

## Audit and Risk Committee– minutes 10 October 2022

### Members:

Ailsa Beaton (Chair)	Non-Executive Director
Ranil Boteju	Non-Executive Director
Jayne Scott	Independent Audit Committee member

### Attendees:

#### ICO

Angela Donaldson	Director of Finance
Joanne Butler	Head of Risk and Governance
John Edwards	Information Commissioner
Louise Byers	Director of Corporate Planning, Risk and Governance

#### Internal Auditors

Peter Cudlip	Mazars
Hannah Parker	Mazars

#### External Auditors

Robert Buysman	National Audit Office
Michelle Hopton	Deloitte

#### Secretariat

Caroline Robinson	Risk & Business Continuity Manager
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#### Observer

Lee Parfitt	Next Gen NEDs Programme
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## 1. Introductions and apologies

- 1.1. Ailsa Beaton welcomed Ranil Boteju and Hannah Parker to their first Audit & Risk Committee meeting.
- 1.2. There were apologies for absence from Paul Arnold.

## 2. Declaration of interests

- 2.1 There were no declarations of interest.

## 3. Matters arising from the previous meeting

3.1 The minutes of the previous meeting had been approved by email.

#### 4. Deputy Chief Executive Officer's update

4.1 John Edwards provided an update on recent activities related to the Committee's remit. He highlighted recent announcements relating to the DP Reform Bill and our progress on the ICO25, confirming that we have started to operationalise the new ways of working.

4.2 The Committee were interested in whether the recent announcement by the Secretary of State had an impact on staff morale. They were assured that ICO25 has provided staff with a focus on work to be undertaken and has helped to limit any possible uncertainty.

#### 5. Internal Audit Update

##### 5.1 Internal Audit Progress Report

5.2 Hannah Parker highlighted recent changes to the internal audit plan relating to the People Strategy and IT Strategy audits. These have now been postponed whilst work is undertaken to develop a combined culture, capacity, capability strategy. This will now mean that a number of audits will be undertaken during Quarter 4.

5.3 The Committee were concerned with the timescales of the audits planned for Quarter 4, especially with the upcoming handover of internal auditors. They were provided with assurance that the resources will be available on both sides to ensure that this work is undertaken and completed in time to be included in the internal audit annual report.

5.4 It was agreed that any issues or delays arising from the audits should be escalated to the Chair and Committee prior to the next meeting.

**Action: Corporate Governance to review agenda for upcoming meetings to allow for proper consideration of all the audit reports being presented to the meeting.**

##### Corporate Charge Card Audit Report

5.5 Hannah Parker presented the audit report and highlighted that the fieldwork focused on the key controls of our credit card systems.

- 5.6 Angela Donaldson confirmed that Mazars were invited to carry out a deep dive into the corporate charge cards processes to ensure that we have the right processes and policies in place going forward.
- 5.7 Assurance was provided to the Committee that all recommendations had been accepted and plans are in place to strengthen the controls in place in relation to corporate charge cards.

**Action: Angela Donaldson to bring a follow up report to January meeting providing an update on progress regarding the recommendations of the charge card audit.**

5.8 Cyber Security audit

- 5.9 Ailsa Beaton highlighted that the improvement in joint working between ICO and the internal auditors to deliver the 2022/3 internal audit plan was discussed in pre-meet.
- 5.10 Mazars confirmed that the follow ups on the Cyber Security audit have taken place each quarter, this being the third follow up report provided to the Committee. It was proposed that as none of the outstanding actions are high priority, the checks on these actions should be undertaken during the annual follow up audit held in January. It was confirmed that these checks would still be undertaken by Mazar's specialist cyber team.
- 5.11 The Committee were reassured by the positive progress made and agreed with the proposal to change to the annual follow up audit to confirm actions have been completed.
- 5.12 The Committee discussed the timing of a potential audit of the ICO25 plan and it was confirmed that this should be included in the 23/24 audit plan which will be presented to the Committee at the April meeting.

## 6. [NAO Audit & Risk Committee effectiveness tool](#)

- 6.1 Louise Byers presented the report providing an overview of the outcomes of the Committee's recent effectiveness review and the actions recommended as a result.
- 6.2 In June the Committee agreed to use the NAO's Audit & Risk Committee effectiveness tool every four years, with a lighter

touch in the intervening years to assess the effectiveness of the Committee

- 6.3 Overall feedback received indicated a high level of satisfaction with the current operation and effectiveness of the Committee including areas such as membership, support, challenge culture, the work on risk and the annual report.
- 6.4 The Committee found the exercise very helpful and thanked the NAO for providing this tool.
- 6.5 They were happy with the recommendations and actions outlined in the report and requested that an update on the actions is presented to the Committee at the April meeting to provide oversight on the implementation of actions.

