

**OLYMPIC LOTTERY DISTRIBUTOR
SUMMARY MINUTES OF THE 10TH MEETING
OF THE AUDIT COMMITTEE**

held on 23 June 2009 at the OLD offices, 1 Plough Place

Present:

Hilary Daniels (Chair)
Carol Ainscow
Lindsay Holbrook

Mike O'Connor (Chief Executive)
Ian Brack (Director of Policy)
Ros Francis (Head of Finance and Corporate Services)
Bernadette Wallis (Secretary to the Board)

Paul Oliffe
Deborah Cripps

National Audit Office
RSM Bentley Jennison

1. In Camera session

The Audit Committee had an 'in camera' session with the External and Internal Auditors.

OLD staff joined the meeting.

The Chair reported that there were no significant issues to note from the 'in camera' session.

2. Apologies for absence

Apologies for absence were received from Janet Paraskeva and Craig Reedie.

3. Declarations of Interest

There were no declarations of interest.

4. Minutes of the Audit Committee meeting held on 19 February 2009

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

5. Matters arising from the Audit Committee meeting held on 19 February 2009

There were no outstanding items from the last meeting of the Audit Committee.

6. Summary minutes of the meeting held on 19 February 2009

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

7. Internal Audit

Governance and Risk Management

Deborah Cripps, RSM Bentley Jennison, introduced this item drawing the Committee's attention to the final internal audit report for 2008/09 which had been circulated and which focused on Governance and Risk Management.

The Committee was pleased to note that the outcome of the audit had been that there was 'substantial assurance' that the controls upon which the organisation relied on in terms of governance and risk management were effective. There had been one

'Merits Attention' recommendation from the audit and this had been accepted by Management.

The Committee NOTED the Internal Audit Report on Governance and Risk Management

8. Annual Report for the year ended 31 March 2009

The Annual Report set out the role of Internal Audit. The Committee noted that RSM Bentley Jennison used a 'traffic light' system to review aspects of internal control within its client organisation. The OLD was reassured in that the Internal Auditors opinion of the OLD was that it was 'green' – low risk. Deborah Cripps informed the Committee that the OLD had made good progress on following up on, and in implementing, internal audit recommendations.

The Internal Audit opinion on the OLD had been reflected in the OLD Statement on Internal Control in the Annual Report and Accounts 2008/09.

It was agreed that it would be useful to have benchmarking data provided that this data related to organisations of a similar size to the OLD. Deborah Cripps would see if such data was available.

Action: RSM Bentley Jennison

The Committee noted the Internal Audit Annual Report

The Committee thanked Deborah Cripps for presenting the reports.

9. External Audit – Audit Completion Report

Paul Oliffe, National Audit Office, introduced this item. It was anticipated that the OLD would be given an unqualified audit opinion subject to satisfactory clearance of outstanding items, the most significant of which related to Olympic Lottery Distribution Fund figures that had been received from the DCMS at a late stage. The figures were still subject to audit by the National Audit Office but had been incorporated in the final version of the Annual Report and Accounts that had been tabled for this meeting.

The Committee's attention was drawn to the Management Letter and it was pleased to note that there were no issues which indicated a significant weakness in the control environment. This was positive. Paul Oliffe indicated that there had been no significant adjusted or unadjusted areas above a triviality of £1,000.

The Committee NOTED the Audit Completion Report and thanked Paul Oliffe for the presentation.

10. OLD Annual Report and Accounts 2008/09

Ros Francis clarified the Audit Committee's responsibilities and set out key points to note from the Annual Report and Accounts 2008/09.

The OLD's approach to suggestions made by the National Audit Office (NAO) was to respond positively if possible and it had been useful that the NAO had been able to give early feedback on a first draft of the accounts. The OLD was up to date in implementing internal audit recommendations.

Ros Francis drew the Committee's attention to the Statement on Internal Control (SIC) which explained the system of risk management that the OLD implemented and that the Committee was familiar with. Areas such as information risk and data control

were still of public concern and the OLD followed government practice in outlining the implications for the OLD in the SIC.

The Committee's attention was drawn to significant and unusual transactions for 2008/09. The CEO had asked that his consolidated salary increase be limited and he had also voluntarily deferred part of the non consolidated bonus. Reference was made to the deferred bonus in the Remuneration Report and also in the letter of representation to the NAO.

Ros Francis clarified aspects of the end of year position shown in the Income and Expenditure Account.

The Committee was asked to note the disclosure in Note 17 of the Annual Report and Accounts.

The OLD was working to an NAO sign off date of 1 July 2009 but it was noted that this date could slip to 3 July 2009 before there was an impact on the laying and publishing dates.

The Committee discussed options in respect of the outstanding issue: OLDF figures that needed to be reviewed by the NAO, i.e. in the event that the figures were not signed off in time. The Committee favoured the option of delegating approval to the Chair of the Board and the Chair of the Audit Committee. The OLD Board would consider this matter further, if necessary, and take a decision on 25 June 2009.

The Audit Committee agreed to recommend the Annual Report and Accounts for 2008/09 to the Board for approval.

11. Risk Management

The OLD had received the revised Risk Register and Action Plan, and summary of OLD risk activity since the last meeting of the Audit Committee. The Committee noted changes in the Risk Register and Action Plan and discussed.

The Committee agreed that it would be useful to receive summary data in respect of other organisations' risk matrices.

Action: RSM Bentley Jennison

12. Independent External Member of the Audit Committee

The Committee noted progress in seeking an Independent External Member of the Audit Committee. A number of applications had been received and short listing would take place after the closing date, which was Friday, 10 July 2009. Interviews were scheduled to take place on 9 September 2009. It was anticipated that a recommendation would be made to the Board in September 2009.

13. Any Other Business

Following discussion, the Committee approved the use of some of the five day contingency in the Internal Audit Plan for 2009/10 on a one off review of proposed new banking arrangements.

Date of the next meeting: Thursday, 15 October 2009