

LIBRARIES NI
AUDIT AND RISK ASSURANCE COMMITTEE

27 April 2022

Minutes of a meeting of the Audit and Risk Assurance Committee held by remote video link (Zoom) on Wednesday 27 April 2022 at 10.45 am

PRESENT

Mrs Wendy Osborne OBE	Vice-Chairperson
Councillor Alistair Cathcart	
Mrs Deirdre Kenny	
Professor Bernard Cullen	Chairperson of the Board
Ms Nuala McAuley	

IN ATTENDANCE

Mr Jim O'Hagan	Chief Executive
Mr Desi Miskelly	Director of Business Support
Mr Brian Doherty	Head of Internal Audit
Ms Kirsty McClelland	Service Development Manager
Ms Ciara Mallon-Toner	District Manager
Mr Edwin Johnston	District Manager
Ms Sarah Heanen	Northern Ireland Audit Office
Mr Brian Clerkin	ASM
Ms Brenda McGilligan	Department for Communities
Mr Gary Craig	Department for Communities
Ms Angela Hodkinson	Boardroom Apprentice

1. APOLOGIES FOR NON ATTENDANCE

Councillor Glenn Finlay	Chairperson
Ms Fiona McCallum	Area Manager
Mrs Catherine O'Hagan	Northern Ireland Audit Office

In the absence of the Committee Chairperson who was unable to attend the meeting, the Vice-Chairperson, Mrs W Osborne chaired the meeting.

2. MEMBERS' DECLARATION OF POTENTIAL CONFLICTS OF INTEREST

2.1 The Vice-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 Vice-Chairperson reported that, prior to the Committee meeting, the annual bi-lateral meeting had been held with the Head of Internal Audit to discuss risk, control and governance. She added that the Head of Internal Audit had given the Committee his assurance on these matters and had confirmed that there had been no impairment to the independence of Internal Audit and that appropriate resources and support were in place to facilitate Internal Audit to carry out its responsibilities.

3.2 The Vice-Chairperson welcomed to the meeting Ms B McGilligan and Mr G Craig from the Department for Communities (DfC), Ms S Heanen, Northern Ireland Audit Office (NIAO) and Mr B Clerkin, ASM.

3.3 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 the following staff:

- Ms K McClelland, Service Development Manager
- Ms C Mallon-Toner, District Manager
- Mr E Johnston, District Manager

4. CHIEF EXECUTIVE'S BUSINESS

4.1 The Chief Executive updated Members on the Internal Audit staffing arrangements confirming that a new Head of Internal Audit had been appointed and it was expected that she would commence in post on 13 June 2022. It was hoped that the incoming Head of Internal Audit would be able to attend the next meeting of the Committee on 8 June 2022 and she would be introduced to Members at that time.

4.2 He then drew attention to correspondence received since the last meeting as follows:

- FD (DoF) 01/22 Financial Reporting Manual 2021-22 – Updated technical accounting guidance for the preparation of the Annual Accounts
- FD (DoF) 02/22 Fair Pay Disclosure – Annual Reporting Requirements
- DAO (DoF) 01/22 Guidance on Ministerial Directions
- NIAO Internal Fraud Risk Guidance

- DAO (DoF) 02/22 Accounts Directions for 2021/22 (not relevant to Libraries NI)
- FD (DoF) 03/22 Departmental Annual Report and Accounts 2021/22

4.3 The Chief Executive reminded Members that it is considered best practice for audit reports to undergo a 'peer review' to ensure that the level of assurance provided is appropriate in light of the findings and recommendations made. A Service Level Agreement (SLA) has been signed with the Education Authority (EA) to conduct such a review. The Head of Internal Audit and Assurance for the EA has completed his review for 2021/22 and has reported that:

'I am entirely content with the quality of the work performed and the content of the report findings, conclusions, recommendations and assurance ratings provided to management. I am content for you to report my independent assurance to the Chief Executive and the Board.'

4.4 Members noted the report.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JANUARY 2022 ARAC 01.04.22

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 21 January 2022.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 21 JANUARY 2022 ARAC 02.04.22

6.1 The Chief Executive drew attention to the circulated paper detailing action taken as a result of discussion at, and decisions of, the Committee at the previous meeting. He noted that an update would be provided on all matters arising except for those which were on the Agenda for further discussion.

