



## AUDIT AND RISK COMMITTEE MINUTES

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<b>Date:</b>	Thursday, 22 June 2023	<b>Meeting Number:</b> 61
<b>Location:</b>	Information & Privacy Commission NSW McKell L15-IPC-M04-14 (IPC Meeting Room) Level 15, McKell Building 2-24 Rawson Place Haymarket NSW 2000 ( <i>Microsoft Teams</i> )	
<b>Time:</b>	10:00-12:00	
<b>Members:</b>	Ms Marcia Doheny (Chairperson) (MD) Mr Malcolm Clinch (MC) Mr Peter Scarlett (PS)	
<b>In attendance:</b>	<i>Ms Weini Liao, Audit Office (WL)</i> <i>Ms Olive Ferino, Audit Office (OF)</i> <i>Ms Elizabeth Tydd, Information &amp; Privacy Commission (ET)</i> 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 Yasmine Salameh, Information & Privacy Commission (YS) <i>Ms Neharika Gossain (A/Director), Department of Customer Service (NG) (for finance discussion)</i> <i>Mr Mat Smith (DCS Chief Risk Officer), Department of Customer Service (MS) (for finance discussion)</i>	
<b>Minutes:</b>	Lynley Mattes, Information & Privacy Commission (LM)	
<b>Apologies:</b>	Ms Yas Wickramasekera, O'Connor Marsden (YW) Mr Michael Tzimoulas, Department of Customer Service (MT) (for finance discussion)	

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### ITEM

#### **Guest Presentation: Cyber Security and threat analysis (Tony Chapman, Chief Cyber Security Officer)**

Tony Chapman provided a presentation on Cyber Security.

#### **Action Item: Presentation to be distributed to attendees out of session (TC/LM)**

There was discussion around alignment of cyber security attestations and with internal knowledge which may be limited. An assurance methodology is being created in DCS to enable consistent and accurate reporting (FY23-24). NSW Cyber Security Toolkit has been released. There was also discussion regarding the balance between proactive v reactive actions and the risk of complacency around testing.

**1. Chair Welcome**

The Chair welcomed the attendees and provided a Welcome to Country. This being his last ARC meeting, expressions of appreciation from the Chair, IPC and Member were made for Malcolm Clinch's contribution as a highly valued member of the IPC Audit and Risk Committee during his term.

**2. Attendance**

Apologies received from Yas Wickramasekera, OCM.

**3. A. Declarations of Interest**

Nil.

**B. Disclosures**

Nil.

**4. A. Minutes of previous meeting of 23 March 2023**

Endorsed by the Committee and confirmed for publishing.

**B. Rolling Action Report**

Accepted as read.

60.03 has been dealt with in Paper 6.

60.04 has been actioned with the Chair sending an introductory email on 21 June 2023.

**5. A. Update from the CEO/Information Commissioner**

The paper was taken as read.

ET summarised the two recent Regulatory Reports undertaken by the I&R Team. A meeting is being held with Minister Hoenig – Minister for Local Government next week in relation to the Local Government Audit.

A small project with Doll Martin has been undertaken investigating development of a bot capable of searching for the words Agency Information Guide (AIG) on public facing websites.

ET gave an update of the International Conference of Information Commissioners (ICIC) Annual Conference in Manila, Philippines which was held in the Southern Hemisphere for the first time in 15 years. ET played three roles in the conference 1. Panelist in the session The Role of Access to Information in Development 2. Regional Meeting 6: ANZ & Indo-Pacific SIDS (has come away with two plans to advance information access) 3. Oceania Update (provided on behalf of the OAIC).

**B. Update from the Privacy Commissioner**

SG took her paper as read.

SG noted that this may be her last meeting as the Privacy Commissioner as her term ends on 4 September 2023.

MNDB preparations were discussed. Issues raised by the Chair at the last meeting in relation to the need for clarity about the IPC's role when cyber breaches are reported have been clarified and communicated to the sector to ensure understanding about the role.

