1. APOLOGIES FOR NON ATTENDANCE

Alderman Stephen Martin
Councillor Stephen McIlveen

2. MEMBERS’ DECLARATION OF POTENTIAL CONFLICTS 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 Delahunt to her first meeting of the Libraries NI Audit and Risk Assurance Committee.
3.2 The Chairperson reported that, prior to the Committee meeting, the annual bi-lateral meeting had been held with representatives from the Northern Ireland Audit Office (NIAO) to discuss risk, control and governance, adding that the meeting had been very positive.

4. CHIEF EXECUTIVE'S BUSINESS

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

- DAO (DoF) 03/17 Guidance to North/South Bodies re presentation of Annual Report and Accounts
- Letter from NIAO – Audit of Annual Accounts
- Letter from NIAO – C&AGs General Report 2017 and attachment

4.2 The Acting Chief Executive advised Members that a Dear Accounting Officer Letter had been issued by DoF relating to North / South Bodies. No paper had been issued as the DAO did not relate directly to Libraries NI.

4.3 Ms C O'Hagan, (NIAO) referred to Paper 1: the letter from the NIAO explaining that the audit of the Libraries NI’s accounts would be contracted out to a private sector firm for a period of three years commencing with the 2017/18 accounts. She added that there was a possibility that this arrangement would be extended for a further two years. Members noted that the procurement process would commence shortly and that Libraries NI would be informed when it had been completed as to the Auditing provider.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JUNE 2017

5.1 On a proposal by the Vice-Chairperson of the Committee Mrs D Kenny, seconded by the Chairperson of the Board Professor B Cullen, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 21 June 2017 with the following exception at paragraph 7.2 as follows:

Mr D Lynn, Director, Northern Ireland Audit Office (NIAO) informed the Committee that the NIAO had not reached a decision as to whether or not they would use available resources to undertake an agreement audit of The Trust Fund but he hoped to complete review work over the summer months of all similar audits and reach a decision by September 2017.
6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JUNE 2017 ARAC 02.10.17

Item 7.2: Matters arising from the meeting of the Audit and Risk Assurance Committee held on 21 June 2017

6.1 Members noted that the Northern Ireland Audit Office was still considering how best to use available resources to undertake the agreement audit of The Trust Fund and would inform Libraries NI accordingly.

Item 7.4: Internal Audit External Quality Assessment

6.2 The Head of Internal Audit confirmed that the Education Authority had recently appointed Mr D Anderson as their Head of Internal Audit and Assurance. He confirmed that he had been in contact with Mr Anderson who had agreed to review the Service Level Agreement between Libraries NI and the Education Authority and to undertake the Peer Review.

7. PROVISIONAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2016/17 ARAC 03.10.17

7.1 The Chairperson invited Ms C O’Hagan, NIAO to present the Provisional Report to Those Charged with Governance 2016/17.

7.2 Ms O’Hagan expressed her thanks to the Director of Business Support and the Finance Manager and staff for their assistance in the audit of the Annual Report and Accounts 2016/17.

7.3 Ms O’Hagan reported that the qualification in respect of Heritage Assets had now been removed and that the NIAO was content that a programme was in place for future valuations of heritage assets. She was pleased to inform the Committee that no significant regularity, propriety or losses issues had been identified during the audit.

7.4 She drew Members’ attention to Section 2 of the document - Audit Findings which contained a number of Priority 2 and 3 recommendations, and noted that no Priority One issues had been identified. She noted that the NIAO was happy with the quality of the financial reporting and accounting and was content with the appropriateness of accounting policies, estimates and judgements in the accounts. She also advised Members that the NIAO was content that the information provided in the Annual Report was consistent with the financial statements, and had been properly prepared.

7.5 Committee Members expressed their thanks to all staff involved in the preparation of the Annual Report and Accounts 2016/17 which had resulted in a positive Report to Those Charged with Governance.

7.6 The Committee noted the report.
8. AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2016/17
ARAC 04.10.17

8.1 The Chairperson of the Audit and Risk Assurance Committee presented the Committee’s Annual Report 2016/17 and drew attention to the following:

- paragraph 11.2: the year-end underspend of £115,000 in respect of recurrent expenditure and £44,000 under-spend in respect of capital expenditure
- section 12: Report from the Comptroller and Auditor General on the Audit of the 2016/17 Accounts
- section 15: Audit and Risk Assurance Committee Opinion and Statement of Assurance
- Appendix 3 Section 8: in which the Head of Internal Audit gives his assurance to the Accounting Officer that the risk management, control and governance systems within Libraries NI are operating in a satisfactory manner.

