



Finance and Risk Committee of the Barbican Centre Board APPENDIX PACK

Date: MONDAY, 16 JANUARY 2023

Time: 1.45 pm

Venue: BARBICAN CENTRE

6. **BARBICAN CWP AND CAPITAL PROJECTS - UPDATE REPORT**

Report of the CEO, Barbican Centre.

For Information
(Pages 3 - 8)

7. **INTERNAL AUDIT UPDATE**

Report of the Chamberlain.

For Information
(Pages 9 - 18)

11. **GUILDHALL SCHOOL OF MUSIC AND DRAMA AND BARBICAN CENTRE ROOF, EXPANSION JOINTS AND WATER / DRAINAGE SYSTEM PROJECT**

Joint Report of the CEO, Barbican Centre and the Principal, Guildhall School of Music and Drama.

For Decision
(Pages 19 - 36)

12. **BARBICAN BUSINESS REVIEW - NOVEMBER 2022 (PERIOD 8 - 22/23)**

Joint Report of the Chamberlain and the CEO, Barbican Centre.

For Information
(Pages 37 - 40)

14. **RISK UPDATE**

Report of the CEO, Barbican Centre.

For Information

(Pages 41 - 66)

15. **CONTROVERSIAL PROGRAMMING RISK REGISTER**

Report of the CEO, Barbican Centre.

For Information
(Pages 67 - 80)

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Internal Audit Plan Delivery 2022-23

Project	Current Stage	Assurance Rating	Recommendations Raised			
			Total Red	Total Amber	Total Green	Total
Audits & Spot Checks						
<p><u>Cyber Security</u></p> <p>An examination of key controls related to cyber security and designed to minimise the risk of unauthorised access impacting: information confidentiality, service delivery, and network integrity and availability; for example:</p> <ul style="list-style-type: none"> • Cyber security governance • Culture, awareness, and user education • IT systems configuration • Network security • Identity and access management • Malware prevention • Incident management • Data loss prevention (e.g.in respect of mobile/home working). 	Complete	Moderate	-	4	3	7
<p><u>Corporate Review: Purchase Cards</u></p> <p>Examination of activity across a sample of departments and institutional departments, including the Barbican Centre, focusing on:</p> <ul style="list-style-type: none"> • Evaluation of compliance with the Purchase Card Policy. • Determining the reasons for non-compliance. • Review of action taken to address non-compliance. 	Complete	Moderate	-	1	-	1

Project	Current Stage	Assurance Rating	Recommendations Raised			
			Total Red	Total Amber	Total Green	Total
<u>Organisational Culture & Staff Experience</u> The timing and detailed scope of this work will give regard to the timetable for completion of management actions resulting from the HR review into staff experiences of racism. It is anticipated that the audit review will focus on implementation of the HR recommendations, outcomes from action taken by management and the extent to which organisational culture and staff experience is improving as a result.	Not Initiated	-	-	-	-	-
<u>Ticketing: Refunds – spot check</u> To focus on the impact of the pandemic in relation to tickets for events; the processes for dealing with all categories of transaction, looking at completeness and accuracy.	Complete	Substantial	0	0	0	0
TOTAL RECOMMENDATIONS RAISED			0	5	3	8

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
Completed Audit Follow-Ups (Latest Stage)					
<u>Retail: Online Shop & Branded Merchandise: 2021-22 Audit – Third follow-up (August 2022)</u> <ul style="list-style-type: none"> Audit finalised in January 2022: moderate assurance First follow-up in May 2022: moderate assurance with 3 out of 7 recommendations partially implemented, 1 not implemented and 1 where the risk has been accepted. 	Substantial	0	1*	0	1

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> Second follow-up in July 2022: substantial assurance with 4 out of 7 recommendations implemented, 1 partially implemented, 1 not implemented and 1 where the risk has been accepted. Third follow-up in August 2022: substantial assurance with 6 out of 7 recommendations implemented and 1 where the risk has been accepted. 					
<p><u>Facilities Management & Maintenance: 2020-21 Audit – third follow-up (September 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in March 2021: moderate assurance First follow-up in December 2021: moderate assurance with 4 out of 13 recommendations implemented Second follow-up in June 2022: moderate assurance as no further implementation progress demonstrated Third follow-up in September 2022: moderate assurance with 8 out of 13 recommendations implemented, 3 partially implemented and 2 not implemented. 	Moderate	0	5	0	5
<p><u>Fire Safety: 2021-22 Audit – Second follow-up (November 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in April 2022: moderate assurance First follow-up in August 2022: moderate assurance with 4 out of 7 recommendations implemented, 1 partially implemented and 2 not implemented Second follow-up in November 2022: substantial assurance with all recommendations implemented. 	Substantial	0	0	0	0

