MINUTES

Audit Committee

20 October 2020

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**MINUTES OF CITY OF VINCENT
AUDIT COMMITTEE
HELD AT THE ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON TUESDAY, 20 OCTOBER 2020 AT 1.00PM**

PRESENT:	**Mr Conley Manifis**	**Independent External Member (Chair)**
	Cr Joshua Topelberg	**South Ward (Deputy Chair)**
	Mr Robert Piper	**Independent External Member**
	Cr Ashley Wallace	**South Ward**
	Cr Susan Gontaszewski	**South Ward**
IN ATTENDANCE:	**David MacLennan**	**Chief Executive Officer**
	Virginia Miltrup	**Executive Director Community & Business Services**
	Vanisha Govender	**Executive Manager Financial Services**
	Meluka Bancroft	**Executive Manager Corporate Strategy & Governance**
	Peter Ferguson	**Executive Manager ICT**
	Wendy Barnard	**Council Liaison Officer**

1 INTRODUCTION AND WELCOME

The Presiding Member, Conley Manifis, declared the meeting open at 1.06pm and read the following Acknowledgement of Country statement:

"The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging".

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Cr Dan Loden – Apology.

3 DECLARATIONS OF INTEREST

Conley Manifis declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General to complete external audits.

4 CONFIRMATION OF MINUTES

<ins>**COMMITTEE DECISION**</ins>

<ins>**Moved:**</ins> **Cr Gontaszewski,** <ins>**Seconded:**</ins> **Cr Wallace**

That the minutes of the Audit Committee held on 1 September 2020 be confirmed.

<div align="right"><ins>**CARRIED UNANIMOUSLY (5-0)**</ins></div>

For: Mr Manifis, Cr Topelberg, Mr Piper, Cr Wallace and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

5 BUSINESS ARISING

5.1 UPDATE ON THE OFFICE OF THE AUDITOR GENERAL'S EXTERNAL AUDIT - INTERIM AUDIT FINDINGS - ICT

Attachments: 1. OAG ICT audit findings - draft - Confidential

RECOMMENDATION:

That the Audit Committee recommend to Council that it:

1. **RECEIVES the Office of the Auditor General's draft Audit findings identified during the information systems (ICT) audit for the period 1 July 2019 – 30 June 2020, as at Attachment 1; and**

2. **NOTES that the 24 actions arising from the audit findings have been added to the City's Audit Log.**

Moved: Cr Topelberg, Seconded: Cr Gontaszewski

That the recommendation be adopted.

AMENDMENT

Moved: Mr Piper, Seconded: Cr Gontaszewski

That the following recommendations be added:

3. **NOTES that two of these audit findings are significant and should be addressed promptly.**

4. **NOTES that the two significant audit findings have been added to the City's Corporate Risk Register as high risks.**

5. **REQUESTS that a report on the progress towards completion of the two significant audit findings, by no later than 31 July 2021, be presented to the 24 November 2020 Audit Committee meeting.**

AMENDMENT CARRIED UNANIMOUSLY (5-0)

For: Mr Manifis, Cr Topelberg, Mr Piper, Cr Wallace and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

COMMITTEE DECISION 5.1

That the Audit Committee:

1. **RECOMMEND to Council that it:**

    1.1 **RECEIVES the Office of the Auditor General's draft Audit findings identified during the information systems (ICT) audit for the period 1 July 2019 – 30 June 2020, as at Attachment 1; and**

    1.2 **NOTES that the 24 actions arising from the audit findings have been added to the City's Audit Log.**

    1.3 **NOTES that two of the audit findings are significant and should be addressed promptly.**

      1.4   **NOTES that the two significant audit findings have been added to the City's Corporate Risk Register as high risks.**

2.   **REQUESTS that a report on the progress towards completion of the two significant audit findings, by no later than 31 July 2021, be presented to the 24 November 2020 Audit Committee meeting.**

<div align="right">

CARRIED UNANIMOUSLY (5-0)

</div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

NOTES:

The Audit Committee requested that the Office of the Auditor General auditor responsible for the ICT audit be invited to the 24 November 2020 Audit Committee meeting to discuss the ICT audit findings, and provide a comparison between the City of Vincent and other local governments.

