

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

Monday 19 May 2014

09.30am – 11.00am

5th Floor, Baskerville House, Birmingham

Present:

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

In attendance:

Adam Sampson, Chief Ombudsman
Rob Hezel, Chief Operating Officer
Paul Partridge, Head of Finance
Andy Sayers, KPMG
Clare Forbes, KPMG
Caroline Mendes de Costa, NAO

Observing:

Chris Kenny, Chief Executive Legal Services Board

Board Secretary:

Helen White

Apologies:

Alex Games, NAO

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 noted the apologies received in respect of Alex Games, NAO.

Item 2 – Minutes of previous meeting:

2. The minutes of the meeting of 14 April 2014 were approved for publication.

ACTION:

The Board Secretary to publish the minutes of the ARC meeting held on 14 April 2014.

Item 3 – Matters arising & action points:

3. The actions from the previous meetings were discussed, and progress made noted. Follow on action points were set as required.

Item 4 – Corporate Risk Register review:

4. The Head of Finance presented the updated report and the following key risks were discussed:
 - The risks identified in connection with sole supplier reliance were highlighted. Following earlier A&RC discussions, options for mitigation have been explored and a paper is being presented to the OLC Board.
 - The number of vacant posts has increased which carries a risk of impact on timeliness targets being achieved until the new starters are onboard. In light of the need for further recruitment to fulfil CMC requirements, the outcome of the latest recruitment campaign will be reviewed to assist in determining an optimal pitch of the offering to attract high quality candidates..
 - This year has the challenge of a number of major projects (IT update, office move and commencement of the CMC project). Risks concerning resourcing were discussed. An assurance programme is being put in place around these projects with assistance from our internal auditors.

Item 5 – Health and Safety Annual Report:

5. The CEO presented the Health and Safety annual report. LeO is a relatively low risk environment due to the nature of its operations. Actions were noted for the Chair to discuss further with the Chair of Remco programmes concerning potential for work place stress and also employee safety in the event of external threats, and report back to A&RC.

ACTION:

The Chair to discuss with RemCo Chair concerning programmes for workplace stress and external threat management and report back.

Items 6 – Report of Data Security Breaches

6. The Head of Finance presented the review of data security breaches. There were two incidents during April. The first incident related to human error and a communication will be sent to all Operations staff to reiterate the process for reporting data security incidents whether they relate to physical or electronic data. The second related to a system fault on external health and software systems and

is not believed to have resulted in any actual leakage of personal data. A review is being conducted with the contractor.

ACTION:

Head of Finance to ensure appropriate reminder is communicated to all staff

Item 7 – ARC Self Assessment Summary 2013-14:

7. The Head of Finance presented the summary of the self-assessment feedback from the committee and NAO. NAO feedback was that the committee operates effectively and complies with the principles set out in the checklist.

Item 8 – Internal Audit Aggregated Report:

8. The Head of Finance presented a summary of internal audit findings as of May 2014. The committee were satisfied with the progress and revised dates.

Item 9 – ARC Annual Report and Annual Report and Governance Statement:

9. The Chair requested that the Head of Finance make some minor amendments to the document.

Item 10 – Audit Completion Report:

10. The NAO presented the draft 'Audit Completion Report' on the 2013 – 14 financial statement audits. The NAO reported that the audit went very smoothly, and was expected to complete on schedule once final draft accounts were received. Discussion took place around the approval process required by government for certain actions, and the need for evidence of liaison with external bodies to be retained. Head of Finance is to identify an appropriate storage place for this information and ensure all senior management team members are aware of this.

The Accounting Officer confirmed he is happy to sign the Letter of Representation.

The Chair, on behalf of the Executive, wished to pass on her thanks to all involved for an excellent team effort.

ACTION:

The Head of Finance to provide final draft accounts to the NAO.

The Head of Finance to put in place a process to identify which transactions and activities require specific approval and to ensure evidence of these approvals is retained.

Item 11 – Internal Audit Report

11. KPMG presented their internal audit progress report, the Internal Audit Annual Report for the ARC, the draft Internal Audit plan for 2014-15 and three finalised audit reports.

Discussion took place on the internal audit conducted on the revised Quality framework. The audit highlighted the need for senior input and challenge. This is currently being provided by the Chief Ombudsman with Tony Foster, as an OLC Board member, providing the strategic link to the team. The Chair confirmed that the Quality team in addition always have an open channel to the OLC Board, via the Chair of Audit and Risk or the Chair of RemCo.

The report on Business Continuity and Disaster Recovery arrangements was also discussed. This was an area of management and OLC concern, and although a “weak” rating was given, the A&RC noted that actions are in hand to remedy the points highlighted. A follow up report and further support in this area is planned in the current financial year.

A report on the Service Complaints processes was also received and noted.

KPMG presented their annual report on assurance as to the adequacy and effectiveness of the OLC internal control and governance processes. The proposed internal audit plan for the next year was received and discussed. The Chair is to discuss the proposed Internal Audit Plan for 2014-15 with the Chair of RemCo and will feed back to A&RC any proposals for additional work.

The Audit and Risk Committee agreed that KPMG would continue as Internal Auditors for 2014-15. The provider of Internal audit services would be reviewed towards the end of 2014 and, should a new provider be selected, KPMG would complete the 2014-15 audit plan as part of their current engagement, with any new provider providing internal audit planning and work in respect of 2015-16.

ACTION:

The Chair to discuss the proposed Internal Audit Plan for 2014-15 with the Chair of RemCo.

Item 12 – Any other Business:

12. The Chair confirmed that full Annual Report and Accounts was on the agenda for the OLC Board and so was not separately discussed at this meeting.
13. The date of the next meeting of the committee is to be confirmed.

Helen White
Board Secretary