

## Information Commissioner's Office

Internal Audit 2014-15: Follow up

Last updated 21 May 2015

Distribution		Timetable	
For action	Senior Corporate Governance Manager	Fieldwork completed	15 May 2015
		Draft report issued	18 May 2015
For information	Audit Committee	Management comments	21 May 2015
		Final report issued	21 May 2015

# Contents

## Sections

<b>1</b>	<b>Executive Summary</b>	<b>1</b>
----------	--------------------------	----------

## Appendices

<b>A</b>	<b>Internal audit approach</b>	<b>4</b>
<b>B</b>	<b>Definition of internal audit opinion and ratings</b>	<b>5</b>

This report is confidential and is intended for use by the Directors of the ICO only. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

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 2013-14 and 2014-15.

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	-
<b>Total</b>	-	-	<b>1</b>	-

## 1.5 Controls identified

During our review we confirmed that the following controls have continued to operate during 2014-15:

- 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	Supporting evidence for IT recommendation
----	-----	---

Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>The Senior Corporate Governance Manager is not always able to obtain evidence from recommendation owners to support those actions taken to address audit findings. This can delay follow up reviews as reliance is sometimes placed upon the recommendation owner to demonstrate that the recommendation has been cleared (or if not to provide an update). This recommendation will assist in any audit follow up process.</p>	<p>Where appropriate, the Senior Corporate Governance Manager should obtain supporting evidence from recommendation owners that supports and confirms 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
- Dave Wells – Head of IS

#### 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
- Progress of audit findings provided by Senior Corporate Governance Manager

## B Definition of internal audit opinion and ratings

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



[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

© 2015 Grant Thornton UK LLP. All rights reserved.

"Grant Thornton" means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton UK LLP is a member firm within Grant Thornton International Ltd ('Grant Thornton International'). Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication