

## Audit Committee– minutes

10 January 2022

### Members:

Ailsa Beaton (chair)	Non-Executive Director
Jayne Scott	Independent Audit Committee member
Jane McCall	Non-Executive Director

### Attendees:

#### ICO

Paul Arnold	Deputy Chief Executive Officer
Louise Byers	Director of Risk, Planning and Governance
Angela Donaldson	Director of Finance
Joanne Butler	Head of Risk & Governance

#### Internal Auditors

Peter Cudlip	Mazars
Darren Jones	Mazars
Asam Malik	Mazars
Nathanial Burfield-Wallis	Mazars
Anton Yunussov	Mazars

#### External Auditors

Robert Buysman	National Audit Office
Curtis Hodgson	National Audit Office
Laura Charmant	Deloitte
Michelle Hopton	Deloitte

#### Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

#### Observer

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

- 1.1. Introductions were made as this meeting was the first meeting for the Director of Finance, Angela Donaldson, the new external audit members from Deloitte, Laura Charmant

and Michelle Hopton, and Curtis Hodgson from NAO. Asam Malik, Nathaniel Burfield-Wallis and Anton Yunussov from Mazars joined the meeting to present the cyber security audit report.

- 1.2. Lee Parfitt from Ofcom also joined the meetings as an observer as part of the Next Gen NEDs Programme.
- 1.3. Apologies were received from John Edwards who was not required to attend.

## 2. Declaration of interests

- 2.1 No declarations were made.

## 3. Matters arising from the previous meeting

- 3.1 The minutes from the previous meeting were agreed. There were no outstanding actions.

## 4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on key activities of the ICO since the last meeting of the Audit Committee, primarily focusing on the completion of Elizabeth Denham's term as Information Commissioner, the transition to the new Information Commissioner, and the first few days of John Edwards' term as Information Commissioner.
- 4.2 Ailsa Beaton asked whether John Edwards had started to consider any plans, objectives or organisational changes for the future, as it is important for the Audit Committee to continue to be across the risks and concerns that may arise from those decisions. Paul Arnold confirmed that John Edwards will be giving this consideration and this will be shared with the Committee to ensure it can fulfil its assurance and risk role.

## 5. Internal Audit

- 5.1 At the recommendation of Mazars the Committee agreed that the audit of procurement and contract management would be moved to the 2022/23 financial year to allow the work currently being carried out to review these areas by the ICO to be implemented prior to the audit.

- 5.2 Mazars confirmed that moving this audit to the next financial year would not have an impact on their ability to provide an internal audit opinion for 2021/22.
- 5.3 The Committee discussed the outcomes of the Cyber Security audit and agreed to arrange an interim meeting in February to review progress against the recommendations. It was further agreed that, due to security reasons, it was not appropriate to publish the audit report.

**Action: Corporate Governance to arrange an interim meeting to discuss the progress of the cyber security audit actions.**

- 5.4 The Committee discussed the remaining audit reports and Mazars confirmed that the Core Financial Controls audit had been very close to achieving an outcome of substantial assurance.
- 5.5 The improvements carried out in the Stakeholder Management area since the previous audit in 2020 were also highlighted.

## 6. Compliance with Government Functional Standards

- 6.1 Louise Byers presented the report outlining the ICO's compliance with Government's functional standards.
- 6.2 It was confirmed that the Planning and Performance Team will be ensuring that any actions that are required to comply with the standards will be included in Directorate business plans going forward.
- 6.3 The Committee discussed whether compliance with the functional standards would be included in future audits. Mazars confirmed that there are a variety of approaches emerging. After discussions with Government Internal Audit Agency, the recommended approach will be about mapping the assurance using the three lines model and being clear on the assurance from that process.
- 6.4 Louise Byers confirmed that some of these areas are still being developed and will be overseen by the Risk and Governance Board. However, the existing work provides assurance on our current compliance.

## 7. Business Continuity Strategy Statement – annual review

7.1 Joanne Butler presented the report providing assurance to the Committee on the development of the Business Continuity Management practices. She confirmed that updates have been made to corporate Business Continuity Plan and we are currently in the process of reviewing the existing incident response plans to maximise our level of preparedness.

Department Heads were also reviewing the department level Business Continuity Plans in the context of the current COVID-19 situation.

7.2 Additional resource in a Risk and Business Continuity Manager is currently being recruited to help progress this area of work. This role would include planning and facilitating desk top incident response exercises.