Items 6.5 and 6.6 from the Matters arising from the meeting of the Audit and Risk Assurance Committee held on 21 January 2022

6.2 The Chief Executive confirmed that the Chairperson had reported at the Board Meeting held on 10 February 2022 on the completion of the audit of the Board Operating Framework.

6.3 Members noted that matters relating to procurement and supply chain issues as identified on the Bi-Annual Assurance Statement (Bi-AAS) for the period ended 30 September 2021 would be discussed at Agenda Item 10.

Item 10.3: Risk Management Report and Review

6.4 The Director of Business Support informed Members that work was continuing to address staff wellbeing and morale. He agreed to prepare a paper for the Committees' information setting out measures in place and planned actions to address wellbeing and morale issues across the organisation.

Item 18.3: NAO Audit and Risk Assurance Committee Effectiveness Checklist

6.5 The Vice-Chairperson confirmed that the Committee Chairperson had reported on the results of the effectiveness self-assessment at the Board Meeting held on 10 February 2022. She also confirmed that a copy of the completed document had been retained and could be made available, on request to the NIAO and DfC.

7. INTERNAL AUDIT ACTIVITY REPORT ARAC 03.04.22

7.1 The Head of Internal Audit reported on the seven audits completed since the last meeting of the Committee held on 21 January 2022, noting that there had been no Priority One Findings. A list of the completed audits and associated assurance rating is shown in the table below:

Audit Assignment	Assurance Rating
Equality Scheme for Libraries NI	Satisfactory
Health and Safety	Satisfactory
Information Management	Satisfactory
Newtownstewart Branch Library	Satisfactory
Derry Central Library	Satisfactory
Creggan Branch Library	Satisfactory
Garvagh Branch Library	Satisfactory

7.2 In response to a question from Ms N McAuley the Head of Internal Audit confirmed that the Regional Admin Centres in Ballymena and Armagh were not included in the Audit Strategy for Branch Libraries. Testing on the implementation of controls in these Centres regarding maintenance and health and safety was therefore incorporated into the Libraries NI Health and Safety Audit. These centres were also included in sample testing of other organisation wide systems such as travel, recruitment and payroll.

7.3 In response to a question from Councillor A Cathcart, the Director of Business Support advised that the assessment of risk, including risks associated with fire, was a continuing process in all locations in Libraries NI. He confirmed that the review of Fire Risk Assessments would be considered in the planning, scheduling and resourcing of routine estates management activities.

7.4 Members noted the report.

8. INTERNAL AUDIT ACTIVITY REPORT - OUTSTANDING RECOMMENDATIONS ARAC 04.04.22

8.1 The Head of Internal Audit drew attention to the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit Reports.

8.2 Members noted that since the last scheduled meeting of the Audit and Risk Assurance Committee held on 21 January 2022, of the 15 outstanding

recommendations, 10 had now been cleared, leaving 5 still to be resolved. Members noted that no Priority One recommendations had been made during the period and that none were outstanding from a previous period.

8.3 The Head of Internal Audit then drew attention to those recommendations which were coded 'Amber' and explained the background to each adding that it was hoped that a number of them would be resolved before the next meeting of the Committee.

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

9. INTERNAL AUDIT DRAFT ANNUAL REPORT 2021/22 ARAC 05.04.22

9.1 The Head of Internal Audit drew attention to the Internal Audit Draft Annual Report 2021/22. He reminded Members that Public Sector Internal Audit Standards (PSIAS) required him to present a formal annual report giving his opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes highlighting the range of strengths and weaknesses and providing his annual assurance to the Accounting Officer. Members noted that the report would be finalised on receipt of financial information which would allow the calculation of the remaining Key Performance Indicators (KPIs).

