

AUDIT AND RISK COMMITTEE MINUTES

Date:	Friday, 27 March 2020	Meeting Number: 44
Location:	Information & Privacy Commission NSW Level 17 201 Elizabeth Street Sydney NSW 2000	
Time:	10:00-12:30	
Members:	Mr Paul Crombie (Chairperson) (PC) Mr Malcolm Clinch (MC) (Participated by teleconference) Ms Marcia Doheny (MD) (Participated by teleconference)	
In attendance:	Ms Olive Ferino, Audit Office (OF) Ms Samantha Gavel, Information & Privacy Commission (SG) Ms Kylie McRae, O'Connor Marsden (KM) Mr David Marcus, Information & Privacy Commission (DM) Ms Sonia Minutillo, Information & Privacy Commission (SM) Ms Pamela Robertson-Gregg, O'Connor Marsden (PRG) Ms Elizabeth Tydd, Information & Privacy Commission (ET) Ms Sarah Wyatt, Information & Privacy Commission (SW) Ms Rachel Bindner, Information & Privacy Commission (RB)	
Minutes:	Lynley Mattes, Information & Privacy Commission (LM)	
Apologies:	Ms Weini Liao, Audit Office (WL)	
Attendance not recorded:	Mr Clinton Gould, Department of Customer Service (MC) Mr Anish Patel, Department of Customer Service (AP)	

ITEM

1. **Chair Welcome**
2. **Cyber Security Introduction by Damian Skelton (DCS)**
 - A. **DCS Presentation (15 minutes)**

Damian Skelton took the attendees through the DCS Cyber Security Platform presentation.

The Chair queried if there had been any systems penetration testing undertaken and DCS advised on current arrangements including external penetration testing.

The Chair enquired about the relationship with Cyber Security NSW. DS advised of good and close relationship and current work with them involving daily contact.

Discussion about the provision to the IPC of the annual attestation. DS outlined that the July to March attestation reports to be provided by Justice and from April onwards will be DCS's responsibility. DM asked DS to contact Justice and co-ordinate the reports required.

ET queried the timeline for enhancements and DCS advised there are a lot of projects in flight which puts stress on the capacity of the team and requires some changes.

DM asked about assurance for the security arrangements around IPC's databases. DCS are monitoring, auditing and logging any access to the infrastructure. DS asked DM to send an email requesting more information. A further discussion should be held with DS & Marco about the IPC's requirements. SM enquired about who provides approval for that access to the IPC's databases? DS suggested a meeting with Frank and Marco if there is a business requirement about who accesses IPC's infrastructure.

Action Item: DM to meet with Marco F and DS to discuss attestation arrangements and access controls in place for sensitive databases.

B. IPC Assessment Overview

DM spoke to paper 2B.

3. Attendance

4. Nil Declarations of Interest or Disclosures.

5. A. Minutes of previous meeting - 26 November 2019

Minutes are endorsed by ARC Members.

B. Rolling Action Report

SM advised that the only outstanding action was the Cyber Security paper. Now complete.

6. A. Update from the Chair

The Chair reported that the meeting of 16 December 2019 re IPC Audit Meeting and Risk Register (OCM) was very productive.

The Audit Office is surveying the chairs about the Audit Office's functions. There was a question if the fees were reasonable. Looking at the IPC the fees seemed fairly modest but it would be useful to know the rationale. DM noted they rose this year due to additional work needed to verify data transfers due to the MoG changes.

B. Update from the CEO/Information Commissioner

ET spoke to her report. There has been a lot in the regulatory space and thought it important the Committee had visibility over regulatory as well as administrative issues and was happy to take questions from the attendees.

MC was interested to note the Digital Funding Enquiry received a submission after the closing date.

MC enquired about the Budget estimates appearance.

The IPC has never been required to attend Budget Estimates before and this year was a first this year. ET spoke to the governance around response of reporting to QONs to the Ministers Office.

MC asked about the consolidation of the websites and if the suggestion was that the IPC website should be separate. MC asked about the desirability for the IPC not to be part of a consolidated website.

ET advised this would be considered going forward and the real issue is the accountability required for each agency head as a principle officer and whether the arrangements support compliance with the responsibilities for Agencies under the GIPA Act.

Section 37 Report was discussed. MD was interested around two issues re Compliance & Cladding and what involvement IPC had had. ET advised regular communication with the department. Engagement is everything when it is such a small agency. We referred a total of 3 cases from IPC to NCAT. A fourth matter involves an MP.

The Chair has a question on Report of the Operation of the GIPA, future focus strategies and how they aligned to the strategic plan deliverables. General discussion regarding the three fundamental changes in government and impact on information access rights.

The Chair requested a mapping document against the strategic plan.

Action Item: The IPC to prepare a mapping of the future focus strategies to the strategic plan.

