

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

Monday 4th October 2010

09.30am – 12.00pm

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 and Business Services
Paul Partridge, Head of Finance
Paul Keane, NAO
Annabel Ellin, KPMG

Observing:

Chris Kenny, Chief Executive, Legal Services Board
Steve Glynn, Compliance Officer

Committee Secretary:

Andy Taylor

Apologies:

Preliminary issues:

The quorum requirements for the Committee meeting were met.

Item 1 – Welcome and apologies

1. The Chair welcomed those in attendance.
2. Apologies were received from Peter Goodchild, KPMG and John Ward, KPMG

Item 2 – Minutes of previous meeting

3. The minutes of the meeting of 21st June 2010 were approved for submission to the OLC.

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 advised that it was important for the committee to focus upon organisational controls and reputational issues now that go-live was imminent. However, the Chair stressed that it was equally important for the committee to avoid undertaking OLC work and replicating OLC discussion. The committee should assure itself there are adequate risk management policies in existence and these are proportionate and inform management at all levels of the organisation. Additionally, key risks must be supported by the risk process, including management assurances and independent review by internal and external auditors.

ACTION

- The Committee Secretary to include on future agendas the Corporate Risk Register, identifying steady state risks and the Executive/Senior Management Team to record within the register all appropriate assurances and/or mitigation in place.

Item 5 – External Auditor schedule of milestones 2010 - 2011

6. The committee received a draft version of the proposed milestones for the 2010/11 accounting period. The NAO representative advised that the new NAO Director was committed to the principles of the proposed timetable and acknowledged the committees wish to ensure that any issues were brought to the attention of members early in the process.
7. Members asked that the timetable be amended to include an opportunity for Audit and Risk to review the draft 2010/11 accounts prior to submission to the NAO. This may be done via e-mail, rather than by convening a formal meeting.

8. Questions were invited and the committee were advised that:

- The 2010/11 accounts may, if required, be structured by the NAO to take into consideration the complexities of the organisation moving from set-up into steady state. For example include confirmation and segregation of the project and set up costs.

ACTION

- The Head of Finance to amend the milestone document to include an opportunity for committee members to receive and comment upon the draft accounts prior to issue to the NAO and also to confirm the milestone dates with the NAO.
- The committee secretary to confirm a series of regular meetings between the Chair and new NAO Director during the 2010/11 accounting period.

Item 6 – KPMG internal audit plans 2010 - 12

9. KPMG presented an internal audit timetable for the 2010/11 and 2011/12 financial periods which included details of indicative areas of audit and control. KPMG also reported that the recent data migration exercise had run smoothly; one recommendation had been made in respect of access controls.

10. Questions were invited and the committee were advised that:

- Where appropriate KPMG will liaise closely with the NAO, for example regarding controls in respect of cash transactions and bank reconciliations.
- The audit coverage period differed between 2010/11 and 2011/12 since additional time would be invested in the initial year following go-live by KPMG. This would support and facilitate a strong risk assurance framework that the committee can take forward into subsequent years.

11. The committee approved the scope and timetable of internal audit presented by KPMG

Item 7 – Audit and Risk Committee self assessment

12. The Chair advised that it was important for the committee to assess its own performance over the previous 12 months in order to develop and improve. To facilitate this, the committee received a copy of the NAO Audit Committee Self-Assessment Checklist, dated November 2009. The Chair reported that there were a

number of alternative formats to undertake a self assessment exercise; however it was proposed that this version would meet the necessary requirements.

13. Members and those from the Executive in attendance were asked by the Chair individually to complete the checklist and forward a copy to the committee secretary to shall compile an overall report in time for the January meeting.

ACTION

- The committee secretary to compile the individual reports received from Members and the Executive into an overall self assessment report which is to be tabled at the January meeting.

Item 8 – Draft Business Continuity Plan

14. A draft version of the proposed organisational Business Continuity Plan was tabled in order to update members with progress. It was acknowledged that the document was an ongoing item of work in progress and in view of this a degree of risk was evident until such time that the plan was approved and fully tested.
15. Members asked for an update to be provided to the OLC meeting to be held on 18 October to include a revised version of the plan and for the Executive to outline how the interim period will be managed.

ACTION

- The committee secretary to update the Business Continuity Plan and to include this as an agenda item for the OLC meeting on 18th October 2010.

Item 9 – Whistleblowing Policy

16. The committee approved the policy and members received assurances that the document would be clearly communicated by the Executive to all staff, with an annual report to be tabled to the committee in due course.

ACTION

- The committee secretary to issue a message advising of the introduction of the policy to all staff and to include a dedicated session within all future staff induction sessions with effect from 11th October 2010.

Item 10 – Updated Audit and Risk Committee Terms of Reference

17. The committee approved the revised terms of reference subject to minor amendments being made. The committee secretary was asked to include the revised terms of reference on the agenda for the next OLC meeting for final approval.

ACTION

- The Committee Secretary to include the revised terms of reference on the agenda for the next OLC meeting for final approval.

Item 11 – Future agendas and any other business

18. The committee received a letter from the NAO advising of a recent change to the NAO Financial Audit Director, with Sajid Rafiq taking over from Paul Keane.

Andy Taylor
Committee Secretary
12th October 2010