

LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

Minutes of a meeting of the Audit and Risk Assurance Committee held in
Lisburn City Library and via remote video link (Zoom) on
Wednesday 12 June 2024 at 10:30 am

PRESENT

(IP) Mrs Wendy Osborne OBE	Chairperson
(VL) Councillor Alistair Cathcart	Vice-Chairperson
(VL) Councillor Martin McRandal	
(IP) Ms Andrea Quail	

IN ATTENDANCE

(IP) Dr Jim O'Hagan	Chief Executive
(IP) Mr Desi Miskelly	Director of Business Support
(IP) Mrs Michelle Anderson	Head of Internal Audit
(IP) Ms Rita McNamee	Finance Manager
(VL) Ms Helen Poston	Service Development Manager (Online Services and Service Support)
(VL) Mr Roger Adams	Payroll Manager
(VL) Mr Conor Shields	Northern Ireland Audit Office
(VL) Ms Christine Hagan	ASM

Note: IP denotes 'in-person' attendance, VL denotes 'virtual' attendance'

1. APOLOGIES FOR NON ATTENDANCE

Ms Bonnie Anley	Chairperson of the Board
Ms Fionnuala Elliott	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 welcomed to the meeting Mr C Shields from the Northern Ireland Audit Office (NIAO) and Ms Christine Hagan from ASM.

- 3.2 She reminded Members that as part of the Leadership Development Plan it had been agreed that some staff should attend and observe at Board and Committee meetings as part of their personal development and welcomed Ms H Poston, Service Development Manager, Online Services and Service Support and Mr R Adams, Payroll Manager.
- 3.3 The Chairperson congratulated Councillor A Cathcart, Vice-Chairperson of the Committee, on his recent appointment as Mayor of Ards and North Down Borough Council. On behalf of Members and officers she wished him every success in his Mayoral year.

4. CHIEF EXECUTIVE'S BUSINESS ARAC 00.06.24

- 4.1 The Chief Executive drew attention to the following matters and correspondence:
- FD (DoF) 05/24 - Guidance on the Format of the Remuneration Report 2023-24
 - 2023-24 Remuneration & Staff Report - HR Policy narrative which provides guidance on the format of the Remuneration Report 2023/24
 - FD (DoF) 06/24 - laying of annual reports and accounts in the Northern Ireland Assembly. This document clarifies the arrangements for laying and publishing of departmental, agency and Non-Departmental Public Body (NDPB) Annual Reports and Accounts
- 4.2 Members noted the correspondence.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 24 APRIL 2024 ARAC 01.06.24

- 5.1 On a proposal by Ms A Quail, seconded by, Councillor M McRandal, the minutes of the meeting of the Audit and Risk Assurance Committee held on 24 April 2024 were approved as a correct record of the meeting.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 24 APRIL 2024 ARAC 02.06.24

Item 11.5: Risk Management Report and Review

- 6.1 The Director of Business Support confirmed that as suggested at the last meeting of the Committee the title of Risk 8: Business Continuity on the Corporate Risk Register, had after consideration by the Risk Management Group, been amended to Business Continuity Planning.

Item 11.6: Risk Management Report and Review

- 6.2 The Director of Business Support confirmed that Business Continuity Framework had been added to the agenda for this meeting and a presentation would be provided to Members.

7. SOURCES OF ASSURANCE PRESENTATION

- 7.1 The Head of Internal Audit gave a presentation on the 'Three Lines of Defence Model'. This highlighted that when an organisation has properly structured the Three Lines, and they operate effectively, there should be no gaps in coverage, no unnecessary duplication of effort, and risk and control had a higher probability of being effectively managed.

8. BUSINESS CONTINUITY FRAMEWORK PRESENTATION

- 8.1 The Head of Internal Audit gave a presentation on the recent review of the Business Continuity Framework, the changes arising from the review and the current position regarding implementation of the changes.
- 8.2 Members thanked the Head of Internal Audit for both informative presentations.

9. INTERNAL AUDIT PROGRESS REPORT ARAC 03.06.24

- 9.1 The Head of Internal Audit reported on the audit activity since the last meeting of the Committee in April 2024. She confirmed that the Raising Concerns Review has been completed and was on the agenda for discussion at Item 20 and that the first follow-up review of the Fleet Management audit has also been completed and the findings have been incorporated into Agenda Item 11: Outstanding Internal Audit Recommendations. She confirmed that the 2024/25 Audit Plan is on track for completion.
- 9.2 Members noted the report.

