



Finance and Risk Committee of the Barbican Centre Board

Date: MONDAY, 4 JULY 2022
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Tijds Broeke (Chair)
Tom Sleigh (Deputy Chairman)
Deputy Randall Anderson
Deputy Ann Holmes
Alderman Sir William Russell

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Accessing the virtual public meeting

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<https://youtu.be/4vX640r6rwM>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk

AGENDA

NB: Certain matters for information have been marked * and will be taken without discussion, unless the Committee Clerk has been informed that a Member has questions or comments prior to the start of the meeting. These information items have been collated in a supplementary agenda pack and circulated separately.

Part 1 - Public Agenda

1. APOLOGIES

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

3. MINUTES

To approve the public minutes and non-public summary of the last meeting held on 4 February 2022.

For Decision
(Pages 5 - 8)

4. INTERNAL AUDIT UPDATE

Report of the Head of Internal Audit.

For Discussion
(Pages 9 - 12)

5. *PROJECTS UPDATE

Report of the Director of Operations and Buildings.

For Information

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

7. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

8. EXCLUSION OF THE PUBLIC

MOTION – That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following items, on the grounds that they involve the likely disclosure of Exempt Information, as defined in Part 1, of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

9. NON-PUBLIC MINUTES

To approve the non-public minutes of the last meeting held on 4 February 2022.

For Decision
(Pages 13 - 18)

10. BUSINESS PLAN

Report of the Chief Operating & Financial Officer (to follow).

For Decision

11. BARBICAN BUSINESS REVIEW - MAY 2022 (PERIOD 2 - 22/22)

Report of the Chief Operating and Financial Officer.

For Discussion
(Pages 19 - 22)

12. BARBICAN CENTRE ENVIRONMENTAL SUSTAINABILITY STRATEGY UPDATE

Report of the Director of Operations and Buildings.

For Discussion
(Pages 23 - 28)

13. SECURITY REPORT

Report of the Director of Operations and Buildings.

For Decision
(Pages 29 - 36)

14. RISK UPDATE

Report of the Director of Operations and Buildings.

For Discussion
(Pages 37 - 44)

15. *CONTROVERSIAL PROGRAMMING RISK REGISTER

Report of the Artistic Director.

For Information

16. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

17. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Part 3 - Confidential Agenda

18. **CONFIDENTIAL MINUTES**
To approve the confidential minutes of the meeting held on 4 February 2022.

For Decision

FINANCE AND RISK COMMITTEE OF THE BARBICAN CENTRE BOARD **Friday, 4 February 2022**

Minutes of the meeting of the Finance and Risk Committee of the Barbican Centre Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Friday, 4 February 2022 at 1.45 pm

Present

Members:

Tijs Broeke (Chair)
Randall Anderson
Russ Carr

Officers:

| | |
|-----------------|---------------------------------------|
| Will Gompertz | - Joint Interim Managing Director |
| Sandeep Dwesar | - Joint Interim Managing Director |
| Natasha Harris | - Barbican Centre |
| Bhakoo Udhay | - Barbican Centre |
| Jonathon Poyner | - Barbican Centre |
| Sarah Wall | - Barbican Centre |
| Stuart Taylor | - Guildhall School of Music and Drama |
| Joseph Anstee | - Town Clerk's Department |
| Kerry Nicholls | - Town Clerk's Department |
| Charlie Pearce | - Chamberlain's Department |
| Matthew Lock | - Chamberlain's Department |

Also in attendance:

Robert Glick
Alderman David Graves

1. APOLOGIES

Apologies for absence were received from Deputy Tom Sleigh (Deputy Chair), Anne Fairweather and Deputy Wendy Hyde.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 10 January 2022 be approved as a correct record.

4. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

5. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**
The Chair advised that a late item regarding an internal audit matter had been submitted and would be considered by the Committee in confidential session.

6. **EXCLUSION OF THE PUBLIC**
RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

| Item | Paragraph |
|-------------|------------------|
| 7-11 | 3 |
| 12-13 | - |
| 14 | 3 |

7. **NON-PUBLIC MINUTES**
RESOLVED – That the non-public minutes of the meeting held on 10 January 2022 be approved as a correct record.

