The Minutes of the 70th Meeting of the Audit and Risk Assurance Committee of the Office for Legal Complaints

11 May 2026

Members present:

Harindra Punchihewa, Chair

Alison Sansome

Georgina Philippou

Owen Purcell

In attendance:

Phil Cain, Chief Ombudsman

David Peckham, Head of Operations, Business Transformation and Intelligence

Laura Stroppolo, Head of Programme Management and Assurance

Blessing Simango, Head of Finance, Procurement, and ICT

Ric Blakeway, OLC Chair – observing.

Matilda Quiney, Corporate Services Director, Legal Services Board

Emma Kernohan, Deloitte

Emily Kingham, National Audit Office

Sarah Hutchinson, Government Internal Audit Agency, (items 1 -4)

Jonathan Smithson, Government Internal Audit Agency

James Shaylor, MoJ ALB Centre of Excellence – observing.

Aaron Rock, Enterprise Risk Manager (items 3 and 4)

Steve Pearson, Joint Interim Chief Executive (item 11)

Apologies: Richard Orpin, Legal Services Board

Minutes: Kay Kershaw, Board Governance Manager

Item 1 – Welcome, apologies, and declarations of interest

1. The Chair welcomed attendees to the meeting and apologies were noted. The meeting was quorate with a lay majority. No declarations of conflicts of interest were reported.
2. The Chair welcomed Owen Purcell to his first meeting as a full member of the Committee and Ric Blakeway, newly appointed Chair of the OLC, who attended as an observer.
3. In accordance with ARAC's Terms of Reference, members met privately with Internal Audit and External Auditors in advance of the meeting. The ARAC Chair reported no

matters of concern, noting that both audit providers confirmed effective working relationships with the Executive and with each other. The Committee noted this assurance and agreed that no matters required escalation to the Board.

Item 2 – Previous minutes, previous actions, and matters arising.

4. The minutes of the meeting held on 9 February 2025 were **approved** as a true and accurate record of the meeting.

5. The Committee reviewed progress against previous actions and agreed that those relating to the internal audit plan, attestations, and single tenders (items 4, para 22 and 8, para 46) could be closed, noting satisfactory progress and that additional assurance had been obtained.

Item 3 – Risk assurance review

6. ARAC discussed the quarter four Risk Assurance Report, noting the 2025/26 year end risk position and improvements in the strategic risk profile.

7. The Committee noted that proposals for the 2026/27 strategic risks and issues were in development. In discussion, Members supported the inclusion of an overarching Scheme Transformation risk to consolidate current interdependent strategic issues relating to the queue of cases, increasing sector led demand and challenges in delivering business plan improvements in customer experience, alongside new risks relating to the wider Scheme Transformation.

8. ARAC noted an emerging risk to the Scheme Transformation programme arising from HM Treasury imposed constraints on the use of external consultants across the MoJ and its arm's-length bodies. This risk was being closely monitored by the Executive in collaboration with the MoJ and LSB and the Board would be kept updated accordingly.

9. The Committee discussed the potential impact of this risk on the delivery, timing, and resourcing of the Scheme transformation, noting the mitigations and contingency options being developed by the Executive. Members requested that risks relating to the Scheme Transformation delivery and timelines were explicitly reflected in the 2026/27 strategic risk register.

ACTION: The Executive to ensure that risks relating to the Scheme Transformation delivery and timelines were reflected in the 2026/27 strategic risk register.

10. The Chair highlighted that three strategic issues remained outside agreed risk tolerance at year end and noted the potential impact of the emerging Scheme transformation risk, including any delays to the timing and delivery of the programme, on the organisation's ability to bring these risks back within tolerance. It was noted that this position would require further consideration by the Board, including whether the current tolerance levels remained appropriate in the short term, or whether additional or more accelerated mitigating action would be required to reduce risk exposure within a shorter timeframe.

11. ARAC **noted** the quarter four Risk Assurance Report.

Item 4 – Annual review of the assurance map

12. ARAC discussed the 2025/26 Assurance Map, noting its comprehensive level of detail, a discrepancy in the reported status of the key person risk which would be corrected, and that the policy tracker included both policies reviewed in March 2026 and those currently under review.

13. Members requested that future assurance maps were enhanced to provide a clearer cross-organisational view of risk, including how the Executive and senior leadership structure supports horizontal working and integration across the three lines of assurance.

ACTION: Executive to enhance the assurance maps to provide a clearer cross-organisational view of risk, including how the Executive and senior leadership structure supports horizontal working and integration across the three lines of assurance.

