

OLYMPIC LOTTERY DISTRIBUTOR
SUMMARY MINUTES OF THE 12th MEETING OF THE
AUDIT COMMITTEE
held on 18 FEBRUARY 2010
at the Olympic Delivery Authority,
1 Churchill Place, Canary Wharf, London

Present:

Hilary Daniels (Chair)
Carol Ainscow
Lindsey Holbrook

Ian Brack (Chief Executive)
Ros Francis (Head of Finance and
Corporate Services)
Bernadette Wallis (Secretary to the Board)

In attendance:

Sirajul Islam (OLD Board Member)
Sajid Rafiq (National Audit Office)
Beth Davey (RSM Tenon) (for minutes 7.0 – 10)

1. Welcome and Introductions

The Chair welcomed Sajid Rafiq (National Audit Office) and Beth Davey (RSM Tenon) to the meeting. New Board Member, Sirajul Islam, had been invited as an observer.

2. Apologies for absence

Apologies for absence had been received from Alyson Coates.

3. Minutes of the 11th Meeting of the Audit Committee held on 15 October 2009

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

4. Matters arising from the 11th Meeting of the Audit Committee held on 15 October 2009

There were no outstanding actions from the last meeting but there were three outstanding internal audit recommendations from the 'Controls over the use of the OLD Bank Account' Audit. Ros Francis updated the Committee on these and said that they would become active as and when the new banking arrangements were put into place.

The Committee was also updated on discussions that had taken place between Ros Francis and RSM Tenon (formerly Bentley Jennison), following the last Audit Committee, that would result in agreed improvements for the 2010/13 Internal Audit Programme.

5. Summary minutes of the Audit Committee meeting of 15 October 2009

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

6. IFRS Trigger Point 4

Sajid Rafiq, National Audit Office (NAO), updated the Committee on IFRS Trigger Point 4 which meant that organisations had had to restate their 2009/09 accounts in the light of changes in the IFRS. The restatement by the OLD had been completed in September 2009 and the NAO had given a clean dry run opinion on the restated accounts.

7. External Audit Plan 2009/10

The Committee's attention was drawn to key issues and focal points for the 2009/10 external audit. The NAO had taken into account the OLD's small complement and issues around segregation of duties when setting the External Audit Plan.

Sajid Rafiq drew to the Committee's attention that the importance of the Statement on Internal Control (SIC) in terms of accountability was being emphasised by the NAO. An NAO guidance note had been circulated to the Committee prior to the meeting but the Committee would be reminded of items that should be covered in the SIC in June prior to approval of the Annual Report and Accounts.

Action: Secretary to the Board

The Chair reiterated the importance of the OLD thinking through its internal control issues in respect of its small staff and the departure of the previous Chief Executive. The Committee was informed that this had been a key topic at recent risk meetings and that actions to secure segregation of duties had been identified.

Sajid Rafiq updated the Committee on changes that were taking place at the National Audit Office.

8. Internal Audit Progress Report

Beth Davey was welcomed as the new OLD Client Manager within RSM Tenon.

The Committee had received the Internal Audit Progress Report and the Follow up Report – Internal Audit Recommendations. The reports represented the four pieces of internal audit work that RSM Tenon had carried out since the last Audit Committee meeting:

Grant Offer
Grant Payments
Core Financial Controls
Follow up recommendations

Three Merits Attention points had been identified throughout the work; one relating to Grant Offer and two relating to Core Financial Controls. The recommendations had been accepted by Management and would be implemented.

The Committee was pleased to note that all outstanding recommendations from the 2008/09 Internal Audits had been actioned.

Beth Davey updated the Committee on the amalgamation of RSM Bentley Jennison and RSM Tenon that had taken place in December 2009.

The Committee also noted that submission of the Internal Audit Plan 2010/11 and the three year Internal Audit Strategy had been delayed as it had been agreed that the Internal Audit Plan needed a significant overhaul and this had not been possible in the timeframe due to the changes in the Internal Audit Team.

9. Risk Management

The Committee had received the following documentation with the agenda:

Cover report
Current Risk Register and Action Plan
Annual Report on Risk for 2009

Revised Risk Registers and combined action plans for Operational Risk, Grant Risk – LOCOG Live Sites and other; Community Grants and ODA Grant.

The cover report updated the Committee on discussions at risk meetings that had been held since the last Audit Committee meeting. One significant area of discussion had been around mitigating action around the departure of the previous Chief Executive. The meetings had also considered reputational risk.

On a positive note, recent robust Board decisions and the resultant Ministerial Statement on Income to the Lottery meant that the likelihood of Risk 4: 'The OLD is not seen to be the guardian of Lottery players' money' occurring had been reduced.

The Committee NOTED the Annual Report on Risk 2009 which had been drafted in line with best practice.

The Committee was reminded of the reasons why the OLD had decided to review the Risk Registers and Action Plans. The business of the OLD was changing and was likely to involve grants for disparate activities. It was important that the Risk Registers/Action Plans picked this up and allowed risk across these different grant areas to be monitored and mitigated. The Committee considered that the new format of the risk registers was helpful particularly the columns on Current Risk State and why the Risk State was changing. It was also recognised that it was logical to have different risk registers/action plans for different areas of the OLD's risk.

In response to a question from the NAO, it was confirmed that the revised risk registers would be submitted to the OLD Board later in the year for formal approval.

The Committee APPROVED the revised Risk Register/Action Plans and noted that further work would be done in finalising them. It was also noted that the OLD's Risk Policy and Strategy document would be updated and brought to the Committee for approval to the June 2010 meeting.

10. Any Other Business

There were no items of any other business.

Date of next Audit Committee: Tuesday, 22 June 2010