5.2   REGULATION 5 AND REGULATION 17 REVIEW REPORT AND RECOMMENDATION

Attachments: **Nil**

This item was withdrawn by Administration and will be presented to the Audit Committee meeting on 24 November 2020.

5.3   REVIEW OF THE CITY'S AUDIT LOG

Attachments: 1.   **Audit Log as at 8 October 2020** ⬇ 📄

RECOMMENDATION:

That the Audit Committee recommends to Council that it NOTES the status of the City's Audit Log as at 8 October 2020, at Attachment 1.

Moved: Mr Piper, Seconded: Cr Gontaszewski

That the recommendation be adopted.

AMENDMENT

Moved: Mr Piper, Seconded: Cr Topelberg

That the following recommendation be added:

NOTES that two high rated items in the Audit Log arising from the 2019 OAG Fraud Performance Audit - EA2019/7 and EA2019/8, are currently incomplete.

<div align="right">

AMENDMENT CARRIED UNANIMOUSLY (5-0)

</div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

COMMITTEE DECISION 5.3

That the Audit Committee recommends to Council that it:

1.   **NOTES the status of the City's Audit Log as at 8 October 2020, at Attachment 1; and**

2.   **NOTES that two high rated items in the Audit Log arising from the 2019 OAG Fraud Performance Audit - EA2019/7 and EA2019/8, are currently incomplete.**

<div align="right">

CARRIED UNANIMOUSLY (5-0)

</div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

NOTES:

The Audit Committee requested that:

- *Reasons are provided under the "Actions" section of the Audit Log for any change to the completion date. These reasons should also be included in the report to Audit Committee.*
- *The items in the Audit Log have a colour based on their risk rating - high, medium or low.*
- *For an item to be added to the Audit Log, a report needs to be provided to the Audit Committee outlining the item, risk, the proposed management actions and timeframe for completion.*

CITY OF VINCENT AUDIT LOG

AUDIT DETAILS	MANAGEMENT RESPONSE	ACTION	PROPOSED COMPLETION DATE
EA: 2019/7 **Office of the Auditor General's Performance Audit 2019 - Fraud Prevention in Local Government - Findings and Recommendations** **Finding:** 1. Entities have not implemented a coordinated approach to manage their fraud risk. 2. Entities could make themselves more fraud resistant if they strengthen their controls; and 3. Better reporting avenues would help entities detect and respond to fraud. **Recommendation:** Develop a fraud and corruption control plan and review at least every 2 years. **Risk Rating (prior to controls):** High **Risk Rating (with current controls):** High	**Responsible Officer:** Executive Manager Corporate Strategy and Governance **Comments:** Governance will review the City's current Fraud and Corruption Prevention Policy and prepare a control plan which incorporates this policy. The proposed implementation date for the plan is June 2020. The plan will be reported to Audit Committee annually and updated as required.	**November 2019:** Governance to engage a consultant to undertake review and implementation of the fraud control plan in January 2020. The two-yearly review of the plan will be included in the compliance calendar. **February 2020:** Yet to commence. Further resourcing or a consultant is required. **March 2020** Initial discussions with City of Nedlands in respect to a shared resource / consultant have occurred, but currently on hold due to change in priorities due to COVID-19. **June 2020** No progress to date **July 2020** No progress to date. **August 2020** No progress to date. **October 2020** No progress to date.	~~30/06/2020~~ 31/12/2020

CITY OF VINCENT AUDIT LOG

EA: 2019/8 **Office of the Auditor General's Performance Audit 2019 - Fraud Prevention in Local Government - Findings and Recommendations** **Finding:** 1. Entities have not implemented a coordinated approach to manage their fraud risk. 2. Entities could make themselves more fraud resistant if they strengthen their controls; and 3. Better reporting avenues would help entities detect and respond to fraud. **Recommendation:** Develop and implement a periodic fraud awareness and training program **Risk Rating (prior to controls):** High **Risk Rating (with current controls):** High	**Responsible Officer:** Executive Manager Corporate Strategy and Governance Executive Manager Human Resources **Comments:** Human Resources with the support of Governance will develop and implement an online fraud awareness training program to be completed by all staff. New staff will be required to complete the training as part of their online induction process and current staff will receive notification to complete the training annually via the induction portal.	**November 2019:** Development of the training program will commence in September 2020. Requires linkage to the Fraud Management Plan and Risk Management Framework. **February 2020:** No progress to date. **March 2020** No progress to date **June 2020** No progress to date **July 2020** No progress to date. Note that this will be developed in conjunction with the control plan referred to above. **August 2020** No progress to date. Note that this will be developed in conjunction with the control plan referred to above. **October 2020** No progress to date.	~~30/9/2020~~ 31/12/2020

CITY OF VINCENT AUDIT LOG

EA: 2019/12(6) **Butler Settineri – Payroll – Internal Audit Review** **LEAVE** **General Findings:** The leave forms for two employees [names removed for privacy] were not filed electronically within the TRIM and Civica Authority system and could not be located in employee files. The City has recently moved to an "online" leave management system for all staff other than the Works Department and Beatty Park Leisure Centre. **Recommendations – General Findings:** All manual leave application forms, duly approved and authorised, be filed electronically within the TRIM and Civica Authority system. All staff be transitioned to the "online" leave management system to ensure a more accurate leave recording and processing system. **Risk Rating (prior to controls)** Low **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Human Resources **Comments:** It is our intent by March 2020 that all staff transition to complete online leave via CIVICA.	**November 2019** Review all staff members that are currently completing a hard copy leave form and train staff on the online leave processes through Civica. **February 2020:** Only staff not completing online timesheets are outdoor workers. A new time sheeting form has been implemented as a pilot with Waste and Engineering Operations with success. Will rollout time sheeting process to all outdoor workers by 30 April 2020. **March 2020:** Develop online training for outdoor workers to complete electronic leave forms through Authority. **June 2020** Preparation of training material is taking place for training in July 2020. **July 2020** Preparation of training material delayed. Will commence in August 2020 and finalise in September 2020. **August 2020** Meeting with People Leaders at the Depot to discuss and mandate online leave with all staff being required to complete online leave as of 1 October 2020. Training material has been completed. Staff training will commence over the coming month (possibly 3 training sessions) with staff and supervisors prior to 1 October 2020.	~~30/04/2020~~ 31/07/2020 30/9/2020 Completed
Review of DPLH's investigation into legislative non-compliance - unauthorised works at Banks Reserve Development of an internal procedure detailing the approvals required for works or maintenance on land within the Swan River Foreshore, Development Control Area and Aboriginal Heritage Areas. Provide training for relevant staff on the approvals required. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Corporate Strategy and Governance	**August 2020** Internal procedure to be drafted and training organised. **October 2020** On track.	30/12/2020

CITY OF VINCENT AUDIT LOG

| EA:2020/10 (1) (a) and (b)
Office of the Auditor General Information Systems Audit – Database Security

Finding:
We performed a high level security test on key business application (Authority) database and found the following:
• The database server is missing software updates since 2012, which have been released by the vendor.
• Data encryption is not used to protect highly sensitive information.
• Database logging and auditing is not in place to monitor and record system changes. As a result, any changes made directly in the database are not captured.
• The "PUBLIC" role has default grant privilege on database objects within the Authority database.
• The database has not been securely hardened.

Implication
Without appropriate database security controls, the confidentiality, integrity and availability of sensitive information may be compromised.

Recommendation
The City should review and enhance its database management processes to:
• ensure updates to address known vulnerabilities are applied in a timely manner
• assess the risks around storing sensitive information in plain text
• review logging and alerting user activities to ensure sensitive data security
• review assigned public roles within the database and remove those not needed
• based on a risk assessment, hardened database security and improve monitoring controls.

Risk Rating (prior to controls)
High

Risk Rating (with current controls) | **Responsible Officer:**
Executive Manager Information and Communication Technology | October 2020
The response will have two phases :

(a)   Phase 1

Short/medium-term remediation will be made where possible:
a.   Database server software updates. A project to upgrade the database was postponed in 2019 when it was merged into a larger project to upgrade the entire Authority software solution. The Authority upgrade project is currently on hold until a project dependency (chart of accounts upgrade) is completed (now due June 2021). To fast-track response to this audit finding, the database upgrade will again be separated from the Authority upgrade project and commenced as soon as can be scheduled with the vendor.
b.   Database hardening will be reviewed and applied as part of 1a) above.
c.   Database logging and auditing will be enabled in line with an improvement to data backup/recovery services used by the City.

