

Committee:	Date:
Risk Committee of the Barbican Centre Board	19 January 2018
Subject: Internal Audit Update Report	Public
Report of: Head of Internal Audit and Risk Management	For Information

Summary

This report provides an update on Internal Audit activity undertaken at the Barbican Centre between November 2017 and January 2018, as well as a status update in respect of the schedule of planned work for 2017-18 (Appendix 1).

Delivery of 2017-18 planned audits is in progress. The draft report in respect of Cash Handling has been prepared and the terms of reference for three audits have been finalised since the last meeting of this Committee: Equalities and Inclusion, Visitor Experience, and Retail and Bars. Audit fieldwork is in progress for all three of these planned audits. An additional piece of assurance work has been initiated in respect of the Catering and Bar services contract with Baxter Storey Limited. The terms of reference have been agreed and fieldwork is in progress.

There is one live amber priority recommendation as at the end of December 2017 which arose from the audit of Catering, reported previously to this Committee, and is not due for implementation until 31/03/19. There are currently no live red priority recommendations.

The Internal Audit Plan 2017-20, as previously agreed by this Committee, is attached at Appendix 2. Internal Audit are liaising with Barbican Management to agree the scope and timing of audit coverage in 2018-19. Members' views are sought on proposed audit areas.

Recommendation(s)

Members are asked to note the status of planned audit work for 2017-18, the live high priority recommendations position and proposed audit coverage in 2018-19, based on the previously agreed Audit Plan 2017-20.

Main Report

Background

1. This report provides an update on audit work progressed since the update to this Committee in November 2017 and includes a summary of the status of all 2017-18 audits reviews (Appendix 1). The live high priority recommendation position is reported to each meeting of this Committee and as at the end of December 2017 this is one amber priority recommendation which is not yet due for implementation.

2. The Internal Audit Plan 2017-2020, as agreed previously by this Committee, is attached and includes proposed audit areas for 2018-19 for consideration and comment. Internal Audit are liaising with Barbican Management to agree audit coverage for 2018-19, including the scope and timing of audits.

Delivery of Planned Internal Audit Work

3. An analysis of the status and outcome of reviews within the 2017-18 audit plan is attached at Appendix 1. To date one audit has reached draft report stage (Cash Handling), and the terms of reference have been finalised and fieldwork initiated for three audits: Equalities and Inclusion, Visitor Experience, and Retail and Bars. Delivery of the audit plan for 2017-18 is anticipated by 31st March 2018.

Cash Handling

4. Audit fieldwork in this area has been completed and the draft report has been prepared. The scope of this audit has covered the following:
 - Processes in operation for the timely identification, collection, recording, banking and reconciliation of cash income;
 - Arrangements for the safe custody and security of processing of cash income received;
 - Separation of duties in respect of the above areas and the arrangements for management review, and
 - Administration of cash floats and cash advances, for example Artist fees and per diems.
5. Finalisation of this audit is anticipated shortly and a summary of the audit findings will be reported to the next meeting of the Committee.

Equalities and Inclusion

6. The terms of reference for this audit have been finalised and fieldwork has been initiated to ensure delivery within 2017-18. The scope of this audit will cover arrangements for:
 - Development of local plans to support delivery of the Equality and Inclusion Strategy, with clear assignment of ownership, prioritisation of actions in line with strategic objectives and setting of appropriate delivery timescales;
 - Collecting, measuring and analysing data in relation to Equalities and Inclusion to determine baseline and progress information;
 - Implementation of local Equalities and Inclusion Plans, including measurement of delivery against defined objectives and taking corrective action where appropriate, and
 - Monitoring of overall progress in delivering the Equalities and Inclusion Strategy and reporting to Senior Management and Members as appropriate.
7. A summary of the audit findings will be reported to this Committee post finalisation.

Visitor Experience

8. The terms of reference for this audit, deferred from 2016-17, have been finalised and fieldwork has been initiated to ensure delivery within 2017-18. The scope of the audit is focused on the Barbican Centre's 'Visitor Experience' strategic goal: 'to create timely, relevant and memorable experiences for its visitors, exceeding their expectations in everything that it does' and will cover arrangements for:
 - Identifying the Barbican Centre's aspirations in relation to 'visitor experience' and translating these into tangible goals and objectives;
 - Collecting data and information in relation to visitor experience;
 - Measuring and analysing 'visitor experience';
 - Identifying and implementing actions to improve visitor experience, where appropriate, and
 - Monitoring implementation of the strategic projects underpinning the 'Visitor Experience' goal.
9. A summary of the audit findings will be reported to this Committee post finalisation.

Retail and Bars

10. The terms of reference for this audit have been finalised and fieldwork has been initiated to ensure delivery within 2017-18. The scope of the audit is focused on the arrangements in place for retail and bars to ensure that:
 - Timely, relevant and accurate management information is available to facilitate monitoring in respect of income, performance and stock management, and
 - Stock management processes enable stock to be maintained at an appropriate level, stored properly and securely, and with all movements (purchases and sales) accounted for in full.
11. A summary of the audit findings will be reported to this Committee post finalisation.

Other Relevant Assurance Work

12. An additional piece of assurance work is in progress as a result of a planned audit of Catering (including Student Bar) in respect of the Guildhall School of Music and Drama. The School's services are managed under a contract with Baxter Storey Limited which includes catering for The Green Room and the Artists Café, based at the Barbican Centre, and as such the audit outcome will be relevant to both sites. The scope of this audit will cover arrangements for the following aspects of the catering and bar services contract:
 - Arrangements for monitoring performance to ensure that services provided comply with those laid down in the contract for supply;
 - Mechanisms for ensuring that financial transactions are made in accordance with contractual agreements and are subject to monitoring against budget;

- Key management information such as contractor performance and budget position is reported to senior management and Members, as required, and
 - Procedures in operation for taking appropriate corrective action where poor performance or variances are identified.
13. Once completed, details of the finalised audit will be reported to this Committee and the Audit and Risk Management Committee of the Guildhall School of Music and Drama.

Implementation of Audit Recommendations

14. There are currently no outstanding red priority recommendations. There is one live amber priority recommendation which arose from the 2016-17 audit of Catering and the target implementation date is 31/03/19. The recommendation arose as some of the contractual performance requirements for the caterers were found to be subjective in nature and it was agreed that, for future contracts in this area, key performance requirements will be designed to facilitate effective measurement of delivery.

Draft Internal Audit Plan 2017-20

15. The Internal Audit Plan for 2017-20, as agreed previously by this Committee, is attached at Appendix 2. The Plan was prepared using a risk-focused approach and in consultation with the Chamberlain, the Barbican's Chief Operating and Financial Officer, and the Financial Controller. Internal Audit are liaising with Barbican Management to agree the scope of timing of audit coverage for 2018-19 and an updated three-year plan will be presented to the June 2018 meeting of this Committee. Comment and suggestions for consideration in future internal audit plans are sought from your Committee Members.

Conclusion

16. Delivery of the 2017-18 audit plan is on-going with all audits in progress, as well as a further piece of assurance work related to a contract for both the Barbican Centre and the Guildhall School of Music and Drama.
17. There are no live red priority recommendations and only one amber priority recommendation which is not yet due for implementation. Internal Audit are liaising with Barbican Management to agree the scope and timing of audit coverage in 2018-19. Members' views are sought on audit areas proposed within the Internal Audit Plan 2017-20 which was agreed previously by this Committee.

Appendices

- Appendix 1 Internal Audit Plan Schedule of Projects 2017-18
- Appendix 2 Internal Audit Plan 2017-2020

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