



**Audit and Risk Committee Meeting, IPC
Meeting No. 32
Friday 15 September 2017, 2.30pm to 5.00pm
Minutes**

Please note the Meeting Item sequence differs from the Meeting Agenda due to that requirement that the signed Financial Statements had to be sent to Treasury by close of play on 15 September 2017.

1. Attendance

<u>Members:</u>	Ms Lyn Baker (Chair), (LB), Mr Paul Crombie (PC), Mr Malcolm Clinch (MC)
<u>In attendance:</u>	Ms Pamela Robertson-Gregg (O'Connor Marsden), Mr Robert Hayek (NSW Audit Office), Mr David Daniels (NSW Audit Office), Mr Harry Lan (Department of Justice), Ms Elizabeth Tydd (ET), Ms Samantha Gavel (SG), Ms Roxane Marcelle-Shaw (RMS), Ms Chantal Snell (CS)
<u>Apologies:</u>	Mr Ashley Hawkins (Department of Justice, offered by Harry Lan at the meeting)
<u>Minutes:</u>	Ms Catherine Walsh

2. Declarations of interest

PC's updated declaration of interest was received.

LB and MC advised that they will provide updated declarations.

Action item 1: LB and MC will provide updated declarations.

3. External Audit

RH outlined the Client Service Report.

The IPC's Independent Audit Report is unmodified and unqualified. There were no material issues. CS commented that clarification was required with regard to the Lease make-good clause.

RH noted that there had been a number of discussions regarding the Letter of Certification and internal controls. The CEO outlined the background on Control Certificates. An exemption was refused by Treasury and the DoJ will not sign off on the Statements as the DoJ CFO has advised that they were no longer able to provide Control Certificates due to a perceived self-certification process. The advice from Treasury and the DoJ was therefore for the IPC to have a deemed CFO which would fall to the Director Business Improvement.

CS summarised the Controls Certification letter to the CEO due to be sent to Treasury by cob the same day. She advised that the letter contained a number of caveats which were discussed and summarised as:

- Noting the late departure from expected sign off by the DoJ following Treasury approval;
- there was a reliance upon partial certification;
- inability to make any statement with regards to the financial controls for the Privacy Commissioner activities;
- there was a table of deficiencies added to the letter, to recognise the need for a review of financial processes and financial management expertise;
- the letter had been drafted in collaboration with the DoJ Director of Audit and Risk who had provided significant input and review.

The CEO requested that a new risk be added to the IPC Risk Register to reflect the position that the IPC regarding a deemed CFO as a result of the late change in certification processes by the DoJ.

There was a discussion regarding certification forms for the Privacy Commissioner and recognition that it was not possible for the IPC to certify the financial controls for the Privacy Commission. The Committee recognised that this was not a reflection of the IPC.

RH asked how comfort be obtained if the accounts are qualified. Agreed it appeared it was the only practical way forward and advised that Expression of Opinion letter regarding financial controls to CEO should proceed as drafted.

The Chair suggested hiring a consultant on a retainer to act as a Financial Controller/Chief Audit Executive/CFO for the IPC. The CEO advised this has been under consideration and a review may be conducted. The hiring of a consultant would impact on the IPC's budget but noted that it was included as a recognised deficiency.

The Chair noted that the Client Service Report raised the topic of out-dated SLAs. HL stated that there had been no change in the scope of the SLAs. The CEO highlighted that the IPC intended to write to the DoJ to extend the existing SLAs whilst they were reviewed in light of the current services.

The CEO noted that the Management Representation letter would be co-signed by herself and Ashley Hawkins, Director Financial Reporting at DoJ. A draft of the letter was in circulation and the CEO highlighted that there were some items missing including internal audit and internal controls. It appeared that an Appendix was missing and more work needed to be done before signing by 18 September 2017. A copy of the letter would therefore be circulated for comment out of session.

RH noted that the Audit Office would also need to review a draft of the Management Representation letter.

4. Review of Financial Statements

The Financial Statements for year ended 30 June 2017 were circulated separately to the Committee. Some discussion regarding amendments required.

5. Review of ARC calendar items – Quarter 1

Committee members discussed the calendar of items for review in Quarter 1, 2017/18.

Further clarification was requested regarding due diligence checks.

RMS advised that referencing recommendations were within the scope of audit.

The document will be updated with examples (ARC acquittal of Treasury requirements bullet point 4).

The Chair suggested monitoring Privacy integration under Priorities.

RMS suggested two items from the Deficiency List be included.

PC suggested expanding the Review into a three year horizon in line with the IPC's Strategic Audit Plan and Annual Audit Plan and Enterprise Risk Register. He also suggested looking at the Risk Plan to identify Risk Appetite.

