

## Audit Committee– minutes

22 June 2020

### Members:

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

### Attendees:

#### ICO

Paul Arnold	Deputy CEO and Chief Operating Officer
Louise Byers	Director of Corporate Affairs and Governance
Andrew Hubert	Director of Resources

#### Internal Auditors

Peter Cudlip	Mazars
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#### 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. Elizabeth Denham extended her apologies for 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 by email.  
There were no issues arising.

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- 3.2 Chris Braithwaite provided an update on the actions. He reported that the Whistleblowing Policy was currently being reviewed alongside other HR policies and will be finalised in July, following consultation with the Trade Unions.

**Action: Corporate Governance to circulate the Whistleblowing Policy to Audit Committee once updated.**

## 4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on matters relating to the Committee's work, including an update on the ongoing business continuity response, working with the EDI Forum in relation to Black Lives Matter, finance, regulatory posture during COVID-19 and the recent publication of the police Mobile Phone Extraction report.
- 4.2 Ailsa Beaton raised a question relating to capacity and absence. Paul Arnold confirmed that reported capacity remains static at around 80% and currently sickness absence is not noticeably higher than usual. The wellbeing staff survey which is being sent out this week will help to capture information on how staff are coping in the current situation, particularly regarding mental health wellbeing.

## 5. External Audit

- 5.1 The NAO Completion Report was circulated separately to the papers on Friday. David Eagles stated that the new ways of working had led to delays to the completion of the external audit as well as a number of outstanding audit issues and apologised for the delay.

The Committee discussed the outstanding issue of IFRS16. NAO confirmed that implementation of this has been a challenge across Arm's Length Bodies and that the progress made by the ICO with this implementation has been very positive.

- 5.2 NAO confirmed that they are awaiting a decision from Treasury regarding the reasonable discount rate for IFRS16 which need to be taken into account on the final report. Roger Barlow commented that it was unacceptable to still be awaiting a discount rate at this stage and queried whether, as the ICO had disclosed the discount rate it would use in the

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current draft of the accounts, this discount rate could be used instead of waiting for a decision from Treasury. David Eagles explained that they would consider the discount rate set by Treasury to be the reasonable rate and therefore the ICO Annual Report could not be signed off until DCMS and HMT had resolved the issue.

- 5.3 David Eagles, representing the external auditors, highlighted key areas in the external audit report. He confirmed that unadjusted items would need the Audit Committee support to the representation letter; there were no concerns regarding management override; and it has been agreed that civil monetary penalties would not be recognised until appeal rights are over.
- 5.4 The pay rise for 2019/20 has been accounted for as a provision, rather than an accrual as had been the case for 2018/19. Roger Barlow asked whether the 2018/19 pay rise could be reflected as a provision in the 2019/20 accounts, to ensure comparability between the previous year. David Eagles explained that as the amount in question was not material, it would not be appropriate to make a prior period adjustment. The Committee noted that Mazars' forensic accountants had, as part of their review into the 2018/19 pay rise, agreed that it had been treated as an accrual rather than a provision and had confirmed that this had been an error but that there was no intent by management to mislead on the provisions in the 2018/19 accounts.
- 5.5 The Committee reviewed the timeline for the Annual Report. NAO confirmed that they usually recommend a week for review and sign off of the report however, under the circumstances, this would be able to be reduced.
- 5.6 The following timeline for the annual accounts was agreed:
- Circulation to Committee members for agreement by close of play 2 July.
  - All comments to be received no later than lunchtime on 6 July.
- 5.7 The Committee discussed the going concern statements in the draft annual report and accounts and confirmed that they were content that the ICO remained a going concern. NAO

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confirmed that they are satisfied that the ICO remains a going concern and the accounts are submitted on that basis.

### 6. Internal Audit

#### Follow Up Report

- 6.1 Peter Cudlip presented the report which confirmed that 79% of the recommendations have been implemented.
- 6.2 The Committee approved the proposed closure of recommendations and were happy with the recommendations marked as superseded.
- 6.3 Andrew Hubert confirmed that accountability for budgets are at Senior Leadership level and regular budget meetings are held between Finance and Directors.

#### Annual Report

- 6.4 Peter Cudlip confirmed a moderate assurance for the annual report which is an improvement on last year.
- 6.5 Ailsa thanked the Executive and teams for their work on the internal audits.

### 7. Annual Report

- 7.1 Ailsa confirmed that the ICO has met the minimal cyber standards. The Arm's Length Bodies letter from the Chair was approved with the recommended amendments.
- 7.2 The Committee reviewed and approved the revised Audit Committee annual report, subject to minor amendments.
- 7.3 There were no issues raised and it was confirmed that the report will be circulated once the outstanding reviews have been completed by NAO and BDO, for final agreement via email.
- 7.4 Roger Barlow commented that the planning and timeline for the production of the annual report has been very useful and the finished result is a high quality report.

### 8. Risk and Opportunity Management

- 8.1 Louise Byers highlighted that we are in a fast moving environment and are keeping a watching brief on many of the risks.

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- 8.2 The Committee agreed to the reduction of the finance and productivity risks.
- 8.3 It was highlighted that the two international risks have been combined and a new risk is being developed relating to the data prospects work and constitutional review.
- 8.4 The Committee agreed to conduct a deep dive at its next meeting into the new ways of working, current and in the future. This should include looking at the positives of the current working environment but also recognising that it may not have been a positive experience for all members of staff.
- 8.5 Jane McCall asked whether the reputational risk should be reviewed. Louise Byers confirmed that the reputational, productivity and wellbeing risks will be kept under an ongoing review.
- 8.6 A general point was raised regarding information assets and security. It was recognised that as the current situation continues, staff would be under increased pressure and the likelihood of human error for information disclosure increases. It was confirmed however that there have been no reports of increased disclosures under the current circumstances.
- 8.7 Peter Cudlip offered to meet with the ICO to share lessons learned about the current remote working circumstances from across their clients.

**Action: Corporate Governance to arrange a meeting with Mazars to discuss lessons learnt on remote working and benchmarking.**

## 9. Information Risk & Governance Update

- 9.1 Louise Byers presented the report providing an update on the progress of the Information Risk & Governance Board which provides assurance and oversees the ICO's information governance work.
- 9.2 It was confirmed that the Board also reviews on a monthly basis the cyber security dashboard which provides assurance to the Audit Committee that we are meeting the required cyber security standards.
- 9.3 It was agreed that an update report should be provided to the Committee on an annual basis at the April meeting.

## 10. Finance

- 10.1 Andrew Hubert confirmed that we are on track for the revised fee income projections and will continue to monitor this closely.
- 10.2 There were no issues raised.

## 11. Outstanding Audit Recommendations

- 11.1 No comments raised.

## 12. Single tender contract awards

- 12.1 There were no contract awards at this time.

## 13. Any other urgent business

- 13.1 Roger Barlow suggested that Finance, NAO and BDO conduct a debrief as soon as the annual accounts have been finalised with a lessons learnt report coming to the next meeting.

**Action: Corporate Governance to ensure that a lessons learned report on the production of the annual report and accounts is submitted to the Committee's next meeting.**

- 13.2 Ailsa thanked everybody for their efforts and asked for the annual report to be finalised by the agreed dates at the beginning of July.