

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

Thursday 15th April 2010

2.30pm – 4.30pm

Baskerville House, Centenary Square, Broad St, Birmingham B1 2ND

Present:

Brian Woods-Scawen, Chair
Professor Mary Seneviratne, member
Tony Foster, member

In attendance:

Adam Sampson, Chief Ombudsman
Rob Hezel, Director of Finance
Paul Partridge, Head of Finance
Paul Keane, NAO
Peter Goodchild, KPMG

Observing:

Chris Kenny, Chief Executive, Legal Services Board

Committee Secretary:

Andy Taylor

Preliminary issues:

The quorum requirements for the Committee meeting were met.

Item 1 – Welcome and apologies

1. Chris Kenny, Paul Keane and Peter Goodchild were welcomed by the Committee and thanked for attending the meeting.
2. George Smiles (NAO) sent apologies.

Item 2 – Minutes of previous meeting

3. The minutes of the meeting of 11th January 2010 were approved.

Item 3 – Matters arising & action points

4. The Committee noted that a number of outstanding action points had been completed since the last Board meeting or were included within the agenda.

Item 4 - Chair's update

5. The Chair clarified the purpose of the meeting was to receive the initial reports from both KPMG and NAO.
6. Additionally it was important to ensure that the committee had a disciplined timetable of work going forward, with a confirmed timetable and agenda plan that linked with internal and external audit partners.

Item 5 – NAO external audit

7. Paul Keane presented the interim NAO audit findings to the committee. In addition to the interim findings, the presentation included the confirmation of respective responsibilities, the scope and approach of the audit and an indicative audit timetable.
8. Key sections of the interim report included Annex A which outlined the perceived key audit risks for 2009/10 and Annex D which outlined the interim audit findings. Annex A included comment in respect of the levy funding arrangement and it was explained this was more of an accounting issue rather than a risk for the 2009/10 financial year. In respect of Annex D, where observations had been documented by the NAO, the management team had already provided a response and implemented suitable actions.
9. The management team confirmed there were no identified risks for the delivery of the annual report and that appropriate stakeholders would be involved in the production of the document. The committee asked for a timetable of work to be produced and cascaded to as soon as possible.
10. The committee asked the NAO to provide further information as to the breakdown of the proposed audit fee.

ACTIONS

11. The Committee Secretary to liaise with the management team to produce and cascade a timetable of work for the delivery of the annual report and audited accounts in line with the OLC's responsibilities to Parliament outlined in the Legal Services Act.

12. The Committee Secretary to obtain a breakdown of the audit fee from the NAO and to cascade this to committee members and the management team for comment and to manage future fee expectations.

Item 6 – KPMG internal audit

13. Peter Goodchild presented KPMG’s interim “financial management systems” audit to the Committee. A separate interim “governance” audit report was to follow in due course.
14. The report identified 7 priority areas to be addressed by the organisation and the management team had already provided comment in response to KPMG accepting the findings and recommendations, including the consideration of an alternative accounting system to meet the future needs of the organisation.

Item 7 – NDPB Green illustrative accounting template

15. The Committee received the accounting template for information.

Item 8 – Statement of Internal Control (SIC)

16. The Committee received a draft template that provided a transparent, evidenced based approach meeting the needs of the organisation, rather than using a “boilerplate” version. The NAO agreed that it was important for the SIC to provide management information supported by evidence and the template presented met these expectations.

ACTIONS

17. The Chief Ombudsman and Director of Finance to meet with the Committee Chair before the next Audit and Risk Committee meeting to discuss completion of the SIC.

Item 9 – Audit and Risk Committee Annual Report

18. The Chair confirmed that a draft report reflecting upon the quality of work undertaken thus far would be compiled and circulated by the Committee Secretary as soon as possible for comment by members.

ACTIONS

19. The Committee Secretary to liaise with the Chair in respect of the production and distribution of the Committee annual report.

Item 10 – Audit and Risk Committee Terms of Reference

20. The Chair advised the committee of a necessary amendment to the quorum quoted within the terms of reference in order to meet with the requirements of the Legal Services Act. It was noted that when taking formal decisions, views from non-attendees could be accepted in writing or by telephone. In the alternative, to make sure that members are aware of the nuance of debate, a resolution may be circulated to all members after a Board meeting and a decision taken by email. This approach was approved by the Board in the meeting held on 28th September 2009.

ACTIONS

21. The Committee Secretary to amend the terms of reference to reflect the quorum requirements and also to cross reference the document with the published model, suggesting appropriate changes to the committee as soon as possible.

Item 11 – Future agendas and any other business

22. A working draft of the proposed committee order of business and timetable for 2010/11 was presented and comments invited via the Committee Secretary.

23. Members noted that the next Committee meeting would be held on 21st June 2010 commencing at 09.30am at Baskerville House in Birmingham, closing at 11.15am to allow a short break before the Board meeting commenced at 11.30am.

ACTIONS

24. The Committee Secretary to confirm dates for Audit and Risk Committee meetings during 2010/11 and to confirm the order of business for presentation at the next meeting.

Andy Taylor
Committee Secretary
16th April 2010