



AUDIT AND RISK COMMITTEE MINUTES

Date: Friday, 25 March 2022

Meeting Number: 56

Location: Microsoft Teams

Information & Privacy Commission NSW
Meeting Rooms McKell L15-Exec01-14 & McKell L15-Exec02-14
Level 15, McKell Building
2-24 Rawson Place
Haymarket NSW 2000

Time: 10:00-12:30

Members: ***Mr Paul Crombie (Chairperson) (PC)***

Mr Malcolm Clinch (MC)
Ms Marcia Doheny (MD)

In attendance:

Ms Somaiya Ahmed, Audit Office (SA)
Ms Elizabeth Tydd, Information & Privacy Commission (ET)
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 Pamela Robertson-Gregg, O'Connor Marsden (PR)
Ms Yasmine Salameh, Information & Privacy Commission (YS) (for finance discussion)
Mr Nick Sikka, Department of Customer Service (AM) (for finance discussion)

Minutes: ***Lynley Mattes, Information & Privacy Commission (LM)***

Attendance not requested: Mr Clinton Gould, Department of Customer Service (CG)

Apologies: Ms Olive Ferino, Audit Office (OF)

ITEM

1. **Chair Welcome**

The Chair welcomed the attendees.

2. **Attendance**

3. **A. Declarations of interest**

Nil changes. Discussion was had around the Chair approving declarations and the person with interests providing the declaration.

B. Disclosures

Nil.

4. A. Minutes of previous meeting of 26 November 2021

Endorsed by the Committee and confirmed the publishing of 26 November 2021 minutes.

B. Rolling Action Report

SM spoke to the Rolling Action Report and noted that there were a number of items completed or otherwise dealt with in the agenda such as 55.04 and 55.07.

5. A. Update from the Chair

The Chair attended an online meeting of the Cluster Audit and Risk Committee (ARC) Chairs with an update from Margaret Crawford (Auditor General) and Emma Hogan (DCS Secretary). First meeting was very informative. Copies of slides from presentations were requested by the Chair. Quarterly Meetings to be held by Carole Holley _ DCS ARC Chair.

Action Item: Sonia to request a copy of the Cluster Chairs PowerPoint presentation from Effie Chen (Chief Audit Executive, DCS)

B. Update from the CEO/Information Commissioner

The Strategic Plan and Regulatory Plan were discussed. A new draft has been provided to ET. MD queried the structure of separate documents. ET confirmed this structure (strategic plan contains also corporate strategies) and the Regulatory Plan is more granular.

Section 37 Report on the Operation of the GIPA Act 2020/21 was tabled at Parliament yesterday. Overview discussed.

The IPC has had a positive response from regarding Local Government disclosures of interest and scope of Information Commissioner regulatory powers.

ET outlined highlights from the report. Government departments have demonstrated very low compliance with additional open access requirements. Major acquisitions and disposals of property. TPP19-07 requires the same reporting and attestation.

The Chair noted the increase in workload for the IPC and would like to reinforce the Committee's appreciation to the staff at the IPC. The Chair also noted that this may be a risk to cope with going forward. Discussion was had around WHS and increased workload and sustainability

Integrity Agencies Funding recommendations letter was issued to MCT at DPC. SM advised that the Hansard reports from the previous day indicate discussion around a Bill.

C. Update from the Privacy Commissioner

The Bill for the Mandatory Notifiable Data Breach Scheme (MNDB) continues to be tweaked and it is hoped to go Cabinet in April 2022. There are a number of issues in the bill which may attract debate in the house.

Data Breaches were spoken to including cyber breaches which were contained in SG's paper. The way that IPC & Education were able to include privacy protected measures around this piece of work was very interesting and useful for the future. A summary of Log4j vulnerability was provided.

Additional safeguards to check in data was spoken to.

Privacy Awareness Week 2 – 8 May 2022.

As requested at the last meeting in November 2021, an update was provided around the sharing of Personal Information During Emergencies. This bill has now been passed and a number of amendments were made. The Chair queried whether this has been approved by both Houses of Parliament, and is it in place? SG reported it has been assented to and will check if it is in place. MC advised that this was assented to in November. SG advised that it is then in effect.