8. **BARBICAN BUDGET 2022/23**
The Committee considered a report of the Joint Interim Managing Directors.

9. **GUILDHALL SCHOOL OF MUSIC AND DRAMA AND BARBICAN CENTRE CATERING BLOCK HEATING, COOLING AND VENTILATION PROJECT**
The Committee considered a report of the Director of Operations and Buildings.

10. **EXTENSION OF BARBICAN CONCESSION CONTRACTS CONTRACT**
The Committee considered a report of the Joint Interim Managing Directors.

11. **BARBICAN CENTRE - BAD DEBTS ANNUAL UPDATE**
The Committee considered a report of the Joint Interim Managing Directors.

12. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.

13. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was one item of other business.

The meeting ended at 2.55 pm

Chair

Contact Officer: Joseph Anstee
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| | |
|---|-----------------------|
| Committee(s) | Dated: |
| Finance & Risk Committee of the Barbican Centre Board | 04/07/2022 |
| Subject: Internal Audit Update | Public |
| Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly? | N/A |
| Does this proposal require extra revenue and/or capital spending? | N |
| If so, how much? | N/A |
| What is the source of Funding? | |
| Has this Funding Source been agreed with the Chamberlain's Department? | N/A |
| Report of: Head of Internal Audit | For Discussion |
| Report author: Cirila Peall, Audit Manager | |

Summary

This report has been prepared to provide Members with an update in respect of Internal Audit activity related to the Barbican Centre since the January 2022 meeting of this Committee. Two audits, a spot check and three follow-up exercises have been completed since the last meeting, fieldwork is in progress for a further audit.

As at mid-June 2022 there is one live red priority recommendation and sixteen live amber priority recommendations which arose from four audits.

Recommendation(s)

Members are asked to:

- Note the report
- Consider the appropriateness of delays in demonstration of high priority recommendations implementation and the need for Barbican management to implement more effective internal tracking

Main Report

Background

1. The Barbican Finance & Risk Committee receives updates in respect of delivery of Internal Audit work and the implementation of Audit recommendations.
2. Audit scope information is provided, as per finalised terms of reference, for audits in progress and summary outcomes are reported for finalised audit work i.e. where full management responses have been received and agreed.
3. In terms of high priority recommendations, this report provides Members with the latest implementation position, based on formal audit follow-up undertaken and, where appropriate, interim updates from Barbican management.

Current Position

Delivery of Internal Audit Work

A summary of 2021-22 audit coverage (a year end position statement) is outlined in **Appendix 1** and a summary of 2022-23 audit coverage is outlined in **Appendix 2**.

4. Detailed audit and follow-up outcomes are set out under audit headings below; delivery since the last update to this Committee can be summarised as:
 - 2021-22: two audits have been completed and the reports finalised (Retail: Online Shop & Branded Merchandise, and Fire Safety).
 - 2021-22: a first follow-up in respect of one audit (Spektrix) has been completed.
 - 2022-23: the terms of reference for an audit (Cyber Security) have been agreed and audit fieldwork is in progress.
 - 2022-23: a spot check (Ticketing: Refunds) has been completed.
 - 2022-23: a first follow-up in respect of one audit (Retail: Online Shop & Branded Merchandise) has been completed.
 - 2022-23: a second follow-up in respect of one audit (Facilities Management & Maintenance) has been completed.

Retail: Online Shop & Branded Merchandise – Audit & First Follow-Up

5. The objective of this Audit was to provide assurance over the internal control framework and process efficiency of the general operation of the online shop, as well as the mechanisms in place to ensure a profitable commercial operation; we have given an Amber (moderate) assurance rating. **Appendix 3** contains a copy of the executive summary and the associated management action plan, with full recommendation details provided.
6. All but one recommendation were agreed by management for implementation by 31st March 2022. A first follow-up exercise identified some slippage in implementation, as set out below:

| Audit: | Online Shop & Branded Merchandise | | | | |
|--------------------|--|------------------|---|----------------------------|-----------------|
| Final Report Date: | January 2022 | Issues Raised: | 7 | Original Assurance Rating: | Moderate |
| Follow-up Review | May 2022 | Issues Resolved: | 2 | Revised Assurance Rating: | Moderate |

