

Audit and Risk Committee minutes

17 October 2024

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

1. Introductions and apologies

- 1.1. Apologies for absence were received from Angela Donaldson, Tommy Collins, Lynda Oates and Naseem Ramjan.
- 1.2. The Chair welcomed Sean Clayton and Jack Mullens to the their first ARC 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 that three of the four actions from previous meetings had been completed, and one would be covered under item 9 of the agenda.

4. Commissioner's update

- 4.1. John Edwards provided an oral update on recent activities related to the Committee's remit including: an update on the Data Bill, which is likely to contain the same ICO governance changes as previous draft legislation; key messages from the People Survey; and an update on the ICO's financial position – particularly focusing on the impact of DSIT's fee consultation, and plans for new acquisitions.
- 4.2. The Committee discussed the reputational risks which might arise from the ICO's financial position, especially the optic of the ICO's work to ensure that all organisations pay DP fees for which they are liable. The Committee also noted that fine retention is finance-neutral, as the retained portion covers only the expense of the associated regulatory action.

5. Internal Audit

5.1. Update

- 5.1.1. Sarah Self presented a report setting out progress with the delivery of the ICO's 2024/25 internal audit programme, and the implementation of previous recommendations. The programme is a little behind schedule, due to a resourcing issue which GIAA is addressing. Allied with the changes to the internal audit programme outlined in the report, the plan for the remainder of the year is achievable.
- 5.1.2. The Committee noted that GIAA would be starting conversations with the ICO during the next month or so, to develop the 2025/26 audit programme. The Committee discussed the benefits of having a three-year forward look, ensuring that the highest risks were covered appropriately but also leaving room for a focus on any emerging issues.

5.2. Transformation programme

- 5.2.1. Sarah Self presented a report setting out the findings of the Transformation Programme internal audit.
- 5.2.2. The Committee discussed the decision-making pilot project, running from June to December. The previous range of Boards has been replaced by two new groups which focus on organisational and regulatory risks and report directly to the Executive team.
- 5.2.3. The Committee noted the greater focus on the corporate risk register, and deeper approach to understanding risks, maturity and mitigations. The Committee felt that it would be useful for the wider Management Board to receive a briefing on the pilot project to raise awareness and understanding of decision-making below Board-level.

ACTION: Louise Byers to present a briefing to the first Management Board meeting during 2025, on the governance structures and roles of decision making groups below the Executive team. Due date: 3/2/25

5.3. Conflicts of Interest

- 5.3.1. Sarah Self presented a report setting out the findings of the Conflicts of Interest internal audit, noting that this work focused on the policy related to staff rather than Board members (which was covered separately last year).

- 5.3.2. The Committee discussed how the ICO's policy would have been applied in theoretical situations - such as the types of gifts received during the first 100 days of the new government, the leaking of information about cases, or inappropriate social media posts. The Committee noted the need to reinforce messages, be clear about consequences of non-adherence with the policy, and to robustly deal with any issues through disciplinary procedures.

ACTION: Louise Byers to share the ICO's Social Media policy and Political Activities policy with Suzanne Cater.
Due date: 18/11/24

6. Risk and opportunity management – annual review

- 6.1. Louise Byers presented a report setting out changes to the corporate risk register over the last year, ahead of this being provided to Management Board.
- 6.2. The Committee was pleased with progress in levels of engagement, and deeper staff understanding. The risk maturity landscape will inform further deep dives and help to target areas for further development. The Committee supported the use of case studies to bring alive what the risk appetite means in practice, and how staff can use risk management to deal with tricky issues – noting that further work is planned to tailor case studies to each area of the business.
- 6.3. The Committee noted that it would be useful for the Management Board to understand the positive development in the ICO's approach to risk when it considers this area at its next meeting.

ACTION: Jo Butler and Louise Byers to ensure that the risk report to Management Board includes an explanation of how the ICO's risk management has developed over the last year.
Due date: 18/11/24

7. Audit and Risk Committee effectiveness review

- 7.1. Louise Byers presented a report setting out the outcomes of the "light touch" annual Committee effectiveness review. Members agreed that the findings aligned with their experience of how the group operates.
- 7.2. GIAA confirmed that management response to actions, and wider comments from questionnaires would be discussed at monthly meetings with ICO management in future.

