

**Minutes of the twenty-third meeting of the
Office for Legal Complaints Audit and Risk Committee**

Monday 19 January 2015

09.00am – 10.50am

One Great George Street, London, SW1P 3AA

Present:

Karen Silcock, Chair
Tony Foster, member
Professor Philip Plowden, member

In attendance:

Dame Ursula Brennan, Principal Accounting Officer, MoJ & OLC Accounting Officer (Items 1-4 only)
Elizabeth Gibby, Deputy Director, Access to Justice Directorate, MoJ (Items 1–4 only)
Nick Donlevy, Deputy Director, Finance Strategy and Planning, MoJ (Items 1-4 only)
Tim Watkinson, Group Chief Internal Auditor, MoJ (Item 10 only)
Marc Rainforth, Internal Audit, MoJ (Item 10 only)
Ian Brack, Chief Executive
Rob Hezel, Chief Operating Officer
Freda Sharkey, General Counsel
Paul Partridge, Head of Finance
Andy Sayers, KPMG
Sajid Rafiq, NAO

Observing:

Julie Myers, Chief Executive Legal Services Board

Board Secretary:

Helen White

Apologies:

None

Preliminary issues:

The meeting was quorate; no conflicts of interest were declared.

Item 1 – Welcome and apologies:

1. The Chair welcomed and thanked those in attendance.

Item 2 – Minutes of previous meeting:

2. The minutes of the meeting of 24 November 2014 were approved for publication.

ACTION:

The Board Secretary to publish the minutes of the ARAC meeting held on 24 November 2014.

Item 3 – Matters arising & action points:

3. Members noted those items where actions had been completed and those that were included as agenda items. Follow on action points were set as required.
4. The General Counsel reported that the revised Whistleblowing Policy was being finalised and would be circulated to the Chairs of ARAC and RemCo for comment.

ACTION:

Once completed, the General Counsel to circulate the revised Whistleblowing Policy to the Chairs of ARAC and RemCo for comment.

Item 4 – (a) Update on Accounts for 2014

5. Under the OLC Rules of Procedure, executive and staff declared an interest in this item. The Chair noted this declaration and noted that these individuals were to take no part in the discussion of the matter. They were not asked to leave the meeting.
6. The Chair reported that the aim was to file the 2013-14 Annual Report and Accounts by the deadline of 31 January 2015.
7. The Chair thanked her fellow Board members, executive, staff and MoJ colleagues for all their hard work in meeting the revised timetable. The Chair noted that the OLC had further clarifications which would be reviewed by colleagues and the MoJ over the following days.
8. The ARAC Chair sought the resolution of Members to approve the draft Annual Report and Accounts subject to the satisfactory resolution of the outstanding items. This resolution was passed, enabling the presentation of the draft Annual Report and Accounts to the OLC for approval at the forthcoming meeting on the basis that such approval was subject to satisfactory resolution of the outstanding items.
9. The ARAC Chair also sought the resolution of Members to delegate the finalisation on the wording of the three outstanding items in the Annual Report and Accounts to the Chairs of Committee and the Interim CEO. The Chair

undertook that should any substantial changes be made, Members would be notified. Again, this resolution was passed.

10. The Chair reported that a rectification and assurance plan would be put in place and the terms of reference for this were being finalised. This plan would build on the work already undertaken in terms of reviewing and enhancing the internal controls and assurance.
11. Dame Ursula thanked ARAC members for welcoming her to the meeting and stated she was attending in her capacity as the Accounting Officer of the OLC, having been appointed as such by HM Treasury.
12. The Accounting Officer reported that she had been very pleased and grateful for the way the OLC and MoJ had worked to obtain agreement on the issues identified in this process. She stated that whilst the sums of money were not enormous, her role as Accounting Officer was to ensure that public money is used properly, in accordance with Managing Public Money and Parliamentary expectations.
13. The Accounting Officer reported that the proposed rectification and assurance plan would provide an appropriate risk-based review of the issues. She reiterated that governance and rules have to be proportionate and if rules were in place, these had to be followed. If the rules were not proportionate, they needed to be changed through a formal process.
14. The Chair confirmed that the review the Accounting Officer referenced would also provide assurance for the OLC Board.
15. Elizabeth Gibby briefed members on the timetable for the publication of the Annual Report and Accounts.
16. The Head of Finance was asked to send the latest copy of the draft Report and Accounts to Andrew Sayers from KPMG, the current internal auditors.

ACTION:

The Head of Finance to forward the latest copy of the draft Report and Accounts to Andrew Sayers from KPMG.

Item 4 – (b) External Audit Update

17. Sajid Rafiq provided Members with an external audit update on behalf of the NAO. He reported that the current timetable for the finalisation of the Annual Report and Accounts would be achievable for the NAO.

Items 5 – Corporate Risk Register Review

18. The Chair reported that the review of governance and strategic risks would be discussed at a future meeting as part of the rectification and assurance programme.

ACTION:

The Board Secretary to note the review of governance and strategic risks would be carried forward to a future ARAC meeting.

