Minutes of a meeting of the Audit and Risk Committee held in Lisburn City Library on Friday 5 March 2010 at 10.30 am.

PRESENT

Mr Alastair McDowell  Chairperson
Ms Judith Andrews
Councillor C Casey
Councillor J Rodgers  Vice Chairperson
Ms Helen Roulston

IN ATTENDANCE

Ms Irene Knox   Chief Executive
Mr Terry Heron   Director of Business Support
Mr Brian Doherty   Head of Internal Audit
Mr Rodney Allen   Director, Northern Ireland Audit Office
Mr Peter O’Sullivan   Northern Ireland Audit Office
Mr Alastair Hughes   Head of Libraries Branch, Department of Culture, Arts and Leisure

APOLOGIES FOR NON ATTENDANCE

Dr David Elliott   Chairperson, Libraries NI
Mr Arthur Scott   Department of Culture, Arts and Leisure

1. DECLARATIONS OF INTEREST

1.1 The Chairperson reminded Members and Officers of the need to declare any actual, potential or perceived conflicts of interest associated with any item on the agenda either now or at the relevant stage during the meeting. No interests were declared.

2. CHAIRPERSON’S BUSINESS

2.1 The Chairperson informed Members that he had received an invitation from DCAL to attend a Workshop on 20 April 2010 for Chairs of Arms Length Bodies.

2.2 The Chairperson informed Members that Ms J Andrews would be leaving the meeting early and indicated that, with Members’ agreement,
it was intended to revise the agenda to enable items 20, 21 and 17 to be taken in that order after Matters Arising.

3. **CHIEF EXECUTIVE’S BUSINESS**

**DAO (DFP) 1/10**

3.1 The Chief Executive drew Members’ attention to the DAO (DFP) 01/10, received on 26 February 2010 regarding Internal Audit Arrangements – Relationships between Departments and Arm’s Length Bodies.

**Annual Accounts 2009/10**

3.2 Members noted the e-mail from Governance Support Unit, DCAL, received on 2 March 2010 regarding Arms Length Bodies, Commissioning of Statement on Internal Control and the key dates contained in the e-mail for submission of documents:

- 19 March: Submission of Fraud Risk Analysis
- 31 March: Submission of Risk Register
- 8 April: Submission of draft Statement of Internal Control and Quarterly Assurance Statement.

3.3 It was noted that DCAL did not expect the draft SIC to be reviewed by the Audit and Risk Committee prior to submission on 8 April. However there was a requirement for the final SIC to be reviewed by the Audit and Risk Committee prior to its submission with the draft Annual Accounts on 30 June. Having discussed the various processes and stages in the preparation, submission and certification of the Annual Accounts 2009/10 and the role of the Audit and Risk Committee in this process, Members agreed the undernoted revised timetable for meetings of the Committee. The Chief Executive agreed to forward a copy of the revised timetable to all Members of the Committee for information.

<table>
<thead>
<tr>
<th>Date</th>
<th>Items for inclusion on the agenda</th>
</tr>
</thead>
</table>
| 2 June 2010, 10.30am | - Format of Annual Accounts  
                           - Accounting Policy  
                           - Statement of Internal Control  
                           - Draft Annual Report |
| 22 September 2010, 10.30am | - Consideration of draft Report to Those Charged with Governance |
| 3 November 2010, 10.30am | - Report to Those Charged with Governance – Action Plan |

3.4 It was further noted that the Business Support Committee was due to meet on the morning of 30 June 2010 and would review the draft Annual Accounts prior to submission to NIAO and DCAL. The draft Annual Accounts would be circulated to Audit and Risk Committee.
Members prior to 30 June for comment and a meeting of the Committee would be arranged if required.

3.5 Mr R Allen confirmed that Certification of the Annual Accounts for 09/10 was due by 30 September 2010. It was noted that a Board meeting would be required prior to that date to approve the Annual Accounts and allow the Chief Executive to sign them.

3.6 Mr A Hughes referred to the Quarterly Assurance Statement submitted by the Chief Executive and indicated that, in future, DCAL would require an accompanying Action Plan in relation to any matter where the assurance level had been identified as either “Partial” or “No”.

3.7 The Chief Executive tabled correspondence from the DCAL Finance Director, Ms D Brown, dated 4 March 2010. The Head of Internal Audit withdrew from the meeting.

3.8 Members noted that Officers had not yet had a chance to consider the proposal of a Shared Internal Audit Service which would result in ALBs procuring internal audit services from the Department rather than a private firm or in-house provision. It was noted that the correspondence suggested that Chief Executives might wish to consult with their respective Boards and Audit Committees about the proposal and requested that initial responses be with the DCAL Governance Support Unit by 18 March 2010.

3.9 Members expressed concern about the unrealistic timescale set for a response and asked that Mr A Hughes, Head of Libraries Branch, relay their concerns to the Department. It was agreed that the Chief Executive should write a holding letter to the Department and that officers should prepare a detailed paper for discussion at the next Audit and Risk Committee meeting.

3.10 The Head of Internal Audit rejoined the meeting.

4. MINUTES OF THE MEETING HELD ON 22 JANUARY 2010

4.1 On a proposal by Ms H Roulston, seconded by Ms J Andrews, the minutes of the meeting held on 22 January 2010 were agreed as an accurate record, subject to the undernoted amendment:

Item 16.1: Replace the first sentence of the paragraph as follows:

“The Committee was presented with the finalised audit reports noted below:
Members reviewed the reports and noted the assurance levels given together with the commitment of Senior Management to implement the recommendations arising from the Audits.

5. MATTERS ARISING FROM THE MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 22 JANUARY 2010 (ARC 02.03.10)

5.1 It was noted that it had not been possible, at the January meeting, to approve formally the minutes of the previous meeting held on 7 October since none of the Members present at the January meeting had attended the October meeting. On a proposal by Councillor J Rodgers, seconded by Mr A McDowell the minutes of 7 October, which had been presented to the Board, were now agreed as an accurate record.

5.2 Members noted the Report on Matters Arising from the minutes of the meeting held on 22 January 2010 which had been circulated with the papers for the meeting. Attention was drawn, in particular, to the undernoted items.

5.2.1 Item 2.3 Internal Audit Strategic Improvement Plan
The Head of Internal Audit reported that the Strategic Improvement Plan was an HM Treasury consultation document outlining the future vision for the provision of Internal Audit Services in the Civil Service and local government departments. The Head of Internal Audit indicated that he had been advised that a similar document would be issued in due course by the Department of Finance and Personnel (DFP) and that it was not necessary therefore to respond to the HM Treasury document.

5.2.2 Item 3.2 & 3.3 Chief Executive’s Business
It was noted that a scheme for the payment of Board Members and a scheme for the payment of travel and subsistence for Board Members would be brought to the next Business Support Committee.

5.2.3 Item 5.1.5 Appointment of Trainee Auditor
It was noted that an offer of appointment had been made to a candidate and subject to the successful completion of all appropriate pre-employment checks the Trainee Auditor would commence employment on or shortly after 1 April 2010.
5.2.4 Item 7.2 Staff Training
Members noted that ‘mop-up’ training sessions on Corporate Governance, including Risk Management and Fraud Awareness were planned for April. Staff who were unable to attend the training sessions in November / December 2009 would be accommodated in these sessions.

5.2.5 In response to a question from the Chairperson, the Chief Executive stated that human resource issues were within the remit of the Business Support Committee. The Director of Business Support advised Members that the review of the workforce strategy was not yet complete but that it would be brought to the Business Support Committee on completion.

5.2.6 Item 9.2 Fraud Response Plan
Members noted that the recommended amendment had been made to the Fraud Response Plan.

5.2.7 Item 9.3 Fraud Response Plan
Members were advised a flowchart was being prepared which would become an appendix to the Fraud Response Plan and that it would be in place for the next meeting of the Audit and Risk Committee.

Following on from discussions at the last meeting Members agreed that the undernoted additions should be incorporated into the Fraud Response Plan.

5.9 Where it is believed that there is an external element involved in the fraud, i.e. the fraud entails the involvement of outside bodies or individuals such as suppliers or contractors, then the scope of the internal investigation is necessarily limited. The evidential pack should contain as much evidence as can be gathered in the internal investigation and should be passed to the PSNI to allow them to review and continue the investigation where appropriate.

