



Minutes of the Contract Compliance Audit Working Group held on 28th July 2008

Present:

Pamela Phillips (LSC) Chair

Alice Mutasa (TLS)

Andrew Caplen (TLS)

Linda Lee (TLS)

Anne Lewis (ASA)

Matthew Howgate (LSC)

Natalie Pedley (LSC)

Michael Purvis (LSC) Minutes

Action

1. Apologies

Geoff Mountjoy, Alex MacDonald, Paul Keane

2. Matters arising

2.1 Minutes of the last meeting were agreed. It was further agreed that minutes of each of the meetings so far were acceptable to all and could now be placed on the LSC and Law Society websites

2.2 There was an outstanding issue relating to the need for an outcome code review. MH agreed that Ruth Wayte owned this moving forward but at the present time this was not high on the list of priorities. It was agreed that whilst outcome codes were felt to be important they did not fit within the remit of this group and should be picked up elsewhere.

2.3 File review. A discussion took place around the extent to which practitioners can review their files for before they are sent to the LSC for audit. PP confirmed the LSC position that it was acceptable to review the files and provide additional information prior to the audit. However it must be understood that it is not acceptable to remove or substitute paperwork. Further it must be made clear what has been added. **MH**

MH will ensure this is included within the guidance document

2.4 Transaction Criteria audit. PP confirmed that these no longer exist and the LSC will not be keeping the booklets up to date with changes. **PP**

Agreed this must be included within the final report of the group.

2.5 Aide memoire / key card. MH confirmed work is in progress and he will have something to circulate to the sub group for their meeting on 19th August. **MH**

MH to ensure work on aide memoire / key card complete

2.6 Terms of reference. AM confirmed these had been discussed at a separate meeting with GM and AM and agreed. **NP**

NP to ensure circulated with the minutes.

- 2.7 Sub Group meeting. Pam summarised what had come out of the sub group meeting. One of the key things agreed by the sub group was that self monitoring could not replace CCA activity. **PP/MH**

The sub group had agreed that changes to the CCA process as a result of fixed fees were positive but that these had not been well communicated.

The tone of correspondence sent by the LSC would also be subject to review by this group at their next meeting.

LL asked that a work plan be provided for the sub group.

MH advised that a more significant issue raised at the sub group meeting related to financial recoupment and a request to move back to not recouping where the % reduction was less than 10% ie. Nil assessment on 2 files within the sample. This would mean a change in ratings so that an A1 would only cover 0 – 2 files rather than 1 –3 as previously. Following discussion it was agreed by the group that the rating of an A1 should be changed subject to agreement from the NAO to allow assessments of less than 10% to have no financial impact.

AC raised an issue relating to underclaims, however, it was explained that these were unlikely to be an issue in a fixed fee environment and relate more to line by line assessment.

LL suggested that there should be specific guidance relating to disbursements and what the approach here will be. It was felt that a de minimus rule should be considered.

It was agreed by the group that information should be made available periodically on the audit schedule, what priorities are, what ratings are being given, any common issues found.

A lengthy discussion took place in relation to applying nil assessments if the sufficient benefit test was not met. LL expressed a strong view that this contract requirement was contentious as the profession would feel that their professional judgement was being questioned. It was agreed that the guidance must address this issue in order to minimise misgivings.

PP to ensure standard letters made available for review by the sub group.

PP to provide a work plan for the sub group.

PP to raise issue of <10% reduction with NAO.

MH to ensure guidance on disbursements drafted

PP to look into provision of information on current audit

schedule, common issues etc.

MH to ensure guidance on sufficient benefit test drafted.

- 2.8 The group felt that the paper produced on extrapolation was useful and should be included as a part of a guidance paper / information sheet on the process of a CCA that could be made available and sent to firms when an audit is commenced. LL suggested this paper and the paper on file selection be shared with the sub group.

PP / MH to ensure included in guidance on process

- 2.9 File Selection. The group confirmed that the paper was useful and again that it should be included in guidance produced on the process of a CCA. Issues left to be dealt with relate more to whether or not a sample can be said to be representative and what rights of review a firm have. It was agreed that this did not fit within the process of file selection and should be picked up under a document setting out (to be added to information on process) how appeals work in practice etc.

PP/MH

MH to put something together on the appeal process for consideration by the sub group and inclusion in any guidance on process.

- 2.10 Alex MacDonald had asked in his absence an issue to be raised around assurance under Delivery Transformation and whether this group would be appropriate to debate any proposals for this. The group confirmed that they were happy to do this, however, the focus of work initially must be on completing the CCA review.

AM

AM to produce proposals for the group to consider once the CCA review is nearing its conclusion.

Date of Next Meeting :

29th August 2008, 10:00am, Boardroom, Legal Services Commission, Grays Inn Road