



## AUDIT AND RISK COMMITTEE MINUTES

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**Date:** Monday, 14 December 2020

**Meeting Number:** 48

**Location:** Microsoft Teams  
Information & Privacy Commission NSW  
Level 15, McKell Building  
2-24 Rawson Place  
Haymarket NSW 2000

**Time:** 10:00-12:30

**Members:** Mr Paul Crombie (Chairperson) (PC)  
Mr Malcolm Clinch (MC)  
Ms Marcia Doheny (MD)

**In attendance:** Ms Samantha Gavel, Privacy Commissioner, Information & Privacy Commission (SG)  
Ms Jessica Kavanagh, Information & Privacy Commission (JK)  
Ms Weini Liao, Audit Office (WL)  
Ms Judy Malpas, O'Connor Marsden (JM)  
Ms Sonia Minutillo, Information & Privacy Commission (SM)  
Mr Ian Naylor, Information & Privacy Commission (IN)  
Ms Pamela Robertson-Gregg, O'Connor Marsden (PR)  
Ms Alexis Mitchell, Department of Customer Service (AM) (for finance discussion)

**Minutes:** Lynley Mattes, Information & Privacy Commission (LM)

**Apologies:** Ms Elizabeth Tydd, Information & Privacy Commission (ET)  
Ms Rachel Bindner, Information & Privacy Commission (RB) (for finance discussion)  
Mr Clinton Gould, Department of Customer Service (CG) (for finance discussion)  
Ms Olive Ferino, Audit Office (OF)

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### ITEM

#### 1. **Cyber Security NSW Presentation**

Charlotte Wood (Director, Policy and Awareness)

Charlotte provided a presentation regarding Cyber Security Awareness as in the context of ARC responsibilities, covering:

- Insights from our Intelligence & Response Team.
- Why Cyber Security requires a layered approach.
- Security can be an enabler – A MFA Case Study.
- A deep dive into cyber incident response.
- 2-hour training available for ARC if required.

The Chair asked about knowledge sharing throughout departments. CW advised that a group called the Technical Officers Group shares information across whole of NSW government. CISO's across the cluster should be communicating regularly with ARCs with updates.

**2. Attendance**

The Chair noted the apology of Commissioner Tydd and SM will be her proxy for this meeting.

**3. A Declarations of interest**

Noted.

**B Disclosures**

Noted.

**4. A Minutes of previous meeting 25 September 2020**

The Chair acknowledged that the Management Representation Letter for the 2019/20 Financial Year was provided to the Committee following the Committee Meeting of 25 September. The Committee endorsed the Letter being signed by the CEO and considered that the Representations in the Letter could be fully supported.

Subject to the above, the minutes of the ARC Meeting of 25 September 2020 were endorsed by the Committee.

**Action Item: LM to finalise and publish on IPC website**

**B Rolling Action Report**

SM informed the Committee that the IPC actions are either completed or otherwise have been captured within the Agenda Items for the meeting.

MC queried item 47.01 the action has been "requested". SM spoke to this item.

**5. A Update from the Chair**

The Chair stated that he would be attending a Justice cluster meeting tomorrow. Any issues arising which have an impact on IPC will be mentioned to ET and SM.

The Chair noted that the recently published IPC Annual Report 2019/20 was a very well-prepared document and a very valuable document of the IPC's operations and achievements during that year.

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

Written report provided by ET. SM noted the paper as read and drew a few matters to the Committee's attention:

- IPC Budget - positive advice around PTA. However, the additional funding has now become subject to an IPC review to occur in January and there are no specific details about the purpose and scope of the review available from DCS. Pending that review the Budgetary situation remains uncertain with the most recent update included at Item 5Bi.
- Staffing - SM welcomed IN to his first ARC meeting. SM reported to the Committee that Ata Siddiqui will be returning for a period to assist during a time of change as the Manager, Systems & Corporate Services will be leaving the IPC to accept a new role. The Data, Project & Systems Support Officer will also be leaving.

MC queried who will be undertaking the review in January and its scope? IPC only became aware via DCS advice that the Office of the NSW Treasurer imposed this requirement. Discussion with the Secretary & Minister did not provide any certainty about the review and its timing. SM advised that the IPC would need to actively engage with the review process. ARC observed that active engagement by the IPC in the review would consume the IPC's limited resources.

In response to a question from MD, IN advised that he recently met with Clinton Gould (DCS) and was provided minimal details and no reason for the review. Further, that DCS did not have the resources to undertake the review and would likely need to engage a Contractor to undertake the review.

