

## Audit Committee– minutes 25 January 2021

### Members:

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

### Attendees:

#### ICO

|               |                                 |
|---------------|---------------------------------|
| Paul Arnold   | Deputy Chief Executive Officer  |
| Louise Byers  | Director of Risk and Governance |
| Andrew Hubert | Director of Resources           |
| Joanne Butler | Head of Risk and Governance     |

#### Internal Auditors

|              |        |
|--------------|--------|
| Peter Cudlip | Mazars |
| Darren Jones | Mazars |

#### External Auditors

|                |                       |
|----------------|-----------------------|
| Robert Buysman | National Audit Office |
| David Eagles   | BDO                   |

#### Secretariat

|                   |                                     |
|-------------------|-------------------------------------|
| Chris Braithwaite | Senior Corporate Governance Manager |
| Caroline Robinson | Corporate Governance Officer        |

## 1. Introductions and apologies

- 1.1. Apologies were received from Elizabeth Denham and Sid Sidhu.

## 2. Declaration of interests

- 2.1 There were no declarations made.

## 3. Matters arising from the previous meeting

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

## 4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on matters relating to the ICO's work including the EU exit and the adequacy bridge, the constitutional and spending reviews, the recruitment of a new Information Commissioner and Elizabeth Denham's appearance in front of the DCMS Select Committee on Tuesday 26 January.
- 4.2 It was confirmed that, with regard to the Companies House Campaign, we are able to demonstrate that we are being sensitive to the impact of COVID19 on companies.

## 5. Risk and Opportunity Management

- 5.1 Louise Byers presented the report outlining the updates to the risk and opportunity register as a result of the recent review by the Risk and Governance Board.
- 5.2 The Committee considered whether there is the need for a new risk in relation to changes to the senior leadership of the ICO. It was agreed that this area is closely linked to the existing risk R88; Future role of the ICO.

**Action:** Corporate Governance to review R88 (or other risks) to ensure that they cover internal changes as well as external factors.

- 5.3 The Committee requested a deep dive into the assurance that the ICO had in place around compliance risk. It was agreed that this report should be produced on an annual basis to be considered by the Committee in April. This would allow the Audit Committee to be assured about compliance prior to it agreeing that the Commissioner should sign the representation letter to the NAO.

**Action:** Report on Compliance Assurance to come to April meeting.

## 6. Business Continuity Policy

- 6.1 The Business Continuity report and policy were presented for information and assurance. It was confirmed that Mazars will be conducting an advisory audit on business continuity, commencing 1 February 2021.
- 6.2 The Committee were assured by the report and policy and thanked Joanne Butler for her hard work in this area.

## 7. Board Succession Planning

- 7.1 Louise Byers presented the report which sets out the approach to Board level succession planning. The report was presented for information and assurance.
- 7.2 The Committee discussed diversity of the Board members and the senior leadership team. It was agreed that there are a number of programmes that are available to help widening the applicant pool for senior leadership roles. Paul Arnold noted that the recent Executive Team recruitment campaign had resulted in a diverse candidate pool. However, while the outcomes of this had increased diversity at Executive Team level, there remained work to do, particularly in relation to increasing BAME representation at senior levels.

## 8. Finance

- 8.1 Andrew Hubert presented the Quarter 3 budget review. Taking into account the current fee income and the revised expenditure, it was highlighted that there is a potential surplus of £1 million forecast for the end of the financial year. He explained that while some of this surplus was due to spend being deferred to the following year, fee income projects were such that management did not think this was creating a risk.
- 8.2 Andrew Hubert presented the report updating on Accounting Standards and confirmed that there are no changes in accounting standards that will impact the year end accounts.
- 8.3 A report was presented to the Audit Committee to seek a decision regarding whether the ICO should produce a trust statement alongside the accounts.
- 8.4 Treasury and DCMS have agreed that there is no requirement for a Trust Statement from the ICO, however the Committee may wish to consider whether the ICO incorporate a Trust Statement into our financial reporting.
- 8.5 It was agreed that it would be preferable to produce a trust statement, as best practice, and to improve transparency on how the finances are managed.

**Action:** Andrew Hubert to liaise with the external auditors to develop a trust statement and circulate an update on timescales to the Committee. The format for the trust statement to be agreed before the Committee's next meeting.

8.6 The Audit Committee noted the procurement awards report.

## 9. Internal Audit

9.1 Peter Cudlip presented the progress report showing that the audits are on track to the end of the year.

9.2 There were no issues raised.

## 10. Outstanding Audit Recommendations

10.1 Christopher Braithwaite provided an update on the workforce planning model recommendation and confirmed that this is now complete. The model had been agreed by the Board at the November meeting.

10.2 All actions from Stakeholder Management have been completed.

10.3 The Committee were assured that the action owners have been informed that recommendations should be completed by 31 March 2021 where applicable.

10.4 It was highlighted that it would be helpful for Stakeholder Management to be revisited and added to the internal audit plan for next year.

**Action:** Corporate Governance to ask for updates on the outstanding actions on a regular basis leading up to 31 March 2021.

## 11. External Audit

11.1 Robert Buysman confirmed that BDO will be delivering the external audit this year and highlighted that this will be the final year for BDO under the current contractual arrangements.

11.2 He highlighted the additional areas of audit focus this year, which will include post Brexit activity and a new audit standards requirement to assess the ICO as a going concern. David Eagles confirmed that going concern was an additional area of focus solely because of the new audit standards requirement, not due to any concerns about the ICO as a going concern.

- 11.3 The Committee and staff present confirmed that they are not aware of any issues relating to oversight of internal controls and counter fraud.

## 12. Annual Report Timetable

- 12.1 Louise Byers presented the timetable for the annual report, which takes account of the lessons learnt last year in delivering the report on time and includes the Remuneration Advisory Panel, to ensure they are involved in the process.
- 12.2 She explained that the ICO was currently producing a separate report to Parliament on our work on COVID19, and planned to publish a report on the achievement of the Information Rights Strategic Plan, to coincide with the end of the Commissioner's term.

## 13. Security Report

- 13.1 Louise Byers presented the report, highlighting that there has been a decrease of security incidents within the reporting period compared to the previous year. We are continuing to see improvements in how the systems are being used.
- 13.2 Mandatory Information Rights Training was undertaken by all staff in December.
- 13.3 Louise Byers confirmed that lessons learned exercises are conducted relating to all disclosures and pro-active training is provided members of staff. There are a number of technical systems also in place to help reduce accidental disclosures.

## 14. Fraud and whistleblowing incidents

- 14.1 The Committee noted the report confirming that there were no incidents reported in the quarter.

## 15. Internal Audit Procurement

- 15.1 Mazars and the External auditors left the meeting for this item.
- 15.2 Louise Byers provided an update on the procurement and presented the report outlining the proposed next steps. The Committee were asked to confirm the preferred approach for the internal audit.
- 15.3 The Committee agreed to take the direct award approach as outlined in the report.