



AUDIT AND RISK COMMITTEE MINUTES

Date: Friday, 24 September 2021

Meeting Number: 53

Location: Microsoft Teams

Time: 14:30 – 17:00

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

In attendance: Ms Somaiya Ahmed, Audit Office (SA)
Ms Elizabeth Tydd, Information & Privacy Commission (ET)
Ms Olive Ferino, Audit Office (OF)
Ms Samantha Gavel, Privacy Commissioner, Information & Privacy Commission (SG)
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 Yasmine Salameh, Information & Privacy Commission (YS) (for finance discussion)
Ms Alexis Mitchell, Department of Customer Service (AM) (for finance discussion)

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

Apologies: Mr Clinton Gould, Department of Customer Service (CG) (for finance discussion)
Ms Jessica Kavanagh, Information & Privacy Commission (JK)

ITEM

1. Chair Welcome

The Chair welcomed the attendees.

2. Attendance

Clinton Gould and Jessica Kavanagh provided their apologies.

3. A. Declarations of interest

Noted. MD is now Chair of the Department of Premier & Cabinet (DPC) Risk and Audit Committee.

B. Disclosures

Nil.

4. A. Minutes of previous meetings 2 July 2021 and 22 July 2021

Endorsed by the Committee and confirmed the publishing of 2 July 2021 minutes.

B. Rolling Action Report

SM spoke to the Rolling Action Report and noted the items either completed or were to be addressed in the papers at this meeting. Item 52.04 was addressed in a previous meeting but lends itself to ongoing action.

5. A. Update from the Chair

The Chair spoke to issues arising out of the Financial Audits and Cyber Security and the role of the IPC ARC further to guidance issued by the NSW Audit Office. The Chair noted role of ARC to inquire into the agency's cyber security status and has prepared a summary on Cyber Security. A copy will be sent to MD, MC and SM and requested that the next meeting of the ARC include opportunity to discuss Cyber Security Management.

Action Item: LM to add IPC Cyber Security Management item to the next ARC Meeting Agenda (IN to facilitate)

A recent DCS Cluster meeting was attended by both the Chair & MC. Discussion was held around content of this meeting.

B. Update from the CEO/Information Commissioner

ET advised that the IPC is looking forward to kicking off its Strategic Planning and opened an invitation to the ARC members to participate. Planning will include use of the best of the last Strategic Plan and the engagement of IPC teams to determine set KPIs that are manageable and numerically limited against our Strategic Pillars. The consultants have been asked to inject some fun into it for the staff (engaging and encouraging).

Right to Know Week has kicked off and ET has just completed an interview with The Mandarin. ET will participate in the United Nations Educational, Scientific & Cultural Organisation (UNESCO) Online Panel 2: "The importance of independence and efficiency of oversight bodies and legal frameworks". The Launch Event for 27 September 2021 has been pre-filmed with Serena Lillywhite, CEO, Transparency International; the Hon. Peter Hall QC, Chief Commissioner, NSW Independent Commission Against Corruption (ICAC) and Tom Burton, Government Editor, Australian Financial Review (facilitator). The opening welcome by the Attorney General, and Minister for the Prevention of Domestic and Sexual Violence, the Hon. Mark Speakman SC MP has been pre-recorded. ET expressed her appreciation to all involved in the coordination of this event.

Local Council Audit results are being collated and the IPC is looking at engaging with the Sector and AG/Minister to explore options and better understanding under the GIPA Act.

The Annual Report is complete and to be tabled at Parliament on 26 October 2021.

MOU with DCS has been finalised and executed.

MC queried whether the Local Council Audit included IA and control of Privacy? ET replied that the GIPA Act does include consideration of privacy as a public interest consideration against disclosure. There appears to be resistance borne of not knowing the process. SM advised that having looked at two-thirds of the responses, it is that resistance rather than looking at the legislation for what is available within the legislation.

The Chair enquired about the release of the Audit of the Local Government Sector. SM confirmed that this has been published on IPC's website.

MC asked about the UNESCO panel. ET discussed this further.

Action Item: LM to send the UNESCO meeting details to the ARC

C. Update from the Privacy Commissioner

SG spoke to the government's management of Privacy during the pandemic which is keeping the IPC busy.

DCJ has sent the IPC the most recent copy of the Mandatory Notification Data Breach Scheme (MNDBS) Draft Bill and are looking to put this to Parliament later this year (more likely early next year).

Data Breaches continue to be an issue.

The Digital Restart Fund (DRF) is keeping the IPC busy and interested, particularly some of those involving Artificial Intelligence (AI).

