LIBRARIES NI

AUDIT AND RISK COMMITTEE

12 December 2012

Minutes of a meeting of the Audit and Risk Committee held in Lisburn City Library on Wednesday 12 December 2012 at 10.30am.

PRESENT

Councillor J Rodgers Chairperson
Ms Judith Andrews
Councillor C Casey
Mr Alastair McDowell
Ms H Roulston
Mr N Macartney Chairperson of the Board

IN ATTENDANCE

Ms Irene Knox Chief Executive
Mr Terry Heron Director of Business Support
Mr Brian Doherty Head of Internal Audit
Ms Helen Poston Operational Manager
Mr Peter O'Sullivan Northern Ireland Audit Office
Ms Sarah Jane Mowbray Northern Ireland Audit Office

1. APOLOGIES FOR NON ATTENDANCE

Alastair Hughes Department of Culture, Arts and Leisure
Denver Lynn Northern Ireland Audit Office

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.

3. CHAIRPERSON’S BUSINESS

Appointment of Vice Chairperson

3.1 The Chairperson reminded Members that this item had been deferred from the meeting of the Audit and Risk Committee held on 10 October 2012. He drew attention to the Board’s decision in relation to the positions of Chairpersons and Vice Chairpersons of Committees which provides that if the Vice-Chairperson’s post becomes vacant, the normal election procedure
would be followed, with the position being filled by a Councillor, if the Chairperson is an independent Member and by an independent member if the Chairperson is a Councillor. In line with these procedures and on a proposal by Mr A McDowell, seconded by Councillor C Casey, Members agreed that Ms H Roulston should be appointed Vice-Chairperson of the Libraries NI Audit and Risk Committee.

3.2 Ms H Roulston thanked Members for their nomination and added that she looked forward to working with them into the future.

3.3 The Chairperson welcomed Ms S J Mowbray and Ms H Poston to their first meeting of the Committee.

4. **CHIEF EXECUTIVE’S BUSINESS**

4.1 The Chief Executive briefed Members on correspondence received since the last meeting of the Audit and Risk Committee held on 10 October 2012. Members noted in particular the following matters:

- DAO (DFP) 07/12 Tax Compliance in Public Bodies
- DAO (DFP) 08/12 Tax Arrangements of Public Sector Appointees
- DAO (DFP) 09/12 Withdrawal of Guidance Letters
- DAO (DFP) 10/12 Requirement to Complete a Governance Statement
- Letter from Association of Chief Executives, dated 16 October 2012, confirming agreement to the re-establishment of the Service Level Agreement for Internal Audit related services

4.2 It was agreed that officers would brief the Committee more fully at its next meeting on the requirements in relation to the preparation of a Governance Statement.

4.3 It was noted that signed Service Level Agreements in relation to Internal Audit related services had now been received from all the Education and Library Boards.

5. **MINUTES OF THE MEETINGS OF THE AUDIT AND RISK COMMITTEE HELD ON 10 OCTOBER, 24 OCTOBER AND 8 NOVEMBER 2012**

10 October 2012

5.1 On a proposal by Councillor C Casey, seconded by Ms J Andrews, the Committee approved the minutes of the meeting of the Audit and Risk Committee held on 10 October 2012 subject to the following amendment:
Page 8 Paragraph 17.3 the word ‘changing’ in the following sentence to be amended to ‘re-instating’. The sentence will now read as follows:

The Committee had suggested that consideration be given to re-instating the Risk Appetite in relation to this Objective to Cautious.

24 October 2012 (ARC 01.12.12b)

5.2 On a proposal by Councillor C Casey, seconded by Mr A McDowell, the Committee approved the minutes of the meeting of the Audit and Risk Committee held on 24 October 2012.

8 November 2012 (ARC 01.12.12.c)

5.3 On a proposal by Mr A McDowell, seconded by Councillor C Casey, the Committee approved the minutes of the meeting of the Audit and Risk Committee held on 8 November 2012.

6. MATTERS ARISING FROM THE MINUTES OF THE AUDIT AND RISK COMMITTEE MEETINGS HELD ON 10 OCTOBER, 24 OCTOBER AND 8 NOVEMBER 2012

10 October 2012 (ARC 02.12.12)

Item 4.2 Chief Executive’s Business

6.1 The Chief Executive reported that there was no indication of training being provided by DCAL to assist Board Members to complete the Annual Board Assurance Statement and she was unaware of training being available from other providers on this matter. The Chairperson of the Board suggested that the situation should be monitored and if Board Members felt that training was required, it may be necessary to speak with possible providers regarding tailored in-house training.

