

# Audit and Risk Committee minutes

20 June 2024

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

## 1. Introductions and apologies

- 1.1. No apologies for absence were received.
- 1.2. Ailsa Beaton explained that DSIT had not requested the usual ALB Chair's letter this year. The Committee noted that the work to support such a request had been completed, and that email approval would be sought from members if required.

## 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. All actions from previous meetings had been completed.

## 4. Commissioner's update

- 4.1. John Edwards provided an update on recent activities related to the Committee's remit - focusing on the ICO's financial position, the impact of the DPDI Bill not making it through the parliamentary wash-up, and mitigation of the corporate risks arising from international activities.
- 4.2. The Committee noted the undertaking from DSIT to support the ICO as a going concern, and discussed steps taken by the ICO to reduce expenditure and maximise income. The Committee particularly focused on the impact of the recruitment freeze on the ICO's regulatory work.
- 4.3. The Committee asked about the changes to the risk register arising from the election and the delays in legislative reform, and were assured that the risk team was working to update both the political

and financial risks. This will include identifying temporary, short term risks as well as reconsidering the scoring of each risk.

## 5. External audit

- 5.1. Michelle Hopton presented a report summarising progress with the external audit work, unadjusted misstatements, an assessment of controls and any recommendations arising from the audit.
- 5.2. Deloitte, NAO and ICO teams have worked collaboratively and the audit was substantially complete. Outstanding items relate to: pension information from My CSP; Deloitte's post Balance Sheet review; and the Comptroller and Auditor General's review.
- 5.3. The Committee considered the unadjusted misstatements identified during the audit.

### **Decision**

- 5.4. The Committee agreed that the Financial Statements do not need to be adjusted for the immaterial misstatements identified in the report.
- 5.5. The Committee noted that a number of actions from the 2022/23 external audit report had not been implemented. Although they had no material impact on the Financial Statements, these had been repeated in the 2023/24 report.

**ACTION: Corporate Governance to ensure that progress on external audit actions is reported to the Committee in the same way as progress on internal audit actions. Due date: 17/10/24**

- 5.6. The Committee discussed the recommendations, commenting on the need to retain corporate knowledge via an effective handover from contracted Finance staff. The Committee was assured that the Finance team intends to implement the recommendations quickly, so that controls are in place before permanent staff take up their roles. The Committee underlined the importance of a detailed handover of technical areas, which may require additional time and cost.
- 5.7. The Committee discussed the underlying reasons for the resignation of Finance staff towards the year end, noting that the ICO has undertaken a review of exit interviews and developed a new Finance Target Operating Model (TOM) to address lessons learned and risks identified. This will be kept under review, to support the team over the next year. The Committee emphasised the importance of team building when implementing the new TOM.

**ACTION: Angela Donaldson to update the Committee about progress with team building to achieve the new Finance TOM. Due date: 17/10/24**

- 5.8. The Committee thanked the external auditors and ICO team for keeping in mind the lessons learned from the previous year's audit, and working collaboratively to finalise the Annual Report and Accounts in time for the Committee's June meeting.

**ACTION: NAO, Deloitte and ICO attendees at the meeting to pass on the Committee's thanks to everyone within their organisation who had contributed to the Annual Report and Accounts 2023/24. Due date: 18/7/24**

- 5.9. The Committee noted that the letter of representation had not been included in the meeting pack.

**ACTION: Corporate Governance to circulate the draft letter of representation to Committee members for approval by email. Due date: 20/6/24**

## 6. Internal audit

### 6.1. 2023/24 opinion

- 6.1.1. Darren Hall presented the internal audit opinion for 2023/24, which also identified areas of good practice, opportunities for improvements and thematic areas. He thanked the Corporate Governance team and other audited ICO teams for their support during the year.
- 6.1.2. The Committee noted the report, commenting that it was clear, well written, easy to read and in line with the findings of the individual reports received throughout the year.

### 6.2. 2024/25 programme

- 6.2.1. Sarah Self presented an update on progress with the 2024/25 internal audit programme and the implementation of previous actions. The Committee noted GIAA's ARC supplement and a letter from GIAA's Chief Executive about wider insights, both of which had been included as a background paper.
- 6.2.2. The internal audit programme is intentionally fluid to take account of emerging risks, and the Committee noted that a further update will be provided to the October meeting following upcoming discussions about 'placeholder' items.

## 7. ICO accountability framework - compliance

- 7.1. Louise Byers presented a report setting out the ICO's compliance with its own accountability framework, which normally supports the ALB Chair's letter.
- 7.2. The Committee noted the report. The NAO commended this report as demonstrating excellent controls and providing a high level of assurance, demonstrating best practice from which other organisations could benefit.

## 8. Audit and Risk Committee annual report

- 8.1. Fiona Wilcock presented the Committee's draft report for consideration.

### **Decision**

- 8.2. The Committee approved the report for publication on the ICO website, subject to the addition of the highlighted items which were discussed during the meeting.

