LIBRARIES NI
AUDIT AND RISK COMMITTEE
2 JUNE 2010

Minutes of a meeting of the Audit and Risk Committee held in Antrim Library on Wednesday 2 June 2010 at 10.30 am.

PRESENT

Mr Alastair McDowell Chairperson
Ms Judith Andrews
Councillor C Casey
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

Councillor J Rodgers Vice Chairperson
Dr David Elliott Chairperson, Libraries NI

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 the Committee had met prior to this meeting to discuss an e-mail from the Chairperson of the Board regarding a potential conflict of interest. It was agreed that a further meeting of Members of the Audit and Risk Committee would be arranged to enable discussion of this matter with the Chairperson of the Board.

2.2 The Chairperson informed Members that he had attended a seminar organised by DCAL for Chairpersons of Audit Committees. He reported that he had found the seminar useful in helping to clarify the
Department’s priorities in relation to corporate governance as well as providing an opportunity to meet the Chairpersons of other Audit Committees. The seminar will be repeated on an annual basis.

3. **CHIEF EXECUTIVE’S BUSINESS**

**Whole of Government Accounts: Consolidation Officer Appointment**

3.1 Members noted the correspondence from the Department of Finance and Personnel confirming that, under Section 15 (5) of the Government Resources & Accounts Act (Northern Ireland) 2001, the Chief Executive had been appointed as Consolidation Officer for the Northern Ireland Library Authority.

**DAO (DFP) 02/10 Statement of Internal Control – DFP Fraud Report (Summary)**

3.2 Members noted the DAO regarding advice to Audit Committees on the Statement of Internal Control issued by the National Audit Office.

**Department of Finance and Personnel Fraud Report 2008/09 (Summary)**

3.3 Members noted the summary report and that a copy of the full report was available from the Head of Internal Audit. The Head of Internal Audit informed Members that the report referred to an increase in the number of reported frauds but a continued decline in the value of fraud over the reporting period. The report identified areas where frauds were found, the causes of fraud and the importance of controls being put in place to prevent a recurrence.

3.4 The Chief Executive informed Members that there had been two incidences of theft of cash from branch libraries. Preliminary investigations had taken place and information had been provided to DCAL and GSU. The Head of Internal Audit would be carrying out internal audits in the relevant branches and guidance had been issued to all staff working in branches in relation to the security of cash.

3.5 Ms H Roulston asked if a presentation on the Libraries NI Whistleblowing policy could be given at a future Audit and Risk Committee meeting. Members noted that Libraries NI had a Whistleblowing Policy which is available on the Libraries NI website and had taken out membership of the Public Concern at Work scheme. It was agreed that a presentation on this matter would be brought to Members at a later stage.

**Memoranda of Reply to NI Assembly PAC Reports 2009/10 Session**

3.6 Members noted the correspondence from the Department of Finance and Personnel setting out general lessons / key issues from recent reports.
3.7 The Head of Internal Audit drew Members’ attention to the consultation document and informed them that the consultation period ended on 10 September. Anyone wishing to make comments on the document was asked to forward them to the Head of Internal Audit before the end of the summer for inclusion in the response.

3.8 The Chairperson expressed some concern about the use of the word “championing” in the first bullet point of the CIPFA Statement on the role of the Head of Internal Audit, indicating that he felt that “identifying and promoting” was a better term. Ms Roulston stressed the importance of the Head of Internal Audit being able to engage freely with any member of the Audit and Risk Committee on any matter of concern. The Chairperson indicated his intention to invite the Head of Internal Audit to the next pre-meeting of the Audit and Risk Committee.

3.9 The Chairperson asked that this document be drawn to the attention of the Chairperson of the Board.

3.10 Ms Roulston referred to the section on “Looking Ahead” and in particular the importance of reviewing areas of spend to deliver significant recurrent savings in the longer term. She enquired whether a review would be undertaken of Libraries NI’s policy on the provision of CDs and DVDs, given the current financial climate. The Chief Executive agreed to draw this matter to the attention of the Director of Service Delivery who had responsibility for stock.

4. MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON 5 AND 15 MARCH 2010 (ARC 01.06.10)

On a proposal by Councillor C Casey, seconded by Ms J Andrews, the minutes of the meeting held on 5 and 15 March 2010 were agreed as an accurate record.

5. MATTERS ARISING FROM THE MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 5 AND 15 MARCH 2010 (ARC 02.06.10)

Item 3.2 Chief Executive’s Business

5.1 The Head of Internal Audit informed Members that all relevant governance documentation had been provided to DCAL by the dates required.

