LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

15 January 2014

Report of a meeting of the Audit and Risk Assurance Committee held in Finaghy Library on Wednesday 15 January 2014 at 10.30 am.

PRESENT

Councillor J Rodgers
Mr Alastair McDowell
Chairperson

IN ATTENDANCE

Ms Irene Knox
Mr Terry Heron
Mr Brian Doherty
Ms Dorinnia Carville
Mr Peter O’Sullivan
Mr Alastair Hughes
Chief Executive
Director of Business Support
Head of Internal Audit
Director, Northern Ireland Audit Office
Northern Ireland Audit Office
DCAL

1. APOLOGIES FOR NON ATTENDANCE

Ms Judith Andrews
Councillor C Casey
Mr Nigel Macartney
Ms Helen Roulston
Chairperson of the Board

The Chairman reported that the meeting was inquorate.

It was agreed to continue with the business of the meeting and to present a report of the discussion at the next meeting of the Board, to be held on 30 January 2014. The report would also be presented for noting at the next Audit and Risk Assurance Committee meeting to be held on 9 April 2014.

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

3.1 The Chairperson welcomed Ms D Carville, Director, Northern Ireland Audit Office to her first meeting of the Libraries NI Audit and Risk Assurance Committee.

4. CHIEF EXECUTIVE’S BUSINESS

4.1 The Chief Executive drew attention to correspondence received since the last meeting as follows:

- DAO (DFP) 09/13 Payments to Non-Executive Appointees
- Letter from Deputy Permanent Secretary DCAL re: Review of Current Governance Arrangements
- Letter from DCAL regarding Libraries NI Risk Assessment 2013

4.2 In response to a question from Mr A McDowell in relation to DAO (DFP) 09/13: Payments to Non-Executive Appointees, the Director of Business Support confirmed that it provided guidance on the Tax and NIC treatment of travel and subsistence payments to Board Members to and from the permanent workplace for business purposes, and made provision for an organization having more than one permanent workplace or headquarters.

4.3 The Director of Business Support informed Members that DAO (DFP) 09/13: Payments to Non-Executive Appointees, included a PAYE settlement which allows Employers to pay tax on behalf of Board Members adding that Libraries NI had joined with DCAL to implement this system.

4.4 Members noted that the Chief Executive and the Director of Business Support had met with Ms C Smith, Deputy Permanent Secretary and Ms D Brown, Director of Finance, DCAL to discuss the views of Libraries NI officers on current governance arrangements and to reduce duplication within each organisation.

4.5 Members noted the letter from DCAL dated 24 December 2013, relating to the Libraries NI’s Risk Assessment 2013 and welcomed the news that the risk rating had been reduced from Medium–Low to Low since the previous assessment undertaken in 2010. As a result of the new risk rating Members noted that Libraries NI’s capital delegation would increase to £300,000 and that the DCAL Permanent Secretary would no longer attend the accountability meetings each year. In respect of the areas for improvement detailed in the letter, the Director of Business Support explained that work was ongoing with regard to cash forecasting and the 10 Day Prompt Payment Targets.
5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 16 OCTOBER 2013  ARAC 01.01.14

5.1 As the meeting was not quorate Members were unable to approve the minutes of the meeting of the Audit and Risk Assurance Committee held on 16 October 2013. Accordingly these would be held over for consideration and approval at the next meeting of the Committee.

Those present did agree that the minutes reflected a true and accurate record of the meeting which had taken place on 16 October 2013.

6. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 16 OCTOBER 2013  ARAC 02.01.14

6.1 The Chief Executive drew attention to the schedule which had been circulated, detailing actions taken as a result of discussions at, and decisions of, the Committee at the previous meeting.

Item 11.3: Provisional Report to Those Charged with Governance

6.2 The Director of Business Support reminded Members that at the last meeting of the Committee, officers had been asked to engage with the Northern Ireland Audit Office (NIAO) to seek to find an agreed way forward on the ongoing issue relating to Heritage Assets. A meeting had taken place with the NIAO on 19 December 2013 to progress this issue and it was felt that the meeting had been useful. Discussions had taken place regarding a wide range of issues, with the main focus being the composition of that portion of the stock which had transferred from the Education and Library Boards at a value of £8.6m (2006 valuation) and which was the subject of the current limitation of scope qualification. A further meeting has been arranged for Thursday 23 January 2014 at which it is hoped further progress would be made.

6.3 Members welcomed the news that progress was being made on this issue and that they would be kept updated on progress.

6.4 Ms D Carville, NIAO, informed Members that the NIAO recognised that this issue was one that had been inherited by Libraries NI and was committed to working with Libraries NI to seek to resolve this issue.

