

LIBRARIES NI
AUDIT AND RISK ASSURANCE COMMITTEE

26 April 2023

Minutes of a meeting of the Audit and Risk Assurance Committee held in
Lisburn City Library and by remote video link (Zoom) on
Wednesday 26 April 2023 at 10.45 am

PRESENT

Mrs Wendy Osborne OBE	Chairperson
Mrs Deirdre Kenny Councillor Billy Webb MBE JP	

IN ATTENDANCE

Mr Jim O'Hagan	Chief Executive
Mr Desi Miskelly	Director of Business Support
Ms Michelle Anderson	Head of Internal Audit
Mr Desi Curry	Head of ICU/ICT
Mrs Margaret Bell	Head of Service
Ms Kathleen McLoughlin	Deputy Finance Manager
Ms Judith Norris	District Manager
Ms Sarah Heanen	Northern Ireland Audit Office
Ms Christine Hagan	ASM
Ms Fionnuala Elliott	Department for Communities
Ms Stefani Millar	Boardroom Apprentice

1. APOLOGIES FOR NON ATTENDANCE

Professor Bernard Cullen	Chairperson of the Board
Ms Nuala McAuley	
Mr Gary Craig	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 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 her 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 Chairperson welcomed to the meeting Ms F Elliott from the Department for Communities (DfC), Ms S Heanen, Northern Ireland Audit Office (NIAO) and Ms C Hagan, 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 Ms K McLoughlin, Deputy Finance Manager and Ms J Norris, District Manager to the meeting.
- 3.4 The Chairperson informed Members that this would be Councillor Webb's final Audit and Risk Assurance Committee meeting. She thanked Councillor Webb for his service and for joining the Committee in order to ensure that it remained quorate.

4. CHIEF EXECUTIVE'S BUSINESS

- 4.1 The Chief Executive drew attention to correspondence received since the last meeting as follows:
- Letter from DfC to Libraries NI Chairperson requesting a review of the Libraries NI 'Raising a Concern (Whistleblowing) Policy
 - FD (DoF) 01/23 - Departmental Annual Reports and Accounts 2022-23
 - Planning Fraud Risks, Northern Ireland Audit Office.
- 4.2 Members noted that the Director of Business Support together with the Head of Internal Audit would carry out the review of the Libraries NI 'Raising A Concern (Whistleblowing) Policy' as requested by DfC and any proposed changes to the Policy would be brought to the June meeting of the Committee.
- 4.3 Members noted the other two items of correspondence.

5. MINUTES OF THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 18 JANUARY 2023 **ARAC 01.04.23**

- 5.1 On a proposal by Mrs D Kenny, seconded by Councillor B Webb, the minutes of the Audit and Risk Assurance Committee held on 18 January 2023 were

approved as a correct record of the meeting. It was reported that these minutes had been adopted by the Board at its meeting held on 9 February 2023.

6. MATTERS ARISING FROM THE MEETING OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON 18 JANUARY 2023 ARAC 02.04.23

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.

Item 6.2 Matters Arising from the meeting of the Audit and Risk Assurance Committee held on 18 January 2023

6.2 The Director of Business Support updated Members on the timeline for development of the proposed Health and Wellbeing Strategy. He reported that the HR team have commenced drafting a strategy and initial consultations with Trade Unions which will shape the direction of the strategy were planned. He added that when consultations have been completed it was planned to obtain input from staff across the organisation. It was hoped that this would take place by mid-year but would be dependent upon resourcing within the HR Department. The Director of Business Support agreed to provide the Committee with more detail including the timeframe for implementation of the strategy and proposed content.

7. PRESENTATION ON IT SECURITY

7.1 Mr D Curry, Head of ICU/ICT and Mrs M Bell, Head of Service gave a presentation to Members on IT security.

7.2 Mr D Curry explained the technical and contractual arrangements for cyber security which were in place so Libraries NI can provide secure digital services to library users. He drew attention to the policies, procedures and guidelines which protected the corporate systems, staff and the public network. He also reminded Members of the improvements and upgrades made to the computer network up to and including the current e3 provider. Members noted that further upgrades to IT infrastructure were planned.

7.3 Mrs M Bell drew attention to the range of digital services provided by Libraries NI throughout the library network. This included the library management system, e resources and also the digital inclusion services which enabled library users to access information and services free online. She explained the services on offer and how they have expanded over the years as technology has improved. She added that Libraries NI have a role in digital choices by supporting digital skills and also in working in partnership, especially with other Government departments to support their digital agenda.

