

LIBRARIES NI

AUDIT AND RISK ASSURANCE COMMITTEE

21 January 2022

Minutes of a meeting of the Audit and Risk Assurance Committee held by remote video link (Zoom) on Friday 21 January 2022 at 10.30 am

PRESENT

Councillor Glenn Finlay
Mrs Wendy Osborne OBE

Chairperson
Vice-Chairperson

Councillor A Cathcart
Mrs Deirdre Kenny
Ms Nuala McAuley

IN ATTENDANCE

Mr Jim O'Hagan
Mr Desi Miskelly
Mr Brian Doherty
Mr Sean Beattie
Mrs Ciara Gault
Ms Brid Steele
Ms Jennifer Stafford
Mr Conor McKenna
Ms Catherine O'Hagan
Mr Barney Conway
Ms Brenda McGilligan
Ms Angela Hodkinson

Chief Executive
Director of Business Support
Head of Internal Audit
Deputy Head of Service
Service Development Manager
Service Development Manager
Area Manager
Area Manager
Northern Ireland Audit Office
ASM
Department for Communities
Boardroom Apprentice

1. APOLOGIES FOR NON ATTENDANCE

Professor Bernard Cullen
Mr Brian Clerkin
Mr Gary Craig
Mr John McCord

Chairperson of the Board
ASM
Department for Communities
Department for Communities

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 C O'Hagan representing the Northern Ireland Audit Office (NIAO)
- Mr B Conway representing ASM
- Ms B McGilligan from the Department for Communities (DfC)

3.2 He 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:

- Mr Sean Beattie, Deputy Head of Service
- Mrs Ciara Gault, Service Development Manager
- Ms Brid Steele, Service Development Manager
- Ms Jennifer Stafford, Area Manager
- Mr Conor McKenna, Area Manager

4. CHIEF EXECUTIVE'S BUSINESS

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

- DAO (DoF) 08/21 - Departmental Delegations – information on requirements that apply for departments to obtain prior Department of Finance (DoF) approval before making commitments or incurring expenditure
- FD (DoF) 09/21 - Remuneration of Chairpersons and Members of Public Bodies. Confirmation of application of 1% pay award
- FD (DoF) 10/21 – this applies only to Sponsor Departments referring to the need to ensure that their Non-Departmental Public Bodies are insured against liability for personal injury suffered by their employees, unless exempt. Libraries NI is exempt
- Correspondence from and to the Permanent Secretary, Department for Communities, regarding the use of Direct Award Contracts

4.2 In response to a question regarding the number of Direct Award Contracts (DACs) awarded in the last two years, the Chief Executive confirmed that analysis had been carried out and there was a decrease in the number of DACs awarded in 2021/22 from 2020/21. He confirmed that the process would continue to be monitored and where possible the use of DACs would be kept to a minimum and goods/services would be obtained through the normal competitive procurement process.

4.3 Members noted the report.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 13 OCTOBER 2021 ARAC 01.01.22

5.1 On a proposal by the Chairperson of the Committee Councillor G Finlay, seconded by Mrs D Kenny, the Committee approved the minutes of the meeting of the Audit and Risk Assurance Committee held on 13 October 2021.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 13 OCTOBER 2021 ARAC 02.01.22

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. He noted that an update would be provided on all matters arising except for those which were on the Agenda for further discussion.

Item 6.2: Matters arising from the meeting of the Audit and Risk Assurance Committee held on 13 October 2021

6.2 The Director of Business Support reminded Members that at the last meeting of the Committee it had been reported that the Department for Communities (DfC) had confirmed that they would act as the Trustees for the Elizabeth Saul Trust Fund with Libraries NI as the administrators responsible for spending the funds held in the Trust. The Department intend to register the Trust with the Charity Commission and when this process is complete the formal management structure of the Trust would be progressed. Ms B McGilligan, DfC agreed to take forward this matter within the Department.

6.3 In light of the clarification provided by the Department, and in response to a question by the Head of Internal Audit, Members confirmed that as responsibility for the future accounting treatment for the Trust now sat with DfC they were content that this item is no longer reported at Committee.

Item 9.5: Libraries NI Draft Annual Report and Accounts 2020/21

6.4 The Chief Executive confirmed that the Libraries NI Annual Report and Accounts 2020/21 had been approved at the Board Meeting held on 14 October 2021, and had been certified by the NIAO on 21 October 2021 and subsequently laid before the Northern Ireland Assembly.

