


Internal Audit – Management Report 2021-22: Barbican Centre: Fire Safety Audit			
Prepared by: Ryan Wakefield	Issue Date: 21/04/2022	Assurance Rating: AMBER	

Executive Summary

Background and Scope

The devastating consequences of Fire outbreaks underlines the critical importance of managing Fire Safety risks. Under the Regulatory Reform (Fire Safety) Order 2005, the Barbican Centre has a duty to protect staff and visitors from outbreaks of Fire.

The City’s Corporate Property Health and Safety Team has overall responsibility for managing the Corporate Fire Safety Framework; the Team maintains the City’s Corporate Fire Safety Policy. The Barbican Centre’s Health and Safety lead is the Operations Manager (Health and Safety), supported by the Continual Improvement Manager – Sustainability.

The objectives of this review were to obtain assurance that there are adequate arrangements in place for:

- identifying relevant Fire Safety Legislation and Regulations with which the Barbican Centre is required to comply, for example by staff obtaining relevant qualifications and completing relevant training;
- establishing and assigning responsibility for implementing Fire Safety measures in order to comply with the relevant Fire Safety Legislation and Regulations – for example undertaking Fire Risk Assessments, devising Fire Management Plans, undertaking Fire Extinguisher maintenance, and the testing of smoke alarms;
- monitoring the extent to which Fire Safety measures are being implemented in a timely manner.

Summary

The Audit review found that:

- There are adequate arrangements in place for identifying the relevant Fire Safety Legislation and Regulations with which the Barbican Centre is required to comply.
- Whilst mechanisms are in place to identify the Fire Safety Measures that the Barbican Centre is required to implement, these were found to be ineffective. The audit identified two Fire Safety measures for which planned maintenance has not been scheduled in accordance with the requirements of the City’s Fire Safety Policy.
- There are adequate arrangements in place for assigning responsibilities for implementing Fire Safety measures.
- The arrangements in place to monitor the extent to which Fire Safety measures are being implemented in a timely manner are inadequate. In particular, the audit found that the Barbican Centre’s Engineering Team’s ‘Compliance Monitoring Schedule’ is not being properly maintained; furthermore, there are poor record keeping arrangements in operation.
- Whilst the City’s Property Health and Safety Team undertakes audits to monitor Barbican Centre compliance with the City’s Corporate Fire Safety Policy, the audit identified clear scope to enhance arrangements for managing Fire Safety improvement actions.

Recommendation	Management Response
<p>1. The Head of Engineering and Projects should revise the Barbican Centre's Planned Maintenance activity to ensure that maintenance undertaken in respect of Smoke Ventilators and Gas Suppression Systems, is scheduled in accordance with the requirements of the City's Corporate Fire Policy.</p>	<p>Partially Accepted</p> <p>The Barbican complies with the legislation and will undertake these additional measures to comply with said legislation and City of London Requirements.</p> <p>We will create a compensation event (variation) to add the additional new suppression system to the PPM contract, with IT systems confirmed as subject to six monthly inspection schedule.</p> <p>Relating to smoke vents on main staircases. These are natural ventilation, manually operated vents which don't require weekly testing under the City of London's Fire Policy. The last scheduled service visit was in November 2021. We have spoken to planners and fire officers about removing all controls, so the vents are permanently open.</p> <p>Responsible Officer: Cornell Farrell Implementation Date: 30th June 2022</p>
<p>2. The Head of Engineering and Projects should instigate appropriate monitoring arrangements to ensure that the Compliance Monitoring Schedule is updated on a monthly basis, as required.</p>	<p>Accepted</p> <p>The compliance monitoring schedule has been updated and this process will continue on a monthly basis.</p> <p>Responsible Officer: Cornell Farrell Implementation Date: 30th April 2022</p>

Recommendation	Management Response
<p>3. The Head of Engineering and Projects, in conjunction with the Operations Manager (Health and Safety) should overhaul the Barbican Centre’s Fire Safety management record keeping arrangements to ensure they are fit for purpose. This could include implementing a Health and Safety Management System.</p>	<p>Accepted</p> <p>Over recent years our agreed strategy with Board is to work “ever closer where appropriate” with the City and in line with the City’s ambitions of maintaining as many assets by central corporate contract as possible.</p> <p>In relation to fire safety at the Barbican the corporate BRM contract is responsible for maintaining a number of key fire safety systems. It is a further City requirement that City contract maintenance records are kept on City systems.</p> <p>This has highlighted issues with City contractors providing us the relevant information in a timely manner. We continue to work with the City, and we will conduct a process review with the City Surveyor to ensure records are up to date.</p> <p>We believe this may be an issue across the whole City contract.</p> <p>We will additionally undertake regular fortnightly reviews with Skanska regarding upcoming and overdue PPMs and remedial works.</p> <p>We are discussing implementing a health and safety management system, however success in this area would rest on us receiving information from City of London and contractors in a timely manner.</p> <p>Regarding internal maintenance we are reviewing our systems including scope, process, responsibilities, and document/record storage including digitising & centralising records where possible.</p> <p>Responsible Officer: Cornell Farrell Implementation Date: 31st July 2022</p>

