



Gangmasters
Licensing Authority

GLA43/13 Risk Register

15 October 2014

Board Paper Reference – GLA43/13 – Risk Register

1. Purpose of the Report

- 1.1 To provide the Board with the full risk register of the GLA for review.
- 1.2 To provide a brief reminder of the key components of risk management and risk register.

2. Recommendation

- 2.1 The full risk register is received and reviewed by the full board. The contents are noted and reviewed. Appendix A.
- 2.2 Members consider if the register fully captures the risks the organisation faces and identify any additional risks that require management attention.

3. Reasons for Recommendation

- 3.1 It is good practice that in addition to the detailed management of risk register being devolved to Audit and Risk Committee and Finance and General Purposes Committees, the register is reviewed annually in full by all board members. This is to ensure all members are aware of risk environment the organisation is operating within and shape strategic direction making and business planning.

4. Summary of the Key Points

- 4.1 Full details of the risk management process were presented to and approved by the Board at the last meeting. The register was updated as a result of these discussions and in response to the agree board actions.

A summary of key points for ease of reference when reviewing the register is as follows:

Key Terms

- 4.2 **Inherent Risk** – The risk that an activity would pose if **no controls** or other mitigating factors were in place (the gross risk or risk before controls)
- 4.3 **Residual Risk** – The risk that remains **after controls** are taken into account (the net risk or risk after controls).
- 4.4 **Risk Appetite** - The board set risk tolerance levels. If levels set are being exceeded this needs to be reported to board as an exception, as risk is at unacceptable level. If the risk is below boards risk tolerance this may indicate wasted resource. Consideration should be given to removing controls to enable resource to be redeployed.

The risk appetite statement was agreed as follows;

- *The GLA operates in an environment that includes criminality and the GLA operations are not without risk. GLA undertakes inspections and investigations where the process and the final result cannot be predicted. Consequential court cases can be expensive and the duration uncertain. Government funding of the GLA is subject to public expenditure pressures. To fulfil its basic purpose the GLA has to accept a degree of risk: its appetite cannot be universally low.*
- *The GLA will be unrelenting in its approach to disrupt labour exploitation in all its forms by any lawful, ethical and reasonably cost effective means. Its single aim is to protect vulnerable and exploited workers hence has a low risk appetite towards safety, enforcement and compliance objectives with a marginally higher risk appetite towards its financial and legal obligations, albeit these are still low.*

Process

- 4.5 The risk register is a standing item on Senior Leadership Team agenda and is reviewed in full at each meeting, with identified new risks also requested at each meeting. Changes in relation to external and internal environment (internal control, resources and processes) are reviewed so impact on residual risk can be assessed. If there is a change to residual risk the direction of travel is also recorded on the register, so it can be easily seen if a risk is increasing or reducing. Members of SLT are also required to disseminate relevant risk management issues to their staff to ensure there is an inclusive approach to risk.
- 4.6 Newly identified risks are reviewed by the Finance and General Purposes Committee who set the risk appetite. The risk appetite of all identified risks is also fully reviewed annually in line with business planning processes, with particular reference to the impact on the achievement of strategic objectives.
- 4.7 Audit and Risk Committee complete on-going monitoring of the risk register, focusing on risks that are out of tolerance. These are then highlighted to the full board. The committee will also use this to direct internal audit or where management attention needs to be directed.
- 4.8 The full risk register is presented to the GLA Board annually. This is in line with best practice and audit recommendations to ensure that full board is aware of risk management and risk environment.

5. Financial Implications and Budget Provision

- 5.1 The approach to risk management agreed with board explicitly links the budget to risk management and through this the delivery of GLA strategy. It also helps ensure that organisational resources are targeted at the issues the board prioritises.
- 5.2 Proactive risk management can improve decision making and help organisations reduce costs and increase opportunity. It also should help the organisation reduce harm, loss and damage to the organisation and stakeholders.

6. Organisational Risks

6.1 Provision of risk register to the full board is recommended best practice. Provision of the full risk register to board is designed to improve the management of risk and decision making.

7. Policy Implications and Links to Strategic Priorities

7.1 All risks have been linked to the strategic objectives of the organisation. Risk management can be used by board to constrain activity or encourage focus activity of organisation in certain areas, ensuring that organisation is working in line with the strategic priorities of the board.

8. Details of Consultation

8.1 Previously full Board, Senior Leadership Team, Audit and Risk Committee and Finance and General Purposes have all been consulted.

8.2 The approach was also developed in both response to and conjunction with an internal audit report completed by Baker Tilley (May 2014). Also following presentation to Audit and Risk Committee by external audit, National Audit Office.

Report Author: Justin Rumball

Senior Responsible Officer: Paul Broadbent