

LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

18 January 2023

Minutes of a meeting of the Audit and Risk Assurance Committee held in Lisburn City Library and by remote video link (Zoom) on Wednesday 18 January 2023 at 10.30 am

PRESENT

Mrs Wendy Osborne OBE
Councillor Alistair Cathcart

Chairperson
Vice-Chairperson

Mrs Deirdre Kenny
Ms Nuala McAuley
Councillor B Webb MBE JP

IN ATTENDANCE

Mr Jim O'Hagan
Mr Desi Miskelly
Mrs Michelle Anderson
Mr David McLoughlin
Ms Fiona McCallum
Ms Sarah Heanen
Ms Christine Hagan
Ms Stefani Millar

Chief Executive
Director of Business Support
Head of Internal Audit
Capital Project Manager, Assets
Area Manager
Northern Ireland Audit Office
ASM
Boardroom Apprentice

1. APOLOGIES FOR NON ATTENDANCE

Professor Bernard Cullen
Mr Gary Craig

Chairperson of the Board
Department for Communities

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 extended New Year's greetings to Members. She reminded the Committee that it was good practice for the Chairperson of the Audit and Risk Assurance Committee to meet with the Chief Executive on a regular basis to discuss the work of the Committee, adding that she had met with the Chief Executive prior to the Committee meeting and that no issues had been raised. She asked Members to note that an item regarding Ex-officio membership of the Committee would be discussed at Agenda Item 19: Any Other Business.

3.2 The Chairperson welcomed the following to the meeting:

- Ms S Heanen representing the Northern Ireland Audit Office (NIAO)
- Ms C Hagan representing ASM
- Ms S Millar, Boardroom Apprentice

3.3 She reminded Members that as part of the Leadership Development Plan it had been agreed that some staff should attend Board and Committee meetings as part of their personal development and in that capacity welcomed the following members of staff:

- Ms Fiona McCallum, Area Manager
- Mr David McLoughlin, Capital Project Manager, Assets

4. CHIEF EXECUTIVE'S BUSINESS ARAC 00.01.23

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

- DAO (DoF) 06/22 - Direct Award Contracts
- DAO (DoF) 05/22 - Grant or Procurement
- Correspondence with the Permanent Secretary, DfC regarding Raising Concerns and Whistleblowing.

4.2 Members noted the report.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 12 OCTOBER 2022 ARAC 01.01.23

5.1 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 12 October 2022 with the exception that the following paragraph be amended as shown below:

9.3 On a proposal by Ms N McAuley seconded by Ms W Osborne OBE, the Committee agreed to recommend the approval of the Audit and Risk Assurance Committee's Annual Report 2021/22 to the Board.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 12 OCTOBER 2022

ARAC 02.01.23

6.1 The Chief Executive drew attention to the circulated paper detailing action taken as a result of discussions at, and decisions of, the Committee at the previous meeting.

Item 7.2: Matters Arising from the meeting of the Audit and Risk Assurance Committee held on 12 October 2022, Staff Wellbeing

6.2 The Director of Business Support reported that this matter had been discussed at the meeting of the Business Support Committee held on 24 November 2022; a copy of the Committee paper had been circulated to members for information. He agreed to keep Members updated regarding the timeline for implementation of the proposed Health and Wellbeing strategy and to encourage staff to engage on the development of the strategy.

7. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2021/22

ARAC 03.01.23

7.1 The Chief Executive referred to the Final Report to Those Charged with Governance 2021/22 which contained the opinion from the NIAO on the audit of Libraries NI's 2021/22 Annual Report and Accounts. He reminded Members that the report contained one recommendation which had been accepted and agreed by senior management.

7.2 Ms C Hagan, ASM confirmed that the Libraries NI Annual Report and Accounts 2021/22 had been certified and the process for the 2021/22 year was now complete. She also reported that as part of normal rotation arrangements, she has replaced Mr B Clerkin as Audit Director.

7.3 Members noted the report.

8. INTERNAL AUDIT PROGRESS REPORT

ARAC 04.01.23

8.1 The Head of Internal Audit drew attention to the Internal Audit Progress Report and noted that the Plan is on track for completion by the end of the financial year. She reported that two assignments and a review of the Corporate Risk Register had been completed since the last meeting of the Committee held on 12 October 2022, advising that there had been no Priority 1 findings.

- 8.2 Members noted that a change to the Annual Internal Audit Plan had been proposed. Due to the recent implementation of the new organisational structure it is proposed that the audit of the Key Pillars is rescheduled to 2023/24 and the time reallocated to a review of branch and mobile library systems to identify opportunities for improvement and / or achieve efficiencies. This would be undertaken through a workshop approach involving staff and management from different areas and different sized libraries.
- 8.3 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members agreed to recommend to the Board that the audit of Key Pillars be rescheduled to 2023/24 and substituted with an audit of branch and mobile library systems.
- 8.4 The Head of Internal Audit reminded Members that at the last meeting it was proposed that an internal recruitment exercise was undertaken to appoint an Audit Assistant on a temporary basis; unfortunately there were no applicants. The role was subsequently filled through the temporary workers contract and the Audit Assistant commenced their placement with Libraries NI on 14 November 2022. In light of this, the original strategy of appointing and training a member of staff over 12 months was not possible. The Head of Internal Audit advised that she was satisfied that removing the requirement for the Audit Assistant to be a qualified auditor was the appropriate course of action and proposed that the post now be filled permanently on that basis.
- 8.5 In light of the changed circumstances, the Committee supported this approach subject to the temporary arrangement having been in place for three months.
- 8.6 Members noted the report.

9. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

ARAC 05.01.23

- 9.1 The Head of Internal Audit drew attention to the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit reports. She reported that since the last meeting of the Committee held on 12 October 2022, of the 22 outstanding recommendations, 11 had now been implemented with 10 not yet having reached their implementation date. Members noted that there were no Priority One recommendations outstanding and that one recommendation, impacted by the implementation of the Partnership Agreement, was overdue. The Chief Executive reported that this matter had been raised with Mr J McCord at the last DfC Partnership Meeting who advised he would raise the matter again with the Governance Unit within DfC.
- 9.2 Members noted that a number of dates for the implementation of HR policies had been extended. The Director of Business Support advised that progress was impacted by work pressures within Human Resources and the availability of staff.
- 9.3 The Director of Business Support updated Members on the current position regarding the Branch Library Manager Job Evaluation.

9.4 Members noted the report.

10. RISK MANAGEMENT REPORT AND REVIEW ARAC 06.01.23

10.1 The Director of Business Support drew attention to the Risk Management Report and Review noting in particular the minutes of the Risk Management Group held on 5 January 2023.

10.2 He then referred to the Corporate Risk Register noting that there had been some changes to the levels of treated risks largely due to the timing of the report within the financial year i.e. the reduction in probability of the risk occurring as the end of the financial year approached. He discussed each of the risks in turn and updated Members on changes to the Register since it was last seen by the Committee in October. It was noted that the relevancy of Risk 9: Business Continuity – Coronavirus COVID-19 would be reviewed and a decision made if it should be incorporated into Risk 8: Business Continuity as part of the review for 2023/24.

10.3 Mrs D Kenny highlighted that the risk register may obscure longer term risks arising, for example, through short term financial budgets. The Chief Executive highlighted that some of the risks do take a longer term view, e.g. the planning risk. The Director of Business Support advised that there can be complications between what are Libraries NI risks and risks which are Departmental risks. Councillor A Cathcart noted that the risk register could differentiate between what Libraries NI can do and what is outside their control.

10.4 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members agreed to recommend the Corporate Risk Register to the Board for approval.

10.5. The Director of Business Support then drew attention to the Corporate Risk Horizon Scanning document highlighting the following changes:

- the risk relating to BREXIT had been removed as there had been no significant impact on the organisation
- Longer Term Funding/Financial Sustainability and Potential Economic and Global Uncertainty risks had been merged.

10.6 Members noted that the other items on the Corporate Risk Horizon Scanning document remain under review.

10.7 The Head of Internal Audit presented a revised Corporate Risk Register format to Members for approval. She explained that she had led a Working Group which reviewed the Corporate Risk Register. The Working Group considered that the risks themselves were well worded and that the changes suggested related to improvements in the layout and re-organisation and condensing of the information contained in the Register to improve clarity.

10.8 Members discussed the proposed format and it was agreed that a copy of the new format should be forwarded to the Department for their comment.

10.9 On a proposal by Councillor B Webb, seconded by Mrs D Kenny, Members agreed to recommend the adoption of the proposed revised format of the Corporate Risk Register to the Board for approval.

11. GIFTS AND HOSPITALITY POLICY REVIEW ARAC 07.01.23

11.1 The Director of Business Support drew attention to the review of the Gifts and Hospitality Policy and Guidance and informed Members that no substantive changes had been made since it was last seen by the Committee in October 2019.

11.2 On a proposal by Ms N McAuley, seconded by Mrs D Kenny, Members recommended the reviewed Gifts and Hospitality Policy and Guidance to the Board for approval.

12. ARAC ANNUAL WORK PROGRAMME ARAC 08.01.23

12.1 The Head of Internal Audit presented a proposed programme of work for the Committee for the 2023/24 year. It was noted that the programme includes routine business agenda items, standing items for each Committee meeting and sets out the timing of other key Committee business such as consideration of the Annual Report and Accounts. Policies which have been reviewed and updated would be presented at the June and January meetings of the Committee.

12.2 Members noted the report.

13. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY 2022/23 QUARTER 3 (1 OCTOBER – 31 DECEMBER 2022) ARAC 09.01.23

13.1 The 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.

13.2 Members noted the Board Chairperson's Register of Gifts and Hospitality for the period 1 October to 31 December 2022.

14. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC10.01.23

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

- e3**
- 14.2 The new Public Sector Shared Network (PSSN) services/functionality have been fully designed, built and tested. Rollout of the upgraded Libraries NI corporate network has been successfully implemented in all libraries. The new mobile library system is also fully operational in all vehicles. A phased transition to a new telephony system is progressing with implementation planned for completion in early January 2023.
- 14.3 Following on from formal contract commencement the focus of activity has moved to refinement of implementation plans and the development of key applications/processes. The project team has been expanded with the successful recruitment of eight e3 Implementation and Support Officers with all posts being filled by internal applicants.
- 14.4 Looking ahead the focus of activity for the coming months will be the conclusion of the rollout of replacement telephony services, completion of key system/software design and commencement of hardware procurement.

