

Committee(s)	Dated:
Finance & Risk Committee of the Barbican Centre Board	10/01/2022
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 Audit & Risk Management	For Information
Report author: Cirla 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 November 2021 meeting of this Committee. Audit Plan delivery for 2021-22 is in progress and formal Internal Audit follow-up of recommendations is ongoing to enable the provision of a revised assurance opinion for each previously completed audit.

As at mid-December 2021 there are no live red priority recommendations and fourteen live amber priority recommendations which arose from three audits.

Details of indicative audit coverage for 2022-23 are provided.

Recommendation(s)

Members are asked to:

- Note the report

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 and control objective information is reported in respect of agreed terms of reference. 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 on formal audit follow-up undertaken and, where appropriate, interim updates from Barbican management.

Current Position

Delivery of Internal Audit Work

4. The status of 2021-22 Plan delivery is outlined in Appendix 1, reflecting work in progress and the outcomes for completed work. Detailed outcomes are set out below but are summarised as:
- One Audit is at Draft Report Stage.
 - Fieldwork for one Audit is in progress.
 - One formal follow-up exercise has been completed.
 - One formal follow-up exercise is scheduled for January 2022.
 - One audit and one spot check will be undertaken in Q4; exact timing to be confirmed with Barbican management.

Retail: Online Shop & Branded Merchandise

5. This Audit is at draft report stage, with findings and recommendations under consideration by Barbican management. 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. It is anticipated that this Audit report will be finalised by the time the Committee meets, a verbal update will be provided.

Barbican & GSMD - Facilities Management & Maintenance: First Follow-Up

6. A formal follow-up exercise was carried out in respect of this 2020-21 Audit. Internal Audit confirmed implementation of four recommendations, resulting in maintenance of a moderate assurance rating.
7. Revised target timescales have been received for resolution of all but two of the outstanding issues; these dates range between January and June 2022. Internal Audit will undertake a second follow-up exercise in June 2022.

Audit:	Facilities Management & Maintenance				
Final Report Date:	March 2021	Issues Raised:	14	Original Assurance Rating:	Moderate
Follow-up Review	December 2021	Issues Resolved:	4	Revised Assurance Rating:	Moderate

8. Nine of the ten live recommendations from this joint audit with GSMD relate to the Barbican Centre and are reflected in the attached live recommendations appendix; the remaining recommendation from the 2020-21 audit has been excluded as it relates solely to GSMD.

Live High Priority Recommendations

9. As at mid-December 2021 there are no live red priority recommendations and fourteen live amber priority recommendations, spanning three audits, as summarised at **Appendix 2**. It should be noted that:

- Implementation evidence is required in order to close down one recommendation (currently assessed as partially implemented), this remains open until such time as there is a body of evidence to validate this control in operation.
- A second follow-up exercise will be carried out in June 2022 respect of the Audit of Facilities Management and Maintenance.
- Four of the live recommendations relate to an Audit which is scheduled for follow-up in January 2022, in line with the latest target implementation date of December 2021. Interim management updates have been obtained.

2022-23 Audit Planning

10. The Internal Audit Plan 2022-23 is attached at Appendix 3 and contains two categories: shortlisted items, which are considered higher priority and, longlisted items, from which we may form the balance of the 2022-23 Internal Audit Plan. Internal Audit assurance activity is expected to comprise four or five reviews, depending on the scale and depth of coverage. Provisional follow-up exercises are shown and will proceed dependent upon the outcomes of the three live 2021-22 audits: Online Retail & Branded Merchandise, Fire Safety and Spektrix.

Corporate & Strategic Implications

11. 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

12. Members are asked to note the details of delivery of the 2021-22 Audit Plan and the live high priority recommendations position as at mid-December 2021. Recent completion of a follow-up exercise has resulted in maintenance of a moderate assurance opinion and a second follow-up exercise will be carried out in June 2022. Planned Internal Audit coverage for 2022-23 has been set out.

Appendices

- Appendix 1: 2021-22 Barbican Audit Plan Progress
- Appendix 2: Live High Priority Recommendations
- Appendix 3: Audit Plan 2022-23

Cirla Peall

Audit Manager, Chamberlain's Department
Cirla.peall@cityoflondon.gov.uk