Item 6.1 Chairperson’s Business

6.2 The Chief Executive reported that consideration was being given by the Minister to the process for filling vacancies on the Board arising from the end of the first term of office of non-Councillor members.

10.2 Antifraud Policy

6.3 Members noted that the Antifraud Policy had been updated to specifically mention the Board Members as stakeholders to whom the policy applies.

24 October 2012

7.2 Quarterly Assurance Statement

6.4 The Chief Executive reminded Members that the Quarterly Assurance Statement identified a potential risk regarding the impact of the establishment of the Education and Skills Authority (ESA) on the continuation of Service Level Agreements which currently exist between
Libraries NI and the Education and Library Boards. She reported that she had written to the Chief Executive Designate of ESA to ask if ESA would be prepared to continue to provide services to Libraries NI. The Chief Executive reported that an e-mail response had been received indicating that the ESA Implementation Team was engaged in a programme of workshops at present and when these had been completed and the outputs evaluated, Pat O'Neill, Change Director would be in touch to engage in discussions.

6.5 The Chief Executive reported that she remained concerned that insufficient time would be available to make suitable alternative arrangements if ESA decided not to take forward the current SLAs and accordingly she had informed DCAL of the position. It was noted that DCAL had raised this matter with the Department of Education and in the meantime officers were developing contingency plans.

8 November 2012

6.6 Members noted that there were no matters arising from the minutes of the Audit and Risk Committee meeting held on 8 November 2012.

7. INTERNAL AUDIT ACTIVITY REPORT  (ARC 03.12.12)

7.1 The Head of Internal Audit reported on the 11 audits which had been completed since the last meeting of the Audit and Risk Committee. Members noted the level of assurance for each report and the commitment of managers to implement the recommendations made.

<table>
<thead>
<tr>
<th>Audit Assignment</th>
<th>Assurance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>E2 Project Assurance</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Strabane Branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Omagh Branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Cushendall Branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Portglenone Branch Library</td>
<td>Substantial</td>
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<tr>
<td>Bessbrook Branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Warrenpoint Branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Woodstock branch Library</td>
<td>Satisfactory</td>
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<tr>
<td>Holywood Arches Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Finaghy Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Armagh City Library</td>
<td>Limited</td>
</tr>
</tbody>
</table>

7.2 Members discussed each of the reports. They noted the extensive testing process undertaken in relation to the E2 Project and thanked and congratulated the E2 Project Team for their hard work in successfully completing the procurement phase. Mr N Macartney advised Members that the report had been reviewed by the Information Systems Committee which had welcomed the outcome and the Project Team's commitment to address the issues which had been raised.
7.3 In response to a question from Mr McDowell, the Director of Business Support confirmed that the implementation phase of E2 was part of the overall E2 Project.

7.4 The Head of Internal Audit drew attention to the report of the audit of Portglenone Library. He informed Members that this was a single staffed Branch and the audit had resulted in a substantial level of assurance which was a credit to the Branch Library Manager. Members asked that their appreciation of the hard work carried out by the Branch Library Manager be noted and passed on to the member of staff.

7.5 Councillor C Casey expressed concern that a number of the Branch Library audits referred to the fact that a fax machine was available, but not connected to a telephone line and queried why this should be the case. The Head of Internal Audit stated that the reasons could include that the fax machine had been moved to better suit its other functions as a photocopier and scanner or that a separate phone line may not be available. He indicated that the reports had brought the issue to the attention of relevant managers.

7.6 The Head of Internal Audit drew attention to the audit of Armagh City Library, noting that it had received a limited assurance because of the number of priority 1 recommendations. Members discussed at length the findings of the audit and in particular the issues relating to Health and Safety. They noted the response of management and the action being taken to address the recommendations. In response to a query from Mr P O’Sullivan, Northern Ireland Audit Office the Head of Internal Audit confirmed that a follow-up audit of Armagh City Library would be carried out in April/May 2013 and the report of that audit would be brought to the Audit and Risk Committee.