9.2 He drew attention in particular to the following:

- Section 6: Planned v Actual Audit Activity and advised Members that 22 audits had been completed compared to a planned total of 20 audits and a further two audits were in progress at year end
- Section 8: Covid-19 Pandemic noting the restrictions which had a significant impact on Libraries NI throughout 2021/22 and how Internal Audit had been able to implement the revised audit plan in order to be able to provide the Accounting Officer with Assurance
- Section 9: Assurance to Accounting Officer noting that the assurance provided was for the 2021/22 financial year which had continued to be challenging as a result of restrictions arising from the Covid-19 pandemic. He confirmed that a sufficient number of audits had been completed and the assurance levels were such as to enable him to provide the Chief Executive with assurance that, in his opinion, the risk management, control and governance systems within Libraries NI were operating in a satisfactory manner
- Appendix 3: Performance Indicators 2017 - 22 noting that no Priority One recommendations had been made during the 2021/22 year.

9.3 The Chief Executive as Accounting Officer thanked the Head of Internal Audit and the Auditor for their work during the year.

9.4 Members noted the report.

10. BI-ANNUAL ASSURANCE STATEMENT (FOR THE PERIOD ENDED 31 MARCH 2022) ARAC 06.04.22

- 10.1 The Chief Executive presented the Bi-Annual Assurance Statement for the period ended 31 March 2022 and referred in particular to:
- Section 2: Board and Committees noting that meetings had been conducted remotely using 'Zoom' but it was hoped to reintroduce physical meetings with the facility for Members to also attend remotely. It was also noted that currently four vacancies existed on the Libraries NI Board
 - Section 3: Risk Management which outlined existing risks within the organisation and new risks which had been identified during the reporting period
 - Section 5: Financial Planning and Monitoring noting that the absence of formal budget approval mechanisms at NI Executive and Departmental level would significantly constrain activity into 2022/23, combined with high inflation, continuing pressure on wages and the costs of delivering public services an extremely challenging business and financial environment was developing.
- 10.2 On a suggestion by Ms N McAuley it was agreed that Officers would discuss with the Department the Prompt Payment target of 100%. Ms McAuley suggested that for other organisations the target was set at 95%.
- 10.3 The Chief Executive also drew attention to those areas of the Statement which had been marked 'Working towards Compliance'.
- 10.4 Members noted that a draft copy of the Bi-Annual Assurance Statement had been submitted to the Department to inform its end of year processes. Following a review by the Audit and Risk Assurance Committee and the Board, a final approved copy incorporating any amendments would be submitted to the Department.
- 10.5 The Chairperson of the Board, Professor B Cullen thanked the Chief Executive and the Senior Management Team for the clear and comprehensive report adding that it was a great snapshot of the state of the organisation and of the challenges faced by Officers. He confirmed that he was content for the Statement to be presented to the Board at its meeting to be held on 28 April 2022.
- 10.6 Following discussion of the Statement, on a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members agreed to recommend the Bi-Annual Assurance Statement for the period ended 31 March 2022 to the Board for approval.

11. RISK MANAGEMENT REPORT AND REVIEW

ARAC 07.04.22

- 11.1 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 April 2022 and the completion of the Fraud Risk Analysis. He also drew attention to the Corporate Risk Horizon Scanning document which identifies emerging challenges and threats which have the potential to impact on the risk profile of the organisation in the future, noting that it had been updated to reflect the economic and global uncertainty caused by events such as the war in Ukraine, Covid-19 and other economic factors which are causing inflationary effects and have the potential to impact on supply chains. Another potential risk added was with regard to Board Membership. There are currently four vacancies on the Libraries NI Board and with local Council elections and a number of Board Members terms of appointment coming to an end within the next year or so, including the term of appointment of the Chairperson, there will be a period of substantial change for the Libraries NI Board.
- 11.2 He then referred Members to the Corporate Risk Register noting that an additional table has been added, helping to align corporate risks with the strategic actions and outcome areas identified in the Strategic Plan.
- 11.3 The Director of Business Support discussed each risk in turn explaining the difficulties and challenges faced by the organisation and the resulting risk rating. He confirmed that the organisation was in a relatively stable environment despite on-going challenges in relation to long term planning, resourcing and supply issues and the lack of a confirmed budget.
- 11.4 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members recommended the Corporate Risk Register to the Board for approval.

