

**OLYMPIC LOTTERY DISTRIBUTOR
SUMMARY MINUTES OF THE 9TH MEETING
OF THE AUDIT COMMITTEE
HELD ON 19 FEBRUARY 2009
At the ODA Offices, Canary Wharf**

Present:

Hilary Daniels (Chair)	Mike O'Connor (Chief Executive)
Carol Ainscow	Karen Bayley (Team Administrator)
Lindsay Holbrook	Ian Brack (Director of Policy)
Janet Paraskeva	Ros Francis (Head of Finance and Corporate Services)
Sir Craig Reedie	Liz Prescott (Appraisal and Monitoring Officer)
	Bernadette Wallis (Secretary to the Board)

Damian Brewitt	National Audit Office
Anna Lancefield	RSM Bentley Jennison
Joe Hime	RSM Bentley Jennison

In Attendance

Amanda McMurray	Mentee of Hilary Daniels
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1. Apologies for absence

There were no apologies for absence.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Audit Committee meeting held on 30 October 2008

The minutes were approved as an accurate record of the proceedings.

4. Matters arising from the Audit Committee meeting held on 30 October 2008

The Board noted the Action Follow up Sheet and the progress on Internal Audit Recommendations. All matters arising from the minutes of the last meeting were now complete.

In respect of Internal Audit recommendations, there was one outstanding recommendation (IT Audit – 3.6) that would be actioned when the OLD received encrypted USB media from the Big Lottery Fund. There was also one outstanding recommendation from the Communications Audit (Recommendation 1), that the Communications Strategy be reviewed by the Board and this was scheduled to be actioned in May 2009.

5. Summary Minutes of the OLD Audit Committee meeting held on 30 October 2008

The summary minutes were approved for publication on the OLD website.

6. Internal Audit Plan 2009/10

The Committee welcomed RSM Bentley Jennison to the meeting. Anna Lancefield presented the Internal Audit Plan for 2009/10.

The Detailed Internal Audit Plan for 2009/10 (Appendix B) reflected that the main areas for consideration were to be:

Grant Payment
Grant Offer – Non ODA grants
Governance – compliance with statute and risk management
Business Continuity Planning
Core Financial controls, follow up work and Audit Management

Whilst the Internal Audit fee had been frozen up until 2008/09, for 2009/10 there was a slight (1%) increase. The number of internal audit days had been kept to 25 days with a 5 day contingency. In discussion, RSM Bentley Jennison confirmed that they felt that this number of days was sufficient for them to form an Audit Opinion on the OLD.

The Committee also noted that the Internal Audit Plan 2009/10 was in line with the three year Internal Audit Strategy and also that RSM Bentley Jennison's standards were in sync with the Institute of Internal Audit recommended standards – the Plan was, therefore, very much in line with those standards.

The Audit Committee APPROVED the Internal Audit Plan for 2009/10

7. Internal Audit Progress Report

The Audit Committee had received the Internal Audit Progress Report that reflected progress against the Internal Audit Plan for 2008/09.

Final Reports had been issued for the following:

Core Financial Reports
Grant Offer
Grant Payment and Monitoring;
Follow up

In addition, fieldwork for the Governance and Risk Management Audit had been completed and the Audit Report was due to be produced the following week.

In respect of the completed audits, there had been no Fundamental or Significant recommendations but there were four Merits Attention recommendations all of which had been agreed by Management and implemented immediately. The Committee noted these recommendations and the Management Action that had been taken in respect of each.

The Committee NOTED the Internal Audit Progress Update and thanked RSM Bentley Jennison for presenting.

8. NAO Audit Strategy

The Audit Committee welcomed Damian Brewitt, National Audit Office to the meeting to present the NAO Audit Strategy.

Damian Brewitt drew the Audit Committee's attention to key aspects of the Strategy.

The Audit Committee discussed the risk of fraud. The fact that the OLD was co-located with the Big Lottery Fund and shared financial services with the BLF meant that there was added separation in respect of financial processes and procedures – this was of some comfort. The OLD also valued the role of the NAO and Internal Auditors in ensuring that OLD practices were subject to a 'second pair of eyes'. Overall the Committee was currently comfortable that the risk of the OLD being subject to fraud was low.

Damian Brewitt updated the Committee on a number of changes that had been made to the Financial Reporting requirements, one requiring additional wording in the Statement of Internal Control on data security.

Ros Francis drew the Committee's attention to the fact that the fee level of £12k for external audit remained competitive.

The Audit Committee APPROVED the NAO Audit Strategy for 2009/10.

9. FRS and IFRS – Trigger Point 2

The Committee was pleased to note that, in the first report on the OLD's progress with restating its accounts on an IFRS basis, the OLD had been given a clean opinion. The OLD had so far met all its commitments in respect of FRS and IFRS.

Ros Francis updated the Committee that the preparation of the Audit Report had been a useful way of documenting how IFRS would impact on the OLD and also that she had found the audit useful to discuss issues in respect of IFRS with Paul Oliffe of the National Audit Office, and to use the NAO as a 'sounding board'.

The Committee NOTED the report and the OLD's current position in terms of progress.

The Committee thanked Damian Brewitt for presenting this item.

10. Risk Management

The Committee had received the following with the agenda:

Update paper on Risk Management Activity since the last Audit Committee meeting
Updated Risk Register and Action Plan showing changes in red
Risk Management Policy
Annual Summary of Risk Management Activity for 2008

In view of the fact that the OLD's Risk Management Strategy had not changed, the Audit Committee APPROVED the Risk Management Strategy as remaining fit for purpose.

The Committee reflected on changes to the Risk Register and Action Plan since the last meeting of the Audit Committee.

The Committee noted that a new Risk, Risk 14, had been added after the last Audit Committee meeting. This risk related to accommodation and specifically the BIG Lottery Fund's plans to move from 1 Plough Place. Mitigating actions had been put in place and the risk score allocated to this risk was low.

11. Items of Any Other Business

There were no items of Any Other Business.

12. Date of the next meeting

Tuesday, 23 June 2009