



## **Information Commissioner's Office**

Internal Audit Report: Workforce Planning

June 2022

**mazars**

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### ***Disclaimer***

This report ("Report") was prepared by Mazars LLP at the request of the Information Commissioners Office (ICO) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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# 01 Introduction

As part of the agreed Internal Audit Plan for 2021/22, we have undertaken a review of the Information Commissioner's Office (ICO) arrangements for workforce planning. We have reviewed key controls to assess whether the ICO's framework and processes are designed and operating effectively. This included the following risk areas:

- Strategy, Policies and Procedures;
- Staff Awareness;
- Current Workforce;
- External Factors; and,
- Reporting.

Full details of the risks covered are included in **Appendix A1**.

We are grateful to the Director of People Services, the Group Manager, Workforce Planning and the Head of Human Resources Operations for their assistance during the audit.

Whilst we completed this audit remotely, we have been able to obtain all relevant documentation and/or review evidence via screen sharing functionality to enable us to complete the work.

This report summarises the results of the internal audit work. We have also included an acknowledgment of the ICO's actions taken to address succession planning deficiencies. Please see the paragraph in Section 04 for more details on the ICO's current position.

# 02 Background

The Chartered Institute of Personnel and Development (CIPD) defines Workforce Planning as the process of analysing the current workforce, determining future workforce needs, identifying the gap between the workforce available and future needs, and implementing solutions so that an organisation can accomplish its mission. The key steps in any workforce planning therefore revolve around understanding the current and future needs of the organisation and analysing the current workforce to identify potential gaps.

At the ICO, workforce planning is the responsibility of the Director of People Services, who is supported by the Talent and Workforce Planning Team, the Human Resources Team, the Organisational Development Team, and the People and Strategy Team. The Director of People Services (who was initially entitled Director of People and Workforce Planning) is a newly created post that commenced in August 2021. Prior to this, the ICO had a Head of Workforce Development and Planning leading on learning and development and along with workforce planning activities. This role was managed by the Director of Resources which led both People based and Finance functions.

Over the past two years, in response to the pandemic, a significant proportion of the department's time was spent on learning and development; supporting the training needs of the workforce as it navigated the impact of the pandemic. However, additional workforce planning resource, in the form of a Workforce Planning Group Manager (c.0.55 FTE), was added to the team in June 2021. The responsibilities at Head of department level have now been reconfigured within People Services. The responsibility and resources for workforce planning activity moving into the Talent and Workforce Planning department, which has its own Head of department, Business Partner and Manager Level resources.

The ICO's Information Rights Strategic Plan 2017-21 ('IRSP') sets out six strategic goals and further states: *"The ICO is changing to respond to these opportunities and risks. We must grow and maintain the capacity and capability of our workforce as our regulatory responsibilities increase in scope and complexity."*

In order to support the delivery of the IRSP with respect to workforce, the ICO developed a People Strategy in November 2018. Since the appointment of the Director of People Services in August 2021 and with the new Information Commissioner in January 2022, the ICO intends to update the People Strategy to ensure it remains fit for purpose and aligns to the new Information Rights Strategic Plan (IRSP), ICO25.

The ICO have also established a Capacity and Capability Plan for the period 2020-2024. The Plan was developed to support the ICO's diversification of regulatory services against the fallout of the UK's withdrawal from the EU and recovery from the impact of Covid-19.


The Plan describes how the ICO will meet future challenges and aims to ensure the right culture, people, processes, and infrastructure is in place to deliver against the strategic objectives and priorities within the IRSP.

Updates of the C&C Plan are presented to the Quarterly Resources Board who are responsible for the review and scrutiny of delivery and progress against the three goals.

- **#1** – Infrastructure that enables us to operate effectively, responding to the views and needs of our customers and stakeholders and developments in the external environment.
- **#2** – Systems and processes that support the effective and efficient delivery of our services to our customers and stakeholders.
- **#3** – An organisational culture built around people with the right skills and experience, which meets the needs of our customers and stakeholders.

