



Gangmasters &  
Labour Abuse Authority

# GLAA63/15 Audit and Risk Committee

**23 January 2019**

# Board Paper Reference – GLAA63/15 - Audit and Risk Committee

## 1. Purpose of the Report

- 1.1 To provide the Audit and Risk Committee's (ARC) assurance to the Board concerning its responsibility for 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 19 December 2018.

## 2. Recommendation

- 2.1 The Board is asked to:

- Agree the Committee's recommendation for prompt recruitment of competent financial support to address the outstanding audit recommendations.
- note the contents of this report.

## 3. Reasons for Recommendation

- 3.1 The recommendations are made in accordance with the Committee's terms of reference and in support of the maintenance of effective governance.

## 4. Summary of Key Points

- 4.1 The Committee asked that outstanding issue 72 in relation to single points of failure at senior level should be brought to the next Board meeting and noted that this was primarily a matter for the Chair and the new Chief Executive.
- 4.2 It was noted that the outstanding risk in respect of Board appointments could now be closed.
- 4.3 Internal Audit presented an update. The Committee noted with concern that it had still not been possible to close a number of internal audit recommendations. In addition, the latest review of the general ledger had highlighted a number of risks relating to separation of duties and lack of adequate documentation of procedures. Internal audit's view was that, at present, it was likely that their opinion for 2018/19 would offer "limited assurance". This would in turn reduce the reliance that NAO can place on GLAA systems and controls and will increase the audit effort required. The Committee asked that the Finance team should ensure that the target dates for addressing the general ledger recommendations were realistic.
- 4.4 Internal Audit noted that the GLAA Chair should be involved in discussions on the planned governance review.
- 4.5 NAO reported that the audit of the 2017/18 Annual Report and Accounts had not been completed as planned due to issues identified during audit work and the

availability of resources within the finance team. NAO echoed the concerns of internal audit that the GLAA had a significant capacity issue in its financial management.

- 4.6 The Committee noted that HM Treasury deadline for these accounts to be laid is 31 January 2019. The Home Office representative asked that every effort be made to meet this deadline. The Committee asked that the finance team prepare a realistic plan to achieve this for consideration by the New Chief Executive in early January 2019.
- 4.7 At its October meeting, the Committee had welcomed the revised approach that the Interim Chief Executive had introduced to manage risk. The Committee was also aware of the many other pressures on the organisation. However, the Committee had asked that priority should be given to clearing outstanding audit recommendations, in particular those that were of high importance. The Committee had also urged that the appointment of additional assistance in the finance team should now take place, as had been previously agreed.
- 4.8 The Committee noted that a recruitment campaign for additional finance staff had been unsuccessful, but expressed its disappointment that this appointment was still unresolved. The Committee shared the concerns of Internal Audit and NAO that the overall position appeared to be worsening due to the shortfall in available resources and in spite of the considerable efforts of the finance team. The Committee recommended that an appointment now be made as an urgent priority, using agency staff if necessary. The Chair would seek an early meeting with the new Chief Executive to discuss these concerns.
- 4.9 The Committee received an update on progress with the new risk management arrangements. The Committee was pleased with the progress and the level of engagement and looked forward to the Board training session once pilot sessions with staff had been completed.
- 4.10 The Committee considered the Risk and issues register and noted in particular:
- Noted the continuing difficulties in agreeing acceptable support arrangements for IT with the HO.
  - The problems with the telephony system.
  - The emerging risks associated with the announcement of consideration of a single organisation to oversee labour abuse issues
- 4.11 The Committee agreed that the timetable for reviewing its terms of reference should be changed to match the Board meeting cycle.
- 4.12 The Committee noted the Accounting Officer's letter which concluded the exchanges that had included the Permanent Secretary at the Home Office.

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

- 5.1 The Committee noted the continuing potential financial uncertainties relating to litigation, the impacts of the LAWS replacement issues and developments on risk management.

## **6. Organisational Risks**

6.1 The organisational risks were discussed as set out above.

## **7. Policy Implications and Links to Strategic Priorities**

7.1 Changes to the risk management approach may have an impact on performance management against strategic priorities and this will be considered as a part of the work described above.

## **8. Details of Consultation/EQIA**

8.1 None.

## **9. Background Papers and Relevant Published Documents**

9.1 None

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**Senior Responsible Officer:**