

## LIBRARIES NI

### AUDIT AND RISK ASSURANCE COMMITTEE

17 January 2024

Minutes of a meeting of the Audit and Risk Assurance Committee held on Wednesday 17 January 2024 at 10.30 am in Lisburn City Library and by remote video link (Zoom)

#### PRESENT

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

#### IN ATTENDANCE

Dr Jim O'Hagan (IP)	Chief Executive
Mr Desi Miskelly (IP)	Director of Business Support
Mrs Michelle Anderson (IP)	Head of Internal Audit
Ms Orla Stuart (IP)	Audit Assistant
Ms Lorraine Harte (VL)	Deputy HR Manager
Mr Gary Craig (VL)	Department for Communities
Mr Barry Mitchell (IP)	Northern Ireland Audit Office
Mr Conor Shields (IP)	Northern Ireland Audit Office
Ms Christine Hagan (IP)	ASM

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

#### 1. APOLOGIES FOR NON ATTENDANCE

Ms Finola Guinnane	Boardroom Apprentice
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#### 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 noted the appointment of Ms B Anley as the new Chairperson of the Board of Libraries

NI and looked forward to welcoming Ms Anley to a forthcoming meeting of the Committee.

3.2 The Chairperson welcomed the following to the meeting:

- Mr B Mitchell and Mr C Shields representing the Northern Ireland Audit Office (NIAO)
- Ms C Hagan representing ASM
- Mr G Craig representing the Department for Communities (DfC)

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 O Stuart, Audit Assistant
- Ms L Harte, Deputy HR Manager

#### **4. CHIEF EXECUTIVE'S BUSINESS ARAC 00.01.24**

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

- DAO (DoF) 04/23 - Managing Public Money NI - 2023 update
- DAO (DoF) 05/23 - Revised arrangements for engagement with Gateway Review and the SRO appointment process
- FD (DoF) 09/23 - laying of annual reports and accounts in the Northern Ireland Assembly
- FD (DoF) 10/23 - Compulsory Acquisition Compensation Interest Rate
- FD (DoF) 11/23 - Government Financial Reporting Manual (FReM) 2023-24

4.2 Members noted the report.

#### **5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 11 OCTOBER 2023 ARAC 01.01.24**

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 11 October 2023 were approved as a correct record of the meeting.

**6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 11 OCTOBER 2023** **ARAC 02.01.24**

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.

6.2 Item 14.4: Minutes of the Partnership Meeting held on 23 June 2023  
The Chief Executive confirmed that DfC are aware of the environment in which Libraries NI currently operates. He explained that this point is emphasised throughout the Corporate Risk Register and was reiterated at a meeting with senior Departmental officials on 20 November 2023 which was attended by a delegation of Board Members.

**7. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2022/23** **ARAC 03.01.24**

7.1 The Chief Executive referred to the Final Report to Those Charged with Governance 2022/23 which contained the opinion from the NIAO on the audit of Libraries NI's 2022/23 Annual Report and Accounts. He reminded Members that the draft report had been scrutinised at the last meeting of the Committee held on 11 October 2023.

7.2 Ms C Hagan, ASM confirmed that the Libraries NI Annual Report and Accounts 2022/23 had been certified on 20 October 2023. She noted that comments from Senior Management to the audit findings had been included in the Recommendation section of the report. In response to a question from the Chairperson, Officers agreed to bring an update on the progress of implementing the recommendations to the April meeting of the Committee.

7.3 Members noted the report.

**8. INTERNAL AUDIT PROGRESS REPORT** **ARAC 04.01.24**

8.1 The Head of Internal Audit drew attention to the Internal Audit Progress Report and reported that five assignments had been completed since the last meeting of the Committee held on 11 October 2023, advising that there had been no Priority 1 findings.

8.2 She then drew attention to the audit of Fleet Management noting that the audit had resulted in a 'limited' assurance rating. She explained that this area of the organisation had not been audited since the formation of Libraries NI. Follow-up reviews will be carried out to establish whether the recommendations in the report had been effectively implemented.