10. INTERNAL AUDIT CHARTER (ANNUAL REVIEW) ARAC 04.06.24

- 10.1 The Head of Internal Audit presented the Internal Audit Charter to the Committee noting that an annual review of the Charter was recommended.
- 10.2 She reminded Members that a self-assessment had been carried out in March 2024 which identified that, where the Head of Internal Audit has had a direct involvement in the development of a policy/system, future independent assurance arrangements are considered and any impairments highlighted in the relevant report, however, these arrangements are not currently stated in the Charter. The Charter has been amended to set out how impairment of objectivity is minimised when the Head of Internal Audit undertakes non-audit work. A number of other minor formatting and consistency changes have also been made to the Charter.
- 10.3 On a proposal by Ms A Quail, seconded by Councillor M McRandal, the Committee recommended the Internal Audit Charter to the Board for approval.

11. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

ARAC 05.06.24

11.1 The Head of Internal Audit presented the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit Reports. Thirty recommendations were carried forward from the last meeting in April 2024 and no recommendations had since been added. It was noted that the current status of these recommendations is summarised as follows:

- eight outstanding recommendations have not yet reached their implementation date
- a follow-up review of the Fleet Management recommendations has been carried out and it was noted that good progress had been made. A further review will be carried out and a report brought to the October meeting of the Committee
- a follow-up on the implementation of process improvement suggestions has been carried out which included minor issues identified during branch and mobile library compliance audits. Feedback to date on this process has been positive.

11.2 Members thanked the Head of Internal Audit for the update.

12. AUDIT AND RISK ASSURANCE COMMITTEE DRAFT ANNUAL REPORT 2023/24

ARAC 06.06.24

12.1 The Head of Internal Audit drew attention to the draft Annual Report of the Audit and Risk Assurance Committee 2023/24 which summarised the Committee's work during the year and presented the Committee's opinion on the effectiveness of governance, risk management and control within Libraries NI. The report also provided the Committee's view on the assurances available to the organisation.

12.2 She reminded Members that the report would remain in draft pending completion of the audit of the Annual Accounts by the Northern Ireland Audit Office (NIAO) and receipt by the Committee of the Report to Those Charged with Governance from the Comptroller and Auditor General. The report would be finalised for submission to the Board at its October 2024 meeting to coincide with consideration of approval of the audited 2023/24 Annual Accounts.

12.3 The Chairperson confirmed that she previously had sight of the report and had been involved in discussions with the Head of Internal Audit in its preparation.

12.4 Members noted the draft report of the Audit and Risk Assurance Committee 2023/24.

12.5 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members agreed to report to the Board on the Audit and Risk Assurance Committee Draft Annual Report 2023/24.

13. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2023/24
ARAC 07.06.24

- 13.1 The Chief Executive presented the Draft Annual Report 2023/24 which sets out in detail, information on Libraries NI's activity and work during the year. He drew attention to the 'Foreword' which made reference to the constrained finances in 2023/24 and to the significant turnover in Board Membership during the year. He highlighted that the report is in draft pending completion of the audit by the NIAO and the final audited Annual Report and Accounts would be brought back to the Committee and to the Board in October 2024 for approval, prior to certification by the Comptroller and Auditor General.
- 13.2 The Finance Manager presented the draft Accounts for 2023/24 noting that they had been prepared in accordance with the Government Financial Reporting Manual (FReM) 2023/24 and in line with the format outlined in 'NDPB Green' issued by the Department of Finance (DoF). She explained that the draft accounts have been consolidated with the Department's Accounts to meet their deadline of 30 April 2024. She drew attention to key figures in the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity and explained variations with the 2022/23 figures. It was noted that IFRS 16 has now been applied to the Private Finance Initiative (PFI) contract regarding Lisburn City Library.
- 13.3 On a proposal by Ms A Quail, seconded by Councillor A Cathcart, Members recommended to the Board that the Annual Report and Accounts 2023/24 be submitted to the NIAO for audit.