In addition to the People Strategy and the Capacity and Capability Plan, the ICO also presented a planned Workforce Planning approach to Management Board in November 2020. The paper outlined how the ICO intended to utilise workforce profile information, capacity and capability information, and an understanding of short, medium and longer-term strategic objectives, to establish action plans to ensure workforce planning activities were focused on those areas of greatest strategic risk and opportunity.

## 03 Key Findings

Assurance on effectiveness of internal controls			
		Limited Assurance	
Rationale			
<p><b>For the internal audit work carried out (please see Appendix A1 for the detailed scope and definitions of the assurance ratings), we have provided Limited Assurance.</b></p> <p>Our audit has identified a number of fundamental areas for improvement in relation to: -</p> <ul style="list-style-type: none"> <li>• Enhancement of the workforce planning methodology and strategy to set out clearly the ICO’s expected approach, including the consideration of responding to external factors;</li> <li>• Establishing formal processes for analysing the current workforce in relation to skills, capacity, and capability such that gap-analysis can inform workforce planning moving forward, and</li> <li>• Building on the current staff satisfaction surveys to focus on productivity and performance, in addition to wellbeing, to ensure proactive workforce planning arrangements are in place.</li> </ul> <p>Overall, there are significant developments required in the control framework of workforce planning such that it could become inadequate or ineffective. Please see <b>Section 04</b> for further detail in respect of the recommendations made from our review.</p>			
Number of recommendations			
Priority 1	Priority 2	Priority 3	Total
2	-	-	2

### 3.1 Examples of areas where controls are operating reliably

- The ICO’s established Capacity and Capability Plan was published on the ICO’s staff intranet, ICON, in December 2020 having been approval by the Resources Board and subsequently Management Board in September 2020 for the period 2020-2024. This plan is reviewed three times a year by Management Board.

We reviewed the Capacity and Capability Plan and confirmed that the ICO sets out the three main goals as outlined in the Background section of this report, and further the actions developed which set out how the ICO intend to deliver these three goals and ultimately the strategic objectives and priorities within the IRSP.

- The three goals of the Capacity and Capability Plan and respective actions are reported to the ICO’s Resources Board in a performance dashboard, RAG rating the progress of each action. We reviewed the three latest quarterly reports and confirmed that the Resources Board had considered and challenged the progress of delivery of each of the three goals.

Our review further sample tested one ‘completed’ action per goal, assessing the effectiveness of implementation and subsequent reporting to the Resources Board. For each of the three actions sampled, we confirmed that the ICO were able to demonstrate adequate evidence to support the implementation of the action and subsequently, timely reporting to the Resources Board.

- The ICO presented a Workforce Planning approach to Management Board in November 2020. The paper outlined how the ICO intended to use key workforce, capacity and capability information, as well as short, medium and longer-term strategic objectives, to establish actions to focus on areas of greatest strategic risk and opportunity.
- During the first Lockdown for Covid-19, the ICO reacted to the impact of remote working on staff wellbeing. Organisation-wide surveys and ‘Return to Office Self-Assessments’ were provided to gauge staff wellbeing and engage with staff to ensure they felt comfortable working remotely through the pandemic. Thus, demonstrating good practice in their response to factors which

impact staff satisfaction and ultimately support planning for any workforce issues.

## 3.2 Risk Management

The ICO's Corporate Risk Register includes the following risk relating to workforce planning: -

**R4 – Capacity and Capability:** *(Cause) Risk that increasing demand, public and stakeholder expectations, and/or additional unplanned work and/or reduced availability of staff results in (Threat) key resources being overstretched and having insufficient capacity, capability, knowledge and/or skills to deliver all business plan requirements, (Impact) resulting in business operational issues and pinch points, possible failure to deliver regulatory priority activities and impacting upon the ICO's ability to deliver all of its intended objectives and outcomes.*

The risk is RAG rated red, with a score of 20 (high probability (5) and high impact (4)). The ICO have set a target RAG rating of amber, with a score of 9 (medium probability (3) and medium impact (3)).