## 9. Annual report and Financial Statements 23/24

- 9.1. Louise Byers presented the Annual Report and Financial Statements for 2023/24 for consideration by the Committee. As highlighted in the external audit report the pension section was incomplete, due to delays with MyCSP providing the data. A list of organisations whose pension data will be issued before the summer recess is due to be provided by 21 June. If the ICO is included in the list, then the data will be added and audited. If the ICO is excluded from the list, HM Treasury had suggested wording to include in the Financial Statements to be laid in July, and the pension details would be added later via an amendment.
- 9.2. The Committee noted that the NAO will lay the document on behalf of the ICO. Because of the delay to laying dates caused by the election, the Comptroller and Auditor General's office has already undertaken a shadow certification. A further review will be undertaken at the point of certification, checking for any post Balance Sheet events.
- 9.3. The Committee also noted that the contents of the Word document will be transferred to a more dynamic layout by the ICO's graphic design team. No changes are expected, except the inclusion of the pension data, or an explanation about the lack of pension data.

## **Decision**

- 9.4. Subject to no material changes being made, the Committee recommended that the Commissioner sign the audited Annual Report and Accounts and the letter of representation. If material changes are made, the Committee will be asked to formally recommend via email that the Commissioner signs the revised document.

### **10. Business continuity and cyber security update**

- 10.1. Louise Byers presented a report summarising business continuity and cybersecurity activities over the last six months, including the outcome of a recent business continuity test.
- 10.2. The Committee noted good progress on the practical application of policies and procedures over the last year.

### **11. Internal compliance lines of defence**

- 11.1. Louise Byers presented a report setting out the compliance arrangements that are in place throughout the ICO, focusing on assurance activity.
- 11.2. The Committee discussed how the completeness of information can be assured, noting that the content comes from input from business and subject matter experts across the ICO. The NAO commended the report as providing a high level of assurance.

### **12. Corporate risk management**

- 12.1. Louise Byers presented a report setting out the current corporate risks, a deep dive on the compliance risk, an update on compliance with Government Functional Standards, and a review of risk and audit horizon scanning. The risk register is being brought to life in a different format via a Power BI dashboard, which has been developed by the Risk and Governance team's apprentice.
- 12.2. The Committee thanked Lauren Chadwick, commenting that it is good to see that the risk register is a live document which drives conversations within the organisation.

### **13. Finance**

#### **13.1. Income and expenditure report**

- 13.1.1. Angela Donaldson presented a report setting out the ICO's current financial position.

- 13.1.2. The Committee discussed deficit reduction measures, particularly focusing on the tracking of their impact on ICO25 objectives. The Committee was assured that ET is monitoring this, along with any future impact on staff wellbeing or delivery.

### **13.2. Single contract awards**

- 13.2.1. Angela Donaldson presented a report confirming that there had been no single tender contract awards.

### **14. Security report**

- 14.1. Louise Byers presented a report providing information of security matters over the last quarter.

- 14.2. The Committee noted the report.

### **15. Implementation of lessons learned from production of the 22/23 Annual Report**

- 15.1. Louise Byers presented a report providing information on the implementation of lessons learned from the previous year's Annual Report.

- 15.2. The Committee noted the report.

### **16. Any other business**

- 16.1. At their private pre-meeting, the Committee had discussed lessons learned from the ongoing Post Office enquiry with the auditors. The Committee discussed the upcoming Service Complaints internal audit, and the People Committee's monitoring of grievance - both of which could help to provide assurance that trends in complaints were being identified and passed to senior managers and Management Board members appropriately.

- 16.2. No other issues were raised.

## **Attendance**

### **Members**

|                          |                                    |
|--------------------------|------------------------------------|
| Ailsa Beaton OBE (Chair) | Non-Executive Director             |
| David Cooke              | Non-Executive Director             |
| Jayne Scott              | Independent Audit Committee member |

## **Attendees**

### External auditors

|                 |                       |
|-----------------|-----------------------|
| Naseem Ramjan   | National Audit Office |
| Ivy Wong        | National Audit Office |
| Michelle Hopton | Deloitte              |

### ICO

|                  |  |
|------------------|--|
| Angela Donaldson | Director of Finance                        |
| Jen Green        | Executive Director, Strategy and Resources |
| Joanne Butler    | Head of Risk and Governance                |
| John Edwards     | Information Commissioner                   |
| Kate Cuppello    | Finance Contractor (item 9)                |
| Louise Byers     | Director of Risk and Governance            |

### Internal auditors

|                    |      |
|--------------------|------|
| Darren Hall        | GIAA |
| Lyn Bryant-Nichols | GIAA |
| Lynda Oates        | GIAA |
| Sarah Self         | GIAA |

## **Observer**

|               |                              |
|---------------|------------------------------|
| Suzanne Cater | UKRN Next Gen NEDs Programme |
|---------------|------------------------------|

## **Secretariat**

|                   |                              |
|-------------------|------------------------------|
| Chris Braithwaite | Corporate Governance Manager |
| Fiona Wilcock     | Corporate Governance Officer |