

Committee(s)	Dated:
Finance & Risk Committee of the Barbican Centre Board	05/07/2021
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 Audit & Risk Management	For Information
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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 2021 meeting of this Committee. Audit Plan delivery has been completed in respect of 2020-21 and formal Internal Audit follow-up of recommendations is ongoing to enable the provision of a revised assurance opinion for each audit.

As at mid-June 2021 there are no live red priority recommendations and twenty two live amber priority recommendations which will be subject to formal follow-up.

Recommendation(s)

Members are asked to:

- Note the report
- Provide feedback on the proposed audit coverage for 2021-22

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. A summary of outcomes is 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 upon information received from the Barbican Centre and audit follow-up undertaken.

Current Position

Delivery of Internal Audit Work

4. The status of 2020-21 Plan delivery is outlined in Appendix 1 and reflects completion. Three audits have been finalised since the last Update Report in January 2021 and the related executive summaries are attached at Appendix 2. The remaining Health and Safety audit (part of a rolling programme) has been deferred to 2021-22 in consultation with Barbican colleagues.

Security

5. The audit provided moderate assurance in respect of the arrangements in operation for management of physical security of the Barbican Centre.

Recommendations	Red	Amber	Green	Total
Number Made:	0	4	2	6

6. All six recommendations were agreed by management with target implementation dates ranging between April and July 2021. Internal Audit has received status updates in respect of the amber priority recommendations (April 2021 due dates), enabling closure of one recommendation, and further evidence of implementation is awaited to inform the updated assurance opinion.

Facilities Management & Maintenance (Barbican & GSMD)

7. The audit provided moderate assurance in respect of the Facilities Management arrangements in place including structures, contracts and policies, and the maintenance arrangements to ensure the provision of suitable facilities that are safe, compliant and well-managed.

Recommendations	Red	Amber	Green	Total
Number Made:	0	13	1	14

8. All fourteen recommendations were agreed by management with target implementation dates ranging between May and September 2021; Internal Audit follow-up will be undertaken in October 2021.

Ticketing System

9. The audit provided moderate assurance in respect of the controls within the new ticketing system.

Recommendations	Red	Amber	Green	Total
Number Made:	0	5	1	6

10. All six recommendations were agreed by management with target implementation dates ranging from August to December 2021; Internal Audit follow-up will be carried out in January 2022.

Audit Plan 2021-22

11. Areas of Internal Audit coverage for 2021-22 have been developed in conjunction with Barbican colleagues. The proposals, as set out below, reflect a risk-focused approach to planning to ensure that resources are targeted appropriately. Feedback is sought from Members of this Committee on the proposed coverage.

Auditable Area	Potential Scope	Proposed Timing
Fire Safety	Compliance with legislation and industry standards, fire safety risk management, training and incident management.	Q2/3
Retail - Online Shop and Branded Merchandise	In addition to covering internal controls and process efficiency of general operation of the online shop, this review will have a commercial focus, looking at profitability of the shop and of the various branded product lines (sold via all channels).	Q4
Ticketing - Re-issue, Re-sale and Refund (spot-check)	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.	Q2/3
Spektrix - revisited	Enhanced follow-up of recent audit to examine the system in full operation.	Q4

12. Coverage will also include ongoing formal Internal Audit follow-up.

Live High Priority Recommendations

13. Formal follow-up is in progress in respect of the Barbican Security audit as target implementation dates have been reached for all but one (green priority) recommendation. Internal Audit has received status updates in respect of the recommendations and supporting evidence is awaited to demonstrate the control improvements described by management and to enable a revised assurance rating to be provided.

14. As at mid-June 2021 there are no live red priority recommendations and twenty-two live amber priority recommendations, as summarised at **Appendix 3**. It should be noted that twenty one of these recommendations arose from the three recently finalised audits and the vast majority are not yet due. Implementation evidence is required in respect of the remaining recommendation which has been subject to follow-up enquiries and is currently assessed as overdue against its revised target date.

15. Internal Audit continues to reiterate 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 will likely 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.

Corporate & Strategic Implications

16. The overall Internal Audit Plan 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-section of the Plan and a programme of Internal Audit work that includes audit assignments and regular follow-up activity in respect of recommendations implementation.

Conclusion

17. Members are asked to note the details of completion of delivery of the 2020-21 Audit Plan and the live high priority recommendations position as at mid-June 2021. Follow-up activity is undertaken promptly in line with target recommendation timescales and revised assurance opinions are informed by a review of implementation evidence. Areas of audit coverage have been proposed for 2021-22, developed in conjunction with Barbican colleagues, and the Committee's feedback is sought in this respect.

Appendices

- Appendix 1: 2020-21 Barbican Audit Plan Progress
- Appendix 2: Executive Summaries for Recently Finalised Audits
- Appendix 3: Live High Priority Recommendations

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