

Information Commissioner's Office

Internal Audit 2013-14: Follow up

Last updated 4 July 2014

Distribution		Timetable	
For action	Senior Corporate Governance Manager	Fieldwork completed	21 May 2014
		Draft report issued	21 May 2014
For information	Audit Committee	Management comments	23 May 2014
		Final report issued	23 May 2014

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		ICO – Information Commissioner's Office
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It is the responsibility solely of the ICO management to ensure that there are adequate arrangements in place in relation to risk management, governance and control.

1 Executive Summary

1.1 Background

Our review considered the ICO's arrangements for monitoring and implementing recommendations raised from internal audit reviews.

1.2 Scope

We reviewed the assurances available to the Audit Committee that recommendations are being implemented in a timely manner, following up recommendations made in 2012-13 and 2013-14.

We focussed on the following sub risk:

- The ICO's arrangements for following up audit recommendations may not be adequate resulting in recommendations not being completed on time and to a satisfactory standard, with the ICO remaining exposed to risks that are deemed to be unacceptable resulting in a lack of comfort for the Audit Committee and senior management that the internal control framework is operating effectively.

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

1.3 Overall assessment

We have made an overall assessment of our findings as:

Overall assessment	
We have identified matters which, if resolved, will help management fulfil their responsibility to maintain a robust system of internal control.	Green

Refer to Appendix B for definitions of internal audit opinion and recommendation ratings.

1.4 Key findings

Risk / Process	High	Medium	Low	Imp
Evidence of implementation	-	-	1	-
Total	-	-	1	-

1.5 Controls identified

During our review we confirmed that the following controls have continued to operate during 2013-14:

- The Senior Corporate Governance Manager maintains a log of outstanding audit recommendations, which is presented to the Audit Committee at each meeting for discussion and challenge;
- This log is available on the ICON system, to allow recommendation owners to view their outstanding recommendations, and they are reminded individually when updates are needed;
- The log shows the due date for implementation of recommendations, as well as a forecast due date if this is expected to be different. An accompanying explanation is provided for any re-forecast due dates;
- Implemented recommendations are recorded separately from ongoing recommendations to allow the Audit Committee to clearly focus on those which remain unactioned, but implemented recommendations do remain on the Register until the end of the financial year to which they relate;

- A performance update is provided with the outstanding recommendations log to each Audit Committee meeting, giving oversight of the number of overdue recommendations;
- We verified that all recommendations raised during 2013-14 had been included on the log of outstanding recommendations and cleared as appropriate;
- We followed up on all seven recommendations recorded as being cleared on the March 2014 log reported to the Audit Committee. We confirmed that each had been appropriately addressed as reported.

1.6 Acknowledgement

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

2 Detailed Findings

2.1 Evidence of implementation

1.	Low	Use of sub-contractors		
		Finding and Implication	Proposed action	Agreed action (Date / Ownership)
		<p>The Senior Corporate Governance Manager does not always obtain evidence from recommendation owners of the actions taken to address the finding/risk exposure when updating the log. Oral assurances have been accepted.</p>	<p>Where appropriate, the Senior Corporate Governance Manager should obtain evidence from recommendation owners that supports the assertions made that recommendations have been implemented.</p>	<p><i>Agreed action:</i></p> <p><i>Where possible specific evidence that an action has been cleared will be saved on the electronic records management system to allow the clearance of the action to be confirmed at a later date.</i></p> <p><i>Where specific evidence is not available a written note will be saved confirming the reasons for the decision to clear the action.</i></p> <p><i>Date Effective:</i></p> <p><i>Immediately.</i></p> <p><i>Owner:</i></p> <p><i>Peter Bloomfield, Senior Corporate Governance Manager</i></p>

A Internal audit approach

Approach

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

Our internal audit approach is based upon the underlying principles of the UK Corporate Governance Code (2010) together with the associated Turnbull Committee guidelines on internal control (2005) that require management to identify, assess and manage the risks that are significant to the achievement of the organisation's overall business objectives. We will also have regard to the HM Treasury Management of Risk Guidance (2001). Our role as internal auditor is to provide objective and independent assurance to the Audit Committee and management that it is doing so successfully for each of the areas being audited.

As part of our 2013-14 Audit Plan, we agreed with the Audit Committee and management that we should carry out a review of the ICO's arrangements for managing its follow up of audit recommendations to further inform our ongoing understanding of the ICO's key internal control activities.

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.

Scope

Our review focused on the following risk:

- The ICO's arrangements for following up audit recommendations may not be adequate resulting in recommendations not being completed on time and to a satisfactory standard, with the ICO remaining exposed to risks that are deemed to be unacceptable resulting in a lack of comfort for the Audit Committee and senior management that the internal control framework is operating effectively.

Additional information

Client staff

The following staff were consulted as part of this review:

- Peter Bloomfield – Senior Corporate Governance Manager

Documents received

The following documents were received during the course of this audit:

- Audit Committee minutes and accompanying reports on outstanding audit recommendations
- Evidence to support the sample of recommendations reported to the Audit Committee as implemented

B Definition of internal audit opinion and ratings

Internal audit opinion

Design effectiveness	Opinion	Operating effectiveness	Rating
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	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
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	Green	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	Green
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.	Amber	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.	Amber
Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.	Red	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	Red

Audit issue rating

Within each report, every audit issue is given a rating. The ratings are summarised in the table below.

Rating	Description	Features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in control that requires the immediate attention of management	<ul style="list-style-type: none"> Key control not designed or operating effectively Potential for fraud identified Non compliance with key procedures / standards Non compliance with regulation
Medium	Important findings that are to be resolved by line management.	<ul style="list-style-type: none"> Impact is contained within the department and compensating controls would detect errors Possibility for fraud exists Control failures identified but not in key controls Non compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures.	<ul style="list-style-type: none"> Minor control weakness Minor non compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or best practice advice	<ul style="list-style-type: none"> Information for department management Control operating but not necessarily in accordance with best practice



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