

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

**Monday 11 April 2011**

**10.00am – 12.30pm**

**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 and Business Services  
Paul Partridge, Head of Finance  
Annabel Ellin, KPMG  
Sajid Rafiq, NAO

**Observing:**

Chris Kenny, Chief Executive, Legal Services Board

**Committee Secretary:**

Steve Glynn / Andy Taylor

**Apologies:**

John Ward, KPMG

**Preliminary issues:**

The quorum requirements for the Committee meeting were met. No conflicts of interest were declared.

**Item 1 – Welcome and apologies:**

1. The Chair welcomed those in attendance and confirmed that apologies had been received from John Ward, KPMG.

**Item 2 – Minutes of previous meeting:**

2. The minutes of the meeting of 24 January 2011, were approved for submission to the OLC.

### **Item 3 – Matters arising & action points:**

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

### **Item 4 - Chair's update**

4. The Chair updated members in respect of 'Annex C,' - a letter received from the Ministry of Justice summarising the points covered in the 'Chair of MoJ Audit Committees,' meeting on 4 November 2011.

### **Item 5 – Corporate Risk Register:**

5. An updated version of the 'corporate risk,' register was presented to the meeting. Members were advised that some areas of overlap had been removed from the register, however generally the overall level of corporate risk remained static. One item relating to internal policies and procedures (risk reference 23) was felt to be quite broad and required further consideration in relation to breaking down further into discreet items.

### **ACTION**

- Risk Management Group to consider whether risk reference 23 relating to HR policies may be broken down into discreet items.

### **Item 6 – Statement of Internal Control (SIC):**

6. Members received an oral update from Rob Hezel, the Director of Finance and Business Services. Members agreed that a LeO specific SIC should be utilised in favour of a standardised boilerplate version. The draft SIC is in progress and is to include a self assessment by EMT against a scoring matrix. The draft SIC will be circulated to members and internal audit as a matter of urgency.

### **ACTION**

- The Director of finance and Business Services to issue a draft SIC as soon as possible to members for comment.

### **Item 7 – Aggregated Internal Audit report:**

7. The Director of Finance and Business Services presented a report summarising progress made against the findings of internal audit based on reviews of the 2010/11 accounting period. Members and internal audit acknowledged that progress was being made and asked for updates to be presented to subsequent meetings.

Members requested that the face sheet should be amended to clearly show outstanding items with clearly defined timescales, items outstanding and any items outside of agreed parameters.

Internal audit clarified that progress will be reviewed via a 'light touch,' approach, and any substantial items will be included in subsequent audits.

## **ACTION**

- The Director of Finance and Business Services to present updated aggregated internal audit reports to subsequent audit and risk committee meetings.

### **Item 8 – Draft Anti-Fraud Policy:**

8. Members noted the draft policy and requested minor amendments to be made before resubmitting electronically to members. Amendments including; clarification of roles and when the police are to be notified in relation to allegations of fraud. In addition, members recommended that an additional reporting line to the MOJ and internal audit is also to be included. An appendix should also be included outlining a summary of risks against the organisation and any fraud mitigation controls in place.

## **ACTION**

- Head of Finance to amend the policy and electronically re-circulate to members for approval.

### **Item 9 - A&RC Self Assessment Report:**

9. The Head of Compliance presented a summary document of the recent self-evaluation exercise resulting from receipt of external audit recommendations.

## **ACTIONS**

- The Head of Compliance to implement the recommendations outlined in the report and to forward a copy of the self evaluation responses and summary to MOJ in accordance with Annex C.

### **Item 10 - Draft 2010/11 Audit and Risk Committee Annual Report:**

10. The Head of Compliance presented the first draft of the A&RC annual report, confirming that a summarised version will appear in the finalised 2010/11 OLC annual report. Minor recommendations were made following a request for comments and including a separate section relating to SIC.

## **ACTIONS**

- The Head of Compliance to update the draft annual report and re-circulate electronically to members as soon as possible.

### **Item 11 – NAO – External Audit progress update and reports:**

11. Members received an interim progress report relating to the design and implementation of key controls, upgrade of the Sage accounting software, payroll expenditure 1 April – 31 December 2010, and non-current asset additions, disposals and existence. Members discussed how LSO accounting arrangements will be dealt with in relation to future OLC accounts. Members agreed that

complications are foreseen should the LSO accounts be dealt with on the basis of a 'going concern.'

**Item 12 – Internal Audit progress updates and reports:**

12. KPMG presented a progress report on 'internal audit,' findings during the accounting period 2010/11 and a review of the annual plans for 2010/11 and 2011/12.

**Item 13 – Review of A&RC timetable and schedule:**

13. The Head of Compliance presented a revised version of the committee planner for 2010/11; including proposed dates for the period October 2011 to October 2012 inclusive. Members approved the agenda planner and will confirm the propose dates as soon as possible.

**Item 14 – Accounting policy update:**

14. Members received an oral update of accounting policy matters; Grant in Aid (GIA) was discussed in relation to its treatment in accounting terms. Members agreed that GIA should be treated as a loan for accounting purposes and any necessary prior year adjustment should be made.

**Item 15 – Any other business:**

15. No additional matters were raised.

Steve Glynn - Committee Secretary  
18 April 2011