14. RISK MANAGEMENT REPORT AND REVIEW
ARAC 08.06.24

- 14.1 The Director of Business Support introduced the Risk Management Report and Review noting in particular the minutes of the Risk Management Group held on 28 May 2024.
- 14.2 He then drew attention to the Corporate Risk Register noting that there had been no significant changes since it was last seen by Members at the March meeting of the Committee. He reported that despite moving into a new financial year the high level risks remain very similar to what they were at the end of March as the same challenges in relation to long term planning and funding existed for the organisation. It was noted that Risk 8 has now been re-named as Business Continuity Planning as previously reported.
- 14.3 The Director of Business Support went on to present the Corporate Risk Horizon Scanning document which highlights emerging challenges and threats which have the potential to impact on the risk profile of the organisation in the future. noted that it had been updated to reflect the current position regarding the lack of progress to update the Delivering Tomorrow's Libraries Policy, the continuing uncertainty around the timing and funding allocation for the provision of bookstock and the lack of a confirmed funding allocation.

- 14.4 On a proposal by Councillor M McRandal, seconded by Ms A Quail, Members recommended the Corporate Risk Register to the Board for approval.

15. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC 09.06.24

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

- e3
- 15.2 He reported that the e3 Project remains on track and within time and cost parameters. The initial major implementation workstreams have been delivered and were now operational including the Library Management System, Corporate and Finance systems, HR and Virtual Library Services. The focus of activities would now move to the enhancement of infrastructure, refresh of hardware and the refinement of service interfaces such as card payment functionality.

- Belfast Central Library
- 15.3 The Director of Business Support explained that in relation to the Belfast Central Library project the persistent uncertainty surrounding public sector funding in general combined with the lack of a strategic capital investment programme for the library estate continues to present significant barriers to progressing this project. With no capital funding allocation confirmed in the first quarter of 2024/25, and an exceptionally constrained resource funding position, no meaningful progress had been possible and the necessary review of the project Outline Business Case (OBC) continued to be stalled.

- 15.4 Members noted the report on the Schedule of Mission Critical Projects.

16. DIRECT AWARD CONTRACTS ARAC 10.06.24

- 16.1 The Director of Business Support confirmed that no Direct Award Contract expenditure, falling within the scope of the Accounting Officer's delegated authority, was authorised by the Accounting Officer during the reporting period 1 April 2024 to 31 May 2024.

- 16.2 Members noted the report.

17. NATIONAL FRAUD INITIATIVE UPDATE ARAC 11.06.24

- 17.1 The Finance Manager reminded Members that the National Fraud Initiative (NFI) is a bi-annual data matching exercise which assists in the prevention and detection of fraud and error. Participating organisations submit the required datasets, e.g. payroll, pensions, supplier payments, to a secure NFI website. The NFI team identifies a series of data matches which are returned to the organisation for investigation. Libraries NI report on two datasets i.e. Payroll and Finance. The Finance Manager confirmed that the outcome of the

exercise had been that no fraud or error has been identified through this process.

17.2. Members noted the Report.

18. NIAO ISSUES

18.1 There were no NIAO issues.

19. ANY OTHER NOTIFIED BUSINESS

19.1 There was no other notified business.

20. RAISING CONCERNS REVIEW (CONFIDENTIAL) ARAC 12.06.24

20.1 All staff and observers withdrew from the meeting with the exception of the Chief Executive and the Head of Internal Audit.

20.2 On a proposal by the Committee Chairperson, Mrs W Osborne, seconded by Ms A Quail, Members agreed to go into Committee.

20.3 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members agreed to come out of Committee.

20.4 While in Committee the Committee Chairperson reported that the Head of Internal Audit had provided an update to Members of the Raising Concerns review undertaken by Internal Audit.

21. DATE OF NEXT MEETING

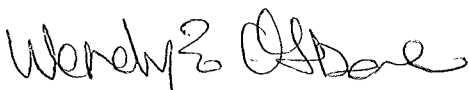
21.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 16 October 2024, at 10:30 am in Lisburn City Library and/or remotely via video link.

22. MEMBERS ARRIVAL AND DEPARTURE TIMES

22.1 The meeting ended at 12:36 pm.

22.2 All Members arrived for the commencement of the meeting and remained until it ended with the exception of the following:
Ms C Hagan joined the meeting at 10:45 am
Councillor A Cathcart left the meeting at 11:48 am

Signed:


Mrs Wendy Osborne, Chairperson

Date:

16 October 2024