

Audit and Risk Committee– minutes

20 June 2022

Members:

Ailsa Beaton (Chair)	Non-Executive Director
Jane McCall	Non-Executive Director
Jayne Scott	Independent Audit Committee member

Attendees:

ICO

Angela Donaldson	Director of Finance
Joanne Butler	Head of Planning, Risk and Governance
John Edwards	Information Commissioner
Louise Byers	Director of Planning, Risk and Governance
Paul Arnold	Deputy Chief Executive Officer and Chief Operating Officer
Hannah Smith	Senior Communications Officer – Digital and Creative (for item 10)

Internal Auditors

Peter Cudlip	Mazars
Darren Jones	Mazars

External Auditors

Robert Buysman	National Audit Office
Laura Charmant	Deloitte
Michelle Hopton	Deloitte

Secretariat

Chris Braithwaite	Corporate Governance Manager
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Observer

Lee Parfitt	Next Gen NEDs Programme
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1. Introductions and apologies

1.1. There were no apologies for absence.

2. Declaration of interests

2.1 There were no declarations of interest.

3. Matters arising from the previous meeting

3.1 The minutes of the previous meeting had been approved by email.

4. Deputy Chief Executive Officer's update

4.1 Paul Arnold provided an update on recent activities related to the Committee's remit. He highlighted the announcement of the Government's response to the DP Reform consultation, and the development of the ICO 25 plan.

5. Internal audit

5.1 Darren Jones and Peter Cudlip presented reports setting out progress with the internal audit programme, the audit reports for recent audits of workforce planning and performance reporting and management information, and the internal audit annual opinion.

Workforce Planning audit report

5.2 The Committee discussed the timeline for completing the recommendations from the audit, to ensure that the gap analysis was completed ahead of finalising the workforce planning strategy.

5.3 The Committee also discussed the overall finding of this audit. The Committee challenged the overall audit assurance rating, given the level of work ongoing in this area and the acknowledgement that this work is in progress. Paul Arnold confirmed that management had challenged the outcomes of the audit and Peter Cudlip agreed that he would review the audit findings and overall assessment and provide an update to the Committee. He also explained that he would work with Louise Byers to review the processes between Mazars and the ICO for clearing audits to ensure that he was aware of any challenges from management in future.

Action: Peter Cudlip to review the findings of the Workforce Planning audit and provide an update to the Committee. **Due date: as soon as possible.**

Action: Peter Cudlip and Louise Byers to review the process for clearing audits to ensure that Mazars are aware of any challenge from Management. **Due date: by the next meeting (17/10/22)**

Internal audit annual report

5.4 Peter Cudlip highlighted the excellent 100% recommendation implementation rate, which was a higher rate than similar organisations achieved. He also highlighted that the good progress that had been made in completing the recommendations from the cyber security audit, which had also strengthened the overall

assessment of controls. In response to questions from the Committee, he commented that he thought the audit opinion this year reflected that assurance levels were broadly consistent with previous years. Ailsa Beaton suggested that it would be useful to provide an interim audit report in future years at the half-year point to give an assessment on assurance levels for the year so far.

Action: Mazars to provide a half-year interim audit opinion to give information of assurance levels for the year to date. **Due date: January 2023.**

- 5.5 Peter Cudlip explained that the only issue he saw at present was around the process for finalising audit reports between Mazars and management, as discussed under the previous item.

6. Audit and Risk Committee annual report

- 6.1 Chris Braithwaite presented a report setting out the Audit and Risk Committee's annual report for 2021/22, for the Committee's approval.

Decision

- 6.2 The Committee approved the Audit and Risk Committee annual report for 2021/22 for publication.

7. External audit

- 7.1 Michelle Hopton and Laura Charmant presented a report which set out the conclusion and findings from the audit of the 2021/22 financial statements. They confirmed that they anticipated recommending an unqualified audit opinion.