8.2 On a proposal by the Vice-Chairperson of the Committee Mrs D Kenny, seconded by the Chairperson of the Board Professor B Cullen, Members recommended the Audit and Risk Assurance Committee’s Annual Report 2016/17 to the Board for approval.

9. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2016/17
ARAC 05.10.17

9.1 The Acting Chief Executive drew Members’ attention to the draft Annual Report 2016/17 noting that some drafting changes had been made to the document, in particular the Governance Statement, since the draft was last reviewed by the Committee.

9.2 The Finance Manager, Mrs R McNamee presented the Annual Accounts 2016/17 highlighting a number of minor amendments which had been made since the Accounts had last been seen by Members. The Finance Manager reported that a number of revaluations had been carried out during the year in respect of pension liability, heritage assets and premises resulting in a very up to date balance sheet. She confirmed that Libraries NI had remained within budget during the year, for both resource and capital budgets.

9.3 Following discussion and, having agreed the Provisional Report to Those Charged with Governance, on a proposal by the Vice-Chairperson of the Committee Mrs D Kenny, seconded by the Chairperson of the Board Professor B Cullen, the Committee recommended the Libraries NI Annual Report and Accounts 2016/17 to the Board for approval.

9.4 The Chairperson of the Board Professor B Cullen commended all staff involved in the preparation of the Annual Report and Accounts 2016/17 and
expressed his satisfaction that the qualification in respect of Heritage Assets had now been lifted. Committee Members endorsed these comments.

10. LETTER OF REPRESENTATION

10.1 The Acting Chief Executive drew attention to the Letter of Representation which she would sign as Accounting Officer and submit to the NIAO with the Annual Report and Accounts 2016/17.

10.2 Members noted that this document attests to the accuracy of the financial statements, and that all information relevant to the financial statements has been disclosed to the NIAO.

10.3 Ms C O’Hagan, NIAO informed Members that there was one addition to the Letter of Representation this year, which had not been included in previous years, which referred to Contingent Liabilities.

11. BI-ANNUAL ASSURANCE STATEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 2017

11.1 The Acting Chief Executive drew attention to the tabled copy of the Bi-Annual Assurance Statement for the period ended 30 September 2017 noting that a few amendments had been made to the document since being forwarded to Members.

11.2 She reported that a copy of the draft Assurance Statement had been forwarded to the Department for Communities (DfC) for inclusion in papers for the Accountability Meeting which had taken place on 10 October 2017. Following discussion and review at today’s Audit and Risk Assurance Committee and the Board Meeting on 12 October 2017 a signed version of the document incorporating any changes agreed by Members would be forwarded to DfC.

11.3 The Acting Chief Executive referred to the Assurance Statement and drew attention in particular to Section 3: Risk Management which outlined the risks currently identified within the organisation and new risks which had been identified.

11.4 On a suggestion by the Chairperson of the Board, Members agreed an amendment to the wording in paragraph 6 on page 5 of the Assurance Statement.

11.5 The Acting Chief Executive also drew attention to those sections of the Statement which had been recorded as ‘Working towards Compliance’ and explained the issues behind the selection of this option and where applicable actions being taken to remedy the situation.
11.6 Following discussion of the Statement, on a proposal by the Vice-Chairperson of the Committee Mrs D Kenny, seconded by the Chairperson of the Board Professor B Cullen, and subject to the amendment at paragraph 11.4 above, Members agreed to recommend the Bi-Annual Assurance Statement for the period ended 30 September 2017 to the Board for approval.

