

# Audit and Risk Committee minutes

19 June 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 Plowman and Curtis Hodgson. The Committee welcomed Craig Morton and Mark Toward to the meeting.

## 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 Committee noted the updates regarding actions from previous meetings.

## 4. Deputy Chief Executive Officer's update

- 4.1. Paul Arnold provided an update on recent activities related to the ICO's and the Committee's remit. This included updates on the Data Protection and Digital Information Bill, Treasury's pending approval of our ability to use our reserves to fund transformation work, DSIT's review of the ICO's funding model, work with external consultants in relation to our regulatory risk project, and regulation and use of AI. This latter subject would be discussed at Management Board in July.

## 5. External audit annual report

- 5.1. Michelle Hopton provided an oral update on progress with the external audit of the accounts. She confirmed that the audit was largely complete, with additional testing taking place in relation to a fraud risk regarding capitalisation of expenditure. NAO and Deloitte confirmed that they expected to complete the audit during the current week.

- 5.2. Ailsa Beaton confirmed that a meeting would be held on 30 June to receive the external audit annual report and approve the Annual Report and Financial Statements. A lessons learned exercise had been scheduled to understand how to avoid the need for an additional meeting in future years.
- 5.3. Craig Morton and Angela Donaldson confirmed that they were not aware of any other areas where additional testing was required. They had identified the capitalisation issue highlighted by the auditors but had made the determination at this stage to not make an adjustment, as the errors were not material.

## 6. [Update on Estates, Climate and Environment](#)

- 6.1. Angela Donaldson presented a report giving the Committee assurance on work to manage issues relating to estates, climate and environment.
- 6.2. The Committee discussed the anticipated trends for business travel over the next 12-18 months and received assurance that it was anticipated that travel would remain significantly below pre-pandemic legacies, in part due to additional use of teleconferencing.
- 6.3. The Committee asked for clarification as to whether the new carbon management plan would include setting new targets towards achieving "net zero". Angela Donaldson confirmed that this was the case, and that the plan would be brought to the Committee once prepared.
- 6.4. The Committee also discussed the challenges of accurately reporting energy usage, given the shift to hybrid working following the pandemic. This made comparisons between time periods challenging. Angela Donaldson explained that the Estates team was regularly reviewing reports from other organisations to identify if other best practice towards reporting was emerging, as well as exploring options for benchmarking against similar organisations.

## 7. [Cyber security assurance report](#)

- 7.1. Mike Fitzgerald presented a report giving the Committee assurance on progress towards completing all cyber security standards within the Government's Security Policy Framework. He also provided an update on the current cyber security internal audit.

- 7.2. The Committee discussed the resourcing of the cyber security function. The Committee received assurance that the level of resourcing was appropriate, and that third-party providers were used to supplement in-house staff including providing specialist third-party resources as required. Further recruitment was also currently taking place for in-house staff. The Committee also received assurance of the threat monitoring that was undertaken, which was informed through the ICO's regulatory role as well as through liaison with UKRN and DSIT.
- 7.3. The Committee specifically discussed the recent MOVEit data breach and asked whether the ICO was at risks from this or similar incidents. Mike Fitzgerald assured the Committee that the ICO had no use of MOVEit within its supply chain. He also explained that there were regular reviews of providers and the supply chain for key systems to mitigate risks such as this.

## 8. [ICO Data Protection Compliance](#)

- 8.1. Louise Byers presented a report giving the Committee assurance regarding compliance with the Data Protection Act 2018 and the Privacy and Electronic Communications Regulation 2003. The Committee noted the report.

## 9. [ALB Audit Chair's Assurance Letter](#)

- 9.1. Chris Braithwaite presented a report requesting the Committee to recommend the Chair sign the ALB Audit Committee chair's letter to DCMS.
- 9.2. The Committee asked for clarification regarding whether the ICO had identified any links to individuals or organisations subject to financial sanctions of Russia. The Committee received assurance that no such links had been found. The Committee agreed that it would be appropriate to amend the letter to reflect that.