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
<p><u>Cyber Security: 2022-23 Audit – first follow-up (December 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in September 2022: moderate assurance First follow-up in December 2022: moderate assurance with 5 out of 7 recommendations implemented. <p>Second follow-up to be carried out in line with revised target dates for implementation, once confirmed.</p>	Moderate	0	1	1	2
RECOMMENDATIONS OUTSTANDING AT LATEST FOLLOW-UP		0	7	1	8
Planned Audit Follow-Ups					
P-Cards: 2022-23 August – first follow-up (April 2023)	-	-	-	-	-
Cyber Security: 2022-23 Audit – second follow-up (February 2023)	-	-	-	-	-

* Risk accepted so this recommendation is excluded from the live high priority recommendations appendix.

Internal Audit – Final Management Report

2022-23: Barbican Centre: Purchase Cards Compliance Check

Prepared by: Cirla Peall

Issue Date: 19/12/2022

Assurance Rating: AMBER



This assurance work was undertaken as part of a rolling programme of Purchase Card (p-card) compliance checks across City Corporation departments and institutional departments.

Audit Scope

- Evaluation of reported compliance with the P-Card Policy.
- Determination of the reasons for non-compliance.
- Review of local action taken to address non-compliance.
- Sample testing to evaluate controls over P-Card requirements that are not subject to quarterly performance reporting e.g. use of corporate contracts, business travel.

Audit Approach


- Review of the departmental response to the Q1 Action Report (transactions totalling approx. £261k) – in terms of investigation undertaken in respect of non-compliant transactions highlighted and action taken locally to prevent a recurrence.
- Comparison of performance from Q4 2021-22 (18/12/21 to 17/03/22) to Q1 2022-23 (18/03 to 17/06/2022), with transactions for both quarters totalling approx. £411k.
- Detailed examination of a sample of 20 non-compliant transactions totalling approx. £10k from the 2022-23 Q1 Chief Officer P-Card Report.
- Discussion with departmental reviewers to identify factors contributing to non-compliance.

Key Findings

More effective action is required to improve compliance with the Purchase Card Scheme, in particular to ensure that:

- **Approval of submitted transactions incorporates robust check and challenge, for example confirming that sufficient information has been supplied in support of purchases made and demonstrating a clear business need.**
- **Cardholder transactions are submitted in good time to facilitate effective review and approval.**
- **Cardholders are consistently held to account in respect of any non-compliance with the Scheme, making use of the ‘three strikes’ rule.**
- **VAT loss is minimised, with any missing receipts chased and used to make retrospective claims if appropriate.**

One amber priority recommendation has been made to address these findings.

Internal Audit – Final Management Report			
2022-23: Barbican Centre: Purchase Cards Compliance Check			
Prepared by: Cirla Peall	Issue Date: 19/12/2022	Assurance Rating: AMBER	

Ref	Issue	Risk	Recommendation	Priority
1.	<p>Controls in operation by the Barbican Centre to promote compliance with the corporate Purchase Card Scheme are not working effectively to ensure that transactions are:</p> <ul style="list-style-type: none"> • Adequately explained and supported. • Submitted on a timely basis. • In accordance with all Policy requirements. • Subject to robust review and approval. 	<p>Where P-card transactions are not adequately explained / supported or not submitted for review on a timely basis:</p> <ul style="list-style-type: none"> • Assurance cannot be provided that spend is appropriate and linked to business need; and • VAT losses may be incurred. 	<p>Barbican Centre Management should promote compliant P-Card practice by ensuring that:</p> <ul style="list-style-type: none"> • Approval of submitted transactions incorporates robust check and challenge. • Cardholder transactions are submitted in good time to facilitate effective review and approval. • Cardholders are consistently held to account in respect of any non-compliance with the Scheme. 	Amber
<p>Management Response: We agree with the recommendations. VAT correction journals will be posted each quarter after review and we will be issuing strike warnings for continuing non-compliance that could end with the removal of the card. We are working with some card holders and City Proc to ensure P cards are the best route for payment for some recurring goods/services.</p> <p>Responsible Officer: Head of Finance & Business Administration Implementation Date: 31/03/2023</p>				

