

Audit and Risk Committee Annual Report 2023/24

Introduction

The Information Commissioner's Audit and Risk Committee ("the Committee") provides scrutiny, oversight and assurance of risk control and governance procedures. Minutes of its meetings are available on the ICO's website at www.ico.org.uk.

This report was agreed at the Committee's meeting on 20 June 2024. It covers the Committee's work during the period April 2023 to March 2024, with additional detail about any reports received in April 2024 and June 2024 relating to work completed in respect of the year 2023/24.

Membership and attendance

The Committee's chair is Ailsa Beaton, who is a Non-Executive Director and member of the Management Board.

There are two other members:

- an Independent Member - Jayne Scott; and
- a Non-Executive Director who is also a member of the Management Board – Ranil Boteju until October 2023, and David Cooke from October 2023.

In 2023/24, the Committee met on 24 April 2023, 19 June 2023, 30 June 2023, 3 November 2023 and 18 January 2024. Attendance of members at Committee meetings is detailed in the ICO's Annual Report and Accounts 2023/24. Secretariat for the meetings was provided by the Corporate Governance Team.

Representatives of external audit and internal audit attended all of the meetings and meet confidentially with the Committee members prior to each meeting.

The ICO's external audit function in 2023/24 was provided by the National Audit Office (NAO) with Deloitte working on their behalf. The ICO's internal audit function in 2023/24 was provided by the Government Internal Audit Agency (GIAA).

Meetings during 2023/24

The Committee considers the following issues as standing items at all of its meetings:

- update on current ICO issues from the Deputy Chief Executive Officer;
- updates to the corporate risk register;
- the most recent monthly income and expenditure report;
- progress reports from the internal and external auditors;
- discussion of audit reports and progress in completing recommendations from internal and external audits;
- reports on any single-tender contract awards over £25k; and
- updates on whether there have been any reported whistleblowing, fraud or security incidents, and details of these where appropriate.

In addition, during the year the Committee considered the following matters:

- the Annual Report & Accounts for 2022/23 were considered during the year, and the Annual Report & Accounts for 2023/24 have been considered at subsequent meetings in April 2024 and June 2024;
- lessons learned from the production of the 2022/23 annual report;
- approach to the production of the 2023/24 annual report, a summary of any changes to accounting standards, and a summary of specialist reports to be commissioned from third parties on areas of particular judgements, estimates or valuations.
- the Arms-Length Bodies' Audit Committee Chairs' Assurance Letter to the Department for Culture, Media and Sport (DCMS) for 2022/23 was considered during the year, and the Arms-Length Bodies' Audit Committee Chairs' Assurance Letter to the Department for Science, Innovation and Technology (DSIT) for 2023/24 was considered at a subsequent meeting in June 2024;
- the NAO's Audit and Risk Assurance Committee effectiveness tool, and a 'light touch' review of the Committee's effectiveness;
- internal audit plan for 2023/24, as well as proposals for the 2024/25 audit plan and an indicative three-year internal audit plan;
- an update on the ICO's approach to risk management (including a deep dive into Counter Fraud risks), an annual review of the full risk

register and an annual review of the Risk Management Policy and Risk Appetite Statement;

- information on business continuity, including the annual update to the strategy statement;
- deep dives into the arrangements that are in place to consider financial scenarios during the budget-setting process; and to provide assurance on the ICO's compliance with all legislative requirements; and to provide assurance on the ICO's compliance with Government functional standards at 31 March 2023;
- assurance on: the ICO's cyber security arrangements; procurement; the ICO's management of issues relating to estates, climate and environment; the ICO's compliance with its own Accountability Framework; its compliance with Data Protection legislation; and its compliance with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018; and
- the ICO's Reserves Policy.

Plans during 2024/25

During 2024/25, as well as continuing to receive further iterations of the reports set out above, the Committee will focus on:

- oversight of any considerations for risk, assurance and audit, as well as the ICO's financial position and statements of the proposed changes to governance arising from the DPDI Bill;
- providing assurance and challenge on changes in financial forecasting of both income and expenditure;
- continued oversight of the delivery of the internal and external audit plans;
- ongoing monitoring of the financial position of the organisation, including reviewing the annual report and financial statements;
- oversight of the management of risk, including the mitigating actions and controls in place to manage significant risks to the organisation, including a review of our Risk Management Policy;
- identifying areas for additional assurance to ensure the Committee can provide an opinion at year end regarding the ICO's control environment;
- continued monitoring of the risk landscape and assessing implications to the ICO as we build on our organisation-wide resilience and

continue to improve our risk management framework, including a review of our Business Continuity Strategy Statement.

- a deep dive into the management of Environmental, Social and Governance issues;
- risk and audit horizon scanning; and

The Committee will also keep abreast of the ICO25 strategic plan and any strategic change and transformation priorities as they develop in the coming months and years, and the impact that any of these changes may have on future audits and overall assurance.

Internal and external audit

The Committee reviewed the internal audit plan and progress against it on a continual basis. During the year, the Committee considered internal audit reviews by GIAA of:

- Cyber Security
- Conflicts of interest
- BCR casework management advice
- Payroll
- Health and safety
- Fixed assets
- International Strategy
- Workforce Development governance and planning
- Innovation Services

GIAA made 51 recommendations in their audits during 2023/24, of which 20 were due for implementation before the year end. The remaining 31 recommendations were due for implementation during 2024/25.

There were also 33 recommendations from audits undertaken by the previous internal auditors (Mazars) during 2022/23 which had a due date during 2023/24; GIAA has followed up to confirm the implementation of these recommendations during the year.

In total, GIAA reviewed progress with 60 recommendations (53 which were due for completion during 2023/24 and 7 which were originally due for completion during 2024/25). All 60 have been confirmed as complete; this leaves 24 recommendations to be addressed during 2024/25.

GIAA's annual audit opinion for 2023/24 stated: "I am providing a Moderate opinion on the adequacy of the framework of governance, risk

management and control within the ICO. My opinion is based primarily on the internal audit activity conducted during this period but is also informed by meetings with senior management and observations during attendance at ARC, together with my wider understanding of the control environment. We have delivered our agreed programme of nine reviews for 2023-24, in line with the agreed amendments made to the plan during the year to ensure reviews were appropriately timed to enhance the value added for ICO... we have provided five Moderate opinions and one Substantial opinion. We also completed three Advisory reviews which contribute to our overall assessment. I can confirm that the governance, risk management and control arrangements in 2023/24 were operating adequately in most of the areas reviewed."

During the review GIAA identified areas of good practice and opportunities for developing and improving current activities. GIAA's annual audit opinion for 2023/24 stated "In line with the Moderate assurance provided in this report, we do not consider that the weaknesses referenced above constitute significant weaknesses to the overall framework of control."

Moderate is the second highest of the four ratings offered by GIAA, who provide annual report opinions of substantial, moderate, limited and unsatisfactory. The definition of moderate is: "Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control."

The National Audit Office Audit Completion Report 2023/24 concluded that "We anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2023/24 financial statements with an unqualified audit opinion, without modification in respect of both regularity and the true and fair view on the financial statements."

Audit and Risk Committee opinion

Given the opinion of the internal auditors and external auditors as expressed in their annual reports, and the other information available to it from its work during the year, the Audit and Risk Committee can therefore provide the Commissioner, as Accounting Officer, with reasonable assurance that the ICO's control mechanisms are working satisfactorily.

The Committee is satisfied with the quality of internal and external audit. The Committee believes that, by virtue of this work, it is able to take a measured and diligent view of the quality of financial and other systems of reporting and control within the ICO.

The Committee welcomed the rating of substantial assurance in Cyber Security. The Committee also welcomed the helpful recommendations in: BCR casework management advice; conflicts of interest; Health and Safety; Innovation Services; International activities – prioritisation; payroll; and workforce planning.

The Committee also welcomed the support provided within the Fixed Assets area, and is satisfied that the ICO has appropriate systems of internal control, which work well.

In respect of its own performance the Committee considers that it has directed the internal audit function towards areas relevant to the risks facing the ICO. It has constructively challenged management and the internal audit function. It has received a high level of cooperation and support from all concerned. Responses to audit recommendations from management are positive and the Committee is satisfied that management within the ICO is committed to maintaining an appropriate level of internal control and prudent use of resources.

This opinion feeds into the Commissioner's drafting of the Governance Statement for 2023/4, which was considered by the Audit and Risk Committee at its April 2024 and June 2024 meetings.

20 June 2024.