#### **DCS Finance joined meeting @ 10:56**

Mat Smith (DCS Chief Risk Officer) joined the meeting to discuss ARC Member payments. A history of this issue was provided. KPMG was contracted to provide a report (received yesterday). A briefing note outlining the findings of the KPMG to the Chief Operating Officer (COO) will be provided. A poll will be undertaken of all DCS ARC members about views on the payment method. Discussion was had around "employee" v independent "business (ABN)". End 11:04.

#### **6. A. Financial Dashboard (May 2023)**

Paper taken as read.

IN apologised for the updated papers which were distributed separately and spoke to the allocated grants payment which affects the net result forecast for year-end. Forecast surplus now \$352k YTD. PTA for funding has been approved for one year only (MNDB). Some passthrough funding was also received \$485k requested \$326k received. The Committee queried cash flow issues and it was reported there has been none.

Non-executive staff increase in salary was noted by IN as was the budget date of 19 September 2023.

The Committee spoke to paragraph 8 of the paper and in-house finance staff. IN advised that the IPC will liaise with the LECC about whether internal corporate services may be an option for IPC. There was discussion about the MOU and costings around the financial services provided.

#### **B. GovConnect Update (payroll controls)**

The Committee asked if the AO look at this issue in the audit process to see whether the measures taken satisfy the findings of the AO. WL advised that they will work with Deloitte to see if they are satisfied with the actions provided.

IN commented that this was raised as a cluster issue two years ago and the IPC has been monitoring this matter.

IN advised that the IPC and DCS are discussing a new MOU which expired in June 2022. KPIs and financial services are to be discussed (particularly passthrough costs going forward). NG advised that an extension will also be obtained through DCS Legal. ET commented that she did not know how you can extend an expired legal contract. The flat rate charged by DCS is being investigated via the Service Catalogue (NG/IN). WL spoke to interagency charges and it is really important that both parties agree on the role and responsibilities in addition to the cost charges. NG queried WL whether an extension from Legal is even required. Agency to agency agreement on the cost charge is usually relied on. The Committee summarised that the MOU is a vehicle for the parties to set out the agreement between departments and is not relied upon legally.

#### **7. External Audit**

##### **A. 2022-2023 Financial Statements Update**

IN took the report as read. Some Operational Expenses will be amended for the year-end statements. Significant Operating Expenses will be added to the year - end financial statements. The papers are expected to be distributed to the ARC around 21 July 2023 for review.

WL acknowledged the great outcome and thanked DCS and IPC for co-operation in the last audit (seconded by the Committee). Impact of legislation changes regarding appropriation (which has been issued) was summarised by WL.

## **DCS Finance & YS left meeting @ 11:29**

### **8. Agency Planning and Reporting**

#### **A. Monthly IPC Case File Dashboard (May 2023)**

IN's paper was taken as read.

#### **B. Quarterly Report to the Attorney General & Minister Dominello – Quarter 3 January 2023 to March 2023**

This report was taken as read.

#### **C. Cyber Security**

IN spoke to the attestation statements and advised that DCS is taking a much a more engaged approach this year with further evidence around attestation requested. The recommendations for the penetration testing of the case management system are being implemented which meet both requirements of the Essential 8 and recommendations.

The Committee queried whether the CEO feels comfortable that this is under control as feasible. The IPC recognises that we are beholden to DCS in this regard and the actions taken by DCS appear appropriate.

The Committee spoke to documentation addressing the concerns of cybersecurity and evidence / controls are in place. Concerns also need to be documented.

The Committee spoke to page 74 of the papers, there is a table in the papers about AO review of cyber re Essential 8 and talks about formally documenting risks associated. Has this been undertaken by the IPC? SM spoke to how the Risk Register covers cyber security globally, but not down to this level of granularity. Discussion was had around the IPC not reaching that level of maturity, what are the risks for the business. Have we identified the right level of maturity. ET summarised, where do we need to go and how are we getting there and having a document about what the DCS plans are to uplift and the IPC rating whether we are achieving those and whether it has been delivered.

