

Minutes of the first meeting

Office for Legal Complaints (OLC) Audit and Risk Committee

Monday 12th October 2009

10.00am – 11.30am

Victoria House, Southampton Row, London, WC1B 4AD

Present

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

In attendance

Adam Sampson, OLC Chief Ombudsman
Nyall Farrell, OLC Interim Director of Operations
Chris Kenny, Chief Executive, LSB

Guests

George Smiles, National Audit Office
Paul Keane, National Audit Office – Director responsible for Audit.

Apologies

John Ward – KPMG – Internal Auditors

1. There were no apologies for absence.
2. The Chair welcomed the participants and noted that this was the first formal meeting of the committee. This was a key step for the committee, allowing it to formally kick-off its activities, build relationships and develop its own culture and stance on key subjects.
The Chair noted that it was important that the committee had its own mind and balanced its need to challenge the executive whilst still being part of the OLC team. It will not accept unsubstantiated claims but will ask for supporting evidence.
3. The issue of the criteria for the Committee being quorate was raised. It was agreed that the committee would not be making decisions and so the issue of quorums was not critical to the functioning of the committee. A summary of critical issues raised would be prepared and sent to any non-attendees.

4. The Committee recommended that the OLC board approve the formal appointment of KPMG as internal auditors.
5. George Smiles and Paul Keane from the NAO outlined their approach to the audit of the OLC. Theirs was a risk-based approach and would place reliance on the OLC's management controls, the internal control process and the work of the internal auditors.

Detailed timetabling would be planned with an initial meeting in the autumn and detailed planning at the end of the year. The process will include an initial assessment, identification of key risks and a fraud risk assessment.

6. The Chair identified the main risks for the OLC as:

- Evolving systems of control and segregation of duties.
- Cost Allocation to Accounts
- The Levy.
- Understanding Public Sector Accounting and the differences in Financial Reporting (including the necessary disclosures in first year of accounts)

7. For this reason the recruitment for the Head of Finance will include Public sector experience recruitment. Other key appointments scheduled include Interim Procurement specialist and Board Secretary. It was also important for the senior team have a shared understanding of the key issues.

8. Tony Foster indicated that the next 12 months would see the making of significant investments in the project, mainly in IT, premises and staff. The Board will be strongly involved in approving key stages of the investments. Other key issues include:

- ensuring that the tenets of Probity in Public life are built in from the start
- data Security
- the profession's concern over how their money is spent
- Clarity of funds spent by MoJ prior to OLC establishment.
- Collectability of case fees and responsibility for bad debts.

Paul Keane described their priorities in the first year as:

- The control environment
- Understanding the key issues
- Risk of material misstatement in the accounts
- Efficiency.
- Issues surrounding the timing mismatch between implementation budgets and financial / reporting periods.

9. The latest version of the Risk Register was presented to the Committee. A scale indicator was requested to be shown to better describe the values being attributed to each risk. Risk trend indicators were also requested showing increases or decreases in risk levels.

A separate risk register for Business-As-Usual will need to be set-up when these issues start to become more visible.

The risk register will also be presented to the Board, who will discuss key risks as necessary.

10. A request from the MoJ's Access to Justice Audit Committee to receive papers and minutes of the OLC's Audit & Risk Committee was discussed. It was agreed that the minutes of meetings could be sent to the MoJ, once approved at the next committee meeting. The Chair will meet with the Chair of the MoJ committee to better understand their requirements and the relationship between the two committees.

11. The next meeting will be held in January 2010, date to be confirmed.