7.4 The Committee Chairperson thanked Mr D Curry and Ms M Bell for the timely and informative presentation and asked that it be circulated to Members for information.

8. INTERNAL AUDIT PROGRESS REPORT

ARAC 03.04.23

8.1 The Head of Internal Audit reported on the eight audits completed since the last meeting of the Committee held on 18 January 2023, 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:

Report Title	Opinion
Best Practice Self-Assessment Evaluation	Satisfactory
Corporate Credit Card	Satisfactory
Bangor Mobile	Satisfactory
Dungannon Mobile	Satisfactory
Crossmaglen Branch	Satisfactory
Omagh Branch	Satisfactory
Rathcoole Branch	Satisfactory
Richhill Branch	Satisfactory

8.2 The Head of Internal Audit referred to the Best Practice Self-Assessment Evaluation which had been undertaken by branch and mobile managers. She reported that while this evaluation indicated a high level of compliance with current best practice requirements, it also identified that it would be beneficial to review current library processes to identify opportunities to streamline activities and/or achieve efficiencies. A series of workshops were held which involved a selection of library staff and management from different areas and different sized libraries. This identified opportunities for improvements in a number of specific processes along with some overarching issues. It was agreed that a review of the mechanisms for recording and reporting on activities and events would be undertaken through a focussed task and finish group approach. It was noted that the proposed Audit Plan 2023/24 includes an allocation of time to enable the areas identified to be investigated and addressed.

8.3 The Committee Chairperson thanked the Head of Internal Audit for the report and welcomed the engagement with staff as it presents a positive environment when bringing about change.

9. OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

ARAC 04.04.23

- 9.1 The Head of Internal Audit drew attention to the report showing progress on the implementation of outstanding audit recommendations from previous Internal Audit Reports.
- 9.2 Members noted that since the last scheduled meeting of the Audit and Risk Assurance Committee held on 18 January 2023, of the 17 outstanding recommendations, eight had now been cleared, leaving nine 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.
- 9.3 The Head of Internal Audit then drew attention to those recommendations which were coded 'Amber and / or Red' 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.
- 9.4 On a suggestion by the Committee Chairperson it was agreed to change the Management Response wording in brackets on page 5 in relation to Estates Maintenance (September 2022) to 'further guidance will be sought from Libraries NI Internal Audit on the appropriateness of proposals put forward by EA'.
- 9.5 Members thanked the Head of Internal Audit for the update.

10. INTERNAL AUDIT ANNUAL REPORT 2022/23

ARAC 05.04.23

- 10.1 The Head of Internal Audit drew attention to the Internal Audit Annual Report 2022/23. She reminded Members that Public Sector Internal Audit Standards (PSIAS) required her to present a formal annual report giving her opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control arrangements to inform the Governance Statement. It must also include a statement on Internal Audit's conformance with PSIAS and the results of the quality assurance and improvement programme.
- 10.2 She drew attention in particular to the following:
- Section 2: Overall Opinion – a 'satisfactory' assurance rating has been given
 - Paragraph 6.5: Management of the Internal Audit Service - an Audit Assistant (non-qualified) post was created during the year and filled on a temporary basis to test whether this was an appropriate approach. Following evaluation it was agreed that this approach was appropriate and that the post should be filled on a permanent basis. The recruitment process has been initiated and the current temporary arrangements will remain in place until an appointment has been made

- Paragraph 7.2: Quality Assurance - an agreement is in place with the NICS Group Internal Audit Service to carry out a peer review of a sample of audits completed by the Libraries NI Head of Internal Audit. The 2022/23 peer review concluded that the reviews examined demonstrated compliance with PSIAS.

10.3 Members noted the report.

11. BI-ANNUAL ASSURANCE STATEMENT (FOR THE PERIOD ENDED 31 MARCH 2023) ARAC 06.04.23

11.1 The Chief Executive presented the Bi-Annual Assurance Statement for the period ended 31 March 2023 and referred in particular to:

- Section 2: Board and Committees noting that the terms of office of a number of Board Members were due to expire on 30 June 2023 and local Government elections on 18 May 2023 would result in the need to appoint/re-appoint a further number of Board Members. This would create a period of substantial change for Libraries NI and its Board and has the potential to impact on and disrupt Board/Committee operations going forward
- 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 combined with unprecedented inflation and cost increases significantly constrained activity in 2022/23 and created significant organisational stress. The 2023/24 indicative allocation reduces funding by over 10% and would place significant further strain on the organisation and its ability to deliver an effective library service, including the purchase of adequate library bookstock. The lack of timely and appropriate capital allocations continues to raise significant challenges for the delivery of infrastructure projects including those which will contribute to carbon zero targets, and creates risks to service delivery, criticism and reputational damage.

