



Audit and Risk Committee Meeting Minutes

IPC ARC Meeting No. 29

Wednesday 7 December 2016, 3pm to 5pm

1. Attendance

<u>Members:</u>	Ms Lyn Baker (Chair), (LB), Mr Paul Crombie (PC), Mr Malcolm Clinch (MC)
<u>In attendance:</u>	Ms Elizabeth Tydd (ET), Ms Samara Dobbins (SD), Ms Roxane Marcelle-Shaw (RMS) (Chief Audit Executive), Mr Ashley Hawkins (Department of Justice), Ms Pamela Robertson-Gregg (O'Connor Marsden) (via teleconference for agenda item 7)
<u>Apologies:</u>	Mr Robert Hayek (Audit Office)
<u>Minute Secretary:</u>	Ms Anwen Rowe (AR)

2. Declarations of interest

No additional declarations of interest were made.

The meeting **noted** this advice.

3. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 27, 11 August 2016 and Minutes of meeting 28, 16 September were **approved** and **adopted** by the Committee.

Members **acknowledged** these minutes would be proactively released on the Information and Privacy Commission's (IPC) website, other minutes that have not yet been published will be considered for publication by CEO in 2017.

The Committee **noted** the Rolling Action Report, including items 26.1 and 27.1 which are postponed until March 2017. Members **noted** all matters were either complete or on the agenda.

Action item 1: Publish minutes of 11 August and 16 September 2016 on the IPC website.

4a. Update from the Chair

The Chair informed members of recent correspondence with Treasury regarding board and committee reforms, and confirmed the matter is now resolved. The Chair agreed to circulate the correspondence to members for information.

Action item 2: IPC to circulate correspondence between the Chair and NSW Treasury regarding board and committee reforms.

4b. Update from CEO/Information Commissioner

ET informed members of the recent Association of Information Access Commissioners (AIAC) meeting hosted by the IPC including a welcome event held at Parliament House where the Attorney General and the Minister for Innovation and Better Regulation addressed attendees.

ET updated the Committee on the IPC's difficult fiscal environment including a forecast labour expense cap breach and compromised net cost of service. ET informed members that SD recently attended a CFO meeting and it is likely another efficiency dividend will be applied in 2017. ET informed members of recent correspondence issued to the Secretary Department of Justice (DoJ), regarding the IPC's difficult fiscal environment and request for a meeting with DoJ's new Chief Financial Officer.

ET updated members on the GIPA Statutory Review including a recent meeting with the Attorney General to discuss the draft report.

ET informed members the IPC has commenced a major investigation and this will have a budgetary impact. Crown Solicitor's Office has been engaged to assist with the investigation and will be accommodated within the budget envelop and the forward impact has been **noted**.

ET informed members the IPC Annual Report for 2015/16 was tabled as planned. However the Privacy Commissioner tabled a separate report on work and activities, which was provided to the IPC following tabling of the IPC Annual Report. Recruitment for the Privacy Commissioner is underway and it is understood the Public Service Commissioner is responsible for the recruitment process.

The Committee **noted** the CEO/Information Commissioner's report.

4c. Update from Director Business Improvement

SD provided an update on the monthly dashboard report in the revised Tableau format. Members discussed the age profile of open cases in each category, **noting** cases are reviewed weekly with the Manager. Members were informed the IPC has no control regarding age profile of NCAT cases.

SD informed members there were significant issues regarding the financial reporting in the tabled finance dashboard, due to issues with the Department of Justice implementation of SAP and the intercompany process. End of month reporting is incomplete and unreliable due to delay in payments being processed.

Members discussed and **noted** the current financial reporting situation as inadequate and compromised, **noting** the Committee is effectively unable to oversight these risks.

The Committee discussed the employee related expenses around the Privacy team, in particular the recent change in employment conditions applying to staff within the Privacy team and the apparent overspend in employee related expenses. The Committee suggested correspondence may need to be formalised with DoJ agreeing to cover the overspend of the Privacy team expenses. Members also **noted** their concern regarding the management of resources beyond March 2017, and the funding arrangements and suggested IPC request to be consulted by DoJ before any further extensions are issued to the staff of the Privacy Office.

SD informed members there are two risks regarding the overspend in the bank balance or having an excess balance leading to Treasury taking any additional funds.

