

Audit Committee– minutes

13 November 2020

Members:

Ailsa Beaton (chair)	Non-Executive Director
Roger Barlow	Independent Audit Committee member
Jane McCall	Non-Executive Director

Attendees:

ICO

Paul Arnold	Deputy Chief Executive Officer and Chief Operating Officer
Louise Byers	Director of Corporate Risk and Governance
Andrew Hubert	Director of Resources
Jen Green	Director of Corporate Communications (item 4)
Mike Fitzgerald	Director of Digital IT and Business Services (item 9)
Anthony Luhman	Director High Profile Investigations, Intelligence and Relationship Management Services (item 9)

Internal Auditors

Peter Cudlip	Mazars
Darren Jones	Mazars

External Auditors

Sid Sidhu	National Audit Office
David Eagles	BDO

Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

1. Introductions and apologies

1.1. Apologies were received from Elizabeth Denham

2. Declaration of interests

2.1 There were no declarations made

3. Matters arising from the previous meeting

- 3.1 The minutes of the previous meeting were agreed and there were no outstanding actions.

4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on matters relating to the ICO's work including the recent fines issued to Ticketmaster and British Airways, outcomes of the audit reports relating to the main political parties and recent investigations, and the subsequent report relating to credit reference agencies. He also highlighted the recent Global Privacy Assembly conference that was successfully organised virtually by the ICO.
- 4.2 An update was given on the progress of the constitutional review.

5. Service Excellence Outcomes

- 5.1 Paul Arnold presented the report providing an update to the Committee on what has been achieved in line with the service excellence objectives.
- 5.2 It was confirmed that some of the work was put on hold as a result of the Coronavirus pandemic at the beginning of the year. However, the majority of the objectives have been completed including establishing the SME Hub together with the new Public Advice Service and merging the operations and policy sides of the organisation to establish multi-discipline teams.
- 5.3 Jane McCall asked whether there is any evidence available on the efficiencies and customer satisfaction as a result of the realignment. Paul Arnold confirmed that this would be available in Q1 of 2021/22, as a workstream relating to customer satisfaction is planned for Q4. The KPIs and score cards will be included in the business planning for 2021/22.
- 5.4 It was confirmed that Management Board will be reviewing the key performance indicators.

6. Risk & Opportunity Management

ICO Approach to Risk Management

- 6.1 Louise Byers presented the paper providing a summary of our approach. The paper was produced for the ICO Constitutional Review Oversight Board (with DCMS) and has also been presented to the Risk & Governance Board.

6.2 The Risk & Governance Board will provide ongoing assurance to the Audit Committee on our risk and governance management.

6.3 Ailsa Beaton commented that the document was very useful, outlining the three lines of defence, and showing how risk is being considered across the organisation.

Risk Register – full annual review

6.4 Louise Byers provided an update on the changes that have taken place since the papers were circulated as a result of the risks being reviewed by the Risk and Governance Board. An updated report will be presented to Management Board next week.

6.5 Louise Byers confirmed that updates to the risk appetite, risk policy and risk register will be presented at the January meeting, with the risk appetite also being presented to Management Board in February for agreement.

6.6 A question was asked whether the recent high profile fines will have an impact on the reputational risk. Paul Arnold felt that it was too soon to know whether there will be an impact.

Deep Dive – new ways of working, current and in the future

6.7 Paul Arnold introduced Jen Green as the Director of Communications who started at the ICO in January and has been responsible for the business continuity programme in response to coronavirus since March.

6.8 Jen Green provided a presentation showing the work that has been carried out by the ICO to allow members of staff to work remotely, to provide wellbeing support to staff and confirming our flexible approach together with outlining the future of work and plans for the ICO.

6.9 Jen Green thanked HR and member of Facilities for their work in ensuring that the offices could be opened safely.

6.10 The Committee discussed the presentation and agreed that the proposals outlined in the presentation were very positive.

7. Annual Report lessons learned

7.1 Andrew Hubert presented the report to provide the Committee with assurance that the lessons learned will inform the annual report cycle for next year.

- 7.2 Main lessons related to communications and how documents are shared.
- 7.3 It was highlighted that the timeline for next year must take into consideration the date that the Commissioner would end her term, to ensure that the report was completed, signed off and laid before her term concluded.
- 7.4 The Committee discussed the possibility of a trust statement being required relating to fines received for next year's end of year statements and annual report.

Action: Andrew Hubert to give an update on progress in determining whether a trust statement is required to the January meeting, with a substantive agenda item confirming the outcome of this work at the April meeting.

8. Finance

- 8.1 Andrew Hubert presented the mid-year review of the budget highlighting a number of savings made within operating costs assuming the anticipated target for the fee income being achieved.
- 8.2 The work relating to the Companies House campaign and renewal reminders was paused at the beginning of the year due to the pandemic. This work has now recommenced and it is anticipated that we will meet the fee income target for the year.
- 8.3 Jane McCall supported the proactive approach in relation to fairness in ensuring all who should pay do pay, however acknowledged a reputational risk to this approach.

9. Internal Audit update

Progress Report

- 9.1 Peter Cudlip presented the progress report and confirmed that the audits are on track.
- 9.2 Internal Reports
- 9.3 The recent internal audits have resulted in one substantial assurance, two adequate assurance and one limited assurance. It was confirmed that some audits have been impacted by COVID-19, especially the HR Controls as Mazars were unable to review physical documents held in the office.

- 9.4 With regard to the business planning audit, Louise Byers highlighted that the processes covered within the scope are in place however it was hard to evidence the process because of the change of direction the ICO took due to the pandemic.
- 9.5 It was proposed that the annual internal audit report should identify areas where audits have been impacted by COVID-19.
- 9.6 Anthony Luhman joined the meeting to discuss the Relationship Management Service audit (limited assurance) and answered queries from the Committee members. He confirmed that work has already started on the recommendations and he is confident that the deadlines will be met.
- 9.7 The Committee supported an advisory audit for the Business Continuity and Disaster Recovery.

10. Outstanding audit recommendations

- 10.1 There is one late action regarding the succession planning. It is expected that this action will be completed by January meeting.
- 10.2 Ailsa Beaton stressed the importance that all audit recommendations scheduled for completion by the end of the financial year to be completed on time.

11. External audit update

- 11.1 David Eagles from BDO provided an oral update. The external audit plan will come to the January meeting.

12. Fraud and whistleblowing

- 12.1 Ailsa Beaton provided an update on the whistleblowing disclosures she had received.

13. Security Report

- 13.1 Louise Byers highlighted the reduction in incidents and provided context on the 72 email disclosures against a background of in 1.4 million emails being sent out during that period.
- 13.2 Jane McCall asked for assurance on work being carried out to reduce the reporting times. Louise Byers confirmed that Managers are being reminded to report incidents immediately rather than investigating the disclosure themselves prior to reporting.

13.3 The highest volume is within the Public Advice and Data Protection Complaints department and it was confirmed that that this was expected, as this was the area of highest volumes. There is ongoing training to raise awareness on disclosures within this department.

14. Single Tender Contract Awards

14.1 The Committee noted the procurement awarded.

15. Any Other Business

15.1 Ailsa Beaton confirmed that a discussion would be taking place after the meeting to discuss the procurement of the internal audit contract.