

LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

12 October 2022

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 October 2022 at 10:45am

PRESENT

Mrs Wendy Osborne OBE	Vice-Chairperson
Councillor Alastair Cathcart (remotely)	
Ms Nuala McAuley (remotely)	

IN ATTENDANCE

Mr Jim O'Hagan	Chief Executive
Mr Desi Miskelly	Director of Business Support
Ms Michelle Anderson	Head of Internal Audit
Mrs Rita McNamee (remotely)	Finance Manager
Mr Gary Craig (remotely)	Department for Communities (DfC)
Ms Sarah Heanen	Northern Ireland Audit Office (NIAO)
Mr Brian Clerkin (remotely)	ASM
Ms Stefani Millar (remotely)	Boardroom Apprentice
Ms Diane McGlynn	Minutes

The Vice-Chairperson welcomed Members and staff to the meeting, in particular Mrs M Anderson, as this was her first meeting in her position as Head of Internal Audit. She also welcomed Mr G Craig, Department for Communities, Ms S Heanen, Northern Ireland Audit Office, Mr Brian Clerkin, ASM, and Ms S Millar, Boardroom Apprentice.

1. APOLOGIES FOR NON ATTENDANCE

1.1 An apology was received from Professor Bernard Cullen and Mrs Deirdre Kenny.

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 conflicts of interests were declared.

3. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

ARAC.01.10.22

- 3.1 The Chief Executive referred to the vacant position of Chairperson following the sad passing of Councillor G Finlay. He reported that in line with Standing Orders, if the post of Chairperson becomes vacant, the Vice-Chairperson shall be elected as Chairperson and therefore proposed that Mrs W Osborne OBE is elected as Chairperson.
- 3.2 On a proposal by Councillor A Cathcart, seconded by Ms N McAuley, Mrs W Osborne OBE was elected as Chairperson.
- 3.3 The Chief Executive then handed over to the Chairperson, Ms W Osborne OBE. The Chairperson reported that further in line with Standing Orders, the position of Vice-Chairperson is required to be filled by a Councillor Member as the Chairperson is an independent Member. As Councillor A Cathcart is the only Councillor on the Audit and Risk Assurance Committee, the Chairperson proposed his election as Vice-Chairperson of the Committee. Ms N McAuley seconded the proposal and Councillor A Cathcart was elected as Vice-Chairperson.
- 3.4 The Chief Executive then referred to the existing membership of the Audit and Risk Assurance Committee, three independent Members and one Councillor Member, and proposed that the Board seek nominations for an additional Councillor Member to join the committee. The Audit and Risk Assurance Committee Members endorsed this approach.

4. CHAIRPERSON'S BUSINESS

- 4.1 The Chairperson acknowledged the sad passing of Councillor G Finlay and paid tribute to his service as the previous Chairperson of the Committee, she also congratulated the newly elected Vice-Chairperson, Councillor A Cathcart.
- 4.2 The Chairperson referred to the Pre-Meeting held with the external auditors and confirmed that appropriate assurance was given on governance and finance within Libraries NI.

5. CHIEF EXECUTIVE'S BUSINESS

- 5.1 The Chief Executive drew attention to the NIAO report on the National Fraud Initiative (NFI) 2020-2022 that was published in July 2022 and reported that all Libraries NI's finance matches and payroll matches were investigated with no fraud or errors identified therefore, Libraries NI does not feature in the report.

- 5.2 He also drew attention to the following correspondence received since the last meeting:
- FD (DoF) 06/22 - Review of Financial Process 2021-22 Dry Run Consolidation Accounts
 - FD (DoF) 05 22 - laying of annual reports and accounts in the Northern Ireland Assembly
 - FD (DoF) 04/22 - Guidance on the Format of the Remuneration Report 2021-22 - updated 15 June 2022.

6. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 8 JUNE 2022 ARAC.02.10.22

- 6.1 On a proposal by Ms N McAuley, seconded by Councillor A Cathcart, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 8 June 2022.

7. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 8 JUNE 2022 ARAC.03.10.22

- 7.1 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: Staff Wellbeing

- 7.2 The Director of Business Support apologised for the delay in relation to a report on measures in place and planned actions to address wellbeing and morale issues across the organisation. He reported that due to absences within the Human Resources Department it was not possible to complete a report for this meeting. He also noted that a similar paper was being taken to the Business Support Committee in November and proposed that this paper would be shared with the Audit and Risk Assurance Committee in January. Members were content with the proposal.

Item 6.3: Prompt Payment Target

- 7.3 The Director of Business reported that following a discussion with the Department with regard to the 100% prompt payment target, Libraries NI will no longer formally report on this as a Key Performance Indicator (KPI) but continue to monitor informally.

8. PROVISIONAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2021/22 ARAC.04.10.22

- 8.1 The Chairperson invited Mr B Clerkin, ASM to present the Provisional Report to Those Charged with Governance 2021/22. Mr B Clerkin drew attention to the report and advised that he could confirm 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) would certify the 2021/22 financial statements with an unqualified audit opinion. It was also noted that the report contained one 'Priority Three' Finding and one recommendation relating to the fixed assets register.

- 8.2 The Chairperson, on behalf of the Board Members, thanked all those involved in the preparation of the Annual Report and Accounts 2021/22 which had resulted in an unqualified audit opinion. Members noted the report.

**9. AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2021/22
ARAC.05.10.22**

- 9.1 The Director of Business Support presented the Committee's Annual Report 2021/22 highlighting two minor revisions since the Committee last reviewed the report at the meeting on 8 June 2022.

- 9.2 Members noted an update to the year-end position of the resource budget in section 11 and confirmation of completion of the Comptroller and Auditor General's Provisional Report on the Annual Accounts for Libraries NI for 2021/22 in section 12.

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

**10. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2021/22
ARAC 06.10.22**

- 10.1 The Chief Executive drew Members' attention to the draft Libraries NI Annual Report and Accounts 2021/22 noting that no significant changes had been made to the document since it was last reviewed by the Committee. He commended the Finance Team, Senior Managers, Mary McGrady (Personal Assistant) and Internal and External Audit in producing the report. The Chief Executive highlighted the content of the Performance Report which provides an excellent reference to the quantum and quality of work undertaken over the course of the 2021/22 year.

- 10.2 The Finance Manager presented the draft Annual Accounts 2021/22 and confirmed that no substantial changes had been made since the Committee reviewed the accounts in June 2022. She drew attention to a change in presentation of pension costs in Note 3 on page 103 and a further contingent liabilities note on page 124 which sets out the background and potential implications from the Goodwin Judgement.

- 10.3 The Audit and Risk Assurance Committee reiterated thanks to all involved in the completion of a highly comprehensive report.

- 10.4 On a proposal by Ms N McAuley, seconded by Councillor A Cathcart, the Committee agreed to recommend the approval of Libraries NI's Annual Report and Accounts 2021/22 to the Board and to submit for certification.

11. LETTER OF REPRESENTATION ARAC.07.10.22

- 11.1 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 2021/22. He reported that the document attests to the accuracy of the financial statements and confirms that all information relevant to the financial statements has been disclosed to the NIAO.

- 11.2 Members noted the Letter of Representation.

12. INTERNAL AUDIT PROGRESS REPORT ARAC.08.10.22

- 12.1 The Head of Internal Audit presented the Internal Audit Progress Report, advising that the report combines the information that was previously set out in two separate reports to the Committee, that is progress in delivering the Annual Internal Audit Plan 2022/23 and the findings of audits completed to date. Ms M Anderson welcomed feedback from Members as to whether the revised report format meets their needs.

- 12.2 The Head of Internal Audit reported that three final reports have been issued since the last meeting of the Committee held on 8 June 2022, these were for Estates Maintenance, Newcastle Library and Down Mobile Library. She noted that there had been no Priority One Findings and went through each of the reports in turn. She drew attention to the 'process improvement suggestions' in the Estates Maintenance report and informed the Committee that this distinction has been made as recommendations are actions to improve risk, control and governance which impact on the organisation's assurance framework, while process improvement suggestions are aimed at streamlining processes and improving efficiency and do not generally affect risk, internal control or governance. Ms M Anderson highlighted the current status of each assignment on the plan that was appended to the report.

- 12.3 The Head of Internal Audit went on to give an overview of the Trainee/Auditor role within Libraries NI which is currently vacant and her view that the role may not need to be undertaken by a professionally qualified internal auditor. She then referred to the availability of an Internal Audit Practitioner qualification and informed the Committee that in order to test if this would be appropriate for Libraries NI, the vacant post will be filled on a temporary basis with the successful candidate required to undertake the Practitioner qualification. She reported that after 6-12 months, the success of the approach will be assessed and decisions taken about the permanent way forward for this post.

12.4 Members suggested that a 12 month evaluation period may be most appropriate for the Trainee Auditor post. Ms S Heanen, NIAO, informed the Committee of a higher level apprenticeship as an alternative option.

12.5 Members noted the Internal Audit Progress Report and confirmed that the revised format was appropriate to meet their needs.

13. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

ARAC.09.10.22

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

13.2 Ms M Anderson informed the Committee that eight outstanding recommendations were carried forward from the last meeting in June 2022 and ten recommendations have been added since, resulting in a total of 18 outstanding recommendations. She then confirmed the status of the recommendations as follows: seven have been implemented, 10 have reached their implementation date and one is more than four months over the agreed implementation date.

13.3 The Head of Internal Audit highlighted there was one recommendation which was overdue relating to the Partnership Agreement.

13.4 Mr G Craig, DfC, confirmed that the Partnership Agreement has been drafted and was in the approval process with the Department with a potential completion date of 31 March 2023.

