

**OLYMPIC LOTTERY DISTRIBUTOR
SUMMARY MINUTES OF THE 11TH MEETING
OF THE AUDIT COMMITTEE**

held on 15 October 2009 at the OLD offices, 1 Plough Place

Present:

Hilary Daniels (Chair)	Mike O'Connor (Chief Executive)
Alyson Coates	Ian Brack (Director of Policy)
Carol Ainscow	Ros Francis (Head of Finance and Corporate Services)
Lindsay Holbrook	Bernadette Wallis (Secretary to the Board)

Paul Oliffe	National Audit Office
Anna Lancefield	RSM Bentley Jennison (for minutes 1.0 – 11.1 inclusive)

The Chair welcomed Alyson Coates, Independent External Member to her first meeting.

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 23 June 009

The minutes had been approved by the Committee over the summer. The Chair signed as an accurate record of the proceedings.

4. Matters arising from the Audit Committee meeting held on 23 June 2009

There were no outstanding matters arising. The one outstanding Internal Audit Recommendation was from the June 2009 meeting. This recommendation which was for a formal assessment of Board Members' skills to be undertaken and had been completed.

5. Summary minutes of the meeting held on 23 June 2009

These had been approved by the Audit Committee over the summer and placed on the OLD website.

6. Internal Audit Progress Report

Three internal audits had been carried out since the last Audit Committee meeting:

Governance – Compliance with Statute;
Business Continuity Planning;
Controls over use of OLD bank account.

Anna Lancefield outlined key issues.

The Governance Internal Audit had been graded 'Substantial Assurance' and the one Merits Attention recommendation had been agreed by the OLD.

RSM Bentley Jennison had made 1 Significant and 5 Merits Attention recommendations in respect of the Business Continuity Planning Audit. These had

all been agreed by the OLD. This Audit has also been graded 'Substantial Assurance'.

At the June 2009 Meeting, RSM Bentley Jennison had been asked to carry out an extra piece of work in respect of changes which the OLD was planning to make to its banking arrangements. The results of this were being picked up under a separate item on the agenda.

The Committee discussed, noting that the timing of the Governance – Compliance with Statute and Business Continuity Audits had been useful. The OLD had, for example, an increased volume of Freedom of Information Enquiries in the six months or so prior to the Audit and also the OLD had had the opportunity to test elements of its Business Continuity Plan over the summer.

In response to a question from the Chair, the OLD confirmed that it would be reflecting its 'Working from Home' policy in the OLD staff Handbook when it was reviewed and updated in 2010.

The Committee was also informed that the OLD had degree of independence from the Big Lottery Fund in relation to its IT files and folders as it had a system of weekly backup arrangements in place.

7. Review of Proposed Banking Arrangements – Controls over the use of the OLD Bank Account

This had been an advisory piece of work looking at proposed changing to the OLD's banking systems, the main focus had been on ensuring that there would be adequate arrangements for separation of duties.

Ros Francis informed the Committee that she had been pleased with the outcome of the Audit and that it gave the OLD sufficient assurance to move forward with the new arrangements, whilst providing some useful recommendations. The next step would be to share roles under the new arrangements formally with individual staff.

The Committee discussed aspects of the report including the fact that the online banking system could be configured to restrict the setting up of new beneficiaries. This was felt to be a particularly useful control mechanism to deter fraud.

The Committee noted that the new banking system would be reviewed once in place as part of the Review of Core Financial Controls.

8. Risk Management

The Committee had received an updated Risk Register and Action Plan and a summary of risk management activity since the last meeting of the Audit Committee. The Committee's attention was drawn to the changes that had been made to the Register and Action Plan and actions that the OLD had taken to mitigate any increased risks.

In respect of Risk 7: 'There is disclosure of confidential information', the OLD had improved its handling arrangements for confidential and government restricted information and had reported back to the DCMS on how it intended to satisfy its Security Framework Policy.

Risk 13, 'Grant is paid against project that has changed and is therefore improperly or irregularly paid' had been the focus of some discussion at OLD Risk Management Meetings. The importance of the OLD receiving early information on any decisions taken, for example at Ministerial Funders' Group meetings, had been highlighted.

The Committee was informed that the OLD would be meeting the following week to take a strategic look at the Risk Register and Action Plan with a view to revising it to better reflect the OLD's current and future business. The current Risk Register had been in place for two years and a thorough review would be timely, particularly in the light of the fact that the OLD's business was changing.

In response to a question from Alyson Coates, the grading system was clarified.

Any proposed changes to the Risk Register and Action Plan would be brought to the Audit Committee for approval.

9. Any Other Business

There were no items of Any Other Business

10. Date of the next Meeting

Thursday, 18 February 2010

Anna Lancefield, RSM Bentley Jennison left the meeting.

11. Confidential Item – Internal Audit Tender

The Audit Committee RSM Bentley Jennison would be invited to roll forward the current contract for a further three year period from 1 April 2010 to 31 March 2013. The Committee asked that RSM Bentley Jennison build into its team the facility for a different partner or other senior to become involved with the audit planning process.