

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 21 June 2023 at 10:30 am

PRESENT

Mrs Wendy Osborne OBE
Councillor Alistair Cathcart
Mrs Deirdre Kenny
Ms Nuala McAuley
Councillor Martin McRandal

Chairperson
Vice-Chairperson

IN ATTENDANCE

Mr Jim O'Hagan
Mr Desi Miskelly
Mrs Michelle Anderson
Ms Rita McNamee
Mr Stephen Hegarty
Ms Nicola Terlik
Mr Barry Mitchell
Mr Ben Thompson
Mr Gary Craig
Ms Fionnuala Elliott

Chief Executive
Director of Business Support
Head of Internal Audit
Finance Manager
Senior IT Support Officer
Senior Services Manager
Northern Ireland Audit Office
ASM
Department for Communities
Department for Communities

1. APOLOGIES FOR NON ATTENDANCE

Professor Bernard Cullen
Ms Stefani Millar 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 Councillor M McRandal to his first meeting of the Libraries NI Audit and Risk Assurance Committee and acknowledged that this would be the last Committee meeting for Mrs D Kenny whose term of appointment on the Libraries NI Board would end on 30 June 2023. On behalf of Members and Officers the Chairperson thanked Mrs Kenny for her service and wished her well for the future.
- 3.2 The Chairperson welcomed to the meeting Ms F Elliott and Mr G Craig from the Department for Communities (DfC), Mr B Mitchell from the Northern Ireland Audit Office (NIAO) and Mr B Thompson from 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 Mr S Hegarty, Senior IT Support Officer and Ms N Terlik, Senior Services Manager – Customer Experience.

4. CHIEF EXECUTIVE'S BUSINESS

- 4.1 The Chief Executive drew attention to the following matters and correspondence:
- Audit and Risk Assurance Committee Effectiveness Tool - National Audit Office (NAO) insight
 - Annual Theft and Fraud report 2020-21 Published (finance-ni.gov.uk)
 - FD (DoF) 06/23 - Laying of Annual Reports and Accounts in the Northern Ireland Assembly (finance-ni.gov.uk)
- 4.2 Members noted the correspondence.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 26 APRIL 2023 **ARAC 01.06.23**

- 5.1 On a proposal by Mrs D Kenny, seconded by the Committee Chairperson, Mrs W Osborne, the minutes of the meeting of the Audit and Risk Assurance Committee held on 26 April 2023 were approved as a correct record of the meeting. An oral report of the Committee meeting had been provided to the Board at its meeting held on 26 April 2023 and formal minutes would be brought for adoption to the Board Meeting to be held on 6 July 2023.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 26 APRIL 2023 ARAC 02.06.23

Item 6.2: Matters arising from the meeting of the Audit and Risk Assurance Committee held on 26 April 2023

- 6.1 The Director of Business Support updated Members on this issue reporting that that the target for completion of a draft Health and Wellbeing Strategy remained 30 September 2023. However, due to pressures within the Human Resource Department and other areas in the organisation this timetable may slip.
- 6.2 The Committee Chairperson suggested that as this was an important issue within the organisation it would be useful for Members to have an update at the next meeting in order that they could understand the issues faced by staff.

7. INTERNAL AUDIT PROGRESS REPORT ARAC 03.06.23

- 7.1 The Head of Internal Audit reminded Members that a number of workshops had been held in March 2023 to engage with staff to identify opportunities and potential solutions to streamline processes and / or achieve efficiencies. Attending the workshops were Area Managers, District Managers and a number of Branch Library Managers. Staff engaged positively and appreciated the opportunity to be involved. It was not practical to hold a workshop for Mobile Library Managers, therefore their views were sought during mobile audits.
- 7.2 Time has been allocated in the 2023/24 Annual Audit Plan to allow the issues identified to be further investigated and addressed and action has been taken forward in a number of areas. The recording of activities was identified as a key area for potential efficiencies and it has been agreed by Senior Management that a new recording and reporting system would be developed.
- 7.3 In response to a question about staff fearing Internal Audit and how to change that perception, the Head of Internal Audit explained that the workshops had been an excellent opportunity to engage with management and promote the positive role of Internal Audit. This was also the case in every interaction with staff and is having an impact as staff appear to be more comfortable approaching Internal Audit for help and advice.
- 7.4 It was noted that two audits had been completed since the last meeting of the Committee held on 26 April 2023, and 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
Lurgan Branch Library	Satisfactory
Woodstock Library	Satisfactory

7.5 It was also noted that the process to recruit a permanent Audit Assistant had now been completed and the procedure to appoint the successful individual had commenced.

