

The Hon Lesley Williams MP  
Chair  
Committee on the Independent Commission Against Corruption

By email: [icaccommittee@parliament.nsw.gov.au](mailto:icaccommittee@parliament.nsw.gov.au)

17 November 2022

Dear Ms Williams

I am writing in response to a recommendation of the Committee's report *Review of the 2020-2021 annual reports of the ICAC and the Inspector of the ICAC* (the Report), tabled on 20 October 2022, to provide an update to the Committee on the outcome of the review of the Commission's information handling practices (Report recommendation 4).

As the Committee was advised by the former Chief Commissioner, the Hon Peter Hall KC, on 19 August 2021, changes were made to relevant parts of the Commission's Operations Manual procedures to strengthen security measures around the uploading to the public website of private transcripts. The paralegal, whom Chief Commissioner Hall referred to in his letter to the Committee, had been temporarily appointed by the Commission to undertake the uploading of transcripts to the website but has since been made a permanent staff member. The Commission is satisfied that it has a robust, secure system in place to significantly reduce the risks surrounding this important and sensitive area of our operations.

The Report also made references to testimony by the former ICAC Inspector, Mr Bruce McClintock SC, concerning the Commission's information handling practices and also contained a request to hear about the outcomes of the Commission's review of these practices (report paragraphs 1.64 to 1.68).

The Commission's review of its information handling practices included engaging KPMG to undertake an internal audit of the Commission's Assessments Process, following on from an internal review that had been undertaken in early 2021 about the handling of information provided by the Department of Premier and Cabinet that had not been registered or assessed in a timely manner. In addition, the internal audit considered a number of unintentional emailing errors by Assessments staff where documents were incorrectly sent to the wrong person. The KPMG report was finalised in June 2021. The recommendations were:

- clearly define all aspects of the assessments quality assurance (QA) framework, including reporting mechanisms, QA frequency, roles and responsibilities. The Executive Management Group (EMG) approved the changes to the Operations Manual section AP01 on 27 April 2022;
- a declaration by the Assessments Manager should also be made to the EMG on a quarterly basis to confirm these QA activities have been undertaken. The Assessment Section Quarterly reports considered by EMG since the 4<sup>th</sup> quarter of 2020-21 contain such a declaration;
- review and update the assessments sections of the Operations Manual AP01, AP02, AP03, and AP04 to clarify the accuracy of the overall governance framework and the

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current remit of the Assessment Panel Charter, and to outline the QA activities undertaken to monitor and report on the status and outcomes of assessments. EMG approved the changes to AP02, AP03 and AP04 sections on 16 February 2022;

- in the absence of automation of manual assessment processes, develop simple process maps to clearly define the assessments methodology and critical controls to generate consistent use of IT systems where manual processes are still employed. The process maps were included in the revised AP01 section approved by EMG on 27 April 2022;
- explore a longer-term solution to address risks with manual controls and consider investigating system capabilities within TRIM and Resolve to identify opportunities for automation of the current processes. As no opportunities for automation were identified with the current software products, a larger ICT project on system integration has been commenced to look at better automation and integration of our current information handling systems across the Commission. An external contractor is developing a business case on what software solutions may be available, including assessing what other jurisdictions are doing in this area. The business case is due to be delivered by the end of 2022;
- review and update the AP01 section of the Operations Manual to include the Assessments, Records and IT roles in managing conflicts of interest, including reference to the ICAC Conflicts of Interest Policy. EMG approved the revised AP01 section on 27 April 2022 and a revised Conflicts of Interest Policy 16 February 2022;
- consider the implementation of additional QA checks and mechanisms to ensure that management actions to manage known conflicts of have been addressed accordingly ie random spot checks of matter access. This recommendation is still to be implemented but the ObservelT software is a powerful audit tool to enable such spot checks to be undertaken in 2023; and
- consider reviewing the security of matters where conflicts have been declared but which had not been subject to the new management strategy. This recommendation is still to be implemented and will occur in 2023.

In addition, an earlier KPMG internal audit of the Commission's business critical records and data management, completed in August 2020, identified that the Commission did not have a mechanism to monitor and manage access to digital records held outside of the TRIM records management system.

The latter internal audit recommended that the Commission should explore data loss prevention tools or other monitoring controls to add transparency and oversight to the management of information stored outside of the TRIM system. Further, that this should include key system audit logs being maintained and protected, providing unaltered historical tracking of the usage of Commission systems. In addition, the Commission should include records management and file storage expectations in the existing security awareness training program. The program should include references to the expected behaviours for where to store information, how to classify and secure it, as well as the purposes of each shared drive and TRIM container.

During the Committee's May 2021 hearing into its "Review of the 2019-2020 Annual Reports of the ICAC and the Inspector of the ICAC", the Commission was asked a question by the then Chair about whether we had a "document-tracking methodology so that when a person is logged into your system and they open up or forward a document that is tracked in terms of the IP address". The question was taken on notice and our tabled answer was, "The current software systems employed by the Commission only enables part of the information that the question is seeking to be provided. However, the Commission is currently evaluating software that, when deployed on Commission devices, will enable tracking of all file and document movements on the systems accessed by Commission staff using Commission devices. This

will enable the Commission to know the file names, source and destination locations, user name and IP address for internal users or logins. It is anticipated that the software will be deployed across the Commission early in the new financial year.”

The Commission assessed software products that could assist in completing audits of file activity on the Commission IT file systems, identifying high risk behaviours by IT staff accessing IT file systems, and providing control of operational staff actions regarding dissemination of business records.

As a result, a software product called ObserveIT was assessed as the most suitable solution. The EMG agreed to the introduction of the software on 27 October 2021 and for it to be deployed to all Commission laptops and desktops, and Commission file servers and systems used for administration of logins and security permissions with conditions because of its invasive nature. This audit capability does not include the content of files, documents and emails but does record the activity (open, closed, saved, copied, moved, sent, received, uploaded, downloaded, visited). The software was deployed in December 2021.

As a result of the introduction of ObserveIT, the Commission’s Information Management and Technology Acceptable Use Policy was updated in March 2022 to reinforce the Commission’s right to monitor usage of IT resources for potential policy and security breaches, including the use of the ObserveIT software, to ensure the safety and security of individuals, information properties and IT resources.

Furthermore, the business critical records and data management internal audit recommended the review and update of policies and procedures associated with records management to ensure they maintain relevance and reflect current business practices. The records management policy was reviewed and endorsed by EMG on 16 February 2022. The records procedures have been subsequently reviewed and training for staff on these revised procedures will be rolled out across the Commission in December 2022. This will include the recommendation of the internal audit concerning records management and file storage expectations referred to earlier in this letter.

As a result of reporting these changes to then ICAC Inspector, the Commission was asked to examine what technological options were available to manage the risk of human error resulting in the transmission of email to an unintended recipient, in particular whether it is possible to set delay rules when sending emails.

The Commission considered that such rules would not necessarily address the problem as it is unlikely the sender of the email would realise the communication was sent to the incorrect email address until after they received a response from the recipient. However, the Commission has recently gone to the market to upgrade and secure our Microsoft environment, which is expected to be completed in January 2023. Once that work is completed, the Commission will be in a position to upgrade our email exchange systems which is expected to occur by the end of the first quarter of 2023. Once the email exchange upgrade occurs the Commission should be able to introduce procedures that can require staff to check that the email they are about to send is addressed to the right person via automated prompts. The Commission does not currently have this ability.

Yours sincerely



The Hon John Hatzistergos AM  
Chief Commissioner

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