(b)   Phase 2

Long-term remediation will be achieved via an Authority software upgrade project already commissioned with the vendor. Several findings relate to vendor software architecture – these will need to be added to an operational risk register (to be developed per Finding 6) and resolved as part of the software upgrade:
a.   All sensitive information will be encrypted
b.   The use of grant privilege for the PUBLIC role will be eliminated | March 2021

March 2022 |

CITY OF VINCENT AUDIT LOG

| EA:2020/10 (2)
Office of the Auditor General Information Systems Audit – Vulnerability Management

Finding
We found that the City has not established adequate policies or procedures around management of vulnerabilities on servers and workstations. Furthermore, the City is not undertaking regular vulnerability assessments on their IT systems. These assessments are required to ensure the effective identification of vulnerabilities and to support the patch management processes.

In addition, vulnerability assessments completed as part of the audit identified 56 critical and 47 high vulnerabilities relating to missing service packs and/or software, which is no longer supported by the vendor.

Implication
Without having effective procedures for identifying, assessing and addressing potential vulnerabilities within a timely manner, the system and/or data may not be adequately protected against potential threats. These vulnerabilities could be exploited and may result in unauthorised access to sensitive data or the loss of system operation.

Recommendation
The City should develop effective vulnerability management processes. As part of the process, the City should carry out regular vulnerability assessments. These assessments should use appropriate tools to ensure all known vulnerabilities are identified. The vulnerability assessment process should include all relevant IT systems, IT infrastructure and applications.

Software updates (patches) to fix known vulnerabilities should be evaluated, tested and where appropriate, applied to systems within a timely manner. Documented policy and procedure guides should be maintained to ensure IT staff are meeting requirements.

If decisions are made not to install any critical or security patches, the risk must be understood and any possible alternative mitigations investigated. Relevant details should also be recorded in an appropriate patch register/database.

Risk Rating (prior to controls)
High

Risk Rating (with current controls) | **Responsible Officer:**
Executive Manager Information and Communication Technology | **October 2020**
Administration's software patching processes have matured, however vulnerability testing is still a gap. Administration will respond with two new ongoing activities provided as a managed service:
1. The introduction of a monthly vulnerability assessment process,
2. Monthly reporting of vulnerabilities with remediation actions &/or mitigations | December 2020 |

CITY OF VINCENT AUDIT LOG

EA:2020/10 (3) **Office of the Auditor General Information Systems Audit – Segregation of Duties** **Finding** We found that segregation of duties (SoD) is not enforced within the Authority system. Additionally, the SoD matrix which details specific roles is also not being maintained. **Implication** Without SoD appropriately enforced within the system, there is an increased risk that individuals can perform a number of conflicting functions. This may result in an increased number of errors or possibly lead to fraud. **Recommendation** The City should develop an appropriate SoD matrix for the Authority system. This matrix should be used to ensure that no users are assigned multiple roles that would be considered high risk or conflicting. A formal review process should ensure that no user is assigned any conflicting duties. A formal record of completed reviews should be maintained. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** In September 2020 Administration commissioned a change with the Authority software vendor to help clean-up access roles. This will make the allocation of access to various roles/groups more efficient and in turn help Administration formally develop and apply a segregation of duties matrix.	February 2021
EA:2020/10 (4) **Office of the Auditor General Information Systems Audit – Information Security Policy** **Finding** We found that the City does not have an adequate *Information Security Policy* to cover key areas of information security. The current policy is in draft as the City is in the process of developing it. **Implication** Without adequate policies and procedures, there is an increased risk that the City will not achieve its objectives for information security. Additionally, staff may not be aware of management expectations relating to security of information. **Recommendation** The City should reviewing and update its current policies and procedures or develop new ones appropriately address all relevant areas of information security. Management should endorse the new policies and notify all employees and relevant stakeholders of updates. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** As noted in the Finding, Administration has a draft Information Security Program and will seek to formalise it and align all security activities and improvements to it. The document is based on standards used by the Office of the Auditor General during this audit.	December 2020

CITY OF VINCENT AUDIT LOG

EA:2020/10 (5)
Office of the Auditor General Information Systems Audit – Operational ICT Risks
 	
Finding
We found that the City's ICT risks have not been appropriately identified. The current IT risk register is limited to high-level business continuity risks and does not include the broader listing of operational risks and controls associated with IT functions.
 	