MC spoke about the recent Audit Office Report around the funding of Integrity Agencies. SM advised that it is likely that DCS will be leading the review and although the IPC was not specifically identified as an Integrity Agency, there is little that distinguishes the IPC and its operations from those of the Integrity Agencies. The Chair observed the uncertainty of the IPC budget situation for 2020/21 with great concern and suggested, if not already done, that the issue be communicated to the responsible Minister. MD noted that IPC is doing such great and tangible work as evidenced in the recently published 2019/20 IPC Annual Report.

MD queried the \$200k for the outsourced Corporate Support previously charged IPC by the Justice Cluster compared with the \$400k to be charged to IPC for this function being delivered by the DCS Cluster.

The Committee expressed its strong concerns about the review as above and requested advice as to what is proposed, scope of the work, timeline and who will be doing the work.

**Action Item: IN to request this information from DCS/Treasury and distribute**

MD queried the parliamentary oversight committee and wondered what oversight they had in this regard. The Chair suggested that ET would be best to answer this. SM noted that as part of the tabling of the Annual Report, the briefing paper highlighted the budgetary issues alongside the review and the additional \$700k not yet included in the IPC 2020/21 budget grants.

The Chair said that he considers the IPC should be regarded in its key statutory and regulatory roles as an Integrity Agency and have appropriate independence from DCS in respect of the carriage of its primary functions.

MD voiced on a positive note the 1,600 hours of training provided by the IPC during 2019/20 evidenced a great use of resources aimed at facilitating the implementation of effective open government and privacy policies and principles.

### **2020 People Matter NSW Public Sector Employee Survey (PMES)**

The Committee noted and discussed the phenomenal results recorded for the IPC in the 2020 PMES. The results demonstrate significant improvements on the positive IPC results from the 2019 PMES Survey and evidence the sound leadership by the IPC Executive Team. Of particular note is the comparison of the IPC results compared with the Sector results where, in all but one of the 80 plus indicators, the IPC result significantly exceeds the Sector results.

The Chair asked if there were any further comments surrounding the PMES. He spoke to the question of mobility which raises the question of upskilling and training and succession planning. SM advised that it is always a challenge in a small agency, but the IPC positively encourages staff and supports staff in requests for secondments and opportunities at higher grade levels, positioning them to develop the skills for more senior roles. In the I&R the IPC have put almost half of the staff through Certificate IV training. IN has been working on a People and Culture Plan and the PMES results will feed into this document. IN advised the People and Culture Plan related to an IPC Staff Engagement Plan which will incorporate some actions from the PMES. SM advised that during staff Performance Development Reviews, development and other opportunities were always included.

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

SG noted her attached report as read and spoke to the following matters:

- Mandatory Data Breach Notification Scheme (MDBN) - Currently before Cabinet. If approved, DCJ will take forward a draft bill that will be put out for consultation in the New Year. There will be significant implications for the IPC if approved, not in the least resourcing. The Chair queried the volume of cases. SG replied that it is hard to know but if we go on the experience of the Commonwealth, they had quite a significant jump in notifications (where they also have the private sector as well).

The Chair reiterated that if the IPC were not appropriately funded to manage the new regulatory requirement resulting from the adoption of the Scheme, it would pose a significant risk to the IPC and the Government.

- ServiceNSW Breach - The IPC continues to be updated about the breach and work is being undertaken to remediate. The most recent communication received is that not as many people were impacted as first thought. The IPC will be meeting with ServiceNSW in the New Year. A forensic firm is assisting them with the breach. A lot of lessons learned will hopefully come out of the investigation of this breach.
- Privacy Awareness Week - Gearing up for May 2021. The Secretary of DCS has been asked to speak on the day.
- Asia Pacific Privacy Authorities Forum (APPA) - A meeting was held remotely last week with a lot of interesting insights world-wide. NZ has had a new Privacy Act come in this month and also have their first MDB scheme coming in so there might be some ideas IPC can latch onto. Canada is looking to formally regulate artificial intelligence which is likely to have world-wide implications.

The Chair had a question on the Digital Restart Fund (DRF), as to whether the IPC will be able to cope with the amount of work generated by this function. SG advised that we have had a backlog coming through recently and it has been a huge amount of work on the Legal Counsel and Regulatory Advice Team and it has really taken up most of their time and it is a big resourcing issue. The Chair queried if this affects all agencies? SG advised that it is one of the few ways agencies can get access to funding and there are some with very significant privacy and information access issues. The Chair thanked SG for her very informative report.

