

Committee(s) Finance & Risk Committee of the Barbican Centre Board	Dated: 4 th November 2024
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 Internal Audit	For Information
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Summary

This report provides Members with an update on Internal Audit activity related to the Barbican Centre since the report to the July 2024 meeting of this Committee.

Assurance work progressed since the last update comprises finalisation of two audits – Business Continuity and Financial Controls, circulation of an interim report in respect of one audit – Contract Management, and planning in respect of an audit of Health and Safety.

As at mid-October 2024 there are four live high (red) priority and thirteen live medium (amber) priority recommendations which arose in recently finalised audits.

Recommendation(s)

- Members are asked to note the report

Main Report

Background

1. Internal Audit provides assurance on the effectiveness of internal controls through delivery of its risk-focused audit programme, developed in consultation with Barbican Centre Management, and incorporating timely follow-up activity to confirm the resolution of issues identified during audit testing.
2. The Internal Audit Section operates in accordance with the Public Sector Internal Audit Standards and its Charter reflects that the remit of audit work covers the entire control environment of the City of London Corporation (the Corporation), of which the Barbican Centre is an institutional department.
3. This Committee receives updates in respect of the delivery of relevant Internal Audit work i.e. Barbican Centre audits and corporate audits incorporating testing of Barbican Centre controls, and the implementation of high (red) and medium (amber) priority audit recommendations.

Delivery of Internal Audit Work

4. A breakdown of assurance work delivery between the last Internal Audit update and mid-October 2024 is set out in **Appendix 1**. Detailed progress is set out under relevant headings below but key developments since the last update to this Committee can be summarised as:
 - The reports in respect of the audits of Business Continuity and Financial Controls have been finalised.
 - An interim report has been circulated in respect of the audit of Contract Management, setting out high level findings from sampled contracts.
 - Planning is underway in respect of the audit of Health and Safety.
5. Internal Audit work has identified areas for improvement across all areas examined. It is key that Barbican Management take appropriate action to ensure sustained improvement and ongoing compliance with requirements.

Business Continuity

6. This audit resulted in a limited assurance opinion in respect of the adequacy of the control framework for devising, maintaining and implementing the Barbican Centre's Business Continuity arrangements. The breakdown of recommendations raised is as follows:

High Priority	Medium Priority	Low Priority	Total
3	7	0	10

7. An executive summary is provided at **Appendix 2** and details of high and medium priority recommendations raised are included in **Appendix 3**:

Financial Controls

8. This audit formed part of a rolling programme of key financial controls checks and resulted in a moderate assurance opinion in respect of the adequacy of arrangements for promoting consistent application of approved practices, minimising the risk of error and fraud. The breakdown of recommendations raised is as follows:

High Priority	Medium Priority	Low Priority	Total
1	6	1	8

9. An executive summary is provided at **Appendix 2** and details of high and medium priority recommendations raised are included in **Appendix 3**.

Contract Management

10. This audit forms part of a rolling programme evaluating local application of contract management activities, focusing on supplier performance and service delivery, internal contract management performance, and forward planning for contract review.

11. An interim report has been circulated in respect of the high-level findings from the five contracts sampled, highlighting opportunities to strengthen the control environment and ensure compliance with corporate expectations. A full draft report will be circulated once detailed testing in respect of contract monitoring activities has been completed; this is expected to be by the end of October 2024.

Recommendations Implementation

12. As at mid-October 2024, there are four live high (red) and thirteen medium (amber) priority recommendations which were all raised as part of the recently finalised audits. Details are set out in **Appendix 3**.

13. Formal follow-up exercises will be undertaken in 2025-26 in respect of Business Continuity and Financial Controls, in line with implementation target dates.

Forward Programme

14. Confirmed assurance work for the remainder of 2024-25 comprises the following:

- Health and Safety: focus to be agreed with Barbican Centre management but likely to be expanding on the findings of one or more of the risk reviews undertaken earlier in 2024 (as set out in **Appendix 1**).
- Safeguarding: expanding on the findings of the risk review (as set out in **Appendix 1**).
- P Cards Compliance: annual exercise to evaluate the effectiveness of established controls.

15. Internal Audit will continue to liaise with Barbican Centre management to firm up the scope and timing of the planned assurance work.

Corporate & Strategic Implications

16. 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

17. Members are asked to note the delivery position in respect of the ongoing programme of assurance work, the outcome of finalised reviews, planned future coverage and the live recommendations position.

Appendices

- **Appendix 1:** Internal Audit Assurance Work (Non-Public)
- **Appendix 2:** Outcomes of Recently Finalised Reviews (Non-Public)
- **Appendix 3:** Live High and Medium Priority Recommendations (Non-Public)

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