7.3 Joanne Butler that she had recently met with the Cyber, IT and Comms teams to discuss the incident response plans and playbooks. These responses would include some pre-prepared statements to be used in the event of an incident.

7.4 The Committee discussed the involvement of Management Board in business continuity exercises to ensure that members are aware of their role and the ICO's approach in the event of an incident.

## 8. Risk Management Policy

8.1 Joanne Butler presented the report providing assurance to the Committee on the development of the ICO's Risk Management Policy.

8.2 It had previously been agreed that an in-depth review of the policy would be carried out every 3 years, with the next of these reviews due next year. Therefore there were only minor amendments this year, primarily to reflect organisational change.

8.3 The annual review of the Risk Appetite Statement will be presented to Management Board Management Board for approval in March. The Committee requested that that an introduction to the paper should be provided to explain to Management Board their ownership of the risk appetite, why it is so important and how it influences the organisation's activities.

## 9. Corporate Risk Review Outcomes

- 9.1 Louise Byers presented the report outlining the key outcomes in the recent corporate risk reviews which focused on the risk ratings and ensuring that the mitigating actions had a material impact on the risk scores.
- 9.2 The Committee discussed the potential for staff absences over the next few months and the impact of this on capacity risks. Louise Byers confirmed that we are currently scenario planning in the event of an uptake in staff absences due to COVID. We are monitoring COVID absences and reviewing the business continuity plan to ensure that our understanding of the priority areas to inform work that needs to be carried out remained accurate, should there be large areas of absence due to sickness or home schooling.
- 9.3 Jayne Scott highlighted that it would be useful to receive more information on target scores and the pathway to achieving the target scores.
- 9.4 The Committee agreed with the proposal to split Risk 4 Capacity and Capability into two risks.

**Action: Corporate Governance to arrange for a deep dive into the pathway to achieving the target scores for risks at a future meeting.**

## 10. Finance

### Income & Expenditure

- 10.1 Angela Donaldson provided an update on the Management Accounts and confirmed that we are on track for fee income and on budget. Year to date there is underspend and a Q3 budget review will be presented to the Resources Board in January to inform funding of business plans for 2022/23, which would be completed in Q4.

### Changes to accounting standards

- 10.2 Angela Donaldson presented the report highlighting the relevant changes to accounting standards in line with the guidance from International Financial Reporting Interpretation Committee.
- 10.3 The Committee discussed possible issues that may arise from the changes to accounting standards relating to fixed assets

which were capitalised in prior years and the necessary adjustments that may be required.

- 10.4 Ailsa Beaton confirmed that the Committee is supportive of the planned approach of the work being carried out in advance of the end of financial year.

#### Single Tender Contract Awards

- 10.5 It was confirmed that no single tender contracts were awarded during the period since the last report.

### 11. External Audit Plan 2021/22

- 11.1 Michelle Hopton confirmed that this is a high-level plan. They are not expecting fundamental changes to the plan and timetable and dates for the final audit have been agreed.
- 11.2 Once the plan has been finalised it will be circulated to the Committee prior to the next ARC meeting.

### 12. Annual Report Timetable

- 12.1 Louise Byers presented the high-level timetable for production of the ICO's 2021/22 Annual Report and Financial Statements and confirmed that we will continue to follow the successful timetable and approach from last year.
- 12.2 It was confirmed that the timetable is achievable to ensure that we will be in position to lay the annual report on time. Ailsa Beaton highlighted the role of the Independent Audit Committee member in supporting the Finance Team in developing the accounts.

**Action: Corporate Governance and Finance Team to arrange a pre-meet with Jayne Scott to review the annual accounts.**

### 13. Outstanding audit recommendations

- 13.1 Chris Braithwaite confirmed that Mazars will be commencing the follow up audit next week.
- 13.2 There is one late action which is close to completion and was delayed due to staff sickness.
- 13.3 It was highlighted that there are a number of actions on the audit reports considered at the meeting today that have actions due for completion by March 2022. These are already

being monitored, however, given the number of them, we may need to schedule some additional follow up time with Mazars to validate them in early April.

## 14. Security Report

- 14.1 Louise Byers presented the quarterly Security Report and confirmed that there has been an increase in incidents compared to the same period last year. One incident was assessed as medium severity and it was confirmed that actions have already been put in place to mitigate this risk.

## 15. Fraud and whistleblowing report

- 15.1 The Committee noted the report.

## 16. Any other business

- 16.1 There were no issues raised.