

Audit and Risk Committee minutes

24 April 2023

Details of attendees are provided at the end of the minutes.

1. Introductions and apologies

- 1.1. Apologies for absence were received from Hannah Parker and Curtis Hodgson.
- 1.2. The Committee welcomed Graham Farrington to his first meeting as part of UKRN's Next Generation NEDs programme. Introductions took place.

2. Declarations of interests

- 2.1. No declarations of interests were made.

3. Matters arising from the previous meeting

Minutes

- 3.1. The minutes of the previous meeting had been approved as a correct record.

Actions

- 3.2. The updates regarding actions from previous meetings were noted.

4. Internal Audit update

- 4.1. Mazars presented reports setting out the findings of internal audits completed since the Committee's last meeting, along with the findings of the follow-up audit and the annual internal audit report.

a) Case Management internal audit

- 4.2. In considering this report, the committee discussed the comments from staff about the functionality of the current case management system and noted the work that had since been undertaken to upgrade this system. The Committee commented that fully implementing the recommendation in this area would be vital.

b) Procurement and contact management internal audit

- 4.3. The Committee commented that the finding of moderate assurance was a good result given the previous limited assurance finding in this area. The Committee received further assurance that there was

now sufficient capacity and experience within the procurement team. Management was confident this would ensure that the issues that had led to that previous limited assurance finding did not reoccur.

c) Risk Management internal audit

- 4.4. The Committee welcomed the rating of substantial assurance and asked whether management had considered procuring specialist risk management software, which may help to further increase risk majority. The Committee was informed that the ICO was currently reviewing whether this functionality may be available through Workday, which had recently been rolled out. If this was not possible through Workday, procurement of an additional system may be undertaken.

d) Guidance development internal audit

- 4.5. The Committee noted the report which gave a rating of substantial assurance.

e) Monetary penalty recording internal audit

- 4.6. The Committee noted the report which gave a rating of substantial assurance.

f) Follow-up audit

- 4.7. The Committee welcomed all recommendations which were due for completion having been completed, which demonstrated continued good performance in this area.

g) Internal audit annual report

- 4.8. The Committee welcomed the overall internal audit opinion of substantial assurance. This demonstrated the level of internal controls operating and the commitment from across the ICO and Mazars to deliver the internal audit programme. The Committee thanked everyone who had been involved in the programme this year for their work.
- 4.9. Ailsa Beaton noted that this annual internal audit opinion would be the last which Mazars conducted as the ICO's internal auditor. On behalf of the Committee, she thanked Mazars for their work as the ICO's internal auditor for the previous years and reflected on the excellent progress that had been made during over this time in the ICO's risks, controls and mitigations. She thanked Mazars for their role in this, and particularly noted the way that they had

consistently provided good and constructive challenge in a very positive and helpful way.

4.10. The representatives of Mazars left the meeting at this point.

5. Deputy Chief Executive Officer's update

5.1. Paul Arnold provided an update on recent activities related to the Committee's remit. He particularly provided an update on progress with the Data Protection and Digital Information Bill (DPDI), the current review of the ICO's funding model, and work to ensure the ICO was in place to deliver the statutory obligations that would be included in the DPDI and the links of this to the Regulatory Action and Activity Corporate Risk (R90). He also provided an update on overall progress with the current change and transformation programme.

5.2. Robert Buysman highlighted the need to ensure that the Annual Report and Financial Statements included relevant disclosures regarding going concern, given the progress with the DPDI Bill.

6. Annual Internal Audit Plan

6.1. Darren Hall and Hannah Plowman presented a report setting out the proposed internal audit plan for 2023/24.

6.2. The Committee highlighted the significant range of change and transformation activity for the ICO at present and asked whether the audit plan had sufficient coverage of this work. The Committee received assurance that this had been considered as part of the internal audit plan and a significant proportion of the audits for 2023/24 would be focused on areas that were part of this change programme. This would be a continued focus in future years. GIAA also provided assurance that the plan would be kept under regular review. The Committee commented that it may be beneficial for GIAA to conduct some advisory work in this area.

6.3. The Committee also discussed the timing for the workforce planning audit, and were assured that this had been scheduled to ensure that current workforce planning work was completed prior to the audit taking place. The Committee commented that an advisory review would be appropriate if the work had not been completed in time for an assurance audit.

6.4. The Committee also discussed the length of each of the audits and GIAA explained that they would vary the lengths of audits as required, following the initial scoping meetings.

- 6.5. The Committee commented that it may be useful for GIAA to conduct follow-up audits to confirm delivery of recommendations throughout the year, rather than waiting until year-end to complete this work.
- 6.6. NAO confirmed that the internal audit programme appeared to have sufficient coverage to provide assurance. GIAA and external audit would have regular communication to ensure this was the case.

