

## AUDIT AND RISK COMMITTEE MINUTES

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<b>Date:</b>	Friday, 25 September 2020	<b>Meeting Number:</b>	47
<b>Location:</b>	<u>Skype</u> Information & Privacy Commission NSW Level 17 201 Elizabeth Street Sydney NSW 2000		
<b>Time:</b>	In Camera commence at 10:00 (IPC 10:30-12:30)		
<b>Members:</b>	Mr Paul Crombie (Chairperson) (PC) Mr Malcolm Clinch (MC) Ms Marcia Doheny (MD)		
<b>In attendance:</b>	Ms Olive Ferino, Audit Office (OF) Ms Weini Liao, Audit Office (WL) Ms Judy Malpas, O'Connor Marsden (JM) Ms Sonia Minutillo, Information & Privacy Commission (SM) Ms Pamela Robertson-Gregg, O'Connor Marsden (PR) Ms Elizabeth Tydd, Information & Privacy Commission (ET) Ms Jessica Kavanagh, Information & Privacy Commission (JK) Mr Anish Patel, Department of Customer Service (AP) (for finance discussion) Ms Alexis Mitchell, Department of Customer Service (AM) (for finance discussion)		
<b>Minutes:</b>	Lynley Mattes, Information & Privacy Commission (LM)		
<b>Apologies:</b>	Ms Samantha Gavel, Privacy Commissioner, Information & Privacy Commission (SG) Mr David Marcus, Information & Privacy Commission (DM) Mr Clinton Gould, Department of Customer Service (CG) (for finance discussion) Ms Rachel Bindner, Information & Privacy Commission (RB) (for finance discussion)		

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### ITEM

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- 1. In Camera Discussion**  
Audit and Risk Committee activities with Internal & External Audit
  - 10:00-10:15 – O'Connor Marsden
  - 10:15-10:30 - Audit Office
- 2. Attendance & Chair Welcome**
- 3. A Declarations of interest & Disclosures**  
LM noted the apologies from Samantha Gavel & David Marcus.
- 4. A Minutes of previous meeting 26 June 2020 & 4 August 2020**  
The Minutes of 26 June 2020 & 4 August 2020 were endorsed by the Committee.  
**Action Item: LM to finalise and publish on IPC website.**

## **B Rolling Action Report**

SM spoke to the Rolling Action report.

45.06: Explanation provided. No major refusal or disagreement. SM to speak to new counterpart and then arrange a meeting with the Chair.

**Action Item: SM to advise Chair of meeting details with DCS regarding the sharing of internal audit reports.**

44.2: Included in Item 6.

42.6: ET spoke to Cyber security training as having been undertaken by the IPC. SM to arrange for a presentation from CyberSecurity NSW to the ARC at the November meeting.

**Action Item: SM to arrange for CyberSecurity NSW to present to the board at next meeting of 27 November 2020.**

42.1: Queried by MD. ET explained that SM engaged heavily with SARA and IPC inputted into their factsheet and have also described on our Regulatory Plan that we will provide an additional piece of guidance to councils. Digital factsheets are to be launched during Right To Know (RTK) next week and another underway about the Digital Restart Fund (DRF).

## **5. A Update from the Chair**

The Chair observed that it is that time of year when everyone is working on financial statements and such. Nil to report.

## **B Update from the CEO/Information Commissioner**

Item 1 – Deficit of 505k and attached submission through DCS to Treasury and a paper to the Minister & AG outlining IPC's current situation. ET related that CG advised the IPC have been successful in its bid for 700k and should expect something in writing. No final acknowledgement will be received until the budget is handed down in November.

ET acknowledged the sustained increase in work volumes over the years.

ET welcomed JK.

The Chair thanked all and asked for this to be passed on to all staff. ET thanked SM in particular which the Committee acknowledged and the leadership team in particular due to the pandemic. SM spoke to the energy and enthusiasm of the team.

## **C Update from the Privacy Commissioner**

Paper noted.

The Chair spoke to the driver's licence breach. SM gave a more detailed explanation of the breach and issues for TfNSW & ServiceNSW.

The Committee also congratulated Samantha Gavel for her reappointment.

## **6. Agency planning and reporting**

### **A IPC Dashboard (August 2020)**

The Chair remarked on the extraordinary results and extended his congratulations to the IPC team.

ET stated conscious to improve payment performance going forward (page 33) as figures in Q4 slumped. Reassured the committee that issues have been identified and the IPC will look at emphasise those standards, bringing them up to where they should be.

The Chair acknowledged the new financial dashboard from DCS.

