

Audit and Risk Committee Meeting Minutes

IPC ARC Meeting No. 14

Wednesday 26 March 2014, 3.00pm

1. Attendance

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| <u>Members:</u> | Ms Carolyn Walsh (Chair) (CW), Ms Lyn Baker (LB), Mr Garry Dinnie (GD) |
| <u>In attendance:</u> | Ms Elizabeth Tydd (ET), Ms Meredith Claremont (MC), Mr Gary Tong (GT), Ms Anwen Rowe (AR), Mr Clive Gough (O'Connor Marsden), Ms Somaiya Ahmed (Audit Office), |
| <u>Apologies:</u> | Ms Pamela Robertson-Gregg (O'Connor Marsden) |
| <u>Minute Secretary:</u> | Ms Anwen Rowe (AR) |

2. Declarations of interest

No additional declarations of interest were made.

The meeting **noted** this advice.

3. Minutes of previous meeting and Rolling Action Report

Minutes of meeting 13 were **approved** and **adopted** by the Committee, and members **acknowledged** these minutes would be proactively released on the IPC's website.

Action item 1: Publish minutes of 3 December 2013 on the IPC website.

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

4a. Update from Information Commissioner

ET commenced her update by stating it was a privilege to work as the Information Commissioner. She informed the Committee of an organisational scan of the IPC performed upon commencement and acknowledges there is a solid base from which to operate. ET stated she is pleased with the current operational business plan and strategic plan.

ET informed the Committee of a survey she conducted with staff, of which 18 responses were received out of a possible 20. This was a pleasing result and informed the preparation of 9 priority projects, now underway.

The 9 priority projects are:

1. Website redevelopment
2. Education tools
3. Practices and Procedures
4. Information Management tools
5. S37 report
6. S61b report
7. Privacy Governance Framework
8. Communications Framework
9. Administrative Functions review

ET informed the Committee of recent discussions with Treasury and identified 4 primary risks, being, capital risk, SLA agreement, issues around labour cap and procurement savings, and Roadmap and savings required. Further discussions with Treasury regarding these matters are scheduled to take place. The current documentation indicates a misalignment between the recurrent saving achieved as a result of the 2013 restructure and the ongoing savings required under the Roadmaps.

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

4b. Update from the Chair

The Committee **noted** the letter from the NSW Treasurer regarding the improvement in the quality of financial information within the NSW Public Sector.

5. IPC Corporate Governance

ET spoke to the IPC Corporate Governance paper which builds on the IPC's earlier work to establish a governance lighthouse.

CW opened discussion and noted the pragmatic and clear approach, and solid Governance framework.

The Committee discussed issues around the organisation structure, delegations and the requirements of the newly implemented *Government Sector Employment Act 2013* (GSE Act).

ET distributed copies of the schedules of the *Public Finance and Audit Act 1983* (PFA Act) and the GSE Act.

There was discussion around the nomination of a single agency head under the GSE Act. With respect to IPC, the agency head is the Information Commissioner who has responsibility for public sector staff. Similarly, the PFA Act provides guidance regarding the functions of the single agency head.

CW noted the importance of being clear about delegated authority, noting it is particularly important to establish who has authority, accountability and the authority to delegate. The Committee stated that accountability cannot be delegated as it is vested with the Information Commissioner, and stressed the importance of getting clarity around this issue.

The Committee discussed the current approach to delegations by the Information Commissioner and the Privacy Commissioner. It was noted that delegations are in place by the Information Commissioner, however there are none in existence for the Privacy Commissioner. The Committee stated this was counterproductive in the current matrix-style business model, and may lead to inefficiencies or confusion around the business model.

CW stated it was clear with the introduction of the GSE Act who holds delegations regarding employment and financial matters, being the CEO, Elizabeth Tydd. Unless precluded explicitly under the Act, the CEO may delegate functions to other officers, including the Privacy Commissioner. However, it is important to note that such delegations do not limit the CEO's accountability for the proper exercise of those functions. Given the nature of statutory appointments, the Committee suggested further advice be sought in relation to the statutory (versus delegated) accountabilities of the Information Commissioner and Privacy Commissioner.

The Committee discussed non-alignment of delegations of functions between the Information Commissioner and Privacy Commissioner could lead to a number of risks;

1. Possible confusion amongst officers (ie in being able to undertake certain tasks for one side of the business, but not the other)
2. Lack of alignment with business model leading to a loss flexibility and efficiency.

The Committee acknowledged that there may be reasons for not having the delegations aligned across the business due to other risks. If that is the case, the business/organisational model should be reviewed to align with delegations.