11.2 The Chief Executive also drew attention to those areas of the Statement which had been marked 'Working towards Compliance'.

11.3 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.

11.4 Following discussion of the Statement, on a proposal by Mrs D Kenny, seconded by Councillor B Webb, Members agreed to recommend the Bi-

Annual Assurance Statement for the period ended 31 March 2023 to the Board for approval.

12. RISK MANAGEMENT REPORT AND REVIEW ARAC 07.04.23

- 12.1 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 29 March 2023.
- 12.2 He reminded Members that as part of the review of the management of Corporate Risk it was proposed to consider the membership of the Risk Management Group (RMG) to include managers from across the organisation. The current membership of RMG consisted of the Senior Management Team i.e. The Chief Executive and The Directors of Business Support and Library Services. It was agreed at the last meeting of RMG that it be reconstituted from June 2023 to include new members drawn from the Business Support and Services Teams and that the Director of Business Support would remain as Chairperson. The newly constituted group would report to SMT.
- 12.3 The Head of Internal Audit drew attention to the proposal to amend the risk score evaluation framework and associated risk appetite scoring on the Corporate Risk Register. She explained that it was proposed to remove the numerical scoring but to retain and expand the colour coding system.
- 12.4 The Director of Business Support drew attention to the updated 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 this document had been updated to take account of the significant upcoming change to Board Membership during 2023.
- 12.5 He then referred Members to the Corporate Risk Register noting that as agreed at the January meeting of the Committee the new format had been adopted. The Director of Business Support discussed each risk in turn explaining the difficulties and challenges faced by the organisation and the resulting risk rating.
- 12.6 On a proposal by Mrs D Kenny, seconded by Councillor B Webb, Members recommended to the Board the proposed change to the way risks and risk appetite is evaluated and expressed which would result in a move away from a numerical score to colour coding.
- 12.7 On a proposal by Councillor B Webb, seconded by Mrs D Kenny, Members recommended the Corporate Risk Register to the Board for approval.

- 13. DRAFT GOVERNANCE STATEMENT 2022/23 ARAC 08.04.23**
- 13.1 The Chief Executive presented the draft Governance Statement 2022/23, 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 2022/23, and again on completion of the external audit of the Accounts.
- 13.2 The Chief Executive drew attention in particular to the 'Governance Framework' section within the document and the section on 'Internal Governance Divergences'.
- 13.3 The Committee noted the draft Governance Statement 2022/23.
- 14. ANNUAL BOARD ASSURANCE STATEMENT 2022/23 ARAC 09.04.23**
- 14.1 In the absence of the Chairperson of the Board, the Chief Executive presented the Annual Board Assurance Statement for the year ended 31 March 2023, drawing attention to the notes contained on pages 3 and 5.
- 14.2 On a proposal by Councillor B Webb, seconded by Mrs D Kenny, Members agreed the Annual Board Assurance Statement 2022/23 as presented and recommended it to the Board for approval.
- 15. INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2023/24 ARAC 10.04.23**
- 15.1 The Head of Internal Audit reminded Members that she is required to establish risk-based plans to determine the priorities for internal audit activity which is consistent with the organisation's goals. She then briefed the Committee on the proposed Internal Audit Strategy and Plan 2023/24 which had been developed incorporating requirements contained in the Public Sector Internal Audit Standards (PSIAS).
- 15.2 She explained to Members the approach in determining the audit plan for the forthcoming year i.e. that some areas had not been audited recently and these areas would be considered in order of audit priority and included in the Audit Plan for 2023/24.
- 15.3 On a proposal by, Mrs D Kenny, seconded by Councillor B Webb, the Committee approved the Internal Audit Strategy and Annual Plan 2023/24 and recommended it to the Board for adoption.
- 16. EXTERNAL AUDIT STRATEGY 2022/23 ARAC 11.04.23**
- 16.1 Ms C Hagan, Director ASM explained the Audit Strategy 2022/23 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.

