LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

24 June 2015

Minutes of a Meeting of the Audit and Risk Assurance Committee held in Lisburn City Library on Wednesday 24 June 2015 at 10:30 am

PRESENT

Mrs Deirdre Kenny Chairperson
Ms Judith Andrews
Alderman Stephen Martin
Councillor Séan McGuigan Vice Chairperson
Professor Bernard Cullen 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 Rita McNamee Finance Manager
Mrs Laura Dixon Auditor, Northern Ireland Audit Office
Mr Ciaran Mee Department of Culture, Arts and Leisure

Prior to the election of the Chairperson of the Committee, the Chief Executive chaired the meeting.

1. APOLOGIES FOR NON ATTENDANCE

Councillor Claire Hanna

2. DECLARATIONS OF INTEREST

2.1 The Chief Executive 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. ELECTION OF CHAIRPERSON OF THE COMMITTEE

3.1 On a proposal by Councillor S McGuigan, seconded by Alderman S Martin, and in accordance with Standing Orders, Mrs D Kenny, the current Vice-Chairperson, was elected as Chairperson of the Committee.
4. **ELECTION OF VICE-CHAIRPERSON OF THE COMMITTEE**

4.1 The Chairperson requested nominations for the position of Vice-Chairperson, reminding Members that in accordance with Standing Orders the position of Vice-Chairperson should be filled by a Councillor Member.

4.2 Alderman S Martin proposed Councillor S McGuigan for the position of Vice-Chairperson. The Chairperson of the Committee Mrs D Kenny seconded the proposal. There being no further nominations, Councillor S McGuigan was elected as Vice-Chairperson of the Audit and Risk Assurance Committee.

5. **CHAIRPERSON’S BUSINESS**

5.1 The Chairperson thanked Members for her election and congratulated Councillor S McGuigan on being elected as Vice-Chairperson of the Committee, adding that she looked forward to working with him.

5.2 The Chairperson welcomed Alderman S Martin to his first meeting of the Audit and Risk Assurance Committee and Mrs L Dixon from the Northern Ireland Audit Office.

5.3 The Chairperson reported that the annual bi-lateral meeting had been held with the Head of Internal Audit, prior to the Committee meeting, to discuss risk, control and governance. She added that the Head of Internal Audit had given the Committee his assurance on these matters.

6. **CHIEF EXECUTIVE’S BUSINESS**

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

- DAO (DFP) 07/15 Clearance and Agreement of Northern Ireland Audit Office Value for Money Reports
- Memoranda of Reply to 24th, 25th and 26th NI Assembly Public Accounts Committee Reports
- FD (DFP) 06/15 Laying of Annual Report and Accounts in the Northern Ireland Assembly
- Correspondence from the Permanent Secretary, DCAL in relation to *Whistleblowing in the Public Sector: A good practice guide for workers and employers*, (November 2014) published by the UK audit authorities.

6.2 The Chief Executive referred Members to Recommendation 3 in the Memorandum of Reply to the 25th PAC Report noting that Libraries NI had one PPP building (Lisburn City Library) and that the issue of the voluntary code of conduct had been raised with J H T Library Services Ltd, the service
provider for the building, in October 2014. She confirmed that Libraries NI continues to work with J H T Library Services Ltd to ensure value for money is obtained throughout the contract.

6.3 In respect of the NIAO publication on Conflicts of Interest, Members noted that Officers were reviewing Libraries NI documentation to ensure it complies with the new guidance and, if required, an amended version would be brought to the next Committee meeting.

6.4 The Chief Executive reminded Members that the Libraries NI Whistleblowing Policy and associated guidance had been revised following publication of the good practice guide on Whistleblowing and the revised documentation had been approved at the last meeting of the Audit and Risk Assurance Committee. She reported that Officers would review the correspondence from the Permanent Secretary and report to the next meeting of the Audit and Risk Assurance Committee on any further amendments that might be required.

7. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 15 APRIL 2015 ARAC 01.06.15

7.1 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 15 April 2015.

8. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 15 APRIL 2015 ARAC 02.06.15

8.1 The Chief Executive updated Members on the undernoted issues.

Item 4.4: Chief Executive’s Business

8.2 Members noted that work was on-going on the revised Management Statement and Financial Memorandum and it was hoped to bring a draft copy of the document to the next Audit and Risk Assurance Committee meeting to be held on 23 September 2015.

