



Gangmasters  
Licensing Authority

# GLA56/19 Audit and Risk Committee

**8 November 2017**

# Board Paper Reference – GLA56/19 - 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 27 September 2017.

## 2. Recommendation

- 2.1 The Board is asked to note this report.

## 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 ARC noted that the Internal Audit report on IT Transition had concluded that only "limited assurance" could be taken. A number of issues that have an impact on the project are outside the control of the GLAA and rest with the Home Office. ARC expressed its serious concerns at the position. This had been discussed regularly at ARC for a considerable period and a Home Office observer had been present at those meetings.
- 4.2 ARC noted that there were a number of recommendations that fell within the GLAA's responsibility and received assurances that these would be addressed and that sufficient resources would be made available.
- 4.3 ARC strongly supported the recommendation that the matters outside the GLAA's control should be escalated to the senior IT management at the Home Office and noted that this had been done. ARC asked the Chief Executive to ensure that the current Home Office observer was aware of the risks associated with this project, including those relating to the security of the existing systems.
- 4.4 While it was entirely a matter for the Chief Executive as Accounting Officer, ARC would support the writing of a letter to the Permanent Secretary on the risks faced by the GLAA as a result of the uncertainties and delays on this project. The Chief Executive indicated that he would also consider meetings with the Acting Director General.
- 4.5 ARC noted progress on outstanding Internal Audit recommendations. Although a number of actions remained outstanding, officials reported that the majority were close to completion or were outside the direct control of the GLAA. ARC noted the position and asked that realistic deadlines should be set and managed having regard to business and resourcing priorities. As a part of this, ARC supported a request

from officials that reviews in the Internal audit programme should be deferred until the final quarter of 2017/18.

- 4.6 NAO presented the draft audit completion report and ARC noted the issues that had caused delays to the completion of the audit and an increase in the audit fee. NAO raised concerns with the physical capacity of the finance team to deal with the workload within the windows of audit visits. This echoed some of the concerns reflected in Internal Audit's report.
- 4.7 The Chief Executive outlined plans to put in place additional resource in finance and to support the finance function. ARC asked that this risk should be kept under review and progress reported to the Board. The possibility of putting back the annual audit was also raised by NAO, but ARC noted that this would require discussion with the Home Office.
- 4.8 ARC welcomed the NAO national summary report and asked that it be shared with the Board. ARC asked that the cyber security risk self-assessment process should be added to ARC's agenda in line with the report's suggestion.
- 4.9 ARC noted the risk and issues position, in particular the position on IT developments that had been considered under the Internal Audit report. The current advice on the options for managing legal claims was discussed. It was noted that any payments were now unlikely to be made in the current financial year.
- 4.10 ARC agreed the terms of reference for submission to the Board, subject to minor amendment.
- 4.11 ARC noted the key year end reconciliations and summary of expenses paid to senior staff and Board members.

## **5. Financial Implications and Budget Provision**

5.1 ARC noted:

- The potential financial impacts of the legal challenge cases and the ICT/LAWS replacement issues.
- The additional NAO audit fee
- The potential additional costs of supporting the finance function

## **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 <https://www.nao.org.uk/wp-content/uploads/2017/03/Round-up-for-audit-committees-September-2017.pdf>

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**Chair of ARC**