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

14. BI-ANNUAL ASSURANCE STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

ARAC.10.10.22

14.1 The Chief Executive drew attention to the Bi-Annual Assurance Statement for the period ended 30 September 2022. He highlighted the recurring financial pressures impacting all aspects of service delivery, including the inadequacy of the indicative resource allocation; absence of a strategic capital programme; and the impact of the cost of living crisis.

14.2 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.

14.3 On a proposal by Ms W Osborne OBE, 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 2022 to the Board.

**15. MINUTES OF THE PARTNERSHIP MEETING HELD ON 16 JUNE 2022
ARAC.11.10.22**

15.1 The Chief Executive presented the minutes of the Partnership Meeting held with DfC on 16 June 2022.

15.2 He drew attention to key areas discussed such as the prompt payment target, the Partnership Agreement and the Public Library Strategy.

15.3 Members noted the minutes and that the next Partnership meeting would be held on 26 October 2022.

16. RISK MANAGEMENT REPORT AND REVIEW ARAC.12.10.22

16.1 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 4 October 2022.

16.2 He then referred Members to the Corporate Risk Register noting that in general risk levels across the organisation had increased slightly. He reported on each risk in turn explaining the difficulties and challenges faced by the organisation and the resulting risk rating.

16.3 The Director of Business Support then drew attention to the Corporate Risk Horizon Scanning document highlighting one update to Board Membership.

16.4 On a proposal by Ms W Osborne OBE, seconded by Ms N McAuley, the Audit and Risk Assurance Committee agreed to recommend approval of the Corporate Risk Register to the Board.

**17. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY 2022/23
ARAC.13.10.22**

17.1 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 2022

17.2 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 April to 30 June 2022.

Period Ended 30 September 2022

17.3 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 July to 30 September 2022.

18. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC.14.10.22

18.1 The Director of Business Support presented a report on the current status of the existing two Mission Critical Projects and reported that due to the substantive progress in both projects, consideration should be given at the next meeting to stopping these particular project reports.

e2 Replacement (e3)

18.2 Mr D Miskelly reported that substantive progress has been made in a number of key areas allowing the project to move from its procurement phase to commencement of delivery and confirmed that the technical refresh has been substantially completed.

18.3 He informed the Committee of ongoing work to ensure that the new Public Sector Shared Network (PSSN) fully integrates with the remaining e2 IT managed services and is aligned with the demands of the soon to be introduced e3 systems. The new Libraries NI wide area network has been implemented in 77 libraries to date and the new mobile library system is fully operational in all vehicles. It is planned that the replacement telephony system will be completed by October 2022.

18.4 The Director of Business Support confirmed that with the successful completion of the procurement process, the e3 Final Business Case received formal Departmental approval on 24 June 2022 permitting the establishment of formal contract arrangements for the delivery of the project to commence on 1 October 2022. Detailed planning is currently underway with Fujitsu and their key sub-contractors on the implementation phase of the e3 project to ensure it remains fully aligned with the exit arrangements from the e2 contract and that there is a smooth transition and no disruption to library services.

18.5 The Chief Executive reported that a Gateway 3 Review was carried out by an external team in July 2022 and that the outcome was very positive with the overall delivery confidence assessment as Green i.e. successful delivery of the programme/project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery; this provides substantial independent assurance on the project.

Belfast Central Library

18.6 The Director of Business Support confirmed that the revised and updated Strategic Outline Case (SOC) has now been cleared by Departmental Economists and is moving through the internal approval process.

18.7 Members acknowledged the volume of work in bringing these projects to the current stage and congratulated the staff involved. The Audit and Risk Assurance Committee noted the update and thanked the Director of Business Support for the report.

19. DIRECT AWARD CONTRACTS

ARAC.15.10.22

19.1 The Director of Business Support introduced the report detailing Direct Award Contracts valued between £1,000 and £30,000 authorised by the Accounting Officer during the period 1 June 2022 to 30 September 2022.

19.2 Members noted the four contracts reported on.

20. NIAO ISSUES

20.1 Ms Sarah Heanen, NIAO, thanked ASM for their assistance in completing the recent audit and asked to be notified when the annual report and accounts were signed.

21. ANY OTHER NOTIFIED BUSINESS

21.1 There was no other notified business.

22. DATE OF NEXT MEETING

22.1 It was noted that the next meeting of the Audit and Risk Assurance Committee would take place on Wednesday 18 January 2023 at 10:30am in Lisburn City Library or remotely via video link.

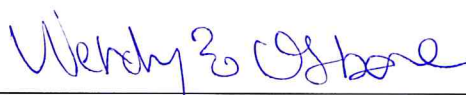
23. MEMBERS ARRIVAL AND DEPARTURE TIMES

23.1 The meeting ended at 12:22pm.

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

- Mr B Clerkin left at 11:52am.

Signed:



Mrs Wendy Osborne OBE, Vice Chairperson

Date:

18 January 2023

