

LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

11 October 2023

Minutes of a meeting of the Audit and Risk Assurance Committee held in
Lisburn City Library and via remote video link (Zoom)
on Wednesday 11 October 2023 at 10:45 am

PRESENT

| | |
|---------------------------------|-------------|
| Mrs Wendy Osborne OBE (IP) | Chairperson |
| Ms Nuala McAuley (VL) | |
| Councillor Martin McRandal (VL) | |
| Ms Andrea Quail (IP) | |

IN ATTENDANCE

| | |
|---------------------------|--------------------------------------|
| Mr Jim O'Hagan (IP) | Chief Executive |
| Mr Desi Miskelly (IP) | Director of Business Support |
| Ms Michelle Anderson (IP) | Head of Internal Audit |
| Mrs Rita McNamee (IP) | Finance Manager |
| Mr Gary Craig (VL) | Department for Communities (DfC) |
| Ms Fionnuala Elliott (VL) | Department for Communities |
| Ms Sarah Heanen (IP) | Northern Ireland Audit Office (NIAO) |
| Ms Christine Hagan (IP) | ASM |
| Ms Heather Ferguson (VL) | Deputy Human Resource Manager |

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

1. APOLOGIES FOR NON ATTENDANCE

| | |
|------------------------------|--------------------------|
| Professor Bernard Cullen | Chairperson of the Board |
| Councillor Alastair Cathcart | Vice-Chairperson |
| Ms Finola Guinnane | Boardroom Apprentice |

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 the following to the meeting:

- Ms S Heanen, Northern Ireland Audit Office (NIAO)
- Ms C Hagan, ASM
- Ms F Elliott and Mr G Craig, Department for Communities (DFC)
- Mrs R McNamee, Finance Manager

3.2 The Chairperson also welcomed Ms A Quail to her first meeting of the Libraries NI Audit and Risk Assurance Committee. Ms Quail had been appointed as a co-opted Member to the Committee.

3.3 Members were reminded 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 Ms H Ferguson, Deputy Human Resource Manager to the meeting.

3.4 The Chairperson reported that prior to the Committee meeting, the annual bi-lateral meeting had been held with representatives from the NIAO and ASM to discuss the conduct of the audit. She added that Members had been assured that the NIAO and ASM had received all the co-operation and access necessary to carry out their audit.

4. CHIEF EXECUTIVE'S BUSINESS

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

- DAO (DoF) 03/23 - Conflicts of interest - Employment/legal cases
- FD (DoF) 07/23 – Remuneration of Chairpersons and Members of Public Bodies and other Fee Rates 2022/23.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JUNE 2023 **ARAC.01.10.23**

5.1 On a proposal by Ms N McAuley, seconded by Councillor M McRandal, the minutes of the meeting of the Audit and Risk Assurance Committee held on 21 June 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 21 JUNE 2023 **ARAC.02.10.23**

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 6.2: Matters arising from the meeting of the Audit and Risk Assurance Committee held on 21 June 2023

- 6.2 The Director of Business Support updated Members on the development of the Health and Wellbeing Strategy. A target of 30 September had originally been set for completion of the draft strategy but due to pressures in the organisation this target would not be met. He added that it was anticipated that the draft Strategy would be completed by March 2024. He informed Members that NIPSA was in the process of surveying its Libraries NI members on related areas and it was hoped that their findings would be shared with management.

Item 15.4: Risk Management Report and Review

- 6.3 The Director of Business Support reported that the Corporate Risk Register had been updated to take account of the Committee's previous observations in relation to the use of the term 'diversity'.

**7. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE 2022/23
ARAC.03.10.23**

- 7.1 The Chief Executive referred to the draft Report to Those Charged with Governance 2022/23 and invited Ms C Hagan, ASM to present it to the Committee. Ms Hagan drew attention to the report and advised that during the 2022/23 financial year two significant developments had taken place i.e. the introduction of IFRS 16 and the implementation of a new finance system by Libraries NI both of which had a bearing on the outcome of the audit of the Annual Report and Accounts 2022/23. She advised that although the Report contained a number of recommendations the audit opinion for Libraries NI was positive and that no significant irregularity or impropriety issues had been identified during the audit and that the Annual Report was consistent with the financial statements and had been properly prepared. The Committee noted that the Comptroller and Auditor General (C&AG) is proposing to certify the 2022/23 financial statements with an unqualified audit opinion. Ms Hagan thanked the Director of Business Support and the Finance Manager for the support provided to her team during the audit process.
- 7.2 The Committee reviewed the findings set out in the draft Report to Those Charged with Governance, including the draft letter of representation and audit certificate at Appendices One and Two respectively and considered the rationale provided by management for not correcting the uncorrected misstatements highlighted in the section addressing Misstatement and Irregular expenditure.
- 7.3 On a proposal by Councillor M McRandal, seconded by Ms N McAuley, the Committee approved that based on the reasons provided by Management the misstatements highlighted should remain uncorrected.
- 7.4 Ms S Heanen, NIAO advised that there was a small typographical error in the draft report and a new report would be issued.

8. AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2022/23
ARAC.04.10.23

- 8.1 The Head of Internal Audit drew attention to this report which had previously been reviewed by Members and confirmed that the report had now been finalised.
- 8.2 Members noted an update to the year-end position of the resource budget in Section 8 and confirmation of completion of the Comptroller and Auditor General's Provisional Report on the Annual Accounts for Libraries NI for 2022/23 in Section 9.
- 8.3 On a proposal by Ms N McAuley seconded by Councillor M McRandal, the Committee agreed to recommend the approval of the Audit and Risk Assurance Committee's Annual Report 2022/23 to the Board.

9. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2022/23
ARAC 05.10.23

- 9.1 The Chief Executive drew Members' attention to the draft Libraries NI Annual Report and Accounts 2022/23 noting that no significant changes had been made to the document since it was last reviewed by the Committee. He noted that the introduction of IFRS 16 in relation to leases and the installation of a new finance system in Libraries NI had an impact on the audit findings. He commended the Finance Team, Senior Managers, and Internal and External Audit in producing the report. The Chief Executive highlighted the content of the Performance Report which provided an excellent reference to the quantum and quality of work undertaken over the course of the 2022/23 year.
- 9.2 On behalf of Members and Officers the Chairperson thanked all staff involved in the preparation and completion of the draft Annual Report and Accounts 2022/23.
- 9.3 The Finance Manager presented the draft Annual Accounts 2022/23 and confirmed that no substantial changes had been made since the Committee reviewed the accounts in June 2023.
- 9.4 On a proposal by Ms N McAuley, seconded by Councillor M McRandal, the Committee agreed to recommend the approval of Libraries NI's Annual Report and Accounts 2022/23 to the Board and to submit them for certification.

10. LETTER OF REPRESENTATION **ARAC.06.10.23**

- 10.1 The Chief Executive drew attention to the Letter of Representation which he would sign as Accounting Officer and submit to the NIAO with the Annual Report and Accounts 2022/23. He reported that the document attested to the accuracy of the financial statements and confirmed that all information relevant to the financial statements has been disclosed to the NIAO.

10.2 Members noted the Letter of Representation.

11. INTERNAL AUDIT PROGRESS REPORT

ARAC.07.10.23

11.1 The Head of Internal Audit presented the Internal Audit Progress Report noting that four final reports had been issued since the last meeting of the Committee held on 21 June 2023. A list of the completed audits and the assurance rating where applicable are shown in the table below:

| Report Title | Opinion |
|-------------------------------|--------------|
| Belfast Mobile 2 | Satisfactory |
| Business Continuity Framework | Satisfactory |
| Management of Defibrillators | N/A |
| Homecall System Review | Limited |

11.2 The Head of Internal Audit drew attention to the audit of the Homecall Service. She reported that a systems review had been carried out to establish the processes and controls which would form the basis of the planned compliance audits of the Homecall Service. This review found substantial differences in the operation of the Homecall Service across areas and regions to the extent that it was not possible to establish the organisational control framework. This had resulted in a 'limited' audit opinion. When the control framework has been confirmed Internal Audit would review this service again and a new audit opinion issued.

11.3 The Head of Internal Audit informed the Committee that to date eight branch library audits had been delayed as a result of the Branch Library Manager industrial action. It was anticipated that a further number of branch library audits would also be delayed as a result of the on-going dispute. She added that Internal Audit would minimise the number of audits deferred and that proposals would be brought to the January 2024 meeting of the Committee.

11.4 Members noted the Internal Audit Progress Report.

12. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

ARAC.08.10.23

12.1 The Head of Internal Audit presented the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit reports.

12.2 She informed the Committee that seven outstanding recommendations were carried forward from the last meeting in June 2023 and one recommendation

has been added since, resulting in a total of eight outstanding recommendations. The current status of these recommendations is as follows:

- two have been implemented
- six have not reached their implementation date.

12.3 Members noted that there had been no Priority One Findings and thanked the Head of Internal Audit for the report.

13. BI-ANNUAL ASSURANCE STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 **ARAC.09.10.23**

13.1 The Chief Executive drew attention to the Bi-Annual Assurance Statement for the period ended 30 September 2023. He highlighted the current vacancies on the Libraries NI Board leading to difficulties in ensuring Committees are quorate, the recurring financial pressures impacting all aspects of service delivery, including the inadequacy of the resource allocation; absence of a strategic capital programme; and the impact of the cost of living crisis.

13.2 The Chief Executive then went through each section highlighting areas indicated as 'working towards compliance' and explained, where applicable, actions being taken to remedy the situation.

13.3 In response to a question regarding the vacancies on the Libraries NI Board, Mr G Craig, DfC reported that the competition for recruitment of a Libraries NI Chairperson was due to commence and that work was on-going regarding the recruitment of Councillor and non-Councillor Members.

