CITY
OF
LONDON

Risk Committee of the Barbican Centre Board Supplementary Agenda

Date: **MONDAY, 4 NOVEMBER 2019**

Time: **10.30 am**

Venue: **COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL**

4.   **INTERNAL AUDIT UPDATE - IMPLEMENTATION OF AUDIT RECOMMENDATIONS**
Report of the Head of Audit and Risk Management.

For Information
(Pages 1 - 8)

Item received too late for circulation in conjunction with the Agenda.

John Barradell
Town Clerk and Chief Executive

This page is intentionally left blank

Committee(s):	Date(s):
Barbican Risk Committee – For Information	04/11/2019
Subject:	**Public**
Internal Audit Recommendations Follow-up	
Report of:	**For Information**
Head of Audit and Risk Management	
Report author:	
Cirla Peall, Audit Manager - Chamberlain's Department	

Summary

This report has been prepared to provide Members with a status update on the implementation of high priority Internal Audit Recommendations made relating to the Barbican Centre.

The number of live high priority recommendations has reduced from eighteen to seventeen since the last update to this Committee in July 2019. Revised target dates have recently been supplied in respect of five of these recommendations as a result of implementation slippage, and one of these is now overdue with a further revised target timescale required for demonstration of full implementation.

As at the end of October 2019 there are thirty-six live low (green) priority recommendations; this category of recommendation is not currently subject to formal Internal Audit follow-up activity.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. The Barbican Risk Committee receives regular status updates on the implementation of high priority (Red and Amber) Internal Audit recommendations made in respect of the Barbican Centre. This report provides Members with the latest position, based upon information received from the Barbican Centre Audit Liaison and audit examination of implementation evidence.

Current Position

2. Internal Audit follow-up activity has determined that at the end of October 2019 there are no live red priority recommendations and seventeen live amber priority recommendations related to Barbican Centre audits. This position presents a reduction of one recommendation since the July 2019 report to this Committee.

3. A summary of live high priority recommendations is provided at **Appendix 1** and a comparison of revised target dates to original agreed dates is shown where available. Internal Audit follow-up work has confirmed the following:

- There has been implementation timescale slippage in respect of five high priority recommendations since the July 2019 Update Report.
- Revised target timescales and explanations for delay have been supplied to Internal Audit in respect of the implementation slippage since July 2019.
- One of these revised target timescales - 25/10/19 - has not been met and a further revised target date is required for demonstration of full implementation. This recommendation is now overdue. An explanation has not been supplied in respect of the second (recent) instance slippage for this overdue recommendation.
- Of the seventeen live high priority recommendations, only one is understood to be progressing in line with its original implementation date.
- Partial implementation has been demonstrated since the July 2019 Update Report in respect of two of the seventeen live high priority recommendations.

4. A corporate follow-up exercise is underway in respect of high priority recommendations due for implementation by 31/10/19 and there are four Barbican Centre recommendations which fall within the scope of this activity. The follow-up outcome will be reported to the November meeting of the Audit and Risk Management Committee and will reflect the following in respect of the Barbican Centre:

- Audit testing has confirmed that two recommendations have been partially implemented and two have not been implemented i.e. no progress demonstrated.
- Revised target timescales for demonstration of full implementation have been supplied in respect of three recommendations.
- The recent revised target date for implementation of one recommendation has not been met and the recommendation is now overdue.

5. Internal Audit has reiterated the importance of setting realistic timescales for demonstrating recommendations implementation. Management continue to be reminded that any implementation actions which are extended beyond the revised target date may be subject to challenge by the Audit and Risk Management Committee, whose expectation is that there should only be one extension to implementation timescales unless the circumstances are exceptional.

6. Internal Audit will continue to work with the Barbican Centre Audit Liaison to determine the progress of implementation of outstanding high priority recommendations, closing down the recommendations upon receipt of appropriate evidence. As at the end of October 2019, there are thirty-six live green priority recommendations; this category of recommendation is not subject to Internal Audit follow-up although it is recommended that Management review these periodically to determine the risk presented to operations.

Conclusion

7. Limited evidence has been supplied to Internal Audit in respect of recommendations implementation progress since the last report made; one recommendation has been closed down and partial implementation has been demonstrated in respect of two.

8. There is a high instance of implementation slippage for the Barbican Centre with sixteen of the seventeen live high priority recommendations subject to a revised target date.

