

Audit and Risk Committee – for assurance

Meeting date: 23 January 2025

Time required: 5 minutes

Presenter: Angela Donaldson

1. Topic

- 1.1. Progress against lessons learned from the production of the 2023/24 Annual Report and Accounts.

2. Objective of this report

- 2.1. To provide the Committee with an update on progress in implementing the actions arising from the Lesson Learned report which was presented to the October ARC meeting.

3. Recommendation

- 3.1. That the Audit and Risk Committee notes the report.

4. Summary

- 4.1. Ten actions were identified in the Lessons Learned report, for implementation by the ICO and by Deloitte.
- 4.2. The key teams for audit liaison at the ICO (Finance, Corporate Governance and People Services) and Deloitte have made steady progress in taking these actions forward: four actions have been completed; a further four are currently in progress, with two not yet started.
- 4.3. Dates have been set to start the remaining two actions: lesson 5 (the ECL model) is scheduled for late January; and lesson 7 (consideration of extended final fieldwork) may be dependent on progress at interim audit.
- 4.4. Feedback from Deloitte indicates that they are broadly content with the progress of audit planning and preparation for the interim audit, scheduled to start on 20 January. A key focus of the planning work has been to ensure that key ICO teams are aware of evidence and information requirements in advance, so that material can be presented to Deloitte promptly. The Finance team is also ensuring that its Ways of Working (e.g. staff presence in the Wilmslow office) are responsive to business need.

- 4.5. A summary of the actions and ICO responses to date is attached in Annex 1.

5. Publication decision

- 5.1. This report can be published internally and externally without redactions.

Author: Sean Clayton

Consultees: Angela Donaldson, Fiona Wilcock

| Task Name | Progress | Assigned to | Due date | Description |
|--|-------------|-----------------------------------|------------|--|
| ARA lesson 1. Both teams agreed to completion of audit planning during Q3 2024/25. | Completed | Angela Donaldson | | Planning completed w/b 18/11/24 and w/b 25/11/24 |
| ARA lesson 2. Ensure that all business processes were provided and discussed with audit to clear this requirement as part of the audit planning process. | Completed | Angela Donaldson; Sean Clayton | | All business processes were provided and discussed with audit as part of the audit planning process. |
| ARA lesson 3. Complete Related Party Transactions at interim with a follow up on any changes for final audit. | In Progress | Sean Clayton | | Related parties list (key staff and disclosed interests) reviewed and shared with Deloitte at planning stage: will repeat exercise for any updates prior to final audit. |
| 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. | In progress | Fiona Wilcock | 01/20/2025 | Skeleton is being developed and will be provided to auditors on 20 January (day 1 of interim fieldwork) |
| 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. | Not started | Angela Donaldson | | 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. This will be audited at interim for 2024/25. Update: contextual briefing for Head of Finance delivered: handover delayed by staff illness but remains scheduled for interim audit. |

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| ARA Lesson 6. There was agreement to commence the 2024/25 final audit a week later than in the previous two financial years. | In progress | Angela Donaldson | | Detail of recommendation: There was agreement to commence the 2024/25 final audit a week later than in the previous two financial years, giving 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. Update: 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. | Not started | | | 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. |
| 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. | Completed | Fiona Wilcock | | Contact details and responsibilities emailed to audit manager on 14/10/24 |

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|--|-------------|--------------|----------|--|
| 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. | In progress | Sean Clayton | | People Services, Finance and Corporate Governance colleagues invited to audit planning updates. We intend to repeat the same pattern for interim and final audit progress calls. |
| 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. | Completed | | | <p>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.</p> <p>Update: All ICO contacts have a Connect log on, and have received training</p> |