The Committee **noted** the review of calendar items for Quarter 1 **noting** all items due for review are acquitted.

6. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 14 June 2017 were **approved** and **adopted** by the Committee.

Members **acknowledged** that in accordance with usual practice these minutes would be proactively released on the Information and Privacy Commission's (IPC) website.

The Committee **noted** the Rolling Action Report and members **noted** all matters which were either complete or on the agenda.

Action item 2: Publish minutes of 14 June 2017 on the IPC website.

7a. Update from the Chair

The Chair was pleased to welcome the new Privacy Commissioner and commended the IPC.

7b. Update from CEO/Information Commissioner

The CEO added she was delighted that the new Privacy Commissioner had joined the IPC.

The CEO thanked Harry Lan and the Audit Office for their commitment to the IPC. Harry commented that the audit in FY 2017 had been more difficult due to a new system and personnel.

7c. Update from Privacy Commissioner

The Privacy Commissioner said she was pleased to be with the IPC and that the staff have been very welcoming.

7d. Update from Director Business Improvement

CS advised that the IPC had received a letter from Treasury outlining future efficiency dividend requirements for the IPC.

Action item 3: CS to follow up with the DoJ Manager Efficiency Effectiveness and impact.

8. Agency Planning and Reporting

RMS briefed the Committee on Agency Planning and Reporting. The Strategic Plan 2017-20 was in place, with the regulatory/business/risk planning process deferred until the arrival of the new Privacy Commissioner. She also advised that a management consultant, Nick Ingram, had been engaged to facilitate the IPC's planning processes and that feedback from Committee members would be welcome as well as their participation in planning meetings.

The tableau dashboard for July 2017 was circulated. RMS commented that clearance rates and timeliness were on-track for information access and improving for privacy. The IPC is now dealing with the tail end of legacy Privacy cases.

9. Risk Management 2016-17

RMS advised the Committee that she had met with Nick Ingram to discuss the upcoming Business and Regulatory Plans and to ensure there is a risk based approach to the planning process. The Risk Register covers the first quarter 2017 and moving forward will also recognise reintegration with Privacy. The IPC is now able to understand and target risks across all IPC functions.

IPC Risk Register Q1/2017-18 noted.

Action item 4: IPC Risk Register to be discussed at next meeting.

10. Internal Audit

RMS outlined details of the draft QAIP and Fraud Policy and the revised internal audit Manual and Charter, and thanked Pamela Robertson-Gregg for her assistance in preparing the documents.

The Committee reviewed the draft QAIP Framework, QAIP Procedure and QAIP Policy, revised Internal Audit Manual and Charter, revised IPC ARC Charter and draft IPC Fraud Policy. The Committee acknowledged the balance struck in all documents in meeting good practice and mandatory requirements for a small agency. The Committee suggested that an additional 'Evidence' column be included in the table in the QAIP Framework.

RMS and CS advised that three RFQs for a new provider for the Internal Audit Service and Plan 2017/18 were emailed on 15 September 2017, noting that the decision to go to market was prudent following a five year engagement, and was no reflection on the excellent services provided by O'Connor Marsden.

Committee members advised they were very welcome to assist in selecting the new provider and CS will contact the Chair to discuss this.

Quality Assurance and Improvement Program (QAIP): Committee feedback on this Program would be welcomed.

The Chair clarified the role of CAE within the QAIP.

On the draft IPC Fraud Policy, the Committee noted that Adam Shapiro from ICAC presented to all staff on Fraud & Corruption Awareness on 17 July 2017 and that Robert Waldersee, formerly of ICAC and now with O'Connor Marsden, was engaged to prepare the draft Fraud Policy document.

The Chair asked how the Policy fitted in with other IPC policies and was advised by RMS that the document operated in the context of the Enterprise Risk Framework, Public Interest Disclosures, Staff Conduct and Single line of sight to CEO. MC suggested an appropriate diagram be included in the document to reflect this.

PC queried the timeframe of strategies.

RMS will report back to the Committee's next meeting regarding implementation of the IPC's Fraud Policy.

Action item 5: A diagram and an additional 'Evidence' column to be inserted in the QAIP Framework.

Action item 6: RMS to contact Chair to discuss Committee member assistance and participation in selecting new provider.

Action item 7: RMS to report back to the next Committee meeting regarding implementation of the IPC's Fraud Policy.

11. Legislative Compliance Register

Noted.

Other business

The Committee requested that future soft copies of the Committee papers contain hyperlinks between Agenda items and associated papers.

Action 8: Executive Assistant to include hyperlinks in future Committee papers.

The Committee confirmed that the next Committee meeting would take place on 29 November 2017 from 2.00pm – 4.30pm.

The meeting closed at 4.25pm.