

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	28 November 2012	<b>Item:</b> Paper (12) 80

<b>Title:</b>	Minutes of the 15 October 2012 meeting of the Audit and Risk Committee including revised Risk Management Strategy	
<b>Status:</b>	Protect	

**Summary:**

The draft minutes of the Audit and Risk Committee (ARC)'s 15 October 2012 meeting are attached at **Annex A**.

Board Members should note that these are draft and ARC will not formally agree the minutes until the Committee's next meeting on 11 March 2013. In terms of a summary of business, the Committee:

1. Met in private session:
  - a. with the Accounting Officer to discuss recent staffing changes at KPMG.
  - b. with the Accounting Officer, internal and external auditors to hear members' reflections on the effectiveness of the relationship between the internal and external auditors.
2. Considered the executive's response to the report on financial transparency in internal financial information prepared in May 2012 by Philip Lindsell, external adviser to the Committee.
3. Endorsed and recommended the draft budget for 2013/14 of £4,458k (£4,498k 2012/13) for inclusion in the consultation of the 2013/14 Business Plan (Paper (12) 73 Draft LSB Business Plan 2013/14 refers).
4. Noted a verbal update on lessons learned in relation to the LSB Annual Report and Accounts which had been laid before Parliament on 19 June 2012.
5. Noted the final Internal Audit Plan for 2012/13, which had been circulated out of committee over the summer.
6. Endorsed and recommended to the Board the revised LSB Risk Management Strategy (attached at **Annex B**). The Strategy had last been reviewed in October 2011, when it had been endorsed by the Committee and agreed by the Board. No substantive changes were proposed; minor changes included: some amendments to reflect the LSB's revised structure and practice; some proposed wording to describe how the executive managed and reported 'crystallised risks'; and need to reference to tolerance levels for strategic, financial and reputational risk. Based on the recommendation of the Audit and Risk Committee, the Board is invited to approve and adopt the revised LSB Risk Management Strategy.
7. Adopted the updated Corporate Risk Register, following a detailed review of the register.

8. Noted the executive's plans in relation to the LSB's information risk and assurance policies, including the positive report following the Information Commissioner's Office visit in June 2012 and the further work planned for the winter on addressing gaps in coverage and implementation.
9. Endorsed the executive's recommended proposals for updating the LSB Governance Manual (Paper (12) 81 Governance Manual review refers).
10. Recommended some further changes to the latest version of the LSB reporting and investigation scheme, noting the plans for addressing the training needs for the Board members nominated to receive allegations (Barbara Saunders and Ed Nally).
11. Noted KPMG's assessment of the NAO report on internal audit, and the NAO's comment welcoming the LSB's active interest in the report and KPMG's assessment of its implications.
12. Noted the latest progress in relation to the 2012/13 ARC effectiveness action plan.
13. Noted the executive's work on developing a policy on joint funding of research. A draft policy was in the process of being drafted for circulation out of committee.

**Recommendation:**

The Board is invited to:

- note the draft minutes of the Audit and Risk Committee meeting held on 15 October 2012 attached at **Annex A**
- based on the recommendation of the Audit and Risk Committee, approve and adopt the revised LSB Risk Management Strategy set out in **Annex B**.

**FoIA:** **Annex A** - s22 – intended for future publication (the minutes will not be formally agreed until the Committee's next meeting on 11 March 2013 – the full minutes will be published at this stage)