12. INTERNAL AUDIT ACTIVITY REPORT (APRIL to JUNE 2017)

   ARAC 08.10.17

12.1 The Head of Internal Audit reported on the 14 audits completed since the last meeting of the Audit and Risk Assurance Committee held on 21 June 2017. Where applicable, the assurance rating for each of the audits are as shown in the table below:

<table>
<thead>
<tr>
<th>Audit Assignment</th>
<th>Assurance Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Credit Card</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Contracted Hours</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Heritage Assets</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Fermanagh Mobile Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Rathfriland Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Fivemiletown Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Maghera Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Shankill Road Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Carrickfergus Mobile Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Strathfoyle Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Belfast Mobile Library No 1</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Cross-Border Mobile Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Broughshane Branch Library</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Craigavon Mobile Library</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

12.2 The Head of Internal Audit drew attention to the review audit of Contracted Hours. He advised Members that this was a review of an area which in 2016 had received a limited level of assurance. He advised Members that all recommendations from the previous audit had been implemented and only one Priority Three recommendation had been made. He reported that he was content to advise Members of the ‘satisfactory’ level of assurance provided.

12.3 Members noted that the Use of the Corporate Credit Card had last been audited in 2012 but as a result of the Financial Director Letter FD (DoF) 11/16 issued in November 2016 had been audited again and had received a ‘Satisfactory’ level of assurance.

12.4 The Head of Internal Audit drew attention to the audit of Heritage Assets and briefly explained the process undertaken to determine if the level of assurance given i.e. that the value of Heritage Assets recorded in the
Libraries NI Annual Accounts 2016/17 is an accurate reflection of the value of assets actually held by Libraries NI.

12.5 Members noted that on conclusion of the audit a number of small recommendations had been made and it was confirmed that there was reasonable assurance that the value of Heritage Assets recorded in the Libraries NI Annual Accounts 2016/17 was an accurate reflection of the value of assets actually held.

12.6 The Head of Internal Audit spoke briefly regarding the audits of Branch and Mobile Libraries. He stated that no Priority One findings had been identified and in each case a 'Satisfactory' level of assurance had been provided.

13. **INTERNAL AUDIT ACTIVITY REPORT – OUTSTANDING RECOMMENDATIONS**

13.1 The Head of Internal Audit drew attention to the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit Reports.

13.2 Members noted that since the last scheduled meeting of the Audit and Risk Assurance Committee on 21 June 2017, of the 42 recommendations outstanding, 37 had now been cleared, leaving 5 to be resolved. Members also noted that there had been no Priority One recommendations and that 4 recommendations were marked 'amber' i.e. the originally agreed implementation date has not yet been reached (or is within 4 months) and implementation of the recommendation is ongoing.

13.3 The Director of Business Support updated Members on the red recommendation in relation to the cash interface between stock and finance. Members noted that a software solution has now been implemented and staff were currently working through a test phase. On successful completion of this phase the software would be rolled out to staff.

14. **INTERNAL AUDIT ANNUAL PLAN 2017/18: PROGRESS REPORT**

14.1 The Head of Internal Audit presented the Internal Audit Annual Plan 2017/18 which incorporated the projected start dates and progress to date for each audit. Members were reminded that the Audit Plan calls for the completion of 27 audits during 2017/18.

14.2 The Head of Internal Audit explained that to date 21 audits had been completed and, if the rate of progress continues, he would bring proposals for new audits to be added to the Plan to the next meeting of the Committee.
15. **RISK MANAGEMENT REPORT AND REVIEW**

15.1 The Director of Business Support drew attention to the Risk Management Report and Review and referred Members to the minutes of the Risk Management Group held on 25 September 2017.

15.2 He then drew attention to the Corporate Risk Register highlighting in particular the following changes:

- Risk 1: Participation and Relevance – Members noted that the target spend for stock in Public Library Standard (PLS) 7 is £2.25 per capita. The revised budgeted spend in 2017/18 is £1.68 per capita
- Risk 6: Planning – the continued political uncertainty and lack of firm budget information means that planning is taking place in a vacuum. Other factors such as the Review of Arms’ Length Bodies (ALBs) and the Public Sector Shared Services Programme impacts on Libraries NI’s ability to plan effectively in the long-term
- Risk 8: Business Continuity – lean staffing levels, including a reduced Senior Management Team have had an impact on the organisation. A Business Continuity Plan is in place. The term of office for six Board Members is due to end in February 2018. This issue has been raised with the Department at the Accountability Meeting held on 10 October 2017.

15.3 Following discussion, Members noted the report and on a proposal by the Chairperson of the Committee, Councillor S McGuigan, seconded by the Chairperson of the Board, Professor B Cullen Members recommended the Corporate Risk Register to the Board for approval.