13.4 Ms C Hagan drew attention to Section 10: Internal and External Audit and asked that an amendment be made to Note 2 to reflect that there had been one Priority One recommendation arising from the audit of the Annual Report and Accounts 2022/23. The Chief Executive agreed to amend the document.

13.5 On a proposal by Councillor M McRandal, seconded by Ms N McAuley, the Audit and Risk Assurance Committee agreed to recommend approval of the Bi-Annual Assurance Statement for the period ended 30 September 2023 to the Board to include the amendment at paragraph 13.4 above.

14. MINUTES OF THE PARTNERSHIP MEETING HELD ON 23 JUNE 2023 **ARAC.10.10.23**

14.1 The Chief Executive presented the minutes of the Partnership Meeting held with DfC on 23 June 2023.

14.2 He drew attention to key areas discussed such as the Libraries NI response to the Equality Impact Assessment (EQIA) to the Department's Budget EQIA, the Resource Budget and the lack of funding for book stock. Other areas

discussed included the current vacancies on the Libraries NI Board and the diminishing investment in real terms of the public library service.

- 14.3 Members noted the Minutes and that the next Partnership meeting would be held on 27 October 2023.
- 14.4 The Committee Chairperson stated that it was important that DfC understand that Libraries NI is currently operating in a risky environment.

15. RISK MANAGEMENT REPORT AND REVIEW ARAC.11.10.23

- 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 18 September 2023.
- 15.2 He then referred Members to the Corporate Risk Register noting that in general there had been no change to risk levels across the organisation as there had been little change to the general business environment. He informed Members that there were now no 'Green' risks as the Residual Risk for Corporate Governance had changed to 'Amber'. He reported on each risk in turn explaining the difficulties and challenges faced by the organisation and the resulting risk rating.
- 15.3 The Director of Business Support then drew attention to the Corporate Risk Horizon Scanning document highlighting one update in relation to the organisation's ability to respond to changes in customer usage patterns.
- 15.4 The Chairperson thanked the Director of Business Support for presenting the Corporate Risk Register and noted the substantive risks the current funding challenges presented to Libraries NI and the damaging impact it is having on frontline library services.
- 15.5 On a proposal by Councillor M McRandal, seconded by Ms N McAuley, the Audit and Risk Assurance Committee agreed to recommend approval of the Corporate Risk Register to the Board.

16. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY 2023/24 ARAC.12.10.23

- 16.1 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.

Period Ended 30 June 2023

- 16.2 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 April to 30 June 2023.

Period Ended 30 September 2023

- 16.3 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 July to 30 September 2023.

17. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC.13.10.23

- 17.1 The Director of Business Support presented a report on the current status of the existing two Mission Critical Projects.

e3

- 17.2 He reported that the transition to the Public Sector Shared Network (PSSN) has now been completed with this element of the programme moving to a steady delivery state. By way of formal project close a project evaluation report would be completed in October 2023 after which there would be no further reporting on this issue.

- 17.3 The process to embed the new IT systems has continued with a number of further project milestones being achieved including completion of the implementation of the new RFID systems and printing solutions. The integrated Fujitsu (e3)/BT (PSSN) service regime has continued to operate effectively. A number of issues were encountered with the introduction of the new Library Management System however underlying causes have been identified and performance issues have been resolved. Staff continue to work with the supplier to address any on-going issues.

Belfast Central Library

- 17.4 It was noted that no substantive progress has been made since the last meeting of the Committee. Resourcing further project development continued to present significant challenges, exacerbated by the exceptionally uncertain business environment being experienced across the public sector and the absence of a strategic approach and supporting development funding to take forward a revised Outline Business Case. Officers would continue to work with DfC and the wider Northern Ireland Civil Service (NICS) to ensure development projects such as Belfast Central Library are given the appropriate profile within longer term strategic investment plans and are adequately supported. Libraries NI is unable at present to commit to further expenditure from the 2023/24 resource allocation. The position will be kept under review and revisited as and when a more stable financial environment develops.

18. DIRECT AWARD CONTRACTS ARAC.14.10.23

- 18.1 The Director of Business Support introduced the report detailing Direct Award Contracts valued between £1,000 and £30,000. He reported on the two expenditures over £1,000 authorised by the Accounting Officer during the period 8 June 2023 to 27 September 2023.

- 18.2 Members noted the report.

19. NIAO ISSUES

19.1 Ms S Heanen, NIAO, thanked ASM for their assistance in completing the recent audit. She added that the C&AG Certificate which had been previously issued contained an error and a new Certificate would be issued to Libraries NI.

20. ANY OTHER NOTIFIED BUSINESS

20.1 There was no other notified business.

21. DATE OF NEXT MEETING

21.1 It was noted that the next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 17 January 2024 at 10:30 am in Lisburn City Library or remotely via video link.

22. MEMBERS ARRIVAL AND DEPARTURE TIMES

22.1 The meeting ended at 12:24pm.

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

Ms H Ferguson left at 12:10 pm

Signed: Wendy E Osborne
Mrs W Osborne, Chairperson

Date: 17 January 2024