SM spoke to the Regulatory Plan updated against IPC's Strategic Plan and regulatory priorities. As at Q4 we have finalised 30% of our regulatory initiatives.

SM detailed the accommodation move from Elizabeth Street to McKell building. New lease arrangements are attached. Equivalent space size & layout. ET drew two issues to the Committee's attention. 1. IPC does not have a copy of the Lease for the premises. It is understood that a copy has been requested and ET needs to maintain visibility of this. 2. The DCS SLA is still outstanding. These are the two risks that need to be highlighted.

The Chair queried whether the staff were positive about the move. SM advised that we have had a four-week window for the move and we have engaged with staff along the way. A staff survey was conducted early on (results attached). The response from staff has been all positive. Regular updates have been provided with photos distributed. DCS Q&A was held with staff last week which was then followed up with distribution of FAQs. Working on inductions and orientations for commencement at McKell. The IT may not be fully operational for IPC on 6 October 2020 which should not have a significant impact. The Chair acknowledged the amount of work that goes into moves.

MD asked whether the issues of privacy and people coming in for interviews? ET explained that IPC negotiated with McKell and advised the Committee that the screening of attendees takes place in the first instance downstairs by security and also opportunity on IPC floor. In respect of the privacy for individuals that might come to the office who are subject to investigation, they will need to walk through triage downstairs first and there are a number of different entities within the building which dilutes the concept of deductive process as to why they are attending the offices. A meeting room within IPC's office space has been allocated for waiting members of public which is discrete.

MD noted that a small number of staff hold excess recreation leave and queried whether the IPC is actively encouraging people to take leave. ET informed the Committee of IPC's strategic decisions where some people have been encouraged to take a day off on a weekly basis etc whilst others who are working to relieve absences don't have the ability to take that leave. MD said well done for managing so well.

## **B Quarterly Report to the Attorney General & Minister Dominello – Quarter 4, April 2020 to June 2020**

Paper attached.

### **11:15 – DCS Finance joined meeting (Anish Patel & Alexis Mitchell)**

## **C Financial Dashboard (August 2020)**

The Chair queried Month to Date and Year to Date as there seems to be a variance in the figures (78k v 94k). AP advised that this may be a credit which came through in July and will find out the specific details which affected the YTD.

**Action Item: AP to provide further information to the variance in the MTD & YTD figures.**

The overspend relates to laptops and licensing.

Corporate Services costs is the SLA of 200k. Unisys & Infosys charges are included. Under MOG changes, no agency should pay additional fees. ET has expressly asked for these costs to be independently identified.

The budget for the full year depends heavily on the organisations request for additional funding. ET took the opportunity to reinforce the forecasting and identified the leasing arrangements of 400k includes overheads.

### Financial Statements

MC spoke to the financial position on page 6 of 39 in the pdf (page 14 in the accounts) about the receivables and there is quite a variation (note 7) of Accrued Income (Redundancy expense recoup). ET advised that there was a duplication to a staff member which needed to be reversed upon transition to DCS. DCS have not treated this as a prepayment as DoJ did.

It was observed that the Payables (note 10) on page 18 Sundry Accruals and Creditors are quite significant. AP advised the interesting transition between Justice & DCS and this may be some of the rent due to Justice. AP will provide further information to the Committee of what is included in the records.

**Action Item: AP to provide further information to Committee detailing figures within Sundry Accruals and Creditors.**

The Chair noted that there are very limited changes in the figures from DCS after Audit Office review. AP confirmed that the main changes are additional notes etc.

WL spoke to the Engagement Closing Report and the corrected/uncorrected statements which are not material and very minor.

The Chair spoke to Item 3 and outstanding matters. SM confirmed that we are working with DCS to finalise these items. The Chair is waiting the Management Representation Letter. Final information will be provided once signed by DCS. The Chair asked the deadline date which was confirmed as Tuesday, 29 September 2020. The Chair feels comfortable in recommending that ET as the CEO sign the financial statements. Supported by MC & MD.

**Action Item: SM to provide an update on the following outstanding matters:**

- **resolve audit queries related to provisions**
- **review and assess impact of significant transactions and events after balance date**
- **audit team quality review to continue up to the date of signing**
- **receipt and review changes to the financial statements**
- **signed Management Representation Letter**
- **signed Statement by the Information Commissioner under the PF&A Act.**

MD queried page 5 on the Closing Report on the overstatement of 244k. OF explained that this was GST overstatements.

MC (page 13) in the second table 2 x 350k needs a line under the column. AP confirmed that this will be corrected.

**Action Item: AP to correct the formatting within the second table on page 13 (underline 350,573).**

The Chair thanked Anish on behalf of the Committee and the IPC.

