

**Minutes of the Forty-Third Meeting of the
Office for Legal Complaints Audit and Risk Committee
Monday 7 October 2019
13:00 – 14:55
Edward House, Birmingham**

Present:

Shrinivas Honap, Chair

Rebecca Hilsenrath

Annette Lovell

In Attendance:

Rebecca Marsh, Chief Ombudsman

Brendan Arnold, Director of Corporate Services (DCS) and SIRO

Alison Wedge, Ministry of Justice (MoJ)

Chris Davis, Government Internal Audit Agency (GIAA)

David Eagles, BDO, External Audit, by telephone

Matthew Hill, CEO, Legal Services Board (LSB)

Ella Firman, National Audit Office (NAO)

David Anderson, Head of IT (items 5 – 12)

Apologies:

Steven Corbishley, National Audit Office (NAO)

Mark Andrews, Government Internal Audit Agency (GIAA)

Nuwan Indika, BDO, External Audit

Emma Cartwright, Head of Finance

Board Secretary:

Kay Kershaw

Item 1 – Welcome, apologies and preliminary matters

1. The Chair welcomed those in attendance and introductions took place.
2. Apologies were noted.
3. The meeting was quorate.
4. Annette Lovell declared that she was an employee of the Financial Ombudsman Service (FOS).
5. There were no other conflict of interests declared.

6. The ARAC forward plan that had been circulated for information prior to the meeting.

Item 2 – Previous minutes

7. The Committee **approved** the minutes of the meeting held on 1 July 2019 as an accurate record of the meeting.

Item 3 - Outstanding actions from previous meetings

8. Chris Davis provided clarity on an action from the July ARAC meeting about the segregation of roles between the MoJ and OLC in regard to the cyber security audit. He reported that some of MoJ's work would touch upon ALB work and that he would provide further clarity on this in due course.
9. The Committee **noted** the update on actions arising from previous meetings.

Item 4 – Risk assurance review

10. The DCS presented a paper setting out the re-designed risk assurance framework. The risk assurance framework had been re-designed in consultation with the ARAC Chair with a view to providing a more holistic view of risks and mitigations in order to strengthen focus and accountability.
11. There were no novel or contentious matters reported and no matters that fell outside the risk scores assigned under the last period of the risk management framework reported.
12. The DCS advised that further work would be required to finalise the format of the risk assurance framework and invited comments and suggestions for further improvement.
13. Overall, the Committee welcomed the revised format of the risk assurance framework and noted the progress that had been made. The following comments were made:
 - The root cause and effects associated with the risks should be more clearly defined and the basis on which this is arrived at clear.
 - Feedback to the profession needed to be included.
 - Columns to show 'last audited' and 'other sources of assurance' should be included.
 - The Executive should review the risks on an on-going basis and evidence this with a view to providing the Board an update (see action below).
 - Measurable controls and mitigations against each risk were needed.

ACTION: Prior to the next ARAC the following should be completed:

a. Executive review of the risks and appetite assigned. This should be summarised to the Board for agreement on Top 10 risks, appetite for such risk and mitigation.

b. Agreement on the process for future review by board of risk appetite.

14. The Committee **noted** the risk assurance review.

Item 5 – Information Rights and Security Update

15. The DCS, as SIRO, presented a paper setting out a quarterly update on information rights and security.
16. David Anderson, the newly appointed Head of ICT, joined the meeting. He reported that he had undertaken an initial assessment of LeO's systems and reported on some of the areas that he felt would benefit from improvement.
17. The DCS reported that incident numbers were significantly lower than previous quarters.
18. The Committee discussed the extent to which some of the recurring issues, such as tailgating and sending emails to the wrong email address, could be addressed.
19. The DCS reported that work to address tailgating was already underway. As the LSB had recently done some similar work, the Head of IT was advised to have a discussion with them to assist him with this.
20. The Chair requested a costed view on intrusion and detection so that he could discuss this further with the MoJ and LSB.

ACTION: The Head of ICT to provide the Chair with a costed view on intrusion and detection.

21. The Chair asked the DCS and Head of IT to identify other mitigations to address the risks associated with recurring incidents; this should include:
 - looking into the use of email encryption;
 - other ways to reduce the number of emails being sent to incorrect recipients, and
 - the installation of more up to date firewalls.

22. Additionally, the Chair requested that the LeO measured itself against the Ten Steps to Cyber guidance issued by the Cabinet Office.

ACTION: The Head of ICT to measure LeO against the Ten Steps to Cyber

23. Alison Wedge reported on a network of Cyber People at the MoJ and offered to provide contact details to the Head of IT.
24. Following discussion, the Committee **noted** the update on information rights and security incidents.

Item 6 – External Audit update

25. David Eagles reported that planning meetings had been scheduled and planning reports would be tabled at the next ARAC meeting in February.
26. The Committee **noted** the External Audit update.

