



Audit and Risk Committee Meeting Minutes

IPC ARC Meeting No. 19

Wednesday 13 March 2015, 10am to 12pm

1. Attendance

Members: Ms Carolyn Walsh (Chair) (CW), Ms Lyn Baker (LB), Mr Paul Crombie (PC)

In attendance: Ms Elizabeth Tydd (ET), Ms Samara Dobbins (SD), Ms Roxane Marcelle-Shaw (RMS) (Chief Audit Executive), Ms Anwen Rowe (AR), Ms Pamela Robertson-Gregg (O'Connor Marsden) Ms Somaiya Ahmed (Audit Office),

Apologies:

Minute Secretary: Ms Anwen Rowe (AR)

2. Declarations of interest

PC will provide written declaration out of session. IPC to check CW and LB's written declarations are current, in line with the calendar item 7.5.

LB provided additional declarations that she is on the board of the Internal Audit Bureau (IAB) and Chair of the Audit and Risk Committee of IAB. LB stated the board does not discuss materiality/content of work. The Committee **noted** the interest and will manage any conflict in accordance with the normal process if required.

The meeting **noted** this advice.

Action item 1: PC to submit written declarations of interest.

Action item 2: Review CW and LB's written declarations are current.

3. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 18, 3 December 2014 were **approved** and **adopted** by the Committee, and members **acknowledged** these minutes would be proactively released on the IPC's website. Members **noted** the revised IPC Code of Conduct.

Action item 3: Publish minutes of 3 December 2014 on the IPC website.

The Committee **noted** the Rolling Action Report, and the fact that all matters were either complete or on the agenda.

4a. Update from CEO/Information Commissioner

ET provided an update on the IPC dashboard report, noting that the application rate has declined, having a positive effect on timeliness. ET informed members that the IPC would be commencing a channel strategy review, noting there is a need to maximise return on investment into the IPC website. SD is currently seeking quotes for this project.

ET advised the Committee that in future SD would be reporting on the dashboard and GSE Act implementation.

ET advised members on the Treasury reporting schedule and that high level engagement with Treasury was occurring and that cash management reforms are significant.

Regarding the Service Level Agreement (SLA) with the Department of Justice (DoJ), ET informed members DoJ would be taking on further financial responsibilities. Payment for the SLA will be made from current IPC cash reserves and the transfer will occur through intercompany accounts. The agreed SLA cost is \$370,000 per annum. Agreed arrangements are that IPC will pay the remainder of the SLA

cost for this financial year, and next years' full cost, coming to a total of \$740,000 which is within the CEO/Information Commissioner's financial delegation (\$750,000). ET undertook to provide the Treasury cash management reforms circular to members.

Members discussed the risk involved with the SLA activities and payments, noting on advice from the Audit Office, that the Department's request for an advance payment should be written into the SLA documentation, and this arrangement should be discussed with the Audit Office. It was suggested that the CEO should write to the Secretary Treasury to explain the net cost of service increase for this financial year only.

SD informed members this agreement is in principle as the SLA is in draft form. Members **noted** there are two particular risks, including the provision of support as outlined in the SLA, and also the provision of the financial statements. SD informed members the IPC has a contractor engaged to assist with early close, however this contract will finish end of April. Members **noted** there is concern for the end of financial year period.

ET suggested the risk mitigation needs to spell out the provision of annual reports and financial statements in the letter to the Secretary. An issue was raised around the audit and risk process within DoJ and whether IPC should be on their mailing list. Pamela Robertson-Gregg informed members of the SAS70 letter for DoJ and that this should be written into the SLA.

Somaiya Ahmed discussed the risk of errors and that the IPC holds overall responsibility for the financial statements. IPC needs to understand any issues that may arise within the financial statements ensuring that IPC has capability in-house to confirm and understand the financial statements.

CW stated the need to carefully manage the risk associated with the SLA activities and payments.

Members discussed the need for a special meeting on 16/17 September to review the financial statements based on the Audit Office timetable. Members are to advise availability.

ET updated members on two projects including that the IPC scholarship is advancing and regarding the project management consultancy undertaken by Bob McGregor, there is an outstanding issue of impeding on the independent statutory responsibilities of the Privacy Commissioner which may be addressed through consideration of the documents and statutory responsibilities to ensure that statutory responsibilities are preserved.

ET also informed members that the incoming government briefings will be due.

The Committee **noted** the Information Commissioner's oral report.

Action item 4: Provide Treasury cash management reforms circular to members.

Action item 5: Advice to be provided to the Secretary Treasury regarding the increase in the net cost of service.

Action item 6: Somaiya Ahmed to discuss SLA payment arrangement with the Audit Office.

Action item 7: IPC to ensure that the Department's request for advance payment for SLA services is written into SLA documentation for Audit purposes.

Action item 8: Schedule special meeting to review financial statements on 16 or 17 September.

