

Audit and Risk Committee– minutes

25 April 2022

Members:

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

Attendees:

ICO

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

Internal Auditors

Darren Jones	Mazars
Asam Malik	Mazars
Nathaniel Burfield-Wallis	Mazars

External Auditors

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

Secretariat

Chris Braithwaite	Corporate Governance Manager
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Observer

Lee Parfitt	Next Gen NEDs Programme
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1. Introductions and apologies

1.1. There were apologies for absence from Michelle Hopton.

2. Declaration of interests

2.1 There were no declarations of interest.

3. Matters arising from the previous meeting

- 3.1 The minutes of the previous meeting had been approved by email.

4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on recent activities related to the Committee's remit. He focused on the positive progress with DCMS's legislative reform workstream, the key themes of John Edwards' first four months as Information Commissioner, and work that was ongoing to develop the implementation of the risk appetite throughout the organisation.
- 4.2 The Committee discussed the current challenges and uncertainty facing staff in the context of the current economic and geopolitical context and the COVID-19 pandemic, particularly with a new Commissioner in post and legislative reform. Paul Arnold gave assurance on the ICO's work to support staff in this period, which had been well received by staff. The timing of staff focus groups to develop the ICO25 Plan had been helpful in this, both in terms of understanding staff concerns and receiving assurance from staff about how they were feeling about the future.
- 4.3 The Committee asked whether changes to the ICO's governance structure from legislative reform would take place during John Edwards' term as Commissioner. Paul Arnold confirmed that it is our understand that it is Government's intention for this to take place during John Edwards' term, that John would transition to the role of Chair of the ICO's Board, and that John Edwards had been aware of this when taking the role. The Committee agreed that the Audit and Risk Committee should be kept updated on this issue.

5. Compliance Assurance

- 5.1 Louise Byers presented a report the Committee providing assurance on the compliance arrangements that were in place throughout the ICO. This would inform the work of the new Internal Assurance and Compliance Manager, along with the work of the internal auditors. The Committee thanked Louise and the Corporate Governance team for the excellent report.
- 5.2 The Committee commented that future areas of development for this work should include prioritising the various requirements, to ensure that it was clear which areas of

compliance the organisation and the Audit and Risk Committee should be most focused on. The Committee also suggested that the prioritised document could be used to inform future internal audit plans.

6. Update on Estates, Climate and Environment

- 6.1 Angela Donaldson presented a report providing the Committee with assurance on the ICO's work to manage issues relating to estates, climate, and environment.
- 6.2 The Committee agreed that the report gave good assurance on the ICO's work in this area and discussed the links to work to further develop the procurement function, as set out in the subsequent paper on the agenda.
- 6.3 The Committee asked whether there was any guidance from DCMS about the degree to which the ICO and the Committee should review the environment, sustainability, and governance of its supply chain, noting the potential challenges of this once it involved subsidiary suppliers.

Action: Angela Donaldson to discuss with DCMS whether there is any guidance on reviewing environment, sustainability, and governance of the ICO's supply chain.

- 6.4 The Committee also suggested that the strategy could be more ambitious in its timescale to achieve net zero emissions. Angela Donaldson explained that she was in the process of recruiting a Head of Estates and Facilities, and this would form part of their early work.

7. Procurement update

- 7.1 Angela Donaldson presented a report giving the Committee an update on progress of the review of procurement.
- 7.2 The Committee asked whether there was now sufficient capacity and capability in place for the procurement function, and whether ICO staff had the appropriate skills to consistently be an intelligent client. Angela Donaldson explained that the Finance Directorate target operating model addressed capacity and capability, and temporary staff were in place to address this until permanent staff were appointed. She agreed that contract management was an area where

there could be improvement. However, areas with many contracts, such as IT, had performed very well in this area.

- 7.3 The Committee welcomed the plans to review procurement thresholds as part of the new Procurement Policy. Angela Donaldson commented that this, along with a clear procurement pipeline for the next 12-18 months, would also help to address capacity challenges.
- 7.4 Robert Buysman explained that whilst procurement would not be an area of focus for external audit, they would conduct a review on regularity of expenditure. Specifically, their focus would be on whether appropriate external approvals were in place, such as to comply with Cabinet Office spending controls or with the management agreement with DCMS. To date, NAO and Deloitte had not identified any such issues.
- 7.5 The Committee thanked Angela Donaldson for the thorough report, which provided them with significant assurance on this issue.

8. Internal audit

Internal Audit update

- 8.1 Darren Jones presented a report providing the Committee with an update on progress with internal audit matters. The remaining internal audit reports, along with Mazars' internal audit annual report, would be submitted to the Committee's next meeting.
- 8.2 The Committee commented that the Workforce Planning audit had been delayed between completing the fieldwork, the draft report being issued by Mazars, and the report being agreed by Management. The Committee asked that Mazars provide a detailed timeline of this, including any lessons that could be learned to avoid this in future.