The Chair queried the timing of the MNDB. IPC's understanding is that it will go to cabinet in April and Parliament in May/June 2022. The bill has a 12 month period before it takes effect to allow IPC and entities time to do the things they need to do to get ready for the scheme.

MD queried the sharing of Personal Information During Emergencies and is there a legislative reporting requirement. SG replied that there is a risk to people's privacy. ET spoke to the emergency declaration which is the impetus do citizens get notified that now the declaration is in force that their personal information cannot be used? SG will provide an update at the next meeting.

11:05 - DCS Finance and Yasmine Salameh joined the meeting

6. Finance

A. Financial Dashboard (February 2022)

Nick Sikka spoke to Paper 6 provided. NS took the paper as read.

The main focus is on spending the underspend and bring forward some of the expenses yet to be finalised this financial year or next year. A couple of carry forwards have been requested with Treasury.

There is a new deregistration of leases, accounting standard 16. The Chair queried the adjustment to the finances, is this a journal entry or a cash entry. NK advised that we either pay this as a lease, or a rent, so it will not disappear. ET's understanding is that it operates differently for the IPC as we pay rent to DCS and IPC's budget allocation will decrease by \$200k due to the deregistration of leases. NS advised that ET is right, but there is a technicality regarding depreciation of the asset.

IN advised that there is an asset on our books from Elizabeth Street and we have submitted a request to Treasury to remove this from our budget which will mean that depreciation will be reduced in future years. We do have a submission in with Treasury requesting an extra \$400k funding to address the depreciation issue. Also an additional \$165k PTA for capital funding. NS stated that up until 29 June 2022 working as is and only on 30 June 2022 we will be making the adjustment. As at early close, there is no change in the position. MC asked NS to speak to the staffing costs. Project related, protected funding and if MNDB has been delayed, we should get a carry forward. Property NSW derecognising all assets in Treasury's system. This will be an issue next year (\$200k requested) and in future years due to negative depreciation. ET what impact does this have regarding disposal of assets, TPP19-07 and the GIPA Act. SA advised that from the financial statements side, this will not have a impact.

NS advised that there will be a big clean up by Property NSW regarding this matter, government wide.

Action: IN to update on PTAs and outcomes

B. GovConnect Update

Through our closing engagement report from our External Audit, this was identified as a risk and included on the Agenda as a standing item.

IN spoke to Item 6.8 in his paper and advised that Deloitte are satisfied. SA advised that as part of the audit process, AO will be looking into this.

7. External Audit

A. IPC Annual Engagement Plan (AO)

SA took the document as read and highlighted a couple of matters.

SA then spoke to the fact that there was no right of use regarding the leasing finances last year and this will only affect DCS.

ET spoke to the timeframe of early close and that staff will be taking leave (during Easter and public holidays etc).

IN advised that we are still waiting for Treasury to confirm the timetable for early close. The IPC is working on a draft timeframe. DCS will provide draft statements the day before Good Friday and distribute to the ARC the next week for review.

MD queried whether there will be an increase in quality from DCS. NS advised that DCS have gone through the list of deficiencies from the Audit Office in advance of this year's end of financial year. Share folders have been made for information sharing DCS/AO. Monthly attestations have been received from GovConnect and discussed on a monthly basis. Discussion was had around performance last year v this year. The Chair also confirmed that Clinton Gould acknowledges last year's issues and has assured us of better practices for this year.

The Chair spoke to the two highlighted issues regarding DRF in the AEP.

The Chair also queried the Cyber Security Issue/Risk and how are we placed in that regard. IN advised that we will be able to provide more of an update at the next ARC Meeting and that the IPC has been working with DCS on Cyber Security. IN spoke to DCS's obligation to increase the rating on their Essential8. Statistics from phishing exercises will be provided by DCS. IN noted that the IPC is drafting an IT Strategy to assist.

