LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

15 April 2015

Minutes of a Meeting of the Audit and Risk Assurance Committee held in Lisburn City Library on Wednesday 15 April 2015 at 10:25 am

PRESENT

Mrs Deirdre Kenny  Vice-Chairperson
Ms Judith Andrews
Mr Alastair McDowell
Councillor Seán McGuigan

IN ATTENDANCE

Ms Irene Knox  Chief Executive
Mr Terry Heron  Director of Business Support
Mr Brian Doherty  Head of Internal Audit
Ms Melanie Killen  Auditor
Mr Peter O’Sullivan  Audit Manager, Northern Ireland Audit Office
Mr Alastair Hughes  Department of Culture, Arts and Leisure

1. APOLOGIES FOR NON ATTENDANCE

Professor Bernard Cullen

2. DECLARATIONS OF INTEREST

2.1 The Vice-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. VICE-CHAIRPERSON’S BUSINESS

3.1 The Vice-Chairperson thanked Mr A McDowell for agreeing to attend the meeting today in order to ensure that it was quorate and congratulated Councillor S McGuigan on his re-appointment to the Libraries NI Board.

3.2 It was noted that the election of the Chairperson and Vice Chairperson of the Committee would take place at the next meeting, when the composition of
the various Committees had been finalised, following the appointment of the new Board Members.

3.3 The Vice-Chairperson reported that the minutes of this meeting would not be available for the Board Meeting on Thursday 23 April 2015 and apologised that she would be unable to attend that Board Meeting. Councillor S McGuigan and Mr A McDowell agreed that one of them would present a report on items discussed.

4. CHIEF EXECUTIVE'S BUSINESS

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

- DAO (DFP) 01/15 Annual Theft and Fraud Report
- DAO (DFP) 02/15 Whistleblowing Guidance
- DAO (DFP) 04/15 Early Termination of Contracts
- DAO (DFP) 05/15 New Protocols in Relation to DFP Memoranda of Reply
- DAO (DFP) 06/15 Extension of Shared Services

4.2 In the context of DAO (DFP) 06/15 (Extension of Shared Services), the Chief Executive referred to the tabled paper in relation to a Shared Services Project which had been undertaken by DCAL. This project arose from a review which DCAL had undertaken of its ALBs, which included a recommendation to scope the feasibility of shared services. The project has now been completed and the tabled paper sets out its findings and recommendations.

4.3 Members noted the tabled letter from the Northern Ireland Audit Office (NIAO) informing Libraries NI that Ms D Carville would be the Director responsible for the financial audit for the Department of Culture, Arts and Leisure and its Arms’ Length Bodies.

4.4 The Chief Executive informed Members that DCAL had forwarded a first draft of a revised Management Statement and Financial Memorandum (MSFM) for Libraries NI. This document would be reviewed by the Senior Management Team and brought to the Audit and Risk Assurance Committee / Board in due course for consideration by Members.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JANUARY 2015 ARAC 01.04.15

5.1 On a proposal by Councillor S McGuigan, seconded by Ms J Andrews, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 21 January 2015.
6. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JANUARY 2015

6.1 The Chief Executive updated Members on the undernoted issues.

Item 6.2: Matters arising from the minutes of the meeting of the Audit and Risk Assurance Committee held on 21 January 2015

6.2 Following the unsuccessful attempt to auction the former Ligoniel Library property, the Libraries NI Assets Manager has been working with the estate agent to seek to sell the building on the open market. Two bids have been received, both below the reserve price set at auction. Work is on-going with both Land and Property Services and the estate agent to seek to progress the disposal of the property.

Item 8.2: Internal Audit Activity Report – Outstanding Recommendations

6.3 Evacuation Chairs had been procured and are in situ and staff had been trained in their use.


6.4 Members noted that the investigation was now complete and the report had been independently peer reviewed by the Head of Internal Audit in the Northern Eastern Education and Library Board (now the Education Authority Northern Region). Members were advised of the conclusions of the report.

7. INTERNAL AUDIT ACTIVITY REPORT (JANUARY – MARCH 2015)

7.1 The Head of Internal Audit reported on the six audits which had been completed since the last meeting of the Audit and Risk Assurance Committee held on 21 January 2015. He reported that three of the six audits had been in relation to branch libraries none of which had received a Priority One finding and all had received a ‘Satisfactory’ level of assurance.