7.6 Members noted the report.

8. INTERNAL AUDIT CHARTER (ANNUAL REVIEW) ARAC 04.06.23

8.1 The Head of Internal Audit presented the Internal Audit Charter to the Committee noting that an annual review of the Charter was recommended and confirmed that the Charter was last reviewed in January 2022.

8.2 She reminded Members that the Libraries NI Internal Audit Charter was considered during an independent External Quality Assessment (EQA) in March 2021. The EQA determined that the Charter was compliant with the required internal audit standards with one suggested amendment which had been actioned at that time. This latest review had identified only minor changes and the Charter is now brought to Members for consideration and recommendation to the Board.

8.3 On a proposal by Ms N McAuley, seconded by Mrs D Kenny, the Committee recommended the Internal Audit Charter to the Board for approval.

8.4 Members noted the report.

9. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS ARAC 05.06.23

9.1 The Head of Internal Audit presented the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit Reports. She highlighted that nine outstanding recommendations had been carried forward from the last meeting in April 2023 and no recommendations had been added since. It was noted that the current status of these recommendations is summarised as follows:

- One has been implemented
- Seven have not reached their implementation date
- One is more than four months over the agreed implementation date.

9.2 In response to a question from the Committee Chairperson in relation to the Board Operating Framework and draft Partnership Agreement Mr G Craig, DfC informed Members that this document and proportion autonomy assessments were with the Governance Unit within the Department. He explained that it was his understanding that the Governance Unit would review one of the Partnership Agreements in development for Arms Length Bodies (ALBs) within the Engaged Communities Group and apply the findings of the review to all the ALB Partnership Agreements. He added that he was pressing the Governance Unit on a regular basis to progress this matter.

9.3 Members discussed this issue and it was agreed to remove this recommendation from the Outstanding Internal Audit Recommendations schedule as the Board Operating Framework was in place and is compliant with existing requirements. When the Partnership Agreement is finalised, the Board Operating Framework would be reviewed to reflect any new / changed requirements.

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

10. AUDIT AND RISK ASSURANCE COMMITTEE DRAFT ANNUAL REPORT 2022/23 ARAC 06.06.23

10.1 The Head of Internal Audit drew attention to the draft Annual Report of the Audit and Risk Assurance Committee 2022/23 which summarises the Committee's work during the year and presents the Committee's opinion on the effectiveness of governance, risk management and control within Libraries NI. The report also provides the Committee's view on the assurances available to the organisation.

10.2 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 2023 meeting to coincide with consideration of approval of the audited 2022/23 Annual Accounts.

10.3 Members noted the draft report of the Audit and Risk Assurance Committee 2022/23.

11. LIBRARIES NI DRAFT ANNUAL REPORT AND ACCOUNTS 2022/23 ARAC 07.06.23

11.1 The Chief Executive presented the Draft Annual Report 2022/23 which sets out in detail, information on Libraries NI's activity and work during the year. He drew attention to a number of key achievements, activities and events noting the wide range of activities which had been provided. 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 2023 for approval, prior to certification by the Comptroller and Auditor General.

11.2 The Finance Manager presented the draft Accounts for 2022/23 noting that they had been prepared in accordance with the Government Financial Reporting Manual (FReM) 2022/23 and in line with the format outlined in 'NDPB Green' both issued by the Department of Finance (DoF). 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

2021/22 figures. She noted that these were the first set of accounts produced within the shorter deadline required by the Review of Financial Process and drew Members' attention to the changes made to reflect adoption of IFRS 16 Leases and recognition of Libraries NI's allocation of the pension fund as an asset.

- 11.3 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members recommended to the Board that the Annual Accounts 2022/23 be submitted to the NIAO for audit.

12. ANTI-BRIBERY POLICY (REVIEW) ARAC 08.06.23

12.1 The Director of Business Support presented the Anti-Bribery Policy to the Committee in line with the policy review cycle. He noted that the Policy was last reviewed in July 2020 and reported that following review the policy was considered to remain fit for purpose and it is not proposed to make any revisions.

12.2 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members recommended the reviewed Anti-Bribery Policy to the Board for approval.

13. WHISTLEBOWLING POLICY (REVIEW) ARAC 09.06.23

13.1 The Director of Business Support presented the Whistleblowing (Raising a Concern Policy to Members reminding them that on 28 March 2023, DfC had written to the Chairperson of Libraries NI providing best practice guidance in relation to Raising a Concern (Whistleblowing) arrangements and requested that a review of Libraries NI's existing policy / procedures was undertaken in line with this guidance.

13.2 On completion of the review it was found that there was some cross over and duplication between the existing Policy and Guidance which may have been confusing. To address this, the procedural detail has been removed from the Policy and incorporated within the Guidance with the Policy becoming a more high level summary.

13.3 On a proposal by Ms N McAuley, seconded by Mrs D Kenny, Members recommended the reviewed Whistleblowing (Raising a Concern) Policy to the Board for approval.

14. RISK MANAGEMENT POLICY AND STRATEGY (REVIEW) ARAC 10.06.23

14.1 The Director of Business Support introduced the Risk Management Policy and Strategy Review. He reported that in keeping with best practice, the contents of the Libraries NI Risk Management Policy and Strategy had been reviewed.

14.2 Following the review it was considered that the Policy remains fit for purpose and it was not proposed to make any changes to the policy. However a number of amendments have been made to the Risk Management Strategy, primarily

to reflect the recent changes made to the organisation's risk management arrangements.

14.3 Following discussion of the Risk Management Policy and Strategy a few minor amendments were suggested by Members.

14.4 On a proposal by Mrs D Kenny, seconded by Councillor A Cathcart Members recommended the reviewed Risk Management Policy and Strategy to the Board for approval to include the amendments as suggested by Members.

15. RISK MANAGEMENT REPORT AND REVIEW ARAC 11.06.23

15.1 The Director of Business Support introduced the Risk Management Report and Review. He reported that in response to recommendations made previously, by the Corporate Risk Register Review Working Group and endorsed by the Audit and Risk Assurance Committee at the meeting held in April 2023, the membership of the Risk Management Group had been refreshed to include managers from across the organisation. Following the group's inaugural meeting on 30 May 2023 recommendations were made to the Senior Management Team who further reviewed and agreed the following documents for submission to the Committee:

- the Minutes / Action Plan of the meeting of the Group held on 30 May 2023
- a copy of the revised Corporate Risk Register
- a schedule detailing the results of Corporate Risk Horizon Scanning.

15.2 He then introduced the Corporate Risk Register which had been prepared in the new format and drew attention to the revised Risk Evaluation Matrix, noted the Risk Summary which showed the high proportion of corporate risks which remained in the High to Medium categories and which reflected the current operating environment, continuing uncertainties and challenges faced.

15.3 The Director of Business Support went on to present the Corporate Risk Horizon Scanning document which highlighted emerging challenges and threats which had the potential to impact on the risk profile of the organisation in the future, noting that it had been updated to reflect how the absence of a long term strategic capital investment programme could affect the organisation's ability to respond to changes in population demographics.

15.4 Following discussion of the use of the word 'diversity' at Risk 3 – Staff, it was agreed that a review was required to determine workforce characteristics to identify areas for improvement. Officers were tasked to amend the Risk Register to reflect this as an additional action.

15.5 On a proposal by Mrs D Kenny, seconded by Ms N McAuley, Members recommended the Corporate Risk Register to the Board for approval to include the amendments as discussed at paragraph 15.4 above.

16. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC 12.06.23

- 16.1 The Director of Business Support presented a report on the current status of the two Mission Critical Projects i.e. e3 and Belfast Central Library.
- 16.2 He reported that good progress continues to be made on the implementation of the new e3 services across the main work streams. The new Library Management System went live as planned on 17 April 2023 and the Finance Systems also went live in April 2023 and work continues to progress the roll-out of full functionality for the upgraded HR systems.
- 16.3 The Director of Business Support explained that in relation to the Belfast Central Library project no substantive progress has been made since last reported. The exceptionally challenging financial environment and continuing uncertainty around a confirmed budget allocation for the organisation has effectively removed the project development resource and stalled further progress.
- 16.4 He confirmed that the position would be kept under review and revisited as and when a more stable financial environment develops. It was noted that a Partnership meeting was due to take place with officials from DfC on 23 June 2023 at which this matter would be raised.
- 16.5 Members noted the report on the Schedule of Mission Critical Projects.

17. DIRECT AWARD CONTRACTS ARAC 13.06.23

- 17.1 The Director of Business Support confirmed that there was no Direct Award Contract expenditure over £1,000 authorised by the Accounting Officer during the period 1 April 2023 to 7 June 2023.
- 17.2 Members noted the report.

18. NATIONAL FRAUD INITIATIVE UPDATE ARAC 14.06.23

- 18.1 The Finance Manager presented the status report showing potential data matches as a result of the work carried out by the National Fraud Initiative. She added that a number of data types were involved in the exercise and that Libraries NI reported on two i.e. Payroll and Finance. The Finance Manager reported staff were continuing to work through the report and that to date no issues had been identified.
- 18.2. Members noted the Report.

19. NIAO ISSUES

- 19.1 There were no NIAO issues.

20. ANY OTHER NOTIFIED BUSINESS

20.1 There was no other notified business.

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 11 October 2023, 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 12:33 pm.

22.2 All Members arrived for the commencement of the meeting and remained until it ended.

Signed: Wendy Osborne
Mrs Wendy Osborne, Chairperson

Date: 12 Oct. 2023