Our review of this risk identified that the ICO's existing controls consist of a list of actions rather than controls which address workforce demand and resource efficiencies. However, we also identified that the ICO have established a list of 'future planned actions' which are what the ICO intends to establish in order to achieve the target risk rating. These are:

- Develop a workforce planning and talent framework, and a corporate profession map to understand the current and future capabilities required to deliver Directorate business plans and the ICO's corporate aims.
- Maintaining oversight of the ICO's resources through capacity building and profession capability mapping to meet strategic objectives and Directorate business plans
- Developing business case requirements for new capability
- Development of monthly Directorate People dashboard with workforce planning and talent, succession planning, casework, absence, recruitment, turnover, and demographic data.
- Monthly review of KPI and backlog data within People Directorate dashboards

- Annual 'you said, we did' people survey actions for each Directorate with developed People action plan

The above 'future planned actions' are consistent with our observations and recommendations made on gaps identified in the ICO's control environment. Please see **Section 04** for more details on the recommendations raised based on our fieldwork.

## 3.3 Value for Money

In relation to achievement of successful workforce planning and development, value for money (VFM) is important in respect of maximising the recruitment, retention and staff engagement activities that are performed. The ICO may be unable to fulfil the Information Rights Strategic Plan (IRSP) without effective workforce planning arrangements.

Our review has explored the importance of a robust workforce planning strategy as a mechanism for ensuring there is a clear and effective approach to efficiently use an organisation's resources. The ICO currently has a People Strategy, a Capacity and Capability Plan, and presented a paper to Management Board in November 2020 of an intended approach to workforce planning. However, the ICO have not developed a document following the MB paper, that formally sets a clear approach to how the ICO manage workforce planning. Without a clear and directive strategy to workforce planning, the ICO cannot demonstrate or expect consistent and efficient working practices in relation to managing its workforce, and therefore fails to achieve VFM. We have provided further detail on this issue in **Section 04, 4.1** of this report.

Retaining key talent is also key to the ICO achieving value for money. Whilst staff turnover in a large organisation like the ICO is inevitable, it is important to have plans in place to ensure that efforts are made to retain the talent that the organisation has invested in. Our review confirmed good practice in how the ICO reacted to the impact of Covid-19 and remote working on staff wellbeing. Organisation-wide surveys and 'Return to Office Self-Assessments' were provided to gauge staff wellbeing and engage with staff to ensure they felt comfortable working remotely through the pandemic. ICO response to the pandemic also supported people to work from the office if necessary for essential tasks, health and wellbeing issues, and latterly for preference reasons. This has supported people to be productive if they have found that working at home was not effective for



them. We confirmed that 29% of people who said that they were struggling with workload in October 2021, which was down from 39% in March 2021. Additionally, the staff survey results showed that 93% of all staff felt they “adapted to working from home adequately”, therefore likely leading to retention of key talent and therefore a means of achieving VFM. In relation to system processes for workforce planning, the ICO currently operate using manual records; mainly spreadsheets. For instance, our review identified that the ICO have informal practices for highlighting skills gaps within Directorates. The process relies on Directors and Heads of Service to have analysed gaps through the annual Business Planning process, which is then shared with Human Resources to collate and document in spreadsheet format. However, we understand that the ICO are in the process of embedding a workforce planning and talent model as part of the Enterprise Resource Planning (ERP) system, Workday.

### 3.4 Sector Comparison

We have seen many organisations develop workforce strategies in response to financial challenges caused by public funding cuts. The aim of such a strategy has been consistent in ensuring that the right workforce can be retained in the right numbers whilst ensuring that the objectives of the organisation are met. Our review confirmed that the ICO’s Capacity and Capability Plan sits alongside and enables the delivery of the current IRSP and describes how the ICO will meet future challenges. It also sets out how the ICO aim to ensure the right culture, people, processes and infrastructure is in place to deliver against the strategic objectives and priorities within the IRSP.