MC asked about the accommodation issue. MC expressed concern at the number of actions that have not been occurring and the time invested to be at this point. ET provided a further update advising that DM is following up. Dep Sec advised that the IPC can be involved with DCS & Property NSW in the discussions. Core issue for MC is the time and energy which has been attributed to the matter. Discussion involved fiscal responsibilities together with statutory independence for exercise of oversight functions noting no other integrity agency in NSW shares space with the cluster arrangement.

Budget issue of 500k not approved. MC asked about next steps from here. DM provided a background to the situation, identifying what the implications are and what can be achieved given the legislative expectations. DM noted that the IPC holds some reserves. The Chair confirmed that we are talking about next financial year. ET advised we are forecasting a deficit greater which was expected.

The Chair queried where to from here regarding the Strategic Plan and Year 1 expectations. ET advised Directors have extracted the relevant actions and developed work programs. Have already commenced delivering against those milestones.

ET advised approx. 70% of our budget goes to staffing. Absolute vigilance and enhanced reporting at the forefront of the approach. MD queried about the Committees interest in access to government information. The questions posed by the JPC and at Budget Estimates demonstrate a commitment to ensuring the legislation is properly applied.

C. Update from the Privacy Commissioner

PC reported on the inadvertent data breach in relation to information received by the IPC from DCS. The issues raised by the breach are currently under consideration. The Commissioners have attended three Parliamentary committees already this year. New Privacy resources have been released (COVID-19 and privacy issues). The PC has been in discussion with the Commonwealth Privacy Commissioner and State and Territory Privacy Commissioners about issues relating to COVID-19 and privacy with national implications. As to the Privacy Awareness Event in May, consideration is being given to using an online format this year because of COVID-19.

The Chair asked about government commitment to privacy issues. SG advised that the Attorney General recently expressed support in parliament for a Mandatory Data Breach Notification Scheme and including state owned corporations in the PPIP Act. These matters may be delayed as parliament will not be sitting until September 2020.

MD queried the reputational risk re cyber security and if there is anything the PC is doing to respond to the reputational risk to the office. SG advised the IPC has had preliminary meetings and will be seeking further information as to how the breach occurred and what steps will be put in place to prevent a future recurrence. The matter is being taken seriously although the IPC's response may be somewhat delayed due to COVID-19.

7. Risk Management 2019-2020

A. Risk Register

Went to Paper 8 as there were attendees on the line.

SM spoke to the redeveloped register attached which includes the ARC and Executive recommendations from December's workshop. Of noting is that the register has been modified to incorporate feedback from the committee to include a description of risk causes. SM drew the Committee's attention to 3 strategic risks S2, 7 & 8 as extreme (reduced to moderate).

The other matter not specifically addressed in the risk register is the risk associated with responding to COVID-19. The register does include broadly the risk around the Business Continuity Plan, however there is a separate paper attached about how the IPC is responding around COVID-19.

B. IPC WHS Risk Register

The IPC was retaining a separate WHS register. No significant changes to note.

However, the IPC would like to now consolidate the two registers to have a single all of IPC Risk register. Some overlap exists between the two and there is benefit in having a single and comprehensive register going forward.

DM summarised recent activities relevant to COVID-19. The major issue has been the ICT. DM advised 10-15% of staff were working from home and we are trying to keep a consistent approach to be fair to all staff. With new laptops the IPC can offer similar flexibility to all staff. DM spoke to the Policy and Procedures of the new cluster and IPC is working to review compliance.

DM advised that from today IPC will be increasing flexible working. The IPC is now closed to public face-to-face contact as of yesterday. Still delivering the services the community expects in different ways which is providing greater learning and new skills as we adapt processes to be responsive.

As everybody doesn't have good chairs at home, staff have been asked to conduct a WHS Assessment to move into flexible working. We can address the hardware issues more easily. Flat surfaces are not a luxury for everyone. These are real concerns that we have to address. We are in a time of evolving decisions. Every day we have to monitor communications and do the best we can to communicate applicable matters to staff.

The Committee confirmed that they endorsed the consolidation of the Risk Registers.

C. IPC HSC Minutes of Meeting

Noted.

8. Agency planning and reporting (11:00 RB & DCS to attend)

A. IPC Dashboard

DM spoke to the attached dashboard with the forecast and noted that this is the first DCS supported report and they have worked quite hard to deliver the information in the same format however there have been some differences in timings and process. The update from DCS is received at the start of the month. ET added that one of the issues is that we are under a service level agreement so some of the transactions need to go through our services provider and IPC don't always have visibility.

The budget forecast for this year is set out with the projected deficit.

The financial processes and payments are improving.

The Chair queried the premises expenditure which is a lot higher than the original budget. DM & RB explained this further and referred to the impact of depreciation.

SM spoke to the Case Work Data attached. Statutory timeframes have been met. The YTD shows slightly less than 100%, which is a reflection of the change in reporting as previously reported to the ARC. The margin continues to narrow we continue to meet timeframes.