7.5 It is usually the case that where the evidential pack arising from an internal investigation contains enough information to instigate disciplinary proceedings then these proceedings can commence without the need to wait for the results of the criminal investigation. Where there is insufficient evidence from the internal investigation (evidence is required from the external / police investigation) then usually disciplinary proceedings should wait until criminal proceedings have been concluded.

5.3 Item 9.2 Fraud Response Plan
Councillor J Rodgers referred to paragraph 9.2 of the Audit and Risk Committee Minutes of 22 January 2010 and suggested that the Chairperson of the Board should also be advised of the findings of a preliminary investigation. Members agreed that the wording should be amended accordingly.
5.4 In response to a question from the Chairperson, the Chief Executive indicated that DFP had now approved the Management Statement and Financial Memorandum and that DCAL was making arrangements for signing of the documents. She confirmed that copies of the signed documents would be made available to Members.

5.5 **Item 12 Rare Book Collection**
It was noted that there was nothing further to report at this stage regarding this matter.

5.6 **Item 16.2 Internal Audit Activity Report**
In response to a question from the Chairperson, the Head of Internal Audit stated that preparation of the proposed audit checklist for Branch libraries would be one of the first tasks to be completed by the Trainee Auditor.

5.7 **Item 22.3 Belfast Central Library Capital Development Project**
It was noted that the post of Project Manager had been evaluated but that the recruitment process would not proceed until DFP approval of the Strategic Outline Case had been received.

Councillor J Rodgers enquired if LNI had received any further expressions of interest from other potential partners in the project. The Chief Executive replied that interest in principle had been expressed by a number of organisations although no firm commitments had been received. In view of the need to progress the project, it had been agreed with DCAL that the Strategic Outline Case, at this stage, should concentrate on Phase 1 (i.e. the Libraries NI requirements) and that other developments involving potential partners would be considered as Phase 2.

6. **FINANCIAL SYSTEMS IMPLEMENTATION PROGRESS REPORT: ASSETS MODULE**

6.1 The Director of Business Support referred Members to the tabled paper setting out the timetable for the implementation of the Assets Module. Members noted that Libraries NI was using the same package as the Education and Library Boards and that all training had now taken place. The Director of Business Support explained that detailed information regarding assets would be supplied by the Education and Library Boards and be uploaded as the opening balances as at 1 April this year. Members noted that a large portion of the work involved checking for accuracy the information which the Education and Library Boards supplied. Due to staff sickness the timetable had slipped but the work was now being undertaken by the Finance Managers and would be completed on time to enable preparation of the Annual Accounts.

6.2 The Director of Business Support confirmed that the necessary data was held on an Excel spreadsheet and that the system had been
tested and would work. In response to a question from Ms J Andrews he indicated that the information had already been restated by the Education and Library Boards in line with the requirements of IFRSs. It was noted that Assets Transfer Schemes had been put in place for the establishment of Libraries NI in April 2009. While these Schemes detailed all the assets transferring from Education and Library Boards to Libraries NI there were ongoing issues associated with the availability of documentary evidence of legal title to some of the assets and that these matters, which had been ongoing in Education and Library Boards for many years, were unlikely to be resolved before year end.

6.3 The Chairperson enquired if the Education and Library Boards’ restated accounts had been audited. The Director of Business Support explained that, while there had not been a formal audit, the NIAO had undertaken a review of the restated accounts and that Education and Library Boards were currently in discussion with the NIAO about a number of matters including the accounting treatment of long term leases and PFI projects.

6.4 The Director of Business Support confirmed that both he and the Finance Manager had attended training on IFRSs.

6.5 The Chairperson emphasised the importance of officers monitoring closely progress on the transfer of opening balance information from the Education and Library Boards to Libraries NI and the associated risks in light of the tight timetable for preparation of the Accounts.

7. NIAO ISSUES (ARC 17.03.10)

7.1 Mr R Allen, Director, NIAO, introduced Mr Peter O’Sullivan, to the Committee, indicating that Mr O’Sullivan would replace Mr Stewart who was due to retire. Members welcomed Mr O’Sullivan to the Committee.

