



Gangmasters
Licensing Authority

GLA50/13a Audit and Risk Committee

13 July 2016

Board Paper Reference – GLA50/13 - Audit & Risk Committee

1. Purpose of the Report

- 1.1 To provide the Audit and Risk Committee's (ARC) assurance to the Board concerning the probity and fitness for purpose of management systems and controls as well as to oversee risk management in the organisation following its meeting on 14 June 2016.

2. Recommendation

- 2.1 The Board is asked to note this report and in particular the Committee's views on the Annual Report and Accounts, the lack of formal revenue or capital budget delegations for 2016 and continuing concerns in respect of the IT and LAWS systems risks.
- 2.2 The Board is asked to consider the recommendation that a Board member should sit on the Transition Programme Board.

3. Reasons for Recommendation

- 3.1 The recommendation is made in accordance with the Committee's terms of reference.

4. Summary of Key Points

- 4.1 The Committee were joined by the Chair and received the internal auditor's opinion for 2015/16 and the National Audit Offices draft, unmodified opinion on the accounts. The Committee noted that there were no significant matters arising from these.
- 4.2 The Committee therefore recommended that the Annual report and accounts for 2015/16 should be signed by the Chair and the Accounting Officer. The Committee thanked the auditors and the GLA team for their work in concluding a high standard set of accounts against the challenging timescale.
- 4.3 At its February meeting, the Committee drew attention to the late notification of budget allocations and the Home Office observer had informed the Committee that confirmation of budget delegations was imminent. Although the GLA has received indications from the Home Office as to its revenue and capital allocations, it has still not received formal delegations. The Committee expressed the view that these delays were unacceptable and asked the Accounting Officer to raise these concerns at the next meeting with senior officials. The Committee also asked the National Audit Office to consider the position.
- 4.4 The Committee agreed its future work plan which is at Appendix A.
- 4.5 The Committee considered the risk update and noted:
- Progress in addressing the IT risks remained unacceptably slow. The announcement that the DEFRA data centre where the GLA's current systems are

located is to be closed by August 2017 imposes additional risk and the need for the urgent establishment of a clear plan and a convincing focus on delivery. The Committee urged the Home Office Observer to ensure that this is now the case and suggested that the Accounting Officer should consider escalating the GLA's concerns in the Home Office. The Committee was particularly concerned by the lack of progress since it raised the same concerns at its previous meeting.

- The Committee welcomed Mark Heath to the meeting as the Transition Project Manager. The Committee noted arrangements for managing and reporting to the Board on this project and noted that Chief Executive should be the Senior Responsible Officer (SRO). The Committee recommended that a member of the Board should sit on the programme board.
- The Committee noted that the Board working group on risk would be considering in particular the risks relating to resourcing across key activities and in particular risks relating to resourcing of the Transition Project.
- The Committee noted that developments in a significant legal case meant that the timing of any financial impact on the GLA had been pushed back, probably into 2017/18.

4.6 The Committee noted the position on the internal audit report on GLA governance and that this report will be made available to the Committee shortly. The Committee agreed that it would share the report with all Board members as soon as it is received to allow them to comment.

4.7 The Committee received an update from the Chief Executive on the recent evacuation of the GLA building. A report on lessons learned will be made to the Board.

5. Financial Implications and Budget Provision

5.1 The Committee noted the potential financial impacts of the legal challenge cases and the ICT/LAWS replacement issues.

6. Organisational Risks

6.1 The organisational risks were discussed as set out above.

7. Policy Implications and Links to Strategic Priorities

7.1 None

8. Details of Consultation/EQIA

8.1 None

9. Background Papers and Relevant Published Documents

9.1 ARC work plan as an Appendix A

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Paper classification: For Information
GLA 50th Board Meeting 13 July 2016

Appendix A

Audit and Risk Committee – Work Plan

January	May	September	November/December
<ul style="list-style-type: none"> • Review of Annual Work Plan • Audit and Risk Committee self-assessment checklist (via NAO) • Internal Audit Strategy • Internal Audit Reports • Review ARC Membership (see table for dates) • Review of Governance Statement • Review of risk registers incl deep dive on high level risks • Discuss provision of Chair's written report to the next Board 	<ul style="list-style-type: none"> • Internal Audit Annual Report/Opinion/Audit Reports • Review and approve the Annual Report and Accounts • Review of risk registers incl deep dive on high level risks • Report of confirmation of completed Register of Interest for all Board Members/Signed acknowledgement received re anti-bribery policy • External Audit Completion Report • Year End Reconciliations • Review of Board and senior staff Expenses • Accounting Officer Statement • Discuss provision of the Chair's Annual written report to the next Board meeting 	<ul style="list-style-type: none"> • External Audit Oral Feedback / Management Letter • Internal Audit Reports • Review of risk registers incl deep dive on high level risks • Discuss provision of Chair's written report to the next Board • Review of ARC Terms of Reference • Business Continuity Plan 	<ul style="list-style-type: none"> • Review of Finance Manual including Anti-fraud Policy • Review Governance Statement • Review of risk registers incl deep dive on high level risks • Outstanding Audit actions • Internal Audit reports • Discuss provision of Chair's written report to the next Board • External Audit Planning Report