

Audit & Risk Committee– minutes

18 October 2021

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 Corporate Affairs and Governance
Joanne Butler	Head of Risk & Governance
Alan McGann	Head of Cyber Security (for item 8c)

Internal Auditors

Peter Cudlip	Mazars
Darren Jones	Mazars

External Auditors

Robert Buysman	National Audit Office
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Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

1. Introductions and apologies

- 1.1. Apologies were received from Elizabeth Denham. Ailsa Beaton welcomed Jayne Scott, new Independent Audit Committee Member, to the Committee.
- 1.2. The Committee acknowledged and thanked Elizabeth Denham for her work and support in bringing audit and risk forward within the ICO during her time as Commissioner.

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.

4. Deputy Chief Executive Officer's update

- 4.1 Paul Arnold provided an update on matters relating to the ICO's work including the strategic agenda for the organisation and highlighted the recent government consultations that the ICO have recently been involved in.
- 4.2 He confirmed that work is progressing well on the transition to the new Commissioner. He explained that there will be a brief period in December when there will no Commissioner however it was confirmed that the legislation allows for this and the responsibilities will be delegated, including those of the Accounting Officer. Management Board will be reviewing the Scheme of Delegation at their meeting in October to ensure that leadership and accountability for the period between the two commissioners is covered appropriately.
- 4.3 Paul Arnold thanked Louise Byers for the work she has been doing whilst stepping into the role of Director of Finance. The new Director of Finance, Angela Donaldson, will be starting on Monday 25 October and Louise will be providing support and stepping back into the role of Director of Risk and Governance.
- 4.4 The Committee acknowledged that a new Commissioner will have an impact on the organisation, both internally and externally.

5. Operation Chandra update and alignment with NAO "Principles of good regulation" report.

- 5.1 Louise Byers presented the report setting out an analysis of the principles of good regulation and highlighted where there is alignment with the DCMS consultation.
- 5.2 She confirmed that the ICO have already been implementing the good practice outlined in the report when producing our guidance.
- 5.3 The committee discussed the potential contradiction between the proposals in the DCMS consultations to potentially reduce volumes of "lower-level" complaints, and the "citizen-focused" principle in the NAO report. It was confirmed that there is a need to ensure that complaints received are focused on data

protection complaints rather than poor customer service complaints against organisations. This will then allow resources to focus on complaints with the highest risks to the data protection rights. The Committee asked whether NAO had identified any areas where the consultation did not align with their good practice principles. . Robert Buysman explained that he had put the ICO's consultation response team in touch with the authors of the NAO report, and agreed to discuss with DCMS, should the opportunity arise.

6. Annual Report lessons learned

- 6.1 Louise Byers presented the report outlining the lessons learned from the Annual Report 2020/21. She confirmed that strong relationships had been built between the ICO and NAO and it was a positive process, however some areas on the finance side were identified that can be improved.
- 6.2 There is now a need to onboard Deloitte and also to ensure that the new Commissioner is aware of the annual report process and the role of the Accounting Officer in approving the report. .

7. Finance

Depreciation Policy

- 7.1 Louise Byers presented the report asking the Committee to approve the implementation of the recommendation regarding depreciation from the 2020-21 audit undertaken by the National Audit Office.
- 7.2 The Committee agreed to implementing the recommendation outlined in the report to bring the ICO in line with the regulations.

Trust Statement

- 7.3 Louise Byers presented the report outlining the recommendation not to include a Trust Statement in the 2021/22 Accounts and to continue to provide an enhanced disclosure in the accounts.
- 7.4 The Committee agreed with the recommendation outlined in the report to continue to include an enhanced disclosure in our accounts of the collection, write off and costs of our fines, as per the 2020/21 Annual Report.

August 2021 income and expenditure report

- 7.5 Louise Byers provided an update on the mid-year financial position. A report will be considered by Resources Board this week. A potential surplus has been identified which may be used to fund additional business cases.
- 7.6 The Committee discussed the current income levels and noted the importance of considering this alongside the potential new duties for the ICO in the data protection reform consultation.