The Chair reported that he had been in direct contact with IN in advance of the meeting with a couple of questions which have been answered.

11:45 – DCS Finance and Yasmine Salameh left meeting. Somaiya Ahmed left meeting.

8. Agency Planning and Reporting

A. Monthly IPC Case File Dashboard (February 2022)

The report was noted and taken as read. ET/PC discussed results regarding Advices. The clearance ration YTD shows that we are keeping up with the work well.

B. Quarterly Report to the Attorney General & Minister Dominello – Quarter 2, October 2021 – December 2021

Noted as read.

C. Cyber Security

Discussed.

Discussion continued around the leasing reporting matter and IPC's Occupancy Agreement.

IN spoke to the Recordkeeping Monitoring Exercise to be held by NSW State Archives.

MC noted Independent Agencies.

9. Internal Audit

A. Status Register

SM took the paper as read and advised that there have been three audits carried forward from last year. On the Recommendation Status Register for Risk Gap Analysis TPP20-18 the proposal is to seek endorsement of the closure, the actions have been implemented with the remaining matters for the annual report. The Committee endorsed the closure.

Governance Health Check Status Register – one action overdue Item 1 – Strategic Plan Recommendation is underway and is partially complete and the status register should remain open until full implementation.

Engagement Strategies Status Register – it is proposed that the Committee endorse the closure of this. Many of the recommendations went to around specificity of objectives and measures which has been taken forward and were informed by the last strategic plan. The matters around specificity, measures and the recommendations have been taken forward into the new strategic plan. The Committee agreed to this closure.

B. Draft Strategic Internal Audit Plan

Internal Audit Plan – SM gave a summary of her paper and the timing of the proposed audits. Cyber Security has been captured as a future audit and combined with Business Continuity. Records Management is also proposed is the first internal audit in this financial year.

The Committee endorsed the scope of the internal audit plan (noting that future audits can be revisited).

SM provided an update on the progress of the Independent Quality Assessment of Internal Audit which commenced with an external supplier and SM highlighted that time may be required in ARC's diary as part of the process.

10. Risk Management 2021-2022

A. Review of IPC Risk Register (includes WHS) Q3 2021-2022

SM summarised her paper and explained the new Risk Register highlighting the Risk Treatment Plan (commencing page 12 of the Risk Register). There are some risk treatments that where a change in the risk rating is not anticipated as it reflects recognition of the broader environment within which that risk exists. ET identified that cyber security as an example and which is now a standing agenda item, discussed broader environmental issues and accordingly the moderate rating remains.

SM spoke to Attachment 10B Enterprise Risk Framework and sought concurrence from the Committee to approach an external supplier to assist with a more comprehensive review of this framework including the development of a risk appetite. The revised Enterprise Risk Framework was endorsed together with the broader engagement of an external provider to undertake a more comprehensive review of the framework.

B. IPC HSC Meeting (24 February 2022)

Minutes of meeting noted. No significant matters.

Discussion was had around WFH and WHS (ergonomics & hardware etc).

11. Review of ARC Charter Annual Calendar

A. Annual Calendar

The ARC Members noted the paper as read.

B. Review Performance Management Framework

IN spoke to the Draft IPC Performance Framework. ET advised that we are relying on surveys and we want to ensure the questions are limited and flexible (so as not to overburden respondents).

C. Review of Gifts & Benefits Trends

Noted.

Other Business

Discussion was had around the Early Close Timetable and when the ARC will be needed to review the Early Close Financial Statements.

Action Item: IN to distribute a final Early Close Timetable to ARC when available

The meeting closed at approximately 12:20.

ARC Meeting Schedule for 2022

- Friday, 25 March 2022 @ 10:00
- Thursday, 9 June 2022 @ 14:30
- Thursday, 22 September 2022 @ 10:00
- Friday, 25 November 2022 @ 14:30

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	5 July 2023
Paul Crombie	Member	17 September 2014	17 September 2017	20 September 2020	
Paul Crombie	Chair	16 June 2019	16 June 2022		
Marcia Doheny	Member	28 June 2019	28 June 2022		