12. DRAFT GOVERNANCE STATEMENT 2021/22

ARAC 08.04.22

- 12.1 The Chief Executive presented the draft Governance Statement 2021/22, and reported that the draft statement would be reviewed and amended as necessary prior to its inclusion in the draft Libraries NI Annual Report and Accounts 2021/22, and again on completion of the external audit of the Accounts.
- 12.2 The Chief Executive drew attention in particular to the 'Governance Framework' section within the document and the section on 'Internal Control Divergences'.
- 12.3 The Committee noted the draft Governance Statement 2021/22.

13. ANNUAL BOARD ASSURANCE STATEMENT 2021/22 ARAC 09.04.22

- 13.1 The Chairperson of the Board presented the Annual Board Assurance Statement for the year ended 31 March 2022 and confirmed that he is content with the Statement and subject to any changes suggested by Members would present the Statement at the Board Meeting to be held on 28 April 2022.
- 13.2 He drew attention in particular to the operation of the Board during 2021/22 noting that there is currently four vacancies and that the Department had been made aware of this issue.
- 13.3 On a proposal by the Vice-Chairperson of the Committee, Mrs W Osborne, seconded by Mrs D Kenny, Members agreed the Annual Board Assurance Statement 2021/22 and recommended it to the Board for approval.

14. INTERNAL AUDIT STRATEGY 2022 - 25 ARAC 10.04.22

- 14.1 The Head of Internal Audit briefed the Committee on the proposed Internal Audit Strategy 2022 – 25 which had been developed in the format recommended in the Public Sector Internal Audit Standards (PSIAS). The Strategy provides details of the audits to be completed over the next three years and how they would be resourced.
- 14.2 The Head of Internal Audit drew attention to paragraph 1.3 which detailed the staffing within the Internal Audit section. He reminded Members that he was due to retire on 10 June 2022 with the incoming Head of Internal Audit taking up post on 13 June 2022. He added that the incoming Head of Internal Audit may decide to amend the Internal Audit Strategy as the year progressed.
- 14.3 On a proposal by, Mrs D Kenny, seconded by Ms N McAuley, the Committee approved the Internal Audit Strategy 2022 – 25 and recommended it to the Board for adoption.

15. INTERNAL AUDIT STRATEGY FOR BRANCH AND MOBILE LIBRARIES 2022/23 ARAC 11.04.22

- 15.1 The Head of Internal Audit informed Members that the Internal Audit Strategy for Branch and Mobile Libraries is risk based and identifies the locations which would benefit most from an audit visit. The 2022/23 Internal Audit Plan has allocated 70 audit days to the completion of branch library audits and 8 audit days to the completion of mobile library audits. It is estimated that this resource would allow for the completion of audits in approximately 12 branches and 2 mobiles in the year.
- 15.2 Members noted Appendices 2 and 3 of the Strategy which detail how the branch and mobile libraries had been prioritised and indicated the order in

which they would be audited. They also noted Appendices 4 and 5 which summarised areas to be considered when completing branch library audits.

- 15.3 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, the Committee approved the Internal Audit Strategy for Branch and Mobile Libraries 2022/23 and recommended it to the Board for adoption.

16. INTERNAL AUDIT ANNUAL PLAN 2022/23 ARAC 12.04.22

- 16.1 The Head of Internal Audit drew attention to the Internal Audit Annual Plan 2022/23 and informed Members that the Plan would be kept under review to identify any amendments needed to reflect the changing priorities and emerging needs within Libraries NI.

- 16.2 As previously discussed Members were reminded that the plan is subject to review and possible amendment by the incoming Head of Internal Audit and as the position of Auditor is currently vacant the plan had been developed on the assumption that a Trainee Auditor would be recruited before the end of the second quarter and able to commence auditing shortly thereafter.

- 16.3 The Head of Internal Audit explained that the Audit Plan continued to contain a high level of contingency resource reflecting the flexibility still required to respond to the Covid-19 pandemic. The number of planned audits had been reduced from the usual number of approximately 32 to a revised number of 25 to include a mix of Branch Libraries, Mobile Libraries and Homecall Vehicles. Should additional resources become available the number of branch library audit visits would be increased. Further revisions to the plan may be required throughout the year and the Head of Internal Audit would advise and consult with the Accounting Officer and with the Audit and Risk Assurance Committee as and when necessary.

