

## Audit Committee– minutes

### 20 January 2020

#### Members:

Ailsa Beaton (chair)	Non-Executive Director
Jane McCall	Non-Executive Director

#### Attendees:

##### ICO

Elizabeth Denham	Information Commissioner
Paul Arnold	Deputy Chief Executive Officer
Louise Byers	Director of Corporate Affairs and Governance
Andrew Hubert	Director of Resources

##### Internal Auditors

Gary Stewart	Mazars
--------------	--------

##### External Auditors

Sid Sidhu	National Audit Office
Robert Buysman	National Audit Office
David Eagles	BDO
Imran Arshad	BDO

##### Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

## 1. Introductions and apologies

- 1.1. Apologies for absence were received from Roger Barlow, Joanne Butler, Peter Cudlip and Darren Jones.

## 2. Declaration of interests

- 2.1 No declarations of interests were made.

## 3. Matters arising from the previous meeting

- 3.1 The minutes of the previous meeting were approved as an accurate record.

- 3.2 Chris Braithwaite confirmed that all actions from previous meetings have been completed with one exception. The report on KPIs will be presented at Management Board on 24 January rather than Audit Committee.
- 3.3 Ailsa Beaton mentioned that it is very pleasing to see that the actions are progressing appropriately.

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

- 4.1 Paul Arnold provided the Committee with an update on matters relating to the Committee's work which were not otherwise addressed in the agenda. This included updates on the upcoming meetings with new Government officials following on from the recent election; Brexit preparations; working with other regulators; the constitutional review with DCMS; the first fine under GDPR; and updates on fee income. He also provided an update on funding the ICO's litigation costs, and thanked Louise Byers for her excellent work in this area.
- 4.2 Ailsa Beaton raised a question about the future of GDPR after Brexit. The Committee discussed the various options and the work the office is undertaking to inform any discussion.

#### 5. Risk and opportunity register

- 5.1 Risk Management Policy; Louise Byers presented the policy, which was a recommendation highlighted from the risk management audit in response to the growth of the organisation. The Policy will also be presented to Management Board and circulated throughout the senior management. Louise Byers confirmed that training for the Heads of Department has also been carried out.
- 5.2 Ailsa Beaton stated that it was very pleasing to see that the policy has been developed and that it will go to the Board.
- 5.3 Jane McCall commented that the policy was really strong around culture and embedding in the everyday, however she was expecting more actions around horizon scanning.
- 5.4 Jane McCall asked for further information regarding the minimal appetite relating to Information Governance and the logic behind that. Louise Byers confirmed that we are balancing our own regulatory risk whilst not wanting to dampen our own innovation on how we store and use

information. Paul Arnold cited the decision to use Cloud for storage of information as a good example of this.

- 5.5 Ailsa Beaton highlighted the open risk appetite on infrastructure and resources and suggested that as this includes cyber security it may be preferable to break down activities to make clear which parts of the risk area are more averse. Louise Byers confirmed that we are open to look at new ways of working and delivery. However once at the delivery stage, the risk issues may be different.
- 5.6 Risk & Opportunity Register; Louse Byers asked the Committee to consider the recommended changes to the risk register following on from the bi-monthly review of Corporate Risks and to decide whether they would like to conduct a deep dive into one of the risks, as recommended in the risk management audit.
- 5.7 The committee confirmed that they are happy with the proposed reduction in the cyber security risk.
- 5.8 The Committee agreed that a deep dive should be conducted into the risk relating to compliance culture (R73), with a particular focus on the information disclosure incidents. It would be helpful for this to include line-by-line reporting on each information disclosure, to allow the Committee to consider whether the severity of these was being appropriately classified, as well as analysis of the understanding of this policy within the organisation.

**Action: Corporate Governance to facilitate the Audit Committee conducting a deep dive into R73 (compliance culture), with a particular focus on information disclosure incidents.**

## 6. Service Excellence Transformation Programme

- 6.1 Paul Arnold updated the Committee on the work carried out on the service realignment from last year. Most of the planned service alignments have now been completed. The outstanding objectives are the ones that affect the most members of staff, to form a single Data Protection Complaints Service. This includes significant alignment of customer

facing technology and staff and should all take place in February.

- 6.2 Paul Arnold confirmed that the Directors involved are getting a good picture of efficiencies made as a result of the realignment and that a fuller report will be presented to the Committee later in the year providing analysis on efficiencies and customer satisfaction.
- 6.3 Ailsa Beaton stated that it is good to see that this is progressing well and the Committee looks forward to confirmation that it is meeting its objectives.

**Action: Paul Arnold to provide the Committee with a report to the October 2020 meeting giving analysis of the impact of the service excellence transformation programme on efficiencies and customer satisfaction.**

## 7. Finance

### Capacity and Capability

- 7.1 Andrew Hubert presented the Capacity and Capability report which was requested at the last Audit Committee meeting.
- 7.2 There are plans to bring in more transactional staff to support volumes. Andrew Hubert confirmed that he is happy with the capacity and capability of the team with the proposed Finance structure and an appropriate finance system.
- 7.3 It was confirmed that the proposed roles are allocated in the budget. However, they will need to go through the business case review prior to advertising the roles.

### Management Accounts

- 7.4 The November accounts were provided to the Committee due to the timing of the meeting. Andrew Hubert provided an update on the income fee as it currently stands. The shortfall has been reduced to £600,000 by mid-January.
- 7.5 There will be an overspend on travel and legal costs however the agreement with DCMS will help to offset some of the legal costs. The overspend on travel is a consequence of requirements on the ICO, including flights to Brussels due to Brexit.

- 7.6 There has been a good turnaround on the fee income work which has been carried out. The Companies House project will continue into next financial year.

#### Changes to accounting standards

- 7.7 Andrew Hubert highlighted IFRS16 which is coming into place this year relating to leases. It was confirmed that we are having monthly finance meetings with DCMS and the work is on track.

### 8. 2019/20 ICO Annual Report

- 8.1 Louise Byers presented the proposal for the Annual Report and confirmed that we are looking to produce a similar format as last year. The first half of the report will be more in line with best practice identified by other regulators.
- 8.2 It was confirmed that a timetable is in place and we have already commissioned the content and have arranged fortnightly meetings with the main people involved in the delivery of the report.

### 9. Internal Audit

- 9.1 Progress Report; Gary Stewart highlighted that we remain on track on audits and there are no concerns about delivery to the end of March.
- 9.2 An initial audit meeting for the audit plan for 2020/21 has already taken place. It was agreed that the Audit Committee will be given an opportunity for initial feedback on the audit plan by email, prior to this being agreed at the April meeting.

**Action: Chris Braithwaite to facilitate an opportunity for the Audit Committee to comment on the draft internal audit plan.**

- 9.3 Ailsa Beaton stated that it was a good progress report and it was pleasing to see that everything was on track.
- 9.4 Gary Stewart highlighted the upcoming Mazars Governance Forum in May. Ailsa Beaton and Joanne Butler attended the December event and found it very helpful. Jane McCall will attend the May event.
- 9.5 Programme & Project Management; Overall adequate assurance. Mazars were broadly content that the framework

was adequate and there are some degrees of maturity within the ICO which they don't see in other organisation.

- 9.6 Overall there were 5 significant recommendations. The Committee discussed the recommendations related to training and Louise Byers confirmed that the work currently being carried out by Workforce Development on a Project Management Network should help with sharing the skills more broadly across the organisation, utilising staff skills in a more agile way.
- 9.7 It was flagged that most of the actions from this audit are owned by Jo Butler. Louise Byers confirmed that the actions are mainly linked to the business planning process which is under way and the timescales are deliverable.
- 9.8 Corporate Governance Audit; adequate assurance. There were two significant points relating to Board skills and succession planning, ensuring that a gap analysis is carried out on Board members which then links into the succession planning for new board members.

## 10. Outstanding audit recommendations

- 10.1 Chris Braithwaite confirmed that there has been good progress this quarter with 14 recommendations cleared including all outstanding actions from 2018/19 audits.
- 10.2 Chris Braithwaite updated on the one late recommendation relating to the Grants Programme.

## 11. External audit

- 11.1 David Eagles introduced Imran Arshad who is taking on the role of Audit Manager based at the Manchester office, and introduced the external audit plan for 2019/20
- 11.2 The threshold for materiality has increased however it remains within 2% of spend level.
- 11.3 David Eagles highlighted the two significant risks, management override (which is a mandated risk for all bodies) and IFRS16 which relates to leases.
- 11.4 The main areas of Audit Focus will be Brexit uncertainties and revenue recognition.

- 11.5 Ailsa Beaton confirmed that the audits match with the Committee's expectations.
- 11.6 The Committee discussed the growth within the organisation. Jane McCall commented that this had created a need to ensure that new staff were aware and compliant with processes. It would be reassuring to ensure that nothing has been missed in making sure that the processes are fit for purpose in line with the new structure. David Eagles confirmed that the skill sets in the Finance team will key and they are comfortable with the finance structure.
- 11.7 The Committee was not aware of any non-compliance issues.
- 11.8 Elizabeth Denham asked whether BDO is aware of any peer organisations that are looking at a carbon audit. It was confirmed that it is on the radar of some public bodies.
- 11.9 Paul Arnold confirmed that there is a piece of work currently being carried out within the organisation looking at carbon offsetting. We are also liaising with UKRN on this matter.

**Action: BDO to provide examples of best practice with regard to carbon offsetting/reduction.**

## 12. Progress towards achieving the minimum cyber security standards

- 12.1 Paul Arnold presented the tracker showing the work currently being carried out on cyber security standards. The seven outstanding actions are confirmed as low risk and should all be completed by end of February.
- 12.2 Paul Arnold confirmed that cyber security reports in to the Information Risk and Governance Board and it is proposed that the Audit Committee will receive a twice yearly consolidated report on the work carried out by the IRGB.

**Action: Paul Arnold to provide a report on the work of the Information Risk Governance Board to the April Audit Committee, and bi-yearly thereafter.**

## 13. Business Impact Analysis

- 13.1 Louise Byers presented the report. This is a rolling programme of work and next steps beyond the impact assessment is to look at developing plans for the areas of work identified as priority areas.

- 13.2 It was confirmed that this is an area that will feature on the internal audit plan for next year.
- 13.3 Ailsa Beaton felt that this was going in the right direction. Louise Byers confirmed that plans are in place to carry out business continuity tests.

## 14. Fraud, whistleblowing and security

- 14.1 Chris Braithwaite presented the report. Additional context has been added to this report, providing information on staff levels and customer contacts.
- 14.2 Ailsa Beaton confirmed that she has received one Whistleblowing report for the current quarter. Jane McCall will be investigating it.

## 15. Single Tender Contract Awards

There were no single-tender contract awards this quarter.

## 16. Any other business

- 16.1 Jane McCall commented that the papers were really good, especially with the forward planning and increasing maturity in the work being carried out. Ailsa Beaton thanked everybody involved with producing the papers.