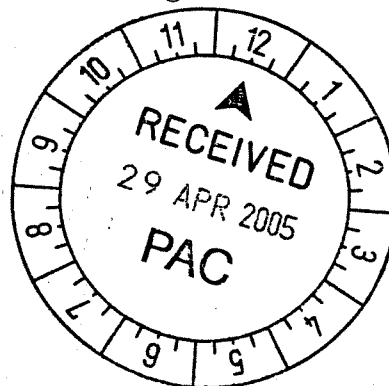




RISK MANAGEMENT & CONSULTING SERVICES
Level 3 507 Kent Street Sydney 2000, NSW
PO Box Q295 QVB Post Shop Sydney NSW 1230
Telephone: (02) 9261 1090 Facsimile: (02) 9267 9325
Email: intaud@iab.nsw.gov.au

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The Committee Manager
Public Accounts Committee
Parliament House
Macquarie Street
Sydney NSW 2000



Dear Sir or Madam

Inquiry - Risk Management in the NSW Public Sector

I wish to provide a submission to the Committee on behalf of IAB Services (Internal Audit Bureau of New South Wales).

IAB Services is a NSW Government Trading Enterprise providing internal audit, risk management and other consultancy services exclusively to the NSW Public Sector. Accordingly, I would like to draw the Committee's attention to the work that we perform in the sector and to offer to provide further information and assistance to the Committee during the Inquiry should this prove helpful.

In facilitating an extensive range of risk assessments and related assignments with Government agencies, we have developed deep insights into the kinds of risks faced by public sector managers and the range of treatment options that are available. We also recognise the constraints within which public sector managers operate, including in the management of human resources, recurrent and capital funding flexibility, management of multiple stakeholders, external reporting and review requirements and the management of political relationships.

Our approach to facilitation of risk assessments and the development of risk management approaches is based on the Australian/New Zealand Standard AS/NZS 4360:2004. The Standard is highly regarded both in Australia and overseas and provides a robust, easily understood approach to the assessment of risks and the development of actions or strategies to address them. The approach in the Standard has been applied successfully in wide range of environments in the private and public sectors, and in a range of different risk contexts.

In addition to a strong methodology, however, a successful risk management approach requires a strong understanding of an organisation's environment to ensure that the right risks are identified and that realistic, achievable approaches are developed to manage them. As a specialist Public Sector consultancy organisation, the Internal Audit Bureau applies an empathetic approach in facilitating improved risk management in our Public Sector clients, based on our extensive experience in the sector.

While we assist agencies to assess and manage specific risks, we also provide advice on improvements to related management systems and processes, organisational culture and structure, and risk-focused internal audit activity. Our specialist risk services include organisation-wide risk management, information technology risk management, project risk management, probity, and investigations in sensitive risk areas like fraud and corruption and disciplinary matters. In addition we provide Internal Audit services to a large number of agencies.

In the light of our experience in the field that is the subject of the Committee's Inquiry, we would be pleased to provide assistance to the Committee in its deliberations, if required, including in the following areas:

- discussion on particular risk types faced by Public Sector agencies;
- discussion of approaches to improving risk management practices, including related systems and processes, in the Public Sector;
- the benefits of robust risk management approaches in the Public Sector; and
- assistance in the analysis of information presented to the Committee during the Inquiry.

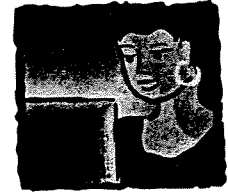
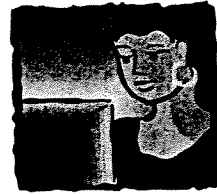
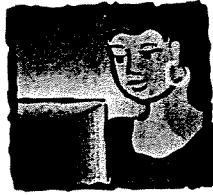
Additional material on the Internal Audit Bureau, our risk management and related services and the range of our NSW Public Sector clients is provided for the information of the Committee in the attachments to this submission.

Thank you for providing the opportunity to make this submission. I would be pleased to provide further information on any of the issues raised in this letter and to discuss the manner in which the Internal Audit Bureau might be able to assist the Committee in its Inquiry.

Yours sincerely

Phil O'Toole
DIRECTOR RISK MANAGEMENT AND CONSULTING SERVICES

Attachment: IAB Services Marketing Brochure



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**DIRECTOR IT RISK
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IAB SERVICES "WHO WE ARE"

OUR MISSION STATEMENT

IAB Services is committed to providing a quality, "value adding" service that will assist agencies to achieve their business goals, improve operational performance and respond effectively to challenges faced.

IAB Services, trading name for the Internal Audit Bureau of New South Wales (IAB), is a leader in the provision of internal audit and related services to government agencies within New South Wales. IAB Services is dedicated exclusively to serving the interests and needs of public sector managers who face unprecedented challenges in balancing the requirements for efficient resource management with effective program delivery.

IAB Services has become the main provider of outsourced internal audit and related services to state government agencies. The IAB has achieved this position through:

- our extensive knowledge of, and expertise in government;
- our competitive fee structure;
- the dedication of our staff who pride themselves on providing clients with cost effective and affordable assurance and advisory services that adds real value;

- our ability to earn and maintain our client's trust and confidence;
- our ability to adapt and quickly respond to client needs;
- the collaborative way that we work with our clients to define and deliver services, based on customer needs;
- our commitment to deliver high quality, timely and practical advice;
- our use of professionals (several of whom were previously SES 2 and above) who understand our client's operating environment and who possess substantial knowledge and understanding of the public sector;

The Public Sector Specialists

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- our ability to mobilize the right people, skills and technologies to help clients improve their performance and manage risk; and
- the reassurance that our clients obtain from being able to quickly and easily contact their nominated IAB Director to obtain advice and to arrange / co-ordinate assignments – i.e. a truly personalised service model approach.

Our range of services is comprehensive, spanning *Government Departments, Statutory Bodies and Trading Enterprise, Trusts, Local Government, Universities and Health related agencies.*

With over 70 professionals available to service the needs of our client organisations we are able to offer services covering a broad range of areas. These include:

- ☛ *Internal Audit and Assurance Services;*
- ☛ *Information Systems Consulting and IT Audit Services;*
- ☛ *General Management Consulting;*
- ☛ *Corporate Governance and Risk Management Advisory Services;*
- ☛ *Investigation Services;*
- ☛ *Accounting and Taxation Services;*
- ☛ *Probity Audits; and*
- ☛ *Employee Performance Improvement Services.*

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Johan.Pelser@iab.nsw.gov.au

THE IAB ADVANTAGE

There are a number of important attributes that differentiate IAB Services from other providers of "outsourced" Internal Audit and related services to government. Public Sector managers who may be assessing the performance and cost effectiveness of their existing "outsourced" Internal Audit service provider are therefore encouraged to compare their current circumstance against the benefits of using the IAB.