Item 6.2: Matters arising from the minutes of the meeting of the Audit and Risk Assurance Committee held on 24 June 2015

8.3 Members noted that the former Ligoniel Library building had been sold, subject to contract exchange.

Item 7.2 Internal Audit Activity Report (January – March 2015)

8.4 Members noted that the previous audit of Belfast Central Library in November 2013 had resulted in 21 audit findings. Internal Audit had recently revisited the library and during this visit eight audit findings had been reported, none of which were deemed Priority One. A report would be brought to the next meeting of the Audit and Risk Assurance Committee.
Item 7.3: Internal Audit Activity Report (January – March 2015)

8.5 The Head of Internal Audit confirmed that meetings had been arranged with Area Managers to emphasise the importance of proper procedures and controls being in place to manage cash handling risks. He added that he would be reminding Managers of their responsibilities in relation to the provision of assurance.

Item 14.2: Internal Audit Strategy 2016/18

8.6 The Head of Internal Audit confirmed that the amendment had been made to this document as requested.

Item 18.2: Assurance Framework

8.7 The Head of Internal Audit confirmed that the amendment to the framework document had been made.

9. INTERNAL AUDIT ACTIVITY REPORT ARAC 03.06.15

9.1 The Head of Internal Audit reported on the three audits which had been completed since the last meeting of the Audit and Risk Assurance Committee held on 15 April 2015. The assurance ratings are as shown in the table below:

<table>
<thead>
<tr>
<th>Audit Assignment</th>
<th>Assurance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier Payment Details</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Formal Final Report</td>
<td>N/A</td>
</tr>
<tr>
<td>Lurgan Branch Library</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

9.2 The Head of Internal Audit reported on the background leading to the audit of Supplier Payment Details. He reported that an error had been made in the payment of an invoice, whereby payment had been made to a company with a similar name and address. He reported that on completion of the audit a Satisfactory level of assurance had been given as he felt there was a low risk of this type of error re-occurring. He informed Members that agreement for the payment to be returned to Libraries NI had now been received in writing.

9.3 The Head of Internal Audit provided Members with the details of the final report on a whistleblowing allegation and further allegations of harassment, discrimination and victimisation, which had previously been brought to the attention of the Committee. Members noted that the independence of the investigation had been enhanced as a result of independent legal and HR advice as well as additional Internal Audit support from the Education Authority (North Eastern Region). The Head of Internal Audit reported that none of the allegations had been upheld. He advised Members of the complainant’s stated intention to exercise his right to an independent appeal as provided in relevant HR policies

9.4 Members noted the reports.
10. INTERNAL AUDIT ACTIVITY REPORT: OUTSTANDING RECOMMENDATIONS
ARAC 04.06.15

10.1 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 2015, of the 38 recommendations that were outstanding, 28 had now been cleared leaving ten to be resolved. Members noted that no Priority One recommendations remained outstanding.

11. AUDIT AND RISK ASSURANCE COMMITTEE DRAFT ANNUAL REPORT 2014/15
ARAC 05.06.15

11.1 The Chairperson referred to the draft Annual Report of the Audit and Risk Assurance Committee 2014/15 and reminded Members that the report would remain in draft pending completion by the Northern Ireland Audit Office (NIAO) of the audit of the Accounts and receipt of the report of the Comptroller and Auditor General.

11.2 On a proposal by the Vice-Chairperson Councillor S McGuigan, seconded by Ms J Andrews, Members adopted the draft report and agreed to present it to the Board after certification of the Annual Accounts 2014/15.

12. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2014/15
ARAC 06.06.15

12.1 The Chief Executive presented the Draft Annual Report 2014/15 noting that it complied with the prescribed format and that it was a reflection of Libraries NI’s achievements throughout the past year. She drew attention to the Chairperson’s Statement which had been tabled at today’s meeting adding that it would be incorporated into the document before it was sent to the Northern Ireland Audit Office at the end of the week. The Chief Executive advised Members of some amendments to the Governance Statement since the first draft was first presented to them at the last meeting, noting that it may be subject to further amendments as a result of the audit.