14. In discussing the value of periodic independent reviews of second line assurance, ARAC noted LeO's participation in a Government Internal Audit Agency (GIAA) cross - government audit on risk management, which included second line of defence. The findings of this audit were currently under consideration by the MoJ and would be shared with the Executive and ARAC once finalised.

15. ARAC **noted** the annual review of the assurance map and the level of detail included in the assurance map.

Item 5 – Internal audit update

16. ARAC discussed GIAA's internal audit progress report, noting the completion of the 2025/26 audit plan and the indicative moderate annual audit opinion.

17. In considering the findings of the payroll audit, particularly discrepancies in data reconciliation and reporting, members sought assurance on payroll accuracy. It was noted that no inappropriate payments had been identified and that issues related to reconciliation and evidencing. Members requested that further clarity and assurance on this was provided through the Financial Governance report to be presented in October.

ACTION: Executive to provide further clarity and assurance on payroll accuracy, including reconciliation and evidencing issues, in the October Financial Governance report.

18. ARAC noted a suite of core internal audit documents, including the 2026/27audit plan and strategy, Memorandum of Understanding, Audit Charter, and fee letter. ARAC Also noted the 'essential conditions' within the Global Internal Audit Standards, including GIAA's expectation of timely access to staff and evidence, prompt responses to draft outputs and effective recommendation tracking to support delivery of the internal audit programme.

19. ARAC discussed the proposed 2026/27 internal audit approach, noting the introduction of a proportionate model focused on core elements of the risk control framework over a three-year cycle, supplemented by a targeted audit on transformation readiness. The approach was confirmed to be affordable within the 2026/27 budget, although this limited the scope for additional bespoke audit activity.

20. ARAC considered the alignment of the approach to organisational risks and the level of assurance provided. Noting that the model adopted a more standardised, framework-based approach, with flexibility to adjust areas of focus where required and to take account of key organisational risks, members emphasised the importance of ensuring a clear and demonstrable link between the audit plan and the strategic risk profile.

21. Noting ARAC's request for greater clarity on how this would be reflected within the proportionate approach, GIAA agreed to provide further clarification on the methodology underpinning the proportionate approach, including how alignment with the organisation's risk profile was assessed and evidenced.

ACTION: GIAA to provide further clarification on the methodology underpinning the proportionate audit approach, including how alignment with OLC/LeO's risk profile is assessed and evidenced.

22. Noting that the approach would deliver a proportionate level of assurance, with the annual audit opinion capped at moderate, Members recommended that a review of its effectiveness should be undertaken at year end before any decision was taken about the approach to internal audits for 2027/27.

ACTION: The Board Governance Manager to schedule a year-end review of the effectiveness of the proportionate audit approach ahead of agreeing the 2027/28 audit plan.

23. In discussion on the proposed audit of transformation readiness, members emphasised the importance of ensuring that its scope provided comprehensive assurance, including consideration of the realism of deliverables and the frameworks underpinning the transformation approach as well as capability and capacity. GIAA confirmed that it would continue to engage with the Executive to refine the scope of this audit, taking account of the stage of delivery and key risks, to ensure the review provided meaningful and timely assurance.

24. ARAC **agreed** the proposed internal audit approach for 2026/27, subject to the points raised, and supported progression to finalisation of the associated audit plan and documentation.

25. ARAC **noted** the update from GIAA.

Item 6 and 7 – External audit update and update on the Annual Report and Accounts 2025/26

26. ARAC received updates on the external audit of the financial statements and discussed progress on the 2025/26 Annual Report and Accounts. The Committee noted that the audit had commenced in Q4 and was progressing in line with the agreed plan and timetable. Draft accounts and supporting documentation had been submitted to auditors, with no issues identified to date and no anticipated changes to the significant risks and areas of focus set out in the audit plan. The arrangements in place to support delivery of the audit were noted, alongside actions to reduce the length of the final report. The audit completion report and findings would be presented at the June ARAC meeting.

27. ARAC **noted** the external audit update and update on the Annual Report and Accounts 2025/2

Item 8 – Annual fraud report

28. ARAC discussed the Annual Fraud Report, noting that there had been no reported or known incidents of fraud to date. Despite the low assessed risk, fraud continued to be treated by the Executive as an ongoing risk, supported by strengthened controls, including on key issues such as payroll, alongside mandatory staff training and regular awareness raising activity. Fraud policies were aligned to MoJ counter-fraud policies and activities and LeO continued to engage with the MoJ closely on this. High levels of compliance with mandatory fraud and cyber security training were noted with the Learning and Development team actively following up outstanding completions.