## 7. Reserves Policy

- 7.1 Angela Donaldson presented the report providing assurance to the Committee on the Reserves Policy proposal and progress on discussions with DCMS and HMT to gain approval for the policy.
- 7.2 The Committee acknowledged that it is best practice for an organisation to have a reserves policy and recognised that there are a number of arm's length bodies that already have a reserves policy in place.

## 8. External Audit

- 8.1 Robert Buysman confirmed that there were no issues to raise at the moment and that they are currently working on implementing the actions from the lessons learned exercise.

## 9. Annual Report Lessons Learned

- 9.1 Angela Donaldson and Louise Byers presented the report outlining the findings from the lessons learned exercise on the external audit process and development of the annual report.
- 9.2 It was agreed that this had been a constructive process and that both teams, internally and externally, were new to the process and going through a learning curve.
- 9.3 As a result of the exercise, actions have been put in place to ensure a more effective external audit is undertaken next year.

- 9.4 With regard to the annual report content, it has been agreed that there is a need to broaden the knowledge of this work throughout the team to ensure that we have the right resilience and spread of expertise in place to deliver the report.
- 9.5 The Committee recognised that the lessons learned from previous years did ensure that we achieved the timescales and deadlines outlined for delivery of the annual report.
- 9.6 The Committee thanked the external audit team and ICO for the openness extended through the meeting and highlighted that this was a helpful piece of work and asked that any resources issues in the future should be highlighted to the Committee in advance.

## 10. Risk management

- 10.1 Louise Byers presented the report outlining the summary of changes that have been made to the risk register over the past 12 months and highlighted the activities that have been taking place across the organisation to help embed risk management, including communications via knowledge packs and presentations on risk appetite to team meetings
- 10.2 It was highlighted that our corporate risks will be reviewed in an upcoming workshop to align them to the objectives within the ICO25 plan.
- 10.3 The Committee considered this to be a very helpful report and provided a clear outline of the work being undertaken. The ongoing change in risk culture was recognised by the Audit & Risk Committee.

## 11. Finance

### Income & Expenditure Report

- 11.1 Angela Donaldson presented a report setting out the income and expenditure as at the end of August 2022. She also provided a verbal update on discussions with DCMS and the work being undertaken to inform organisations of the requirement to register with the ICO. .
- 11.2 The Board discussed increase in costs from our suppliers and were assured that this is not an issue at the current time.

### Single tender contract awards

11.3 Angela Donaldson presented a report confirming that there have been no single tender contract awards since the Committee's last meeting.

## 12. Outstanding audit recommendations

12.1 Joanne Butler presented a report setting out the current status of outstanding internal audit recommendations. She confirmed that we are currently awaiting confirmation from Mazars on cyber security action prior to marking them as complete.

12.2 It was confirmed that the ransomware work will be implemented by the end of November and the Committee acknowledged the reasons for the delay with these actions and were pleased with the progress made in ensuring all the cyber security actions were completed in such a timely manner.

## 13. Security report

13.1 Louise Byers presented a report providing information on security matters over the last quarter.

13.2 The launch of the annual mandatory information governance training was highlighted and the Committee discussed the benefits of the non-executive directors also undertaking this training.

13.3 The Committee also considered the possible increase in cyber retaliation due to the war in Ukraine.

**Action: Corporate Governance to check whether the non-executive directors should be included in the mandatory training on information governance.**

## 14. Fraud and whistleblowing report

14.1 Joanne Butler presented a report providing information on fraud or whistleblowing disclosures over the last quarter.

14.2 The Committee considered whether we should be concerned that there are no reports on fraud highlighted. It was confirmed that the current work being undertaken on reviewing our government functional standards should highlight any issues relating to this area. A summary report on progress of this work will be presented to the Audit & Risk Committee in June.

## 15. Any other business

- 15.1 Ailsa Beaton highlighted that Jane McCall is now the chair of the People Committee and no longer a member of the Audit & Risk Committee. She thanked Jane McCall for being an active member of the Committee and the Committee members agreed that she will be missed and thanked her for diligence and hard work as a Committee member.
- 15.2 Ailsa Beaton highlighted that the terms of reference for the Committee were reviewed at the Management Board meeting in October. There had been a small amendment to the quorum section and she asked that we consider whether there is a need to have an additional non-executive director on the Audit & Risk Committee to provide resilience and flexibility in attendance of the meetings.

**Action: Consideration of the number of non-executive directors to be included in membership of the ARC to be undertaken.**