Item 11.3: Internal Audit Activity Report

6.5 The Committee Chairperson confirmed that the Chairperson of the Board would report on the completion of the audit of the Board Operating Framework at the next meeting of the Board to be held on 10 February 2022.

Item 13.2, 13.4, 13.5 and 13.6: Bi-Annual Assurance Statement for the period ended 30 September 2021

- 6.6 The Chief Executive reported that the situation in relation to a number of procurement and supply chain issues as identified on the Bi-Annual Assurance Statement (Bi-AAS) for the period ended 30 September 2021 would continue to be monitored. He confirmed that the amendment to Section 7 of the Bi-AAS had been made and that the Statement had been approved by the Board Meeting held on 14 October 2021 and subsequently forwarded to the Department.

7. INTERNAL AUDIT ACTIVITY REPORT ARAC 03.01.22

- 7.1 The Head of Internal Audit reported on the five audits completed since the last meeting of the Committee held on 13 October 2021, noting that there had been no Priority One Findings. A list of the completed audits and assurance rating where applicable, is shown in the table below:

Audit Assignment	Assurance Rating
Safeguarding	Satisfactory
Risk Management	Satisfactory
Heritage Assets	Satisfactory
Newry City Library	Satisfactory
Donaghadee Branch Library	Satisfactory

- 7.2 Mrs W Osborne referred to the audit of Heritage Assets noting that some of the registers containing details of the assets were incomplete. She highlighted the importance of maintaining accurate registers of information and the role of Internal Audit to enhance the quality assurance of such tasks.
- 7.3 In response to a question regarding the Departmental Safeguarding Forum it was noted that the meeting scheduled to take place in March 2020 had been cancelled due to the Covid-19 restrictions. The Head of Internal Audit confirmed that a meeting of the Forum had taken place in October 2021 and the Libraries NI Safeguarding officer had been in attendance.
- 7.4 Members noted the report.

8. INTERNAL AUDIT ACTIVITY REPORT – OUTSTANDING RECOMMENDATIONS ARAC 04.01.22

- 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. He reported that since the last scheduled meeting of the Committee held on 13 October 2021, of the 32 outstanding recommendations, 27 had now been cleared, leaving 5 still to be resolved. Members noted that there were no Priority One recommendations outstanding.

- 8.2 The Head of Internal Audit thanked the Assets Manager for his hard work and diligence in identifying and procuring an alternate contractor to carry out the statutory inspections and testing framework. It was noted that a prioritised programme of works had been drawn up to address specific testing and inspection regimes.
- 8.3 In response to a question from Mrs W Osborne the Director of Business Support confirmed that this was an interim contract with an alternate public sector provider. He reported that the legal challenge to the Education Authority (EA) Maintenance Contract is on-going and in the meantime the interim contract would continue for the foreseeable future and would run parallel with the EA contract until it has bedded in.
- 8.4 Members noted that progress was being made to resolve the other outstanding recommendations.
- 8.5 Councillor A Cathcart thanked all staff involved in resolving the issue with the maintenance contract. He also asked that his thanks be noted for the work recently carried out in relation to Bangor Carnegie Library.

9. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE 2020/21
ARAC 05.01.22

- 9.1 The Chief Executive referred to the Final Report to Those Charged with Governance 2020/21 which contained the opinion from the NIAO on the audit of Libraries NI's 2020/21 Annual Report and Accounts. He confirmed that no changes had been made to the report since it was last seen by Members.
- 9.2 He thanked all staff involved in the preparation of the Annual Report and Accounts 2020/21 which had resulted in an unqualified audit opinion from the NIAO.
- 9.3 Members noted the report.

10. RISK MANAGEMENT REPORT AND REVIEW **ARAC 06.01.22**

- 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 7 January 2022.
- 10.2 He then referred to the Corporate Risk Register noting that there had been some changes to the levels of treated risks largely due to the timing of the report within the financial year i.e. the reduction in probability of the risk occurring as the end of the financial year approaches. He discussed each of the risks in turn and Members were pleased to note that from a risk management perspective the organisation was in a relatively stable position.

- 10.3 In response to a question from Mrs W Osborne regarding the risks identified in relation to staffing, the Director of Business Support agreed to bring further detail to members of actions being taken to address wellbeing and morale.
- 10.4. The Director of Business Support then 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. It was noted that a number of issues had been identified including the Northern Ireland Executive's draft budget for 2022 – 2025 and the uncertainty of how this will impact on funding for Libraries NI, the uncertain economic outlook as a result of the Covid-19 pandemic and the on-going challenges in the recruitment of staff.
- 10.5 On a proposal by the Chairperson of the Committee Councillor G Finlay, seconded by Mrs D Kenny, Members recommended the Corporate Risk Register to the Board for approval.