16.2 In line with the Audit Strategy 2022/23, Members confirmed that they were satisfied that:

- the NIAO assessment of the risks of material misstatement to the financial statements is complete
- management has plans in place to address the risks identified by NIAO and that these plans are adequate
- the NIAO's proposed response to address these risks is appropriate
- they had no knowledge of:
 - any actual, suspected or alleged fraud affecting NILA; or
 - instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of NILA; or
 - actual, suspected or alleged irregularity affecting NILA.

16.3 Members confirmed they were content for ASM to move forward with the 2022/23 Audit Strategy.

17. DIRECT AWARD CONTRACTS ARAC 12.04.23

17.1 The Director of Business Support reported that there had been no Direct Award Contract expenditure over £1,000 authorised by the Accounting Officer during the period 13 December 2022 to 31 March 2023.

18. SCHEDULE OF MISSION CRITICAL PROJECTS ARAC 13.04.23

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

18.2 He explained that during the reporting period the Information Systems programme has continued to focus on two work streams:

- Transition to Public Sector Shared Network (PSSN) - The new Libraries NI corporate network (including improved Local Area Networks and Corporate/Public Wi-Fi services) is fully operational and is delivering significantly improved performance. The new solution has been integrated with the e3 services and the service management regime is operating effectively. The implementation phase of this work stream effectively concludes in March subsequently moving to a 'steady state' in terms of service delivery
- e3 - Good progress continues to be made on the implementation of

the new e3 services across the main work-streams. Looking ahead to the coming months the emphasis of activity will be on maintaining the momentum on all the work-streams and ensuring that any interdependency issues are managed effectively and managing the numerous implementation activities whilst ensuring minimal impact on existing services.

18.3 The Chief Executive reported that an external Gateway Review, Stage Gate 4 had taken place 4 – 6 April 2023. The outcome of the review was 'Green' i.e. that Libraries NI was in a good state of readiness to move forward.

18.4 The Committee Chairperson congratulated all staff involved in the transition from e2/e3.

Belfast Central Library

18.5 Although approval of the revised SOC in October 2022 created an opportunity for a subsequent review and update of the previously approved Outline Business Case (OBC) the financial uncertainty seen in 2022/23 and the absence of a confirmed budget allocation for 2023/24 has effectively halted further progress.

18.6 While preliminary discussions have been held with the Strategic Investment Board regarding support for this next stage of the development process, Libraries NI are unable at present to commit to expenditure or affirmative action. The position will be kept under review and revisited once a financial position for 2023/24 is known.

18.7 Members noted the update.

19. CHAIRPERSON'S REGISTER OF GIFTS AND HOSPITALITY (FOR THE PERIOD ENDED 31 MARCH 2023) ARAC 14.04.23

19.1 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.

19.2 Members noted the Chairperson's Register of Gifts and Hospitality for the period ended 31 March 2023 (NIL Return).

20. MINUTES OF THE PARTNERSHIP MEETING HELD ON 24 FEBRUARY 2023 ARAC 15.04.23

20.1 The Chief Executive referred to the minutes of the Partnership Meeting held with DfC on 24 February 2023 and highlighted in particular the discussion on Finance and Capital Budgets. It was noted that discussion also took place in relation to Partnership Agreement with Officers drawing attention to the delay

in implementing the agreement which constituted a credibility issue for the Department.

20.2 Members noted the report.

21. NIAO ISSUES

21.1 There were no NIAO issues.

22. ANY OTHER NOTIFIED BUSINESS

22.1 There was no other notified business.

23. DATE OF NEXT MEETING

23.1 Members noted that the next scheduled meeting of the Audit and Risk Assurance Committee would be held on Wednesday 21 June 2023 at 10.30 am in Lisburn City Library and/or remotely via video link.

24. MEMBERS ARRIVAL AND DEPARTURE TIMES

24.1 The meeting ended at 12.52 pm.

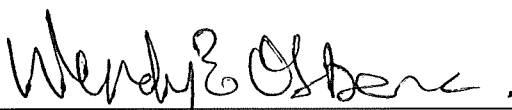
24.2 All Members arrived for the commencement of the meeting and remained until it ended, with the exception of the following:

Mr D Curry left the meeting at 11:41 am

Mrs M Bell left the meeting at 12 noon

Ms S Millar left the meeting at 12.19 pm

Signed:



Mrs Wendy Osborne OBE, Chairperson

Dated:

21 June 2023