29. The Committee discussed the role of whistleblowing arrangements as part of the wider anti-fraud framework, requesting that the Executive confirmed the timing of the next whistleblowing report and that it was included as a standing item in the ARAC forward plan.

ACTION: The Executive to confirm the timing of the next whistleblowing report to ARAC and include this as a standing item in the ARAC forward plan.

30. ARAC noted ongoing work to review cyber security arrangements, including potential insurance options and clarification of roles and responsibilities in the event of a major cyber incident, including those of the Board and MoJ, with further updates to be provided to the Board.

Item 9 - Financial governance and assurance

31. ARAC discussed the Financial Governance report and noted that the year-end outturn was within tolerance, reflecting effective financial management and resource utilisation. The Committee also noted the continued strength of the financial control environment and positive performance across key areas of financial governance.

32. The Committee welcomed the assurance provided on budgetary control, financial discipline, and the effective operation of governance arrangements throughout the year.

33. ARAC **noted** the report on financial governance.

Item 10 - Attestations and single tenders report

34. ARAC discussed the attestations and single tender report, noting the rationale for the two direct awards made between January and March 2026 and the associated risk assessment considerations.

35. Members provided challenge on compliance and transparency requirements, particularly in relation to publication obligations under procurement regulations, and on the rationale for, and value delivered, by a third-party supplier. Further clarification was sought on whether there is a requirement to receive more than one quote from suppliers, even if the existing supplier is to be awarded the contract for very clear and logical reasons. The Committee requested confirmation of compliance with the Procurement Act requirements, specifically whether direct award notices are required to be published and assurance that current arrangements were compliant.

ACTION: The Head of Finance, Procurement, and ICT to confirm compliance with the Procurement Act requirements, including whether direct award notices were required to be published, and to provide assurance that current arrangements were compliant.

36. The Committee also sought further assurance on the value for money achieved from the third party supplier engagement, including the benefits delivered.

ACTION: The Head of Finance, Procurement, and ICT to provide assurance on the value for money achieved from the engagement of a third party supplier, confirmation of the benefits delivered.

37. ARAC **noted** the attestations and single tenders report.

Item 11 – Information rights and security incidents

38. ARAC discussed the Information Rights and Security Incidents report, noting that all outstanding subject access and Freedom of Information requests reported as in progress had subsequently been completed within statutory timescales. The Committee also noted that a small number of staff had yet to complete mandatory security and data protection training, with follow-up action underway.

39. The Committee considered staff compliance with information handling controls and whether existing training, communication and controls were sufficient to minimise data breaches, near misses and recurring incidents. It was noted that information handling processes and the appropriateness of controls were regularly reviewed by the Security Forum, with improvements made to mitigate risks. This included an ongoing review of identity verification processes, the use of targeted interventions where appropriate, and the identification of further opportunities to strengthen compliance, alongside consideration of potential system-based controls to reduce the risk of error.

40. ARAC noted that that confirmation of deletion was sought where information had been sent to incorrect recipients and that further assurance would be provided on whether this was applied consistently.

ACTION: The Deputy Chief Ombudsman to confirm that confirmation of deletion was consistently sought where information had been sent to incorrect recipients.

41. The Committee suggested that reporting could be strengthened by providing additional context on the volume of files reviewed as part of quality checks, to support interpretation of the data.

ACTION: The Deputy Chief Ombudsman to consider whether reporting could be strengthened by including additional contextual data on the volume of files reviewed as part of quality checks, to support interpretation.

42. ARAC noted changes required within the organisation to foster a culture of self-reporting of incidents to support learning and continuous improvement.

43. ARAC **noted** the Information rights and security incidents report.

Item 12– Escalations to the Board and feedback on the effectiveness of the meeting

44. It was agreed to escalate the emerging risk to the Scheme Transformation programme arising from HM Treasury imposed constraints on the use of external consultants across the MoJ and its arm's-length bodies would be escalated to the Board.

Item 13 ARAC Effectiveness

45. The Chair invited feedback on the effectiveness of the meeting, including papers, timing, and format. No issues were raised, and ARAC confirmed it was content with the level of information provided, the quality of discussion, and the overall operation of the meeting.

Item 14 – Any other business

46. The Committee was reminded that the June meeting will be held in person in Birmingham. External attendees were asked to confirm their attendance with the Secretariat by the end of the month to support advance security arrangements. The Chair encouraged members to attend in person where possible.