LIBRARIES NI
AUDIT AND RISK ASSURANCE COMMITTEE

9 July 2014

Minutes of a Meeting of the Audit and Risk Assurance Committee held in Antrim Library on Wednesday 9 July 2014 at 10.30 am.

PRESENT

Alderman Jim Rodgers Chairperson
Ms Judith Andrews
Mrs Deirdre Kenny
Councillor Seán McGuigan
Councillor Mrs Evelyne Robinson

IN ATTENDANCE

Ms Irene Knox Chief Executive
Mr Terry Heron Director of Business Support
Mrs Rita McNamee Finance Manager
Mr Brian Doherty Head of Internal Audit
Mr Peter O'Sullivan Northern Ireland Audit Office
Mr Ciarán Mee Department of Culture, Arts and Leisure

1. APOLOGIES FOR NON ATTENDANCE

Councillor Charlie Casey
Mr Nigel Macartney Chairperson of the Board
Mr Alastair Hughes Department of Culture, Arts and Leisure

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 Mrs D Kenny, Councillor S McGuigan and Councillor Mrs E Robinson to their first meeting of the Libraries NI Audit and Risk Assurance Committee. A welcome was also extended to Mr C Mee, Deputy Principal, Museums and Libraries Branch, DCAL.
3.2 The Chairperson noted that Mr A McDowell was now a member of the Business Support Committee. Members joined with the Chairperson in thanking Mr McDowell for his service to the Committee over the years, especially in his role as Chairperson.

3.3 The Chairperson asked for nominations for the position of Vice-Chairperson of the Committee. Members were reminded that, in accordance with the Board’s agreed position on the term of office of Chairpersons and Vice-Chairpersons of Committees, the Vice-Chairperson of the Audit and Risk Assurance Committee should be an independent member, since the Chairperson was a Councillor.

3.4 On a proposal by Councillor S McGuigan, seconded by Councillor Mrs E Robinson, Members agreed that Mrs D Kenny should be elected to the role of Vice-Chairperson of the Audit and Risk Assurance Committee. Mrs D Kenny thanked Members for their nomination.

3.5 Members noted that DCAL proposed to hold a meeting of the Chairpersons of the Audit and Risk Assurance Committees of its Arm’s Length Bodies in September 2014.

3.6 The Chairperson advised Members that he had held meetings with the Accounting Officer and the Head of Internal Audit prior to this meeting of the Committee. He thanked both officers for their openness and contribution to the work both of this Committee and the Libraries NI Board.

4. CHIEF EXECUTIVE’S BUSINESS

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

- FD (DFP) 04/14 Code of Conduct for Board Members of Public Bodies (NI)
- Memorandum of Reply on 18th PAC Report
- FD (DFP) 05/14 Laying of Accounts
- Memorandum of Reply on 19th and 20th PAC Reports
- FD (DFP) 06/14 Guidance on Format of Remuneration Report
- FD (DFP) 07/14 Fraud Alert.

4.2 Members noted that in light of FD (DFP) 04/14, which included an updated template for a Code of Conduct for Board Members of Public Bodies, a revised Code of Conduct for Libraries NI Board Members had been produced and would be discussed at today’s meeting under Agenda Item 18. It was noted that the revised Code was also on the agenda for the Board Meeting to be held the next day.
5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 9 APRIL 2014  (ARAC 01.07.14)

5.1 On a proposal by Ms J Andrews, seconded by the Chairperson of the Committee, Alderman J Rodgers, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 9 April 2014.

6. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 9 APRIL 2014 (ARAC 02.07.14)

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 3.2: Chairperson’s Business

6.2 Members noted that the date of the Audit and Risk Assurance Committee meeting currently scheduled for 14 January 2015 may be subject to change, and would be discussed at the next meeting of the Committee to be held on 15 October 2014.

Item 4.5: Chief Executive’s Business

6.3 The Chief Executive confirmed that she had responded to DCAL welcoming the recommendations for the new governance arrangements.

Item 8.4: Internal Audit Activity Report (January – March 2014)

6.4 Members noted that a database was now in operation within each Business Area which was designed to monitor compliance with fire/evacuation drill requirements and to issue reminders when fire drills were overdue.

Item 8.8: Internal Audit Activity Report (January – March 2014)

6.5 It was noted that staff and Board Members had been reminded of the requirement to submit their reimbursement claims for travel and subsistence on a regular basis i.e. where possible monthly but no longer than every three months.