Recommendation	Management Response
<p>4. The Head of Engineering and Projects should implement arrangements for tracking the completion of remedial actions arising from Fire Safety maintenance undertaken.</p>	<p>Accepted</p> <p>Any action from PPM under Skanska responsibility should be registered, logged, and tracked by Skanska on “Concerto.”</p> <p>We will make this part of the agenda for fortnightly reviews with Skanska regarding upcoming and overdue PPMs and remedial works.</p> <p>In line with system described above we need to work with the City Surveyor to identify how we can get information in a timelier manner and ensure maintenance and servicing is carried out.</p> <p>The new “Concerto” system has reduced and managed risk for the corporation however this audit has highlighted the need to work ever closer with the City in relation to contract management and access to information.</p> <p>No fire safety systems are serviced internally by our engineering team although a number of checks are carried out by our teams. If any remedial actions are identified from these checks, then they are uploaded onto “Concerto”</p> <p>“Concerto” should be capable of tracking remedial actions against the primary PPM. We are implementing monthly review of open tasks to ensure they are actioned.</p> <p>Responsible Officer: Cornell Farrell Implementation Date: 30th June 2022</p>

Recommendation	Management Response
<p>5. The Continual Improvement Manager - Sustainability should develop appropriate monitoring arrangements to ensure that audit reports are received for all Fire Safety Compliance audits undertaken.</p>	<p>Accepted</p> <p>The fire safety action tracking spreadsheet tracks all actions from compliance activity e.g., fire risk assessments, City of London audits and insurance inspections.</p> <p>We will add the schedule of expected compliance activity to the tracking spreadsheet to ensure that the schedule has been adhered to and that the relevant reports have been received from the originator in a timely manner.</p> <p>Responsible Officer: Charlotte Lythgoe Implementation Date: 30th April 2022</p>
<p>6. The Continual Improvement Manager – Sustainability, should regularly reconcile the actions required as per Fire Safety Compliance Audits, to the Fire Safety Action Plan.</p>	<p>Accepted</p> <p>We have audited the fire actions tracking spreadsheet and all actions, from reports received to date are now reflected. In addition, we will add regular audit activity to the action plan to ensure all actions from compliance activity have been transposed onto the tracking spreadsheet.</p> <p>Responsible Officer: Charlotte Lythgoe Implementation Date: 30th April 2022</p>
<p>7. In compiling the Fire Safety Action Plan, the Continual Improvement Manager - Sustainability should ensure that target implementation dates are agreed and recorded against each Fire Safety improvement action.</p>	<p>Accepted</p> <p>Target dates to be agreed for each action and spreadsheet to be updated.</p> <p>Responsible Officer: Charlotte Lythgoe Implementation Date: 31st May 2022</p>

Internal Audit – Management Report: Management Action Plan

2021-22 – Barbican Retail: Online Shop and Branded Merchandise – Final Report

Prepared by: Nirupa Gardner

Issue Date: 21/01/2022

Assurance Rating: Amber



Executive Summary

Background

The Barbican retail online offer comprises a selection of products representing both the Gallery Shop and Foyer Shop, with best sellers and key Barbican developed ranges and branded merchandise. According to the Period 7 (October 2021) budget report, the online shop had achieved a net surplus income of £12k for the year to date.

Scope

Testing examined the mechanisms in operation to ensure the following:

- Online retail activity using Shopify is undertaken in a secure manner, incorporating robust controls over access, use and associated payment mechanisms.
- Efficient and effective processes are employed for operation of the online shop, for example in relation to order fulfilment, stock control and financial reconciliation, including appropriate integration with relevant systems.
- Effective arrangements are in operation for maximising profitability of the online shop.
- Performance and profitability of the online shop are subject to regular monitoring which is based on accurate, relevant and timely information, and takes into account the full cost of service provision.
- Processes are in place to support effective delivery of the Barbican branded product business objectives.
- Effective arrangements are in operation for maximising the profitability of Barbican branded product lines.