Action: Darren Jones to provide an update on the timeline for the agreement of the Workforce Planning audit, and any lessons that can be learned for future audits.

Cyber security audit recommendations update

8.3 Asam Malik presented a report providing the Committee with an update on progress with implementing the recommendations from the recent cyber security audit.

8.4 The Committee welcomed the excellent progress that had been made in implementing the recommendations.

9. Annual Internal Audit Plan

9.1 Darren Jones presented a report providing the Committee with the proposed internal audit plan for 2022/23.

9.2 The Committee discussed the proposed advisory review of cultural change and organisational transformation. As transformation work to develop and implement the ICO25 Plan was already being facilitated by external consultants, the Committee suggested that this audit should be removed from the internal audit plan. The Committee agreed that it would be useful to audit that work in future, once completed.

9.3 The Committee approved the plan for 2022/23, subject to removing the advisory review of cultural change. The Committee was content for those audit days to be held in reserve to be put towards other audit areas which may emerge during the year.

9.4 The Committee noted that this was the final year of Mazars' contract to provide internal audit services to the ICO. However, the Committee asked that an indicative three-year rolling audit plan be produced, so that the Committee was aware of potential future audits.

Action: Louise Byers to produce an indicative three-year internal audit plan for 2022-2025, in consultation with Mazars as appropriate.

10. Risk management

Corporate risk target score deep dive

10.1 Louise Byers presented a report providing the Committee with information on the planned programme to achieve the target scores of each corporate risk. The Committee thanked Louise and the Corporate Governance Team for the good work in delivering this report.

10.2 The Committee asked whether there was too much optimism in terms of mitigating external dependencies or achieving

timelines for completing all actions, particularly for the risks on ICO guidance and compensation. Louise Byers welcomed these comments and agreed that there were some significant challenges. However, the mitigating actions were integrated into Directorate business plans so there would be appropriate focus and prioritisation to achieve the actions. The timeline to achieve the target scores would continue to be a focus of the risk review meetings.

Corporate risk review outcomes

- 10.3 Louise Byers presented a report providing the Committee with an overview of the outcomes of the most recent reviews of the corporate risk register, along with the current risk register.
- 10.4 The Committee asked whether the risk score relating to EU Exit was appropriate, or whether issues emerging from this may re-emerge. Louise Byers explained that the initial risks of the transition period had been removed. However, the risk was now around maintaining international influence and relationships. She also explained data adequacy was a key consideration within the DP reform risk.
- 10.5 The Committee welcomed the report and agreed to the risk register with the updates set out within it.

11. External audit update

- 11.1 Robert Buysman and Michelle Charmant presented a report setting out the plans and current progress for the external audit for 2021/22.
- 11.2 The Committee asked for assurance that the external audit would be completed on schedule to ensure that the Audit and Risk Committee was in position to recommend to the Commissioner that he sign the Annual Report and Financial Statements. Michelle Charmant explained that the audit plan had been set out to achieve that and was currently confident that it should be completed on schedule. The interim audit had been successful, and potential issues had been identified in advance. Angela Donaldson agreed with that assessment and highlighted that the audit plan had been frontloaded as far as possible. In addition, during May there would be a week

on site for the auditors and senior Finance staff to address any issues.

12. Annual Report – draft Audit and Risk Committee Annual Report and draft “Part B” Accountability Report

- 12.1 Chris Braithwaite presented a report providing the Committee with drafts of documents relating to the Annual Report.
- 12.2 The Committee received assurance that the Report would be produced and laid on time, with the target laying date of 14 July.
- 12.3 The Committee also suggested that it would be useful to add a section to the Audit and Risk Committee Annual Report which identifies issues that the Committee will review in future years.

13. Finance

Income and Expenditure report

- 13.1 Angela Donaldson presented a report setting out income and expenditure as at the end of February 2022. She also provided a verbal update on the interim year end position, which was currently being finalised.

Single tender contract awards

- 13.2 Angela Donaldson presented a report setting out single tender contract awards since the Committee’s last meeting.

14. Audit and Risk Committee annual work programme

- 14.1 Louise Byers presented a report setting out the Committee’s proposed work programme for the next year.
- 14.2 The Committee discussed future meetings and agreed that the June 2022 should be held meeting in person at the Wilmslow office, although there would be a hybrid element available to anyone who did not wish to attend the meeting in person. It was agreed that the next risk deep dive would take place at the October Committee meeting.

15. Outstanding audit recommendations

- 15.1 Chris Braithwaite presented a report setting out the status of outstanding internal audit recommendations. The Committee

thanked all involved for ensuring that all internal audit recommendations which were due for completion by the end of the financial year had been completed.

16. Security report

- 16.1 Louise Byers presented a report providing information of security matters over the last quarter.

17. Fraud and whistleblowing report

- 17.1 Chris Braithwaite presented a report providing information on fraud or whistleblowing disclosures over the last quarter.

18. Any other business

- 18.1 There were no items of other business.