

<b>Committee:</b>	<b>Date:</b>
Risk Committee of the Barbican Centre Board	5th November 2018
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> Head of Audit and Risk Management	<b>For Information</b>
<p><b>Summary</b></p> <p>This report provides an update on Internal Audit activity undertaken at the Barbican Centre since the last report made in July 2018. The audit of Equalities and Inclusion has been finalised since the last meeting of this Committee and represents completion of all audit work for 2017-18. A summary of outcomes for the 2017-18 audits is set out at <b>Appendix 1</b>.</p> <p>A number of 2017-18 corporate audits have been finalised recently, some of which relate to key systems and processes which are relevant to the Barbican Centre. None of the recommendations arising from these audits are made directly of Barbican management. Summary outcomes are shown in <b>Appendix 2</b>.</p> <p>This report also provides an update on the outcome of a recent corporate follow-up exercise focused on red and amber priority recommendations due for implementation by 31<sup>st</sup> July 2018. There were nine such recommendations relating to the Barbican Centre and the follow-up outcome, as reported to the September 2018 meeting of the City's Audit and Risk Management Committee, is detailed in this report and in <b>Appendix 3</b>.</p> <p>Each meeting of this Committee receives a breakdown of the Barbican's live (not implemented or partially implemented) high priority recommendations which have been agreed by management. Internal Audit enquiries have confirmed that there are twenty-four such recommendations as at mid-October 2018, compared to twenty agreed recommendations at the time of the last report to this Committee in July 2018. <b>Appendix 4</b> gives a breakdown of recommendations, original target dates, revised target dates and the management comment to explain the delay in implementation.</p> <p>Delivery of the 2018-19 Audit Plan is underway and the status of assignments is as set out in <b>Appendix 5</b>. The terms of reference for the audit of Strategic Planning have been finalised and fieldwork is in progress.</p> <p><b>Recommendation(s)</b></p> <p><b>Members are asked to note: the delivery position for the 2017-18 Internal Audit Plan, including audit review outcomes since the last Internal Audit Update Report in July 2018, the number of outstanding high priority recommendations, and 2018-19 Audit Plan progress.</b></p>	

## **Main Report**

### **Background**

1. This report provides an update on audit work progressed since the July 2018 Committee meeting and includes a final summary of the status of all 2017-18 audits (Appendix 1). One Barbican audit has been finalised since the last meeting of this Committee, representing completion of 2017-18 Plan delivery. Details of recently finalised corporate 2017-18 audits are shown in Appendix 2.
2. A recent corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by 31st July 2018. This corporate exercise is undertaken approximately quarterly, in line with the City's Audit and Risk Management Committee reporting cycle, and there were nine such Barbican recommendations which were within scope. The corporate follow-up outcome is detailed below and in Appendix 3.
3. This Committee receives an update on the Barbican live high priority recommendation position at each meeting. Appendix 4 provides a breakdown of recommendation statuses, original target dates, revised target dates and Barbican Management comments in respect of progress, where supplied.
4. Internal Audit have liaised with Barbican Management to agree audit coverage for 2018-19, including the scope and timing of planned audits. Terms of reference have been finalised for one planned audit since the last meeting of this Committee and planning is underway for the remaining audits. Details of 2018-19 planned audits are included at Appendix 5.

### **Delivery of Internal Audit Work 2017-18**

5. Delivery of the Barbican's 2017-18 Audit Plan is now complete, the outcome of all audits having been finalised. One Barbican audit has been finalised since the last meeting of this Committee and a Member Briefing has been circulated in this respect. Audit scope and summary outcome information are shown below.

#### Equality and Inclusion Strategy – Moderate Assurance

<b>Recommendations</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Number Made:	0	10	4	14

6. The scope of the audit was an examination of the control framework related to delivery of the Barbican's Equality and Inclusion objectives, to include arrangements for review of strategy and associated delivery plans, training and data collection processes. Amber priority recommendations were made in respect of:
  - Improving guidance provided to departments for the purposes of developing local Equality and Inclusion plans;
  - Enhancement of local plan content;
  - Sign-off of local Equality and Inclusion plans by Heads of Department;

- Dissemination of local plans across Departments;
  - Roll-out of arrangements for monitoring implementation of local Equality and Inclusion plans, identify and monitoring the implementation of corrective actions, as required;
  - Mapping local plan objectives against the Equality and Inclusion Strategic Objectives and assessing the extent to which the Strategic Objectives are being achieved;
  - Reporting on progress in implementing the overall Equality and Inclusion Strategy to the Management Team and Directorate;
  - Determining whether annual monitoring reports are sufficient to enable the Board to exercise effective oversight over implementation of the Equality and Inclusion Strategy;
  - Review of the adequacy of third parties' equality and inclusion practices; and
  - Review of the scope for increasing diversity targets in respect of the Barbican Centre's workforce, artists and audiences, with the aim of obtaining greater engagement.
7. Barbican management agreed all recommendations. The target implementation timescale for the high priority recommendations was September 2018 for nine recommendations and January 2019 for the remaining recommendation.

