

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

Monday 24 November 2014

09.30am – 11.00am

5th Floor, Baskerville House, Birmingham

Present:

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

In attendance:

Rob Hezel, Chief Operating Officer
Freda Sharkey, General Counsel
Paul Partridge, Head of Finance
Andy Sayers, KPMG
Shareen Jilka, KPMG
Sajid Rafiq, NAO

Observing:

Julie Myers, Chief Executive Legal Services Board

Board Secretary:

Helen White

Apologies:

None

Preliminary issues:

The quorum requirements for the Committee meeting were met. Prof Plowden declared a potential conflict under Item 8.

Item 1 – Welcome and apologies:

1. The Chair welcomed those in attendance.
2. The Chair informed the meeting that the focus would be on the normal business of the Committee. The recent resignation of the Chief Executive clearly raised a number of risk issues for the organisation, but felt it was appropriate for the OLC Board as a whole to deal directly with these matters at the meeting immediately following this Committee.

She reminded members that the papers for this meeting had, in the main, be prepared before the resignation and so this would not be reflected in them.

Item 2 – Minutes of previous meeting:

3. The minutes of the meeting of 19 May 2014 were approved for publication.

ACTION:

The Board Secretary to publish the minutes of the ARC meeting held on 19 May 2014.

Item 3 – Matters arising & action points:

4. The actions from the previous meetings were discussed, and progress made noted. Follow on action points were set as required.
5. The Chair reported, following discussions with the senior management members responsible for the policy review exercise, that this will incorporate a review of the Schedule of Delegation and will ensure all key documents are cross referenced to the relevant framework agreements and Managing Public Money. It will, therefore, provide a complete checklist for all important decisions and approvals and will assist in producing rolling forward agendas for Board and Committee meetings.
6. The Chair reported that the MoJ's internal audit service will be providing the internal audit planning and work in respect of 2015-16. It is hoped that a representative from the MOJ internal audit service will join the next ARAC meeting. The Chair passed her thanks on to KPMG for their support and advice.

Item 4 – Corporate Risk Register review:

7. The Head of Finance presented the updated report and the following key risks were discussed:
 - Business interruption continues to be identified as a key area of risk due to reliance on a sole outsourced IT supplier for live and disaster recovery systems. While appropriate commercial arrangements are in place these do not insulate OLC from failure of the supplier itself. Alternative proposals are being implemented as part of the Business Transformation Project which will eliminate the greater part of the current sole supplier risk currently experienced. However, as we move all existing infrastructure to the envisaged new cloud hosted IT environment, further consideration will be required as to the degree of dual sourcing that may be required in future. It will be necessary to develop and present to this Committee and the OLC Board an appropriate range of options in order that the cost/risk balance can be assessed to support the taking of appropriate, balanced decisions. This decision will then need MoJ approval.

ACTION:

The Head of Finance to present the various disaster recovery hosting options to the OLC Board.

- CMC recruitment is currently continuing and it was noted that a full CMC Update is being presented at the OLC Board Meeting.
- It was noted that work continues with the Remuneration Committee on succession planning arrangements. The Chair stated that she will contact the RemCo Chair to see whether this Committee can support this work in any way.
- The risks around the procurement of a new IT infrastructure were discussed. The Chief Operating Officer assured members that the management team were all focussed on this. The project is currently on track and is being monitored through the Business Transformation Programme. Further assurance is being provided by OLC member, Maureen Vevers, who sits on the programme board.
- The changes to demand levels within the existing jurisdiction were identified as a both a business planning and financial risk. Prof Plowden suggested that as part of the OLC's contribution to regulatory objectives, more research should be undertaken to look at the causes of the downward trend in overall complaint volumes, and the variances in complaints by type of service. If the resultant evidence suggested a structured change in the consumer legal market, this would need to be reflected in the business planning cycle. The Chair agreed that this research should be undertaken as it is integral to business planning and risk management.

ACTION:

The Chief Operating Officer to propose next steps on the proposed research project.

- Sajid Rafiq stated that he would circulate a link to the recently published NAO report on civil legal aid which would be of interest to the OLC.

ACTION:

Sajid Rafiq to circulate the link to the recently published NAO report on civil legal aid.

- The Head of Finance was requested to amend the title of M1 Risk to clarify and improve the description of this risk area.

Items 5 – Report of Data Security Breaches

8. The Head of Finance reported that there was nothing to report on data security breaches. The Chair passed on her thanks to the team.

Item 6 – Progress Report on Policy Review

9. The Chief Operating Officer updated members on the progress on the policy review project. He outlined the requirement for additional resource to finalise the project. The Chair requested a resourcing proposal be brought to the Board for sign-off once a final roadmap is agreed by the management team.

ACTION:

The Chief Operating Officer to submit a final resource proposal for approval by the Board.

10. The Chief Operating Officer reported that the aim is to produce a suite of policies to provide assurance to the Board whilst also being used more widely amongst staff. The Chair reiterated the earlier point about the need to ensure this project includes a review of the Scheme of Delegation as well as ensuring all key documents are cross referenced to the relevant framework agreements, memorandum of understanding and Managing Public Money.
11. The Chair requested that the Chief Operating Officer keep the OLC Chair, Chair of RemCo and Chair of ARC updated as the project moves forward. She reiterated the requirement for a timeline to enable Committee and Board approvals to be planned efficiently.

ACTION:

As part of the Policy Review Project, the Chief Operating Officer to produce a timeline for various Committee and Board approvals.

Item 7 – Policy Review

12. The Head of Finance tabled the revised Expenses and Gifts and Hospitality Policies. The policies were approved, subject to one amendment to the Expenses Policy. These will now be tabled for approval at the OLC Board Meeting.

ACTION:

The Chief Operating Officer to present the approved policies (subject to one minor amendment the Expenses Policy) to the OLC Board for approval.

Item 8 – Internal Audit Report

13. Prof Plowden drew his potential conflict of interest under this item to the Board's attention and offered to leave the meeting whilst discussion took place. The Chair invited Prof Plowden to stay during the discussion.

14. KPMG presented their internal audit progress report and three finalised audit reports.
15. Discussion took place on the policy review audit. Officers reported that various recommendations have been implemented. The Chair reported that this review has provided good information on which to move forward in a number of areas.
16. Discussion took place on the Internal Audit Report on the Transformation Programme Audit Stage 1 (Governance) which covered the initiation and governance at the outset of the programme. It identified areas of good practice and some areas for development, principally around programme wide benefit logs. The audit was given a 'satisfactory' rating. The Chief Operating Officer reported that the four recommendations have been implemented and are a standing agenda item on the Transformation Programme Board. He reminded members that Board assurance on this programme is given through Maureen Vevers attending the programme boards.
17. Discussion took place on the Internal Audit Report on the Budget and Forecast review which received a 'good' rating. Three low rated items were highlighted for development and the Head of Finance updated members on actions taken to remedy these areas.

Item 9 – Annual Report Update

18. The Chair updated members on the current status of the Annual Report and Accounts. She reported that it may be necessary to hold an additional Audit and Risk Assurance Committee meeting on 15 December in order to meet the timescales for filing the accounts before the end of January 2015. If this is required, members will be notified.

Item 10 – External Audit Report

19. Sajid Rafiq was requested to provide official confirmation on the treatment of the levy funding issue.

Item 12 – Any other Business:

20. The 2015 dates were discussed. It is likely that an alternative date will be needed for the January meeting, as it currently clashes with an external event.

Helen White
Board Secretary