- 8.3 Following a question from Ms C Hagan, ASM, the Head of Internal Audit advised that the Vehicle Operating License should not be impacted by the limited opinion as vehicles are being maintained to an appropriate standard.
- 8.4 She explained to Members that the audit plan called for the completion of 15 branch library audits of which only two had been completed to date as a result of the on-going Branch Library Manager industrial action. She reported that branch library audit processes have been reviewed to identify those areas which can be completed without visiting the branch. She proposed that seven outstanding branch audits would be undertaken using an off-site approach with the remaining audits rescheduled for the 2024/25 financial year. While this approach does not provide the full level of assurance, it does address key risk areas and, coupled with the system development activity undertaken and assurance from the audits which have been completed, will enable an opinion to be provided in relation to library systems.
- 8.5 She informed Members that she had spent more time than allocated carrying out consulting activity and therefore proposed that this activity replaces the Implementation of New Organisational Structure consulting assignment which had previously been on the Internal Audit Plan 2023/24.
- 8.6 She confirmed that with the changes as outlined in paragraphs 8.4 and 8.5 above, the Annual Audit Plan is on track for completion by 31 March 2024.
- 8.7 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members approved the proposed changes to the Annual Audit Plan and recommended it to the Board for approval.

## **9. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS ARAC 05.01.24**

- 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 six recommendations had been carried forward since the last meeting of the Committee held on 11 October 2023 and three recommendations had since been added resulting in a total of nine outstanding recommendations. Members noted that seven of the outstanding recommendations had been implemented and two had not yet reached their implementation date. There were no Priority One recommendations outstanding.
- 9.2 Members noted the report.

## **10. RISK MANAGEMENT REPORT AND REVIEW ARAC 06.01.24**

- 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 13 December 2023.

- 10.2 He then referred to the Corporate Risk Register discussing each of the risks in turn and noting that there had been very little change since last seen by Members as the business and operating environment had remained unchanged. He reported that the Risk Register had been prepared before the additional funding had been released for book stock in late December.
- 10.3 In referring to the in-year financial risk and challenges the Chief Executive commended all staff on the continued and collective effort involved in ensuring that the organisation remained within budget.
- 10.4 In response to a question from the Chairperson, Mr G Craig, DfC advised that he expected that the Partnership Agreement would be progressed before the end of the financial year.
- 10.5 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members agreed to recommend the Corporate Risk Register to the Board for approval.
- 10.6 The Director of Business Support then drew attention to the Corporate Risk Horizon Scanning document highlighting the changes since last seen by Members. The Chief Executive reported that a letter had been received from DfC by the outgoing Chairperson of the Board, Professor B Cullen in relation to Board Membership advising that a competition for Councillor and non-Councillor Members would take place shortly.
- 10.7 Members noted that the other items on the Corporate Risk Horizon Scanning document remained under review.
- 10.8 The Head of Internal Audit drew attention to the proposed changes to the Risk Management Framework. She explained that the current evaluation matrix did not allow for a high impact risk to be managed to 'green'. While this had not impacted on the Corporate Risk Register, it did have implications for health and safety risk assessments which used the same evaluation model. She also outlined proposed changes to the risk impact descriptors.
- 10.9 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members agreed to recommend the adoption of the proposed changes to the Risk Management Framework to the Board for approval.

## **11. ARAC ANNUAL WORK PROGRAMME**

**ARAC 07.01.24**

- 11.1 The Head of Internal Audit presented a proposed programme of work for the Committee for the 2024/25 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.
- 11.2 Members noted the report.

**12. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY 2023/24  
QUARTER 3 (1 OCTOBER – 31 DECEMBER 2023) ARAC 08.01.24**

- 12.1 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.
- 12.2 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 October to 31 December 2023.

**13. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC 09.01.24**

- 13.1 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

- 13.2 He reported that all planned implementation work has now been completed with the Public Sector Shared Network (PSSN) provision including telephony fully integrated with e3 systems and enhanced network provision now available in all static and mobile libraries.

- 13.3 The rollout and integration of new e3 services across the main work-streams had continued with the overall e3 implementation plan remaining on track and within time and cost limits. Looking ahead to the coming months the emphasis of activity would be on maintaining the momentum built to date, managing implementation activities and minimising impacts on existing services and supporting staff.

Belfast Central Library

- 13.4 It was noted that no progress has been made since the last report. Resourcing further project development continued to prove impossible in the current financial climate and in the absence of a strategic approach and support from DfC project development and review of the Outline Business Case (OBC) continued to be stalled.

- 13.5 Members noted the recent social media interest in the Belfast Central Library facilities and the appointment of Mr I Greenway as the new Director of Culture, DfC and that Iain's background in the historic environment division may bring a fresh perspective to the project.

