

To:	Legal Services Board	
Date of Meeting:	26 May 2016	Item: Paper (16) 42

Title:	Report of the 12 May 2016 Audit and Risk Assurance Committee meeting	
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Status:	Official	

Summary:
The Audit and Risk Assurance Committee (ARAC) met on 12 May 2016. This paper provides a report on the key issues considered. The minutes of the meeting have not yet been approved by the Committee, and will be circulated to Board members in due course.

Recommendation(s)
The Board is invited to note and comment on the key points arising from the Audit and Risk Assurance Committee meeting held on 12 May 2016

Risks and mitigations
Financial: N/A
Legal: N/A
Reputational: N/A
Resource: N/A

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

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires

LEGAL SERVICES BOARD

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Report of the 12 May 2016 Audit and Risk Assurance Committee meeting

1. The Audit and Risk Assurance Committee (ARAC) met on 12 May 2016. The minutes of the meeting have not yet been agreed by the Committee, but once this is done, they will be circulated electronically to Board members.
2. In summary, the Committee
 - a) Held a brief private meeting with the auditors;
 - b) Received and approved the annual report of the Committee's activities during 2015/16 for presentation to this meeting of the Board. The Committee concluded that the report accurately reflected its activities and confirmed that it had fulfilled its Terms of Reference;
 - c) Received and commented on the annual report on expenses for 2015/16 relating to expenses claimed by Board, Consumer Panel, Office for Legal Complaints (OLC) and Senior Leadership Team (SLT) members. The Committee also endorsed proposals for changes to the LSB's expenses policy in relation to subsistence rates for agreement by the Board at its July meeting;
 - d) Considered the outcome of the two internal audit reviews, into research procurement and business continuity, conducted by KPMG, as agreed in the internal audit plan. Both reviews provided significant assurance, and on this basis, KPMG were able to report reasonable assurance as to the adequacy and effectiveness of the LSB's internal control and governance processes;
 - e) Received the NAO completion report, which confirmed that, save for a few minor issues, the auditors were content to recommend that the LSB's accounts be certified with an unqualified opinion;
 - f) Reviewed, on behalf of the Board, the fully designed version of the LSB's Annual Report and Accounts for 2015/16. It had been intended that the report would be laid before Parliament in the week of 23 May, but the Executive had been notified that all such reports are expected to be held back from publication until after the EU referendum on 23 June. The Committee agreed that the report should be signed by the Accounting Officer now, but that they would be updated by email, once a date had been agreed for certification by the Comptroller and Auditor General, as to whether there had been any change in circumstances in the intervening period;

- g) Reviewed the Corporate Risk Register, and noted changes that had been made following reviews by SLT since the Committee's March meeting. The Committee noted the work being done to mitigate Risk 003, and encouraged early completion of the three way operating protocol between the LSB, OLC and MoJ;
- h) Noted the outcome of an analysis that had been done as to whether any of the risks identified by Grant Thornton in their review of the OLC's financial and governance control framework, could occur at the LSB. The Committee agreed with the executive that similar risks were unlikely;
- i) Received an update on their effectiveness through their action plan and matrix. The Committee suggested that changes be made to two of the actions: on joint working between the internal and external auditors and the Committee Chair's input into Board member appraisals.

Recommendation

3. The Board is invited to note and comment on the key points arising from the Audit and Risk Assurance Committee meeting held on 12 May 2016.