16. **MINUTES OF THE ACCOUNTABILITY MEETING HELD ON 13 JUNE 2017**

16.1 Members noted the minutes of the Acting Chief Executive’s Accountability Meeting with DfC held on 13 June 2017.

16.2 The Acting Chief Executive reported that a further Accountability Meeting with the Department had taken place on 10 October 2017, the minutes of which would come to the Committee in due course. She reported that although the meeting involved the normal process of challenge and of being held to account, there were no issues that were a significant cause for concern.

17. **REPORT ON COMMON FINDINGS**

17.1 The Head of Internal Audit referred to the Report on Common Findings. He informed Members that this Report was designed to allow Managers in all branches and mobiles to learn from audit findings in other locations/vehicles.
Members noted that these reports had been issued to Service Development Managers and Area Managers to be shared with Branch Library Managers.

17.2 The Head of Internal Audit reported that on recent branch visits he had noted improvement in the management of some of the issues which had been raised in the Report.

17.3 Members noted the report.

18. GIFTS AND HOSPITALITY POLICY (REVISED) AND GUIDANCE

ARAC 14.10.17

18.1 The Director of Business Support drew attention to the revised Gifts and Hospitality Policy and Guidance reminding Members that this policy was last reviewed in October 2012 and April 2014.

18.2 He informed Members that governance in public sector organisations must include arrangements for the recording and reporting of offers of gifts and hospitality and also the organisation's policy on the provision of gifts and hospitality. It was noted that previously Libraries NI had three separate policies in relation to gifts and hospitality and the revised document incorporated the previous policies into one document which is supported by detailed procedures and a 'quick' reference guide.

18.3 On a proposal by the Chairperson of the Committee, Councillor S McGuigan, seconded by the Chairperson of the Board, Professor B Cullen, the Committee recommended the revised Gifts and Hospitality Policy and Guidance to the Board for approval.

19. BOARD CHAIRPERSON – REGISTERS OF GIFTS AND HOSPITALITY

19.1 The Acting Chief Executive reminded Members that the Libraries NI Policy on Offers and Acceptance of Gifts and Hospitality stated that the Audit and Risk Assurance Committee would monitor the Chairperson's register on a quarterly basis.

Period Ended 30 June 2017 ARAC 15.10.17 a

19.2 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 April to 30 June 2017.

Period Ended 30 September 2017 ARAC 15.10.17 b

19.3 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 July to 30 September 2017.
20. **SCHEDULE OF MISSION CRITICAL PROJECTS**

20.1 The Director of Business Support presented a report on the current status of the existing two Mission Critical Projects and updated Members as follows:

**Belfast Central Library**

20.2 Members noted that no significant progress has been made in relation to the refurbishment of Belfast Central Library. The project remains a priority for Libraries NI but the present political situation and funding restrictions have effectively suspended development.

**e2 Replacement**

20.3 An addendum to the e2 Full Business Case for the e2 Contract extension was submitted to DfC on 10 July 2017. Consent to commence negotiations with the service provider has been provided by DfC with a view to confirming the contract extension cost model and a further update to the addendum will be prepared following completion of this phase.

20.4 A draft Strategic Outline Case for the e2 replacement (e3) has been prepared and presented to the Business Support Committee at its meeting held on 28 September 2017 and will be submitted to the Department once the Board has given its approval.

20.5 Members noted the report.

21. **NATIONAL FRAUD INITIATIVE STATUS REPORT**

21.1 The Finance Manager, Mrs R McNamee drew attention to the updated report on the National Fraud Initiative reminding Members that this exercise takes place every two years. Members noted that the exercise had now been completed and no issues had been identified.

22. **NIAO ISSUES**

22.1 Ms C O'Hagan, NIAO informed the Committee that in September 2017 the National Audit Office (NAO) had produced a good practice guide especially written for Audit Committees in the area of Cyber Security and Information Risk. She referred Members to the NAO's website for further information.

23. **ANY OTHER NOTIFIED BUSINESS**

23.1 There was no other notified business.
24. **DATE OF NEXT MEETING**

24.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 17 January 2018 at 10.30 am in Lisburn City Library.

25. **MEMBERS' ARRIVAL AND DEPARTURE TIMES**

25.1 The meeting ended at 11.50 am.

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

Mrs D Kenny left at 11.40 am

Signed: ________________________________

Date: 17-1-18