Similarly, Public Sector managers who may be considering a move to partially or totally outsource their "in house" Internal Audit function, or who may require a specialist professional to undertake a specific project, will also find the below mentioned attributes of great interest.

THE IAB ADVANTAGE

Public Sector Expertise: management and the professional staff of IAB Services have a substantial knowledge of and extensive experience in the Public Sector environment. The IAB conducts upwards of 800 auditing and consultancy assignments each year. This extensive experience across a broad range of agency types and client organisations has enabled our consultants to gain a very detailed understanding of the challenges, constraints, business systems and risks, management structures and operating environments that exist across the public sector.

Experienced staff and consultants: we have a policy of only staffing the IAB with very experienced officers from the private and public sectors. This gives us the advantage of being public sector specialists with a private sector experience and focus;

Exemption from Competitive Tendering: public sector agencies are able to engage the services of the IAB without the need to obtain quotations from alternative service providers. This saves you time and reduces costs [refer to section 37 *Public Sector Management (Goods and Services) Regulation 2000*].

Personalised Service: because of our size we can offer our clients personalised service delivery. Under this approach a nominated IAB Director will manage the delivery of all IAB services to specific clients. Each IAB Director is available to provide advice and assistance as, and when, required by the client.

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The Public Sector Specialists

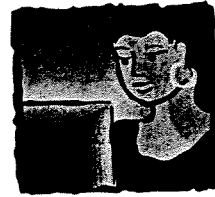
Awareness of Government Initiatives and Policies: IAB Services remains up to date with the latest policy pronouncements by Central Government Agencies (eg Premier's Dept, NSW Treasury etc) and maintains a comprehensive data base of these policy requirements and Best Practice guidelines issued by agencies such as the ICAC and the Audit Office of NSW. A thorough knowledge and understanding of these requirements ensures that IAB Services provides its clients with the most up to date advice on matters that are critical to their operational performance

Service Continuity: as far as possible we ensure that our clients are serviced by the same team of business consultants. This reduces disruption to our clients and allows our consultants to develop a more complete understanding of a client's business risks, it's systems/controls and people; and

Low Fees: as a Government Trading Enterprise, IAB Services is not driven by profit maximisation, but rather the desire to provide quality services on a "cost recovery" basis. Accordingly, being part of the Public Sector family enables the cost of our services to be kept low. Our fee structure is therefore very competitive and represents real savings to our clients.

Proven Methodologies and Tools: IAB Services has a reputation for providing high quality, value adding Internal Audit and Consulting services to public sector agencies based on proven internal audit, risk management and consulting methodologies, approaches and tools;

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IAB SERVICES DIRECTOR PROFILE

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Alf Zawadzki
Managing Director

MANAGING DIRECTOR – ALF ZAWADZKI

Alf is IAB's Managing Director he joined IAB Services in 1990 as a Director of Audit. In this role he provides professional leadership, guidance and direction to a wide range of professionals undertaking diverse audit reviews and management consultancy projects across the IAB Service client base.

Alf has over thirty years internal auditing experience, covering both government and private enterprise mainly in Australia but also in the United Kingdom and New Guinea. His qualifications and professional affiliations include:

- Masters Degree in Accounting and Finance - University of Lancaster, England (1982);
- Fellow CPA
- Chartered Institute of Public Finance and Accountancy (UK) (1978) and
- Member of the Institute of Internal Auditors

The Role Of Our Directors – IAB Service Directors are responsible for the delivery of services to a range of client agencies. Their primary role is to ensure that our services are provided in a seamless and integrated fashion and they act as the key contact between IAB Services and client management. In fulfilling this role they are responsible for working with client management to develop and implement internal audit plans, for preparing project proposals and for project management (including project resourcing, co-ordination and quality assurance). Our Directors also represents IAB Services at client Audit Committee meetings and are available, at all times, to provide advice and assistance to client management.

DIRECTOR RISK MANAGEMENT SERVICES – PHIL O'TOOLE

Prior to commencing with IAB Services in 2001, Phil worked for over 25 years in various management positions within the NSW Public Sector, including 6 years as an SES, Level 2 Director within the NSW Attorney Generals Department. During this period Phil developed particular expertise in implementing organisational and cultural change, restructuring financial management and quality control systems and increasing revenue for Government Trading Enterprises.

Since joining IAB Services Phil has undertaken a wide range of complex reviews, compliance audits and Risk Management Assessments covering approximately 20 NSW Government agencies. He currently manages a team of approximately 10 to 20 experienced and qualified Business Risk Analysts/consultants and has been the leader in a number of complex management consultancy projects. His qualifications and professional affiliations include:

- Diploma in Accounting (Sydney Institute of TAFE)
- Member of the Institute of Internal Auditors

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The Public Sector Specialists

DIRECTOR RISK MANAGEMENT SERVICES – STEVE KENT

Prior to commencing with IAB Services in 2003, Steve spent over 25 years in the private sector in senior executive positions mainly in the financial service industry and also within a number of the "big four" accounting firms.

While working for Arthur Andersen and Ernst & Young he held the position of Director Risk Consulting Services and was responsible for managing a range of internal audit, external audit and risk management consulting assignments (with specific emphasis on IT, project management and revenue assurance) for both private and public sector clients.

Since joining IAB, Steve has undertaken and managed a wide variety of complex reviews, compliance /operational audits and risk management reviews for approximately 20 NSW Government agencies. He currently leads a team of 12-15 highly experienced senior business consultants/auditors. His qualifications and professional affiliations include:

- Bachelor of Economics (Sydney);
- Member of the Institute of Chartered Accountants in Australia;
- Member of the Institute of Internal Auditors.

DIRECTOR RISK MANAGEMENT SERVICES – STEVE VIDOVIC

Since joining IAB Services in 1985, Stephen has successfully managed and provided a range of services to a large number of agencies. Steve was also responsible for establishing the IAB's consultancy/management service and our very successful investigation service. He has extensive experience in managing and controlling complex assignments and producing practical and innovative solutions.

Before joining the Internal Audit Bureau, Stephen spent six years with the NSW Auditor General's Office, where his exposure to a variety of organisations and systems provided the ideal platform for his work within IAB Services. His qualifications and professional affiliations include:

- Bachelor of Business Degree, NSW Institute of Technology (1983)
- Fellow Certified Practising Accountant (1987)
- Member of the Institute of Internal Auditors (1987)

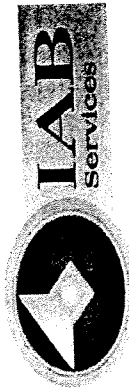
DIRECTOR IT RISK MANAGEMENT SERVICES - JOHAN PELSER

Role - Johan is responsible for leading and managing all information technology audit and consultancy assignments. His primary role is to ensure that these services are provided to clients in a seamless and integrated fashion. In fulfilling this role he is responsible for working with client management to develop and implement IT audit plans and for preparing IT project proposals. He also undertakes a project management role (including project resourcing, co-ordination and quality assurance).

