

GLA17/7.7 Report from the Audit and Risk Committee

22 January 2008

BOARD PAPER REFERENCE – GLA17/7.7 – REPORT FROM THE AUDIT AND RISK COMMITTEE**The Audit Framework**

The committee has met five times since October 2006 and has consolidated its earlier work on the establishment of a proper audit framework, continuing to work under the guidance of the National Audit Office (NAO) and with the advice of our internal auditors. The ARC noted a new Audit and Risk Committee Handbook at its April meeting.

Results:

The ARC reviewed its terms of reference and published them on the Authority's website. The main change reflected the reduced number of Board meetings. It was agreed to make three verbal reports to the Board and one written report.

The following policies were discussed and agreed: income accounting, document retention and anti-fraud, all to be reviewed on an annual basis.

The ARC began to receive presentations on the GLA finances which it considered in detail on behalf of the Board.

An annual skills and training review was introduced.

Risks

The ARC has continued to identify and review the risks arising from the GLA's work and management's proposed actions to reduce these.

Result: The business and risk registers were reviewed at each meeting on an exception basis and there was a report in the Annual Report and Accounts.

Internal and External Audits

The ARC received reports on both internal and external audits of the work of the Authority during the year.

DEFRA provides internal audit services under the terms of a Service Level Agreement. The ARC was keen to ensure minimal duplication with the work of the NAO external auditors.

Result: The Value for Money review commissioned by management was reviewed by the ARC and confirmed the efficiency of the GLA's operations.

The internal auditors gave a 'full opinion' i.e. a clean bill of health in April, following the testing of key control systems.

A new Service Level Agreement is under discussion following the outsourcing of internal audit work by DEFRA to Deloitte.

An internal audit plan was agreed for 2007/08.

The external audit was again carried out by the NAO. They advised on changes in financial reporting requirements which meant that grant in aid became classed as financing rather than income. This had an adverse effect on the accounts but in purely presentational terms. The external audit focussed on the move of the GLA from set up to operational mode. The auditors advised on the formula to calculate the divide between licensing and enforcement income and expenditure. Another issue was to ensure the correct recognition of income relating to late applicants who have been trading illegally.

Results: the NAO confirmed an unqualified audit opinion for the 2006-07 accounts. All points raised for the attention of management were accepted and are being dealt with.

An external audit for the coming year will be presented to the January 2008 ARC.

Annual Report and Accounts

The ARC also considered the corporate plan and the format and content of the annual report reviewed. This was agreed, including the Statement on Internal Control.

Results: The Annual Report and Accounts were produced on time and with minimal need for comment and revision by the ARC.

Fraud Prevention

The responsibility of the ARC on behalf of the GLA for monitoring fraud prevention systems was emphasised by the NAO and this is monitored on an annual basis and as required.

The Audit and Risk Committee has continued to rigorously test the control systems of the Authority and, in 2007, has added the review of finances. All our endeavours have demonstrated that the GLA staff are open to advice and working in the best interests of the Authority. We are grateful to the representatives of the NAO for their wise advice and counsel and especially to Simon Irwin. The efficient support of Ray Dawson and Carolyn Stoppard is also gratefully acknowledged.

Jane Betts
Chairman
8 January 2008