Item 11.2: Quarterly Assurance Statement (Period Ended 31 March 2014)

6.6 Members noted that a supplementary Quarterly Assurance Statement (QAS) for the period ended 31 March 2014 had been prepared for submission to DCAL. The revised QAS was required because of information that had come to light in relation to a Business Case for the replacement of four Mobile Libraries which had been approved by the Libraries NI Senior Management Team but, due to an administrative error, had not been submitted to DCAL for approval. As the value of the Business Case exceeded the Chief Executive’s delegated limit, approval should have been sought from the Department. The mistake had been identified at year end and retrospective approval has since been sought from the Department. Members noted that the Governance Statement within the 2013/14 Annual Report and Accounts
had also been revised to reflect this issue. In response to questions from Committee Members, the Chief Executive confirmed that processes for seeking approval of Business Cases had been reviewed to seek to ensure that a similar situation did not arise in future.

6.7 Members noted that a bid for monies to complete the new library in Lisnaskea had been submitted to DCAL in the June monitoring round. Currently the costs of the library were being met from the delegated capital budget but it was hoped that the bid for the funds necessary to complete the project would be successful. It was noted, however, that the delay in receiving confirmation of the earmarked funds for Lisnaskea meant that other minor capital programmes had not yet started, with implications for the end of year position.

6.8 Members noted that the Director of Business Support had met with officials from the Department of Social Development regarding Ligoniel and Oldpark libraries. It had been agreed that both properties should be trawled throughout the public sector and interested parties informed that this was taking place. However, no interest had been shown and the properties would now be placed on the public market, and then to auction if necessary.

7. INTERNAL AUDIT ACTIVITY REPORT APRIL – JUNE 2014

7.1 The Head of Internal Audit reported on the four audits which had been completed since the last meeting of the Audit and Risk Assurance Committee held on 9 April 2014. He reported that all of the audits where an assurance level was applicable had received a satisfactory level of assurance and that no Priority One recommendations had been made. 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>Missing iPad (Final Report)</td>
<td>N/A</td>
</tr>
<tr>
<td>Ballyclare Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Ballyhackamore Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Shantallow Branch Library</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

7.2 Members noted that the recommendations contained in the report on the missing iPad had been implemented or were in the process of being implemented. In response to a question regarding the information contained on the iPad the Head of Internal Audit confirmed that the iPad had been used for training purposes and therefore no sensitive data had been stored on it.

7.3 The Chairperson expressed his concern at the loss of the iPad and asked for assurance that this type of incident would not happen again. The Director of Business Support responded that it was very difficult to give categoric assurance to Members that theft would not occur but added that procedures
had been put in place to minimise the risk of this type of incident recurring and that staff who had been issued with iPads either for business use or to deliver training understood their responsibility for ensuring that the devices were kept securely. He also informed Members that new software had been bought to enable the iPads to be tracked.

7.4 Members noted the Internal Audit Activity Report.

8. OUTSTANDING RECOMMENDATIONS (ARAC 04.07.14)

8.1 The Head of Internal Audit drew 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 April 2014, of the 52 recommendations that were outstanding, 42 had now been cleared leaving 10 to be resolved. Members noted that the outstanding issues were mostly to do with fire drills and evacuation chairs.

8.2 In response to a question enquiring about the latest position regarding evacuation chairs, the Director of Business Support confirmed that there had been discussions with the Trade Unions at the Health and Safety Committee regarding the use of evacuation chairs and it was hoped to arrange a demonstration of the chairs for Health and Safety Committee members before the end of the summer. The Chairperson highlighted the importance of safety for both staff and library users and asked that this matter be resolved as soon as possible.

9. INTERNAL AUDIT ANNUAL REPORT 2013/14 (ARAC 05.07.14)

9.1 The Head of Internal Audit informed Members that Public Sector Internal Audit Standards required him to present a formal annual report to the Accounting Officer giving his opinion on 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 to the Accounting Officer.

9.2 The Head of Internal Audit presented his report, highlighting in particular Section 8 which contained his annual assurance to the Accounting Officer. He stated that the report confirmed that sufficient work had been completed to provide an assurance and that the conclusions drawn from each assignment meant that overall he was content to provide a ‘Satisfactory’ level of assurance.

9.3 The Committee thanked the Head of Internal Audit and his team for their work during the year and for the comprehensive report.