Johan has over 20 years experience in Information Technology (IT) and Risk Management in Australia and South Africa. He has considerable experience specifically in the financial services sector. This experience extends to working in various areas relating to information technology, specifically in systems software support (Systems Programmer), information security (Manager of the Information Security Department) and risk management roles (Head of IT Group Operational Risk Control and CAATs Departments). His expertise and experience in Risk and Security Management spans a range of strategic and technical areas.

Johan has worked for the "big four" accounting firms with clients in both the private and public sectors. His assignments covered external & internal audit, risk management, information security, project governance and other information technology related assignments. He currently leads a team of 12-15 highly experienced senior IT business consultants/auditors. His qualifications and professional affiliations include:

- Master of Commerce – Specialising in Information Technology;
- Higher Diploma in Computer Auditing;
- Certified Information Systems Auditor;
- Member of the Institute of Internal Auditors; and
- Member of the Australian Computer Society.



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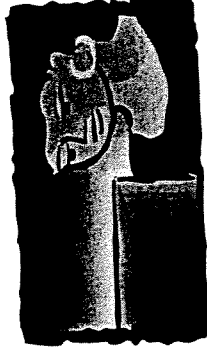
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IAB SERVICES MANAGEMENT STRUCTURE

TREASURER of NSW

IAB BOARD of
MANAGEMENT

MANAGING DIRECTOR
ALF ZAWADZKI

Director
IT Risk Management
and Consulting
JOHAN PELSER

Director
Risk Management and
Consulting
PHIL O'TOOLE

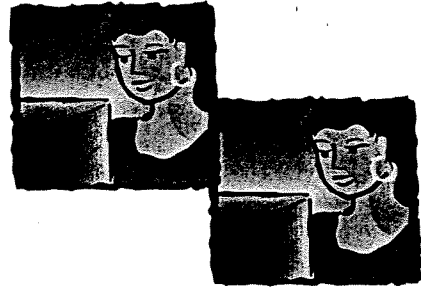
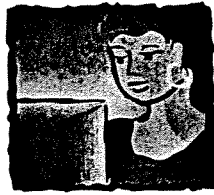
Director
Risk Management and
Consulting
STEPHEN KENT

Director
Risk Management and
Consulting
STEPHEN VIDOVIC

SENIOR IT RISK
MANAGEMENT
CONSULTANTS

SENIOR RISK MANAGEMENT CONSULTANTS

The Public Sector Specialists



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CLIENTS SERVICED BY IAB SERVICES

Clients where IAB services provides a comprehensive Internal Audit service

Aboriginal Affairs (Department of)
Agriculture (NSW) (*now forms part
of Department of Primary
Industries*)

Aging and Disability (Department
of)

Art Gallery of NSW

Australian Museum

Cabinet Office

Cancer Institute (NSW)

Casino Control Authority

Central Corporate Service Unit

Coal Compensation Board

Commission for Children and
Young People

Dust Disease Board

Electoral Office (State)

Emergency Services (State)

Environment Protection Authority
(*now forms part of Department of
Environment and Conservation*)

Film & Television Office (NSW)

Fire Brigades (NSW)

Fisheries (NSW) (*now forms part of
Department of Primary Industries*)

Food Authority (NSW)

Gaming and Racing (Department
of)

Historic Houses Trust of NSW

Housing Office (Aboriginal of
NSW)

Independent Pricing & Regulatory
Tribunal

Judicial Commission

Juvenile Justice (Department of)

Library of NSW (State)

Lotteries Corporation (NSW)

Local Government (Department of)

Maritime Authority (NSW)

Medical Board (NSW)

Mineral Resources (Department of)
(*now forms part of Department of
Primary Industries*)

Mine Subsidence Board

Ministry for the Arts

Motor Accidents Authority (NSW)

Museum of Applied Arts &
Sciences

National Parks and Wildlife (*now
forms part of Department of
Environment and Conservation*)

Premiers Department

Randwick Council

Rural Assistance (NSW)

Rural Fire Services (NSW)

Sporting Injuries Committee (NSW)

State Records Authority

State & Regional Development
(Department of)

Teacher Housing Authority of New
South Wales

Tourism, Sport and Recreation
(Department of)

Treasury (NSW)

Wentworth Area Health Service

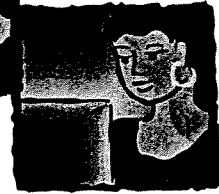
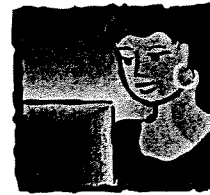
Work Cover Authority of NSW

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The Public Sector Specialists

Clients who frequently engage IAB Services to undertake reviews & consultancies

Ambulance Service of New South Wales
Building and Construction Industry Long Service Payments Corporation
Community Services Commission
Community Services (Department of)
Education and Training (Department of)
Fair Trading (*now Office of Fair Trading*
Department of Commerce)
Department of Health
Department of Commerce
Greyhound Racing (NSW)
Harness Racing Authority (NSW)
Health Care Complaints Commission
Infrastructure, Planning and Natural Resources (Department of)
Ministry of Transport
New South Wales Police
Pacific Power
Port Kembla Port Corporation
Roads and Traffic Authority (NSW)
South Western Sydney Area Health Service
South East Sydney Area Health Service
State Transit Authority
State Sports Centre
State Revenue (Office of)
Sydney Water
Sydney Harbour Foreshores Authority
University of New South Wales
University of Sydney
University of Technology Sydney



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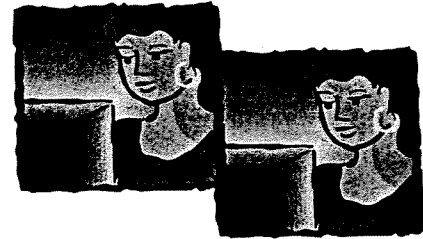
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OVERVIEW OF OUR SERVICES

Since 1985 IAB Services has been responding to the complex and evolving demands of the public sector. To meet the requirements of public sector managers IAB Services has developed specific expertise in delivering to agencies a wide and diverse range of services. These services fall within the following nine service streams:

- *Internal Audit and Assurance Services*
- *Information Systems Consulting and IT Audit Services*
- *General Management Consulting*
- *Risk Management Services*
- *Corporate Governance Services*
- *Investigation Services*
- *Accounting and Taxation Services*
- *Probity Audits*
- *Employee Performance Improvement Services*

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INTERNAL AUDIT AND ASSURANCE SERVICES

INTRODUCTION TO OUR INTERNAL AUDIT SERVICES

IAB Services is a leader in the provision of "outsourced" Internal Audit services to public sector agencies in New South Wales. Currently our clients include *Inner Budget Sector Departments, Statutory Bodies, Trading Enterprises, Trusts, Local Government, Universities and Health related agencies (including Area Health Boards).*

IAB Services offers a broad range of solutions to agencies who are seeking to strengthen their internal control and risk management assurance functions. We can tailor a flexible solution to meet the specific needs of an agency. Our aim is to provide clients with a comprehensive assurance/audit service that is focused on managing areas of business risk exposure.