12.2 The Finance Manager, Ms R McNamee presented the Draft Accounts for 2014/15 noting that they complied with the prescribed format (NDPB Green) and were prepared in accordance with FReM and International Accounting Standards. She drew attention, in particular, to the key figures in the financial statements and the reconciliation between the budget report and the Annual Accounts, demonstrating that the Board had met its financial targets. Members noted that the previous NIAO recommendation regarding the treatment of fees and charges owed by library customers had been actioned with debts from library borrowers being recognised in the accounts, and provision being made for any debts unlikely to be recovered.
12.3 The Finance Manager and Director of Business Support answered questions from the Committee. Members thanked all staff involved in the preparation of the Annual Report and Accounts 2014/15.

12.4 On a proposal by the Chairperson of the Committee, Mrs D Kenny, seconded by Ms J Andrews, Members noted the Annual Report 2014/15 and recommended that the Annual Accounts 2014/15 be submitted to the Northern Ireland Audit office for audit.

13. INTERNAL AUDIT STRATEGY FOR BRANCH LIBRARIES 2015/16
   ARAC 07.06.15

13.1 The Head of Internal Audit reminded Members that the Internal Audit Strategy for Branch Libraries 2015/16 had been considered at the April 2015 meeting of the Committee and it had been suggested that Appendix 2 of the Strategy should be amended to reflect previous audit findings at individual branches. Members noted that as a result of the amendment to the Strategy the order in which branches would be audited had changed and in some cases branch libraries would be audited much sooner than previously expected.

13.2 On a proposal by the Vice-Chairperson of the Committee, Councillor S McGuigan, seconded by Ms J Andrews, the Committee approved the revised Internal Audit Strategy for Branch Libraries 2015/16 and recommended it to the Board for approval.

14. INTERNAL AUDIT ANNUAL PLAN 2015/16 TIMETABLE
   ARAC 08.06.15

14.1 The Head of Internal Audit presented the Internal Audit Annual Plan 2015/16 which incorporated the projected start dates for each audit and noted that it was envisaged that a significant proportion of the Internal Audit Plan would be completed by year end.

14.2 In a response to a question from the Chairperson the Head of Internal Audit confirmed that it was likely that the investigation into the whistleblowing allegation would impact on this timetable but that he would keep Members advised.

14.3 Members noted the report.

15. RISK MANAGEMENT REPORT AND REVIEW
   ARAC 09.06.15

15.1 The Director of Business Support presented the papers on the Risk Management Report and Review and referred Members to the minutes of the Risk Management Group held on 9 June 2015.
15.2 The Director of Business Support drew attention to the Corporate Risk Register highlighting the changes which had been made since the last meeting. Members noted in particular the risks associated with potential in-year budget cuts and that contingency plans were being developed in the event that in-year cuts were required. He referred to documentation that had been submitted to the Business Support Committee in relation to this matter, noting that there would be further detailed discussion on this issue at the Board Meeting the following week.

15.3 In response to a question from Ms J Andrews, the Director of Business Support confirmed that the Chief Executive had written to the Department informing them that the current risk register format would continue to be used by Libraries NI.

15.4 Members noted the report.

16. SCHEDULE OF MISSION CRITICAL PROJECTS

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

- Stock Asset Project – additional items have been valued and the value has been reflected in the Annual Accounts 2014/15. It was noted that the value of these assets could increase again before the Annual Accounts have been audited, since the valuation process was on-going.

- Belfast Central Library – the final Cutline Business Case (OBC) has been submitted to DCAL. Mr C Mee, DCAL confirmed that the OBC would now be considered by the DCAL Casework Committee. When it has successfully passed this stage, it would be forwarded onto the Department of Finance and Personnel for approval.

17. NIAO ISSUES

17.1 Mrs L Dixon, NIAO confirmed that an interim audit had been completed and that the final audit would commence on 6 July 2015. She thanked the Director of Business Support, the Finance Manager and their staff for their co-operation during the interim audit.

18. ANY OTHER NOTIFIED BUSINESS

18.1 There was no other notified business.
19. **DATE OF NEXT MEETING**

19.1 The next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 23 September 2015 at 10:30 am in Lisburn City Library.

20. **MEMBERS ARRIVAL AND DEPARTURE TIMES**

20.1 The meeting ended at 11:52 am

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

Signed:  

Date: 23/9/15