

Committee(s)	Dated:
Finance & Risk Committee of the Barbican Centre Board	16/01/2023
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: the Chamberlain	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 November 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-December 2022 there are no live red priority recommendation and seven live amber priority recommendations which arose from three audits.

Details of indicative audit coverage for 2023-24 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 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

4. A summary of 2022-23 audit coverage is outlined in **Appendix 1**. Detailed audit and follow-up outcomes are set out under audit headings below but delivery since the last update to this Committee can be summarised as:
 - Work in respect of the Corporate Purchase Card audit has been completed and a moderate assurance opinion has been provided for the Barbican Centre based on compliance testing outcomes.
 - A first follow-up has been completed in respect of Cyber Security.
 - A second follow-up has been completed in respect of Fire Safety. Substantial assurance has been provided.
5. Internal Audit will liaise with Barbican management to agree suitable timing for the assurance work not yet initiated.

Purchase Card Compliance

6. This assurance work was undertaken as part of a rolling programme of Purchase Card compliance checks across City Corporation departments and institutional departments. Appendix 2 contains the executive summary and reflects the moderate assurance opinion provided. An amber priority recommendation has been made to improve compliance and the impact of any action taken will be evaluated as part of the 2023 annual check.

Cyber Security - First Follow-Up

7. The first follow-up in respect of this recently finalised audit has confirmed both implementation progress and two instances of slippage for recommendations due in October in November respectively.

Audit:	Cyber Security				
Final Report Date:	Sept 2022	Issues Raised:	7	Original Assurance Rating:	Moderate
First Follow-Up	Dec 2022	Issues Resolved:	5	Revised Assurance Rating:	Moderate

8. A second follow-up in respect of the outstanding issues will be undertaken in February 2023, in line with revised implementation timescales provided.

Fire Safety – Second Follow-Up

9. The second follow-up in respect of this 2021-22 audit has been completed and a substantial assurance rating has been provided, with all recommendations implemented.

Audit:	Fire Safety				
Final Report Date:	April 2022	Issues Raised:	7	Original Assurance Rating:	Moderate

First Follow-Up	August 2022	Issues Resolved:	4	Revised Assurance Rating:	Moderate
Second Follow-Up	November 2022	Issues Resolved:	7	Revised Assurance Rating:	Substantial

Live High Priority Recommendations

10. 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-December 2022 there are no live red priority recommendation and seven live amber priority recommendations which arose from three audits, as summarised at **Appendix 3**.

11. Recent activity includes one first follow-up and one second round follow-up. The first follow-up has not resulted in a revised assurance opinion, due to two instances of implementation slippage, and a further round of follow-up has been scheduled. The second follow-up has resulted in movement to a substantial assurance opinion, with all issues satisfactorily resolved. Internal Audit will continue to highlight to management the importance of setting appropriate and realistic implementation timescales when finalising audit assurance work.

2023-24 Audit Planning

12. The Internal Audit Plan 2023-24 is attached at Appendix 4 and contains two categories: shortlisted items, which are considered higher priority and, longlisted items, from which we may form the balance of the 2023-24 Internal Audit Plan. Internal Audit assurance activity is expected to comprise four or five reviews, depending on the scale and depth of coverage, and appropriate follow-up work.

Corporate & Strategic Implications

13. 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

14. Members are asked to note the findings of completed Internal Audit work, the delivery position in respect of planned audit coverage, and the status of live high priority recommendations as at mid-December 2022. Planned audit coverage in respect of 2023-24 has been set out.

Appendices

- Appendix 1: 2022-23 Barbican Centre Audit Plan Delivery
- Appendix 2: Recently Finalised Audit Outcome
- Appendix 3: Live High Priority Recommendations
- Appendix 4: Planned Audit Coverage 2023-24

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