IAB Services can be engaged to provide client agencies with a fully "outsourced" Internal Audit function or alternatively, IAB consultants can be engaged on a project-by-project basis to undertake specific audit/risk assignments where a client's "in house" audit branch may not possess the prerequisite skills and/or experience/knowledge.

We can also provide experienced Audit Managers to work with your "in house" audit team either to manage the team on a temporary basis, or to assist your "in house" Audit Manager/Coordinator to develop a strategic Internal Audit plan that is "risk based" and which complies with public sector best practice.

THE IAB ADVANTAGE

Our success in providing Internal Audit Services to government is based on the reasonableness of our pricing and the quality of our work. The latter is driven by the excellence of our people, their commitment to our clients and their understanding of the complex and demanding environment in which public sector agencies operate.

Our reputation for providing high quality internal audit and assurance services has been achieved through:

Experienced staff and consultants: we have a policy of only staffing the IAB with very experienced officers from the private and public sectors. This gives us the advantage of being public sector specialists with a private sector experience and focus;

Government knowledge and expertise: our staff having an in-depth understanding of the State Government environment and the political sensitivities that often apply. This experience allows us to effectively assist clients by providing practical, "Best Practice", management oriented advice that complies with Government guidelines, policies and rules;

Partnering with clients: we work hard to foster a "partnership" arrangement with client management and Audit Committees in terms of the development of Strategic and Annual Internal Audit plans and in determining the focus and scope of individual audit assignments; and

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The Public Sector Specialists

Provision of Value adding advice: we are responsive to the need to assist client management, through our audit procedures and provision of contemporary advice, to more effectively deal with their Risk Management responsibilities.

OUR RANGE OF SERVICES

Our range of Internal Audit and Assurance services is extensive and includes the conduct of:

- ☛ Internal Control Reviews – *(where the emphasis is on assessing the effectiveness of the internal control environment with respect to the management of business risks and the identification of value adding process/system enhancements);*
- ☛ Compliance Reviews - *(where the emphasis is on assessing compliance with government/internal policy and legislative requirements);* and
- ☛ Operational/Management Reviews - *(which assess the efficiency and effectiveness of a business function or process).*

Reviews/audits that we undertake cover all aspects of an agency's business operations including both financial and operational functions and activities.

OUTLINE OF OUR AUDIT PROCESS

IAB Partnership Approach- It is our firm conviction, and experience demonstrates, that implementation of a partnership approach is essential to the successful delivery of outsourced internal audit and assurance services. In this regard IAB Directors and consultants work closely with client management to develop a shared understanding of service needs and to respond to service delivery issues as they arise.

Monitor Quality and Performance- IAB Directors monitor both the quality of individual reviews and the overall quality of the service delivered. We also continually review our performance in achieving the objectives identified for the service.

Proper and Thorough Reviews- IAB Directors ensure that reviews are properly and thoroughly undertaken. The aim of this strategy is to ensure the long term integrity of the audit process. Our experienced personnel will ensure we do it once and we do it right the first time.

Reporting- A comprehensive report will be prepared for each audit assignment undertaken, that outlines the objectives and scope of the review and provides findings (together with related risk implications) and recommendations in relation to all matters examined. Recommendations will be framed to "add value" to your organisation and they will be included within an "Action Plan" to aid implementation and follow-up by management and the Audit Committee.

Use Only Highly Experienced People- IAB Services uses only experienced consultants and where ever possible ensures that the same consultant/s continue to serve the needs of a client. This reduces the "learning curve" every time an assignment is undertaken; allows our experienced personnel to better appreciate and concentrate on what is important to the client; and ensures that our services are "value adding".

Potential Savings- It is integral to our audit approach to seek out and identify opportunities for improved efficiency and cost savings. IAB Services consultants have a blend of government and commercial sector experience to support this approach.

Work with External Auditors- We recognise the importance of a co-ordinated, integrated and harmonious approach to the external and internal audit process. We are well attuned to working in cooperation with officers from the Audit Office of NSW.

Participation in Audit Committees- IAB Directors have significant experience participating on Audit Committees and for assisting agencies to establish Audit Committees.

OUR 'RISK BASED' APPROACH TO INTERNAL AUDIT PLANNING

IAB Services has long recognised the need to work with client agencies to focus the internal audit function on areas that can be of most value to a client. The use of a Risk Assessment methodology when framing the Strategic Internal Audit Plan is accepted as the most appropriate way of achieving this focus.

IAB Services applies a risk based audit planning methodology to develop client Strategic and Annual Internal Audit plans. Our methodology follows the Australian Risk Management Standard and satisfies "best practice" guidelines issued by NSW Treasury and the auditing profession.

The outcome of our Risk Based audit planning approach is the preparation of a Risk Profile that identifies the range of "auditable activities" that are present within an agency; describes the risk exposures relevant to each; measures risk levels in terms of agency specific "likelihood" and "consequence" criteria; and evaluates the adequacy of the existing internal control environment.

This Risk Profile is used to create a Strategic Internal Audit Plan. This plan provides a framework for allocating Internal Audit resources by aiding management, the Audit Committee (where established) and Internal Audit to come to a consensus about the program of annual audits to be conducted, when and how often they should be examined, and the nature and scope of each review to be undertaken.



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IT CONSULTING AND IT AUDIT SERVICES

IAB Services offers an extensive range of solutions to help client agencies minimise Information Technology (IT) risk and maximise the value delivered by their investment in IT systems and infrastructure. Our IT consulting, auditing and risk management services cover the full range of our client's IT needs.

