

Audit and Risk Committee Meeting Minutes
IPC ARC Meeting No. 31
Wednesday 14 June 2017, 2.30pm to 5.00pm

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), Mr Robert Hayek (Audit Office), Ms Pamela Robertson-Gregg (PRG), Mr Harry Lan (HL)
<u>Apologies:</u>	Mr Ashley Hawkins (AH) (Department of Justice), Ms Roxane Marcelle-Shaw (RMS) (Chief Audit Executive), Mr David Daniels (DD) (Audit Office)
<u>Minutes:</u>	Ms Katie Hall (KH)

2. Declarations of interest

No additional declarations of interest were made.

Chair noted that her conflict of interest form is out-dated.

Action item 1: KH to send Chair a new Conflict of Interest Form to complete.

3. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 30, 22 March 2017 were **approved** and **adopted** by the Committee.

Members **acknowledged** that in accordance with usual practice these minutes would be proactively released on the Information and Privacy Commission's (IPC) website.

The Committee **noted** the Rolling Action Report and members **noted** all matters which were either complete or on the agenda.

Action item 2: Publish minutes of 22 March 2017 on the IPC website.

4a. Update from the Chair

The Chair informed members that she is making contact with the Chair of the Department of Justice Audit and Risk Committee and will be discussing matters raised within this meeting, as well as prior meetings.

4b. Update from CEO/Information Commissioner

The CEO informed members that NSW Treasury has issued two new guidelines for consultation which the IPC was invited to comment on. The IPC provided a response which noted a possible oversight of the role of Joint Parliamentary Committees (JPCs).

The CEO advised members on the appearance before the Joint Parliamentary Committee (JPC) on 12 May 2017. The JPC did not require the attendance of the Acting Privacy Commissioner. The JPC largely focused on the Section 37 Report and also enquired on the IPC investigation. The Hansard transcript from the JPC was received and returned.

Two documents were prepared in advance of the JPC, including a summary of acquittal of commitments and IPC achievements. These documents have not been provided to the JPC. The Chair stated that both documents were pleasing to read and the Committee **endorsed** providing them to the JPC by way of covering letter (following refinement of the 'acquittal document' to provide greater clarity around the roles of the CEO and the Information Commissioner).

The CEO updated members on a recent meeting with the Attorney General with particular reference to the GIPA Act review. The CEO noted that she would also be meeting with the Chief of Staff this week.

Action item 3: Review 'acquittal document' and 'IPC achievements' and send to the JPC.

4c. Update from Director Business Improvement

SD provided an update on the monthly dashboard report.

SD provided an update on the ongoing issues with financial reporting and financial pressures in the IPC, specifically focusing on the overrun of staffing costs from the Acting Privacy Commissioner. HL raised that there is no documentation in place to confirm that the Department of Justice will cover the overrun in expenditure by the Acting Privacy Commissioner. Documentation will be needed by Justice Finance for processing purposes. It was agreed that this documentation should be generated within Justice Finance area to enable that area and the CFO to approve allocation of funding to address the overspend.

Action item 4: KH to confirm when next meeting between ET and the Secretary is taking place.

Action item 5: SD to confirm privacy overrun forecasts with HL in order for HL to raise issues with the CFO and gain written assurance that Justice will cover the overrun in privacy expenses.

The Committee noted the appointment of a new Privacy Commissioner receiving a full time salary will further impact the financial pressures on the IPC. HL is considering the overall employee expense. SD advised that the full budget for next year's projects have not yet been finalised, due to the possibility of the reintegration of privacy.

The Data Analytics Centre has engaged the Privacy Commissioner to undertake a project for the fee of \$50,000. \$25,000 has been paid into the IPC account to date, however the service was not directly carried out by the Acting Privacy Commissioner and a consultant (or consultants) undertook the work. The Committee confirmed that HL would follow his proposed course of action to reflect the expense and payment in the IPC accounts. HL will acquire the engagement letter/s and scope to further understand the situation. PRG raised that it may be more appropriate to refer to the individual/s that carried out the work as a contractor, rather than a consultant.

The Committee **noted** that the payment raised issues around regulatory impartiality but acknowledged that the engagement was made by the Acting Privacy Commissioner, not the CEO, therefore the risk is minimised.