<table>
<thead>
<tr>
<th>Audit Assignment</th>
<th>Assurance Rating</th>
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<tbody>
<tr>
<td>Belfast Central Coffee Shop- Cash Loss</td>
<td>N/A</td>
</tr>
<tr>
<td>Belfast Central Lending – Cash Handling</td>
<td>N/A</td>
</tr>
<tr>
<td>Review of Service Level Agreements</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Tullycarnet Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Enniskillen Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Limavady Branch Library</td>
<td>Satisfactory</td>
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7.2 He then drew attention to the remaining three audits and reported as follows:

- Review of Service Level Agreements - No Priority One findings had been recorded
- Belfast Central Lending – Cash Handling - the recommendations contained in the audit report had been accepted and implemented
- Belfast Central Coffee Shop – Cash Loss – the Head of Internal Audit provided background information on the scope and the reasons for the loss. He confirmed that Libraries NI had suffered a material cash loss as a result of a theft by an employee. He confirmed that the disciplinary process had been initiated and advised Members that Internal Audit intended to complete a full review of Belfast Central Library within the next couple of months

7.3 In response to questions from Members, the Head of Internal Audit reported that:

- at forthcoming meetings with managers he would be emphasising the importance of proper procedures and controls being in place to manage cash handling risks and that they would also be reminded of their responsibilities in relation to the provision of assurance
- the admission of theft had come to light as a result of work undertaken by the Internal Audit Unit and was a reassurance to Members and Officers of the robustness of internal audit procedures
- there was a low risk of a similar fraud occurring elsewhere as the circumstances in Belfast Central Library were unique

7.4 Members noted the Internal Audit Activity Report.

8. INTERNAL AUDIT ACTIVITY REPORT – OUTSTANDING RECOMMENDATIONS ARAC 04.04.15

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 January 2015, of the 55 recommendations that were outstanding, 52 had now been cleared leaving three to be resolved.

8.2 Members noted that no Priority One recommendations remained outstanding.

8.3 Members noted the update.
9. ACCOUNTABILITY MEETING MINUTES

9.1 The Chief Executive drew attention to the minutes of her Accountability Meeting with DCAL held on 18 February 2015. She highlighted the following issues:

- a new Risk Register template has been produced by DCAL for use by their Arms’ Length Bodies (ALBs). The Chief Executive reported that she had raised concerns with DCAL regarding this template and had indicated that she would be discussing it with the Audit and Risk Assurance Committee. In the interim Libraries NI would continue to use the existing format
- the revised draft Business Plan 2015/16 is with the DCAL Minister for approval
- some minor comments had been received from DCAL on the Outline Business Case (OBC) for Belfast Central Library. A meeting has been arranged with DCAL officials to discuss these comments with a view to resubmitting the OBC in May 2015
- the new Lisnaskea Library opened to the public on 8 April 2015 and is receiving a lot of interest from the local community
- Officers were reviewing the draft Business Case in relation to the removal of fees and charges.

9.2 Following a discussion on the changes suggested by DCAL to the format of the Risk Register, Members agreed with the Chief Executive that it was important to retain a record of the ‘Treated Risk’ and the ‘Risk Appetite’ and that the Libraries NI Board would wish the Corporate Risk Register to continue to present analysis of that form of risk.


10.1 The Chief Executive drew attention to the Bi-Annual Assurance Statement for the period ended 31 March 2015.

10.2 She drew attention in particular to Section 1: Risk Management which outlined the risks currently identified within the organisation and new risks which had been identified.

10.3 Members noted that a draft copy of the Bi-Annual Assurance Statement had been submitted to DCAL in order to inform the Department’s end of year processes on the understanding that it would remain in draft until it had been reviewed by the Audit and Risk Assurance Committee and the Board.

10.4 Following discussion of the Statement and pending some minor amendments to be made, on a proposal by Ms J Andrews, seconded by Mr A McDowell, Members agreed to recommend the Bi-Annual Assurance Statement for the period ended 31 March 2015 to the Board for approval.
11. ANNUAL BOARD ASSURANCE STATEMENT  ARAC 07.04.15

11.1 Members noted the Annual Board Assurance Statement for the year ended 31 March 2015 which had been prepared by the Chairperson of the Board. As the Chairperson of the Board was unable to attend the Meeting, the Chief Executive presented the statement on his behalf.

11.2 Members noted that as the Chairperson had been appointed on 1 November 2014 it had been difficult for him to give assurances for the whole year. However, he had referred to papers from the previous Chairperson, Mr N Macartney, and was content that the statement was a fair reflection of the current position. Members noted the issues as outlined on page 5 of the Statement.

11.3 On a proposal by Ms J Andrews, seconded by Councillor S McGuigan, Members agreed the Chairperson’s Annual Board Assurance Statement, noting that it had been submitted to DCAL, and recommended its adoption to the Board.