7. A second follow-up exercise is in progress – in line with revised target implementation timescales.

Fire Safety Audit

8. The objective of this Audit was to provide assurance as to the adequacy of the control framework in place to comply with relevant legislation and manage the risk of fire at the Barbican Centre; we have given an Amber (moderate) assurance rating. **Appendix 3** contains a copy of the executive summary and the associated management action plan, with full recommendation details provided.

| Recommendations | Red | Amber | Green | Total |
|------------------------|------------|--------------|--------------|--------------|
| Number Made: | 1 | 5 | 1 | 7 |

9. Barbican management undertook to implement all recommendations by 31st July 2022 at the latest. Internal Audit follow-up is scheduled for August 2022.

Cyber Security Audit

10. The terms of reference for the audit have been agreed, and audit fieldwork is in progress to examine the adequacy of the control framework in place to manage cyber security risks. **Appendix 2** contains a summary of the areas included within the scope of audit.

Spektrix – First Follow-Up

11. The first follow-up exercise in respect of this 2020-21 resulted in a revised assurance opinion, as set out below:

| Audit: | Spektrix | | | | |
|----------------------------------|-----------------|------------------|---|----------------------------|--------------------|
| Final Report Date: | June 2021 | Issues Raised: | 6 | Original Assurance Rating: | Moderate |
| 1 st Follow-up Review | February 2022 | Issues Resolved: | 6 | Revised Assurance Rating: | Substantial |

Facilities Management & Maintenance: Second Follow-Up (June 2022)

12. The second follow-up exercise has been undertaken in respect of this 2020-21 audit and no movement in implementation has been demonstrated. Revised target timescales have been obtained and a third round of follow-up is scheduled for October 2022.

| Audit: | Facilities Management & Maintenance | | | | |
|----------------------------------|--|--------------------------|----|----------------------------|-----------------|
| Final Report Date: | March 2021 | Issues Raised: | 13 | Original Assurance Rating: | Moderate |
| 1 st Follow-up Review | December 2021 | Issues Resolved: | 4 | Revised Assurance Rating: | Moderate |
| 2 nd Follow-up Review | June 2022 | Further issues resolved: | 0 | Revised Assurance Rating: | Moderate |

Live High Priority Recommendations

13. Internal Audit follow-up is undertaken promptly once target timescales have been reached and a revised assurance opinion is provided, where appropriate, on the basis of detailed follow-up outcomes. As at mid-June 2022 there is one live red priority recommendation and sixteen live amber priority recommendations which arose from four audits, as summarised at **Appendix 4**. It should be noted that implementation evidence is required in order to close down one recommendation (IT Projects - currently assessed as partially implemented), this remains open until such time as there is a body of evidence to validate this control in operation.
14. A second follow-up exercise is scheduled in respect of one audit and in another case, a third round of follow-up activity is required. Internal Audit continues to reiterate the importance of setting realistic timescales for demonstrating recommendations implementation. Barbican management should ensure that local progress monitoring is undertaken in respect of the resolution of issues identified through audits; implementation evidence should be readily available once target dates are reached and there should be prompt and proactive communication to Internal Audit of any exceptional circumstances preventing this.

Corporate & Strategic Implications

15. The overall programme of Internal Audit work is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks. The Barbican, as an institutional department of the Corporation, has a sub-programme of Internal Audit work that includes audit assignments specific to the activity of the Barbican and regular follow-up activity in respect of recommendations implementation.

Conclusion

16. Members are asked to note the findings of completed Internal Audit work (2021-22 and 2022-23), the delivery position in respect of planned audit coverage, and the status of live high priority recommendations as at mid-June 2022.
17. Follow-up activity is scheduled to be undertaken promptly in line with overall target recommendation timescales and revised assurance opinions are informed by a review of implementation evidence. Scope exists to strengthen the internal management processes for tracking recommendations implementation and ensuring that evidence is provided to Internal Audit in line with target dates, unless exceptional circumstances apply.

Appendices

- Appendix 1: 2021-22 Barbican Centre Audit Plan Delivery
- Appendix 2: 2022-23 Barbican Centre Audit Plan Delivery
- Appendix 3: Recently Finalised Audit Outcomes
- Appendix 4: Live High Priority Recommendations

Cirla Peall

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of the Local Government Act 1972.

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