9.4 Members noted the contents of the report.
10. AUDIT AND RISK ASSURANCE COMMITTEE DRAFT ANNUAL REPORT
2013/14 (ARAC 06.07.14)

10.1 The Chairperson of the Committee referred to the draft Annual Report of the Audit and Risk Assurance Committee 2013/14 and informed Members that the report had been circulated to Mr A McDowell as he had been a Member of the Committee during this time. He reported that Mr McDowell had been content with the report.

10.2 Members were reminded that the Report would remain in draft pending completion by the NIAO of the audit of the Accounts and receipt of the report of the Comptroller and Auditor General.

10.3 Members noted the contents of the draft Report and agreed to finalise it when the additional information was available.

11. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2013/14
(ARAC 07.07.14)

11.1 The Chief Executive presented the Draft Annual Report 2013/14 noting that it complied with the prescribed format and it was a reflection of Libraries NI’s achievements throughout the past year. She explained the different sections of the report and drew attention to the Key Performance Indicators and the draft Governance Statement.

11.2 The Finance Manager, Ms R McNamee presented the Draft Accounts for 2013/14 noting that they complied with the prescribed format (NDPB Green) and were prepared in accordance with FRsM with the exception of income, which was accounted for on a cash basis. She drew attention, in particular, to the key financial statements and the reconciliation between the regular management accounts and the Annual Accounts, demonstrating that the Board had met its financial targets.

11.3 The Finance Manager reported also on the work that had been undertaken to address the limitation of scope qualification in relation to Heritage Assets, noting that progress had been made but that the qualification was likely to continue, since it would take some time to complete the relevant valuation processes. She reported that discussions had taken place with DCAL regarding the proposed write off of a portion of the Heritage Assets, previously valued as ‘rest of shelf’ and that there were no budgetary implications.

11.4 In response to a number of questions from Members regarding the accounts:

- the Finance Manager advised that income was lower than in previous years due to two factors: the increased use of text and e-mail to inform library users when their loans were due back resulting in more library members renewing their loans on-line thus reducing the amount of fines being charged; and the reduction in room hire
the Finance Manager reported that the same accounting policy was being applied to overdue fines as in previous years, referring to the disclosure at Note 14 to the Accounts.

11.5 Members noted the draft Annual Report and Accounts 2013/14 and thanked the staff involved in preparing them. Members agreed that the Accounts be submitted for audit to the NIAO.

12. **RISK MANAGEMENT REPORT AND REVIEW** *(ARAC 08.07.14)*

12.1 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 23 June 2014.

12.2 He drew attention to the Corporate Risk Register which had been reviewed by the Risk Management Group highlighting the changes which had been made as shown in the summary report.

12.3 Members noted the report.

13. **INTERNAL AUDIT ANNUAL PLAN 2014/15: TIMETABLE AND PROGRESS REPORT** *(ARAC 09.07.14)*

13.1 The Head of Internal Audit presented the Internal Audit Annual Plan 2014/15 which incorporated the projected start dates for each audit. Members noted that currently four audits had been completed and seven were underway.

13.2 Members noted the report.

14. **INTERNAL AUDIT RISK REGISTER** *(ARAC 10.07.14)*

14.1 The Head of Internal Audit presented the Internal Audit Risk Register as requested by Members at the last meeting. He highlighted the main risks contained in the document adding that the risk register was a live document and subject, therefore, to continuous review and revision. Members noted that a formal review of the register is undertaken twice a year.

14.2 On a suggestion by Members, it was agreed that the wording on Corporate Objective 4 be amended to reflect the risk involved if both members of staff within Internal Audit were to be ill at the same time.

14.3 In response to a question from the Chairperson, the Head of Internal Audit confirmed that an audit of the procedures within Libraries NI to protect children and vulnerable adults had taken place last year, and assurance had been given to the Libraries NI Senior Management Team, that sufficient guidance was in place. He confirmed that both he and the Auditor had received training within the last three years and this would be reviewed again this year.
14.4 Members noted the register.

15. **INTERNAL AUDIT CUSTOMER SATISFACTION SURVEY**  
(AARAC 11.07.14)

15.1 The Head of Internal Audit presented a summary of Customer Feedback forms which had been received during the 2013/14 year.

15.2 He informed Members that HM Treasury had developed the Internal Audit Quality Assessment Framework (IAQAF) as a tool for evaluating the quality of the internal audit service within any organisation, and the Framework is intended to facilitate the identification of actions for continuous improvement. The Framework requires Internal Audit to assess the extent to which it has a positive impact on the risk, control and governance structures of the organisation and one of the ways to determine this is from customer feedback.

