



Audit Committee minutes Monday 12 September 2016

Members

Ian Watmore (chair)	Non-Executive Director
Ailsa Beaton	Non-Executive Director
Roger Barlow	Independent Audit Committee member

Attendees

ICO

Elizabeth Denham	Information Commissioner
Simon Entwisle	Deputy Information Commissioner and Deputy Chief Executive Officer
Paul Arnold	Head of Customer & Business Services
Sally Hanson	Interim Head of Finance
Carol Knights	Procurement Team (item 10 only)

Internal Auditors

Phil Keown	Grant Thornton
Paul Eckersley	Grant Thornton

External Auditors

David Eagles	BDO (by telephone)
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Secretariat

Peter Bloomfield	Senior Corporate Governance Manager
Neil Bostock	Corporate Governance Officer

1. Introductions and apologies

- 1.1. Elizabeth Denham was welcomed to this, her first, Audit Committee meeting here at the ICO. Paul Arnold was also welcomed as senior manager responsible for finance and other related matters for an interim period.
- 1.2. There were apologies from James Edmands at the NAO who was unable to attend.

2. Declaration of interests

- 2.1. Ian Watmore advised the Committee that he was in the process of being appointed Head of the Civil Service Commission. His new role would start on 1 October and in consequence Ian had advised the Commissioner that he would be resigning his position at the ICO as of 30 September. This would be his last Audit Committee meeting.
- 2.2. On behalf of the Committee Ailsa Beaton stated that Ian would be sorely missed by the Committee and the ICO. Elizabeth Denham also thanked Ian for his advice and support. The Committee wished Ian all the best for the future.
- 2.3. Elizabeth Denham confirmed that Ailsa Beaton would be the future chair of the Audit Committee. It was also confirmed that the Committee was quorate with two members.

3. Action points from the Audit Committee meeting of the 6 June

- 3.1. The action points from the last meeting had been cleared.
- 3.2. The Committee expressed its thanks to both the NAO and BDO for their cooperation in expediting the certification of the ICO Annual Report and Accounts in June; allowing the departing Commissioner to present the Annual Report and Account on the last day of his tenure. Peter Bloomfield was also thanked for managing the process.

4. Commissioner's update

- 4.1. Elizabeth Denham provided an update on issues affecting the ICO from her perspective. She explained that she had been in post for eight weeks, getting to know staff, how the ICO ran, meeting key stakeholders and understanding better the issues the ICO faced; all at a time

of uncertainty following the EU referendum result. Five out of the six areas of legislation the ICO regulates are EU based. Elizabeth had also met with the internal auditors and reviewed the ICO's financial position.

- 4.2. Elizabeth outlined her plans to review the ICO's information rights strategy (the document had not been reviewed for some time), communications strategy, and international strategy. She had also identified a need for a greater ICO presence in London in order to spend more time with politicians and representative groups.
- 4.3. Elizabeth had already met both officials from the Department for Media Culture and Sport (DCMS) and the Department for Exiting the EU. A meeting with the Minister with responsibility for data protection, Matt Hancock MP, was also scheduled.
- 4.4. Initial thoughts on the future direction of the ICO related very much to technological change and the implications for information rights, a theme which was to be explored at a Senior Management Team planning day tomorrow. The ICO had to invest and have more capacity in the office to respond to the application of technology and cyber-security; building greater connections with universities and technology companies.
- 4.5. This work would be taken forward with the support of the People Strategy and the ICO was in the process of recruiting a new Deputy Commissioner and two new Non-executive Directors. The ICO would be proactive in its handling of the recruitment exercises.
- 4.6. It was also confirmed that the ICO was bidding to host two international conferences.
- 4.7. The Committee supported increased presence in London and noted the challenge and opportunity for the ICO arising from the UK's EU exit.