8. Risk & Opportunity Management

Corporate Risk Update

- 8.1 Joanne Butler presented the report outlining the key changes to the risk register since the last meeting.
- 8.2 The Committee discussed the reduction in the compliance culture risk and asked, while there was strong evidence of the controls being in place, whether there was sufficient evidence that the controls and processes are being adhered to support the reduction of the risk score. Joanne Butler agreed to review the risk score.

Corporate Risk Register annual report

- 8.3 The report provides the Committee with a reflection of the changes to the risk register in the past 12 months.
- 8.4 Jo Butler highlighted that the Risk & Governance Board had considered the report and commissioned further work to ensure that the mitigating actions are providing the correct controls to address the level of the risk to meet target risk scores. This aim was to complete this work in time for the December Management Board meeting.
- 8.5 The Committee discussed the possibility of more than one risk emerging at the same time. It was confirmed that the business continuity response plan looks at all types of events either separately or consecutively and the risk update templates considers interdependencies of risks and risk indicators.

Risk deep dive: ransomware and similar risks

- 8.6 Alan McGann joined the meeting to present the ransomware deep dive providing a summary of the arrangements in place

and work being carried out to mitigate the risk of ransomware threats or similar.

- 8.7 It was confirmed that we are in a strong place with regard to controls and work is being undertaken to focus on recovery and the development of a ransomware playbook. The playbook will include a decision tree which will have been agreed by management to ensure that decisions can be made as quickly as possible when an incident occurs.
- 8.8 The Committee were very supportive of this work and agreed that all relevant staff should be involved in this area of work with additional training and communications carried out across the organisation.

9. Internal Audit

- 9.1 Peter Cudlip presented the progress report and confirmed that the work is on track.
- 9.2 Darren Jones presented the Financial Recovery report which had a finding of Substantial Assurance.
- 9.3 The Committee were pleased with the audit finding of substantial assurance and thanked all the teams involved in the audit for their hard work in ensuring such a good result and implementing the recommendation so quickly.

Action: Corporate Governance to pass on the thanks of the Committee to the teams involved in the Fines Recovery Audit

10. Outstanding Audit recommendations

- 10.1 Chris Braithwaite confirmed that we continue to make good progress with the recommendations. Ten actions have been cleared since the last meeting including the one action from the financial recovery audit.
- 10.2 There is currently one late action. The work on this recommendation is near completion however has been delayed due to illness within the team.

11. External Audit

- 11.1 Robert Buysman highlighted that once the new Director of Finance is on board he will arrange a meeting with Angela

Donaldson and Deloitte. The audit planning report will be presented at the next committee meeting.

12. Overall decision-making governance structure

12.1 Joanne Butler presented the report providing assurance to the Committee on the overall structure.

12.2 It was suggested that further clarity of the role of the regulatory panel be provided, especially with regard to the terminology around the panel being independent.

Action: Wording relating to the Regulatory Panel to be reviewed to increase clarity.

13. Security Report

13.1 It was confirmed that there have been no significant incidents over the first half of the financial year.

13.2 There was a spike in June however we have been unable to pinpoint the reason for this. There are no issues to be overly concerned about and we will continue to review and report any significant issues in the future.

14. Fraud and Whistleblowing Report

14.1 There were no issues raised with the report.

15. Single tender contract awards

15.1 There was one single tender contract award to the BHSF Employee Benefits Limited to ensure continuity of benefits to staff during the current pandemic situation.

16. Any Other Business

16.1 There were no issues raised.

17. Future internal audit provision proposals

17.1 Mazars left the meeting prior to the discussion of this item.

17.2 Joanne Butler presented the report outlining the options for future internal audit provision and asked the ARC to consider the type of model that the ICO may wish to choose when the current provision ends.

17.3 The paper had previously been considered by the Risk & Governance Board and it agreed with the recommendation of

option 6 to explore further the services provided by the Government Internal Audit Agency.

17.4 The Committee also agreed the recommendation of option 6 as outlined in the report.