

To:	Legal Services Board	Agenda Item: 18
Date of Meeting:	23 March 2017	Item: Paper (17) 22

Title:	Audit and Risk Assurance Committee (ARAC) - Report of the 10 March 2017 meeting
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Status:	Official

Summary:
The Audit and Risk Assurance Committee (ARAC) met on 10 March 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 10 March 2017. Items discussed are summarised below.

SUMMARY

2. Members of the Committee and the professional advisor met as a Board budget sub-group to consider, the LSB budget for 2017/18. The sub-group noted that the budget remained indicative at present as confirmation had not been received from the Ministry of Justice (MoJ). The sub-group sought assurances from the Chief Executive that the budget was not being reduced so significantly as to hinder the LSB's ability to deliver its statutory functions or undertake essential research, noting the importance the Board places on research. The CEO confirmed that the current budget was adequate for 2017/18 but noted that future years would start to be challenging. There may be potential for cost efficiencies around future accommodation pending the expiry of the lease for One Kemble Street in December 2019. ARAC **endorsed** the LSB budget for 2017/18 to the Board, pending confirmation from MoJ.
3. The Committee held a brief private meeting with the auditors.
4. The Committee considered KPMG's internal audit update noting fieldwork was underway.
5. 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 October meeting. The scoring of Risk CROO3 (risk to LSB reputation of OLC performance) was discussed where the Committee noted that the three way protocol (MoJ/OLC/LSB) would be considered by the Board at its March meeting. ARAC and the executive discussed the nature of this risk and the Executive undertook to reconsider its current drafting. A new risk had been added to the risk register: CROO12 – LSB does not have a Chair. The executive alerted the Committee to a small

number of matters that may represent emerging risks. These were : (a) matters concerning the delays to implementation of QASA (Quality Assurance Scheme for Advocates) and the potential for reputational impact; (b) Development of the LSB's three year strategy – timetable July to September when there may not yet be a Chair in place; and (c) Ministry delays and timing of implementation when proposed future changes to legislation.

6. The Committee noted the NAO/BDO external audit planning report.
7. The Committee considered a first draft of the LSB's Annual Report and Accounts for 2016/17.
8. The Committee reviewed a draft annual report of the activities of ARAC. The report would be sent to the Board in April, and would inform the Annual Report and Accounts 2016/17.
9. The Committee reviewed its effectiveness and updates to the action plan and matrix. Future training for members and an annual deep dive session to provide additional assurance scrutiny would be incorporated in future agenda planning.