Whilst we confirm the ICO’s Capacity and Capability Plan demonstrates good practice compared with other public sector and not-for-profit organisations, we note that there remains a gap in development of a Workforce Planning Strategy to detail how the ICO aim to approach planning to meet strategic objectives and priorities. Since the ICO presented an approach to Workforce Planning which outlined how key management information would be used to establish actions to focus on areas of greatest strategic risk and opportunity – there has been no further development of a formal strategy as to how the ICO intend to manage workforce planning.

Additionally, given the IRSP is currently being reviewed and updated by the newly appointed Information Commissioner, there is an importance for the ICO to ensure that any significant changes to strategic aims are reflected in the Capacity and Capability Plan and any developed workforce planning strategy.

As part of benchmarking, we have highlighted the following good practice methods for estimating workforce requirements and different types of workforce flexibility the ICO may wish to consider when developing a Workforce Planning Strategy:

#### Estimating Workforce Requirements

- Workflow analysis: based on a detailed analysis of the activities taken for each task. This activity is useful if undergoing transformational change where the roles, responsibilities and capability requirements are likely to change.
- Establish well defined job families: employees working in positions belonging to the same job family require little training to perform one another’s jobs. Therefore, job functions within the same job family require similar competencies, such as knowledge, skills and capabilities. Flexible job descriptions are important here to capture core competencies, technical skills and capabilities.
- Zero-base demand estimation: this estimates the workforce you might ideally need rather than based on what you have now, informed by a mix of the methods above. Organisations are often so restricted by their historical job design, staffing patterns and numbers that they avoid the need to change these assumptions. Zero-base approaches can help to unlock new thinking about work design, productivity and flexibility.

#### Flexible Workforce

- Functional flexibility across a range of tasks can be increased through recruitment, training, job design, deployment and reward mechanisms, for example through multiskilling and job rotation.
- Numerical flexibility is provided by contracts of employment that flex the numbers employed, for example temporary, seasonal, or outsourced staffing. It is important to ensure people are employed

on the right type of contract, so your organisation has the flexibility it needs but also as there will be pay and benefit obligations, employment law and taxation implications to consider.

- Talent flexibility can come via alternative educational pathways to provide varied sources of talent supply with different characteristics. Encourage continuous professional development throughout the organisation and create opportunities for skills and knowledge development via secondments, projects, sprints, deployment etc.
- Adaptive flexibility or increasing change-readiness in the workforce entails having managers who pay attention to the development of the individuals in their teams. Involving employees in change management keeps them in touch with changing business needs, so when they are asked to adjust this does not come as a surprise and they understand why change is being made.



## 04 Areas for Further Improvement and Action Plan

The ICO currently do not have any finalised succession planning arrangements in place to identify and develop potential future leaders and senior managers to fill business-critical roles. Whilst we cannot provide any assurance over succession planning arrangements and this has been considered in our overall assurance rating, we have not raised a recommendation in this area based on the fact that ICO have taken action to address this gap. In June 2021 the ICO presented a paper to the Nominations Committee recommending options for how to approach succession planning. Management confirmed that the option to commission an external consultant was agreed by the Nominations Committee with work commencing in December 2021. We understand the consultant will be engaged to undertake a review and provide recommendations for the ICO on succession planning, therefore we have not included this within our action plan below.

Definitions for the levels of assurance and recommendations used within our reports are included in **Appendix A1**.

We identified areas where there is scope for improvement in the control environment. The matters arising have been discussed with management, to whom we have made recommendations. The recommendations are detailed in the management action plan below.