12. INTERNAL AUDIT DRAFT ANNUAL REPORT  ARAC 08.04.15

12.1 The Head of Internal Audit reminded 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.

12.2 The Head of Internal Audit presented his draft report, highlighting in particular Section 8 which contained his annual assurance to the Accounting Officer. He informed Members that the report compared actual audit activity to planned audit activity. He advised Members that 27 audits had been completed compared to a planned total of 29, which represented 93% of the Audit Plan delivered, noting that the Key Performance Indicator for Internal Audit was delivery of 90% of the Audit Plan for the year. He reported that a sufficient number of audits had been completed and the assurance levels were such as to enable him to provide his annual audit opinion and assurance statement. He confirmed with Members that he had provided a ‘Satisfactory’ level of assurance with regard to risk, control and governance arrangements in Libraries NI.

12.3 Ms J Andrews noted a much higher than planned use of audit resources in the completion of consultancy assignments and asked the Head of Internal Audit if he had considered external assistance to complete this work. He advised Members that consultancy assignments included investigation work and that he had made use of external assistance, through the use of a Service Level Agreement, provided by Internal Auditors from the NEELB (now Education Authority Northern Region) but was satisfied that sufficient regularity work had been completed to provide his assurance.
12.4 The Chief Executive reminded Members of previous discussions about an investigation which she had requested the Head of Internal Audit to carry out as a result of an allegation by a member of staff, which came under the heading of a consultancy assignment and that the findings of that investigation provided a high degree of assurance.

12.5 Members noted the contents of the report.

13. **DRAFT GOVERNANCE STATEMENT**  
ARAC 09.04.15

13.1 The Chief Executive presented Members with the first draft of the Governance Statement 2014/15, which had been submitted to DCAL to inform its end of year processes. She reported that the draft would be reviewed and amended as necessary prior to submission for audit of the draft Libraries NI Annual Report and Accounts 2014/15 and again following completion of the external audit of the Accounts.

13.2 She drew Members attention to Section 9 of the Statement, specifically to the new issues identified in 2014/15 and advised Members how these issues were being addressed.

13.3 Members made some recommendations for minor amendments to the Statement. The Committee noted the first draft of the Governance Statement.

14. **INTERNAL AUDIT STRATEGY 2015/18**  
ARAC 10.04.15

14.1 The Head of Internal Audit drew attention to the proposed Internal Audit Strategy for 2015/18 which had been developed in the format recommended in Public Sector Internal Audit Standards (PSIAS) which came into force in April 2013. The Strategy provided details of the audits to be completed and how they would be resourced.

14.2 In response to a suggested amendment by the Vice-Chairperson, the Head of Internal Audit agreed to incorporate details of the external service available from DFP for the provision of assistance in the investigation of suspected frauds.

14.3 Subject to the amendment noted in 14.2, on a proposal by Ms J Andrews, seconded by Councillor S McGuigan, the Committee approved the Internal Audit Strategy 2015/18 and recommended it to the Board for adoption.

15. **INTERNAL AUDIT BRANCH LIBRARIES STRATEGY 2015/16**  
ARAC 11.04.15

15.1 The Head of Internal Audit informed Members that the Internal Audit Strategy states that each branch library should be audited at least once in
every audit cycle of 8 years. The 2015/16 Internal Audit Plan has allocated 110 audit days to the completion of branch library audits. It is estimated that this resource will allow for the completion of approximately 12 branches in the year as well as the audit of the Mellon Centre for Migration Studies and Belfast Central Library.

15.2 Members noted Appendix 2 of the Strategy which showed how the branches had been prioritised and indicating the order in which branches would be audited. In response to a suggestion by Ms J Andrews the Head of Internal Audit agreed to add an additional risk factor based on findings / recommendations made in previous audits. He would bring the revised Appendix to the next meeting of the Committee.

15.3 The Head of Internal Audit referred Members to Appendix 3 which summarised areas to be considered when completing branch library audits.

15.4 Subject to the amendment suggested in section 15.2 above, on a proposal by Ms J Andrews, seconded by Councillor S McGuigan, the Committee approved the Internal Audit Branch Libraries Strategy 2015/16 and recommended it to the Board for adoption.

16. INTERNAL AUDIT ANNUAL PLAN 2015/16 ARAC 12.04.15

16.1 The Head of Internal Audit drew attention to the Internal Audit Annual Plan 2015/16 and informed Members that the Plan would be kept under review to identify any amendments needed to reflect changing priorities and emerging needs within Libraries NI. Members noted that quarterly updates on the Plan would be brought to future meetings of the Audit and Risk Assurance Committee.

16.2 Members noted that the Plan provided for 31 audits to be conducted during the 2015/16 year.

16.3 On a proposal by Ms J Andrews, seconded by Mr A McDowell, the Committee approved the Internal Audit Annual Plan 2015/16 and recommended it to the Board for adoption.