19. The Chief Operating Officer updated members on the office move programme. This had gone relatively smoothly, although there remained issues with the telephony supplier which had required workarounds, including the invocation of the business continuity plan for certain front line teams. These teams would be temporarily housed at the business continuity site which would provide the necessary network access to ensure continuity of service. The Chief Operating Officer reported that pressure continued to be applied to the telephony supplier to install the required lines at the new office urgently.
20. Professor Plowden reported that whilst he was supportive of the work done by the executive, he would value early sight of the 'lessons learnt' report. The Chair requested that a full report be presented at the next Audit and Risk Assurance Committee meeting.

ACTION:

The Chief Operating Officer to present a full report on the telephone issues at the new premises.

21. The Chief Operating Officer reported that additional procurement resource may be required. The Chair reported that if this resource is needed, that the Chief Operating Officer table a proposal at the next meeting.

ACTION:

If additional resource is required, the Chief Operating Officer to table a proposal at the next meeting.

22. The Chief Operating Officer reported that staff morale remained high amongst the group of staff who had moved to the new premises and also those who were impacted by the telephony issues.
23. Discussion took place on the timeliness targets. It was agreed that this would be discussed in more detail at the main OLC Board.
24. The Head of Finance reported that an additional risk had been included in the risk register to reflect the possibility that ADR provided by other bodies could reduce demand for the services of the OLC. The Chair requested that the Head of Finance refine the measures for this risk. The Head of Finance reported that work was being done to look at the changes in case volumes as this was key to understanding the drivers behind this risk.

ACTION:

The Head of Finance to refine the measures for the risk identified around ADR diverting complaints away from the OLC.

Item 6 – Data Handling Incident Report

25. The General Counsel updated members on the quarterly data handling incident report and reported that a management tool for privacy impact assessments had been introduced.
26. Discussion took place on an incident which had arisen as part of the office move and confirmed that an update on records management arrangements be presented to the next meeting.

ACTION:

The General Counsel to provide an update on the records management arrangements.

Item 7 – Internal Audit Aggregated Report

27. The Head of Finance reported that there had been no new audits undertaken since the last meeting. He reported that KPMG had conducted a follow-up review of the Business Continuity plan and made some recommendations which were due to be implemented by the end of January.
28. The Chair reported that KPMG would be finishing their term as internal auditors for the OLC at the end of the current financial year and passed on her thanks and those of the Committee to Andrew Sayers and his colleagues for all their work and support.

Item 8 – Annual Review of Financial Crime Policies

29. The General Counsel reported that a number of policies were being brought together under a single Financial Crime Policy. These would be presented to the Committee once finalised.

ACTION:

The General Counsel to report back on the Financial Crime Policy.

Item 9 – Mission Critical Project Report

30. The Interim Chief Executive Officer updated members on the status of the critical projects. He reported that work continued on the CMC jurisdiction. New starters

had joined and were undergoing training. The current aim would be that they would use the new case management system.

31. Work continued with the MoJ and LSB to finalise the framework agreement for CMC jurisdiction. The Chair stated that she was firm in her view that it would be unwise for the OLC to proceed with this jurisdiction until the framework was in place to confirm the legal, financial and regulatory position for the organisation. Julie Myers, the LSB observer, supported the Chair's view..
32. The Interim Chief Executive reported that the S.161 commencement order would come into force on Tuesday 20th January, making provision for the commencement of the CMC jurisdiction from the 28th.
33. The Joint Committee on Statutory Instruments (JCSI) had not yet considered the commencement order and it was clear that they would not do so until after it was in force, although there was no confirmed date for this to happen. The order would thus come into force with retrospective provision. He advised the Committee that if JCSI formally expressed concern with the retrospective aspects of the order, the MoJ would wish to make an amending SI which would incorporate transitional issues for dealing with any retrospective casework in hand with the OLC.
34. The telephony issue encountered with the office move had been discussed earlier in the meeting. Staff who had moved to the new offices were pleased with the environment.
35. The Interim Chief Executive confirmed that the new case management system had been rolled out on 9 January. The system had been well received and found to be robust and reliable.

Item 10 – Introduction to MoJ Internal Audit Team

36. The Chair welcomed the Ministry of Justice Group Chief Internal Auditor, Tim Watkinson, and Marc Rainforth, the Head of Internal Audit, to the meeting. Tim Watkinson presented members with the context behind the MoJ Internal Audit Team taking over the internal audit function for the OLC from April 2015 and introduced Marc Rainforth as the Head of Internal Audit for the OLC. He reported that an audit plan would be developed over the coming months.
37. The Chair reported that a review of controls and governance was being planned with the MoJ and stated that it would be beneficial if the MoJ Internal Audit Team were engaged appropriately in this review.
38. Discussion took place on the need to ensure the OLC would be informed and challenged to follow best practice. Concern was raised about whether a MoJ function would provide the necessary external breadth of experience. Tim

Watkinson explained the arrangements in place for the team to have access as required to external specialist input. The Chair confirmed that the arrangements appeared appropriate and this was something members would monitor and review.

Item 12 – Any other Business:

39. No additional matters were raised.

Next meeting

40. The next ARAC meeting will be held on Tues 21st April in Birmingham.

Helen White
Board Secretary