

To:	Legal Services Board	Agenda Item: 12
Date of Meeting:	25 May 2017	Item: Paper (17) 42

Title:	Audit and Risk Assurance Committee (ARAC) - Report of the 9 May 2017 meeting
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Status:	Official

Summary:
The Audit and Risk Assurance Committee (ARAC) met on 9 May 2017. A summary of key issues considered is set out below.

Recommendation(s)
The Board is invited to note the report of the ARAC meeting.

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 10 March 2017 Meeting of the Audit and Risk Assurance Committee

1. The Audit and Risk Assurance Committee (ARAC) met on 9 May 2017. Items discussed are summarised below.

SUMMARY

2. The Committee held a brief private meeting with the auditors.
3. The Committee approved the expenses report for the financial year 2016/17 which covered expenses incurred in the course of official business for the Board, Consumer Panel, OLC and Senior Leadership Team members. The Committee noted increased stakeholder engagement by Board members had seen a significant increase in the expenses claimed for travel from the previous year.
4. The Committee considered KPMG's internal audit reports.
 - 4.1 Financial systems report: received rating of 'significant assurance'. Three low priority recommendations had been made and all had been accepted by the Executive.
 - 4.2 Risk management report: received rating of 'significant assurance'. The Committee discussed the implementation of assurance mapping to support the risk management process and the Executive will prepare a paper for discussion at the October ARAC meeting. Two low priority recommendations had been made and both had been accepted by the Executive. Four low priority recommendations had been made of which three had been accepted by the Executive. The one not accepted related to transitional performance arrangements as feedback from the front line regulators to the consultation on transitional performance arrangements had been unanimously to accept Option 2.
 - 4.3 Overseeing Regulators report: received rating of 'significant assurance'.
 - 4.4 KPMG's Annual Report and head of Internal Audit Opinion noted that its work had "*confirmed that there is generally a sound system of internal control which is designed to meet the LSB's objectives and that controls in place are being consistently applied in all key areas reviewed.*"

5. The NAO's external audit draft completion report for 2016/17 and draft management letter were considered by the Committee. The audit work had been completed and it was anticipated that an unqualified audit opinion, without modification, would be given by the Comptroller and Auditor General (C&AG).
6. A further draft of the Annual Report and Accounts for 2016/17 was reviewed by the Committee. The Committee noted that some text may need to be amended prior to laying to reflect dates of projects. Committee members made additional drafting suggestions for incorporation.
7. The Committee reviewed the Corporate Risk Register, and noted changes that had been made following reviews by the Senior Leadership Team (SLT) since the Committee's March meeting. The Committee deferred a deep dive into risks relating to the LSB and agreed that it would be done out of Committee.
8. The Committee reviewed the LSB's Publication Scheme noting that the last review had been in 2014. The Committee agreed the process improvements suggested by the Executive. The Committee agreed that the Publication Scheme should not include SLT minutes but did agree that approved minutes of ARAC and RNC should in future be published.
9. The Committee considered financial assurance reporting and performance assurance reporting in place at LSB. Work on performance metrics and likely project impacts would be considered by the Executive and come to the Board in July. The Committee noted that Board agenda timing often precluded time for discussion on performance matters.
10. The internal auditor's effectiveness and performance was considered. The Committee agreed to continue to use KPMG.