- 16.4 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, the Committee approved the Internal Audit Annual Plan 2022/23 and recommended it to the Board for adoption.

17. EXTERNAL AUDIT STRATEGY 2021/22 ARAC 13.04.22

- 17.1 Mr B Clerkin, Director ASM explained the Audit Strategy 2021/22 in depth and drew attention to the roles and responsibilities of the NIAO and ASM and the actions for the Audit and Risk Assurance Committee. The timetable for completion of the annual accounts was duly noted.

18. CUSTOMER SATISFACTION SURVEYS ARAC 14.04.22

- 18.1 The Head of Internal Audit reminded Members that in compliance with Public Sector Internal Audit Standards, Internal Audit have implemented a quality assurance framework including customer feedback. He reported that following

the completion of 22 audit assignments a customer satisfaction survey was issued. A total of 15 surveys were returned. Members noted that the completed customer satisfaction surveys consistently indicated that the auditees felt that the quality of service from Internal Audit was either 'Excellent' or 'Good'.

18.2 Members noted the report.

19. MINUTES OF THE PARTNERSHIP MEETING HELD ON 18 FEBRUARY 2022 **ARAC 15.04.22**

19.1 The Chief Executive referred to the minutes of the Partnership Meeting held with DfC on 18 February 2022 and highlighted in particular the discussion on the Partnership Agreement and the Libraries Policy/Strategy. Members noted that Officers were keen for both issues to be progressed as soon as possible.

19.2 Members noted the report.

20. SCHEDULE OF MISSION CRITICAL PROJECTS **ARAC 16.04.22**

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

e2 Replacement

20.2 Work in relation to the e2 replacement is progressing as planned with key target dates being met. At the next meeting of the Information Systems Committee to be held on 4 May 2022 proposals would be considered in relation to moving to the contract award stage of the procurement process and the submission of the e3 Full Business Case to DfC for consideration.

20.3 Members noted the position in relation to the current procurement process and enquired as to the business continuity arrangements in place, pending final award and delivery of the e3 contract. The Director of Business Support confirmed that while the final outcome of the procurement process remained a commercial in confidence matter, that all risks including business continuity and project delivery were being considered by the Information Systems Committee.

Belfast Central Library

20.4 It was noted that Officers were continuing to work with colleagues in the Strategic Investment Board (SIB) to update the Strategic Outline Business Case which it is hoped would be completed by the end of May 2022 and would then be submitted to DfC for consideration.

20.5 Members noted the update.

21. DIRECT AWARD CONTRACTS **ARAC 17.04.22**

21.1 The Director of Business Support introduced the report on Direct Award Contracts up to the value of £30,000. He reported on two expenditures over £1,000 occurring during the period 1 January 2022 to 31 March 2022.

21.2 Members noted the report.

22. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY (FOR THE PERIOD ENDED 31 MARCH 2022) **ARAC 18.04.22**

22.1 The Chief Executive referred Members to the Libraries NI Policy on Offers and Acceptance of Gifts and Hospitality which states that the Audit and Risk Assurance Committee would monitor the Register of the Chairperson of the Board on a quarterly basis.

22.2 Members noted the Chairperson's Register of Gifts and Hospitality for the period ended 31 March 2022 (NIL Return).

23. NIAO ISSUES

23.1 There were no NIAO issues.

24. ANY OTHER NOTIFIED BUSINESS

24.1 There was no other notified business.

25. DATE OF NEXT MEETING

25.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 8 June 2022 at 10.30 am in Lisburn City Library or remotely via video link.

26. MEMBERS ARRIVAL AND DEPARTURE TIMES

26.1 The meeting ended at 1.03 pm.

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

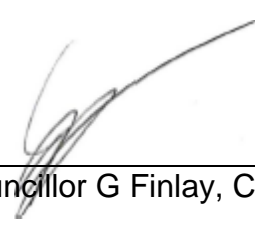
Professor B Cullen joined at 11.04 am

Mr G Craig left at 11:51 am

Councillor A Cathcart left at 1.01 pm

With remote working in place, these minutes, which were approved at the Audit and Risk Assurance Committee on 8 June 2022 are published with an e-signature.

Signed:



Councillor G Finlay, Chairperson

Date:

8 June 2022