LIBRARIES NI
The Northern Ireland Library Authority
Audit and Risk Committee
Wednesday 29th June 2011

Minutes of a special meeting of the Audit and Risk Committee held in Lisburn City Library on Wednesday 29th June 2011 at 10.30am.

PRESENT
Mr Alastair McDowell Chairperson
Ms Judith Andrews
Dr David Elliott
Ms Helen Roulston

IN ATTENDANCE
Mr Roger Dixon Board Member
Ms Angela Matthews Board Member
Ms Irene Knox Chief Executive
Mr Terry Heron Director of Business Support
Mr Alastair Hughes Head of Libraries Branch, DCAL

1. APOLOGIES FOR NON ATTENDANCE

An apology was received from Brian Doherty, Head of Internal Audit.

2. DECLARATIONS OF INTEREST

2.1 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.

2.2 The Chairperson reminded Members that the meeting had been called to review the Annual Report and Accounts 2010/11 prior to submission to the Northern Ireland Audit Office and the Department of Culture, Arts and Leisure and that all Board Members had been invited to attend the meeting.

3. MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 18 MAY 2011 (ARC 01.07.11)

3.1 The minutes of the previous meeting were agreed as an accurate record.
4. MATTERS ARISING FROM THE MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 18 MAY 2011 (ARC 02.07.11)

4.1 Item 4.3 DAO (DFP) 02/11 Remuneration of Independent Board Members
The Chief Executive advised Members that the Director of Business Support had received clarification from the two Members to whom the principle outlined in the DAO applied.

Item 7.1 Conflict of Interest: Draft Terms of Reference for Independent Review

4.2 The Chief Executive advised Members that the report had been tabled at the Board meeting on 25th May 2011. She advised that, as agreed at that meeting, a copy of the report had been forwarded to DCAL with a request for it to be considered urgently by the Department. Subsequently the Chairperson of the Audit and Risk Committee and she had attended a meeting with the Permanent Secretary and other senior Departmental officials on 2 June 2011. The Permanent Secretary indicated that she would arrange to meet with the Chairperson of the Board to discuss the report.

Item 7.8 Review of Audit and Risk Committee Terms of Reference

4.3 The Chief Executive advised Members that information on the processes in place for monitoring performance against the Business Plan would be provided at the next scheduled meeting of the Audit and Risk Committee.

Item 13.3 Distribution of Funding on a Regional Basis

4.4 The Director of Business Support indicated that the working group, which included representation from DCAL, had met and that a programme of work was being taken forward.

Item 18 Draft Statement on Internal Control

4.5 The Chief Executive advised Members that amendments proposed by the Committee had now been incorporated into the draft Statement on Internal Control.

Item 28.2 Demonstration of Finance and Accounting System

4.6 The Chairperson reported that he had received a demonstration of the Finance and Accounting system. The Director of Business Support agreed to provide the Chairperson with a copy of the Financial Procedures Manual.

5. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2010/11 (ARC 03.07.11)

5.1 The Chief Executive referred to the Annual Report 2010/11, indicating that the Report was still in draft form and that some figures were still to
be finalised before submission to NIAO and DCAL on 30 June 2011. She drew attention to a number of aspects of the Report including the following:

- the Financial Review which reported on recurrent and capital expenditure against budget allocation
- the positive attendance rates, which reflected well on staff morale and motivation
- the measure of compliance with public sector payment policy and the additional information which was now published on the number and percentage of invoices paid within 10 days
- the Key Indicators of Success which referenced the Public Service Agreements applicable to Libraries NI; and
- the reports on programmes and activities which illustrated the tremendous amount of ongoing work in libraries on a day to day basis
- the Statement on Internal Control which would remain in draft until the audit had been completed.

5.2 Members expressed their appreciation to all staff who had contributed to a successful year for Libraries NI and felt that the Report was very comprehensive. The Chairperson queried whether in future years, more prominence could be given to the Management Commentary since it provided a very comprehensive account of the work of Libraries NI. He suggested also that the Marketing and Communications Unit could usefully be involved in the format of the Report to make it more user friendly. The Chief Executive advised that a summary of the key aspects of the report, with photographs, would be produced by the Making and Communications Unit and that this would be available ahead of the publication of the Annual Report.

5.3 The Chairperson asked for clarification in relation to the title of the section headed Director’s Report and suggested that it might usefully be titled Chief Executive’s Report. Mr Hughes (DCAL) agreed to liaise with the Governance Support Unit in DCAL regarding advice or guidance on this matter.

5.4 The Chairperson referred also to the Remuneration Report and sought clarification in relation to the status of the scheme for performance related pay for senior officers. The Chief Executive agreed to check the minutes of the Remuneration Committee.