5. Change Programme update

- 5.1. Simon Entwisle updated the Committee on the Change Programme which was steering the ICO through considerable change, primarily in preparing for the introduction across the EU in May 2018 of the General Data Protection Regulation. The ICO was also inputting into DCMS work on the future shape of data protection legislation.
- 5.2. It was felt that engagement with staff on the project was good. A Change Programme Project Board currently met

fortnightly, but as the process embedded this would change to monthly. Initiatives around intelligence, engagement, the People Strategy were all being taken forward.

Finance

- 5.3. Paul Arnold introduced the finance report. The main issue was that July fee income (which funded data protection expenditure) had been below profile. The opportunity had been taken to validate ICO processes and it was felt that the dip was likely to be a one off.
- 5.4. The ICO had also undertaken a mid-year review of its financial position and it was thought that forecasted fee income would cover all of the ICO's new initiatives. Budgets across the business were also on track.
- 5.5. It was confirmed that the ICO was expecting a surplus at the end of the financial year.
- 5.6. Elizabeth Denham highlighted the possibility of setting up a grants and research budget to help support and stimulate discussion and ideas on information rights policy. A business case would be needed for DCMS and Treasury. The Committee's view was that it would be useful to take this forward as quickly as possible.
- 5.7. The Committee was also updated on the Finance Improvement Project. A temporary systems accountant had begun work today to take forward the work to improve the ICO's financial systems. The Team had also met the system developers and discussed upgrades to the purchase management system and adding a banking system.
- 5.8. The Committee asked about the collection of civil monetary penalties and how decisions to write-off penalties were made. Elizabeth Denham highlighted the ICO's wish to pursue directors personally and the ICO is also working with the Insolvency Agency on collecting penalties from companies that become insolvent.

Action point 1: Simon Entwisle to clarify the legal position on writing off penalties for the next Audit Committee.

6. Risk Register

- 6.1. The risk register was introduced by Peter Bloomfield. There was a concern that the risk status after mitigation was too optimistic.

Action point 2: Peter Bloomfield to review the risk status and to liaise with risk owners as to whether it needed changing.

7. Outstanding audit recommendations

- 7.1. The Committee considered the list of outstanding audit recommendations; both internal and external.
- 7.2. It was confirmed that the forecast due date for recommendations covered by the Finance Improvement Project was to be changed to the 31 December in line with deadlines agreed at the June Audit Committee. Clearance dates would also be added to the external audit recommendations.
- 7.3. The Committee was updated on progress in developing and signing of the Management Agreement with the DCMS. A near final draft was currently with DCMS officials and it was expected to be formally agreed shortly.

Action point 3: Peter Bloomfield to update the register as per the Committee discussion.

8. Internal audit

- 8.1. Paul Eckersley from Grant Thornton updated the Committee on the work on the fines recovery review; the fieldwork for which had just been completed. There were a few recommendations around improvement of process and one medium recommendation around consistency.
- 8.2. There were a couple of reviews at the planning stage; of ICO cryptographic controls (starting 22nd September) and the IT asset management review.
- 8.3. There were minor changes to the internal budget including additional days for the cryptographic controls review and phased asset management review.
- 8.4. In terms of the GDPR review the aim was to look at the processes the ICO had in place to manage the implementation. This was scheduled for the end of the calendar year; however, given the uncertainty following the EU referendum result, the views of the Committee were welcome.
- 8.5. It was suggested that the name of the review be changed to the Data Protection Law Reform review. It was also thought that the review should be pushed back to Q4.

Action point 4: Grant Thornton to update the audit plan in respect of the GDPR review.

- 8.6. It was confirmed that it was possible to pull audits from the second year of the plan if this year's programme was not completed. The level of audit had to be adequate to allow an audit opinion to be given.
- 8.7. Grant Thornton confirmed that they had the resources in place to meet the plan as shown.
- 8.8. Management side emphasised the need to spread audits throughout the year with the expected audits coming to the relevant Committee meeting.

Action point 5: Peter Bloomfield and Grant Thornton to confirm the audits which would come to which Audit Committee.

9. Any other urgent business

- 9.1. Roger Barlow highlighted the need to change the date of the December meeting. Neil Bostock was to investigate options.

10. Internal audit re-procurement

Redacted