Item 3.7 ALB Shared Internal Audit Service

5.2 The Chief Executive reported on her meeting with DCAL regarding the Shared Internal Audit Service. She reminded Members that a memorandum on this matter had been received from the Director of Finance, DCAL, just prior to the last meeting of the Audit and Risk Committee. A holding letter had been sent to the Department.
requesting a meeting to discuss the implications of the proposal. After several attempts a meeting had been arranged with Mr Gavin Patrick (Head of GSU, DCAL) and Ms Michelle Anderson (Head of Internal Audit, DE and DCAL) on 26 May 2010.

5.3 Members noted that DCAL had received a mixed response to the proposal, with several Arms Length Bodies, including Libraries NI, indicating that much more detailed information would be required before a decision could be made. Members noted that DCAL’s Audit Committee had recommended that a more detailed scoping exercise should be undertaken and that Mr Patrick and Ms Anderson had indicated that they would revert to Libraries NI when more information was available. The Chairperson indicated that this matter had also been discussed at the meeting of the Chairs of Audit Committees and concern had been expressed by some Chairs about the approach being taken by DCAL on this matter and the very short timescale specified for response.

Item 5.1.5 Appointment of Trainee Auditor

5.4 Members noted that the Trainee Auditor had taken up appointment on 12 April 2010. It was agreed that in future this post would be referred to as Assistant Auditor.

Item 5.3 Fraud Response Plan

5.5 Members were advised that the recommended amendment had been made.

Item 5.5 Rare Book Collection

5.6 In response to a question from the Chairperson, the Chief Executive indicated that the Director of Service Delivery was currently preparing recommendations regarding risks and mitigating actions associated with the storage of the Rare Book Collection. It was urged that this issue be resolved as soon as possible.

It was further noted that the Collection would require to be valued in 2011.

Item 5.7 Belfast Central Library Capital Development Project

5.7 The Chief Executive updated Members on the progress of the Belfast Central Library Capital Development Project. She reported that the Strategic Outline Business Case had now been approved by DFP and that the Project Manager had been appointed.

Item 13.1 ALB Sponsorship Risk Assessment

5.8 Members were informed that at the meeting with Mr G Patrick (GSU), the Chief Executive had asked about progress on this matter and was informed that the Department official dealing with it had been ill and the review process had been delayed.
6. INTERNAL AUDIT ACTIVITY REPORT (MARCH – JUNE 2010)
(ARC 03.06.10)

6.1 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>Procurement</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Lurgan Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Payment Performance</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.

6.2 The Head of Internal Audit reported that draft reports had been completed for the audits carried out on Payroll, Ardoyne Branch Library and Fivemiletown Branch Library and that 6 audits were underway namely, Building Maintenance, Lisburn City Library, Rathfriland Branch Library, Information Security, Strathfoyle Branch Library and Creggan Branch Library.

6.3 Members noted that the audit of Payroll had been undertaken by Deloitte. The assurance rating given was limited as a complete 100% workaround was required when recording sickness absence. Members noted that before the year end the Head of Internal Audit would carry out a follow-up audit.

6.4 Ms Andrews queried the assurance level determined in respect of the Procurement Audit given the number of recommendations made. The Head of Internal Audit indicated that he had considered carefully the level of assurance and had decided on a satisfactory rating because the majority of procurement was undertaken through contracts in place via the COPE. The remainder of the procurement exercises (38 in total) had been undertaken by Libraries NI as no contracts were in place. All of these procurement exercises were for less than £30k and the majority (27) was for less than £10k. While incorrect procedures had been followed in a number of cases, there was evidence that the processes had improved as the year progressed. He was content that the procurement function was operating satisfactorily.

6.5 Ms Andrews queried whether the level of service being provided by the COPE was adequate. The Director of Business Support indicated that COPE services were currently being provided by the NEELB, and on the whole the service received was good. Discussions were ongoing with CPD regarding using their service. However it would appear that Libraries NI might not be able to access the CPD on-line catalogue.

6.6 Ms Roulston sought clarification as to why Libraries NI could not seek COPE status. The Chief Executive indicated that the value of procurement undertaken annually in Libraries NI was insufficient to
enable it to meet the requirements for COPE status. She indicated also that an internal business case was being prepared for the appointment, initially on a secondment basis, of a procurement specialist to ensure that policies, procedures and systems were in place and were being rolled out appropriately throughout the organisation.