7.7 The Committee expressed concern that similar issues continued to arise in many Branch Library audits, citing in particular health and safety concerns and issues with key and building security and fire drills. They queried what action was being taken to ensure that managers addressed these common findings in a timely manner rather than wait to be told about them through the internal audit process. The Head of Internal Audit reported on the process whereby a common findings letter was issued and also on the meetings that he had held with relevant managers to ensure that they were aware of the issues. He stated that he had identified an overall reduction in the incidences of priority one findings in branch library reports but that findings common to a number of branches were still being identified. He informed Members that he was meeting with the Assistant Directors and Operational Managers over the next few days and would raise these issues with them again. The Committee asked the Chief Executive to ensure that managers were informed of their concerns regarding this matter and their expectation that action would be taken to ensure that common findings were addressed.
8. OUTSTANDING AUDIT RECOMMENDATIONS (ARC 04.12.12)

8.1 The Head of Internal Audit drew Members' attention to the report showing progress on the implementation of Outstanding Recommendations from previous Internal Audit reports. Members noted in particular the recommendations, highlighted in red, that were still outstanding more than 4 months from the originally agreed implementation date.

8.2 Members were informed that in the period since the end of September there had been a total of 70 outstanding recommendations of which 61 had been cleared.

8.3 In response to a question from Ms H Roulston relating to children using mobile libraries the Chief Executive confirmed that mobile staff had been trained in the requirements of the Safeguarding Policy. The Head of Internal Audit reported that an audit of the Policy would be carried out in the new Financial Year.

9. INTERNAL AUDIT PLAN 2012/13 – PROGRESS REPORT (ARC 05.12.12)

9.1 The Head of Internal Audit updated Members on progress in implementing the Annual Internal Audit Plan. It was noted that 19 branch library audits had been completed and 1 was currently underway. The Head of Internal Audit advised Members that the audit of the E2 Project Assurance had taken longer to complete than originally expected which had resulted in the commencement of some other audits being delayed, however he was content that the Internal Audit Plan was on schedule to be materially completed by March 2013.

9.2 Members noted the contents of the report.

9.3 In response to a question from Ms J Andrews, the Head of Internal Audit explained that the main reason why the proposed date for the audit of Fine Books had been postponed was that an exercise to value them was still underway and it was thought best to wait until it was finished. He advised Members that he was not sure at this stage if the audit would be completed before the end of the financial year but was aware of the benefits to the Accounting Officer and to the NIAO of providing assurance as soon as possible.

10. WHISTLEBLOWING POLICY (REVIEW) (ARC 06.12.12)

10.1 The Director of Business Support introduced the revised policy highlighting that it had been revised to ensure that contact details were current and correct.
10.2 On a proposal by Mr N Macartney, seconded by Miss H Roulston, Members agreed to recommend to the Board approval of the updated Whistleblowing Policy.

11. GOVERNANCE AND ACCOUNTABILITY MEETING MINUTES (MAY 2012) (ARC 07.12.12)

11.1 Members noted the minutes of the Governance and Accountability Meeting held on 29 May 2012.

12. GOVERNANCE AND ACCOUNTABILITY MEETING MINUTES (OCTOBER 2012) (ARC 08.12.12)

12.1 Members noted the minutes of the Governance and Accountability Meeting held on 23 October 2012.

13. INTERNAL AUDIT EXTERNAL QUALITY REVIEW – PROGRESS REPORT (ARC 09.12.12)

13.1 The Head of Internal Audit presented a progress report on implementation of recommendations arising out of the External Quality Review on Internal Audit completed in February 2012. Members noted that, since the issue of the paper for the Committee, the one outstanding recommendation, recorded as amber, and which related to the re-establishment of Service Level Agreements with the Education and Library Boards for contingency arrangements for internal audit services, had now been fully implemented, with signed agreements having been received from the five Boards.

13.2 The Head of Internal Audit advised Members that a self-assessment of internal audit was required every two years. The last assessment had been completed in February 2011 and he planned to complete a new assessment early in the 2013/14 financial year.

14. RISK MANAGEMENT REPORT AND REVIEW (ARC 10.12.12)

14.1 The Chief Executive referred to the minutes of the Risk Management Group held on 23 November 2012 and drew Members’ attention to the Corporate Risk Register which had been reviewed by the Risk Management Group highlighting the changes that had been made.

14.2 The Chief Executive reported that:

- one additional risk had been identified and considered by the Group in relation to Objective 4 i.e.
- service delivery through partnership with the Education and Library Boards ceases on the establishment of the Education and Skills Authority (ESA). Members noted, as previously reported, that contingency plans were being developed.
in relation to Objective 1 the risk relating to DCAL’s review of Delivering Tomorrow’s Libraries had been clarified as follows:
- insufficient Libraries NI input to DCAL’s review of Delivering Tomorrow’s Libraries

the risk rating in relation to the E2 procurement process failing to deliver the best value solution had been reduced from Red to Amber, given that a preferred bidder had been identified

the risk rating in relation to arrangements for planning, monitoring and reporting are ineffectual had been reduced from Amber to Green, given that arrangements were now well embedded.