17. WHISTLEBLOWING POLICY AND PROCEDURE ARAC13.04.15

17.1 The Director of Business Support reminded Members that the Northern Ireland Audit Office (NIAO) together with the Audit Offices for England, Scotland and Wales and Public Concern at Work had recently issued a good practice guide for workers and employers regarding Whistleblowing in the Public Sector. In light of this guide, the Libraries NI Whistleblowing Policy had been reviewed and revised, more user-friendly procedures (Whistleblowing: Raising a Concern) had been produced.
17.2 Following a discussion on the draft Policy and Procedure it was agreed that Officers would review wording in the draft procedures document to clarify the difference between raising an ordinary concern and a whistleblowing concern. It was agreed also that consideration should be given to the use of a term other than ‘Step’ to describe the options available to an individual to raise a whistleblowing concern.

17.3 On a proposal by Mr A McDowell, seconded by Councillor S McGuigan, and subject to the amendments outlined at 17.2 above, the Committee approved the Whistleblowing Policy and Procedure and recommended it to the Board for adoption.

18. ASSURANCE FRAMEWORK  ARAC 14.04.15

18.1 The Chief Executive drew attention to the paper setting out a proposed approach to developing an Assurance Framework for Libraries NI. She explained that an Assurance Framework is a means of identifying and mapping the main sources of assurance to help in identifying gaps, thus ensuring that senior management, internal audit and the Audit and Risk Assurance Committee can focus on the areas of higher risk. She informed Members that the development of assurance mapping was still a work in progress but wished to provide them with an update on progress to date.

18.2 In response to a suggestion from Mr A McDowell, it was agreed to amend the wording ‘Independent member’ on Appendix 2 Audit and Risk Assurance Committee to ‘Co-opted Member.’

18.3 On a proposal by the Vice-Chairperson of the Committee Mrs D Kenny, seconded by Ms J Andrews, the Committee approved the Assurance Mapping Framework subject to the amendment at 18.2 above and recommended it to the Board for adoption.

19. RISK MANAGEMENT REPORT AND REVIEW  ARAC15.04.15

19.1 The Director of Business Support drew attention to the papers on the Risk Management Report and Review and referred Members to the minutes of the Risk Management Group held on 26 March 2015.

19.2 He drew attention to the Corporate Risk Register which had been fundamentally reviewed by the Risk Management Group to take account of the key objectives in the 2015/16 draft Business Plan. He noted that the focus was on the strategic risks, facing the organisation.

19.3 Members noted the e-mail received from Mr A Hughes, DCAL dated 4 February 2015 suggesting a number of changes to the format of the Corporate Risk Register. The Director of Business Support reported that the Risk Management Group had not agreed these changes and it had been
agreed that Libraries NI would continue to use the existing template with the addition of the revised Risk Matrix, pending discussion at this Committee.

19.4 Members discussed the Corporate Risk Register, noting the key risks. They agreed that the Chief Executive should write to DCAL confirming that, in respect of the template being suggested by DCAL, the Audit and Risk Assurance Committee was of the view that the removal of reference to ‘treated risk’ and ‘risk appetite’ was a retrograde step and that Libraries NI would not be implementing these aspects of the template.

20. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC 16.04.15

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

- Stock Assets Project – Additional items valued by expert as at March 2015
- Belfast Central Library – Comments on the Outline Business Case now received from DCAL

20.2 Members noted the report.

21. LIBRARIES NI CHAIRPERSON’S REGISTER OF GIFTS AND HOSPITALITY ARAC 17.04.15

21.1 Members noted the Register of Gifts and Hospitality for the period ended 31 March 2015, submitted by the Chairperson of the Board.

22. NIAO ISSUES

22.1 Mr P O’Sullivan, NIAO informed Members that the interim audit had been completed and he had no issues to report.

22.2 Mr O’Sullivan drew attention to new guidance recently issued by the Comptroller and Auditor General regarding Conflicts of Interest adding that he would arrange for copies to be forwarded to Libraries NI.

23. ANY OTHER NOTIFIED BUSINESS

23.1 There was no other notified business.

24. DATE OF NEXT MEETING

24.1 The next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 24 June 2015 at 10.30 am in Lisburn City Library.
25. MEMBERS ARRIVAL AND DEPARTURE TIMES

25.1 The meeting ended at 12:30 pm.

25.2 All Members arrived for the commencement of the meeting and remained until it ended with the exception of the following:

Mr A Hughes arrived at 10:27 am

Signed: ____________________________

Date: 24 June 2015