6.7 Members requested that a follow-up audit be undertaken later in the year to ensure that the recommendations in the report had been adequately addressed.

6.8 The Chairperson reminded Members that the Vice-Chairperson, Councillor J Rodgers, had at an earlier meeting, asked a question as to the approval process for payment of invoices relating to maintenance work. The Chair asked if the Head of Internal Audit was now in a position to reply to the query. The Head of Internal Audit confirmed that a building maintenance audit was underway to look at confirmation and assurance that building work was completed and invoices paid on completed works. Members noted that a Maintenance Record Form was now in each branch library to record the presence of contractors. It was anticipated that the final report on the building maintenance audit would be available for the next Audit and Risk Committee Meeting.

6.9 The Chairperson referred to the assurance sought by the Board Chairperson on the issues raised in the recent report on NI Water as far as they related to Libraries NI. The Head of Internal Audit responded that the main issue with NI Water was in relation to contracts being awarded either without tenders being sought or on the basis of a single tender and without appropriate supporting documentation. The Head of Internal Audit also confirmed that because of the NI Water Report he had extended the terms of reference of the procurement audit to take note of the issues in the report findings and was content that account had been taken of all the issues raised during the audit review. The Chief Executive confirmed that the Business Support Committee, at its last meeting, had agreed that in future all single tender actions for items over £500 would require the Committee’s approval.

6.10 Ms Roulston asked that a process be put in place for the relevant Auditee to confirm that they had read an Internal Report and that the action identified would be taken to implement relevant recommendations. The Head of internal Audit agreed to consider how this might be done. It was noted that the Schedule of Outstanding Recommendations brought to each Audit and Risk Committee meeting identified the actions being taken and who was responsible for implementation.

6.11 It was agreed that in future a summary of recommendations and responses relating to branch library audits would be sufficient for the Committee, but that full reports would be provided on all other audits.
The Chairperson asked that audit reports should be copied separately.

7. INTERNAL AUDIT ACTIVITY REPORT - OUTSTANDING RECOMMENDATIONS (ARC 04.06.10)

7.1 Members noted the schedule showing progress to date on the implementation of outstanding recommendations from pre-existing audit reports.

7.2 Following discussion it was agreed that progress to date on recommendations should be coded red if the timescale for implementation had slipped by 4 months or more and, once reviewed by the Committee, recommendations that had been implemented should be dropped from the Schedule. It was also agreed to include on the Schedule progress in relation to any relevant PAC recommendations.

7.3 Members sought clarification on the statement that the effectiveness of training on the use of fire extinguishers was being queried. The Director of Business Support indicated that the general guidance was that, in the event of a fire, staff should evacuate the building immediately and not attempt to extinguish a fire. Fire extinguishers were provided usually so that, for example, a blocked exit route could be cleared. Mr Hughes indicated that DCAL was currently providing training for staff on fire drills and equipment using a DVD and that he would check with the DCAL Facilities Manager if Libraries NI could have access to the materials.

7.4 Members noted the proposed timescale of March 2011 for completion of Financial Procedures Manuals and Budgetary Control Manuals and asked the Director of Business Support to investigate whether this timescale could be shortened.

8. BRANCH LIBRARY AUDITS – COMMON FINDINGS (ARC 05.06.10)

8.1 Members noted the summary of common issues identified during internal audits of Branch Libraries and that the summary, together with a covering letter, would be issued to Business Managers, asking that the summary be brought to the attention of all branch library managers. Members recommended that a Branch Library Manual should be produced as a matter of urgency, which should include many of the items identified in the Report.

9. FRAUD RESPONSE PLAN UPDATE (ARC 06.06.10)

9.1 The Head of Internal Audit drew Members’ attention to the flow chart which had been developed summarising the steps to be taken in the event of a suspected fraud.
9.2 Mr O'Sullivan drew attention to the omission of reference to informing the Controller and Auditor General at the same time as DCAL, PSNI etc. Ms Roulston enquired whether it would be possible to show on the flowchart that certain actions should happen concurrently. The Head of Internal Audit agreed to amend the flowchart accordingly.

10. INTERNAL AUDIT ANNUAL REPORT 2009/10 (ARC 07.06.10)

10.1 The Head of Internal Audit informed Members that Government Internal Audit Standards require him to present a formal annual report to the Accounting Officer giving his opinion of the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes, highlighting the range of strengths and weaknesses and providing his annual assurance.

10.2 Members noted that the report also contains the Head of Internal Audit’s annual assurance to the Accounting Officer.

