

To:	Legal Services Board	
Date of Meeting:	27 April 2016	Item: Paper (16) 28

Title:	Draft LSB Annual Report and Accounts 2015/16	
Workstream:	All workstreams	
Introduced by:	Neil Buckley, Chief Executive Neil.buckley@legalservicesboard.org.uk / 020 7271 0043 Julie Myers, Corporate Director Julie.myers@legalservicesboard.org.uk / 020 7271 0059 Edwin Josephs, Director of Finance and Services Edwin.jospehs@legalservicesboard.org.uk / 020 7271 0084	
Author:	Edwin Josephs, Director of Finance and Services	
Status:	Official	

Summary:
<ul style="list-style-type: none"> • We are required to produce an Annual Report and Accounts (Report) each year. • The Report forms part of our accountability obligations to Parliament and to stakeholders and is also an opportunity to share formally our achievements during the 2015/16 business plan year. • The format of the report is highly prescribed by HM Treasury, and has changed significantly from previous years. It must now be structured as follows: <ul style="list-style-type: none"> ○ <i>A Performance Report</i> including an <i>Overview</i> ○ <i>An Accountability Report</i> and ○ <i>The Financial Statements</i> • The guidance states that the purpose of the <i>Overview</i> 'is to give the user a short (no more than 10 to 15 pages) summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year. The Overview should be enough for the lay user to have no need to look further into the rest of the annual report and accounts unless they were interested in further detail or had specific accountability or decision making needs to be met.' • Board members have been provided with an opportunity to comment on earlier versions of this year's Report and this near final version will be further scrutinised by the Audit and Risk Assurance Committee (ARAC) at its meeting on 12 May 2016 on behalf of the Board. • The Accounting Officer is due to sign the Report on 13 May 2016 and to meet the Minister on 23 May in advance of it being laid before Parliament during week commencing 23 May 2016.

Risks and mitigations
Financial: None. This is a factual report

FoIA:	Exempt – s22 (report due to be published)
Legal:	This is a statutory obligation.
Reputational:	The Report represents our formal accountability to Parliament and to stakeholders and summarises the messages we have disseminated throughout the year.
Resource:	N/A.

Consultation	Yes	No	Who / why?
Board Members:	✓		Iterations of the draft Report have been reviewed both by the Board and ARAC. The latter will have an additional full discussion on 12 May.
Consumer Panel:		✓	N/A.
Others:	The first draft report was submitted for information to Ministry of Justice (MoJ), and a copy of the version attached at Annex A has also been submitted.		
Recommendation:			
The Board is invited:			
<ul style="list-style-type: none"> (1) to agree the draft LSB Annual Report and Accounts 2015/16 subject to any additional points being raised through scrutiny by ARAC; and (2) to delegate to the Chair and Chief Executive authority to approve the submission of the LSB Annual Report and Accounts 2015/16 to the Comptroller and Auditor General and Lord Chancellor. 			

LEGAL SERVICES BOARD

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Draft LSB Annual Report and Accounts 2015/16

Purpose

1. To receive the LSB's Annual Report and Accounts for 2015/16.

Recommendation

2. The Board is invited:
 - to agree the draft LSB Annual Report and Accounts 2015/16 subject to any additional points being raised through scrutiny by ARAC; and
 - to delegate to the Chair and Chief Executive authority to approve the submission of the LSB Annual Report and Accounts 2015/16 to the Comptroller and Auditor General and Lord Chancellor.

Background

3. The Legal Services Act 2007 requires the Board to produce a Report for each financial year covering:
 - the discharge of the Board's functions
 - the extent to which, in the Board's opinion, the Board has met the regulatory objectives
 - such other matters as the Lord Chancellor may from time to time direct.
4. The Board must also produce an annual statement of accounts.
5. The Board considered earlier drafts of the Report and we have addressed comments received from ARAC, Board Members, John Ward (our external accounting adviser), the National Audit Office (NAO) and our Internal Auditors.
6. We anticipate that the C&AG will certify the financial statements with an unqualified audit opinion without modification and we have an 'audit closing meeting' with the NAO scheduled for the morning of 27 April 2016. The Director of Finance and Services will apprise the Board of the outcome and whether there are any outstanding audit issues at the Board meeting.

Timing

7. In previous years this has come to the Board at the end of May after it has been further scrutinised by ARAC.

8. The MoJ has indicated its intention to lay a consolidated departmental Annual Report and Accounts before the end of May 2016 and we have brought forward the timetable for our own Report because of this.
9. Approving the Report is a matter reserved to the Board¹ and this is not delegated, even though, from the perspective of Parliament, NAO and MoJ, it only needs to be approved and signed by the Accounting Officer.
10. It would be possible for the Board to approve the Report *by email* following the ARAC meeting, but if members are content, approving the Report, subject to the ARAC's further scrutiny, and delegating to the Chair and Chief Executive authority to approve the its submission to the Comptroller and Auditor General and Lord Chancellor, would be more practical and less onerous.

Next steps

11. Following ARAC's scrutiny at its 12 May 2016 meeting, the Accounting Officer will sign the Report on 13 May 2016 and submit it to the Comptroller and Auditor General (C&AG) and the Lord Chancellor.
12. We will publicise the launch of the Report with a press release and it will form the basis for the meeting of the LSB Chairman and Chief Executive, which has been arranged with Lord Faulks for the week commencing 23 May 2016.
13. NAO have confirmed that, once signed, the Annual Report and Accounts will be subjected to some high level checks and the final 'subsequent events review' (ie the confirmation from the Accounting Officer that nothing has changed between the date he has signed them and the date the C&AG provides certification). The C&AG is expected to provide certification during the week beginning 16 May 2016.
14. The Report is scheduled to be laid before Parliament during the week commencing 23 May (9 June for the 2014/15 Report).

18.04.16

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Schedule of matters reserved to the Board 8.4