



## Audit and Risk Committee Meeting Minutes

### IPC ARC Meeting No. 24

Wednesday 23 March 2016, 3pm to 5pm

#### 1. Attendance

<u>Members:</u>	Ms Lyn Baker (Chair), (LB), Mr Paul Crombie (PC), Mr Malcolm Clinch (MC)
<u>In attendance:</u>	Ms Elizabeth Tydd (ET), Ms Samara Dobbins (SD), Ms Roxane Marcelle-Shaw (RMS) (Chief Audit Executive), Ms Anwen Rowe (AR), Ms Pamela Robertson-Gregg (O'Connor Marsden), Robert Hayek (Audit Office)
<u>Minute Secretary:</u>	Ms Anwen Rowe (AR)

#### 2. Declarations of interest

Paul Crombie informed the Committee he has been appointed to the Audit and Risk Committee for Justice Health.

No additional declarations of interest were made.

The meeting **noted** this advice.

#### 3. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 23, 2 December 2015 were **approved** subject to one minor typographical amendment and **adopted** by the Committee. Members **acknowledged** these minutes would be proactively released on the Information and Privacy Commission's (IPC) website.

Members requested the updated ARC Charter be circulated to the Committee for approval and sign off.

*Action item 1: Amend the typographical error and publish minutes of 2 December 2015 on the IPC website.*

*Action item 2: Circulate to members the updated ARC Charter for review and approval by the Committee.*

The Committee **noted** the Rolling Action Report, and the fact that all matters were either complete or on the agenda.

#### 4a. Update from the Chair

The Chair informed the meeting a discussion had been held with 1 member regarding the outcomes of the Self-Assessment process and that she will hold a similar discussion with the member who had been unable to participate in the first discussion. Members discussed the unfortunate lack of information that was available to them regarding the ongoing and high risks involved with the numerous reviews of the IPC over the 2015 calendar year leading to the relocation of the Privacy Commissioner in January 2016.

Members **noted** the self-assessment would be circulated to the Committee pending a typographical amendment.

The Chair informed the Committee of a good example of a risk framework from the Commonwealth agency Comcare and suggested it may be useful for management to review as a template.

*Action item 3: Amend the typographical error in the self-assessment and circulate to the Committee.*

#### 4b. Update from CEO/Information Commissioner

ET informed the Committee the Professor Pearce inquiry was completed in October 2015 and the Public Service Commissioner met with IPC staff in December 2015. The Committee were informed that one of the outcomes of the Pearce inquiry was an interim arrangement to relocate the Privacy Commissioner out of the IPC, put in place in January 2016. However the Public Service Commissioner confirmed the existing legislative arrangements that created the IPC as a single entity. Members were also informed the relocation was a positive step. ET informed the Committee that staff were not required to transfer rather the Department of Justice (DoJ) conducted an Expression Of Interest process providing an opportunity for staff to be relocated with the Privacy Commissioner and 1 member of staff (0.8 FTE) responded and has been relocated with the Privacy Commissioner. Accordingly there is currently 1 permanent staff member within the Privacy team, and the remaining officers were temporary. ET discussed the increased risk to manage regarding the diminished resources within the IPC as at the request of the Secretary funding from vacant positions was transferred to facilitate allocation of temporary resources to undertake privacy work. ET also advised that an operational budget was transferred to facilitate privacy work including those matters identified in the IPC Business Plan which were the largest allocation of operational funds for 2015-16.

Members were informed although there is less impact on the IPC work environment, the situation is ongoing. Two issues have recently been raised with DoJ by the Privacy Commissioner regarding the appointment process for the Information and Privacy Advisory Committee (IPAC) and the content of the IPC Audit and Risk Committee (ARC) Charter. At this stage the CEO has no further information regarding the context of the matters raised however informed members that the IPAC appointment process is with the Attorney General for consideration and the IPC ARC Charter aligns with NSW Treasury Policy TC 09/08.

Although the CEO has *Public Finance and Audit Act 1983* responsibilities as agency head for the IPC, ET stated she has requested DoJ to oversight the Privacy expenditure given the current situation. ET also raised with the Committee the potential difficulties around the production of the 2015/2016 IPC Annual Report given the current situation.

ET discussed with members the recent Joint Parliamentary Committee hearing held on the 3<sup>rd</sup> March and informed members of her meeting with the Eliminating Duplication Panel who are reviewing Governance arrangements within the NSW Public Sector.

ET informed the Committee of an Activity Based Costing exercise currently underway in accordance with the IPC Business Plan to inform resourcing decisions regarding the IPC's regulatory functions and strategic/proactive regulatory functions.

ET also informed the Committee that the Statutory Review of the *Government Information (Public Access) Act 2009* and the *Government Information (Information Commissioner) Act 2009* were progressing.

ET also informed members of her appointment by Minister Dominello to the role of Open Data Advocate, and that this work aligns well with the work of the IPC.

The Committee **noted** the Information Commissioner's oral report.

#### 4c. Update from Director Business Improvement

SD provided an update on the monthly dashboard report and informed members there will be a separate privacy dashboard. SD informed members she had requested the Privacy team undertake their own quality assurance process however no response to this request had been received to date.

SD confirmed a quarterly operating statement will be provided to the Committee for their oversight.

