

Audit Committee– minutes 20 April 2020

Members:

Ailsa Beaton (chair)	Non-Executive Director
Roger Barlow	Independent Audit Committee member
Jane McCall	Non-Executive Director

Attendees:

ICO

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

Internal Auditors

Peter Cudlip	Mazars
Darren Jones	Mazars
Gary Stewart	Mazars

External Auditors

David Eagles	BDO
Imran Arshad	BDO

Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

1. Introductions and apologies

- 1.1. There were no apologies received in advance of the meeting. However, Sid Sidhu and Robert Buysman had experienced technical difficulties when dialling in and were unable to participate in the meeting.

2. Declaration of interests

- 2.1 There were no declarations made.

3. Matters arising from the previous meeting

- 3.1 The minutes of the previous meeting were agreed.
- 3.2 Chris Braithwaite provided an update on the outstanding actions.

4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on matters relating to the Committee's work including business continuity and how the ICO has managed the recent Covid-19 situation. He paid tribute to the Business Continuity Team, who had managed the situation both in preparation and execution of the business continuity plan.
- 4.2 Elizabeth Denham thanked Paul Arnold for his management of the Business Continuity Team. She also explained that throughout the meeting she would welcome any advice or recommendations from the Committee on mitigating the risks that are now facing the ICO.

5. Risk and opportunity management

Risk Register

- 5.1 Louise Byers presented the latest version of the ICO's corporate risk register, which has recently been reviewed in context of the ICO's risk maturity programme and Covid-19. In addition to reviewing the risk register, the Committee was also asked to review the risk appetite statement in the context of Covid-19.
- 5.2 Ailsa Beaton commented that the Committee had previously discussed risk scenario planning, and that approach would be helpful at the current time, as it was likely that a number of risks may materialise at the same time.
- 5.3 Jane McCall highlighted that there could be issues in the future relating to paused projects and the ICO would need to look at the impact of future waves of the virus.
- 5.4 Louise Byers confirmed that workstreams were in place to help the ICO move away from business continuity to new ways of working.

- 5.5 The Committee agreed that the risk appetite in the current environment should be discussed by the Management Board at the meeting in May.

Deep Dive into Information Disclosure

- 5.6 Paul Arnold presented the report providing the results of the deep dive into R73 and the compliance culture within the ICO.
- 5.7 The report demonstrated that there was a healthy reporting culture within the ICO and although there had been an increase of incidents, there had been significant growth in the workforce, and the demand for ICO services had also increased at a greater rate.
- 5.8 Roger Barlow asked whether there was an increased risk of disclosure in relation to Covid-19 and remote working. The Committee agreed that continuing the work to raise awareness of information security during homeworking would be beneficial.
- 5.9 Louise Byers confirmed that communications had been sent out to staff highlighting the security risks under the current circumstances.
- 5.10 Ailsa Beaton commented that sensitivity of the information disclosed should be taken into account to the severity of the disclosure, not just the numbers involved. Louise Byers confirmed that the sensitivity and the nature of the information, as well as the quantity, was reflected in the assessment.

6. Finance

Management Accounts

- 6.1 Andrew Hubert provided an update on the accounts for year-end which showed a budget surplus, caused in main by a significant growth in the Data Protection Register income.

Covid-19 High Level Financial Impact Assessment

- 6.2 The Committee considered a report which had been sent to DCMS, regarding the anticipated financial assistance required going forward due to Covid-19.

7. Annual Report

- 7.1 Louise Byers confirmed that the ICO was on track with the original timescales to produce the Annual Report and meetings are being held on a bi-weekly basis.
- 7.2 David Eagles confirmed that the external audit was continuing to the original timetable and did not currently anticipate any significant impact to the audit due to Covid-19.

Action: Comments on the draft annual report to be sent to Louise Byers.

8. Internal audit

Progress Report

- 8.1 Gary Stewart presented the progress report and confirmed that the follow-up audit was yet to be finalised, as this has been impacted by Covid-19.

Internal Audit Reports

- 8.2 Darren Jones confirmed that the most recent internal audits into Third Party Service Providers, Payroll and Freedom of Information all resulted in ratings of substantial assurance.
- 8.3 Ailsa Beaton stated that this was a very pleasing and positive result. She requested that the deadline dates for the recommendations be brought forward from December 2020 where possible. This was particularly applicable to the payroll audit.