THE IAB ADVANTAGE

- Through our extensive experience and skills in Information Technology we assist clients by ensuring the integrity, security, reliability and performance of their critical business processes.
- We offer our clients proven tools and methodologies to assess, control, monitor and measure IT related business risks.
- We are available to assist "in house" internal audit teams in the evaluation and use of leading edge audit and risk management technologies to perform their jobs better, faster and more cost effectively.
- We can customise solutions to ensure our clients achieve a "best practice" IT internal audit function, including "co-sourcing" and "outsourcing" options that deliver up to the minute technical expertise and the business experience required for this specialist function.

OUR RANGE OF SERVICES

Our range of IT services is quite extensive and falls within the following 5 service streams:

- *IT Audit Services (including IT Planning; Delivery & Support; Information Security: Acquisition, development & Implementation)*
- *Security Consulting Services (includes Electronic Information Security AS/NZS 7799 Certification)*
- *IT Risk Management Services*
- *IT Project Management*
- *IT Management Consulting*

Details of some of the IT related services we are able to provide are shown below.

INFORMATION TECHNOLOGY AUDIT SERVICES

Planning & Organisation

- IT Strategic Plan Review
- Project Management Review
- IT Governance
- IT Policies and Procedures

continued over page

The Public Sector Specialists

Delivery & Support

- Help Desk/Problem Management Review
- Call Centre Review
- Data Centre Operations
- Data Back-up & Recovery Review
- Data Centre Environmental Review (Facilities Management)
- Service Level Review
- Third Party Agreements
- Software Licensing

Information Security

- Business Continuity Plan
- Network Security Assessment
- Operating System Security (NT, UNIX, VMS, MVS)
- Database Security Assessment
- WAN Strategic Review
- AS/NZS 7799 GAO Analysis/compliance Assessment
- Web Page Security
- Internet security and Administration
- Email Security & Administration
- Dial-in Gateway Security and Administration
- Intranet Gateway Administration & Security

Acquisition, Development & Implementation

- Application Controls Review
- Acceptance Testing
- Data Migration
- System Interfaces
- System Development Lifecycle Methodology
- Change Control
- End User Computing

IT SECURITY CONSULTING SERVICES

- Security Planning
- IT Security Policy & Strategy
- AS/NZS 7799 Certification
- Business Continuity & IT Disaster Recovery Planning
- Security Alerting
- Security Hardening
- Security Incident Response
- Computer Forensics
- Security Management

IT RISK MANAGEMENT SERVICES

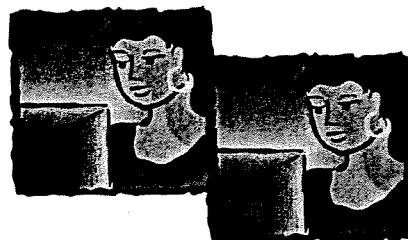
- IT Risk Assessment & General Controls
- AS/NZS 4360 Threat & Risk Assessment
- Project Risk Assurance

IT PROJECT MANAGEMENT SERVICES

- Governance Assurance
- Risk Assurance
- Business Process Assurance
- Project Management

IT MANAGEMENT CONSULTING SERVICES

- IM&T Strategic and Tactical Planning
- Productivity Improvement
- Business Case/Economic Appraisal/Feasibility
- Business Process Modelling and Redesign
- Workflow Analysis and Management
- Tender Preparation, Evaluation, Selection
- Change/Transition Management and Implementation Support
- Vendor Management and Contract Administration
- Electronic Document Management (including document imaging) Information Management



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MANAGEMENT CONSULTING SERVICES

The creation and growth of IAB Services Management Consulting has been achieved as a direct consequence of public sector managers seeking a cost effective alternative to the "big four" and "second tier" accounting/consulting firms.

In addition to providing a "value for money" alternative to the "big four" consulting firms, the IAB has been able to assemble a team of senior business consultants (including accountants, lawyers, engineers, HR experts, environmentalists, etc) who are experts in their respective fields. These experts also possess extensive knowledge and experience within the public and private sectors and have wide ranging experience in applying public sector best practice.

Our business consultants are supported in their work by comprehensive methodologies, approaches and tools designed for a range of contemporary challenges that face public sector managers.

IAB Services is able to offer a large range of *General Consulting Services* covering a variety of topics common to many public sector agencies.

Following is a guide to the types of *General consulting services* that we are able to undertake.

GENERAL MANAGEMENT CONSULTANCY SERVICES

- Benchmarking of services
- Quality assurance and business process improvement
- Process Re-engineering
- Change Management planning and implementation
- Project Management
- Business process mapping, modelling and redesign
- Costing and pricing studies
- Preparation and review of Business Case/ feasibility studies
- Business, strategic and operational planning (*at the work unit, branch divisional or whole of agency level*)
- Policy development and advice
- Formulation of communication strategies

HUMAN RESOURCE CONSULTING SERVICES

- HR Strategic Planning
- Human Resource/employee relations consulting (*work place relations policies and procedures and HR policy advice/guidelines development*)
- Industrial Relations consulting (*consultation and negotiation with staff and unions*)

continued over page

The Public Sector Specialists

- Preparation of workplace agreements
- Workforce planning
- Preparation of induction programs
- Preparation and implementation of staff selection and recruitment processes
- Review of Child Protection policies and procedures (*compliance with relevant legislation*)
- Preparation and implementation of staff training and developed programs
- Review of Occupational Health and Safety strategies, policies and procedures
- Review of Workers Compensation and Return to Work Arrangements
- Training needs analysis
- Recruitment and Selection

CORPORATE SERVICE CONSULTANCY SERVICES

- Corporate Service Reform initiatives (*benchmarking of Corporate Service functions, brokering outsourcing/partnership arrangements, exploring options to share resources with other agencies*)
- Review and/or assistance with the development of agency specific Total Asset Management Plans/ Strategies (*including Capital Investment, Asset Maintenance, Asset Disposal and Office Accommodation Strategies together with links to agency service delivery plans*)
- Property Project Management Services (*including disposals, acquisitions, office accommodation leasing matters and fit outs*)
- Review of Motor Vehicle Fleet
- Review and preparation of Service Level Agreements
- Advice and assistance with the development, review and implementation of revised / re-engineered procurement strategies (*with specific reference to NSW Government Electronic Procurement initiatives, together with the use of "Procurement Capability Tools"*)
- Advice and assistance with the development and monitoring of agency specific annual Procurement Plans
- Advice and assistance with procurement projects (*with specific reference to critical project management and review mechanisms ("Gateway") that form part of the NSW Government Procurement Policy*)
- Preparation and/or review of Business Continuity Management Plans (*this service is covered in more detail under our Corporate Governance and Risk Management advisory Services.*)