Members discussed the dashboard particularly around the age profile of cases, noting this was outside of the stated service level. Members were informed this was due to staff leave over the December/January period and the loss of resources due to the relocation of the Privacy Commissioner. Members requested it may be helpful to include a chart that indicates trends of age profile.

SD informed the Committee that the IPC would be relocating on Friday 8 April.

The Committee **noted** the Director Business Improvement's report.

## 5. Agency Planning and Reporting

### IPC Business Plan

Members were informed that following the relocation of the Privacy Commissioner the Business Plan has been refreshed and finalised.

### NSW Digital Information Security Policy

Members also discussed the NSW Digital Information Security Policy noting that DoJ carries the responsibility for compliance and associated reporting for IPC under the SLA. The DoJ 2014/15 Annual Report has the published attestation for this requirement.

### Dashboard

SD informed the Committee that IPC is working on a balanced scorecard approach for the dashboard and are currently reviewing KPI's. SD requested input from members' offline to develop suitable financial KPI's by 15 April.

The Committee **noted** the report on Agency Planning and Reporting and actions underway to review the Performance Management Framework (dashboard).

*Action item 4: SD to seek input from members regarding suitable financial KPI's for the revised dashboard.*

## 6. Risk Management 2015-16

### Risk Register

Members' discussed the 2015/16 Risk Register and **noted** the adopted practice of identifying emerging risks.

RMS drew members' attention to the elevated exposure to operational and strategic risks. Members discussed the risks particularly regarding the relocation of the Privacy Commissioner **noting** that a review of the arrangements is due to be undertaken in June 2016. Members **noted** the current situation is not sustainable.

Members also discussed the risk arising with the relocation of the IPC until May 2017 due to the expiry of the Castlereagh Street lease and NSW Property arrangements to consolidate leased property arrangements and the agreement with the Department to include the IPC in their CBD relocation plans for 2017 with Phillip Street under consideration.

The Committee **noted** the register and the elevated risks in light of the current operating environment.

## 7. Internal Audit

### Progress on implementation of internal audits

The Committee discussed the progress on the implementation of internal audits.

Regarding the Case Management System audit, RMS informed the Committee that implementation and training will occur post the IPC relocation and that this should be complete by the end of the financial year. IPC is currently working with DoJ regarding the integration between the ERDMS and Resolve.

Members discussed the IPC Scholarship Project Governance audit **noting** that the scholarship is on the Business Plan to commence this financial year.

Members also discussed the website phase 2 audit and **agreed** this audit can be closed out as this is complete.

The Committee **noted** the actions accepted and underway for the internal audits.

### Terms of Reference

O'Connor Marsden presented the terms of reference for the upcoming internal audits for the IPC contract register, leave management and sponsorship policy.

The Committee **noted** the progress with the implementation of Internal Audits and **noted** the ToR for the upcoming audits.

## 8. External Audit

The Committee discussed the Client Service Plan for the IPC for the year ending 30 June 2016 and Robert Hayek **noted** there were two key issues identified.

SD informed members that she will be meeting monthly with the DoJ financial representative for the IPC. SD also informed members that the new DoJ financial representative would have the appropriate IT software available.

Regarding the identified issue of the quality of the financial statements, the Committee acknowledged they would review the statements earlier to prevent any deficiencies with the quality of the statements.

Regarding the issue of the new lease agreement, the Committee discussed the arrangements particularly around the sub lessor arrangement with the new premises. Members discussed the accounting treatments for an occupancy agreement as opposed to a lease agreement which the IPC will be entering into.

The Committee **noted** the increase in the estimated Audit fees and hours required. Members also **noted** Mr Paul Crombie will Chair the September meeting to review the Financial Statements and requested the Committee receive the statements at early close.

The Committee **noted** the Client Service Plan for IPC and the actions underway to address the identified audit issues.

*Action item 5: Committee members to be provided with the financial statements at early close.*

## 9. Legislative Compliance Register

Members were informed the register has been refreshed and now includes a summary of responsibilities. Members suggested an annual attestation from relevant officers attesting to compliance should be included. Members also **noted** item 1.3 needs to be updated with a review timeframe.

The Committee **noted** the refreshed Legislative Compliance Register.

*Action item 6: Amend item 1.3 to include a review timeframe.*

*Action item 7: Include an annual attestation from relevant officers attesting to compliance.*

## 10. Review of ARC calendar items – Quarter 3

Members discussed the calendar of items for Quarter 3 and a question was raised regarding the engagement and review of Internal Audit. RMS confirmed this occurred in the July/September Quarter of 2015.

The Committee **noted** the review of calendar items for Quarter 3 **noting** all items due for review are acquitted.

## Other business

A question was raised regarding the Privacy Commissioner's request for changes to the Audit and Risk Committee Charter. SD confirmed with DoJ that the ARC Charter aligns with the Treasury policy and that the Privacy Commissioner was invited to attend meetings in 2015.

The Committee **noted** the separation of Privacy and will invite the Privacy Commissioner to submit a written report for future meetings. The Committee **noted** an invitation would be extended to the Privacy Commissioner to attend the June 2016 meeting.

*Action item 8: Chair to request the Privacy Commissioner to provide a written report going forward focussing on risk management and invite attendance for the June 2016 meeting.*

Meeting closed at 5pm.