The month of February was a huge month in finalisation and closures. 92 matters were closed this month. With the concerted efforts of the team we are now starting to get the age profiles in hand. Key highlights provided.

MD asked whether the 500k will impact on our ability to comply with timelines? SM responded that when we became subject to the new requirements the IPC developed a new business model and have been working on that model. The reality is that the review & complaint work and a range of other activities, if that funding was not there the team could not continue to achieve what is being achieved. Building capability and compliance within agencies will be severely diminished. There is an appetite from agencies who embrace and welcome feedback and guidance from the IPC that can better the agencies compliance. The state budget next year may have major ramifications.

DM spoke to the question about allocation of projects in 7A which is one of the areas we schedule and monitor projects.

B. Quarterly Reports to the Attorney General & Minister Dominello – Quarter 1 & Quarter 2, 2019-2020

Noted.

C. IPC Regulatory Plan

The Chair asked how the objectives were drafted and was advised that these were taken from the Strategic Plan.

9. Internal Audit

A. Internal Audit Scopes

IPC developed in internal audit plan and the draft internal audit scopes were provided to Committee members out of session and feedback from the Committee was they were comfortable with the scopes. The only issue is that given our new environment (COVID-19) a discussion with OCM was held about how we would proceed with the audits. Continuing forward OCM are well equipped to continue the audits remotely. When needed the relevant key personnel can be spoken to via skype. PRG confirmed that each audit will look at its own merit as to whether this is achievable remotely and spoke to sharing of screens and secure document centres etc.

B. Internal Audit Calendar

Proposed Internal Audit Plan at 9B is a two-year proposed plan with the first audits being the audit scopes distributed. The Internal Audit Plan will come back to each committee meeting which may need some re-adjustment given it is projected for a long way forward.

MD - there may be some value in the Internal Audit Plan incorporating working from home in the future. Any lessons learnt. SM confirmed good idea. MC suggested a performance-based audit. SM happy to investigate further with OCM. Not limited to working from home, more business continuity with a strong WHS focus and perhaps may more appropriately be dealt with in a review of the BCP enacted in responding to COVID-19.

Committee endorsed the internal audits, and should any reframing be required to accommodate the remote conduct of the audits this would be recirculated out of session.

C. Audit Status Registers

SM highlighted the Update Status Table in respect of Findings and Recommendations from completed Internal Audits which records that all current required action has been implemented.. Drew attention to ongoing obligations in both audits which is reflected in the tables (completed but still ongoing).

10. External Audit

A. IPC Annual Engagement Plan – External Audit

IPC will be looking at the robustness of our migration of data but after discussions the standard process is to run the ruler over to confirm that data is as it should be.

Certification of the financial statements will be similar to the IT attestations and there already have been some discussions between Justice and DCS.

RB had nothing to add. OF was happy to take any questions. MC suggested it may be a similar issue as to the internal audit. What has been put in place. OF advised that practices have been put in place for remote working and have been in touch with Treasury as to any implication of disclosures.

Skype meeting IPC conference room dropped out at 12:07.

Malcom, Sarah, Olive, Marcia, Rachel (6883 removed).

Skype meeting resumed with all attendances shortly after.

ET asked OF in terms of the audit fees of 28% increase, where is that documented in the correspondence to assist the Chair with his previous query. MC advised page 47 identified the increase. OF advised section 7 on page 5 provides a split of the audit fees and some details have been provided around MOG in section 2.

MC spoke to the 2.4-2.5% increase yearly. Some companies queried this as some are having their budgets cut. OF replied that they also work with DCS and where they can leverage the IS Board, and the data migration have included their time into IPC so moving forward, they hope to improve or try to leverage some work that they do from DCS. See this cost to be a one off this year, not an ongoing cost (pre & post migration to be investigated).

The Chair queried with DM the AO Closing Report from last year. DM spoke to the AO Management Letter points and Financial Delegations and Purchase Order use. RB summarised the new Accounting Standards Leasing (in place from last financial year and part of our BAU) & Revenue Standard (doesn't apply).

11. Review of ARC Charter Annual Calendar (*standing item*)

Where does the Early Close fit into the calendar (Chair). Perhaps we can include early close into the calendar.

Action Item: DM to provide LM Early Close dates for inclusion in calendar.

No further questions from the Committee.

ET queried 3.1 does Q4 align with the Early Close Timetable. The Chair confirmed.

MD voiced her general concern going forward around the implications of the state budget.

12. Other Business

A. Schedule for 2020

Updated June to 2020. All members confirmed they were happy with the dates.

- Friday, 26 June 2020 (10:00-12:30)
- Friday, 25 September 2020 (10:00-12:30)
- Friday, 27 November 2020 (10:00-12:30)

The Chair advised the meeting closed at 12:24.