Decision

- 6.7. The Committee agreed the annual internal audit plan for 2023/24.

7. Risk and Opportunity Management

- 7.1. Louise Byers presented a report providing the Committee with an update on progress with the risk and opportunity register. She also provided an update on progress with updates to the risk appetite since consideration by Management Board in March, with an updated version of the risk appetite due to be provided to Management Board in May. The Committee welcomed the level of engagement and ownership from Management Board in this work.
- 7.2. The Committee commented that the risk and opportunity scores had been fairly static over the last period and queried whether scores continued to be accurate. The Committee received assurance that management believed the scores were accurate and highlighted that with the five point scoring scale there was scope for risks and opportunities to increase or decrease but not to a sufficient degree to change the score. More nuance to reflect this could be provided in future reports.

8. Finance

a) Most recent income and expenditure report

- 8.1. Angela Donaldson presented a report setting out the income and expenditure report as at the end of February 2023. She also provided an interim update on the year end position, subject to audit, which returned an overall deficit of £0.6m. She confirmed that DSIT had provided one-off funding to cover this deficit.

b) Specialist reports to be commissioned from third parties on areas of particular judgements, estimates or valuations

- 8.2. Angela Donaldson confirmed at present there were no specialist reports that were required this year as part of development of the financial statements.

c) Single tender contract awards

- 8.3. Angela Donaldson presented a report informing the Committee of single tender contracts over £25,000 which had been approved since the Committee's last meeting. The Board noted one of these contracts was extremely close to the £50k limit where approval was needed from Cabinet Office and received assurance that there had not been any efforts to artificially reduce the value of this contract to avoid the need for further approvals.

9. External audit

- 9.1. Michelle Hopton provided an update on progress with this year's external audit.
- 9.2. Michelle Hopton explained that as part of ISO 240 more in-depth requirements were needed in relation to fraud risks and how this was mitigated, and staff from Deloitte had met with Ailsa Beaton as part of this. Michelle Hopton explained that there had been no significant issues arising from this meeting, and advised on best practice that they had observed in other organisations.
- 9.3. A report was scheduled to be presented to the Committee's June meeting to provide more assurance about counter fraud controls.

10. Annual report update

- 10.1. Louise Byers presented a report setting out current drafts of the Audit and Risk Committee's annual report and the Accountability Report (Part B) section of the ICO's Annual Report.
- 10.2. The Committee noted the excellent substantial internal audit opinion and commented that it would be useful to bring this to the forefront of the Committee's own annual report, as an example of the excellent performance throughout the year.

ACTION: Corporate Governance to update the Audit and Risk Committee annual report to reflect the substantial internal audit assurance opinion. Due date: 19/6/23

- 10.3. In relation to the Accountability Report section of the Annual Report, the Committee commented that the Governance statement may benefit from a conclusion giving an overall assessment of the control environment. The Committee also commented that it would

be appropriate to review the current equality and diversity targets to 2024; due to the excellent performance to date, these targets had all almost been achieved and therefore more ambitious targets should be set.

ACTION: Corporate Governance to update the Accountability Report section of the Annual Report to reflect the Committee's comments. Due date: 19/6/23

11. [Audit and Risk Committee annual work programme](#)

11.1. Louise Byers presented a report setting out the Committee's annual work programme. She highlighted the number of items scheduled for the June meeting, which were primarily related to sign off of the annual report and financial statements. That meeting had been extended to ensure sufficient time to cover all items.

11.2. Ailsa Beaton reminded ICO officers and external audit that it was vital to ensure that the final version of the Annual Report and Financial Statements was presented to the Committee's June meeting, to allow the Committee to recommend that the Commissioner sign the report.

12. [Security report](#)

12.1. Louise Byers presented a report providing information on security matters over the last quarter. The Board noted the report.

13. [Fraud and Whistleblowing report](#)

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

13.2. The Committee received clarification that matters referred to Non-Executive Directors in relation to ongoing data protection or FOI complaints were typically considered as service complaints, rather than whistleblowing disclosures.

14. [Any other business](#)

14.1. There were no items of other business.

[Attendance](#)

Members

Ailsa Beaton (Chair)
Ranil Boteju
Jayne Scott

Non-Executive Director
Non-Executive Director
Independent Audit Committee member

Attendees

ICO

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

Internal audit

Peter Cudlip	Mazars (for items 1 to 4)
Jessica Holt	Mazars (for items 1 to 4)
Darren Hall	GIAA
Hannah Plowman	GIAA

External audit

Robert Buysman	National Audit Office
Laura Charmant	Deloitte
Michelle Hopton	Deloitte

Secretariat

Chris Braithwaite	Corporate Governance Manager
Fiona Wilcock	Corporate Governance Officer

Observer

Graham Farrington	UKRN Next Gen NEDs Programme
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