

To:	Legal Services Board	
Date of Meeting:	25 March 2015	Item: Paper (15) 14

Title:	Report of the 10 March 2015 Audit and Risk Assurance Committee meeting	
Author:	Adewale Kadiri, Corporate Governance Manager Julie Myers, Corporate Director	
Introduced by:	Terry Babbs, Chair, Audit and Risk Assurance Committee (cover) Richard Moriarty, Chief Executive/Julie Myers, Corporate Director (Annex A)	
Status:	Official	

Summary:

The Audit and Risk Assurance Committee (ARAC) met on 10 March 2015. This paper provides a report on the key issues considered.

The draft minutes will be circulated under separate cover to Board members, once finalised.

At **Annex A**, the Board will find a summary of a paper considered by the ARAC in which the adequacy of current arrangements for managing OLC related risk to the LSB and proposals for process improvements are discussed.

Recommendation(s)

The Board is invited to:

- a) note and comment on the key points arising from the Audit and Risk Assurance Committee meeting held on 10 March 2015;
- b) note the work proposed to improve OLC related governance and risk assurance arrangements with a view to returning to the Board in May;
- c) comment on proposals for exploring the use of our statutory powers in relation to OLC as a risk assurance tool.

Risks and mitigations

Financial: N/A

Legal: N/A

Reputational: N/A

Resource: N/A

Consultation	Yes	No	Who / why?
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Board Members:	✓		ARAC Chair
Consumer Panel:		✓	N/A
Others:	N/A		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Annex A	Section 36(2)(b)(ii): information likely to inhibit the exchange of views for the purposes of deliberation	

LEGAL SERVICES BOARD

To:	Legal Services Board	
Date of Meeting:	25 March 2015	Item: Paper (15) 14

Report of the 10 March Audit and Risk Assurance Committee meeting

1. The Audit and Risk Assurance Committee (ARAC) met on 10 March 2015. This paper summarises the key issues considered.
2. As one member of the Committee was unavoidably absent, the meeting was inquorate. Comments on all papers were provided by the absent member in advance to the Chair and these were considered alongside the views of those present. In line with paragraph 8 of the Committee's terms of reference, a written record of the views on decisions of the Members present was circulated to the full Committee after the meeting, and decisions were ratified by correspondence.
3. The draft minutes will be circulated under separate cover to Board Members, once finalised.
4. The Committee
 - a) Held a brief private meeting with the auditors;
 - b) Met in the absence of the auditors to consider the LSB's budget and business plan for 2015/16. The overall figure was endorsed, subject to more detail being provided to justify the decision to keep the budget at the same level in cash terms as in 2014/15. It was also agreed that consideration would be given during the course of 2015/16 to providing budget proposals over a three year cycle commencing with the 2016/17 year;
 - c) Received KPMG's internal audit reports of their reviews of LSB's payroll systems and approval of practising certificate fees financial systems, both of which had been assessed as providing 'significant assurance' with one low level recommendation in each case. They also noted the satisfactory draft Head of Internal Audit Opinion;
 - d) Noted and commented on the LSB Corporate Risk Register. No recommendations were made for changes to any of the ratings;
 - e) Noted and commented on the 2014/15 audit planning report. The tightness of the timetable for conducting the audit was acknowledged, but no major issues were anticipated based on the work done so far;
 - f) Received the timetable for production of the Annual Report and Accounts 2014/15, as well as a high level outline of the document and draft financial statements. The Committee commented on some of the

notes to the financial statements, and the request for brevity in the Governance Statement was noted;

- g) Received an updated Committee effectiveness proposal and draft questionnaire. The Committee commended the overall approach and made specific suggestions for improvements to the evidence collected. The questionnaire is to be updated after each meeting, and the overall content would be refreshed at the end of the year, although radical changes to the approach would not be expected for some time;
- h) Received and discussed proposals for improving governance and processes regarding management of OLC related risk. See Annex A for detail.

Recommendation

3. The Board is invited to:

- a) note and comment on the key points arising from the Audit and Risk Assurance Committee meeting held on 10 March 2015;
- b) note the work proposed to improve OLC related governance and risk assurance arrangements with a view to returning to the Board in May; comment on proposals for exploring the use of our statutory powers in relation to OLC as a risk assurance tool.