Meeting	OLC Board Meeting	**Agenda Item No.** **Paper No.**	9 146.7
Date of meeting	29 April 2026	**Time required**	10 Minutes

Title	ARAC Meeting Update
Sponsor	Harindra Punchihewa, ARAC Chair
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary

The purpose of this update is to provide the Board with assurance following the Audit and Risk Assurance Committee (ARAC) meeting held in February 2026. ARAC reviewed key aspects of financial governance, risk management, audit activity and organisational controls. Overall, the Committee was satisfied that core frameworks and controls remain effective and appropriately overseen, while noting the continued impact of sustained demand and capacity pressures. ARAC emphasised the importance of clear narrative in reporting to support transparency, particularly in relation to the use of exceptions, risk tolerance and interdependencies, and escalation thresholds.

ARAC also reviewed internal and external audit activity, financial performance, information rights, cyber security and business continuity arrangements, and progress against the Annual Report and Accounts timetable. Audit delivery remains on track, with moderate assurance opinions reflecting areas of improvement supported by agreed actions. The Committee noted ongoing work to strengthen assurance processes, governance and automation, and identified a small number of areas where further clarity or acceleration is required. Overall, ARAC concluded that The Executive continues to respond constructively to assurance findings, with appropriate actions in place to manage risks and improve organisational resilience.

Recommendation / action required

Board is asked to **note** the report.

Equality Diversity and Inclusion

EDI implications	**Yes**

The matters considered by ARAC include workforce wellbeing, capacity pressures, assurance over recruitment and vetting processes, and information rights performance. These areas have potential equality and inclusion implications, particularly in relation to staff wellbeing, fair and consistent decision-making, and equitable access to information. EDI considerations will continue to be monitored through people governance and assurance frameworks.

Freedom of Information Act 2000 (FoI)	
Paragraph reference	**FoI exemption and summary**
N/A	N/A
Value for Money (VfM)	
The paper provides assurance to the Board on the effectiveness of financial governance, delegated controls, audit activity and risk management. ARAC considered financial performance, budgetary controls, audit assurance and the management of delivery pressures, and provided assurance that appropriate controls, mitigations and scrutiny are in place to protect value for money and support effective use of public funds.	

ARAC update

1. Financial Delegations Deep Dive

ARAC reviewed delegated authority and financial controls and ratified a revised financial framework (previously approved outside committee, reflecting minor amendments). The Executive provided assurance that delegated controls are effective and workable in practice, supported by routine budget-holder reviews, executive finance scrutiny and attestation processes. ARAC asked for clearer narrative context in future reporting on where exception routes are used (e.g., single tenders) to strengthen transparency and assurance.

2. Risk Assurance Review

The strategic risk position was reviewed by ARAC. The Executive reported that strategic risks remain within tolerance, while four strategic issues remain outside tolerance, driven principally by sustained demand pressures and delivery capacity constraints. ARAC requested improved articulation of what can be controlled versus what must be managed, and clearer presentation of risk interdependencies (including demand as a root driver). Workforce wellbeing indicators (including mental health absence) continue to be monitored through people governance; ARAC requested clarity on escalation thresholds and whether this should be considered for elevation at year-end.

3. Internal and External Audit

Internal audit plan delivery remains on track. Two completed reviews from Q2 and Q3 provided *Moderate* assurance (casework quality and recruitment & vetting). Recruitment controls have improved materially since a prior limited opinion; further strengthening is required in training records, continuity arrangements for key roles and feedback/learning loops. ARAC also discussed a proposed three-year “proportionate assurance” model, noting it could reduce disruption but would cap annual assurance at *Moderate.* After discussions between GIAA and The Executive, it was confirmed that funding both a proportionate approach and two thematic reviews would not be feasible within the 26/27 budget. Instead, they have agreed to proceed with the proportionate approach and one thematic review on transformation readiness, focusing on the discovery phase in advance of design and delivery. The total cost amounts to £75k, including VAT. The Committee agreed to review how effective this proportionate approach is before making the decision for next year programme

External audit confirmed a broadly unchanged approach, with focus on leases, operating expenditure and controls around the finance system change; proposed changes to materiality basis do not change the error reporting threshold. External audit also raised governance considerations for any AI-enabled audit tooling, subject to agreed safeguards and transparency.

4. Annual Report & Accounts

The Annual Report & Accounts planning cycle has commenced. The Executive and external audit reported no current concerns regarding delivery to timetable, subject to continued resourcing focus. Work is underway to strengthen assurance processes, improve data validation and implement a central evidence repository to reduce rework and single points of failure. The Executive also updated ARAC on the pensions matter: independent validation is awaited and a communications and remediation timetable is in place once validated outputs are received.

5. Financial Governance, Single Tender Justifications and Budget

ARAC reviewed financial governance, budget management and the use of single tender justifications. The Executive reported that delayed budget approval has created delivery and spend phasing challenges; forecast variance has been reduced back within tolerance following mitigations, with continued close monitoring to year end. Strong supplier payment performance continues and aged debt remains an area of focus, noting external factors affecting recoverability. ARAC discussed income sensitivity arising from demand pressures and lower case closures; longer-term modelling remains constrained pending decisions on fee structure and transformation impacts.

6. Information Rights and Security

ARAC reviewed information rights performance and security incidents. Reporting continues to distinguish between breaches and near-misses. ARAC noted a trend of missed statutory timeliness targets for SAR/FOI, indicating operating model and capacity constraints; management confirmed it remains appropriate to retain a “red” status while improvements are implemented. The Executive is pursuing automation to support search and retrieval and will provide clearer timelines for benefits and enhanced performance reporting (including backlog effects).

7. Cyber Security and Business Continuity

Cyber and business continuity arrangements were considered in the context of the wider assurance framework. Management has updated the risk management framework to include explicit cyber risk content and clearer articulation of risk appetite. Business continuity also featured in internal audit findings, with recommendations to strengthen continuity arrangements for key recruitment roles; ARAC requested consideration of whether higher-impact actions can be accelerated and reflected clearly in future reporting.

8. Committee Effectiveness

Previous minutes were approved (minor corrections), the action log was noted as closed, and a revised financial framework was ratified. A private session with internal and external audit raised no critical issues. The meeting was focused on assurance, including risk tolerance and capacity impacts, and the practicality and pace of control improvements. Key items for Board noting include the development of an options paper on the internal audit assurance model and fees, strengthened risk reporting on interdependencies and tolerance narrative, a recovery plan for information rights timeliness (including automation timelines), and an acceleration plan for recruitment & vetting actions where feasible.