6.5 The Chief Executive welcomed the constructive approach taken by the NIAO and explained that, because of the scale and complexity of the issues, it could take some years to complete the work necessary to enable the qualification to be removed.

Item 17: HMT Assurance Framework

6.6 In response to a question from Mr A McDowell, the Head of Internal Audit advised Members that when HM Treasury issued new governance guidelines these were normally considered by DFP for their relevance in the
context of Northern Ireland. This consideration of the revised HM Treasury Audit and Risk Assurance Committee Handbook was not yet complete and therefore no decision had been made as to whether or not it would be adopted in Northern Ireland. The Head of Internal Audit would keep Members advised of any progress in this matter.

7. INTERNAL AUDIT ACTIVITY REPORT (OCTOBER – DECEMBER 2013)
ARAC 03.01.14

7.1 The Head of Internal Audit reported on the five audits which had been completed since the last meeting of the Audit and Risk Assurance Committee held on 16 October 2013. The assurance rating for each audit is as shown below. Members noted 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>Corporate Governance – Stewardship Reporting</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Internal Audit Quality Assessment Framework – Internal Assessment</td>
<td>Generally conforms with public sector Internal Audit standards</td>
</tr>
<tr>
<td>Killyleagh Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Crossmaglen Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Belfast Central Library</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

7.2 Members noted that the audit on Corporate Governance – Stewardship reporting had resulted in no Priority One findings.

7.3 The Head of Internal Audit reported on the Internal Audit Quality Assessment Framework – Internal Assessment and thanked Members and officers for their prompt return of the questionnaire. Out of 18 questionnaires issued, 15 had been returned which is an excellent response rate. He reported that no Priority One issues had arisen during the self-assessment process.

7.4 Members noted that three branch library audits had taken place and all had received a satisfactory level of assurance. Two Priority One issues had been identified in Crossmaglen Library and Belfast Central Library in relation to health and safety issues.

7.5 In response to a question from the Chairperson, the Head of Internal Audit advised Members that an exercise was underway to identify possible causes of stock losses and to develop an action plan to reduce them. He advised Members that Internal Audit was presently acting as consultant with the Stock Team and ICU in developing Inventory Procedures. He hoped to report back to the Committee at the next meeting.

7.6 Members noted the reports.
8. OUTSTANDING RECOMMENDATIONS

8.1 The Head of Internal Audit drew Members’ attention to the report showing progress on the implementation of Outstanding Audit Recommendations from previous Internal Audit reports. Members noted that, since the last meeting of the Audit and Risk Assurance Committee in October 2013, of the 64 recommendations that were outstanding, 53 had now been cleared leaving 11 to be resolved. It was noted that of the 11 outstanding recommendations five were shown in red as they are outstanding more than four months since the originally agreed implementation date. None of these is a Priority One recommendation.

8.2 In response to an enquiry from Mr A McDowell regarding a report showing outstanding recommendations from the NIAO, it was agreed that this report would be brought to the next meeting of the Audit and Risk Assurance Committee in April 2014.

8.3 Members thanked the Head of Internal Audit and his staff for their hard work to resolve the outstanding issues.

9. INTERNAL AUDIT ANNUAL PLAN 2013/14 PROGRESS REPORT

9.1 The Head of Internal Audit presented the Internal Audit Plan 2013/14 and updated Members on progress on its implementation. He stated that the Plan called for the completion of 33 audits during the year. He advised Members that, as at the end of December, 22 audits had been completed, a number of others were at the draft report stage or underway and that he was confident the Plan would be materially complete at year end.

9.2 In response to an enquiry from Mr A McDowell, the Head of Internal Audit confirmed that the draft report on the audit of the Recruitment and Selection – Agency Staff had been issued to Management and that the final report should be available for the next meeting of the Audit and Risk Assurance Committee in April 2014.

10. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2012/13

10.1 The Chief Executive drew attention to the final Report to Those Charged with Governance 2012/13 and informed Members that the Annual Accounts 2012/13 had been certified on 12 December 2013.

10.2 Members noted that there had been two Priority One recommendations arising from the report namely: Heritage Assets and Amounts due from Library Borrowers and two Priority Two recommendations: Longstanding Accrual and Management Accounts.
10.3 Mr P O'Sullivan, NIAO informed Members that this was a similar document to that presented at the October 2013 meeting and brings the audit process to a formal close.

10.4 On a suggestion by Mr A McDowell it was agreed that a copy of the guidance relating to Management Accounts would be forwarded to Members for information.

10.5 The Director of Business Support explained that the issue regarding the long standing accrual related to an invoice which had been inherited from the North Eastern Education and Library Board regarding work which was carried out in relation to a potential joint project. Coleraine Borough Council has been unable, to date, to produce evidence that the work had been authorised by the NEELB.