- 7.2 Jayne Scott explained that she had worked with the Finance Directorate as part of the finalisation of the annual report. She commented that she had been extremely impressed with the quality of the work of the team and Angela and Craig's understanding of the relevant issues.

Decision

- 7.3 The Board reviewed and recommended that the Commissioner sign the letter of representation set out in Appendix 2 of the report.

8. Annual report and financial statements 2021/22

- 8.1 Louise Byers presented the Annual Report and Financial Statements for the Committee's approval. She explained that the forewords for the Commissioner and the Senior Independent Director were being

finalised during this week with the intention of the Commissioner then approving the report and sending this before the end of the week to NAO for certification.

- 8.2 The Committee reviewed the annual report and suggested a couple of minor tweaks to the text. John Edwards provided an update on progress with finalising his foreword.

Decision

- 8.3 The Committee recommended that the Commissioner sign the Annual Report and Financial Statements, once the Committee has reviewed the forewords.

Action: Chris Braithwaite to circulate the Commissioner and Senior Independent Director's forewords to the Audit and Risk Committee, once completed. **Due date: 24/6/22**

9. ICO data protection compliance

- 9.1 Louise Byers presented a report giving the Committee assurance on the ICO's compliance with Data Protection legislation. This was an area where DCMS sought assurance from Audit and Risk Committee chairs that their organisation was ensuring compliance in this area.

10. Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018

- 10.1 Hannah Smith joined the meeting to present a report giving the Committee assurance on the ICO's compliance with these regulations.
- 10.2 The Committee asked whether there was benchmarking information available to ICO's position in this area to other similar organisations. Hannah Smith confirmed that the automated audit tool provided benchmarking information and the ICO's performance compared favourably to other organisations. In addition, there was anecdotal information from other organisations which supported this.
- 10.3 The Committee also discussed the need to continue to ensure strong performance in this area, particularly given the ever-changing technology. Hannah Smith confirmed that the target was to achieve best practice, rather than simply comply with legal requirements.
- 10.4 The Committee asked whether any of the outstanding areas of work for the staff intranet would exclude anyone from using the intranet.

Hannah Smith explained that she would provide an answer to that following the meeting.

Action: Hannah Smith to confirm to the Committee the approach to accessibility to the intranet for staff. **Due date: 24/6/22**

- 10.5 The Committee also discussed whether regulations included requirements in terms of ensuring accessibility to services for people who did not use the intranet. Hannah Smith explained that there were elements around raising awareness of accessing services offline. In addition, the overall direction of travel was towards “assisted digital” to ensure that service development considered accessibility of all kinds.
- 10.6 The Committee thanked Hannah for the excellent work that she and her team were doing in this area.

11. ALB Audit Chair’s assurance letter

- 11.1 Ailsa Beaton presented a report setting out the letter which she intended to send to DCMS in her role as Chair of the Committee to give assurance on various matters where DCMS sought assurance.
- 11.2 The Committee commented that we could go further than the standard wording in the letter around compliance with the Data Protection Act and PECR, and state that we were fully compliant with this legislation. The Committee also commented that it would be useful to state that the Committee had received reports on Estates and Climate and Environment. The Committee also highlighted an error in the letter in the section regarding COVID support packages.

Decision

- 11.3 The Committee approved the Audit Chair’s assurance letter to DCMS, subject to amending the wording as set out above.

12. NAO Audit and Risk Assurance Committee effectiveness tool

- 12.1 Louise Byers presented a report giving the Committee information of the NAO’s recently published effectiveness tool for Audit and Risk Assurance Committees.
- 12.2 Robert Buysman explained that the NAO’s recommendation that the Audit and Risk Committee should consider whether to use the effectiveness tool each year, but there was no requirement that it needed to use the full tool every year.

Decision

- 12.3 The Committee agreed that they should use NAO's Audit and Risk Committee effectiveness tool this summer and then move to a more cyclical assessment approach.