## **6. Agency Planning and Reporting**

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

The Chair welcomed Ian Naylor and asked for a snapshot of his background. IN advised that he has been working in Local Government for the last 25 years and was an A/Director over the course of 8 or 9 years.

IN spoke to the attached report and to the financial information.

Funding – Treasury approved \$700k additional post budget funding this financial year and \$700k next financial year which then drops to \$500k in 2022/23.

Corporate Service Charges – a SLA has been drafted and in IPC’s original budget we had adopted \$330k for corporate services charges but in the last 2 weeks IPC have been advised that we would be charged “pass throughs” which amounts to \$195k that we were not aware of. The IPC’s budget was also reduced by \$29k due to the cost of the NSW Government’s digital stimulus fund (\$1.6B).

Governance Framework – A strategic initiative was to assess our governance framework against recommendations from the Audit Office’s Governance report and lighthouse model. Key recommendations are outlined in the paper. A two-year action plan has been put together in terms of governance and a framework with 6 pillars to meet IPC requirements. The Committee noted the document which is to be updated on a meeting by meeting basis.

MD appreciated the clarity of the Governance Framework. Is it intended to develop a communication plan around governance generally throughout the organisation and how does it support staff and the outcome of the IPC? There is also an associated point in relation to ethical culture, again it is really good for the leaders in the organisation to talk about it and understand the importance. IN responded that the plan was to come to the ARC for the framework to be endorsed followed by communications to all staff from the CEO. Annual gifts and benefits training has been instigated for all staff; Legislative Compliance Framework and Code of Conduct too.

### **B Quarterly Report to the Attorney General & Minister Dominello – Quarter 1, July 2020 to September 2020**

Paper noted.

## 11:15 – DCS Finance to join meeting

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

Alexis Mitchell joined the meeting at 11:25 and spoke to the attached Financial Dashboard.

The YTD Operation Result is \$167k favourable.

The Chair confirmed that the budgetary situation to end October seemed under control and will be enhanced further with the outcome of Treasury funding and the cancellation of the efficiency dividend for 2020/21.

AM reported that another \$700k credit is to come into the budget which will change the budgeted operating result from \$167k to \$367k. The Chair said that it would be helpful if the rationale behind the reduction in the funding for 2023/24 could be provided.

AM also conscious of the current efficiency dividend which will no longer be required of IPC and which can be removed from the November estimates. Another key financial issue is the request to move \$400k from operational expenditure to staff costs (the request needs to be sent to Treasury for review and approval before the Christmas Closedown).

There were no further questions for Alexis.

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

AM announced that discussions are still ongoing within DCS to confirm a process and an update will be provided in due course. DCS have been approaching other clusters and sourcing information on how they are providing these costs. Discussion was had around this process and interest amount.

## DCS Finance left the meeting

### **7. External Audit**

WL took the Committee thought the Management Representation Letter attached.

Formalising of corporate services arrangements with DCS (and early close procedures) and SGAA was also discussed.

WL noted that in the final audit report there was some discussion through GovConnect about the provision of Long Service Leave assumed by the Crown including on-costs provision. This has been cleared and WL confirmed that there is no non-compliance with Treasury policies.

The Chair confirmed that all issues from previous years have been addressed by IPC. WL confirmed this to be correct.

WL noted the AG Financial report to Parliament.

WL advised that because of a conflict identified in one AO Director servicing both the IPC and DCS this will be her last meeting as the External Audit Engagement Director with IPC's ARC and the new representative will be Somaiya Ahmed (Olive Ferino will still be in attendance). The Chair thanked WL for all of her assistance and wished her well for the future.

### **8. Internal Audit**

#### **A Status Register**

SM reiterated that recommendations regarding Service Delivery were finalised at the last meeting and was pleased to seek the ARCs approval of the closure of the Staff Retention and Performance Internal Audit. One of the recommendations was around performance development plans and aligning to those of DCS. IPC have done their best however DCS has not defined with certainty, so the IPC have settled the PDPs in writing with staff (which are transferrable in the online system). IPC have proceeded in the best interest of staff and the business. MD mentioned the very high score in PMES re feedback on performance. SM observed it was noted that colleagues are providing positive feedback to colleagues.

## **B Internal Audit Plan**

The Chair queried the movement of the Knowledge Management internal audit as proposed in the revised audit plan. SM replied that it would be revisited as part of the future plan during the next round of internal audits. The Committee endorsed the change to the audit plan and closure of Staff Retention and Performance Internal Audit.