5.5 In response to a question raised by Mr Hughes, the Director of Business Support advised that the report on emoluments of Board Members included travel and subsistence payments.

5.6 Members approved the draft Annual Report 2010/11.

Annual Accounts 2010/11

5.7 The Director of Business Support presented the draft Annual Accounts 2010/11 and advised that some minor adjustments were still being
made prior to submission on 30 June 2011. He noted that the process for producing the Annual Accounts 2010/11 had been more straightforward than for the previous year and indicated that he had quality assured the draft Accounts using the NIAO checklist, which was based on a standard National Audit Office checklist, and he was content that they conformed to "NDPB Green" and were of sufficient quality to be audited.

5.8 The Director of Business Support drew Members’ attention to the three main financial statements and the relevant notes and in particular to Note 32.1 which provided a reconciliation to the monitoring reports received by the Board and showed an underspend in the recurrent budget at year end of £36k and an underspend in the capital budget of £98k. Attention was drawn also to Note 12 which showed the impact of the revaluation of assets, using the indices provided by Land and Property Services and Note 26 which detailed the Pension and Similar Obligations.

5.9 In response to a question from Ms J Andrews in relation to Note 16 (Heritage Assets), the Director of Business Support advised Members that a Project Team had been established to take forward the work on Heritage Assets and that a tender would be issued in early July for specialist support on the valuation of the heritage assets. He reminded Members that the issues around the valuation of the heritage assets were likely to take some time to resolve but that it was hoped that the NIAO would recognise the substantial progress that had been made.

5.10 In response to a question from Ms J Andrews in relation to Note 18, the Director of Business Support advised Members that discussions had taken place with NIAO regarding the treatment of outstanding overdue charges.

5.11 In response to a question from Ms H Roulston in relation to Note 3, the Chief Executive indicated that a substantial number of temporary staff had transferred from the Education and Library Boards (ELBs) to Libraries NI because of implementation of vacancy control in ELBs as a result of the Review of Public Administration. Work was underway to regularise positions as far as possible within the constraints that were now being faced as a result of the financial situation and recognising that many of these staff would have accrued employment rights.

5.12 In response to a question the Chairperson in relation to Note 30 the Director of Business Support advised Members that non returned items were tracked on the Galaxy System for two years and if not returned within that period were noted as a loss.

5.13 Further to discussion Members agreed to note the Draft Annual Accounts 2010/2011.
6. **STATEMENT ON INTERNAL CONTROL** (ARC 04.07.11)

6.1 The Chief Executive referred Members to the Draft Statement on Internal Control which she had prepared in discussion with the Director of Business Support and the Head of Internal Audit. She advised that a number of amendments would be incorporated into the final version including:

- the original four draft Savings Delivery Plans had been revised and combined into three Plans when the final budget was received
- the section on Staffing may be removed given that the original organisational structure has now been implemented
- the Business Cases relating to the E2 project (ELFNI replacement) have been submitted to DFP
- reference to the conflict of interest, declared by the Chairperson of the Board, and the work being undertaken to mitigate the risk.

6.2 In response to a question from the Chairperson, the Chief Executive confirmed that, in her view, appropriate leadership and guidelines were in place to manage risk and staff had received training on risk management. She noted that regular reviews of the Corporate Risk Register were undertaken by the Risk Management Group and that there were now risk registers associated with all Service Plans. These would be monitored on a regular basis by the Directors and the relevant Committees.

6.3 Members noted the draft Statement on Internal Control.

7. **NIAO AUDIT STRATEGY** (ARC 05.07.11)

7.1 The Chief Executive drew attention to correspondence from Denver Lynn, Director, NIAO enclosing the draft audit strategy for the audit of the Annual Accounts 2010/11. Members noted the strategy and in particular Annex 1.

7.2 The Chief Executive drew attention to the timetable for the audit of the Accounts. Members agreed to hold a special meeting of the Audit and Risk Committee on 19 October 2011 to consider the draft Report to Those Charged with Governance and management responses to it. Members noted also that the Business Support Committee was scheduled to meeting on 26 October 2011 and it was proposed to invite all Board Members to that meeting in order to consider the final Accounts and enable them to be signed by the Chairperson of the Board and the Chief Executive.

8. **ANY OTHER NOTIFIED BUSINESS**

8.1 There was no other notified business.
9. DATE AND TIME OF NEXT MEETING

9.1 It was confirmed that the next normal meeting of the Audit and Risk Committee would be held on Wednesday 28th September 2011 at 10.30am in Antrim Library.

10. MEMBERS ARRIVAL AND DEPARTURE TIMES

10.1 The meeting ended at 11.30 am. All those in attendance arrived for the commencement of the meeting, and remained until it ended.

Signed: [Signature]

Date: 28 September 2011