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Information Commissioner's Office

Risk management

Last updated 24 August 2011

Distribution		**Timetable**	
For action	Senior Corporate Governance Manager	Fieldwork completed	2 August 2011
		Draft report issued	4 August 2011
For information	Audit Committee	Management comments	8 August 2011
		Final report issued	

Contents

1 Executive Summary

1.1 Background

Effective risk management arrangements are an essential to the delivery of the Information Commissioner's Office's (ICO's) strategic objectives. It is a requirement of GIAS that Internal Audit provides an opinion on risk management arrangements each year.

1.2 Scope

Our review considered how strategic risks were reported to Management to provide assurance that key risks are being effectively mitigated.

Our work focused on the following sub-risk:

- The ICO may not have undertaken appropriate and regular monitoring, updating and reporting of its key strategic risks resulting in a failure of the Information Commissioner, his Management Board and management to fully understand and take account of the major issues that could impact upon the delivery of the ICO's strategic objectives

Further details on responsibilities, approach and scope are included in Appendix A.

1.3 Internal Audit Opinion

Design effectiveness	
Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management	G
Operating effectiveness	
Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable but not absolute assurance that the related risk management objectives were achieved during the period under review.	G

Refer to Appendix B for definitions of the internal audit opinion.

1.4 Basis of opinion

Our opinion is based on the above findings, as well as the identified controls working to mitigate risks as below. We have also confirmed that there have been no significant changes to the arrangements which we found to be effective in our 2010/11 Internal Audit review.

- The ICO's risk register provides a detailed summary of the activity in relation to each risk that has been identified as being of strategic importance.
- Our review found that each of the ICO's eight current strategic risks and the risk register itself (as at July 2011) had been discussed at Management Board and Audit Committee meetings throughout 2010-11 and 2011-12. Corporate risks are also discussed in Executive Team meetings and the Information Rights Committee

considers risks in particular from the perspective of information rights.

- Responsibilities for maintenance and monitoring of the risk register are clearly established in the "Risk Management Policy and procedures"
- Roles and responsibilities of these groups are clearly defined with little duplication of activities and no clear gaps in responsibility over risk. The Corporate Governance team support the decision making bodies well by working with risk owners to maintain the risk register and facilitating risk identification sessions with management.
- Corporate risks are discussed on a regular basis by appropriate decision making bodies.

We have included at Appendix C for reference a summary of our review, showing where papers were presented around each risk. This analysis provides comfort that the identified strategic risks of the ICO are discussed regularly at Management Board,Audit Committee and Executive Team meetings and therefore that the risk register reflects the current issues facing the ICO due to their being on the agenda of such meetings.

As a result of our review, we have raised no recommendations regarding the ICO's risk management arrangements.

1.5 Acknowledgement

We would like to take this opportunity to thank the staff involved in for their co-operation during this internal audit.

A Internal audit approach

Approach

Our internal audit approach is based upon the underlying principles of the UK Corporate Governance Code (2010) guidelines on internal control that require management to identify, assess and manage the risks that are significant to the achievement of the organisation's overall business objectives.

Our role as internal auditor is to provide objective and independent assurance to the Audit Committee and management that it is doing this successfully for each of the areas being audited.

Our audit was carried out in accordance with the guidance contained within the Government's Internal Audit Standards (2011) and the Auditing Practices Board's 'Guidance for Internal Auditors'. We also have regard to the Institute of Internal Auditors' guidance on risk based internal auditing (2005).

In accordance with our agreed internal audit plan, we agreed with the Audit Committee and management that we should carry out a review of the ICO's processes in relation to risk managementto further inform our ongoing understanding of the ICO's key internal control activities.

Our aim in completing this audit was to ensure that the ICO has appropriate arrangements in place to identify, manage and report on risk.

We achieved our audit objectives by:

- agreeing the principles and benefits of effective risk management arrangements with management;
- meeting with key staff to gain an understanding of the arrangements in place, building upon the information we have already gained through our audit planning process;
- reviewing key documents that support the processes in place; and
- comparing existing arrangements with established best practice and other guidance.

The findings and conclusions from this review will support our annual opinion to the Audit Committee on the adequacy and effectiveness of internal control arrangements.