**Action Item: SM/LM to amend the Strategic Audit Plan 2019 – 2021 and close off the Staff Retention and Performance Internal Audit Recommendations**

## **9. Risk Management 2020-21**

### **A Review of IPC Risk Register (includes WHS) Q2 2020-21**

SM spoke to the attached Risk Register and advised the most significant changes were O4 which has been moved from Extreme to Moderate following advice of the \$700k adjustment to budget. Notwithstanding, there remains a question about funding and the additional funding was not enough to drop the risk to Low and will remain at a Moderate Risk. The risk around Covid-19 was moved back from Moderate to Low and the management of Covid-19 moves to BAU. IPC are in the process of working through return to work arrangements with staff. A roster has been developed from 7 December where an Executive or Manager will be in the office and staff can nominate the days they would like to attend (at 50% capacity). A proposal was tabled that the WHS Risks 2, 3 & 5 be closed as this came out of the SafeWork matter which reflected the circumstances at a “point in time” and IPC have moved forward and a lot of work undertaken. The Chair of the HSC Committee was also approached and is comfortable with closing these three matters out.

The Committee endorsed the changes proposed to the Risk Register.

**Action Item: SM to amend the Risk Register for Q3 2020/2021**

### **INTERNAL AUDIT CHARTER**

The Chair noted the amended Internal Audit Charter and the Committee endorsed the updated Internal Audit Charter.

**Action Item: SM/LM to accept all minor changes to finalise document and send to Chair for execution**

### **ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK**

SM spoke in terms of the Draft Enterprise Risk Management Policy and Framework. It was noted that Treasury is reviewing TPP 15-03 and the completion and timing of this is unknown. It is IPC's intention that once the new TPP 15-03 replacement policy is approved a new document will be drafted.

### **REGULATORY PLAN 2020/22**

The Committee noted the updated IPC Regulatory Plan 2020-2022 and the addition to IPC's Audit Committee Charter Annual Calendar.

**Action Item: LM to accept the addition of 8.4 Trends on Gifts and Benefits for the next meeting**

### **B IPC HSC Meeting (24 November 2020)**

Noted paper attached.

## **10. Review of ARC Charter Annual Calendar**

### **A Annual Calendar**

SM spoke to the main matters which were addressed as part of the earlier papers in the meeting.

SM included for the interest of the Committee a paper from ICAC for information (*Dealing with Corruption, Fraud and the ICAC: the role of public sector Audit and Risk Committees September 2020*).

The Chair mentioned that it raises questions as to how IPC aligns. MD advised that she sees no major gaps.

IN drew the Committee's attention to item 1.2 and Business Continuity. The IPC is engaging OCM to rewrite our business continuity plan to align with DCS and McKell which will commence at the beginning of 2021.

Item 2.1 we have been reviewing Policies & Procedures and the HR Delegations have been updated to match changes to legislation. Policies have been published on the website. The Chair asked how complete is the review of the policies? SM advised that this is a continuous review of policies (a cycle of review). A couple are new policies (ie. Employee Welfare Check Procedures). In terms of totality, this is approximately 15-20% of all policies at this time.

## **B Fraud Control Plan, Internal Audit Manual**

The Chair asked for any questions on the Fraud Control Plan and asked about staff awareness and new staff members etc. SM advised that the IPC make it a practice to have ICAC come to provide training around Fraud Awareness and remind staff about the need to identify/report. All staff complete the compulsory training upon commencement. SM advised she participated in some training as Chief Audit Executive last month through ICAC. The Chair asked if Contractors were covered, SM advised that all Temporary staff or staff on secondment need to do the mandatory training and face-to-face training if they are there at the point in time.

The Fraud Control Policy & Framework and the Internal Audit Manual and Charter were both noted with minor changes. The Committee endorsed the updated documents.

**Action Item: LM/SM/IN to action changes to both documents**

## **Other Business**

### Schedule for 2021

- Friday, 19 March 2021 @ 10:00
- Friday, 25 June 2021 @ 10:00
- Friday, 24 September 2021 @ 10:00
- Friday, 26 November 2021 @ 10:00

**Action Item: The Committee will advise SM if all dates are convenient**

The Chair wished everyone a very Merry Christmas and for normality to return in 2021.

The Chair thanked SM for putting the papers together.

SM thanked the Committee in ET's absence for their support throughout the year and wished them all the best.

**The meeting concluded at 12:06.**