#### **Other Relevant Assurance Work**

8. The outcomes of the following finalised 2017-18 corporate audits, relevant to the Barbican Centre in terms of corporate policy and procedures, have not been reported previously to this Committee: GDPR Gap Analysis, Member and Officer Declarations of Interest, Waivers, and Procurement Consultation with Stakeholders. 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**

9. The corporate high priority (red and amber) recommendation monitoring process is 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.
10. The corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by 31st July 2018 and there were nine such recommendations related to the Barbican. Status updates were sought from recommendation owners and evidence was requested of progress in implementation. The Barbican follow-up outcome for reporting to the September 2018 meeting of the City's Audit and Risk Management Committee was that seven recommendations were not implemented by the agreed target date, as follows:

<b>Implementation Evidenced</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>	<b>Total</b>
2	4	3	9
Revised target timescales are required in respect of four partially implemented recommendations and two recommendations which have not been implemented.			

11. Details of these seven live high priority recommendations (i.e. not implemented or only partially implemented) were summarised for the City's Audit and Risk Management Committee in September 2018 and this information is shown at Appendix 3. This analysis includes a comparison of revised target dates for recommendation implementation against original target dates. The City's Audit and Risk Management Committee has previously stated its position that revised timescales should be set only in exceptional circumstances and this was reiterated at the September meeting.

### **Implementation of Audit Recommendations**

12. At the time of the last update to this Committee (July 2018), there were twenty live high priority recommendations. Since that time, 10 further high priority recommendations have arisen from the finalised audit of Equality and Inclusion, two recommendations (one amber priority, one red) have been closed down following the corporate follow-up exercise, and a further four amber priority recommendations have been closed down since that time upon receipt of implementation evidence.
13. As at mid-October 2018 there are two live red priority recommendations related to Barbican Centre audits, and twenty-two live amber priority recommendations. A breakdown of these recommendations is shown at Appendix 4 and reflects where revised target dates have been supplied since the last meeting of this Committee; there are fourteen such recommendations where implementation has not progressed in accordance with planned timescales.
14. Revised target dates have been supplied in respect of the two live red priority recommendations, both of which arose as part of the Baxter Storey Contract Management audit requested by the Audit and Risk Management Committee of the Guildhall School. This catering contract has been superseded by corporate arrangements which commenced on 3<sup>rd</sup> September 2018, the contract for which has not been signed as at mid-October 2018. Implementation of one of these recommendations is dependent upon signing of the contract and the other cannot be assessed until December 2018.
15. Of the twenty-four live amber priority recommendations, four recommendations are overdue and twenty have not yet reached their target (including revised target) implementation dates. Internal Audit continues to liaise with recommendation owners to determine the implementation status, closing down recommendations upon receipt of sufficient evidence.

### **Internal Audit Plan 2018-19**

16. The Internal Audit Plan 2018-19 (Appendix 5) was prepared using a risk-focused approach and is aligned to the Barbican's strategic objectives. Plan delivery is

underway and since the last meeting of this Committee, the terms of reference for the audit of Strategic Planning, Monitoring and Implementation have been finalised. Audit fieldwork is in progress and its focus is on obtaining assurance that adequate arrangements are in place in respect of the following:

- Establishment of a strategic planning framework enabling 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 Plan implementation;
- Development of SMART objectives and related KPIs to facilitate delivery evaluation;
- 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.

17. Detailed planning is underway in respect of planned 2018-19 audit assignments, liaising with Barbican management to inform the scope of work and agree suitable timing.

## **Conclusion**

18. Delivery of the Internal Audit Plan 2017-18 has been completed (Appendix 1), the Equality & Inclusion audit having been finalised since the last meeting of this Committee. A number of finalised Corporate 2017-18 audits are relevant to the Barbican Centre (Appendix 2).

19. The scope of a recent corporate follow-up exercise included Barbican high priority recommendations due for implementation by 31<sup>st</sup> July 2018 and the outcome was reported to the September 2018 meeting of the Audit and Risk Management Committee. Appendix 3 gives the detail of recommendations not implemented.

12. Appendix 4 sets out the live high priority recommendations position. There are two live red priority recommendations at as mid-October 2018 and there are twenty-two live amber priority recommendations which are the responsibility of Barbican management to progress. Internal Audit follow-up activity will continue to confirm the status of recommendations implementation, closing down recommendations upon receipt of sufficient evidence.

13. Delivery of the Audit Plan 2018-19 is underway, as set out in Appendix 5.

## **Appendices**

Appendix 1 Summary of Internal Audit Plan Delivery 2017-18

Appendix 2 Corporate Finalised Audits

Appendix 3 Corporate Follow-Up Outcome – September 2018

Appendix 4 Live Barbican High Priority Recommendations

Appendix 5 Audit Plan 2018-19 - Status

Pat Stothard, Head of Audit and Risk Management

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