

## Audit and Risk Committee – for assurance

**Meeting agenda title:** Audit and Risk Committee effectiveness review – update

**Meeting date:** 19 June 2023

**Time required:** 10 minutes

**Presenter:** Louise Byers

**Approved by:** Louise Byers

### 1. Objective and recommendation

- 1.1. This report gives the Committee assurance on the progress made with the actions identified from the Audit and Risk Committee effectiveness review.

### 2. History and dependencies

- 2.1. During summer 2022 the Audit and Risk Committee used the NAO's ARC effectiveness tool to conduct a review of the Committee's effectiveness. The outcomes of this were reported to the Committee's October 2022 meeting, and the Committee agreed 10 actions to continue to increase the Committee's effectiveness.
- 2.2. These actions fell into three broad categories: skills, knowledge and expertise of ARC members; preparation of the accounts; and ensuring an effective relationship between the internal auditors and the executive.
- 2.3. The Committee requested that it receive an update on delivery of these actions at its April 2023 meeting. It was subsequently agreed to delay this update to the June 2023 meeting to ensure sufficient time at the April 2023 meeting to discuss internal audit reports.

### 3. Matters to consider to achieve objective

#### **Skills, knowledge and expertise of ARC members**

- 3.1. The actions which the Committee agreed in this area are set out below, along with an update on delivery:
  - **Action 1:** the ARC should consider utilising the ability bring in specialist skills where these are required for specific subjects.

**Update:** This was discussed as part of the Committee agreeing its annual work programme at its April 2023 meeting. No specific specialist skill requirements were identified for 2023/24. We will continue to include this as a matter for consideration when the Committee considers its work programme each April. If such a need is identified, or emerges during the year, this will be actioned.

- **Action 2:** the work being undertaken on Management Board development and skills mapping should continue, and include cyber, digital, ESG and climate as areas for further work.

**Update:** This work has been included into year two of the Management Board development programme; the focus for year one is EDI development.

- **Action 3:** ensuring opportunities are made available for the members of the ARC, including external events, networking and specialist training where needed.

**Update:** ARC members have been added to GIAA's regular Audit and Risk Assurance Committee report supplement, which includes information of GIAA-provided training events, as well as access to all GIAA insight reports and technical resources. The Chair also continues to be part of the DSIT ARC chairs network.

- **Action 4:** work should continue, with the People Committee, to diversify the membership of the Committee and other Boards at the ICO.

- **Update:** This is being considered as an integral part of the new Board design work with the DSIT. It is also a part of our ongoing succession planning as part of BAU.

- **Action 5:** the ARC should consider a joint session with the Board regarding risks and opportunities of delivering ICO25.

**Update:** A full review of the risk register is in the process of being completed. Once completed, this will be presented to Management Board, and it will be recommended that any ARC members who do not attend Management Board are invited to that session.

### **Preparation of the accounts**

- 3.2. The actions which the Committee agreed in this area are set out below, along with an update on delivery:

- **Action 6:** As part of the review of the ARA, the Finance Director should bring a report to the June Audit Committee outlining significant judgements, estimates and valuations, to enable greater visibility of these for the Committee.

**Update:** Information on this has been included in the cover report that is circulated alongside the Annual Report and Financial Statements, on the agenda for this meeting.

- **Action 7:** Consider utilising internal audit to provide the ARC with assurance regarding fraud and error risks.

**Update:** This will be featured as part of the core financial controls internal audit, which will take place during 2023/24. We have also completed additional work on the Counter Fraud policy and procedure, which is reflected in a report elsewhere on the agenda.

- **Action 8:** To ensure that the ARC has sufficient support to undertake this role, the Committee could consider commissioning specific reports from third parties on areas of particular judgements or estimates.

**Update:** This was discussed at the Committee's April meeting, with no specific reports commissioned. This will continue to be considered by the Committee each April.

### **Ensuring an effective relationship between the internal auditors and the executive**

3.3. The actions which the Committee agreed in this area are set out below, along with an update on delivery:

- **Action 9:** Any concerns with internal audit findings, recommendations or assurance ratings should be explored before the ARC meetings, to ensure that the reports presented are as accurate as possible.

**Update:** Monthly meetings are scheduled between the ICO and GIAA to discuss delivery of the internal audit contract. Any emerging concerns on internal audits will be discussed at these meetings.

- **Action 10:** Ensure the alignment of the work of internal and external audit around significant risks through the sharing of information and discussion inside and outside Committee meetings.

**Update:** This was considered as part of the audit planning for the 2022/23 external audit. At present, there have been no concerns regarding this. We will ensure that this continues to be a matter for consideration as part of the planning for each annual external audit.

### **Future ARC effectiveness reviews**

- 3.4. The Committee agreed that it would conduct a full review using the NAO's framework every four years, with a "light touch" review in intervening years. The Risk and Governance Team will be meeting during July 2023 to identify the process for this year's "light touch" review. Comments are welcomed from the Committee on any potential areas of focus for this review.

## 4. Areas for challenge

- 4.1. Are there any areas where the Committee would expect further action beyond that which has already been taken?

## 5. Communications considerations

- 5.1. There are no communications requirements for this report.

## 6. Next steps

- 6.1. The next steps for this work are:
- Commission and deliver the "light touch" annual review for 2023, during July to September 2023
  - Report the outcomes and further actions from this review to the Committee's October 2023 meeting.

**Author:** Chris Braithwaite

**Consultees:** Louise Byers, Jo Butler, Angela Donaldson

**Publication decision:** This report can be published internally and externally without redaction.

**Outcome reached:**