### **Decision**

- 9.3. The Committee agreed that the chair should sign the ALB Audit Committee's chair's letter to DCMS, subject to the amendment.

## 10. [Audit and Risk Committee Annual Report 2022/23](#)

- 10.1. Chris Braithwaite presented a report requesting the Committee to approve, in principle, the Audit and Risk Committee annual report for 2022/23. The final version would be brought to the

Committee's 30 June meeting for approval alongside the annual report, following completion of the external audit.

### **Decision**

- 10.2. The Committee agreed in principle to approve the Audit and Risk Committee annual report for 2022/23, subject to any further amendments required following completion of the external audit.

### **11. [Annual Report and Financial Statements 2022/23](#)**

- 11.1. Louise Byers and Angela Donaldson presented the draft annual report and financial statements for the Committee's review. The version presented was prior to completion of the external audit and the Committee was asked to review and approve the document in principle, subject to any amendments required as a result of completion of the external audit. The final version would be brought to the Committee's 30 June meeting for the Committee to recommend the Commissioner signs the report.
- 11.2. The Committee commented that it would be beneficial, when the report was considered on 30 June, that any changes from the current version of the report are identified to the Committee separately.
- 11.3. Jayne Scott explained that she had conducted a detailed review of the financial statements with the Finance Team and was confident that they provided an accurate reflection.
- 11.4. The Committee discussed contingency plans should the external audit not be completed in time to allow the Committee to review and recommend the Annual Report and Financial Statements on 30 June.

### **Decision**

- 11.5. The Committee agreed in principle to approve the Annual Report and Financial Statements for 2022/23, subject to any amendments required as a result of completion of the external audit.

### **12. [Oversight of arrangements for compliance with statutory obligations](#)**

- 12.1. Jo Butler presented a report giving the Committee assurance on the compliance arrangements that are in place throughout the ICO.
- 12.2. The Committee welcomed the report and agreed that it was beneficial to continue to receive this report on an annual basis, and

agreed that the level of detail was appropriate. The Committee was informed that the Risk and Governance team would ensure that the information was presented in as user-friendly a manner as possible in future years, including linking to assurance mapping.

- 12.3. The Committee also discussed how the document was used within the ICO to ensure compliance with the objectives.
- 12.4. The Committee highlighted that the third line of defence within the Victims' Code entry was solely that decisions could be referred to judicial review and this should be reviewed.

### 13. Government Functional Standards

- 13.1. Louise Byers presented a report giving the Committee assurance on compliance with the Government Functional Standards (GFS) and plans for future use of GFS.
- 13.2. The Committee welcomed the assurance given in the report and the benefit of continued development towards delivering the GFS. The Committee recommended that it would be appropriate to aim to achieve "better" in some of the GFS, particularly in relation to GovS005: Digital, Data and Technology. Louise Byers confirmed that the target levels for each GFS would be reviewed on an annual basis and it was anticipated that in future years the target levels would progress towards "better" and "best".
- 13.3. GIAA commented that it may be useful for the ICO to explore with their sponsoring department what they considered appropriate target levels for GFS. GIAA also provided an overview of the impact to date of GFS across government departments and ALBs.
- 13.4. NAO highlighted that the Accountability report within the Annual Report should include a statement about use of GFS.

**ACTION: Chris Braithwaite to update the annual report to ensure it includes a statement regarding the use of government functional standards. Due date: 23/6/23**

### 14. Fraud reporting – alignment with functional standard

- 14.1. Louise Byers presented a report giving the Committee assurance on the counter-fraud activities and compliance with the GFS on counter-fraud.
- 14.2. The Committee agreed that the outcome of the fraud risk assessment should be brought to a future meeting.

