savings was supported by management and accounting information.
10. Audit work undertaken included establishment of the original 2011/12 budget savings proposals and ensuring that the 2011/12 budget had actually been reduced by the total amount involved (12.5%). An

exercise was then performed to ascertain whether these savings had been implemented and that actual expenditure has remained within budget estimates during the year. In addition, the accuracy of reports made to the Barbican Finance Committee compared to budget performance during the year was determined. Finally, where changes to the proposed savings had been necessary, a check was performed to ascertain whether these changes had been reported to the Barbican Finance Committee in accordance with the impact they would have on achieving overall savings and that any approval required had been sought and obtained

11. It was established that the 2011/12 budget was reduced in accordance with the overall savings total (the 2011/12 budget was 16.2% less for net expenditure compared with the 2010/11 budget). The original proposals have revised during the year due to a number of factors, including the delay in implementing some of the employee related savings arising from staff consultation processes. These have had an impact on the budget of an additional £331,000 employee costs. The Centre has also incurred a rise in net expenditure during the year due to reduced box office receipts on some of its events.
12. In order to keep within budget and achieve savings it was necessary to make some changes to the original savings targets; as with all Departments, the Centre was able to draw on the corporate provision for severance costs arising out of this budget process which assisted this. Regular business review reports have been submitted to the Finance Committee and the financial analysis included within these has been agreed to supporting information, namely CBIS General Ledger reports, as well as e-mail correspondence between the Centre's Management Accountant and the Chamberlain seeking approval to the corporate provision. It is noted that the Centre is on target to remain within budget estimates at the end of the year, although this has required re-engineering of savings plans.
13. The fieldwork for this review was completed in February 2012, with the Draft report issued in March 2012 and the final report issued in April 2012. There were no recommendations made as a consequence of this review.

### **Barbican Firewall**

14. An audit was conducted regarding the Barbican ICT Strategy, Security & Operational Control in the early part of 2011 and a large number of issues were identified. The firewall hardware has since been replaced and many



12 month period. Meetings have been held with the Barbican Centre's Head of Finance and acting Head of Finance to discuss the timings of these reviews. Work has started on preparing the terms of reference of the Retail Outlets review with an initial scoping meeting arranged for the third week in May 2012.

## **Appendices**

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

### **Contact:**

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## Schedule of Internal Audit Projects 2011/12

## Full Reviews

Project	Planned Days	Audit Stage	Assurance Level	Recommendations				Recommendation Implementation Progress
				Total Red	Total Amber	Total Green	Total	
Security and Facilities Management (b/fwd 2010 for completion)	8	Completed July 2011	Green	0	0	2	2	The planned implementation for these two recommendations was the 31 <sup>st</sup> October 2011. A short follow-up audit will be undertaken by the 31 <sup>st</sup> May 2012 to verify implementation of improved control over monitoring the timeliness of paying invoices.
Efficiency Savings – Progress Against Plan	10	Final Report Issued	Green	-	-	-	-	
Income Collection and Banking	25	Fieldwork Completed	Tbc	-	-	-	-	
Income & Expenditure controls (including Artifax)	20	Fieldwork Completed	Tbc	-	-	-	-	
CSA – Health & Safety	15	Management Letter to be issued by 31 <sup>st</sup> May 2012	Tbc	-	-	-	-	
Trade Waste	20	Completed	Green	0	1	7	8	All recommendations fully

		March 2011						Implemented
ICT Strategy/Security/Operations	20	Completed May 2011	Amber	3	8	28	39	Four remaining green priority recommendations which the Centre have advised will be fully implemented by 30 <sup>th</sup> June.
Barbican Centre Firewall	7	Management Letter sent September 2011	n/a	0	1	3	4	One remaining green priority rated recommendation outstanding.

## Schedule of Internal Audit Projects 2012/13

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



<p><u>Box Offices Process</u></p> <p>The Box Office is the event booking and ticketing outlet for the Barbican Centre catering for on-line, telephone and face-to-face customers. The collection and recording of income will be reviewed, as well as controls over complimentary and refunded tickets. This review will not examine e-ticketing or the software application which it is planned to review separately.</p>	10	31 <sup>st</sup> December 2012	Not started	-	-	-	-
<p><u>Annual IS Strategy &amp; Security</u></p> <p>"This being an annual review as requested by the Barbican Committee following the 2011/12 review. The objectives of the audit exercise are to establish and assess: -</p> <ul style="list-style-type: none"> <li>• Adequacy of the strategy in providing the operational service required.</li> <li>• Responsibility to ensure that tasks have been properly assigned.</li> <li>• Configuration to ensure it provides a sound operational and secure setting.</li> <li>• Logical access controls to ensure a secure management frameworks.</li> <li>• Operational and housekeeping procedures</li> <li>• Resilience.</li> </ul> <p>Additionally to incorporate a second follow-up on ICT review (department request)."</p>	5	30 <sup>th</sup> September 2012	Not started	-	-	-	-
<p><u>E-commerce – Box Office Application (ENTA)</u></p>	10	30 <sup>th</sup> September 2012	Not started	-	-	-	-

Standard application/system review, objectives being to establishing and evaluating the strategy, responsibility, logical security, physical & environmental controls, housekeeping and resilience.							
<u>Business Continuity (Including disaster recovery)</u>  Will assess Barbican DR plans being based on Barbican strategic objectives and stated need compared to benchmark leading practice.	15	31 <sup>st</sup> December 2012	Not started	-	-	-	-
<u>Contract Review – Minor Works</u>  This review will examine the City's procedures for the letting of orders and the inspection of small revenue works prior to payment. An evaluation will be made of the procedures for initiating works, selecting a contractor, agreeing rates, inspecting the works and controlling costs. Consideration will also be given to the distribution of orders among eligible contractors and the completion of works prior to payment.	15	31 <sup>st</sup> December 2012	Not started	-	-	-	-

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## Agenda Item 9

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