AH **agreed** to review the actuals and ledgers regarding the banking issues and risks.

Members also discussed the findings of the 'People Matter Survey and the IPC staff survey to identify drivers of engagement and implement effective action. The Committee suggested a further staff engagement survey be conducted following on from the initial results.

The Committee **noted** the Director Business Improvement's report, **noting** the inadequate financial situation and significant increased financial risks for the IPC.

Action item 3: IPC to issue correspondence to DoJ formalising the arrangements for payment of the Privacy team overspend.

Action item 4: AH to review the actuals and ledgers regarding the identified banking issues and risks.

5. Agency Planning and Reporting

The Committee discussed the tabled report and **noted** the recent Strategic Planning process undertaken. Committee members acknowledged the benefits of receiving a copy of the quarterly report to an external audience and requested copies of the quarterly report be provided at future meetings.

The Committee **noted** the report on Agency Planning and Reporting.

Action item 5: IPC to table quarterly reports at future meetings.

6. Risk Management 2016-17

Enterprise Risk Management Policy

RMS informed members the finalised Enterprise Risk Management (ERM) Policy and Framework is being implemented.

Risk Register

The Committee discussed and **noted** the revised register including the outstanding risks in light of the current operating environment.

7. Internal Audit

Pamela Robertson-Gregg joined by teleconference.

Progress on implementation of internal audits

The Committee discussed the progress on the implementation of internal audits, **noting** the recommendations on all audits have been closed out.

Members **noted** the Internal Audits recommendation registers for the Performance Management and Business Reporting Framework, Contract Register will be closed.

The Committee **noted** and **accepted** the two scopes circulated out of session for P-Card and Delegations and the EDRMS implementation, **noting** these would not cover staff within the separate Privacy team.

The Committee discussed the Terms of Reference for the External Assessment of the internal audit function and RMS outlined the approach underway. The Committee **noted** that the Chair would be interviewed in the validation process.

The Committee **noted** the actions underway for the internal audits.

Pamela Robertson-Gregg left the meeting.

8. External Audit

The Committee discussed the tabled Management Letter and **noted** all issues in the previous years' Management Letter were acquitted.

Members discussed the two new matters listed in the Management Letter and **noted** these issues have now been actioned and resolved.

The Committee **noted** the update on External Audit.

9. ARC self-assessment

The self-assessment template was circulated to members on 2/12/16 for completion. Members will complete and return to AR for compilation and **agreed** to meet prior to the next ARC meeting to discuss results.

Action item 6: Members to complete template and return to AR.

Action item 7: AR to schedule 15 minutes prior to the start of the next ARC meeting to discuss results.

10. Legislative Compliance Register

Members discussed and **agreed** the proposed change in the annual review and attestations from quarter 2 to quarter 4.

The Chair sought permission to use the IPC's legislative compliance register to assist another agency with a template. ET agreed to share the register.

The Committee **noted** the Legislative Compliance Register.

Action item 8: LB to provide contact details to AR and AR to forward copy of register to contact including contact details of OCM (who prepared the register initially) and SD for any questions.

11. Review of ARC calendar items – Quarter 2

Members discussed the calendar of items for review in Quarter 2, 2016/17.

Members discussed item 2.3 'Review the extent to which internal and external audit work can be relied upon to detect control weaknesses or fraud' regarding how does the IPC compare to the Audit Office Report on Fraud. Members **agreed** it would be worthwhile for the IPC to familiarise with the report and prepare and implement a formal plan. Members also **noted** the internal audits and whether there should be an increased focus on fraud prevention in the next audit plan.

Members **agreed** the proposed change in calendar item 4.1 'Review system for monitoring compliance with applicable laws and regulations, and associated government policies' from quarter 2, to quarter 4 in line with regular annual reporting requirements.

The Committee **noted** the review of calendar items for Quarter 2 **noting** all items due for review are acquitted.

Action item 9: IPC to review Audit Office report and prepare plan for IPC on prevention and detection of fraud.

Action item 10: Accept proposed change in calendar item 4.1 from quarter 2 to quarter 4.

Other business

The Chair thanked the Committee for the work and achievements throughout 2016.

AH requested copies of the ARC papers for future meetings.

Action item 11: ET committed to check the IPC ARC Charter regarding providing copies of papers to the DoJ representative.

Meeting closed at 4.45pm.