

<b>To:</b>	Legal Services Board	<b>Agenda Item:</b>	5
<b>Date of Meeting:</b>	28 April 2017	<b>Item:</b>	Paper (17) 23

<b>Title:</b>	<b>Draft LSB Annual Report and Accounts</b>
<b>Workstream(s):</b>	All Workstreams
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<b>Status:</b>	Official

#### Summary:

- 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 2016/17 business plan year.
- The format of the report is prescribed by HM Treasury, and follows the same format as in 2015/16. It is structured as follows:
  - *A Performance Report* including an *Overview*
  - *An Accountability Report and*
  - *The Financial Statements*
- The guidance states that the purpose of the *Overview* '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.'
- This near final version will be further scrutinised by the Audit and Risk Assurance Committee (ARAC) at its meeting on 9 May 2017 on behalf of the Board.

The Accounting Officer was due to sign the Report during the third week of May 2017 and to meet the Minister in advance of it being laid before Parliament during before the end of May 2017.

Following the announcement of a General Election on 8 June our sponsors are now seeking advice from the Cabinet Office as to what affect this may have on organisations like the LSB being able to publish and lay Reports.

<b>Recommendation(s):</b>
<p>The Board is invited:</p> <p>(1) to <b>approve</b> the draft LSB Annual Report and Accounts 2016/17 subject to any additional points being raised through scrutiny by ARAC; and</p> <p>(2) to <b>delegate</b> to the interim Chair and Chief Executive authority to approve the submission of the LSB Annual Report and Accounts 2016/17 to the Comptroller and Auditor General and Lord Chancellor.</p>

<b>Risks and mitigations</b>	
<b>Financial:</b>	None- this is a factual report
<b>Legal:</b>	This is a statutory obligation.
<b>Reputational:</b>	The Report represents our formal accountability to Parliament and to stakeholders and summarises the messages we have disseminated throughout the year.
<b>Resource:</b>	The calling of a General Election may delay the publication of this Report.

<b>Consultation</b>	<b>Yes</b>	<b>No</b>	<b>Who / why?</b>
<b>Board Members:</b>			A previous version of the draft Report (and copied to all Board Members) has been reviewed by ARAC Members who will have an additional full discussion on 9 May.
<b>Consumer Panel:</b>			N/A
<b>Others:</b>	This Report has been submitted for information to Ministry of Justice (MoJ) and has been scrutinised by the NAO fieldwork team.		

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>
Annex A	Section 22: information intended for future publication	

## LEGAL SERVICES BOARD

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### Draft LSB Annual Report and Accounts 2016/17

#### Executive Summary

#### Purpose

1. To receive the LSB's Annual Report and Accounts for 2016/17.

#### Recommendation

2. The Board is invited:
  - to **approve** the draft LSB Annual Report and Accounts 2016/17 subject to any additional points being raised through scrutiny by ARAC; and
  - to **delegate** to the interim Chair and Chief Executive authority to approve the submission of the LSB Annual Report and Accounts 2016/17 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. We have addressed comments received from ARAC, Board Members, John Ward (our external accounting adviser), the National Audit Office (NAO), although they are still undertaking their review) and our Internal Auditors.
6. We anticipate that the C&AG will certify the Report with an unqualified audit opinion without modification. The Director of Finance and Services will apprise the Board of the outcome of the 'audit close out meeting' and whether there are any outstanding audit issues at the Board meeting.

#### Timing

7. Last year the MoJ had indicated its intention to lay a consolidated departmental Annual Report and Accounts before the end of May 2016 and so we brought forward the timetable for our own Report because of this. We have followed the same timing for this year's Report.

8. Approving the Report is a matter reserved to the Board<sup>1</sup> 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.
9. 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 interim Chair and Chief Executive authority to approve the submission to the Comptroller and Auditor General and Lord Chancellor, would be more practical and less onerous.

### **Next steps**

10. Following ARAC's scrutiny at its 9 May 2017 meeting, the Accounting Officer will sign the Report and submit it to the Comptroller and Auditor General (C&AG) and the Lord Chancellor.
11. Subject to any delays as a result of the calling of a General Election we will publicise the launch of the Report with a press release and it will form the basis for the meeting of the interim Chair and Chief Executive.
12. 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).

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