15.3 The Head of Internal Audit confirmed that he was content with the feedback received and had taken on board recommendations made, which he hoped to implement as far as possible.

15.4 Members commended the Head of Internal Audit and the Auditor and were content to note the report.

16. **SCHEDULE OF MISSION CRITICAL PROJECTS**  
(AARAC 12.07.14)

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

- as at June 2014 implementation of the e2 project was progressing in line with the agreed timetable and should be completed by August 2014 as planned. Regular updates would continue to be brought to meetings of the Information Systems Committee
- work was proceeding in relation to the valuation of Heritage Assets in line with the agreed Action Plan
- regular reports regarding Savings Delivery Plans would continue to be brought to meetings of the Business Support Committee
- the draft Outline Business Case for Belfast Central Library has been submitted to DCAL
- as the new mobile library routes have been in place now for several months, and the revised staffing structures have been implemented this project is now closed.

16.2 Members commended officers on the progress being made in relation to the implementation of the e2 project and expressed concern at the implications for e2 benefits realisation of proposed in year budget cuts. The Chief Executive reported that a paper would be considered at the Board Meeting the following day in relation to the proposed cuts.
16.3 Members noted the Mission Critical Projects Report.

17. **AUDIT AND RISK ASSURANCE COMMITTEE SCHEME OF DELEGATION**
   
   **(ARAC13.07.14)**

17.1 The Chief Executive drew Members' attention to the updated Scheme of Delegation for the Audit and Risk Assurance Committee, and advised that the scheme had been revised in light of the recently re-issued HM Treasury Audit and Risk Assurance Committee Handbook (April 2014) which has been adopted by DFP for use in Northern Ireland.

17.2 Members noted that the changes made to the scheme were minor and agreed to recommend it to the Board for approval.

18. **CODE OF CONDUCT FOR BOARD MEMBERS**
   
   **(ARAC 14.07.14)**

18.1 The Chief Executive presented the revised Code of Conduct for Board Members. She reported that the revised document reflected the most recent guidance on Codes of Conduct for Board Members and is based on the template provided by the Department of Finance and Personnel in guidance letter FD (DFP) 04/14 issued in April 2014.

18.2 Members sought clarification on the implications of Section 3.17 of the proposed Code regarding taking up new employment or appointments. The Head of Internal Audit agreed to follow up on these concerns and report at the next meeting. Subject to receiving the necessary clarification, Members agreed to recommend the revised Code of Conduct for Board Members to the Board for approval.

19. **LNI CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY FOR THE PERIOD ENDED 30 JUNE 2014**
   
   **(ARAC15.07.14(T))**

19.1 Members noted the tabled Register of Gifts and Hospitality for the period ended 30 June 2014, submitted by the Chairperson of the Board.

20. **REPORT TO THOSE CHARGED WITH GOVERNANCE: PROGRESS REPORT**
   
   **(ARAC 16.07.14)**

20.1 The Director of Business Support introduced the report on progress in implementing recommendations made in the NIAO Report to Those Charged with Governance 2012/13.

20.2 Members noted the four recommendations made in the report and the progress outlined.
21. **NIAO ISSUES**

21.1 Mr P O'Sullivan, NIAO drew attention to the letter regarding the National Fraud Initiative (NFI) in Northern Ireland: Data Matching Exercise 2014-15 which would take place later in the year. Once again Libraries NI would be participating and a full report would be brought to Members upon completion of the exercise.

21.2 Mr O'Sullivan took the opportunity to thank the Director of Business Support and the Finance Manager and their staff for allowing the audit of the Annual Accounts to commence earlier than had originally been scheduled.

22. **ANY OTHER NOTIFIED BUSINESS**

22.1 There was no other notified business.

23. **NAO AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST**

23.1 Members were reminded that a meeting would be held immediately after the close of the Committee meeting in order to complete the annual self-assessment document. The Head of Internal Audit would be available to provide support to the Committee to assist with the completion of this exercise.

24. **DATE OF NEXT MEETING**

24.1 It was agreed that the next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 15 October 2014 at 10.30 am in Lisburn City Library.

25. **MEMBERS ARRIVAL AND DEPARTURE TIMES**

25.1 The meeting ended at 12.07 pm.

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

Signed: 

[Signature]

Date: 15th October 2014