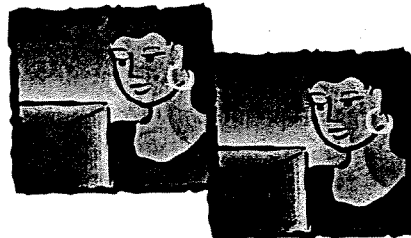
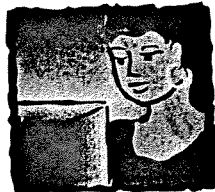
CORRUPTION PREVENTION CONSULTING SERVICES

- Review and/ or development of agency specific Fraud and Corruption Prevention Strategies and related policies (*including Codes of Conduct; Protected Disclosure Guidelines; Internal Reporting Procedures, Conflict of Interest, Gifts and Benefits, Secondary Employment Guidelines etc*)
- Conduct of Corruption Resistance Reviews of high risk functions

OTHER CONSULTANCY SERVICES

- Review and/or development of agency specific Privacy Management Plans
- Preparation and writing of policy/procedure manuals and guideline documents - (*e.g. Accounting Manuals; Operational/Quality Guidelines; Procurement Manuals; Risk Policy Manuals; Motor Vehicle Policy Manuals etc*);
- Review of Environmental Management strategies, practices, policies and procedures

In addition to the above listed General Consultancy Services, IAB Services is able to respond to requests from clients to provide proposals to undertake agency specific *Specialist Consultancies*. IAB Services is well placed to undertake such consultancies as we are able to bring together senior consultants with suitable skill sets who have significant experience in working with public sector agencies



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CORPORATE GOVERNANCE SERVICES

As a result of corporate collapses around the world and reforms being undertaken within the Public Sector, a change of attitude has occurred with agencies being subject to increasing levels of scrutiny of their performance and effectiveness and a much higher expectation being placed on the "governance" arrangements by which agencies are directed and controlled.

What is Corporate Governance?-

The term "Corporate Governance" refers to the structures and processes that support the overall management of the affairs of an agency. While the term has no single accepted definition, it is generally understood to encompass the manner in which "authority", "leadership", "direction" and "control" of an agency is exercised and the manner in which "accountability" and "stewardship" is maintained.

Benefits of a Sound Corporate Governance Framework -

The establishment and maintenance of a sound corporate governance framework within individual agencies is vital and assists managers to:

- enhance their agency's performance;
- better understand and more effectively manage risk;
- strengthen stakeholder and public confidence in the integrity and efficiency of operations;
- enhance the perceived reputation of the agency through enhanced transparency and accountability of decision making;

- demonstrate how they are discharging their legal, social and ethical obligations;
- better manage exposures to possible fraudulent, dishonest and or unethical behaviour; and
- protect the interests of stakeholders and the public.

Corporate Governance

Models - Public sector agencies vary in their organisational complexity, the nature of the goods and services they provide and consume, their size and geographical location/s, their client/stakeholder base and in their social, economic, political and service objectives. Agencies also differ in terms of their management structures with many having governing Boards. Thus there can be no single model of corporate governance however, there are a number of common elements that are the essential building blocks to form a robust and effective public sector governance framework.

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The Public Sector Specialists

How IAB Services can help - Many of the elements of good corporate governance have been put in place in agencies however, the challenge for public sector managers is to ensure that all elements are effectively in place, are fully understood and integrated at a corporate level as a coherent and comprehensive organisational strategy and are being properly maintained.

IAB Services has specialists that can assist your management team to assess the strengths and weaknesses of your agency's governance framework and to recommend improvements where it is found that existing arrangements fall short of contemporary "better practice" principles.

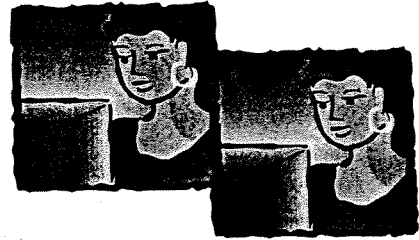
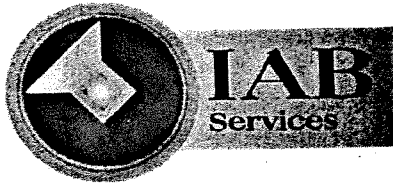
Our aim is to assist CEOs, Boards and senior management to develop, implement and maintain a robust system of governance that fits the particular circumstances of an agency.

Our approach for assessing the robustness of an agency's corporate governance environment is based on a rigorous and proven methodological framework that draws on work performed in this area by:

- the Audit Office of NSW;
- the Australian National Audit Office;
- Standards Australia (AS8000-2003); and
- the Australian Stock Exchange (ASX).

Our methodology also takes into account relevant best practice guidelines issued by agencies such as the Premier's Department, the ICAC, the NSW Ombudsman and NSW Treasury.

Our consultants are also available to assist agencies to develop and implement revised corporate governance arrangements (*including the development of policy and procedure documents and the development and delivery of training in key areas*), where existing arrangements are found to be deficient.



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RISK MANAGEMENT SERVICES

Risk Management within NSW Public Sector - The establishment by Public sector agencies of a systematic and rigorous Risk Management framework and culture is now recognised as being an essential element in the establishment and maintenance of an effective and robust Corporate Governance regime. Research by the NSW Audit Office and Treasury Managed Fund (TMF) however, shows that many agencies, while they are aware of the need to manage risk, have yet to put in place effective risk management practices that meet accepted "better practice" principles. This research also shows that a significant proportion of public sector managers have a less than ideal understanding and knowledge of the government's risk management requirements and expectations.

Need to adopt an "Enterprise Wide" perspective to risk management - Risk management initiatives adopted within agencies have tended to be developed along separate lines (eg OHS, fraud, business continuity etc) in various parts of the organisation. This contrasts with accepted "better practice" that emphasises the importance of risk management being co-ordinated in a systematic and integrated fashion and developed from an "enterprise wide" perspective where all business risks faced by an organisation (ie social, ethical, environmental, safety, financial and operational etc), are considered.

How IAB Services can assist agencies with their risk management requirements - IAB Services has specialists risk management consultants that are available to assist agency management to implement and maintain a "best practice" Risk Management framework that meets the requirements and expectations of government and which is focused on building staff capability and a risk management culture that is embedded throughout all levels of the agency.

Specific services provided by IAB Service Risk Management consultants include:

- provision of advice to agency management on current government requirements and expectations with respect to risk management;
- assessing the appropriateness and effectiveness of existing risk management systems, policies and procedures as well as benchmarking existing arrangements against established "better practice" guidelines and practices that exists within other agencies;
- working with agency management to establish an integrated, "enterprise wide" risk management framework (that draws together all elements of an agency's existing risk management systems) that ensures risk management is conducted in a thorough, consistent and logical way across all areas and functions of the agency;

- providing agency management with appropriate analytical tools and techniques to ensure risks are identified, adequately assessed and prioritised, and that appropriate treatment strategies are employed;
- providing advice and assistance in policy development and the establishment of corporate risk management standards, systems, programs and control structures that will influence the risk management culture and strengthen the capability of the agency to establish and maintain an effective risk management regime;
- conducting and or facilitating the conduct of risk assessments of program/policy areas, business functions, systems and activities, specific projects or a change in business operations;
- assisting in the development of a central register of risks covering both strategic and operational risks;
- working with agency management to evaluate and priorities identified risks and to design possible risk treatments;
- conducting "post incident" investigations concerning instances of system/project failures to identify "lessons to be learned".