11. INTERNAL AUDIT ANNUAL PLAN 2021/22: TIMETABLE AND PROGRESS REPORT
ARAC 07.01.22

- 11.1 The Head of Internal Audit presented the Internal Audit Annual Plan 2021/22: Timetable and Progress Report which incorporated the projected start dates and progress to date for each audit.
- 11.2 Members were reminded that it had been agreed at the last meeting of the Committee to amend the Internal Audit Plan 2021/22 from 26 audits to 20. The Head of Internal Audit confirmed that to date 15 audits had been completed and five were underway. He confirmed that he was content that at year end the audit plan would be materially completed.

12. MINUTES OF THE PARTNERSHIP MEETING HELD ON 9 NOVEMBER 2021
ARAC 08.01.22

- 12.1 The Chief Executive referred to the minutes of the Partnership Meeting held with DfC on 9 November 2021 and highlighted the following items which were discussed at the meeting:
- Partnership Agreement – officers continue to press for progress in this matter
 - Financial Management – internal discussions are on-going in respect of the 2022/23 budget. The Chancellor's statement regarding a 3 year budget for 2022 – 2025 was noted
 - Delivering Tomorrow's Libraries – the Director of Library Services is in discussions with the Department regarding the development of a new library strategy.

12.2 It was noted that the next Partnership meeting would be held on 18 February 2022.

13. INTERNAL AUDIT CHARTER (ANNUAL REVIEW) ARAC 09.01.22

13.1 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 2021.

13.2 He reminded Members that an External Quality Assessment (EQA) of the Internal Audit Service had been completed in March 2021, and although no formal recommendations had been made, the EQA Report did suggest some enhancements including one regarding the Internal Audit Charter. The Head of Internal Audit confirmed that in line with the enhancements suggested the Charter now included reference to the International Professional Practices Framework (IPPF) and PSIAS Core Principles, together with the Nolan principles.

13.3 On a proposal by the Chairperson of the Committee, Councillor G Finlay, seconded by Mrs W Osborne, the Committee recommended the Internal Audit Charter to the Board for approval.

**14. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY 2021/22
QUARTER 3 (1 OCTOBER – 31 DECEMBER 2021) ARAC 10.01.22**

14.1 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.

14.2 Members noted the Board Chairperson's Register of Gifts and Hospitality (Nil Return) for the period 1 October to 31 December 2021.

15. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC11.01.22

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

e2 Replacement Programme

15.2 He reported that good progress continued to be made in a number of key project areas as follows:

e2 Extension and Technical Refresh

15.3 The development and implementation of the replacement HR and Payroll systems has continued with data migration, systems testing and parallel system running having commenced in December 2021 and the full move to the new systems planned from February 2022 onwards.

Transition to Public Sector Shared Network (PSSN)

15.4 Work has been completed to define the scope, programme and costs associated with the transition to the PSSN and formal contract arrangements have been finalised and signed off. Work to upgrade communication cabinets and library local networks would commence early in 2022.

e3

15.5 December 2021 saw the conclusion of the Invitation to Submit Detailed Solution (ISDS) phase of procurement with a series of dialogue sessions having been held with the bidder.

15.6 The ISDS documentation and preliminary financial model would be evaluated using the e3 procurement model during January with a view to bringing recommendations to the e3 Project Board in early February 2022. The e3 Project Board would then bring recommendations to the Information Systems Committee for consideration. The overall target is to complete the procurement process and submit the final business case to DfC for consideration in April 2022.

Belfast Central Library

15.7 Collaboration between SIB and Libraries NI has continued throughout the reporting period with a formal agreement setting out the scope of work and proposed methodology for a review of the project SOC being established in early January 2022.

15.8 It is now anticipated the review and refresh of the project SOC would be completed within the current financial year i.e. by 31 March 2022 and approval would then be required by the Department.

16. DIRECT AWARD CONTRACTS

ARAC 12.01.22

16.1 The Director of Business Support introduced the report on Direct Award Contracts up to the value of £30,000. He reported on five expenditures over £1,000 occurring during the period 15 September 2021 to 31 December 2021.