Action: Chris Braithwaite to facilitate the Audit and Committee's use of the NAO effectiveness tool during summer 2022. **Due date: by 31/8/22**

Action: Louise Byers to present a report on the outcomes of the Audit and Risk Committee's use of the NAO effectiveness tool, to inform on actions to be taken and to allow the Committee to decide the frequency of repeating the use of the tool. **Due date: to the next meeting (17/10/22)**

13. Risk Management – Corporate risk review outcomes

- 13.1 Louise Byers presented a report setting out the recent updates to the risk and opportunity register. This included updates to opportunities around capacity and the future role and structure of the ICO and articulating a risk regarding industrial relations.

- 13.2 The Committee discussed the impact of the current cost-of-living crisis on various risks on the corporate risk register and asked whether it would be useful to create a specific risk in relation to the cost-of-living crisis. Jo Butler explained that the risk team was currently conducting work to understand the relationships between risks where there were interdependencies. Therefore, it may not be necessary to create an additional risk for the cost-of-living crisis if this had already been reflected through this interdependencies work.

Action: Joanne Butler to consider whether to create a corporate risk for the cost-of-living crisis, or whether this had already been reflected in existing corporate risks. **Due date: by the next meeting (17/10/22)**

- 13.3 The Committee also discussed the potential impact of the cost-of-living crisis on the industrial relations risk. The Committee acknowledged that it was reasonable to expect trade unions to advocate for their members, and it was vital that all engagement was constructive.

14. Finance

Most recent income and expenditure report

14.1 Angela Donaldson presented the most recent income and expenditure report. This included additional funding into the budget in relation to NIS and eIDAS. In addition, Government had approved the fine income retention business case. These measures had created a forecast budget surplus of £1.9m. There was also a small underspend in staff spending for the year to date. In addition, the Finance Directorate was developing the budget profile; the budget was currently presented on a flat profile across the financial year. Once the profile was completed the current underspend position may change.

Single tender contract awards

14.2 Angela Donaldson presented a report setting single tender contract awards since the last meeting. She also provided an update on two single-tender procurements which she had reported to the Committee's last meeting; approvals had been received from DCMS for these where required.

15. Outstanding audit recommendations

15.1 Chris Braithwaite presented a report setting out the status of outstanding internal audit recommendations. He provided an update on progress with the recommendations from the cyber security audit and gave the Committee assurance that all these actions would be completed by end of September 2022.

15.2 The Committee thanked management for the excellent work in consistently delivering the audit recommendations on time.

16. Indicative three-year internal audit plan

16.1 Louise Byers presented a report setting out an indicative three-year internal audit plan, following the end of Mazars' contract, as requested at the Committee's previous meeting. Audit and Risk Committee would continue to approve the plan on an annual basis.

16.2 The Committee welcomed the indicative three-year plan and emphasised the need for the plan to be flexible to reflect the key risks at the time the internal plan was set each year. The Committee also suggested that it may be to keep under review as we move through the three-year plan whether it would be useful to include an audit of alignment of staff to strategic objectives, given the upcoming transition to the delivery of the ICO 25 plan. The Committee commented that it would be useful to consider this from

a risk perspective initially, and then include it in the future internal audit plan if the risk was of a sufficient degree to justify an audit.

17. Any other business

17.1 There were no items of any other business.

Representatives of Mazars and Deloitte left the meeting at this point.

18. Internal audit provision – update on proposals for future internal audit provision from April 2023

18.1 Louise Byers presented a report providing an update on proposals for future internal audit provision following the end of Mazars contract from April 2023. The proposal was to seek provision of internal audit services from the Government Internal Audit Agency (GIAA).

18.2 The Committee discussed the proposals in the report and agreed that it would be beneficial for the Committee to meet with the GIAA to discuss the requirements of the audit provision.

Decision

18.3 The Committee approved the recommendation set out in the report to outsource the internal audit provision from April 2023 via a MoU with the GIAA.

Action: Louise Byers to arrange a meeting between the Audit and Risk Committee members and the GIAA to discuss the requirements of internal audit provision for the ICO. **Due date: by the next meeting (17/10/22)**