



Internal Audit Report
Progress Report
January 2021



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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Information Commissioner's 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 Summary

The purpose of this report is to provide an update to the Audit Committee on the progress of the Internal Audit Strategy for the year ending 31 March 2021. In Section 02, we have provided a summary of our work to date, including the status and timing of each audit.

Appendix A2 includes a summary of Mazars recent publications.

02 Current progress in 2020/21

Plan overview

Auditable Area	Audit start date	Status	Assurance Level	Recommendations		
				P1	P2	P3
Fees and Income	6 July 2020	Final report	Substantial	-	-	2
Methodology of the Business Planning Process	10 August 2020	Final report	Adequate	-	5	-
HR Core Controls	3 August 2020	Final report	Adequate	-	2	3
Stakeholder Management	21 September 2020	Final report	Limited	2	2	-
Business Continuity and Disaster Recovery	25 January 2021	Fieldwork				
High Priority Cases	9 November 2020	Draft report				
Information Governance	2 December 2020	Fieldwork				
Investigations and Enforcement	8 February 2021	Planning				
Follow Up	January 2021	Fieldwork				

A1 Mazars publications

Mazars has a number of publications and recorded webinars available on our insights webpage <https://www.mazars.co.uk/Home/Insights>

Risk in the Boardroom Survey

Mazars in collaboration with Board Agenda and INSEAD has surveyed how boards maintain oversight of, and ultimate control over, risk in their companies.

We have asked C-suite executives and non-executives – including chairs, chief executives and group finance directors – about their preparedness for a pandemic in the wake of the Covid-19 crisis. At the same time, we have gauged their changing attitude to risk and their views of the wider current risk environment. The findings are revealing.

Survey Results

The survey reveals almost 60% of firms have revisited their strategy, and highlights a lack of board knowledge about key risks—including cyber security & climate change. Almost 60% of companies are reviewing their business strategy as a result of the pandemic, whilst 43% of senior business leaders say Covid-19 is a fundamental threat to their organisations, according to new risk research.

Covid-19 insights include:

- Boards are split evenly on whether or not they have a crisis management committee. Those that do not have a committee say that crisis management is either a matter for the whole board, the executive, business continuity group or specially convened “Cobra” teams.
- Only 55% are able to say they were prepared for a pandemic, though a resounding 96% say their controls and processes have performed well during the crisis.
- Eight out of ten are confident their response to the crisis has been clearly defined, communicated and monitored.
- Some 43% believe the pandemic is a fundamental threat to their organisation.
- Nearly six out of ten are reviewing their business strategy in response to the crisis, while a similar number are working on their post-pandemic strategy.

Risk management insights include:

- Seven out of ten believe their board is sufficiently skilled to address all the risks in its market sector.
- Nearly three-quarters have experienced unexpected and unanticipated risks during the past five years, while almost nine out of ten believe they are facing more risks than five years ago.
- Half have changed the diversity of board membership to strengthen risk management challenges.
- Only half receive all the information required to consider all the risks faced by the organisation, with senior management and personal knowledge ranking as the most important sources of information.
- Regulation, compliance and financial risks are at the top of the board’s risk agenda, followed by reputation and cyber risks, with climate change at the bottom of the list.

The full survey report is available on our website <https://www.mazars.co.uk/Home/Insights/Publications/Risk-in-the-Boardroom-Survey>

A2 Statement of responsibility

We take responsibility to ICO for this report which is prepared on the basis of 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 the course of 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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