AUDIT AND RISK ASSURANCE COMMITTEE
("the Committee")
MINUTES

Meeting held on 5 November 2021
11:00 – 13:00 | by video-conference

Present: (Members)	Catharine Seddon	Chair
	Catherine Brown	
	Gary Kildare	
	Michael Smyth	
In attendance:	Matthew Hill	Chief Executive and Accounting Officer
	Stuart Hamill	Head, Finance and IT
	Holly Perry	Director, Enabling Services
	Danielle Viall	General Counsel
	Ethan Fleming	Corporate Governance Manager (minutes)
	Juan Garzon	Ministry of Justice
Apologies	Ella Firman	National Audit Office (NAO) External Auditor
	Bri Luscombe	Crowe Internal Auditor
	Richard Evans	Crowe Internal Auditor

Item 1 - Welcome and Apologies

1. The Chair welcomed Juan Garzon from the Ministry of Justice (MoJ) who would be taking over from Leona Awoyele.
2. There had been no update on the appointment of the Deloitte team as new external auditors. The executive would follow up with NAO to request an introductory meeting.

Item 2 - Declaration of Interest

3. There were no declarations of interest made.

Item 3 - Corporate Governance Manual

4. The Corporate Governance Manager introduced the item and the following points were raised in discussion:
    - The review of the manual had included reviewing corporate governance best practice and inviting the internal and external auditors to contribute as well as MoJ. This would be included in the cover paper to provide assurance to the Board.
    - There was a general need to ensure that the document remained accessible and understandable to those who did not have a governance background.
    - Paragraph 1.5 of the Schedule of Reserved Matters (legal proceedings) required further review to ensure that the Board had appropriate sight and over legal threats excluding those that were truly vexatious or were clearly baseless.

- The appointment of the SID was currently reserved for the Chair however the reappointment of the SID was a matter which required Board approval. Governance good practice suggested that the appointment should also be approved by the Board on the recommendation of the Chair.
- Part one of the Scheme of Delegations contained a reference to the CEO being able to amend the delegations within the scheme. This should be moved to part two as the CEO was unable to alter the delegation conferred by the Board as laid out in part one of the scheme.
- The roles set out in the scheme (eg approver and consultee) should be clarified to show where responsibilities lay.
- The relationship with MoJ section should make clear that LSB was wholly levy funded.
- Hyperlinks would be included to sections of the Legal Services Act 2007 where the Lord Chancellor had direct decision making in relation to the LSB.
- Board Members were often appointed as Board leads on different areas and this should be included in the manual.
- The role of the CEO should include maintaining a strong and positive culture.
- The Rules of Procedure (s3.6.4) would be amended to ‘expect’ Board Members to comment in advance where they were unable to attend a meeting, rather than to be ‘asked’ to do so.
- The Public Interest Disclosure policy should include a specific reference to the ability to make a direct disclosure to the MoJ as a last resort. The role of the SID in investigating when the Chair was thought to be involved would remove the reference to the Chair being involved in the investigation - instead the reference would be to the SID and one or more ordinary Board Member(s).

5. The Committee **AGREED** the submission of the Corporate Governance Manual, subject to inclusion of the above amendments.

Item 4 – Minutes

6. The minutes of the ARAC meeting held on 28 September 2021 were **AGREED**.

7. The minutes of the Finance meeting held on 28 September 2021 were **AGREED**.

Item 5 - Noting of Items for Consent

8. There were no items to **NOTE**.

Item 6 - Action Tracker

9. The Head, Finance and IT reported that the PAYE issue dating back to 2014 had been voluntarily disclosed to HMRC in January 2021 and a response had now been received from HMRC. The settlement figure from HMRC was £53,175 including interest with no penalties or fines. The executive was in the process of formalising the paperwork, and would be making the payment in the next 28 days as soon as

HMRC confirmed receipt of our signed letter (**action**). A provision of £74,000 had been allowed for in our 20-21 accounts so this represented a positive result.

10. ARAC **NOTED** the action tracker.

Item 7 - Email Deletion and Retention

11. The Committee **NOTED** the report.

Item 8 – AOB

12. The procurement audit would now report slightly later than initially planned in January 2022.

13. Several of the dates for ARAC meetings in 2022 required adjusting and a Doodle poll would shortly be circulated (**action**).

14. The Committee Chair had attended a session with the Government Internal Audit team designed for ARAC chairs. Other members had also been present in different roles. The following points were raised in discussion:
    - Legislation was expected to expand corporate governance and audit reporting from the private sector to the public sector noting that much of this was already more firmly embedded in some public organisations.
    - There was an increasing focus on climate reporting, including Environmental Social and Governance reporting and the need to have appropriate policies in place. The Chair would be approaching Crowe to deliver an informal training session in this area.
    - A list of areas for ARAC members to probe internal audit on was being produced along with an internal audit hub for ARAC members. Details would be circulated when available.
    - There was an increasing role for data analytics in providing assurance to ARAC. The Chair proposed requesting Crowe deliver informal training in this area to get a better understanding. Any session delivered should explain how they are used and the possible benefits for LSB rather than any greater level of detail.

15. The next meeting would be 13:30 8 March 2022 via Teams.