Letter of Understanding

7.2 Mr R Allen, Director, Northern Ireland Audit Office, drew Members’ attention to the Letter of Understanding, setting out the basis on which the Comptroller and Auditor General (C&AG) would audit the accounts of Libraries NI and the respective responsibilities of the Chief Executive as Accounting Officer and the NIAO, acting on behalf of the G&AG.

Audit Strategy

7.3 Mr R Allen drew attention to the Audit Strategy highlighting in particular the following matters:

- Paragraph 2 which identified the main elements included in the strategy i.e. responsibility for the preparation of the accounts, the scope of the audit and the audit approach
• Paragraph 15 which identified that the approach would be risk-based with the work of NIAO being focused on areas where the risk of material misstatement was highest. Key high-level monitoring controls would be identified and tested and certain lower level operating controls would also be examined.

• Paragraph 21 which identified the guidance for communication during the audit cycle.

• Paragraphs 29 and 31 which identified the need to consider the possibility of fraud.

• Paragraph 41 which referred to guidance on the assembly of completed audit files.

7.4 In response to a question from the Chairperson regarding Paragraph 20, the Head of Internal Audit indicated that he had already supplied copies of final internal audit reports to the NIAO. Mr Allen indicated that while NIAO would carry out a review of the Internal Audit structure and function, it was not the role of NIAO to provide assurance as to the effectiveness of Internal Audit. He also confirmed that NIAO would seek evidence from a range of sources regarding the internal control processes that were in place and the challenge function being exercised by the Board, including examination of minutes of meetings of the Board and its Committees and papers submitted to the Board and its Committees.

7.5 Mr Allen drew Members’ attention to Annex 1 of the Audit Strategy which identified 7 material risks that had been identified and the audit approach to be used.

In relation to Risk 3 (Private Finance Initiative), it was noted that there had been discussions between the SEELB and the NIAO in the past about the accounting treatment of the Lisburn City Library PFI and that the project is on the balance sheet.

In relation to Risk 6 (Fixed Assets – Title Deeds) the Chief Executive indicated that there were likely to be issues associated with title deeds of properties transferred to Libraries NI by Education and Library Boards and that these issues, some of which had been outstanding for many years, were unlikely to be resolved speedily.

In relation to Risk 7 (Corporate Governance), Mr Allen confirmed that the recent report on Corporate Governance would be taken into account.

7.6 The Chairperson thanked Mr Allen for his presentation and indicated that he would discuss the Audit Strategy further with the Chief Executive and Director of Business Support.
8. SCHEME OF DELEGATION FOR AUDIT AND RISK COMMITTEE

(ARC 15.03.10)

8.1 The Chairperson introduced this matter, indicating that since the Audit and Risk Committee was now at full complement, it was an opportune time for Members to review the Scheme of Delegation and assure themselves that it was appropriate.

8.2 Ms J Andrews referred to paragraph 2.1 (c) and sought clarification on the process by which the Audit and Risk Committee would undertake a review of the accounting policies, annual report and draft annual accounts.

8.3 It was noted that the Business Support Committee would be reviewing the draft accounts before submission to DCAL and the NIAO. It was agreed, however, since the 09/10 accounts would be the first set of accounts prepared by Libraries NI that it would be useful if they were made available also to the Members of the Audit and Risk Committee for comment. It was agreed that the agenda for the June meeting of the Audit Committee would include consideration of the format of the Annual Accounts, the Libraries NI Accounting Policy, the draft Statement of Internal Control and the draft Annual Report. In addition copies of the draft Annual Accounts would be forwarded by email to members of the Audit and Risk Committee to enable them to comment and that a meeting would be held if required.

8.4 It was noted that the Audit and Risk Committee would need to consider in detail the Report to Those Charged with Governance when available from the NIAO and the resulting Action Plan prepared by management.

8.5 The Chairperson drew attention to point 2.3 which provided for the Audit Committee to request a report or investigation of any matter within its Terms of Reference. Ms H Roulston suggested, given that Libraries NI had been operating for almost a year, that it was an appropriate time for a review to be undertaken of the effectiveness of the Board and its Committees. The Chairperson agreed to raise this matter with the Chairperson of the Board.

8.6 On a proposal by Mr A McDowell, seconded by Councillor J Rodgers Members confirmed approval of the Scheme of Delegation for the Audit and Risk Committee.