- 14.3. The Committee also discussed what mandatory training was in place for counter-fraud. Louise Byers explained that counter-fraud was a part of induction training and key behaviour policies, but this would be further developed, and the upcoming fraud risk assessment would inform the prioritisation of this development. She confirmed that the outcomes of this risk assessment would be reported to the Committee.
- 14.4. GIAA confirmed that, at present, they were content that the ICO had an appropriate control environment for counter-fraud.

## 15. Risk and Opportunity Management - Corporate Risk Review outcomes

- 15.1. Louise Byers presented a report giving the Committee assurance on the current corporate risks. She highlighted the increase in the score of the productivity risk, explaining the mitigations that were in place to manage this risk, and that the score had primarily been increased due to the scale of work across the organisation at present.
- 15.2. The Committee requested that further information be provided to facilitate the Committee discussing the planned actions and timelines towards achieving the target score for each risk.

**ACTION: Louise Byers to provide the Committee with a report setting out the actions and timelines towards achieving the target score for each risk. Due date: 16/10/23**

- 15.3. The Committee also discussed whether there should be risks recorded within the register in relation to delivery of ICO 25. Louise Byers confirmed that these were factored into the risks within the register, but highlighted that an additional corporate risk may well be raised in relation to use and regulation of AI.
- 15.4. The Committee asked for further assurance at its next meeting regarding the mitigations to R09: Senior Leadership Resilience, given the level of change and transformation at present. The Louise Byers confirmed that this risk was being reviewed, and the next iteration of the risk review would also factor in the upcoming governance review.

## 16. Business Continuity and Cyber Security update

- 16.1. Jo Butler and Mike Fitzgerald presented a report giving the Committee an update on business continuity and cybersecurity activities over the last six months.

16.2. The Committee noted the report and agreed that it should continue to receive six-monthly assurance updates on business continuity and cybersecurity.

## 17. [Audit and Risk Committee effectiveness review – progress update](#)

17.1. Louise Byers presented a report giving the Committee assurance on progress with delivering the actions identified from the Committee's summer 2022 effectiveness review.

17.2. The Committee discussed future effectiveness reviews, and commented that it would be useful for this to include:

- A review of whether the Management Board felt that Audit and Risk Committee was fulfilling the Board's expectations.
- A review of the requirements of the Audit and Risk Committee within the ICO's future governance structure, to ensure that it was best-placed to deliver these requirements.

17.3. The Committee also commented that it may be particularly useful to hold a joint session with Management Board to ensure that the Committee's approach to overseeing corporate risks aligned with Management Board's expectations.

## 18. [Internal audit](#)

18.1. Darren Hall presented a report giving the Board assurance on progress with the delivery of the ICO's 2023/24 internal audit programme, and update on progress with implementing the outstanding 2022/23 internal audit recommendations. The Committee noted the report.

## 19. [Finance – single tender contract awards](#)

19.1. Angela Donaldson presented a report giving the Committee assurance that no contracts had been awarded on a single tender basis since the last meeting. The Committee noted the report.

## 20. [Any other business](#)

### **Fraud, Whistleblowing and security**

20.1. All attendees confirmed that they were not aware of any fraud, whistleblowing and security incidents since the Committee's last meeting.

### **Year-end process**

20.2. The Committee recorded their thanks to everyone who had been involved in the process of developing the Annual Report and

Financial Statements for their efforts to date in completing this work.

## Attendance

### Members

Ailsa Beaton (Chair)	Non-Executive Director
Ranil Boteju	Non-Executive Director
Jayne Scott	Independent Audit Committee member

### Attendees

#### ICO

Angela Donaldson	Director of Finance
Craig Morton	Head of Finance
Joanne Butler	Head of Risk and Governance
Louise Byers	Director of Corporate Risk and Governance
Mike Fitzgerald	Director of Digital, IT and Business Services (for items 7 and 16)
Paul Arnold	Deputy Chief Executive Officer and Chief Operating Officer (for items 1 to 4)

#### Internal auditors

Darren Hall	GIAA
Mark Toward	GIAA

#### External Auditors

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	Next Gen NEDs Programme
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