**14. DIRECT AWARD CONTRACTS ARAC 10.01.24**

- 14.1 The Director of Business Support would normally report on Direct Award Contracts (DACs) expenditure of £1,000 or over but less than £30,000. However, reflecting the exceptionally challenging resourcing position and financial control measures in place, procurement activity has been significantly constrained. Consequently during the period under review no Direct Award Contracts were approved by the Accounting Officer.

**15. AUDIT AND RISK ASSURANCE COMMITTEE REVIEW OF EFFECTIVENESS ARAC 11.01.24**

- 15.1 The Committee Chairperson reminded Members that the Audit and Risk Assurance Committee Handbook requires the Committee to consider its own effectiveness. A review is completed annually, and the National Audit Office (NAO) Audit and Risk Assurance Committee Self-Assessment Checklist has been used as the basis for the evaluation. The NAO has produced a new effectiveness questionnaire and like the previous checklist, the new questionnaire is based on HMT's Audit and Risk Assurance Committee Handbook. The evaluation comprises two types of questions i.e. Essentials and Good Practice. Members agreed to consider all 'Essential' questions and the 'Good Practice' questions in Part 1 and Part 5 at the meeting; the other 'Good Practice' questions would be considered on a cyclical basis in future years.
- 15.2 Members considered and agreed the scoring for each question in turn. The review concluded that the Committee was meeting the required standard in all areas. One improvement action was identified in relation to publishing the Committee Scheme of Delegation on the Libraries NI website.
- 15.3 No changes to the Scheme of Delegation are required as there were no proposed changes to the Committee's operating arrangements.
- 15.4 It was 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.
- 15.5 On a proposal by Ms A Quail, seconded by Councillor M McRandal, Members recommended the completed NAO Audit and Risk Assurance Committee Effectiveness Checklist to the Board for approval.

**16. MINUTES OF THE PARTNERSHIP MEETING HELD ON 27 OCTOBER 2023 ARAC 12.01.24**

- 16.1 The Chief Executive referred to the minutes of the Partnership Meeting held with DfC on 27 October 2023 and highlighted the following items which were discussed at the meeting:
- Resource and Capital Budget
  - Financial Planning 2024/25
  - Capital Projects
  - Review of Funding
  - Partnership Agreement
  - Public Libraries Policy
- 16.2 It was noted that the next Partnership meeting would be held on 19 February 2024.

**17. NIAO ISSUES**

- 17.1 Mr B Mitchell, Northern Ireland Audit Office (NIAO) noted that progress was being made on the Partnership Agreement which was essential to the effective governance of the organisation. He referred to the Annual Work Programme for the Committee and that Members had met with audit representatives. He added that representatives from the NIAO and ASM would be content to meet with members of the Committee at any time to discuss concerns. The Chairperson confirmed that the Committee meets separately with the NIAO at least once per year. He noted the current financial pressures across the public sector could potentially give rise to novel approaches in accounting treatments and that this was likely to be an area of focus in upcoming audit activity.
- 17.2 Ms C Hagan, ASM reported that there was a change in FrEM in respect of the reporting of sickness absence and that the impacts of depleted Board membership and historic underinvestment in property maintenance may require consideration for inclusion in the draft Governance Statement.

**18. ANY OTHER NOTIFIED BUSINESS**

- 18.1 Staff Observers withdrew from the meeting.
- 18.2 The Chief Executive reported that a matter had been raised under the 'Raising a Concern' Policy which the Head of Internal Audit was investigating. The Department had been informed as per DfC guidance and a further report would be brought to members in due course.

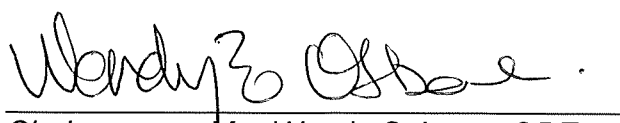
**19. DATE OF NEXT MEETING**

- 19.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 24 April 2024 at 10.30 am in Lisburn City Library / remotely via video link.

**20. MEMBERS ARRIVAL AND DEPARTURE TIMES**

- 20.1 The meeting ended at 12 noon.
- 20.2 All Members arrived for the commencement of the meeting and remained until it ended.

Signed:

  
Chairperson - Mrs Wendy Osborne OBE

Date:

24 APRIL 2024.