IN noted that the Cyber Security Attestation will be in the papers for the next meeting, and this addresses this requirement in part. In addition, a cyber security test exercise will be undertaken relating to the Business Continuity Plan.

***Action Item: IN to request from DCS and formulate a one-page document setting Essential 8 requirements, IPC current state and action to be undertaken by DCS to elevate IPC cyber security.***

#### **D. Auditor-General Report on the Internal Controls & Governance – IPC Progress Report**

The paper was taken as read.

#### **E. Update of WHS actions arising**

Paper noted by the Committee.

## 9. Internal Audit

### A. IPC Records Management – Status Register

SM spoke to the status of the Records Management Audit recommendations.

### B. Strategic Internal Audit Plan

SM noted the Two-Year Strategic Audit Plan: 2022– 2023 and the two scopes which were distributed out of session. SM noted that the additions provided by the ARC in relation to audit scope for Business Continuity and Cyber Security were adopted.

### C. Business Continuity and Cyber Security

This audit is underway. The Committee queried whether there will be a lot of interaction with DCS? SM confirmed that there will be some interdependency demands from DCS and Resolve.

### D. IPC Leave Records Audit

This audit is underway. The Committee queried the reason for this. SM advised that the approach for Leave application for new starters was inconsistent. There were a couple of triggers around several staff issues including on transfer from the previous MOG from DoJ. The audit was to ensure entitlements are as they should be and consistent in the application for both staff and the IPC.

## 10. Risk Management 2022-2023

### A. IPC Risk Register (includes WHS) Q4 2022-2023

SM took the paper as read

Page 95 S2 was queried by the Committee, what is the IPC experience in dealing with Councils? There is a moderate risk rating, yet they are a group of agencies who are not our best performers. SM advised that this is an area of focus. In terms of the rating, it could be extreme but the number of councils v the rest of the government sector is quite large so there is an aspect of proportionality. What risk does this create for the IPC? ET advised that a letter offering a meeting with the head of the Office of Local Government to discuss compliance by the local government sector has been issued.

Page 98 S7 queried whether the IPC is comfortable with the inherent risk rating of extreme to moderate in this environment?

#### ***Action Item: SM/PS to discuss this issue out of session***

Emerging risks regarding any further machinery of government (MOG) changes was queried. SM advised that it is item 1 on the Emerging Risk Register. SM observed that at present whether further MOG will occur remains unknown, noting prior public comments made by the Premier around cluster arrangements and the changes for the Department of Premier and Cabinet.

The Committee enquired about whether it was the practice of key risk owners providing a more detailed presentation on the risks, strategies and mitigations additional to the risk register. It was noted that this had not been a practice and it was agreed that it would be valuable to have include presentations on key risks by risk owners.

A summary of 4.2 Review of pending litigation matter in NCAT was provided by the ET.

**Action Item: Future meetings to include a presentation of a deeper dive by the risk owners on one specific key risk each meeting (SM)**

**11. Review of ARC Charter Annual Calendar**

**A. Annual Calendar**

Accepted as read.

**B. Review of IPC Cyber Security Maturity**

Accepted as read.

**Other Business**

The Chair noted that the Audit Office yesterday conducted a session for the Chairs of ARCs. High level themes were: cyber security (third-party providers), use of consultants and the financial situation of the state. A summary was provided. Treasury spoke to the financial statements and non-financial asset valuations, climate reporting and appropriations. Pre-qualification scheme for ARC has now been transferred to Treasury. Michael Coutts-Trotter spoke in his new role at Treasury.

The Chair personally thanked SG for her service and wished her well for her future endeavours. SG thanked the Committee for their support over the years.

The meeting closed at 12:24 (the ARC stayed for In-Camera session with OCM & AO).

Schedule for 2023

- Friday, 22 September 2022 (10:00-12:00)
- Thursday, 16 November 2023 (10:00-12:00)

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	<b>5 July 2023</b>
Marcia Doheny	Member	28 June 2019	28 June 2022		
Marcia Doheny	Chair	17 June 2022	17 June 2025		
Peter Scarlett	Member	17 June 2022	17 June 2025		