- 7.3. The Committee also discussed the format of the light touch review, which follows NAO audit committee guidelines. The Committee noted that GIAA has also recently issues guidelines, which the ICO should also follow in future effectiveness reviews.

ACTION: Louise Byers to ensure that future effectiveness reviews for Management Board and its subgroups take account of the new GIAA guidelines. Due date: 18/11/24

- 7.4. The Committee suggested that in addition to the questionnaire, future reviews include a short meeting for Committee members to discuss the findings before the report is finalised, to focus the actions on the most important areas.

ACTION: Louise Byers to ensure that future effectiveness reviews include time for Committee members to discuss the findings before the report is finalised. Due date: 18/11/24

8. Annual report – lessons learned

- 8.1. Louise Byers presented a report setting out lessons learned from the completion of the 2023/24 Annual Report and Financial Statements, which was developed along with NAO and Deloitte.
- 8.2. The Committee commended all parties for the smoother audit process during 2023/24, and for demonstrating good practice by undertaking a lessons learned project even when things gone well.
- 8.3. The Committee discussed the importance of bringing work forward in the timetable, and building in spare capacity to help with resilience, noting that the changes to the Finance Target Operating Model (TOM) would also help.

9. Finance

9.1. Management Accounts

- 9.1.1. Jen Green presented a report setting out the financial position and projections to year end. She also gave a verbal update on the most recent position.
- 9.1.2. The Committee welcomed the Management Accounts - which were clear, well written and outlined the improving financial situation - and asked about longer term projections for the next three to five years.
- 9.1.3. The Committee noted that this will depend on the decision about the fee structure, which will influence the level of investment in the workforce strategy and the digital data and automation

work. These figures are currently being developed and should be clearer in Q4.

ACTION: Corporate Governance to update the work programme for the April ARC meeting to include how the medium to long term planning is progressing. Due date: 18/11/24

9.2. Finance Target Operating Model (TOM)

- 9.2.1. Jen Green presented a report setting out progress with developing and delivering the Finance TOM, noting that the introduction of WorkDay had been a particular success in the last year.
- 9.2.2. The Committee thanked Jayne Scott for her support in developing the TOM, and noted that the improvements seen to date are a credit to the Finance team, especially when considered alongside a difficult financial period.

9.3. Implementation of external audit recommendations

- 9.3.1. Jen Green presented a report setting out progress with implementing the recommendations of the 2023/24 external audit.
- 9.3.2. The Committee noted progress to date and planned changes.

10. Security report

- 10.1. Louise Byers presented a report providing information on security matters over the last quarter. The number of incidents has reduced which correlates with the wider trend across other UK organisations.
- 10.2. The Committee discussed the percentage of incidents, noting that the majority are due to human error which is typical for UK organisations. The focus of the report is on learning and reducing the likelihood of future occurrences.

11. Compliance report

- 11.1. Louise Byers presented a report providing information on compliance in various areas - including fraud, whistleblowing, insider trading, single tender contracts and service complaint trends.
- 11.2. The Committee noted the new style of report and particularly discussed the approach to fraud. Although no reports had been

made, the Committee would welcome more explanation about the work the ICO has undertaken to look for fraud in high risk areas.

ACTION: Louise Byers to include additional assurance in future compliance reports to outline work that has been undertaken to identify fraud in high risk areas. Due date: 23/1/25

12. Any other business

12.1. The Committee noted the background papers.

12.2. No other items were raised.

Members:

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

Attendees:

Jen Green	Executive Director, Strategy and Resources
Joanne Butler	Head of Risk and Governance
John Edwards	Information Commissioner
Louise Byers	Director of Risk and Governance
Sean Clayton	Head of Finance

Internal Auditors

Sarah Self	Government Internal Audit Agency
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External Auditors

Jack Mullens	Deloitte
Michelle Hopton	Deloitte
Ivy Wong	National Audit Office

Observer

Suzanne Cater	UKRN Next Gen NEDs programme
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Secretariat

Fiona Wilcock	Corporate Governance Officer
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