

## Audit and Risk Committee

Report title: ARA Lessons Learned

**Meeting date: 24 April 2025**

Time required: 5 minutes

Presenter: Angela Donaldson

Publication decision: Can be published internally and externally.

### Input requested

For ARC members to take assurance of the progress and status with regards to implementation of the lessons learned actions agreed following the 2023/24 external audit.

### Background and summary

Following the 2023/24 external audit, a full lessons learned exercise was completed recognising what worked well and should continue, and what actions should be taken forward to 2024/25 in order to further improve the efficiency of the audit. A report was provided to ARC in October 2024, with subsequent updates being provided regarding progress on implementation of the lessons learned in January 2025. The lessons learned report identified 10 actions and the status update at 31 March is as follows (there is also an appendix showing the full list of actions and status in tabular form):

- 7 actions are fully completed
- 3 actions are in progress

For the 3 actions in progress, 1 is not yet due to be fully completed until 30 June 2025. This action will ensure that the full range of ICO colleagues with areas of audit responsibilities are included in the audit progress meetings during the final audit.

For the other 2 actions in progress whilst these are noted as due by 31 March 2025, these have been taken as far as possible during interim audit. Additional final tests are due at final audit once the financial numbers are finalised:

1. **ECL model** – This has been completed as far as is possible during interim audit. This model was reviewed and refreshed by the Finance Director in 2024/25 and both the Interim Head of Finance and the

Group Manager Financial Accountant have been trained. This ensures that there is wider knowledge and understanding within the Finance team. This model has been tested as planned as part of the interim audit by Deloitte. For final audit, the Finance team have refreshed the model with the final end of year financial updates, ahead of external audit completing testing during the final audit.

2. **Related Party Transactions** - This has been completed as far as possible during interim audit. Final testing to the financial statements will be completed as part of the final audit process.

### Next steps

A further update will be provided to ARC in June.

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Reviewers: Michelle Hopton, Deloitte

Sign off: Jen Green

List of annexes: ARA Lessons learned – progress March 2025

Action	Further details	Action owner	Due date	Progress	Progress update
ARA lesson 1. Both teams agreed to completion of audit planning during Q3 2024/25.	-	Angela Donaldson & Deloitte	20/12/2024	Completed	Planning completed w/b 18/11/24 and w/b 25/11/24
ARA lesson 2. There was agreement to ensure that all business processes would be provided and discussed with audit as part of the audit planning process.	-	Sean Clayton; Angela Donaldson	20/12/2024	Completed	All business processes were provided and discussed with audit as part of the audit planning process.
ARA lesson 4. ICO will create a “skeleton” of the ARA for interim audit to ensure that the auditors can bring forward the FreM disclosures check from final audit.	-	Fiona Wilcock	20/01/2025	Completed	Skeleton provided to auditors 20/1/25 and reviewed during interim. Review points sent to ICO on 20/2/25. ICO provided responses 17/3/25.
ARA lesson 6. There was agreement to commence the 2024/25 final audit a week later than in the previous two financial years.	Commencing the final audit a week later than in the previous two financial years will give the ICO Finance team an extra week to ensure that work on financial yearend can be fully completed before final audit starts. This ensures that week 1 of the audit is more productive and efficient for both teams.	Angela Donaldson	30/06/2025	Completed	Audit fieldwork has been agreed to start on 28/4/25, which is one week later than last year.
ARA lesson 7. Auditors to consider whether to plan audit resources for an additional week to cover final audit to ensure that all review points are fully cleared.	Action for Deloitte: There was a discussion about whether there was a need to plan audit resources for an additional week to cover final audit to ensure that all review points are fully cleared. Audit will consider the need for this at planning stage with due consideration of the other agreed actions which aim to take some pressure off of final audit.	Deloitte	30/06/2025	Completed	The resourcing for both interim and final has been reviewed with additional time included in each phase of the audit to ensure review notes closed on a timely basis.
ARA lesson 8. The ICO will identify the person responsible for each section and time will be set aside to ensure the relevant relationships are established, with audit queries going direct to the relevant owner and not through Finance.	For each section of the audit, the ICO will identify the person responsible within the ICO and time will be set aside to ensure the relevant relationships are established, with audit queries going direct to the relevant owner and not through Finance.	Fiona Wilcock	20/12/2024	Completed	Contact details and responsibilities emailed to audit manager on 14/10/24.
ARA lesson 10: Deloitte will be using introducing a new system called Connect next year, which should address these concerns and allows evidence to be attached to specific audit queries.	Action for Deloitte: The audit used Huddle (the NAO audit software package) however it didn't always alert the auditors to evidence having been uploaded and at times it proved difficult for auditors to find the relevant evidence within the system.	Deloitte	20/12/2024	Completed	All Deloitte contacts have a Connect log on, and have received training

Action	Further details	Action owner	Due date	Progress	Progress update
ARA lesson 3. Complete Related Party Transactions at interim with a follow up on any changes for final audit.	Action for Deloitte.	Deloitte	31/03/2025	In progress	This has been compleetd as far as possible during interim with the final testing to the financial statements being completed as part of the final audit process.
ARA lesson 5. The ICO Finance Director took ownership for the ECL model will ensure handover to both the Head of Finance and the Financial Accountant. This will be audited at interim for 2024/25.	The ICO Finance Director took ownership for the ECL model will ensure handover to both the Head of Finance and the Financial Accountant ensuring sufficient Finance team knowledge and resilience for this key judgement area.	Angela Donaldson & Deloitte	31/03/2025	In progress	The ECL model was completed by the Director of Finance but as part of this work to review for interim she has cross trained both the Head of Finance and the Financial Accountant on this approach, ensuring the knowledge is shared wider across the team. The team will be completing the final update for yearend for final audit purposes. The model and calculation of the provision % was audited as part of the final week of interim. The final ECL provision and calculations will be audited as part of the final audit once the yearend figures are complete. Everything planned for interim has been completed and therefore this on track as expected.
ARA lesson 9. Wider ICO colleagues will be invited to attend the daily and weekly audit progress calls ensuring that they directly own the progress and actions for their areas.	Action for Deloitte	Deloitte	30/06/2025	In progress	This will be actioned for the final audit.