9. Correspondence

Treasury Minutes, NI Assembly and Westminster PAC Reports

(ARC 03.03.10)

9.1 Members noted the information provided on the NI Assembly PAC Reports and Treasury Minutes.
9.2 The Head of Internal Audit agreed to provide the Chairperson with a copy of the National Audit Office report of 3 November 2009 on Private Finance Projects. He agreed also to review the document and report any relevant matters to the Committee.

NAO – The Statement on Internal Control: A Guide for Audit Committees (ARC 04.03.10)

9.3 Members noted that the National Audit Office had issued this Guide on the purpose and content of the Statement on Internal Control in January 2010. It was agreed that this document provided a useful checklist which would be considered in more detail at the June meeting when the Libraries NI draft Statement on Internal Control would be available.

DCAL Correspondence re Internal Audit Plan (ARC 05.03.10)

9.4 Members noted the letter issued by the Head of the Governance Support Unit at DCAL suggesting several areas which should be included in the Libraries NI Internal Audit Plan. The Head of Internal Audit confirmed that all the areas listed had been included in the Libraries NI Audit Plan with the exception of item 6 (Internal Audit External Review) which was not relevant at this stage.

10. MINUTES OF THE DECEMBER 2009 GOVERNANCE AND ACCOUNTABILITY MEETING (ARC 06.03.10)

10.1 The Chief Executive presented the minutes of the Accountability Meeting with DCAL held on 17 December 2010, highlighting in particular the undernoted matters.

Belfast Central Library

10.1.1 It was noted that two project boards had been established by DCAL. One Project Board was responsible for managing the Belfast Central Library Stonework Project and other libraries in Belfast. The second Project Board was responsible for the major refurbishment of Belfast Central Library. Both Project Boards were chaired by DCAL as the Investment Decision Maker. The Chief Executive was a member of each Project Board as the Senior Responsible Officer. It was recognized that both DCAL and Libraries NI shared responsibility for delivering these major capital projects.

Board Members Induction

10.1.2 The Chief Executive reported that 4 Board Members had not attended the Induction Training organised by Libraries NI in October 2009. Two of these Members were scheduled to attend “On Board” training being provided by CIPFA in March while one Member had recently attended training in his role as a Councillor. Training had still to be arranged for one Board Member, who because of illness, had not been able to attend the training sessions.
NILGOSC Deficit

10.1.3 It was noted that NILGOSC have passed relevant information to their actuaries in order that detailed calculations could be undertaken in relation to the split between Libraries NI and the ELBs.

11. ADJOURNMENT OF MEETING

11.1 The meeting was adjourned at 11.57pm when it became inquorate. It was agreed to reconvene on Monday 15 March at 1.30pm in Lisburn City Library.

12. MEMBERS’ ARRIVAL AND DEPARTURE TIMES

12.1 All Members arrived for the commencement of the meeting.

Councillor C Casey departed at 11.46 pm
Ms J Andrews departed at 11.46 pm
Councillor J Rodgers departed at 11.57 am
LIBRARIES NI

AUDIT AND RISK COMMITTEE

15 MARCH 2010

Minutes of the reconvened meeting of the Audit and Risk Committee held in Lisburn City Library on Friday 15 March 2010 at 1.30pm

PRESENT

Mr Alastair McDowell  Chairperson
Ms Judith Andrews
Councillor C Casey
Councillor J Rodgers  Vice Chairperson
Ms Helen Roulston

IN ATTENDANCE

Ms Irene Knox   Chief Executive
Mr Terry Heron   Director of Business Support
Mr Brian Doherty   Head of Internal Audit
Mr Peter O’Sullivan   Northern Ireland Audit Office
Mr Alastair Hughes   Head of Libraries Branch, Department of Culture, Arts and Leisure

APOLOGIES FOR NON ATTENDANCE

Mr Rodney Allen   Director, Northern Ireland Audit Office

13.  ALB SPONSORSHIP RISK ASSESSMENT  (ARC 07.03.10)

13.1  The Chief Executive briefed Members on the background to the requirement for DCAL’s Arms Length Bodies (ALBs) to complete a Risk Assessment questionnaire. It was noted that the questionnaire would be completed by both the Accounting Officer and the Sponsoring Branch and that a comparison would be made of the respective scores. Any areas which did not achieve an acceptable score would require the development and implementation of an action plan. It was envisaged that the process would be completed annually. The Chief Executive advised Members that the return date required a very fast turnaround and had not allowed for prior discussion with the Audit and Risk Committee.