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p><b>Workforce Planning Strategy</b></p> <p><i>Observation:</i> The ICO currently do not have a standalone Workforce Planning Policy or Strategy setting out a clear methodology in their approach to workforce planning.</p> <p>In November 2020 the ICO presented a paper on Workforce Planning approach to Management Board (MB). The paper outlined how the ICO intended to use key workforce, capacity and capability information, as well as short, medium and longer-term strategic objectives, to establish actions to focus on areas of greatest strategic risk and opportunity. However, no formal strategy was developed on the back of this paper.</p> <p>In November 2018, the ICO developed a People Strategy to sit alongside and support the delivery of the IRSP. The Strategy describes a three-year programme of work which intends to achieve the three People goals documented. At the time of testing, the People Strategy had not been updated</p>	<p>The ICO should develop a Workforce Planning Strategy that clearly sets out the desired approach and methodology to workforce planning, along with roles and responsibilities across the organisation.</p> <p>The Strategy should also include details of how the ICO will react to any significant external factors such as emerging risks, changes in legislation, opportunities and staff satisfaction that could impact the resourcing structure or pressures across the organisation.</p> <p>Once developed, the Strategy should be formally communicated across the organisation and the ICO consider providing training or guidance to key stakeholders.</p>	1	<p><b>Accepted</b></p> <p>This recommendation builds on work already underway to address the areas identified.</p> <p>A review of the People Services Directorate in October 2021 established a talent and workforce planning team increase of professional capability and capacity to enable delivery of the strategy.</p> <p>A workforce planning methodology was presented to Management Board and a report updating progress and actions presented in November 2021. This has since been developed, and an evolved framework was agreed at Resources Board in March 2022</p>	<p>Q2 2022-23</p> <p>Framework and methodology – Head of Talent and Workforce Planning</p> <p>Q1 2023-24</p> <p>Workforce Planning Strategy – Director of People Services</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>and had therefore exceeded the initial three-year period intended.</p> <p>Additionally, one of the actions recorded to support the achievement of Goal 3 states: <i>“We will build on present arrangements to establish a clear workforce planning methodology and process in time to inform our 2019/20 business planning and budgeting activities.”</i></p> <p>As highlighted, our review confirmed that no such formal methodology had been developed at the time of testing, albeit resourcing demand and staff costs were an obligation as part of the 2019/20 Business Planning process.</p> <p>Additionally, we identified that the ICO do not clearly set out a strategy for reacting to significant external factors that impact workforce planning. For instance, use of staff satisfaction survey results to drive workforce planning arrangements.</p> <p><i>Risk: The ICO have inconsistent or a lack of workforce planning practices which are not fit-for-purpose, and do not align to the corporate objectives of the Information Right Strategic Plan.</i></p>			<p>incorporating the build, borrow, buy and bounce methods.</p> <p>Work to capture the impact of the ICO’s workforce planning is already underway as part of our Senior Management Information pack and Director Dashboards. This data is going to consider how the workforce planning strategy work will impact capacity and capability opportunities, supporting the delivery of the IRSP/ ICO Plan.</p> <p>As part of the development of the strategy the ICO will incorporate economic, technological, and sociological analysis to ensure the strategy reflects and addresses external factors, and changes to the digital and legislative landscape.</p>	
4.2	<p><b>Skill Gap Analysis</b></p> <p><i>Observation:</i> The ICO does not have any formal skills gap analysis arrangements in place to assess the current workforce.</p> <p>Existing informal arrangements requires Directors and Heads of Service to identify resource and skills gaps as part of the annual business planning process. Records are to be documented in the workforce planning and training request (WPTR) spreadsheet which is shared with the ICO's</p>	<p>In alignment with Recommendation 4.1, the ICO should develop a formal skills-gap analysis methodology for assess the current workforce.</p> <p>The skills-gap analysis should form part of the wider workforce planning arrangements to ensure that training of the current</p>	1	<p><b>Accepted</b></p> <p>Profession mapping and skills gap analysis form part of existing People Services Business plans and we are already aware of gaps in teams the audit has identified.</p> <p>A comprehensive People and analytics system is already being implemented which include talent, succession, skills mapping, and</p>	<p>Q4 2022-2023 Profession mapping and skills gap analysis – Head of OD and Capability</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>Workforce Planning Team. The Workforce Planning Team then identify key themes in relation to training requirements of each Directorate.</p> <p>Our review identified that there was no response from four Directorates, with three WPTRs commenting that they were not sure of future skill requirements due to uncertainty of changes in management or team structure due to rapid expansion.</p> <p>Additionally, we identified that the key themes section of the returns focussed on upskilling courses or training workshops to address training requirements and did not address the wider impact of workforce planning.</p> <p><i>Risk: Skills-gap analysis and profiling is not effective to identify at-risk sectors/ departments of the ICO, leading to poor planning and possible failure of strategic objective achievement.</i></p>	workforce aligns with the overarching strategy and the IRSP once established.		<p>workforce planning capability and reporting. This system will enable the ICO to forecast, analyse, and monitor trends in resource and cost model future establishments. The ICO will undertake a cost versus benefit analysis for the automation of systems and align this with consideration of our wider future ambitions around data visualisation to unify data presentation.</p> <p>The ICO have agreed partnership working with the Taxonomy Civil Service project group to ensure our analysis model is fit for purpose and best in industry.</p> <p>The Talent and Workforce Planning Strategy will assess skills required to deliver IRSP and adequately respond to the legislative data reform.</p>	Q2 2023-2024 – Head of Information Systems (HR)

