

Audit and Risk Committee –for assurance

Meeting agenda title: Audit and Risk Committee effectiveness review

Meeting date: 17 October 2024

Time required: 10 minutes

Presenter: Louise Byers

1. Objective and recommendation

- 1.1. This report provides an overview of the outcomes of the Committee's second 'light touch' effectiveness review, and recommends a number of actions as a result.

2. Developing a common understanding

- 2.1. In 2022, the Committee used the National Audit Office's (NAO's) Audit and Risk Committee self-evaluation survey to assess its effectiveness. It agreed to use this tool every four years and adopt a lighter touch review annually in the intervening period.
- 2.2. For 2024, the Committee has used the 'light touch' self-evaluation survey, developed by Corporate Governance, for a second time. This review concentrates on five main areas:
 - Risk management and internal control;
 - Financial reporting and the annual report;
 - Internal and external audit,
 - Committee expertise and training; and
 - Committee operation and administrative support.

The three Committee members completed this survey in August 2024.

- 2.3. This paper summarises the outcome of this work and identifies areas of good practice, areas for development and related actions.

3. Matters to consider to achieve objective

- 3.1. Overall, the responses indicated a high level of satisfaction with the current operation and effectiveness of the Audit and Risk Committee (ARC). In every area, the responses indicated that the ARC was operating well, with an average score of 4.67/5 across all topic areas, which represents an increase from an average of score of 4.25/5 in 2023.

- 3.2. In particular, the survey highlighted the following areas of good practice:
- 3.2.1. The stable membership, diversity of skills and experience and the high levels of engagement of Committee members has led to a good level of support and robust challenge and scrutiny from the Committee, particularly in the areas of financial reporting/annual report, risk management and oversight of external and internal audit.
 - 3.2.2. Significant improvements to the annual report and accounts timeline in the last year has resulted in a smoother and more timely approval of the ICO Annual report and Financial statements for 23/24 accounts.
 - 3.2.3. Secretariat support remains excellent with Committee papers being generally of a high quality.
 - 3.2.4. The Committee Terms of Reference remained fit for purpose, with no amendments suggested.
- 3.3. The feedback identified some areas for further consideration and development as set out below. For each area, recommendations have been included for the Committee to consider, to ensure that the ARC continues to function effectively, and in the spirit of continuous improvement:
- 3.3.1. The Committee has a good understanding of its respective role and that Management Board particularly in terms of financial reporting, however, an improved understanding of Management Board's view of the Committee's effectiveness would be beneficial.

RECOMMENDATION 1: Future Management Board effectiveness reviews to include an evaluation of the effectiveness of its three Committees.

- 3.3.2. One member commented that current levels of uncertainty due to external factors demonstrates the importance of ensuring the Committee is kept abreast of current risk hot topics. One member also suggested that further clarity on the Committee's role in assessing how well the risk appetite is understood and used in decision making across the ICO would be beneficial.

RECOMMENDATION 2: The risk maturity action plan to be reviewed at the first ARC meeting of 2025.

- 3.3.2 Having welcomed new internal auditors in April 2023, a review of GIAA's performance in providing assurance and advisory work, and how well management are responding to recommendations was considered to be beneficial.

RECOMMENDATION 3: Request that GIAA provide details of the feedback given to date following its audits. A review of GIAA's performance to be discussed in a private informal session once the feedback is provided.

4. Areas for challenge

- 4.1. Does this summary give the Audit and Risk Committee sufficient assurance as to its effectiveness, and are there any other areas of development that can be identified?
- 4.2. Are there any enhancements which can be made to the "light touch" effectiveness tool for future use?

5. Communications considerations

- 3.4 There are no communications considerations for this report.

6. Next steps

- 3.5 The next steps for this work are to implement the actions and any options agreed by the Committee, and to undertake a similar light touch effectiveness review next year.

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Consultees: Audit and Risk Committee, Jo Butler, Louise Byers, Claire Churchill, Louise Byers, Jen Green

List of Annexes: N/A

Publication decision: This report can be published internally and externally.

Outcome reached: