AUDIT AND RISK COMMITTEE AGENDA

Date:	Thursday,10 July 2025	**Meeting Number:**	69

Location: Information & Privacy Commission NSW
McKell L15-IPC-M04-14 (IPC Meeting Room)
Level 15, McKell Building
2-24 Rawson Place
Haymarket NSW 2000
(Microsoft Teams to be made available)

Time: 10:00-12:00

Members:
Mr Peter Scarlett (Chairperson) (PS)
Ms Sally Pearce (SP)
Ms Robyn Gray (RG)

In attendance:
Emeritus Professor Rosalind Croucher AM (RC)
Ms Sonia Minutillo, Information & Privacy Commission (SM)
Ms Yas Wickramasekera, O'Connor Marsden (YW)
Saurabh Barmecha, O'Connor Marsden (SB)
Ms Rachel Jhinku, Information & Privacy Commission (RJ)
Mr Ian Naylor, Information & Privacy Commission (IN)
Ms Jacqueline Ching (Financial Controller), Department of Customer Service (JC) (for finance discussion)
Ms Lili Zhang, Business Information Security Officer, DCS CISO (LZ) (for agenda item 8 only)
Mr Hong Wee Soh, Audit Office (HWS)
Ms Nicola Ryeland, Executive Assistant and Office Administrator (NR)

Minutes: Nicola Ryeland, Information and Privacy Commission (NR)

Apologies:
Ms Carla Wilson, Information & Privacy Commission (CW)
Ms Judy Malpas, O'Connor Marsden (JM)
Mr David Daniels, Audit Office (DD)
Mr Michael Tzimoulas, Department of Customer Service (MT)

1. Chair Welcome

The Chair opened the meeting at 10.05am and provided a Welcome to Country.
Welcomed RC as the new CEO/Information Commissioner and RG as a new member to the Audit & Risk Committee.

2. Attendance

Apologies received from Carla Wilson, Judy Malpas and David Daniels.

3. A. Declarations of interest

SP declared that she has joined the NSW Judicial Commission, Audit & Risk Committee.

RG stated her interests as:
- from 1 July 2025 is a member of the Law Enforcement Conduct Commission Audit & Risk Committee
- from May 2024 has been a member of the Service NSW Audit & Risk Committee
- from May 2022 has been a member of the NSW Ombudsman Audit & Risk Committee

PS stated he is no longer a member of the Law Enforcement Conduct Commission Audit & Risk Committee.

B. Disclosures

Nil

4. A. Minutes of previous meeting of 27 March 2025

The Committee had no comments or questions. The Minutes of Meeting from 27 March 2025 were endorsed by the Committee and confirmed for publishing.

B. Rolling Action Report

The paper was taken as read.

Action item 67.02: SM noted that engagement with NSW Treasury has commenced regarding the data breach scheme as a risk consideration for ARC and will continue to engage with Treasury going forward.

5. CEO Report Briefing

The paper was taken as read.

A. Update from the CEO/Information Commissioner

Strategic Planning – KPIs

RC advised that the strategic planning KPIs are being used to shape the Annual Report, and that it is an opportunity to use it as a tracking tool or an outcome focused tool. It will assist with the design in terms of the priorities, planning and KPIs set in forming the Annual Report, which is a work in progress at this point.

Budget submission for 2025-26

RC stated that due to the budget bid being successful, this has given her some time now to consider and lead on the question of the status of the IPC in budget terms. Noted that she is working with IN, in terms of pros and cons, and looking at background papers so that she can be fully informed in terms of integrity agency funding.

RC will report back as the situation continues, mentioning that she sees it as a rebase lining of the agency in terms of funding at all points for the next 10 years, particularly for staff planning.

RC noted that the goal for her is, what is the outcome that she wants to achieve for the agency and to be informed about the best vehicle to achieve that outcome.

Chair noted
- The word ‘Acting’ to be deleted from 5A’s paper under the heading ‘Recommendation’.

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- In paper 5A in relation to the DCS DIVC Steering Committee, RC be described as a part of the Committee. RC will clarify whether her status is as 'Observer' rather than 'Member'.

Joint Regulatory Audit

RC noted the first draft report relating to the Joint Regulatory Audit of Agency Information Guides and Privacy Management Plans being conducted by Deloitte has been received and RC will report back further.

B. Update from the Privacy Commissioner

Paper taken as read and noted by the Committee:

The Data Breach Scheme has seen a regular and consistent flow of notifications, the data breaches are continuing to grow and are steadily climbing towards 200 since commencement. The breaches demonstrate that human error is the most common cause of incidents notified with some more recent instances indicating use of technologies as a contributing cause (for example: the uploading of personal information into ChatGPT), some of the reported data beaches have received media attention and highlighted the matter pertaining to the Department of Communities and Justice (DCJ) as one and is subject to ongoing engagement over the interaction with the MNDB Scheme. SP declared that she sits on the DCJ Audit & Risk Committee.

Two significant Privacy Authority meetings occurred in June, being Privacy Authorities Australia followed by the Asia Pacific Privacy Authorities hosted virtually by New Zealand. Key issues in both included the use of technologies, facial recognition technology and biometrics.

A successful Privacy Awareness Week was held in June with a number of speaking engagements undertaken over the week.

Joint Regulatory Compliance Audit

SM provided the Committee with an update on the Commissioners' work to undertake a joint regulatory compliance audit to get an understanding of how ADM and AI is reflected within agencies' Agency Information Guides and Privacy Management Plans. The work is being supported through external engagement and a draft Report has been received for review.

6 Finance Briefing

JC joined the meeting at 10.32am and was introduced to the meeting.

Paper was taken as read.

A. Financial Dashboard (May 2025)

IN stated that the financial statements were being finalised and will be delivered shortly. The forecast is a deficit of $300k, approximately $640k favourable to budget.

IN noted the bank balance is at its highest amount in 5 years, mainly because IPC received funding under the Digital Restart Fund for two years. The funding was received as a lump sum and will be fully accounted for in the 2024/25 financial year. This is the reason that the bank balance is currently over $2 million.

IN pointed out there has been an increase in pass-through charges from DCS, this includes the provision of Finance, HR and IT services by third party vendors. This year there has been an 18% increase due to costs charged under amended contracts with third parties. IN noted that the total cost of these pass-through charges is approximately $450K for 2024/25.

PS raised the issue of whether in the view of the IPC, these charges represent value for money.

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In response, JC mentioned that the contract renewal for GovConnect is due for consideration next financial year. JC advised that DCS are reviewing whether there will be continuation of GovConnect services and are seeking/reviewing other options.

SP enquired whether the MNDB underspend would be reallocated to other cost centres.

RC indicated that she intends to engage an external expert to conduct a functional review of the IPC which will consider the most effective allocation of resources, as it is quite a few years since this issue has been reviewed.

7 External Audit Briefing

A. Review of financial statements (including Early Close)

Paper taken as read.

HWS shared with the Committee that a report was published on 27 June 2025 by the Audit Office relating to NSW Government agencies' compliance with cyber security requirements.

HWS advised that a report is currently being prepared on Governance Internal Controls and artificial intelligence is one of the topics included this year.

IN noted that the draft financial statements would be submitted to ARC for review prior to the submission deadline of 30 July 2025.

IN notified the ARC members that this is the first year of a new process for the Internal Control Certification Framework under TPG 24-08. IN advised that he had liaised with DCS and they will provide the responses to targeted questions sent to key areas in DCS for the review of their internal controls over the financial information. IPC will also receive from DCS the independent report that Deloitte provides each year over the certification of internal controls that identifies any deficiencies. The draft wording for the internal controls certification based on the above information will be sent to the ARC members prior to the deadline of 15 September 2025 for submission to Treasury.

JC left the meeting at 10.55am.

8. Agency Planning and Reporting Briefing

LZ joined the meeting at 10.55am.

A. Monthly IPC Case File Dashboard (May2025)

SP raised the recurrent issue throughout the papers of resourcing, noting the spike in reviews and complaints. SM advised there are additional resources available through MNDB funding, however the resources have not been fully onboarded. In addition, SM noted IPC has experienced over the last 12 months a period of instability, this has meant several different people acting in different roles which has had an impact for the organisation. RC stated that she sees the next 18 months to 2 years as critical in stabilising the staff and resourcing.

B. Quarterly Report to the Attorney General & Minister Dib – Quarter 3, Jan to March 2025

The paper was taken as read.

C. Cyber Security Maturity

LZ spoke to the paper.

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RG enquired about the response to the outcome of the phishing campaign and user awareness training, and what is IPC doing as a follow-up to increase cyber resilience. IN and LZ provided further information on the phishing results and the work being done to assist staff in identifying phishing emails. SM referred to the effectiveness of targeted training for particular staff.

IN advised that the Cyber annual attestation will be reported at the next ARC meeting.

PS asked for the IPC Cyber Security Risk Register to be included in the papers for the next meeting.

Action: IN to include Cyber Security Risk Register in the papers for the next meeting.

PS referred to the Auditor General's report dated 27/6/25 regarding Cyber Security.It was agreed that IPC in conjunction with DCS would undertake a check of IPC's position against the matters raised in the A-G's report and report back to the ARC.

Action: IN to consult with DCS in relation to the Auditor-General's Special Report "Cyber Security Insights 2025" issued 27 June 2025 and undertake a check of IPC's position against the matters raised in the Report and report back to the ARC.

LZ left the meeting at 11.28am.

D. Auditor-General Report on Internal Controls & Governance – IPC impacts

The paper was taken was read. The ARC noted IN's advice that work arising from the 2021 and 2023 Internal Control and Governance Reports had been completed by IPC and that this agenda item could therefore be removed.

The ARC noted advice from the Audit Office that the next report on this issue is being prepared and is likely to be published in December 2025. The ARC requested that IPC review the report when available and report to the ARC on any issues.

Action: IN to consider the Auditor-General's Report on Internal Controls and Governance 2025 and report to the ARC on any issues relevant to the IPC and IPC response at the March 2026 ARC meeting.

9. Internal Audit Briefing Paper

The paper was taken as read.

A. IPC Audit Management Action Register

The paper was taken as read.

The ARC suggested that in future the Register includes the Priority Ranking allocated to the relevant finding and recommendation in the IA report; i.e. Extreme, High, Medium or Low.

SP noted the leave calculations audit actions had 'commenced' and suggested a revised date of December 2025.

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RG referred to the action item for the Business Continuity audit BCPC_04 and suggested the comment should be updated to reflect that the DCS Incident Management Plan (which has been adopted by IPC) has been reviewed to address the related recommendation (if that be the case).

Action: RJ to amend Action Register for the next meeting, taking into account the ARC comments on 10 July 2025 recorded in the minutes.

B. Internal Audit Report – Workload Management and Workforce Wellbeing

The paper was taken as read.

YW and SB were in attendance from OCM.

YW spoke to the draft audit report and its recommendations. RC noted she had not read the draft report and will report back once she has some informed feedback to report as the new CEO.

The ARC noted that the draft report would be updated to reflect the agreed management response to the recommendations and that the final report would be submitted to the ARC. SP commented that the draft report raised the issue of the effectiveness of the IPC's Policy Review Framework.

C Internal Audit Terms of Reference – Regulatory Compliance

The paper was taken as read.

D Forward Audit Program 2025/26

The paper was taken as read.

The ARC suggested that it would be useful to be informed as to when the key risks in the current Risk Register were last the subject of an internal audit.

Action: RJ to create a table setting out key risks from the Risk Register and when there was an internal audit conducted around those particular risks.

10. Risk Management Briefing

A. IPC Enterprise Risk Register 2024-2028

The paper was taken as read.

No significant updates to the register since the previous meeting.

11. Review of ARC Charter Annual Calendar Briefing

A. Annual Calendar and Legislative Compliance Register June 2025

The ARC noted the Annual Calendar and Legislative Compliance Register June 2025..

PS raised a question regarding the meetings with the internal and external auditors noting they are listed to be held in Quarter 4. Discussion took place and it was agreed that the two in-camera sessions are to be organised for the external auditor and the internal auditor, at the conclusion of the ARC meeting on 18 September 2025.

Action: RJ to organise in-camera meetings with internal and external auditors to commence at the conclusion of the next ARC meeting.

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In relation to the Compliance Register, there was discussion relating to the mechanisms by which the IPC would inform the ARC of any substantial or systemic non-compliance with the obligations recorded in the Register. Reference was made to in camera briefings by the Commissioners and to the Management Representation Letter and findings in IA and external audit reports. The IPC will further consider this issue and revert to the ARC.

Other Business

It was agreed that the ARC meeting scheduled for 18 September 2025 would start at 9am rather than 10am on 18 September 2025. NR will update the calendar invite.

PS confirmed that in-camera sessions would occur as required going forward.

Meeting closed at 12.15pm.

Schedule for 2025

Thursday, 18 September 2025 (**09.00**-11:00) – ***note start time of 9am***

Thursday, 4 December 2025 (10:00-12:00)

Tenure Dates

Member	Appointment	Commencement Date	End Date	Extension End Date 1	Extension End Date 2
Peter Scarlett	Chair	17 June 2025	18 June 2028		
Peter Scarlett	Member	17 June 2022	17 June 2025		
Sally Pearce	Member	6 July 2023	6 July 2026		
Robyn Gray	Member	1 July 2025	1 July 2028		

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