Belfast Central Library

- 14.5 A revised and updated Strategic Outline Case (SOC) was approved by the Minister for Communities on 25 October 2022. The Minister reiterated that the further progression of the project would 'be subject to further approvals and obtaining necessary funding' and underscored the significant challenges in respect of the latter.
- 14.6 Approval of the SOC paves the way for a review and update of the previously approved Outline Business Case (OBC). Early discussions with the Strategic Investment Board (SIB) have taken place with a view to securing specialist support to take forward the review and updating of the OBC. It is planned to reengage with SIB early in 2023, to further develop the project resourcing plan and framework to support this next stage of the development process.

15. DIRECT AWARD CONTRACTS

ARAC 11.01.23

- 15.1 The Director of Business Support introduced the report on Direct Award Contracts (DACs) up to the value of £30,000. He reported on four expenditures over £1,000 occurring during the period 1 October 2022 to 12 December 2022.
- 15.2 In response to a question from Mrs D Kenny relating to DAO (DoF) 06/22 which provides guidance on Direct Awards Contracts, the Chief Executive confirmed that the process in place for awarding DACs would be reviewed in light of this new guidance.
- 15.3 Members noted the report.

16. NAO AUDIT AND RISK ASSURANCE COMMITTEE EFFECTIVENESS CHECKLIST
ARAC 12.01.23

16.1 The Committee Chairperson reminded Members that the Audit and Risk Assurance Committee Handbook states that the Committee should carry out a periodic review of its overall effectiveness including its Terms of Reference and ways in which it might be strengthened or developed. The Committee last completed this review during the meeting of January 2022 and the previously completed assessment has been circulated to Members for review together with the Committee Scheme of Delegation.

16.2 She then referred to the National Audit Office (NAO) Checklist and asked Members to consider each question carefully and identify and record any comments/amendments that may be required. Members agreed that the following should be added:

- Principle 2 Additional Actions: 1. A presentation to be provided to the Committee during 2023/24 in respect of 'digital' covering the ICT services and infrastructure which supports both business operations and library customers. 2. A second independent member with relevant finance experience to be co-opted onto the Committee to facilitate succession planning and enhance resilience
- Principles 3 and 4: Question 16 - a comment to be added as follows: The Committee reviews the Corporate Risk Register at each meeting and considered and endorsed a proposal to adopt a revised risk register format which will be brought forward in 2023.

16.3 Members agreed that the Chairperson would report on the results of the self-assessment at the next meeting of the Board, and a copy of the completed document would be made available for review by the NIAO and DfC. No changes to the Scheme of Delegation are required as there were no proposed changes to the Committee's operating arrangements.

16.4 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members recommended the completed NAO Audit and Risk Assurance Committee Effectiveness Checklist to the Board for approval.

17. MINUTES OF THE PARTNERSHIP MEETING HELD ON 26 OCTOBER 2022
ARAC 13.01.23

17.1 The Chief Executive referred to the minutes of the Partnership Meeting held with DfC on 26 October 2022 and highlighted the following items which were discussed at the meeting:

- Budget pressures for 2022/23
- Partnership Agreement
- Public Libraries Policy

17.2 It was noted that the next Partnership meeting would be held on 24 February 2023.

18. NIAO ISSUES

18.1 Ms S Heanen, NIAO informed Members that Audit Standard ISA 315 had been updated and would be applied to the audit of the Libraries NI Annual Report and Accounts during the 2022/23 year. This involves a more extensive approach to the risk assessment which will include, for example, a more in-depth review of IT systems.

18.2 It was noted that the revised approach would result in an increase in staff time which the Director of Business Support advised would be challenging due to the earlier timescales associated with whole of government accounts. It was noted that the cost of the audit may increase in future years.

18.3 The Audit Strategy, setting out the requirements will be brought to the next meeting of the Committee.

19. ANY OTHER NOTIFIED BUSINESS

19.1 The Chief Executive reminded Members that at present there was one Ex-officio Member appointed to the Audit and Risk Assurance Committee. He explained that it was proposed that steps should be taken to recruit a second Ex-officio member which would provide resilience to the Committee and was a positive step towards succession planning.

19.2 On a proposal by Ms N McAuley, seconded by Mrs D Kenny, Members agreed to recommend to the Board that the process to appoint an ex-officio member to the Audit and Risk Assurance Committee commence.

20. DATE OF NEXT MEETING

20.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 26 April 2023 at 10.45 am in Lisburn City Library or remotely via video link.

21. MEMBERS ARRIVAL AND DEPARTURE TIMES

21.1 The meeting ended at 12:08 pm.

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

Councillor A Cathcart joined the meeting at 10:36 am

Signed: Wendy E Osborne.
Chairperson - Mrs Wendy Osborne OBE

Date: 27/4/23