13.2  The Chief Executive advised Members of the results of the exercise completed for Libraries NI. She stated that as Libraries NI was a new organisation without a history, for example, of previous years’ financial transactions a number of the questions that were asked were not
applicable. Unfortunately the formula on the spreadsheet was not able to take account of a non applicable response and totals were therefore not always accurate.

13.3 The Chief Executive directed Members’ attention to Section 3 of the assessment document which recorded issues identified as a result of the assessment and the improvement actions required.

13.4 Five issues had been identified. The first involved Libraries NI’s capacity to meet the Minister’s and its own objectives into the future. It highlighted the necessity to secure funding to implement the planned voluntary redundancy scheme. The next three issues involved financial management, in particular the transfer of financial information from the ELBs to Libraries NI, drawdown procedures and the development of finance procedural manuals. The fifth issue involved the embedding of risk management within Libraries NI and the roll out of risk management processes across the organisation.

13.5 In response to a question from Ms Roulston, the Head of Internal Audit confirmed that the Internal Audit Plan contained an audit on the achievement of targets and objectives and that this would include reviewing the evidence as to how these had been achieved.

13.6 Members noted the Sponsorship Risk Assessment questionnaire.

14. INTERNAL AUDIT ACTIVITY REPORT (ARC 08.03.10)

14.1 The Committee was presented with the finalised audit reports noted below:

<table>
<thead>
<tr>
<th>Audit Assignment</th>
<th>Assurance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newry Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Holywood Branch Library</td>
<td>Limited</td>
</tr>
<tr>
<td>Newtownbreda Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Ballyhackamore Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Ormeau Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Ballymena Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Corporate Governance and Risk Management</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

Members reviewed the reports and noted the assurance levels given together with the commitment of Senior Management to implement the recommendations arising from the audits.

14.2 Following discussion Members agreed that in future, for Branch Library audits, they would be content to receive an executive summary of the findings and recommendations. They would wish, however, to receive the full report of all other audits. The Head of Internal Audit advised Members that DCAL had requested that Internal Audit reports contain
information and results on the entire test programme rather than reporting by exception. It was agreed that with the exception of branch library audits (where the programme remains consistent) reports would be produced in the requested format.

14.3 Following a query in relation to maintenance work Members requested a report for the next meeting of the Committee to provide assurance that all maintenance work had been properly completed and that payments were made correctly.

15. INTERNAL AUDIT ACTIVITY REPORT: OUTSTANDING RECOMMENDATIONS (ARC 09.03.10)

15.1 The Head of Internal Audit presented the schedule of outstanding recommendations from previous audit reports showing progress to date on the implementation of the recommendations.

15.2 Members noted that only one recommendation (in relation to Lisnaskea Branch Library Audit) remained at “code red” status. Officers explained that a risk assessment had been undertaken and that a decision had been taken not to proceed with the recommendation regarding the provision of toilet facilities that complied with DDA legislation in the current building because approval had already been received for a new library in Lisnakea. Members recommended that where DDA work was not being taken forward comprehensive risk assessments should be carried out including timescale for completion of alternative provision.

16 ELB INTERNAL AUDIT RECOMMENDATION (ARC 10.03.10)

16.1 The Head of Internal Audit presented the paper noting that, in advance of the establishment of Libraries NI, Accounting Officers of the Education and Library Boards had completed handover Statements on Internal Control. The Heads of Internal Audit of the Education and Library Boards had also provided copies of internal audit reports on areas which impacted on the provision of public library services. Account had been taken of this information in preparing the Libraries NI Internal Audit Strategy and Plan.

16.2 Members noted that the schedule provided an update on a previous paper presented to the first Audit and Risk Committee and showed progress to date. Members noted the report.