9. Internal Audit work is ongoing to confirm implementation progress and to obtain a revised target date for the overdue high priority recommendation.

Appendices

- Appendix 1 – Summary of Live High Priority Recommendations

Background Papers

- Report to Barbican Risk Committee: Internal Audit Update Report (July 2019)

Matt Lock
Head of Audit and Risk Management

T: 020 7332 1276
E: matt.lock@cityoflondon.gov.uk

This page is intentionally left blank

Schedule of Barbican Centre Live Red and Amber Priority Recommendations as at 31/10/2019

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
1. Visitor Experience: 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. |
2. Visitor Experience: 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	
3. Visitor Experience: Business Plan content update to reflect SMART objectives supporting delivery of strategic goals.	**Amber**	Not Yet Due	30/11/18	31/12/19	
4. Visitor Experience: 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	
5. Visitor Experience: 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	**Amber**	Not Yet Due	30/11/18	31/12/19	

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
performance measures achieved.					
6. Barbican Retail and Bars: Retail stock ordering – increased automation.	**Amber**	Not Yet Due	31/07/18	31/12/19	Management comment, April 2019: we have decided that rather than looking at a stock system, the best available system would replace both stock and epos – 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.
7. Barbican Retail and Bars: Retail - online sale system interface with the EPOS system.	**Amber**	Not Yet Due	31/07/18	31/12/19	
8. Barbican Retail and Bars: Retail – streamlining of stocktake arrangements.	**Amber**	Not Yet Due	31/07/18	31/12/19	
9. Barbican Retail and Bars: Retail – information capture in respect of internal sales.	**Amber**	Not Yet Due	31/07/18	31/12/19	
10. Barbican Retail and Bars: Bars – accurate capture of stock cost information on the EPOS system.	**Amber**	Not Yet Due	30/04/18	31/12/19	
11. Barbican Retail and Bars: Bars – inclusion of till points within CCTV coverage.	**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.

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
12. Strategic Planning: Development of SMART KPIs	**Amber**	Partially Implemented	30/09/19	31/03/20*	Partial implementation demonstrated since the July 2019 Update Report. Management Comment, October 2019: We have agreed on the 10 KPI areas and these will be going to our November Board. The exact measure will not be set for 20/21 until early in the next calendar year when more of the programme and budget are confirmed. The current draft business plan with KPI's which will go in its final version to the November Board for sign off is attached. A revised target date for demonstration of full implementation has been set: 31/03/20.
13. Strategic Planning: Completeness of Project Initiation Forms	**Amber**	Not Yet Due	30/09/19	31/03/20*	Management comment, October 2019: There have been no new PIF's since the audit so we cannot evidence this recommendation at this time. New plan and process are going to the November board so will be able to evidence partial implementation at that point. A revised target date for demonstration of full implementation has been set: 31/03/20.
14. Fraud Risk Management: Engineering Stock Procedures	**Amber**	Not Yet Due	31/08/19	31/01/20*	Management comment, October 2019: The pressure on the team from the ongoing restructure and an unexpected absence has delayed this further. A revised target date for demonstration of full implementation has been set: 31/01/20.
15. Fraud Risk Management: Fraud Awareness Training	**Amber**	Not Yet Due	20/03/20	-	No status update.

Recommendation Area	Priority	Status	Original Target Date	Revised Target Date	Comment
16. <u>Fraud Risk Management: Previous Instances of Fraud</u>	**Amber**	Not Yet Due	31/07/19	31/12/19*	Management update, September 2019: a revised target timescale for demonstration of full implementation has been set: 31/12/19.
17. <u>Fraud Risk Management: Retail and Bars Training Records</u>	**Amber**	Partially Implemented	31/07/19	25/10/19*	Partial implementation demonstrated since the July 2019 Update Report. Management update, October 2019: Retail – We will have staff records updated by the 25th October 2019. Staff training will be recorded electronically and we'll keep a hard copy of the signature page. *Internal Audit comment, October 2019: Evidence of implementation not supplied. Revised target date for demonstration of full implementation required.*

'*' *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 July 2019 Committee
Live red priority recommendations	0	0	0	0	0
Live amber priority recommendations	17	2	15	1	5
TOTAL	**17**	**2**	**5**	**1**	**5**