10.3 Following discussion, Members noted the report and thanked the Head of Internal Audit for the work which he has undertaken in the past year.

11. AUDIT AND RISK COMMITTEE ANNUAL REPORT 2009/10 (ARC 08.06.10)

11.1 The Chairperson introduced the Audit and Risk Committee’s Draft Annual Report, indicating that it would remain in draft pending completion by NIAO of the audit of the Authority’s Annual Accounts for 2009/10 and receipt of the Report to Those Charged with Governance. The final report would be prepared for submission to the Board at its meeting in September to coincide with consideration and approval of the audited 2009/10 Accounts. He also noted that a paragraph would be added in relation to the Authority’s financial position as required under the Management Statement.

11.2 Ms Andrews queried whether it was the role of the Audit and Risk Committee to comment on the Authority’s finances. The Chairperson indicated that he had raised this matter previously since he had been of the view that reviewing the Authority’s finances was the function of the Business Support Committee. It was noted that the Business Support Committee would be reviewing the draft Annual Accounts at their meeting at the end of June and again at the end of September.

11.3 The Chairperson referred Members to paragraph 13 of the report which set out the Audit and Risk Committee’s opinion on the adequacy and effectiveness of the arrangements for internal control and the information taken into account in forming that opinion.

11.4 Members noted that the presentation on the Corporate Risk Register would take place at the July Board meeting.
11.5 Mr O'Sullivan confirmed that every effort would be made to provide the Report to Those Charged with Governance to Libraries NI by 10 September 2010 so that it could be considered at the Audit and Risk Committee meeting scheduled for 22 September. It was recommended that the Board meet on the afternoon of 29 September, after the Business Support Committee to approve the Annual Accounts for signature, so that they could be submitted to DCAL for laying in the Assembly on 30 September.

11.6 Members approved the Audit and Risk Committee Draft Annual Report 2009/10.

12. **RISK MANAGEMENT GROUP – ACTION PLAN**  (ARC 09.06.10)

12.1 The Director of Business Support reported to Members on the action plan showing progress on implementing actions recommended by the Risk Management Group at its meeting on 10 May 2010. Members noted that a number of changes had been made to the corporate risk register e.g. Swine Flu had been removed and additional risks and controls had been added.

12.2 Members noted this report.

13. **CORPORATE RISK REGISTER**  (ARC 10.06.10)

13.1 Members noted the new format for the Libraries NI Corporate Risk Register and the amendments since the last meeting of the Risk Management Group.

13.2 The Chief Executive drew attention to key issues and answered Members’ questions. The following matters were discussed:

<table>
<thead>
<tr>
<th>Risk 1</th>
<th>Ms H Roulston referred to the implications for the provision of a comprehensive and efficient public library service of further reductions in the budget as a result of the current economic climate and the new CSR process and asked that consideration be given to longer term risks for the service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk 3</td>
<td>Ms H Roulston expressed concern that one of the ways of managing this risk related to fire and evacuation procedures being in place, while at the same time relevant training had not taken place. The Chief Executive agreed to review this issue. The Chairperson asked that consideration be given to the risks associated with the employment of agency staff, in particular with regard to child protection issues.</td>
</tr>
<tr>
<td>Risk 4</td>
<td>It was agreed that a regular review of the Corporate risk Register should be undertaken at Board level to ensure that all Members of the Board were aware of the key risks and the action required to manage them.</td>
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<tr>
<td>Risk 5</td>
<td>In response to a query from Ms Roulston regarding</td>
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definition of unacceptable activity, the Chief Executive indicated that the Code of Practice for Board Members and the Code of Conduct for Staff set the parameters in relation to acceptable behavior. Examples of unacceptable behavior could include breaches of confidentiality or inappropriate comments to the media.

| Risk 7 | Clarification was provided on issues associated with breaches of copyright and action taken by library staff to ensure copyright legislation was not breached. |
| Risk 8 | Ms Roulston queried the process for Post Project Evaluations and the identification of Lessons Learned e.g. in relation to the recently completed consultation process on the strategic review of provision in Greater Belfast. The Chief Executive agreed to give consideration to how this might be progressed. |

13.3 Members noted the Corporate Risk Register.

13.4 Members expressed concern at the new template introduced by DCAL, indicating that, in their view, it was less helpful than the one used previously in Libraries NI. The Chief Executive agreed to review the template with a view to achieving a more user-friendly layout, including increasing font size.

