



Gangmasters  
Licensing Authority

# GLA48/16 Audit and Risk Committee

**20 January 2016**

# **Board Paper Reference – GLA48/16 - 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 1 December 2015.

## **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 In support of its responsibilities to ensure that effective risk management arrangements are in place, ARC received detailed presentations on the ICT/LAWS and stakeholder engagement risks. The Committee was joined by some Board colleagues for these presentations. The Committee thanked Martin Walker and Nicola Ray for their presentations.
- 4.2 The Committee expressed its serious concern with the delays in addressing the risks relating to ICT and LAWS. These related to continuing resilience and security issues and the very tight timetable for changing systems before the end of DEFRA's current contract with IBM. ARC noted the Home Office observer's comments. But expressed the view that these issues should be addressed with greater urgency. The Home Office observer will provide full updates to ARC on progress. ARC has asked that this risk be considered in detail at the January Board meeting.
- 4.3 A report from the ARC Chair considering how risk management and mitigation might best be considered by the Committee and Board is attached to this paper at Annex 1.
- 4.4 ARC received and noted an update from the Chief Executive on the position regarding litigation. This update will also be provided to the Board.
- 4.5 ARC received reports from internal audit on key financial controls and payroll. In both areas, internal audit concluded that the arrangements in place offered moderate assurance and no further action by ARC is required.
- 4.6 ARC noted the NAO external audit planning report. It was agreed that the level of fees would be monitored and the small reduction proposed was welcomed.

4.7 ARC considered and commented on drafts of the revised finance manual, anti-fraud policy and initial governance statement.

## **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.

## **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 paper references are ARC.0112.11 – Finance Manual  
ARC.0112.12 – Anti-fraud policy and ARC0112.13 – Governance Statement.  
IT Risk presentation paper reference – ARC.0112.4  
Stakeholder risk presentation – ARC.0112.5

**Report Author: William Butler**

**Senior Responsible Officer: Margaret Beels**

## **Board Paper Reference – GLA48/\*.\* - Risk management framework**

### **1. Purpose of the Report**

- 1.1 To allow the Board to consider the framework for discharging its responsibilities for the management of risk at the GLA.

### **2. Recommendation**

- 2.1 The Board is asked to agree the framework for the Board's approach for risk management as set out in this report

### **3. Reasons for Recommendation**

- 3.1 The recommendations are made to clarify and improve arrangements for the Board's risk management approach, following discussion between the Chair, the Chair of ARC and the Chief Executive and in the light of practical experience in 2015.

### **4. Summary of Key Points**

- 4.1 Effective risk management is essential to the GLA and it is important that the respective roles of management, board and ARC are clear and properly understood. Arrangements for risk management are set out in the paper agreed by the Board at its November meeting.
- 4.2 The responsibility for the day-to-day identification and management of risk lies with the Chief Executive as Accounting Officer.
- 4.3 The key responsibilities of the Board are set out in the November paper and can be summarised as:
- Agreement of risk appetite and tolerance levels.
  - Annual consideration of the full risk register, including consideration of the risks facing the GLA
  - Consideration of a summary of key risks as reported by the Accounting Officer at each meeting
- 4.4 Detailed consideration of risk is delegated to ARC, which seeks to ensure on the Board's behalf that there are adequate arrangements in place for the identification and management of risk. This is carried out through:
- More detailed consideration of the risks identified and arrangements for mitigation. In support of this, ARC has commissioned a rolling programme of detailed presentations from risk owners.
  - Consideration of audit reports into areas of risk

- Consideration of and agreement of any changes to processes for risk assessment and management.

4.5 The current arrangements are running effectively and allow the Board to maintain oversight and engagement while the ARC is able to spend the time necessary to conduct a deeper dive on specific risks. However, there is the opportunity to clarify and improve processes, particularly in respect of those organisational risks that have been escalated to Board or Home Office and/or that have become issues.

4.6 It is therefore recommended that:

- The Board, ARC and executive should manage and escalate all risks in the most appropriate and timely way.
- Risks which have been escalated to the Home Office should be subject to consideration at the Board, supported by “deep dive” presentations from risk owners where necessary.
- Risks that are escalated internally (by the Accounting Officer, ARC, auditors or otherwise) should be notified as a part of the regular risk reporting to the Board.
- That ARC should continue to consider in detail all operational risks, with an opportunity for all Board members to attend for “deep dive” presentations.
- That, where a risk has been escalated to the Home Office, it should be normal practice to invite an official to satisfy the Board and/or ARC of the mitigation being taken.

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

5.1 There are no additional financial issues.

## **6. Organisational Risks**

6.1 The organisational risks are as discussed 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 Current GLA Risk Register.

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