## A1 Audit Information

Audit Control Schedule	
<b>Client contacts:</b>	<p>Sarah Lal – Director of People and Workforce Planning</p> <p>Joanna Marshall – Group Manager, Workforce Planning</p> <p>Michael Collins - Head of Human Resources and Facilities</p>
<b>Internal Audit Team:</b>	<p>Peter Cudlip, Partner</p> <p>Darren Jones, Manager</p> <p>Chris Hogan, Senior Auditor</p>
<b>Finish on site/ Exit meeting:</b>	17 December 2021
<b>Last information received:</b>	17 December 2021
<b>Draft report issued:</b>	<p>v1 01 March 2022</p> <p>v2 11 May 2022</p> <p>v3 13 June 2022</p>
<b>Management responses received:</b>	13 June 2022
<b>Final report issued:</b>	13 June 2022

### Scope and Objectives

Audit objective: To provide assurance over the design and effectiveness of the key controls operating in relation to the ICO's workforce planning arrangements. Our review considered the following risks:

- **Strategy, Policies and Procedures** – The ICO's strategy and/ or Policy for workforce planning is not fit-for-purpose and does not align to the Information Right Strategic Plan. The Strategy and/or Policy has not been appropriately scrutinised or approved.
- **Staff Awareness** – The strategy does not make clear; roles, responsibilities and objectives of what they set out to achieve. Staff lack awareness of the strategy and how this may impact them. The strategy has not been formally communicated.
- **Current Workforce** – Insufficient skills or capability, due to poor succession planning (as well preparing for the potential loss of critical workers), leading to strategic objectives not being met. Skills-gap analysis and profiling is not performed to identify at-risk sectors/ departments of the organisation. Training of the current workforce does not align with future requirements or the workforce planning strategy.
- **External Factors** – Emerging risks, changes in legislation and opportunities are not appropriately considered to efficiently plan or adapt the ICO's workforce. The ICO are not flexible in their approach to respond in a timely manner to changes required in workforce structure, including being aware of key issues/ concerns relating to staff satisfaction.
- **Reporting** – The ICO do not report or escalate workforce planning demand for key decision-making purposes. An action plan is not in place track progress against the workforce planning Strategy/ Policy.

The scope for the audit is concerned with assessing whether the ICO has in place adequate and appropriate policies, procedures and controls to manage the above risks. We will review the design of controls in place and, where appropriate, undertake audit testing of these to confirm compliance with controls, with a view to forming an opinion on the design, compliance with and effectiveness of controls.

Testing will be performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels	
Level	Description
<b>Substantial Assurance:</b>	The framework of governance, risk management and control is adequate and effective.
<b>Moderate Assurance</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited Assurance:</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>Unsatisfactory Assurance:</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

## Statement of Responsibility

We take responsibility to the Information Commissioner's Office (ICO) for this report which is prepared based on the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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