14. QUARTERLY ASSURANCE STATEMENT (ARC 11.06.10)

14.1 Members noted the Quarterly Assurance Statement for the period ended 31 March 2010.

14.2 The Chairperson queried with Mr Hughes whether an Action Plan was required in respect of any issues where the adequacy of the controls was identified as “Partial” or “No”. Mr. Hughes indicated that the Department accepted that in the short period of time that Libraries NI had existed there were likely to be some issues where a complete assurance could not be given, but it was the Department’s aim, as it was the aim of Libraries NI, that these issues should move to “Yes” as soon as practicable.

14.3 The Chairperson queried also whether there was a formal process within the Department for issuing directions, as opposed to suggestions for action and asked how these could be distinguished. Mr. Hughes replied that directions were likely to be issued by the Governance Support Unit, whereas Libraries Branch normally worked on the basis of consultation and collaboration. He indicated that he was not aware of any incidence where Libraries NI had not co-operated with the Department.

14.3 Members noted the Quarterly Assurance Statement.
15. GOVERNANCE AND ACCOUNTABILITY MEETING (MINUTES) (ARC 12.06.10)

15.1 The Chief Executive reported that the draft minutes from the last Accountability Meeting (19 April 2010) had just recently been received and were still being reviewed.

16. DRAFT STATEMENT ON INTERNAL CONTROL (ARC 13.06.10)

16.1 The Chief Executive presented the draft Statement on internal Control (SIC) for 2009/10, highlighting key areas.

16.2 Councillor Casey sought clarification on any outstanding costs associated with job evaluation and whether ELBs would have accrued for this liability. The Director of Business Support indicated that Libraries NI did incur some costs this year in relation to cleaners in one Board area, but that it was minimal. He explained that job evaluation for former manual staff was backdated to 2001 and that any former manual staff who had been employed in the library service since then, but had subsequently left employment before the job evaluation exercise was completed, could make a claim for back pay. It was not possible for ELBs to accrue for these arrears payments and Libraries NI would be liable for the payments. It was noted also that Library Patrol Attendants in the BELB, whose jobs had not been evaluated prior to the establishment of Libraries NI, had lodged an appeal against the grade established and the outcome was awaited.

16.3 Ms Roulston enquired as to the impact on the accounts of Libraries NI of the issue associated with the treatment of long leases. The Director of Business Support indicated that some information was still awaited from ELBs, but it was not anticipated that it would be as significant as originally thought. If this were the case the SIC would be amended accordingly.

16.4 The Chairperson reminded Members that it was the role of the Audit and Risk Committee to review the SIC and ensure that it was appropriate. In doing so he asked them to consider the NAO document on the Audit Committee’s role in respect of the Statement on Internal Control, which had been circulated. This was agreed and the Statement of Internal Control was reviewed in conjunction with Part 3 of the NAO Document.

16.5 After review Members felt that the SIC was comprehensive and that the balance was right, given that this was the first year of operation. Mr O’Sullivan welcomed the openness with which the issues had been identified and addressed within the SIC.

16.6 Members were content that the Statement on Internal Control reflected adequately the position.
17. **INTERNAL AUDIT PLAN 2010/11 TIMETABLE** (ARC 14.06.10)

17.1 It was noted that additional information has been added to Appendix 1 of the Internal Audit Annual Plan to include the proposed timetable for the start of planned audits.

17.2 Ms Roulston sought clarification on the amount of time allocated for administration and consultancy support. The Head of Internal Audit reported that, based on experience in 2009/10, additional time had been allocated to provide administrative support for the Audit and Risk Committee. The time allocated for consultancy support was in relation to work that he undertook to advise on risk management and assurance issues such as the quarterly assurance statement and the statement on internal control. In addition a small amount of contingency had been set aside in the event of other issues arising during the year which would require input e.g. a fraud investigation. It was noted that the Assistant Auditor would be able to deal with much of the more routine work, including Branch Library Audits.

18. **SCHEDULE OF MISSION CRITICAL PROJECTS**

18.1 The Director of Business Support, Mr Terry Heron updated Members of the progress on projects critical to the successful operation of Libraries NI. Members noted that the ElfNI Programme Board had been established and that the first meeting was due to be held on 7 June 2010. Mr D Curry, Head of the Intelligent Customer Unit would assume the role of Programme Manager and a working budget had been agreed at the last Board Meeting. The work of the Programme Board would be monitored by the Business Support Committee.