In relation to Related Party Disclosures, the Chair asked whether a Statutory Officer could be KMP (Key Management Personnel). HL to determine the Justice position.

The Committee **endorsed** the financial delegations being reviewed and sent back to the Attorney General.

Action item 6: HL to ask the DOJ for advice on Statutory Office Holders being KMP.

Action item 7: ET will send Revised Financial Delegations back to the AG.

5. Agency Planning and Reporting

The Committee discussed the IPC Quarterly Report briefing. PC asked whether there had been any feedback from the AG on the report. ET stated that the AG was pleased with the outcome.

The Chair noted that the report notes a significant increase in privacy complaints since the previous financial year. SD explained that their classification system may differ from the system used in the IPC prior to relocation and therefore it was difficult to make comparisons. The issues would also require review and possible data remediation on reintegration of the IPC.

Action: 8 Suggested by ARC that given data integrity issues in relation to privacy descriptions contained in any reports/briefings should be less definitive. CEO agreed.

6. Risk Management 2016-17

The Committee is aware of the risks and strategies and the fact that some risks are high due to the temporary relocation of privacy.

The Chair questioned why the IPC there is a risk that the IPC is unable to attract and retain staff members. The CEO responded that the organisation remains fractured and the recruitment interest has narrowed given separate location of privacy. General discussion to revisit risk register with a view to consider emerging risks (NB S11 of risk register).

Committee suggested a workshop to consider the alignment of the risk register with the IPC Strategic Plan. CEO advised our Business; Regulatory Planning process would ensure alignment but that this would occur in July/August 2017. Committee noted that ARC members are available to attend/provide input to this process in particular to align with Internal Audit Program going forward. CEO confirmed input welcomed.

The Committee **noted** that the statutory review of the GIPA Act may result in new emerging risks.

Action 9: CAO revisit Risk Register as above

Action 10: CEO to identify opportunities for ARC members to assist in IPC planning process for 2017/18 financial year.

7. Internal Audit

PRG discussed both the Review of Legislative Feedback to IPC clients and EDRMS Post-Implementation Review OCM Reports.

The Chair described the Review of Legislative Feedback report as very clean.

The EDRMS Post-Implementation Review raises five issues within the document which highlights that IPC staff members are not overly confident in EDRMS. As EDRMS is provided to the IPC by the DOJ, it is recognised that the IPC is reliant on the Department to manage EDRMS bugs and enhancements effectively. OCM have provided practical solutions to implement EDRMS within the IPC and SD commented that she was confident in these resolutions. SD noted that she has raised technical issues with the DOJ CIO.

The Committee **noted** that they would be involved in the development of the next three year Internal Audit Plan.

Action item 11: The IPC will implement internal audit recommendations in the allocated timeframes and update the status of internal audit register.

8. External Audit

RH noted that the IPC are complying with requirements and also highlighted the following issues:

1. The financial statements are of good quality, however related party disclosures are missing;
2. The impact of the upgrade of SAP by the Department of Justice; and
3. The accounting treatment for the new lease agreement.

HL discussed that the implementation of SAP was an issue across the board. Chair sought clarity regarding the signing of the new lease.

Action 12: The Chair will discuss the financial issues and SAP with the Chair of the Justice Audit and Risk Committee and will feedback to the Committee at the next meeting.

Action 13: CEO will follow up and confirm out of session with ARC.

9. Legislative Compliance Register

The Legislative Compliance Register was tabled during the meeting. The Annual Attestation was discussed and the Committee agreed that the CEO as agency head and Directors should make the appropriate attestations.

Action 14: Change the point of reference in the document and recirculate to the Committee out of session.

10. Review of ARC calendar items – Quarter 4

Members discussed the calendar of items for review in Quarter 4, 2016/17.

The Committee **noted** the review of calendar items for Quarter 4 **noting** all items due for review are acquitted.

Other business

Paul Crombie raised upcoming expiration of appointment to ARC.

Action 15: KH to provide letters of appointment for review and action by CEO in accordance with the Charter.

The Committee confirmed that the next Committee meeting would take place on Friday 15 September from 2.00pm – 4.30pm.

It was discussed that the end of financial year accounts would be included as a topic.

Meeting closed at 5.00pm.