Schedule of Barbican Centre Live High Priority Recommendations as at mid-December 2022

Recommendation Area	Priority	Original Target Date	Revised Target Date	Status & Comments
Facilities Management & Maintenance – finalised March 2021				
<p><u>1. Facilities Management & Maintenance (MK 3650)</u> The Head of Engineering Projects should determine appropriate productivity targets and wider performance measures for the Engineering Team and implement a framework for monitoring performance accordingly, in order to drive the necessary improvements in performance.</p>	Amber	30/09/2021	TBC	<p><u>Internal Audit Comment:</u> A third follow-up exercise in September 2022 confirmed implementation slippage, with 5 issues outstanding.</p> <p>Internal Audit will evaluate further evidence of implementation once Barbican Centre management advise that this is available.</p>
<p><u>2. Facilities Management & Maintenance (MK 3652)</u> The Head of Engineering and Projects should ensure that the accuracy and completeness of Programmed Maintenance tasks within the Micad and Agility systems are periodically verified.</p>	Amber	31/05/2021		
<p><u>3. Facilities Management & Maintenance (MK 3661)</u> The Head of Engineering and Projects should implement an appropriate action plan to ensure that all outstanding all Gas Safety, Electrical Safety and Water Management tasks are completed.</p>	Amber	15/07/2021		
<p><u>4. Facilities Management & Maintenance (MK 3665)</u> The Head of Engineering and Projects should ensure that the skills analysis exercise is completed in an appropriate timeframe.</p>	Amber	30/09/2021		
<p><u>5. Facilities Management & Maintenance (MK 3667)</u> The Head of Engineering and Projects should implement arrangements for verifying the accuracy of reactive maintenance tasks recorded as 'completed' in Micad.</p>	Amber	31/05/2021		

Recommendation Area	Priority	Original Target Date	Revised Target Date	Status & Comments
<u>Cyber Security – finalised September 2022</u>				
<p>6. <u>Cyber Security: Policy & Procedural Review (MK 4028)</u> The Head of IT should adopt a systematic approach to reviewing and updating existing policies, procedures, and guidance; content should be rationalised to aid understanding and avoid unnecessary duplication.</p> <p>Existing policies and procedures should be reviewed and updated in line with the new Cyber Security Strategy once this is finalised and approved. This should be done in line with the updated 10 steps to Cyber Security, as per the National Cyber Security Centre's (NCSC) website.</p> <p>Where CoL Policies are referenced / published on the Barbican Centre and intranet site, these need to be reviewed and updated to ensure the latest policies are used and that there is no duplication or conflict between policies.</p>	Amber	31/10/2022	31/01/2023	<p><u>Internal Audit Update:</u> A first follow-up exercise in December 2022 has confirmed that one amber priority recommendation is outstanding. Internal Audit will undertake a second follow-up exercise in February 2023, in line with the revise target date provided.</p>
<u>P-Card Compliance Check – finalised December 2022</u>				
<p>7. <u>Management Actions to Ensure Compliance (MK 4139)</u> Barbican Centre Management should promote compliant P-Card practice by ensuring that:</p> <ul style="list-style-type: none"> • Approval of submitted transactions incorporates robust check and challenge. • Cardholder transactions are submitted in good time to facilitate effective review and approval. • Cardholders are consistently held to account in respect of any non-compliance with the Scheme. • Appropriate use is made of the three strikes rule. 	Amber	31/03/2023	N/A	<p><u>Internal Audit Update:</u> Implementation progress will be reviewed as part of the annual programme of compliance checks.</p>

Barbican Centre Internal Audit Plan 2023-24

Areas of Audit Coverage	Internal Audit Comment
<u>Shortlist</u> – high priority coverage	
Health and Safety	Rolling programme, specific theme to be determined.
Contract Management / Performance	Rolling programme, specific contract to be determined.
Financial Management	Medium Term Financial Planning
Safeguarding	
Business Continuity	
<u>Longlist</u> – potential additional areas	
Equality, Diversity & Inclusion	
Workforce Planning	
Temporary / Agency Staff / Overtime	
Financial Management	Savings Plans, Budget Management
Theatre Tax Relief	
Departmental / Area Reviews	Rolling programme covering the Centre's operations, for example Creative Learning, International Enterprise, Galleries, Cinema.

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