10.6 Members noted the report.

11. QUARTERLY ASSURANCE STATEMENT (PERIOD ENDED 31 DECEMBER 2013) ARAC 07.01.14

11.1 The Chief Executive briefed the Committee on the Quarterly Assurance Statement for the period ended 31 December 2013. She reminded Members that a new format had been issued by DCAL in October 2013 and that Members of the Audit and Risk Assurance Committee were required to scrutinise the statement before it was presented to the Board for approval. The Chief Executive added that the document was ‘live’ and therefore could be amended until it was submitted to DCAL on 30 January 2014.

11.2 Members noted the following:
  - two senior staff, with a key role to play in e2 implementation, had been summoned for jury service. The Chief Executive had written to ask that they be excused given the importance of their involvement with e2
  - absence management targets – the target on medium term absence would be achieved but the target on short term absence would not be met
  - the term ‘shovel ready’ on page 4 paragraph 7 to be changed to ‘procurement ready’
  - work is ongoing with the Department in relation to the position regarding Ligoniel and Oldpark libraries and an update on progress would be brought to the Business Support Committee
  - a new issue to be entered on ‘New Risks Identified’ on page 5 in relation to the Health in Mind project coming to an end. It was hoped that more funding would be forthcoming from the Big Lottery Fund to continue for another year. Mr A Hughes, DCAL added that he had a forthcoming meeting with Dr E Rooney from the Public Health Agency at which he would raise this issue.
11.3 Members reviewed and discussed the Quarterly Assurance Statement and having questioned the Chief Executive and received the necessary assurances, noted the document.

12. **DCAL ACCOUNTABILITY MEETING MINUTES – 8 NOVEMBER 2013**

**ARAC 08.01.14**

12.1 Members noted the minutes of the DCAL Accountability Meeting held on 8 November 2013.

12.2 In response to a question from the Chairperson of the Committee, the Chief Executive confirmed that the Chairperson of the Board had raised the issue of the appointment of Members to the Board of Libraries NI at his meeting with the Permanent Secretary, held on 7 January 2014. At present there was nothing further to report.

12.3 Members noted the minutes.

13. **RISK MANAGEMENT REPORT AND REVIEW**

**ARAC 09.01.14**

13.1 The Director of Business Support introduced the papers on the Risk Management Report and Review and referred Members to the minutes of the Risk Management Group held on 12 December 2013.

13.2 He drew Member’s attention to the Corporate Risk Register which had been reviewed by the Risk Management Group, highlighting the changes which had been made.

13.3 In response to a question from Mr A McDowell asking if Libraries NI was adequately addressing the risk of falling membership and the recruitment of new members, the Chief Executive responded that it was necessary to move away from the traditional method of measuring library use e.g. the number of issues and active members and look at the numbers participating in the library service. This was the approach being taken by DCAL in relation to the proposed new Standards in Delivering Tomorrow’s Libraries. She noted, however, that the recruitment of new active members was a key aspect of the work being done currently on community engagement in Tier One, Two and Three libraries, but that it could take some time for that work to translate into new members.

It was agreed that this issue would be discussed at the next meeting of the Risk Management Group.

13.4 Members noted the report.
14. SCHEDULE OF MISSION CRITICAL PROJECTS

14.1 The Director of Business Support presented the Schedule of Mission Critical Projects and updated Members as follows:

- the e2 project was on schedule and the next meeting of the e2 Programme Board would take place on Thursday 6 February 2014
- Stock Assets Project – the former project was formally closed in December 2013 but a new project would be initiated in February 2014
- regular reports regarding the Savings Delivery Plans are brought to meetings of the Business Support Committee
- the Outline Business Case for the Northern Ireland Regional Library is to be with DCAL by the end of February 2014 and a new internal project board would be established in February 2014
- the new timetables in respect of the Mobile Library Service were implemented on 6 January 2014 and a Business Case would be submitted to DCAL in relation to voluntary redundancies.

14.2 Members noted the report.

15. CHAIRPERSON’S REGISTER OF GIFTS AND HOSPITALITY – DECEMBER 2013

15.1 Members noted the Register of Gifts and Hospitality for the period ended 31 December 2013, submitted by the Chairperson of the Board.

16. NIAO ISSUES

16.1 Mr P O’Sullivan, NIAO informed Members that the Audit Strategy for 2014/15 would be brought to the next meeting of the Committee on 9 April 2014.

17. ANY OTHER NOTIFIED BUSINESS

17.1 There was no other notified business.

18. DATE OF NEXT MEETING

18.1 The next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 9 April 2014 at 10.30 am in the Performance Space, Lisburn City Library.
19. MEMBERS ARRIVAL AND DEPARTURE TIMES

19.1 The meeting ended at 12.09 pm.

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

Signed: [Signature]

Date: 9th April 2014