

Committee(s)	Dated:
Finance & Risk Committee of the Barbican Centre Board	27/06/2023
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: 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 January 2023 meeting of this Committee. Delivery of audit work for 2022-23 is complete and has comprised a range of audits and formal recommendations follow-up exercises; the latter has identified instances of slippage in implementing control framework improvements.

Delivery of 2023-24 assurance work is in progress and a formal follow-up exercise has been completed since the last meeting. Details of indicative audit coverage for the remainder of 2023-24 are provided.

As at mid-June 2023 there are no live red priority recommendations and seven live amber priority recommendations which arose from two audits.

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 the outcome of 2022-23 audit coverage is outlined in Appendix 1; this comprised:
 - Two audits: moderate assurance opinions.
 - A spot check: substantial assurance opinion.
 - Eight formal follow-up exercises relating to four audits (three first rounds, three second rounds and two which reached third round).
5. The follow-up activity resulted in two moderate assurance ratings (unchanged from original audit) and two substantial assurance ratings (movement from moderate assurance) for the four related audits.

Cyber Security - Second Follow-Up

6. Since the last meeting, the second follow-up in respect of this 2022-23 audit has been completed. A substantial assurance rating has been provided, with evidence obtained that all issues identified during the audit had been resolved.

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
Second Follow-Up	April 2023	Issues Resolved:	7	Revised Assurance Rating:	Substantial

Live High Priority Recommendations

7. 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 2023 there are no live red priority recommendation and seven live amber priority recommendations which arose from two audits, as summarised at **Appendix 2**.
8. Six of the live high priority recommendations have passed the third round of follow-up, at which point Internal Audit may escalate the relevant issues to the Audit & Risk Management Committee. Barbican management have previously provided a statement in respect of the implementation slippage and this is incorporated within Appendix 2. Internal Audit have requested a further status update as at June 2023 and will examine evidence, once available, to obtain independent assurance that all remaining issues have been resolved.

2023-24 Audit Planning

9. Indicative audit coverage for 2023-24 is set out at **Appendix 3**; areas have been categorised as 'shortlisted' - higher priority and 'longlisted' – items from which we may form the balance of the 2023-24 Internal Audit Plan.

10. 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. Planning is underway in respect of the assurance work related to Equality, Diversity and Inclusion: a 'checkpoint' review to include an examination of progress made in improving the organisational culture and staff experience.

Corporate & Strategic Implications

11. 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

12. Members are asked to note the findings of completed Internal Audit assurance work, the status of live high priority recommendations as at mid-June 2023 (including implementation slippage), and indicative audit coverage in respect of 2023-24.

Appendices

- Appendix 1: 2022-23 Assurance Work Outcomes
- Appendix 2: Live High Priority Recommendations
- Appendix 3: Indicative Audit Coverage 2023-24

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