Summary

The Audit review found that:

- An opportunity has been identified to strengthen the controls in operation over system access and use, enhancing arrangements already in operation; an amber priority recommendation has been made. Adequate arrangements are in place, however, to ensure ongoing compliance with payment card industry standards.
- Adequate processes have been designed for order fulfilment and stock control, although assurance cannot be provided that stock management is effective due to a high incidence of discrepancies identified through stock counts; an amber priority recommendation has been made to investigate and address this.
- Adequate arrangements are in place for financial reconciliation and integration, where possible, of the various systems utilised for online sales.
- A strategy for profit maximisation has been defined and there is periodic review of the product range to evaluate its effectiveness in supporting delivery. Two amber priority recommendations have been made to strengthen the control framework relating to non-standard / below target profit margins and management of poor product performance.
- There is a framework in operation for monitoring performance and profitability but the frequency of product range review has been impacted by staff shortages due to the pandemic; ordinarily this would be quarterly. The full cost of service provision is not factored into profitability calculations and an amber priority recommendation has been made.
- Overall retail objectives are set out in the Business Plan and apply to branded products; an amber priority recommendation has been made to develop specific objectives related to this range to i) support effective delivery of the retail vision, ii) facilitate monitoring and reporting in respect of the benefit derived from branded merchandising.

Recommendation		Management Response
1.	(MK3880) The Barbican should liaise with Shopify to strengthen password security requirements and introduce two factor authentication for all users to reduce system vulnerability.	<p>A request has been logged with Shopify asking for the change to password requirements as specified in the recommendation, however this is a system change determined by Shopify and not Barbican and would ultimately be a change that affects all users of the application worldwide.</p> <p>Jo Davis has contacted all users (on 07/12/2021) to request that they enable 2 step authentication. At present 12 out of 17 users have enabled this feature. A reminder will be sent today (17/12/2021) to those who have yet to enable it.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis • Implementation Date: 31st December 2021
2.	(MK3890) Online order parcel tracking numbers should be scanned rather than manually input to reduce the potential for error.	<p>An additional barcode scanner will be purchased and in use before the end of December 2021.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis • Implementation Date: 31st December 2021
3.	(MK3889) An exercise should be conducted to identify the root cause for the high number of stock variances and the control processes strengthened as appropriate to address these.	<p>Exercise to be undertaken by Head of Retail, Retail Operations Manager and Stock room Controller to identify main causes of stock variances. Implementation of recommendations to improve current processes will then take place following the report.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis • Implementation Date: 28th February 2022

Recommendation	Management Response
<p>4. (MK3896) The Barbican should undertake a regular exercise to review the list of items sold at less than the 40% and 50% margins to identify and note precise reasons for this and whether further actions need to be taken to maintain profit maximisation.</p> <p>Exceptions to standard profit margins should be clearly set out and the reasons captured in local monitoring documentation.</p>	<p>This exercise can become part of our quarterly range review report.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis & Kate Kendall • Implementation Date: For inclusion in the next quarterly review (Q3) and onwards (31st March 2022).
<p>5. (MK3892) The range reviews, understood to be returning to a quarterly frequency, should include details of poor performing products and tracking of resulting agreed actions to help maximise profits.</p>	<p>This will become part of our quarterly range review report.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis & Kate Kendall • Implementation Date: for inclusion in the next quarterly review (Q3) and onwards (31st March 2022).
<p>6. (MK3894) An exercise should be undertaken to calculate the full cost of fulfilling online shop product sales, to ensure that profit margins have been set appropriately.</p>	<p>Recommendation not accepted.</p> <p>An approximate amount of time per day (and a very approximate cost) could be calculated but would not necessarily be accurate. We are aware of this cost and need to consider this if/when we expand but with the current set up for the online operation, this would not be helpful. For overall product margins we do need to consider it.</p>
<p>7. (MK3915) Clear and measurable business objectives should be set in respect of branded products to facilitate decision-making, performance monitoring and reporting in respect of the contribution of these products to strategic plan delivery.</p>	<p>Updated business objectives specifically relating to branded products will be written, shared and agreed.</p> <p>Performance of branded products against objectives will be included in our quarterly range review.</p> <ul style="list-style-type: none"> • Responsible Officer: Jo Davis • Implementation Date: 28th February 2022