Our approach for developing and/or assessing the adequacy of an agency's risk management framework is based on a wide body of knowledge that is drawn from work performed in this area by:

- The Audit Office of NSW;
- NSW Treasury;
- Premier's Department;
- Independent Commission Against Corruption (ICAC);
- Treasury Managed Fund (TMF);
- Institute of Internal Auditors (IIA);
- Committee of Sponsoring Organisations of the Treadway Commission (COSO);
- CPA Australia; and
- Standards Australia.

The role of internal audit in assessing agency risk management arrangements

- It is a key responsibility of senior management of an agency (and the Board, where applicable) to gain assurance that their risk management processes are working effectively and that key business risks are being managed /controlled to an acceptable level.

One of the ways in which management (and the Board) can gain this assurance is to utilise the services of their internal auditor to provide an objective and independent assessment of the extent to which key business risks are being managed appropriately and by providing assurance that the agency's risk management and internal control framework is operating effectively..

IAB Service risk consultants/auditors are ideally placed to provide clients with this assurance service.

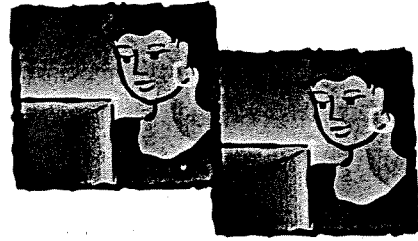
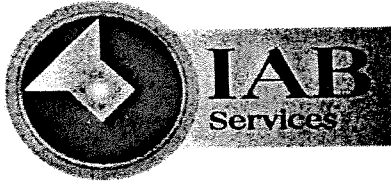
SPECIALIST RISK MANAGEMENT SERVICES OFFERED BY IAB SERVICES

Business Continuity Risk Assessment: -

Government policy requires that all agencies prepare a *Business Continuity Management Plan* that will assist agencies to restore services to the public as soon as possible following an incident. IAB risk consultants are available to assist agency management to conduct the risk analysis necessary in order to prepare and maintain such plans.

Fraud and Corruption Risk Assessment: -

Government policy requires that all agencies undertake and keep up-to-date a profile of the fraud and corruption risk exposures faced by the an agency. The conduct of this risk assessment represents a key element of an agency's Fraud and Corruption Prevention strategy. IAB risk consultants are available to assist agency management to conduct the risk analysis necessary in order to prepare plans and strategies aimed at and reducing an agency's exposure to fraud.



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IAB INVESTIGATION SERVICES

IAB's investigators are recognised and respected across the public sector for their expertise in handling complex and sensitive investigations. Our investigators have developed a reputation of delivering independent, objective and impartial advice and recommended actions of the highest standard.

Our strong record of achievement in this difficult and complex field is illustrated by the number of investigations that we are called upon to undertake (140 investigations in 2003/04) and the number of agencies who invite us back to conduct further investigations.

Our investigators have extensive knowledge, experience and training in matters critical to conducting successful investigations and fact finding inquiries within the public sector environment, including extensive experience in dealing with a range of key public sector agencies. These agencies include:

- ICAC;
- NSW Ombudsman;
- Police Service;
- Audit Office of NSW;
- NSW Privacy Commissioner;
- Government & Related Employees Appeals Tribunal (GREAT);
- Administrative Appeals Tribunal;
- Office of Industrial Relations;
- Commission for Children and Young People; and
- Anti Discrimination Board.

RANGE OF INVESTIGATIONS UNDERTAKEN

Our investigators have specific expertise in conducting a wide range of investigations and disciplinary inquiries. The schedule below outlines the range of services we are able to provide. We investigate allegations of:

- fraud and theft
- corruption, mismanagement and maladministration
- bullying and harassment
- harassment (of a sexual/race based nature)
- child protection inquiries
- discrimination and other employment related grievances
- assault on clients/ staff/members of public
- use of alcohol and other drugs within the work place
- poor performance
- general misconduct (including matters concerning a breach of an agency's Code of Conduct eg inappropriate use of the internet etc)

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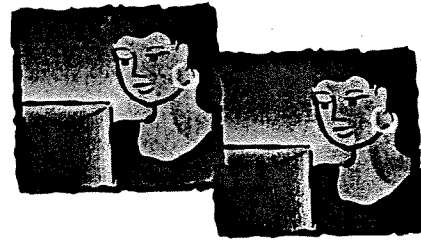
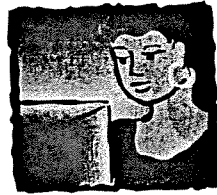
The Public Sector Specialists

Our investigators are highly skilled and experienced in the conduct of investigations into Protected Disclosures, ensuring that an agency complies with its statutory obligations under the *Protected Disclosures Act 1994*.

IAB investigators can also assist agencies with:

- investigations and report required by the ICAC under section 54 of the *ICAC Act 1988*
- investigations and reports required by the Anti Discrimination Board
- mediation
- post investigation debriefings for the relevant staff involved where appropriate the identification of substantial systemic and policy and procedural deficiencies
- the identification of substantial systemic and policy and procedural deficiencies

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LAB ACCOUNTING AND TAXATION SERVICES

LAB Services offers a range of accounting and tax related services to public sector agencies. These services include:

TAXATION SERVICES

- GST compliance and advising
- FBT compliance and advising
- Payroll Tax compliance
- PAYG compliance

ACCOUNTING SERVICES

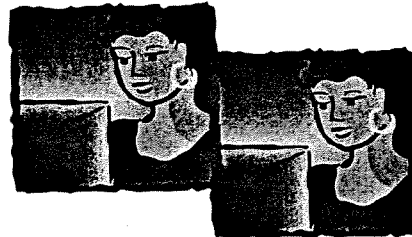
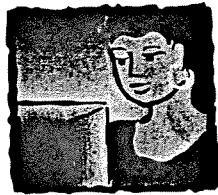
- Advice regarding application of Accounting Standards (including Australian International Financial Reporting Standards)
- Assistance with the preparation of Annual Financial Accounts
- Preparation of monthly returns
- Finance Systems Health Check
- Development and/ or advice regarding Accounting policies

OTHER ACCOUNTING RELATED SERVICES:

- Grant Acquittals – provision of Audit Certificates
- Analysis of Leaseholder financial records to confirm lease fees payable
- Superannuation compliance
- Development of Finance related Service Level Agreements
- Review the adequacy of Financial Reporting to Executive and Boards of management

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The Public Sector Specialists



IAB PROBITY AUDIT SERVICE

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All public sector agencies need to have internal mechanisms in place to ensure that probity considerations are routinely taken into account in their decision making processes, so that all decisions can withstand public scrutiny. However, circumstances do arise where an agency may consider it appropriate to engage the services of an independent person to verify that processes followed by an agency are consistent with Government regulations and best practice principles.

