LIBRARIES NI
The Northern Ireland Library Authority
Audit and Risk Committee
Wednesday 27 June 2012

Minutes of a special meeting of the Audit and Risk Committee held in Antrim Library on Wednesday 27 June 2012 at 1.30pm

PRESENT

Mr Alastair McDowell
Mr N Macartney
Councillor C Casey
Ms Judith Andrews

Chairperson
Chairperson of the Board

IN ATTENDANCE

Ms Irene Knox
Mr Terry Heron
Mrs Rita McNamee
Mr Desi Curry
Mrs Trisha Ward
Mr Denver Lynn

Chief Executive
Director of Business Support
Finance Manager
E2 Programme Manager
E2 Senior User
Northern Ireland Audit Office

1. APOLOGIES FOR NON ATTENDANCE

Ms H Roulston
Councillor J Rodgers
Mr Brian Doherty

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. **ANNUAL REPORT 2011/12**

3.1 The Chief Executive presented the 2011/12 Annual Report and explained that it was still in draft format and that some minor changes may be required before submission to the NIAO and DCAL by 30 June. The audited Annual Report and Accounts would come back to the Board for approval in October. She explained that the Report included the Statement on Internal Control which had been presented to the last Committee meeting.

3.2 The Chief Executive confirmed that the Report complied with the prescribed format and highlighted the different sections. She drew particular attention to the management commentary which provided an overview of the key performance indicators and the main activities of the Library Services Directorate and the Business Support Directorate. She drew attention to the additional information required this year in the Remuneration Report.

3.3 Mr Lynn stated that the Northern Ireland Audit Office reviewed the full Annual Report but the Remuneration Report section was audited and should be noted as such in the Annual Report.

3.4 The Chief Executive stated that the format of the Annual Report meant that it was not a user friendly document and that Marketing would be producing a more attractive and colourful document for stakeholders to show the achievements of the Board in 2011/12.

3.5 Members expressed their appreciation to all staff who had contributed to a difficult but successful year for Libraries NI. Members noted the draft report.

4. **ANNUAL ACCOUNTS 2011/12**

4.1 The Finance Manager presented the tabled draft Annual Accounts 2011/12 and explained in detail the planning carried out and the process followed to produce them. She confirmed that the NIAO checklist had been used to quality assure the Accounts and in particular the disclosure requirements. She confirmed that the Accounts complied with the NDPB - Green format. The draft Accounts had been reviewed by herself and the Director of Business Support and although some minor changes may be required, were of sufficient quality for presentation to the NIAO by 30 June.

4.2 The Finance Manager presented the Statement of Comprehensive Net Expenditure and drew attention to the reconciliation between this statement and the normal budgetary spend statement which the Business Support Committee reviewed at each meeting. This reconciliation at note 32 of the Annual Accounts showed a recurrent year end underspend of £498k and a capital underspend of £8k.
Members noted the year-end underspend and asked that the reasons for this happening be included in the minutes. The Finance Manager explained that the recurrent underspend was higher than anticipated because of a number of withdrawals of voluntary redundancy requests and the additional £900k funding provided by the Department towards the year end. It had not been possible to achieve full spend because of the time involved in Business Case approvals, the procurement process and the time for actual delivery of goods.

4.3 The Finance Manager presented the Statement of Financial Position and highlighted the revaluation of Property, Plant and Equipment and explained the new basis of valuation applied by Land and Property Services. She also highlighted the increase in pension liabilities based on the latest formal valuation of the NILGOSC fund published in March 2011.

4.4 The Finance Manager also drew attention to progress made towards the valuation of Stock Assets but noted that the figures in the Accounts would remain unchanged until the exercise was finished. She drew attention to the Stock Losses shown in Note 30 and explained the rationale behind these figures.

4.5 The Finance Manager explained that some minor adjustments might still be made to these draft Accounts prior to their submission to the Northern Ireland Audit Office by the 30th June 2012. The Accounts would be audited in August and would come back to the Board in the autumn for final approval. In response to a question from the Chairperson the Finance Manager confirmed that there were no Novel or Contentious matters which required disclosure.

4.6 Members recognised the complexity of Annual Accounts preparation and the difficulty in producing them in time to issue with Committee papers but noted that tabled Accounts gave Members little opportunity to review them. Mr Lynn stated that the requirement was for the Audit Committee to review the draft Accounts prior to the audit so that the NIAO could adjust its audit plan for any issues drawn to its attention by the Committee. It was not essential for the Committee to review the Accounts prior to submission on 30 June. The Members welcomed this clarification and following discussion it was agreed that members would individually review the draft accounts taking into account the issues highlighted by the Finance Manager in her report to the Committee and if necessary raise any matters of clarification or concern with the Chairperson prior to the July Board meeting. It was also agreed, in the light of Mr Lynn’s advice, to take account of the timing of the Audit Committee in future years so that there was adequate time to review the draft Accounts.

4.7 Members noted the draft Annual Accounts for 2011-12.
5. **E2 PROJECT: PRESENTATION ON RISK**

5.1 The E2 Programme Manager presented the risk management structure and process used for the E2 project. He explained the E2 project in the context of the overall Libraries NI IT/IS Strategy. He provided an overview of the procurement timescales and confirmed that the project was on schedule. He highlighted the key events through to contract signature, transition and transformation, and complete implementation of all new services by summer 2014. The Programme Manager explained the standard E2 contract and how risk was managed in relation to terms and conditions, service delivery schedules and the accounting treatment. He explained the process of how risks were identified by the project team working together, incorporated in the E2 project risk register, reviewed regularly by the Project Board and reviewed again by the Information Systems Committee. In relation to risk management during transition and transformation he identified that there would be a number of individual projects each with their own risk register and project management process. The E2 Senior User identified the elements involved in relation to business change and in particular dealt with the training aspects and timeframe for project roll out.

5.2 Members sought information on user and stakeholder involvement in the procurement and evaluation process and queried the procurement methodology. The Programme Manager explained the ongoing involvement of stakeholders from preparation of specifications, through competitive dialogue to the evaluation. It was noted that a CPD procurement adviser had been seconded to the project team and that by following a recognised and approved CPD procurement methodology the risk of challenge should be minimised. Members discussed the risks associated with the project and how competitive tension and value for money could be demonstrated. The Programme Manager explained the process of submission of detailed solutions in July and how the subsequent evaluation could provide the necessary assurances. The Chairperson expressed concern about the potential for increased risks during the implementation stage as a result of the procurement process being used.

5.3 Members thanked the Programme Manager and Senior User for their presentation.

6. **MEMBERS ARRIVAL AND DEPARTURE TIMES**

6.1 The meeting ended at 3.10 pm. All Members arrived for the commencement of the meeting and remained until it ended.

Signed: ________________________________

Date: 10th October 2012