Action: Chris Braithwaite to facilitate audit recommendation owners reviewing the deadline dates, to bring these forward wherever where possible.

2020/21 Audit Plan

- 8.4 Gary Stewart confirmed that Mazars will be more agile in their approach to assignments this year and was currently looking to carry out audits remotely. The areas suggested in the Audit Plan are still reasonable under the current situation.
- 8.5 The Committee recommended that the Fees and Income Audit be brought forward due to the current situation.

Action: Chris Braithwaite and Mazars to bring forward the Fees and Income Audit.

9. Outstanding Audit Recommendations

- 9.1 Chris Braithwaite presented the outstanding audit recommendations. He explained that the outstanding project management actions would be covered under the Covid-19 projects currently being developed.

10. External Audit Update

- 10.1 David Eagles confirmed that the audit was currently on track and will be run remotely.

11. NAO Guidance for Audit Committee

- 11.1 There were no new publications at the time of meeting.

Action: Chris Braithwaite to circulate any guidance published in the coming weeks and include this on the agenda at the Committee's next meeting.

12. Cyber Security Standards

- 12.1 An report was provided to the Committee which confirmed that all outstanding actions to achieve all of the government's minimum cyber security standards had now been completed. This remained an active area of work for the IT and Cyber Security teams, to ensure that the ICO continued to go beyond the minimum standards.
- 12.2 Ailsa Beaton thanked the team for this report and the good work done to achieve all of the standards.

13. Security Report

- 13.1 The Committee agreed that as the ICO moved into the new ways of working, it was important to capture new security risks that may arise. Louise Byers confirmed that communications were being sent to staff with regard to suspicious emails and unauthorised disclosures via email.
- 13.2 Roger Barlow highlighted that market sensitive information could be equally as important as personal information when assessing the severity of an incident. Louise Byers explained that the ICO was currently developing a market sensitive information policy, to assist staff with dealing with such information.

14. Fraud, whistleblowing and security

- 14.1 Jane McCall presented a report relating to a recent anonymous whistleblowing allegation, primarily relating to the assumptions and budget forecasts in relation to pay progression. This report had been prepared by Mazars' Forensic Accountants, providing a totally independent investigation. Mazars' investigation had found that the assumptions and forecasts which had been made at the time, with the information available, were reasonable.
- 14.2 David Eagles commented that the projected costs could have been reflected as a provision, rather than an accrual. He explained that BDO would review this as part of their 2019/20 audit, but noted that the amount involved was not material and therefore would not warrant a prior period adjustment.
- 14.3 Ailsa Beaton also reported on the work that she had carried out to review the other parts of the whistleblowing disclosure, relating to the approach to and work of the pay consistency panel, including the appeals process. She had found that this process had been followed consistently and in line with the agreed policy. She had also found that there was no evidence to support the whistleblower's allegation of coercive control.
- 14.4 In conclusion, the Committee agreed with the findings that the allegations were unfounded and therefore exonerated the ICO managers who had been implicated in the allegations.
- 14.5 The Committee discussed the appropriateness of the whistleblowing policy to consider anonymous disclosures. The Committee noted that while such disclosures needed to be permitted, but commented that the policy should be updated to make clear that anonymous disclosures would need to be supported by sufficient evidence to allow the recipient of the disclosure to investigate the disclosure. The Committee agreed that the policy should be reviewed, and should include an intermediate step in all disclosures to make clear that the recipient of the disclosure would triage a disclosure to determine whether sufficient evidence had been presented to warrant a full investigation. At this stage, the recipient may also consider whether disclosures may be vexatious and whether an investigation would be in the public interest.

Action: Whistleblowing Policy to be reviewed in line with the recommendations.

15. Single Tender Contract Awards

15.1 There were no single tender contract awarded during the previous quarter.

16. Audit Committee work programme 2020/21

16.1 The work programme for the coming year was presented to the Committee for review and comment.

16.2 Chris Braithwaite reported that the risk appetite would be presented to the Committee on an annual basis, but any changes to this appetite would be subject to approval by Management Board.

17. Any other business

17.1 There were no issues raised.