The decision to engage an independent Probity Auditor would normally arise:

- where the integrity of a process may be called into question;
- where a project is politically sensitive and/or potentially controversial;
- to avoid a perception of bias/favouritism;
- where the project is extremely complex; and/or
- where there were substantial costs involved in preparing submissions or there is substantial Government funding involved.

How IAB Services can help. - IAB Services probity auditors possess extensive knowledge and experience in Probity Auditing (or Probity Advising). This, coupled with our independence, allows us to offer objective and professional advice in line with public sector best practice guidelines.

Scope of IAB Probity Auditors Role - IAB Services Probity Auditors work with client management to develop a

customised probity audit approach. Generally, this will involve the Probity Auditor being involved in the

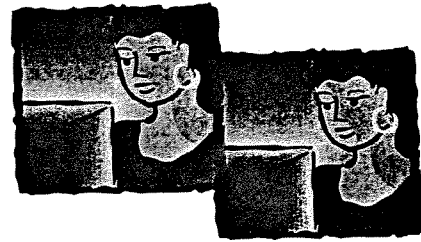
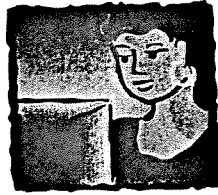
following key elements;

- Conducting a risk assessment, prior to the commencement of the project, to identify possible probity concerns;
- Acting as an independent observer and commentator of relevant processes throughout the life of a project;
- Scrutinising the process to determine whether relevant government guidelines and policies are being followed;
- Ensuring that the process has been impartial and fair with no party being given advantage over another;

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The Public Sector Specialists

- Ensuring that all relevant participants in the process are aware of their responsibilities to disclose conflicts of interests
- Reviewing documentation to ensure an appropriate level of accountability has been maintained;
- Assessing arrangements to ensure the confidentiality of information;
- Providing reports to management based on predetermined milestones, or as requested, or when considered necessary, to provide a record of the process confirming that probity has been observed; and
- Preparation of a signed, written final report expressing the probity auditor's opinion as to agency's performance and which highlights significant findings and recommendations



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EMPLOYEE PERFORMANCE IMPROVEMENT SERVICE

NSW public sector agencies are required to establish performance management policies and processes. The introduction of performance management systems is seen as an important mechanism to improve the productivity, efficiency and effectiveness of public sector organisations.

Policy and guidelines issued by the Premier's Department requires that agencies implement arrangements that meet the principles underlying performance management and which address minimum standards that are to apply across the public sector, including the establishment of systems to manage poor performance.

IAB Services recognises that many agencies have yet to establish effective performance management systems that are appropriate to the needs of the agency, and which ensure that issues of poor performance are properly managed.

To assist agencies to better deal with their responsibilities IAB Services has developed a range of services that will improve the way in which employee performance is managed across an agency

These services include:

- Working with agency management to develop and establish an effective performance management system that satisfies the principles and meets the standards required of such a system
- Quality Assurance reviews of an agency's existing performance management system, and the subsequent modification of the system to ensure it remains relevant and appropriate to the needs of the agency
- **Establishing systems for managing Unsatisfactory Performance
- **Case Managing instances Unsatisfactory Performance
- Developing Workforce Management strategies

***To assist agencies to better manage staff performance related issues IAB Services has developed an "Improving Conduct and Performance Toolkit". IAB Services' Human Resource specialists will tailor the toolkit to meet the specific needs of an agency and are available to assist and train agency management to use and implement the toolkit across operational areas.*



The Public Sector Specialists



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PRODUCT INFORMATION

INTERNAL AUDIT & ASSURANCE SERVICES

Our range of Internal Audit and Assurance services is extensive and includes the conduct of:

- Internal Control Reviews – (where the emphasis is on assessing the effectiveness of the internal control environment with respect to the management of business risks and the identification of value adding process/system enhancements);
- Compliance Reviews - (where the emphasis is on assessing compliance with government/internal policy and legislative requirements); and
- Operational/Management Reviews - (which assess the efficiency and effectiveness of a business function or process).

Reviews and audits undertaken by IAB Services cover all aspects of an agency's business operations including both financial and operational functions and activities. It is not possible to list all functional areas/activities that IAB Services has expertise in reviewing as the majority of our assignments are tailored to meet a client's unique and specific needs, however, we have identified an range of "common" public sector business functions/activities for which we have extensive experience and expertise in assessing from and "control" and "risk" perspective.

Examples of these business functions are listed below

FINANCIAL MANAGEMENT ISSUES:

- Accounts Payable Function
- Payment Performance
- Electronic Funds Transfer
- Electronic Procurement
- Procurement arrangements generally, including compliance with NSW Government Procurement Policies
- Petty Cash /Cash Float Arrangements
- Corporate Credit Cards
- Procurement Cards and Expense Management Systems (EMS)
- Staff Travel
- Entertainment Expenses
- Administration of Grants
- Engagement and Use of Consultants
- Accounts Receivable Function
- Licensing, permit and other revenue systems
- Revenue receipting, cash handling and banking (including EFTPOS)

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The Public Sector Specialists

ASSET CONTROL:

- Asset Management – recording (asset registers), physical security, stock-take and disposal arrangements
- Total Asset Management arrangements, including compliance with NSW Government TAM policy guidelines
- Inventory Management

PAYROLL & HR:

- Payroll Processes
- SES Payroll
- Leave Management
- Personnel Related Issues

LEGISLATIVE COMPLIANCE:

- Compliance with Annual Reports Legislation
- Compliance with Central Agency Requirements and "better practice" guidelines
- Compliance with Public Sector Employment and Management Act
- Compliance with client agency enabling legislation

OTHER COMMON FUNCTIONS:

- Contracts Administration
- Motor Vehicle Fleet Management
- Shop/Retail Operations
- Venue Management
- Records Management
- Office Accommodation/ Property Management
- Intellectual Property
- Catering Services
- Insurance Recoveries and Claims Management- including Workers Compensation arrangements

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