**D Superannuation Guarantee (Administration) Act 1992 (Cth) (SGAA) – Contributions for ARC Members**

The Chair addressed AP and asked what would apply for the Committee. AP said that DCS is still trying to assess and will revert back in due course. Members are to submit invoices as per usual for the time being. ET requested a timeframe and AP assured her that it is definitely on the radar and a determination will be made.

**Action Item: AP will investigate DCS's position on SGAA and advise estimate in liability.**

WL said that AO have consulted previously with David Marcus and require agencies to assess materiality. Some agencies have corrected their 19/20 statements and many other agencies advised immaterial and will declare once finalised. It is important for the AO to know DCS's position and estimate in liability. ET requested WL to send her a copy of the email sent to David Marcus.

**Action Item: WL to provide a copy of the request made to David Marcus around SGAA.**

ET questioned whether Treasury looking to provide any funding for agencies to draw upon for retrospective payments. AP responded that this is unlikely.

**DCS Finance to leave meeting**

**7. Risk Management 2020-21**

**A Review of IPC Risk Register (includes WHS) Q1 2020-21**

Page 70 S6 has changed from moderate to low.

Page 74 O4 has changed from moderate to extreme.

ET added from an operational perspective and asked if the Committee was happy to endorse. The Committee agreed and endorsed the changes to the Risk Register.

MD spoke to the fact that IPC is an independent statutory agency but DCS can impact on IPC's ability to do the work which is concerning and undermines the legal framework.

ET agreed, the first one in an operational level in O4 and in a strategic level it permeates every strategic risk. IPC will review the Register in the coming months to recognise funding in its own right. It is known that the state budget is going to be impacted by Covid-19 and going forward is the viability of government entities.

ET cited advice received from CG is that IPC would have to revisit its funding arrangements going forward which she sees as an opportunity to consider how we might be more effective. ET spoke to other entities & models and agreed that there may be opportunities to address both the mechanism for allocation together with the sources of funding.

The Committee queried Item 6 where the cluster was looking to recoup the cash overspend from last year. ET advised an email was received from DCS and they would not seek to recoup that money from our bank account. Discussion was had around cash and the DCS.

#### **B IPC Staff Relocation Survey**

Noted above.

#### **C IPC HSC Minutes of Meeting**

Noted paper attached.

### **8. Internal Audit**

#### **A Status Register**

##### **i Staff Retention & Performance**

SM spoke to the Status Updates attached. Waiting to align our PDP schedule with DCS and migrate to online. IPC currently using paper-based PDPs and starting to schedule discussions to close out PDPs. IPC specific objectives have been identified and there is a paper-based PDP ready to go. The Chair asked SM to recalibrate the dates (add a new date) as to the expected outcome.

**Action Item: SM to add a new date to highlight the expected outcome for the next meeting.**

There were 5 agreed actions, 2 completed, 2 commenced and 3 of the 5 overdue.

##### **ii Service Delivery**

3 actions, 3 completed, 0 outstanding. Recommendation to close out the audit was agreed by the Committee.

#### **B Internal Audit Plan**

Attached. Agreed previously. Revisit the proposed audit at year end to see if the proposed audits are still current. The next audits will be run in March 2020.

ET spoke to the Governance Health Check and preliminary steps identified on the Strategic Plan to assess our requirements against the AO's reports (x2). SM has initiated the commencement of that strategic deliverable and looks to have this completed by the end of this year (SCS Manager has been tasked with this deliverable). (S3I2: Assess IPC internal governance framework against Audit Office guidance and make recommendations to enhance.)

SM explained that a Satisfaction Survey has not been undertaken due to the number of staff involved with the audit. Informally there has been no negative feedback.

SM spoke to the obstacles of remote working on the audits.

## 9. Review of ARC Charter Annual Calendar

### A IPC Audit Committee Charter Annual Calendar

Attachment noted. MC noted the plan will need to be reviewed regarding the operational systems at McKell.

### B ARC Report on Activity

Attachment noted. MC noted that line 3 is missing.

**Action Item: SM to reformat the number of meeting in the table at item 1.**

### C Compliance Checklist

Paper attached.

### D Internal Audit and Risk Management Attestation Statement

Attachment noted.

ET is confident with CG's certification and the back page envisages a questionnaire template, which does not need to be populated. But notes that the actions are contained in the third paragraph of CG's certification.

## Other Business

### Schedule for 2020

- Friday, 27 November 2020 @ 10:00

The IPC left the meeting at 12:15 and the Committee continued a discussion with the Audit Office.