17 INTERNAL AUDIT ANNUAL PLAN 2009/10 – QUARTERLY PROGRESS REPORT (ARC 11.03.10)

17.1 The Head of Internal Audit presented a report showing progress to date against the annual plan.

17.2 In response to a question from a Member in respect of governance issues which had arisen recently elsewhere in the public sector the
Head of Internal Audit reported that it was his intention to expand the terms of reference and scope of the current procurement audit to take account of those issues and bring the report to the next meeting. The Chairman then reminded Members that at the last Authority Meeting a governance matter in relation to a procurement issue had also been raised. This issue related to advice received from the Department which had been queried and was now to be reviewed at the next meeting of the Business Support Committee.

17.3 Members noted the report.

18 **INTERNAL AUDIT PLAN 2010/11** (ARC 12.03.10)

18.1 The Head of Internal Audit presented the proposed Internal Audit Plan for 2010/11. He reported that the Plan took account of comments received from DCAL and sought approval from Members. In approving the Plan Members asked that the linkage of the audits to the corporate risk register should be demonstrated more clearly.

19. **INTERNAL AUDIT STRATEGY 2010/13** (ARC 13.03.10)

19.1 The Head of Internal Audit presented the updated Internal Audit Strategy.

19.2 Members sought and received assurance that it was appropriate for Internal Audit to provide consultancy and support in certain circumstances.

19.3 In relation to paragraph 5.5, Members suggested that an additional step needed to be added between the reply from the auditee and the report to the Audit and Risk Committee. This intermediate step should demonstrate that the audit findings were accepted by management and include the commitment to implement the recommendations. Subject to this amendment Members adopted the report.

20. **LIBRARIES NI CORPORATE RISK REGISTER (NEW FORMAT)** (ARC 14.03.10)

20.1 The Chief Executive presented the new format of the corporate risk register. It was agreed that after the new format was embedded within the organisation for a few months further discussion should take place with DCAL about the format.

20.2 It was noted that a presentation on risk management and the corporate risk register would be made to the Board at the June 2010 meeting to ensure that all Members understood and took responsibility for the management of risk.
21. **LIBRARIES NI CHAIRPERSON’S REGISTER OF GIFTS AND HOSPITALITY**  
   (ARC16.03.10)

21.1 Members noted the Gifts and Hospitality Register for the Chairperson of Libraries NI which recorded all gifts and hospitality received by him in the period since the last meeting.

21.2 It was noted that the respective Gifts and Hospitality Registers of the Chairperson, Chief Executive and Senior Management Team, and the Declarations of Interests of all Board Members and senior officers were to be made available on the Libraries NI website in the new financial year.

22. **SCHEDULE OF MISSION CRITICAL PROJECTS**  
   (Tabled)

22.1 The Director of Business Support presented the schedule for the ELFNI replacement project and the Chief Executive presented the schedule for Belfast Central project.

22.2 Following discussion it was agreed to recommend to the relevant Committees that the above projects should be standing items on the Business Support Committee and Services Committee agendas respectively. It was felt that at this stage bi-monthly reports would be sufficient, with more frequent reports as the projects progressed. The frequency of reports would however be left to the Committees to decide.

22.3 Members noted the schedules.

23. **NIAO ISSUES**  
   (ARC 17.03.10 & ARC 18.03.10)

23.1 Following clarification of the timetable for the production, submission and certification of the Annual Accounts discussed on the previous occasion (Item 3.3 above), it was agreed to reschedule Audit and Risk Committee meetings as follows:

- 7 May meeting replaced by 2 June
- 2 July meeting replaced by 22 September
- 1 October meeting replaced by 3 November

24. **ANY OTHER NOTIFIED BUSINESS**

   *Preparation of the Audit Committee Annual Report to the Board 2009/10*

24.1 It was agreed that the Head of Internal Audit would prepare a draft of the Audit Committee Annual Report, initially for consideration by the Chairperson and for distribution to all Members with the agenda for the meeting on 2 June 2010. It was noted that this report informed the Chief Executive’s Statement on Internal Control (SIC) for the annual report and accounts. It was also noted that the report may require
amendment if anything significant was identified in the NIAO Report to those Charged with Governance (due in September 2010).

Next meeting

24.2 The Chairperson confirmed that the next meeting of the Audit and Risk Committee would take place on Wednesday 2 June 2010 at 10:30am in Lisburn City Library (location to be confirmed).

24.3 The meeting ended at 3:10pm. All Members were present at the start of the meeting and remained until the end.

Signed: _____________________________________

Date: ______________________________________