Responsibilities

It is the responsibility of management to ensure that there are adequate controls and activities in place to ensure that the ICO's business objectives can be met and that the risks to the ICO are minimised. Based on the work we have carried out, we provide an objective assessment of the adequacy and effectiveness of controls and activities established by management to manage the identified risks to the ICO.

During the course of our review we have conducted interviews and, where necessary, testing/verification work to support our assessment of the adequacy and effectiveness of current arrangements.

It is our reporting protocol to balance our reporting of positive practice with areas for attention. This enables the ICO to build upon its strengths, whilst focusing upon key findings and associated recommendations, which if acted upon, should enhance the control environment and improve the management of key risks.

This report is part of a continuing dialogue between the ICO and ourselves. For this reason, we do not consider it appropriate for the report to be made available to third parties. Nor do we accept responsibility for any reliance that third parties may place upon the report.

Please refer to our letter of engagement for full details of responsibilities and other terms and conditions.

Scope

This review focussed on the consideration of strategic risks by the Information Commissioner, his Management Board and its committees, providing assurance that the ICO's risk management arrangements are fully embedded and continue to operate.

We reviewed the following risk as part of the review:

- The ICO may not have undertaken appropriate and regular monitoring, updating and reporting of its key strategic risks resulting in a failure of the Information Commissioner, his Management Board and management to fully understand and take account of the major issues that could impact upon the delivery of its strategic objectives

B Definition of internal audit opinionand ratings

Internal audit opinion

Design effectiveness	Opinion
We have not been able to form an opinion on whether the internal controls examined have been designed to achieve the risk management objectives required by management	No opinion can be given
Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management	G
Overall, we have concluded that, except for the specific weaknesses identified by our audit, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.	A
Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitable designed to achieve the risk management objectives required by management.	R
Operating effectiveness	**Rating**
We have not been able to form an opinion on whether the internal controls examined were operating to provide reasonable assurance that the related risk management objectives were achieved during the period under review	No opinion can be given
Those activities and controls were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review	G
Except for the controls listed below those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.	A
Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review	R

C Matrix of risks and the meetings at which updates were provided

Below is a summary of the ICO's key strategic risks mapped to the Board or Committee meeting at which they were discussed. Where multiple themes were identified within one report, we have noted it against multiple risks where specific reference was made to either assurance over the risk, or a change in the risk profile.

		Audit Committee				Management Board						Executive Team								
		06/06/2011	07/03/2011	06/12/2010	27/09/2010	18/07/2011	09/05/2011	24/01/2011	01/11/2010	26/07/2010	26/04/2010	06/05/2011	14/02/2011	27/06/2011	10/01/2011	29/11/2010	18/10/2010	04/10/2010	16/08/2010	05/06/2010
Corporate risk register 2011/12																				
1	A gap between FOI resources and incoming casework affects FOI and DP casework.	Y	Y			Y	Y							Y						
2	The ICO reputation suffers because some of the risks facing the ICO materialise						Y													
3	Changes to out sponsoring arrangements with the MOJ lead to misunderstandings in the relationship	Y	Y			Y								Y						
4	New responsibilities, without additional resources or time to consider the implications, impacts on the ICO's ability to deliver new (and existing) work as it thinks necessary	Y				Y	Y													
5	The ICO fails to comply with the legislation it regulates and with good practice and is therefore unable to provide effective information rights leadership		Y									Y	Y							
6	A greater number of appeals and legal challenges results in resources for other areas of work being reduced or tribunal and other appeals not being defended					Y	Y													
7	Implementation of a new IT strategy and associated software changes (In particular DUIS, CMEH and Sun Accounts) do not go smoothly and result in the ICO not working as efficiently and effectively as it should	Y	Y			Y	Y					Y	Y							
8	Nationwide public sector industrial action reduces the ability of the ICO to deliver its corporate and business plans					Y	Y							Y						
Corporate risk register 2010/11																				
1	FOI funding uncertainty			Y	Y			Y	Y	Y					Y					Y
2	Compliance with our own legislation			Y	Y				Y									Y	Y	
3	Impact of the new government			Y	Y					Y					Y					Y
4	ICO reputation			Y	Y															
5	Continual rise in caseload			Y	Y			Y	Y	Y							Y			
6	Business planning and reporting			Y	Y				Y	Y						Y	Y	Y		
7	IT investment			Y	Y				Y							Y				
8	New powers and penalties			Y				Y	Y								Y			
9	Difficulties in recruiting				Y															

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