Information has been provided to Government regarding additional safeguards to Covid Check-in Data. Receptive to date.

Consultation has been had with Service NSW on the changes to the Covid Check-in application to show vaccination status. MD queried whether SG recommends further protections for the information. SG replied that NSW has better protections than other states (data deleted after 28 days, only used for contact tracing etc.).

6. Agency Planning and Reporting

A. Monthly IPC Case File Dashboard (August 2021)

The report was noted and taken as read.

IN drew attention to the performance report in the dashboard.

B. Legislative Compliance Register

IN advised that the annual attestation has been completed and signed off.

IN noted an IPC Framework on Cyber Security has been developed. The Cyber Security attestation controls relate to GovConnect and the ratings are controlled by DCS in that regard. The Chair again spoke to the role of the ARC around Cyber Security. ET mentioned the internal and external dimensions. Internal are within IPC control and include upgrade of Resolve to address risks identified in penetration testing and using Resolve to host our data; using EDRMS sending links in relation to documents through emails and of our system.

MC queried the turnover in staff noted in the dashboard report and later reports. Are there any particular issues behind the turnover? SM advised that at the last meeting SM referred this as one of the risk issues. Exit interviews are being held with staff taking on promotions or different roles. Feedback in the exit interviews was positive about the IPC and experience at the IPC. ET added that the IPC are highly alert to this issue.

MC asked for the different sources of the additional funding. IN replied that total was \$7.6m in recurrent funding due to the MNDBS and the majority to implementation of that scheme.

C. Quarterly Report to the Attorney General & Minister Dominello – Quarter 4, April 2021 to June 2021

Noted as read.

15:15 – DCS Finance joined the meeting

D. Monthly Financial Dashboard (August 2021)

AM spoke to the financial dashboard:

- YTD Staffing Costs 712K, 237K favourable
- YTD Operating Expenses 180k, 58K favourable
- YTD NCOS 926K, 295K favourable
- YTD Net Result 211K surplus, 122K favourable
- Full Year Forecast 10K deficit, NCOS 7.8M vs Revenue 7.79M
- an additional \$180k funding for salaries to come from DCS via the DRF
- External Audit costs look low at \$15k (last year approx. \$30k) DCS to review
- Budget figures were submitted to DCS in April prior to the IPC receiving \$1.6m additional funding and will be revised for the next ARC meeting
- Current YTD Staffing Costs are lower than expected due to staff vacancies and will align to Budget when vacancies and new roles are filled. This is contributing to the YTD Net Result surplus.

The Chair queried the full year figures forecast and discussion was had around these figures. The ARC drew attention to the figures, in particular in relation to the figures which appeared to reflect a negative but appeared should appear as a positive. AM noted that some of the figures in the dashboard were hardcoded (incorrect) and that these would be fixed for future reporting. AM will take these issues back to her team to address and apologised to ARC.

MC queried the Long Service Leave (LSL) figure which is in credit at the top and AM replied that this is a release of the cost previously charged back to the P/L and this accrual is no longer required.

AM advised that Nick Sikka will be replacing her for the next 6-7 months whilst she is on Maternity Leave.

The Chair mentioned that the Cyber Security Framework as spoken to earlier and advised that the ARC, apart from A/V presentations by DCS personnel, is not receiving reports (as documented in the Framework). The Chair asked if there has been an update on the DCS Interim Cyber Security Strategy 2020/21 released October 2020? IN replied not as yet. It was also noted the DCS Security Incident Management dated 6 April 2018 is the last release of the document.

Action Item: Follow-up update of 2020 Policy & 2018 Incident Response and provide advice (IN)

7. External Audit

A. External Audit & 2020/2021 Financial Statements Update

IN communicated outside this meeting the delay in the Audit Office clearance to be finalised in early October with an Out of Session Meeting (OOS) on 8 October 2021.

The Chair queried if the IPC will receive all certifications in time for the tabling as there was a delay last year. SA advised that the Engagement Closing Report will be ready for the meeting on 8 October 2021. The Chair highlighted that TPP 17-06 is more in relation to IPC Management issue and DCS's involvement. ICQ & MCQ questionnaires are needed.

Action Item: IN to follow up the ICQ & MCQ's and ensure they are ready for the OOS meeting on 8 October 2021

DCS Finance left the meeting

8. Internal Audit

A. Internal Audit Reports, Recommendations Register & Status Register

SM took the paper as read.

- **Risk Management Gap Analysis**

Revised ARC Charter and Internal Audit Manual & Charter have been provided in tracked changes and reflect the updating of each to align with TPP 20-08.