Item 7 – Update on Internal Audit actions and final audit reports

27. A paper setting out the progress made with actions arising from internal audits since the last ARAC meeting was presented to the Committee, along with the final audit report on the OLC Electronic Collection of Data.

28. Having reviewed the paper, the Chair reported that it was unclear which actions had been remediated and which remained outstanding. As such, he requested an updated paper to be issued to the Committee by 21 October.

ACTION: The DCS to update the internal audit actions paper and send a revised paper to ARAC by 21 October.

29. Following discussion, Ella Firman confirmed that whilst it was not a requirement, it was good practice to report on the number of Internal Audit actions that had been completed and the number that remained outstanding in the Annual Report and Accounts.

30. Chris Davies reported on the findings of the Internal Audit on Electronic Collection of Data which had received a moderate rating.

31. The Committee **noted** the update on Internal Audit actions.

Item 8 –Internal Audit update

32. Chris Davis presented a paper setting out the progress made against the 2019/20 internal audit plan and a summary of audit findings.

33. An unforeseen combination of sickness, leave and other absence for both GIAA and OLC had prevented the commencement of the audit on Payroll. The Q2 audit of Casework Compliance was in fieldwork in accordance with the planned timescales. The Q2 audit of Cyber Security had been delayed in order to ensure the availability of the required specialist resource within GIAA, and is due to commence imminently. Scoping discussions were getting underway for the audits scheduled for Q3.

34. The delivery of the Internal Audit plan was currently behind schedule, but measures are in place to rectify this. GIAA remain confident that delivery can be accelerated to ensure the delivery of the plan by year end.

35. The Chair reported that the audit planned for Q4 on the Digital Customer Project had been cancelled as it was no longer considered to be a significant risk to the organisation and that he was keen for an audit on Work Force Planning to be undertaken in this current financial year.

ACTION: Chris Davies to discuss with the DCS and agree if this would be possible. The DCS to report back to the ARAC Chair by 30 November 2019 out of committee.

36. Rebecca Hilsenrath reminded the executive that she had been nominated as the OLC Board's Equality, Diversity and Inclusion lead and was awaiting information as to what the organisation required from her in that role.

37. The Committee **noted** the progress made by internal audit.

Item 9 –ICO Audit update

38. The DCS provided an update on the progress being made on the actions arising from the voluntary ICO audit.

39. A significant number of actions had been completed.

40. Delivery against the action plan was a little behind schedule as progress had been impeded by the Data Protection and Information Compliance Officer (DPICO)

vacancy. A full time DPICO was now in post and it was anticipated that all actions would be completed and the associated evidence gathered in time for the ICO's follow up desk review in February 2020.

41. The DCS reported that he had completed his SIRO training.
42. Training for all Information Asset Owners (IAOs) was imminent and would ensure that the management of information assets was embedded within the organisation.
43. The Chair raised concern about the number of commitments set out in the action plan for October and recommended that some were rescheduled.
44. Additionally, the Chair recommended that the deadline for completing some of the commitments set out under the 'physical and contractual' theme should be brought forward as he felt that their current deadlines were too close to the date of the ICO review in February.

ACTION: The DCS to arrange for the deadlines for the ICO audit actions listed above to be updated accordingly.

45. The Committee **noted** the progress being made on the ICO Audit.

Item 10 – ARAC Annual Effectiveness Self-Assessment

46. The ARAC Terms of Reference state that the Committee is required to assess its effectiveness annually and submit any proposed recommendations to the OLC for approval.
47. The Chair asked the Committee and observers to complete the National Audit Office's Audit and Risk Committee Effectiveness Checklist and return it to the Board Secretary by 4 November. Responses would be collated and areas for improvement would be considered.

Need an action here and date

48. The Chair reminded those present that they could also provide feedback on the effectiveness of the Committee directly to him.

ACTION: Members of the ARAC Committee and ARAC observers to complete the National Audit Office's Audit and Risk Committee Effectiveness Checklist and return it to the Board Secretary by 4 November 2019.

Item 11 – Attestations and single tenders report

49. The DCS explained that reporting on attestations and single tenders would be carried forward to the February meeting.
50. The DCS assured the Committee that there were no single tenders of note that needed to be brought to its attention at this time.

Item 12 – Any other business.

51. The Committee discussed a requirement set out in the Government Functional Standard on Counter Fraud for organisations to appoint a named Counter Fraud Champion and provided advice to the Executive on appointing an appropriate person to this role.

- 52.** Further to a query raised by Matthew Hill, Alison Wedge advised that she would provide clarity on whether the person appointed as Counter Fraud Champion in Arms Length Bodies was required to be a member of the counter fraud profession.
- 53.** There was no other business discussed.