4b. Update from the Chair

No further update from Chair.

5. IPC review

ET informed the Committee of an organisational Efficiency Review of the IPC, being undertaken by the Internal Audit Bureau (IAB). Interviews will be scheduled by Anwen Rowe.

Members **noted** the commencement of the review and agreed to participate if required.

6. Service Level Agreement with Department of Justice

See item 4a).

7. Risk Management 2014-15

Risk Register

RMS updated the Committee on the revised Risk Register, noting that action taken with priority projects had resulted in mitigation of risks.

Members were informed the Risk Register is due for review and the risk profile for 2015-16 is to be considered.

CW congratulated the IPC team on the understanding of the risk process and business planning cycle.

Pamela Robertson-Gregg **noted** there may be changes in the risk profile following on from the Efficiency Review, undertaken by IAB. Members **noted** the business planning cycle may be delayed following the review and that the business plan will need to be cognisant of the outcomes from the review.

The Committee **endorsed** the enhancements to the register.

Action item 9: Risk register to be reviewed in business planning cycle.

Business Continuity Plan post incident review

SD informed members the Business Continuity Plan (BCP) was activated following the Martin Place siege incident and that a post incident review had been conducted.

SD stated the BCP would be reviewed annually, and that this incident served as the review for this period.

The Committee **noted** the activation of the BCP and congratulated the IPC team on the conduct throughout the incident. The Committee also **noted** the subsequent review serves as the review for this year and the findings/recommendations in the review were appropriate and supported.

8. Performance Management Framework

SD informed members a Leadership Group meeting is scheduled for 20 March 2015 to review the draft policies and framework.

A question was raised whether any training or assistance with the requirements for staff would be through the Public Service Commission (PSC).

SD stated IPC will take on the responsibility of training for staff and that the process will be a learning experience for all staff, however guidance from PSC provides very helpful information. The Performance Management process follows on from effective teams and values training.

The Committee **noted** the report in accordance with the PSC Performance Management requirements.

9. Internal Audit

The Committee discussed the progress on the Case Management System audit. Members **noted** the items that are dependent on the SLA with DoJ, along with items that are progressing to 30 June for completion. An Information Services Officer is due to commence at the IPC on Monday 16 March, who will follow up on the recommendations.

RMS outlined the changes to the Internal Audit Manual in line with TTP09-05. It was suggested that when the Treasury policy is finalised, IPC should write to the Audit Office on their view, and to state explicitly our understanding and to ensure our attestations are correct.

The Committee reviewed the changes and **endorsed** the Internal Audit Manual. Members also **noted** the Treasury policy is under review and that IPC should write to the Audit Office to confirm understanding of requirements.

Internal Audit Services report by O'Connor Marsden

Pamela Robertson-Gregg updated members on the outlined high level overview of the proposed audits for 2014/15.

The Committee discussed the upcoming Channel Strategy Review, and whether this should be included in the audit plan. IPC is to consider this for future audits.

Members **noted** IPC management are to meet with O'Connor Marsden to consider the phase two website audit and the business planning and performance management audit and to agree on the audit plan.

The Committee **noted** the current status of the Internal Audit plan.

Action item 10: IPC to write to the Audit Office upon finalisation of the Treasury Policy confirming our understanding of requirements.

Action item 11: IPC management to meet with O'Connor Marsden to consider and agree on the Audit plan.

10. External Audit

The Committee discussed the SLA with the DoJ and early close arrangements, and timing of the September Audit and Risk Committee meeting to review and ensure sign off by the CEO within the Audit Office timetable.

A question was raised with Somaiya Ahmed regarding any code changes, however it was confirmed no significant changes were envisioned.

Pamela Robertson-Gregg discussed compliance and performance audits undertaken by the Audit Office, and Somaiya Ahmed confirmed these would be known within a number of months.

The Committee **noted** the external audit report.

11. Legislative Compliance Register

The Committee discussed the framework and how to ensure that requirements are being met.

LB suggested she may be able to share a good example of a legislative compliance register at the next meeting.

The Committee **noted** the Legislative Compliance Register and **recommended** taking the register into account in the business planning process.

Action item 12: Item 2.21 to be corrected (page 19 of register).

Action item 13: LB to share a good example of a legislative compliance register.

Action item 14: Register to be reviewed in line with business planning.

12. Review of ARC calendar items – quarter 3

The Committee discussed the items falling due for quarter 3. SD informed members of item 4.2 being updated to reflect our understanding of compliance with Treasury policy.

PC raised a question whether there was any known financial risk not reported in papers. The CEO confirmed there is no known financial risk.

ET informed members of an audit by the Office of State Revenue regarding tax. CW requested any recommendations be brought to the Committees attention to monitor.

The Committee **noted** the review of calendar items for quarter 3.

Other business

CW thanked all members for contributions.

Meeting closed at 12.10pm.