16.2 The Committee Chairperson drew attention to the expenditure on the provision of online access to British Standards and enquired if Libraries NI were going to promote this new resource. The Chief Executive confirmed that this was a pilot of the resource and that officers were intending to work with professional bodies, local Councils, Invest NI and the Department for the Economy to promote the resource adding that the Libraries NI's Marketing Unit would be working to maximise publicity. He explained that at the end of the pilot an evaluation exercise would be carried out and a decision made based on the outcome of the evaluation as to the continuation of the provision of this resource.

16.3 Members noted the report.

(Members agreed to move to Agenda Item 23: Confirmation of Date of Next Meeting)

17. CONFIRMATION OF DATE OF NEXT MEETING

- 17.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 27 April 2022 at 10.45 am in Lisburn City Library or remotely via video link.
- 17.2 It was noted that due to work commitments Ms N McAuley would be unable to attend the scheduled meeting of the Committee to be held on 15 June 2022. In order to accommodate Ms McAuley it was agreed to reschedule this meeting to Wednesday 8 June 2022 at 10.30 am in Lisburn City Library or remotely via video link.

(Members returned to Agenda Item 17: NAO Audit and Risk Assurance Committee Effectiveness Checklist)

18. NAO AUDIT AND RISK ASSURANCE COMMITTEE EFFECTIVENESS CHECKLIST
ARAC 13.01.22

- 18.1 The Committee Chairperson reminded Members that the Audit and Risk Assurance Committee Handbook states that the Committee should carry out a periodic review of its overall effectiveness including its Terms of Reference and ways in which it might be strengthened or developed. Members noted that the Committee last completed a review of its effectiveness in January 2021 and comments recorded at that time have been copied into the current document for ease of reference and can be amended or removed as Members deem appropriate.
- 18.2 He then referred to the National Audit Office (NAO) Checklist and asked Members to consider each question carefully and identify and record any comments/amendments that may be required. Members agreed their response to each question. Members agreed that the Committee was performing effectively with regard to each of the five criteria reviewed in the Checklist.
- 18.3 Members 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.
- 18.4 On a proposal by the Chairperson of the Committee Councillor G Finlay, seconded by Ms N McAuley, Members recommended the completed NAO Audit and Risk Assurance Committee Effectiveness Checklist to the Board for approval.

19. ANNUAL AGENDA ARAC 14.01.22

- 19.1 The Head of Internal Audit presented a proposed agenda to be considered by the Committee during the forthcoming year which gives an idea as to the timing of reports and the range of issues to be considered. Members noted that the agenda for each meeting may vary on occasion as the year progressed and that the Annual Agenda was in draft and subject to amendment.
- 19.2 On a suggestion by the Boardroom Apprentice it was agreed that in future the Annual Agenda, for ease of reference, would also be provided in a visual format.
- 19.3 Members noted the report.

20. REPORT ON THE NATIONAL FRAUD INITIATIVE ARAC15.01.22

- 20.1 The Director of Business Support updated Members on the work that had been carried out on the status report received from the National Fraud Initiative. He reported that the checking of the 2020/21 data matches had now been completed and that no fraud or error had been identified.
- 20.2 Members thanked the Director of Business Support for the update.

21. NIAO ISSUES

- 21.1 There were no NIAO issues.

22. INTERNAL AUDIT STAFFING

- 22.1 The Chairperson asked that all Observers withdraw from the meeting.
- 22.2 On a proposal by the Chairperson of the Committee, Councillor G Finlay, seconded by Mrs D Kenny, Members agreed to go into Committee.
- 22.3 On a proposal by the Chairperson of the Committee, Councillor G Finlay, seconded by Mrs W Osborne, Members agreed to come out of Committee.
- 22.4 The Chairperson reported that while in Committee Members had noted matters brought to their attention by the Chief Executive in relation to staffing and resourcing of the Internal Audit section and the actions proposed to address the issues arising.

23. ANY OTHER NOTIFIED BUSINESS

- 23.1 There was no other notified business

24. MEMBERS ARRIVAL AND DEPARTURE TIMES

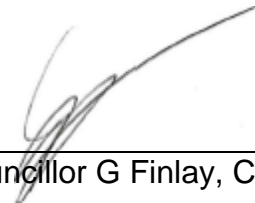
24.1 The meeting ended at 12.40 pm.

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

Ms N McAuley left the meeting at 12.15 pm

During the current Covid-19 pandemic and with remote working in place, these minutes, which were approved at the Audit and Risk Assurance Committee on 27 April 2022 are published with an e-signature.

Signed:



Councillor G Finlay, Chairperson

Date:

27 April 2022