The Committee requested that the Information Commissioner obtain advice regarding the GSE Act and PFA Act delegations; The Committee also discussed the Service Group Statements and stated these measures may not accurately reflect IPC service measures. It was noted that the current statements are all reactive measures, not proactive, and that no measures show the performance of the organisation.

The Committee suggested ways of updating the KPI's to better reflect agency performance, such as using proportion of complaints/reviews as opposed to total numbers, measuring how long people stay on the IPC website and how many layers they navigate to.

The Committee **noted** the work being undertaken regarding the IPC service measures and **endorsed** the pursuit of updating the KPI's.

The Committee **noted** the internal auditors will be engaged to review and improve the IPC suite of policies and procedures and the intention to undertake a gap analysis and where possible adapt Departmental policies/procedures particularly in analogous risk areas such as security. The Committee suggested the areas to be examined are to be driven by risk and exposure.

The Committee **noted** the framework and governance procedures and sought further advice outlined above.

The Committee **noted** the Information Commissioner has special projects in place to deal with the business priorities.

6. Risk Management 2013-14

The Committee **noted** the close out of the 2010-2014 Risk Register and noted the intention to revisit the new Risk Register in June 2014.

The Committee also **noted** the current priority projects being undertaken to deal with the outstanding risks from the 2010-2014 Risk Register.

7. Internal Audit 2013-14

The Committee were informed no direct progress had been made regarding the RIM and CMS audits. Any progress is strongly linked to the priority projects and the SLA. ET informed the Committee that a number of recommendations are now linked into the Information Management priority project.

GD mentioned there were a number of inconsistencies in the status column in both reports and these should be updated.

ET informed the Committee of a major IT outage on Wednesday 19 March, with no access to computers or telephones for over 8 hours. The Committee discussed the RIM audit recommendations for business continuity and disaster recovery plans.

CW stated the lack of a signed SLA was a significant and ongoing risk to the organisation. ET also informed the Committee of budget impacts regarding the SLA and that these are being addressed.

The Committee **noted** the updates and **noted** progress is closely reliant on the SLA.

The Committee **noted** there is no forward internal audit plan and requested the scoping exercise regarding the gap analysis as proposed in item 5, be circulated out of session. The Committee **requested** the forward internal audit plan for 2014-15 be added to the agenda for the June meeting.

Action item 2: Inconsistencies in CMS and RIM reports to be updated.

Action item 3: The internal audit proposal for 2013-2014 is to be circulated to the Committee out of session.

Action item 4: The forward internal audit plan for 2014-2015 is to be added to the agenda for the June meeting.

8. External Audit

The Committee discussed the Client Service Plan and the implementation of the recommendations in the Management letter for 2012-2013.

The Audit office **noted** the SLA issue, and informed the Committee there were no other key issues. Progress is underway for the early close and no issues with the early close are anticipated.

The Committee **noted** the Client Service Plan and noted issues from the last audit have been closed out except for the SLA issue.

The Committee offered assistance with any further action to be taken to finalise the SLA.

9. Legislative Compliance Register

The Committee **noted** the compliance register, noting alignment with the Governance Framework will be undertaken.

10. Review of ARC calendar items – quarter 3

The Committee discussed the Calendar items scheduled for review in the third quarter of the financial year.

The Committee **noted** the general update.

11. Digital Information Security Policy – IPC compliance arrangements

The Committee discussed its role to consider and oversight the attestation, and requested clarification of the process for sign off.

The Committee suggested IPC consider requesting from DAGJ evidence of audits or reviews of systems, as part of the assurance process.

The Committee **noted** the requirement and agreed the Committee is to oversight and provide comment in due course.

Action item 5: IPC seek advice from DAGJ regarding evidence of audits or reviews of systems to support attestation requirements.

Other business

Meeting schedule:

The Committee discussed rescheduling the June meeting, possibly between 16 -29 June. AR to contact members to confirm a new meeting date.

The Committee also discussed the September meeting, noting an earlier meeting may be necessary to review the financial statements, as per the timetable of the Audit Office. It was agreed that the meeting on 24 September would remain, and a separate meeting scheduled if required.

Action item 6: AR to contact members to settle a meeting date in June.

ARC appointments:

The Committee discussed that members' terms are due for expiry in June 2014. CW informed the Committee that GD would participate in his final meeting of the IPC ARC in June.

LB stated she would be happy to be considered for re-appointment to the IPC ARC.

The Committee **noted** the meeting dates for 2014, which are:

*June – to be confirmed
Wednesday 24 September 2014
Wednesday 3 December 2014*

The meeting concluded at 4.50pm