18.2 The Chief Executive reported on the Belfast Central Library Project, indicating that the Project Board had been established, comprising representatives from Libraries NI, BELB (the COPE), SIB, Amey FMP (the Strategic Partner) and DSD. The Project Board was chaired by the Director of Culture, DCAL. A Project Steering Group was also in place, chaired by Mrs Anne Connolly, Director of Planning and Performance. Interviews had taken place recently for a Project Manager and an appointment had been made. The Strategic Outline Case had been approved by DFP and the aim was to have an Outline Business Case with the Department by the end of the calendar year. She reported that the Services Committee had held a workshop to discuss the brief for the building and regular reports would be made to the Services Committee on progress. It was noted that the main risk to progressing the project continued to be the decant costs.

18.3 Mr A Hughes reported that the DCAL Permanent Secretary had asked for regular briefings on the Belfast Central Library and ELFNI projects.

18.4 It was agreed that the outcome of the strategic review of library provision in the Greater Belfast area was a mission critical project and
should be added to this report. An update would be brought to Members at the next meeting.

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

19.1 The Director of Business Support reported that opening balance information had been received from the Education and Library Boards. There were some discrepancies between this information and the asset transfer schedules obtained when Libraries NI came into existence and these were being investigated. Once these are resolved and opening balances are correct, these will be loaded on the system. It is hoped to load up opening balances by end of this week.

20. **CHAIRPERSON’S GIFTS AND HOSPITALITY REGISTER**

   *(ARC 15.06.10)*

20.1 As an updated Register was not available, Members moved to the next Agenda item.

21. **FORMAT OF ACCOUNTS**

   *(ARC 16.06.10)*

21.1 The Director of Business Support reported that Libraries NI’s financial statements would be prepared in accordance with the Government Financial Reporting Manual (FReM), applying International Financial Reporting Standards (IFRSs), as adapted or interpreted for the public sector context. He explained that the accounts were in the standard format, but were complicated this year by 2 issues i.e. the receipt of opening balances from the 5 ELBs (merger accounting) and the IFRS restatement of the opening balances.

21.2 In response to queries from Ms Andrews, the Director of Business Support acknowledged that section 2.1 and 3.1 of the accounts format should refer to Libraries NI, not ESA. He also responded that in relation to note 4 the intention was to keep this at a high level with possibly only 2 segments. He acknowledged that there could be issues with the revaluation reserve coming across from the ELBs compared with the revaluation reserve calculated from the Libraries NI asset system because of classification differences.

21.3 Members noted the format for the Annual Accounts.

22. **ACCOUNTING POLICY**

   *(ARC 17.06.10)*

22.1 It was noted that the Accounting Policy to be adopted by Libraries NI was in accordance with the Government’s Financial Reporting Manual. Ms Andrews queried whether the £3,000 capital limit was high for Libraries NI. The Direct of Business Support explained that this policy was taken from the ELBs to avoid the complication of a change in asset accounting policy in the first year. However, this could be reviewed in future years. In response to further questions he confirmed that the 5
ELBs had one accounting policy but Libraries NI may need to make adjustments if they discover that the policies have been implemented in different ways. He also explained that the accounting policy on fines for overdue books was to treat these on a cash basis rather than an accrued basis. The Chair asked for information in relation to the treatment of the Cost of Capital Charge and this was answered by the Director of Business Support.

22.2 Members noted the Libraries NI Accounting Policy.

23. NIAO ISSUES (ARC 18.06.10)

National Fraud Initiative: Data Matching Exercise 2010/11

23.1 Members noted correspondence from the Assistant Auditor General setting out the requirements in relation to the National Fraud Initiative, the timetable and actions which needed to be taken. Mr O’Sullivan confirmed that the fee for participation would be £2,000 and that a workshop would take place on 24 June to which a Libraries NI representative would be invited.

The Code of Data Matching Practice of the Comptroller and Auditor General for Northern Ireland

23.2 Members noted the Code.

24. ANY OTHER NOTIFIED BUSINESS

24.1 There was no other notified business.

25. DATE OF NEXT MEETING

25.1 It was agreed that the next meeting of the Audit and Risk Committee would be held on Wednesday 22 September 2010 at 10.30 am in Antrim Library. Two pre meetings would be held before the main meeting. One with the Head of Internal Audit at 9.30am and the second with the Northern Ireland Audit Office at 10.00am

26. MEMBERS ARRIVAL AND DEPARTURE TIMES

26.1 The meeting ended at 1.08 pm. All Members arrived for the commencement of the meeting, and remained until it ended.

Signed: ________________________________

Date: ________________________________