

<b>Committee:</b>	<b>Date:</b>
Risk Committee of the Barbican Centre Board	28 June 2017
<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 January 2017. All planned work for 2016-17 has been concluded with the exception of the review of Customer Experience which was, as reported previously to this Committee, deferred to 2017-18. Delivery of 2016-17 reviews, including outcomes, is analysed at Appendix 1.</p> <p>Since the last Committee update report two pieces of audit work have been progressed to completion: Major Incident Plan (substantial assurance) and Car Parking System (substantial assurance). These reviews have resulted in one amber priority and two green priority recommendations being raised and all have been agreed by Barbican management.</p> <p>There are no outstanding red priority recommendations as at mid-May 2017; there are two live amber priority recommendations as set out in Appendix 2.</p> <p>There has been liaison between Internal Audit and Barbican management to determine suitable timing and potential areas of focus for planned 2017-18 audit reviews. The 2017-18 plan is shown in Appendix 3.</p> <p><b>Recommendation(s)</b></p> <p>Members are asked to note: the final delivery position for the 2016-17 Internal Audit Plan including audit review outcomes since the last Internal Audit Update Report in January 2017, live high priority recommendation details and the planned audits for 2017-18.</p>	

## Main Report

### **Background**

1. This report provides an update on audit work progressed since the January 2017 Committee meeting and includes a final summary of the status of all 2016-17 reviews (Appendix 1). Two audits have been finalised since the last meeting of this Committee, resulting in one amber priority and three green priority recommendations being raised. As at the end of May 2017 there are no live red priority recommendations and two live amber priority recommendations as set out in Appendix 2.

## **Delivery of Internal Audit Work**

### Major Incident Plan – **Substantial Assurance**

2. The audit noted that the Barbican Centre has a documented major incident plan, which has been made widely available to staff. Staff training is provided at induction, and there is a detailed training programme for staff directly involved in the management of incidents. Regular evacuation exercises are performed to test the readiness of the Centre in the event of an incident. Lessons learned from these tests are evidenced in writing and used to inform any changes to the plan, or additional staff training. It was determined that the recording of test results could be improved by introducing an action plan for any improvements identified as a result of tests; a green priority recommendation was made in this respect and was agreed by Barbican management.
3. The major incident plan includes post event recovery guidance and this is supported by the integral IT system controls, which were subject to Internal Audit review in December 2013 and found to be satisfactory.

### Car Parks – **Substantial Assurance**

4. Audit testing confirmed the presence of key contract monitoring controls relating to income collection, recording, banking and reconciliation, car park use (authorised access and issue of tickets / permits etc.), budgetary control and management information. Activity in these areas was found to be regulated by both the contract specification and a local (Barbican) documented contract monitoring process ('Season Tickets and Contract Monitoring').
5. Various measures in operation to prevent unauthorised access to / use of the car parks, including patrol, were confirmed by observation. Arrangements for physical security of the car parks and control of use are defined clearly within the contract and monitoring arrangements have been developed to evaluate compliance. In some cases independent assurance could not be provided that monitoring activities had been carried out in accordance with these documented procedures; records had not been maintained to demonstrate checks undertaken. An amber priority recommendation was made to address this.
6. Evidence was supplied of clear, documented arrangements for the administration of ticket / pass / permit issue and management of disabled parking. Live user data was produced for audit purposes to demonstrate that reconciliation was possible between the parking management system and local records maintained by the Commercial Development Department. A green priority recommendation was made to consider that periodic reconciliations be carried out between these two datasets to provide assurance that all live tickets are accounted for and relate to authorised users of the car parks.
7. Sample testing of car park income records confirmed timely, accurate and complete collection, recording, banking and reconciliation; no anomalies were identified. Procedures for the local processing of banking information and

supporting documentation received from the contractor were not documented, however, and a green priority recommendation was made to address this.

8. Relevant Key Performance Indicators were found to be in use to inform contract monitoring and evidence was obtained of regular performance review. It was noted that no significant performance issues had been flagged for 2016-17. Monthly budget position statements and associated correspondence were made available for audit examination and demonstrated discussion of variances and adjustments to forecasts where appropriate.

### **Implementation of Audit Recommendations**

9. As at the end of May 2017 there are no live red priority recommendations outstanding, although there are two outstanding live amber priority recommendations, one of which arose from a review finalised since the last Internal Audit Update Report.

### **Internal Audit Plan 2017-18**

10. The Internal Audit Plan 2017-18 (Appendix 3) has been prepared using a risk-focused approach and is aligned to the Barbican's strategic objectives. There has been consultation with Barbican senior management since the last meeting of this Committee to determine suitable timing for reviews and to support detailing planning. Comment and suggestions for consideration in the reviews shown in Appendix 3 are sought from your Committee Members.

### **Conclusion**

11. Delivery of the Internal Audit Plan 2016-17 (Appendix 1) has concluded with one audit, Customer Experience, deferred until 2017-18. Delivery of the Internal Audit Plan 2017-18 is underway following discussion with Barbican management regarding the scope and timing of individual reviews.
12. There are no live red priority recommendations at as the end of May 2017 and there are two live high priority recommendations, one of which arose from a review finalised since the last Internal Audit Update Report.

### **Appendices**

Appendix 1 Summary of Internal Audit Plan Delivery 2016-17  
Appendix 2 Live High Priority Recommendations  
Appendix 3 Audit Plan 2017-18 and Three Year Strategy

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