14.3 The Committee noted the Corporate Risk Register.

15. SCHEDULE OF MISSION CRITICAL PROJECTS (ARC 11.12.12)

15.1 The Director of Business Support presented the Schedule of Mission Critical Projects and provided the Committee with the following information:

- it was anticipated that the Full Business Case for the E2 procurement would be submitted to the Information Systems Committee at its next meeting, scheduled for 21 December 2012 and that the Project was on schedule for contract signature in April 2013. He confirmed that plans were being prepared in relation to implementation
- a progress report in relation to the Stage 2 Review of Library provision had been considered by the Services Committee and subsequently by the Board in November 2012
- the tender for the valuation of the remaining stock assets with a value potentially over £1,000 had been unsuccessful. The tender requirements have been revised and the tender will be reissued. Proposals to deal with stock assets with a value of £1,000 or less would be brought to the next Business Support Committee meeting
- the revised opening hours have been implemented in all libraries and work is nearing completion in relation to the associated staffing issues
- work continues to substantially complete the Outline Business Case for the Northern Ireland Regional Library by March 2013 with submission to DCAL by September 2013

15.2 On a suggestion by Ms H Roulston it was agreed that the Review of the Mobile Library Service should be added to the Schedule of Mission Critical Projects.

15.3 Members noted the update on Mission Critical Projects.
16. PROPOSED TIMETABLE AND AGENDAS FOR AUDIT AND RISK COMMITTEE MEETINGS 2013  
(ARC 12.12.12)

16.1 Members noted the proposed timetable and agendas for Audit and Risk Committee meetings in 2013. It was further noted that the proposed dates were subject to change in order to meet timescales for submission of the Quarterly Assurance Statement and the Annual Report and Accounts.

16.2 Mr P O'Sullivan informed Members that the Northern Ireland Audit Office would be raising the issue of the Quarterly Assurance Statement when it next meets with DCAL's Audit Committee.

16.3 Members confirmed the dates of the next two meetings as 11 April 2013 and 27 June 2013. Further dates and the locations for all meetings to be confirmed.

17. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE  
(ARC 13.12.12)

17.1 Mr P O'Sullivan reported that the audit had now closed and there was little or no change to the Report to Those Charged with Governance (RTTCWG) since Members had last seen it. He added that the Northern Ireland Audit Office was content with Management’s response to issues raised in the RTTCWG.

17.2 Miss H Roulston pointed out that on page 29 of the Report the NIAO stated that the Members of the Libraries NI Audit and Risk Committee should satisfy themselves that recommendations from previous years had been implemented.

17.3 The Director of Business Support presented a paper confirming that all issues not carried forward to this year’s report had been addressed. Members noted the paper.

18. ALB SPONSORSHIP RISK ASSESSMENT  
(ARC14.12.12)

18.1 The Chief Executive reminded Members that DCAL had required Libraries NI to complete a Sponsorship Risk Assessment Questionnaire in 2010, which had resulted in Libraries NI being assessed by DCAL as Low/Medium Risk. A revised Sponsorship Risk Assessment Questionnaire had now been issued by DCAL with a return date of 9 January 2013. It was agreed that the risk assessment should be considered by the Libraries NI Senior Management Team and a copy brought to the next meeting of the Audit and Risk Committee for information.
19. NIAO ISSUES

19.1 Mr P O’Sullivan reported that the 2012/13 Audit Strategy would be brought to the next meeting of the Audit and Risk Committee.

20. NAO – THE AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST (ARC 15.12.12)

20.1 Members noted that completion of the self-assessment document would take place after the next meeting of the Audit and Risk Committee to be held on 11 April 2013.

21. ANY OTHER NOTIFIED BUSINESS

21.1 There was no other notified business.

22. DATE OF NEXT MEETING

22.1 It was agreed that the next meeting of the Audit and Risk Committee would take place on Thursday 11 April 2013 at 10.30 am, preceded by a meeting with the Head of Internal Audit at 10.00 am. The venue for both of these meetings is to be confirmed.

22.2 The Chairman thanked Members for attending the meeting and wished everyone a Merry Christmas and a happy and prosperous New Year.

23. MEMBERS’ ARRIVAL AND DEPARTURE TIMES

23.1 The meeting ended at 12.15 pm

23.2 All Members arrived for the commencement of the meeting and remained until it ended.

Signed: 

Date: 11th April 2013