- **Governance Health Check**

Recommendation Status Register included and the common theme is having greater articulation around Objective v KPI and measures, and take this forward into our Strategic Planning.

- **Development of Engagement Strategies**

As above. Recommendation Status Register included and the common theme is having greater articulation around Objective v KPI and measures, and take this forward into our Strategic Planning.

The ARC acknowledged that it is difficult in a legislative environment like the IPC to articulate the objectives/outcomes and measure them as such.

B. Strategic Internal Audit Plan

The IPC are looking to re-set the Plan post Strategic Planning.

9. Risk Management 2021-2022

A. Review of IPC Risk Register (includes WHS) Q1 2021-2022

SM took the paper as read and advised that there is not a large shift in IPC's risk profile with only a couple of changes. Specifically, the rating for funding has been revised from Extreme to Moderate in light of the additional funding advanced to the IPC. The other item relates to the risk around staffing and retention and spoke to the current recruitment process. Overtime was offered to staff which has been an effective way of managing the risk associated with an aging casefile profile and statutory timeframes. MD commended the initiative and results.

The Chair queried Risk 08 and advised that some changes could be made once he sends through the papers mentioned above (regarding Cyber Security).

The Committee congratulated the people involved and work done by the I&R staff.

B. IPC HSC Meeting (14 September 2021)

Minutes of meeting noted. No significant matters.

10. Review of ARC Charter Annual Calendar

A. Annual Calendar

SM advised the only addition which appears in tracked changes is the Review of the Chief Audit Executive (CAE) at 7.7. Review Report to be completed by February 2022. SM noted she has been in discussion with the Chair on a number of governance matters and will be preparing a project plan of progressing these matters over the next couple of months (eg. Tenures etc).

B. ARC Report on Activity

SM advised that the annual reporting of the ARC was provided to meet the requirements of TPP 20-08 and an earlier draft previously considered by the Chair. The Chair's feedback has been included.

C. Compliance Checklist

Noted.

D. Internal Audit and Risk Management Attestation Statement

SM drew the ARC's attention to the attestation which has two items appearing as "in transition" referring to the Charters to give effect to TPP 20-08. This reflected the situation that for the purpose of the annual report the charters had not been updated and the "in transition" status and explanation aligns with the 12-month transition period under TPP20-08.

E. Review the Audit and Risk Committee charter and compliance with Treasury policy (by means of a self-assessment checklist)

Self-Assessment responses were acknowledged and appreciated. ET advised that the Committee has been extraordinarily adept at identifying issues and solutions to assist the IPC particularly in gaining transparency and accountability regarding corporate services. Going forward issues appear to be: how can our External Audit be more accessible and involve the ARC more? IPC committed to ensuring the ARC is resourced and has the information available to assist the IPC through this reciprocal arrangement. The Chair queried if there are things that they could be doing more? ET replied that the Cyber Security insights may benefit the IPC. SG mentioned the risk of the MNDBS and how we start putting measures in place to support the scheme and manage it effectively.

11. Corporate Services Provision

The Chair advised that he has received two ARC fee payments from DCS for Quarter 1 2021/22. MD received an ARC fee payment for which no payment advice was received. IN advised that there were two meetings in July 2021. IN is following up the communication issue with DCS (received by MC & PC). IN confirmed that no invoices are required from ARC members and a time sheet will be sent by IN after each meeting for the ARC to sign and this is then submitted for payment with DCS. Investigation is being undertaken regarding the superannuation contributions which has been escalated to an Executive Director at DCS. ET advised that IN has established and will circulate the process for future reference. Discussion was had around Treasury Guidelines regarding ARCs and forums etc.

Action item: IN to distribute to the ARC a process map to provide clarity for members of the payment process going forward

Other Business

- Out of Session Meeting Scheduled to follow this meeting (IPC ARC & The Audit Office)

ARC Meeting Schedule for remainder of 2021

- Friday 8 October 2021 (online meeting) @ 9.00am (Post Audit 2020/21 Financial Statements)
- Friday, 26 November 2021 @ 10:00am

Tenure Dates

Member	Appointment	Commencement Date	End Date	Extension End Date 1	Extension End Date 2
Malcolm Clinch	Member	5 July 2015	5 July 2018	5 July 2021	5 July 2023
Paul Crombie	Member	17 September 2014	17 September 2017	20 September 2020	
Paul Crombie	Chair	16 June 2019	16 June 2022		
Marcia Doheny	Member	28 June 2019	28 June 2022		

The meeting closed at approximately 16:00.