Implication
An incomplete risk register limits the ability to assess the effectiveness of specific controls against risk and their treatments. This could result in control gaps going undetected and/or control deficiencies left unresolved.
 	
Recommendation
The City should expand on its information risk management process to ensure:
  • the ICT risks within the risk register are up to date and maintained
  • all relevant risks are appropriately documented in the ICT risk register
  • the ICT risk management process aligns with the broader organisation risk register
  • controls are appropriately assessed and assigned relevant ratings in line with internal guidelines.
 	
Risk Rating (prior to controls)
Medium
 	
Risk Rating (with current controls)
	Responsible Officer:
	Executive Manager Information and Communication Technology
	Executive Manager Corporate Strategy & Governance
		October 2020
		Developing and maintaining a broad register of ICT operational risks will be formally included inside a managed services agreement. Administration will maintain risk ownership, managed service resourcing will help coordinate risk maintenance and controls.
			January 2021

EA:2020/10 (6) **Office of the Auditor General Information Systems Audit – Information Security Training and Awareness** **Finding** We found that the City does not have a formalised induction training and an ongoing awareness program covering information security responsibilities and cyber risks relevant to the City. We note that the City informs its staff about phishing scams via emails. **Implication** Without a formal induction training and ongoing information security awareness program, there is an increased risk that individuals will not understand security risks relevant to the City and their personal responsibilities. This may result in inappropriate actions, which affect the confidentiality, integrity and availability of information. **Recommendation** The City should establish an appropriate induction and ongoing information security awareness program. The program should be used to help maintain awareness of the information security and cyber risks relevant to the City. It should also ensure individuals are aware of their personal responsibilities for information security. The awareness program should be updated regularly so it stays in line with policies, procedures and any new or emerging threats. It should also incorporate any lessons learned from information security incidents along with relevant details from information security good practices. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration will establish induction training and an ongoing information security awareness program.	March 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (7) **Office of the Auditor General Information Systems Audit – Network Access Management** **Finding** We found the current process to disable and review network access accounts is not operating effectively. We identified 6 active accounts belonging to terminated employees, and 2 have accessed the system after their termination date. **Implication** Without effective procedures to review and disable user accounts, there is an increased risk of unauthorised access to the City's IT systems and/or information. **Recommendation** The City should enhance their current network access review process. It should ensure that exiting staff notifications are provided to service desk in a timely manner and actioned appropriately. In addition, regular reviews of all system user access should be undertaken (e.g. checking the last login date, accounts that have never logged in etc.). Any accounts that are identified as no longer required or those which have not accessed the system for an agreed period should be appropriately removed or disabled. The City should also investigate those employees' accounts that were used after their termination. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration will improve its off-boarding processes to ensure that system access is only ever available to authorised users. System access reviews and investigations will be formally included inside a managed services agreement.	January 2021
EA:2020/10 (8) **Office of the Auditor General Information Systems Audit – Logging and Monitoring** **Finding** We found that the City does not have formalised policies or procedures for logging and review of security logs for network, applications and remote access. **Implication** Without effective system logging and pro-active monitoring of logs, there is an increased risk that any potential problems, trends or ongoing attempts to compromise system or data will not be identified. **Recommendation** We recommend that the City implements appropriate levels of monitoring activities on its ICT environment. Key systems that control or restrict user access or process and store sensitive data, the following should be considered: • Implement policy and procedure guides on what monitoring and logging will be performed. • Review log files on a regular basis to identify any suspicious events or activities. • Storing log files in a secure location to prevent any unauthorised alterations or deletions. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Monitoring and logging policy and procedure will be defined against the Information Security Program (per Finding 5). Review of logs will be formally included inside a managed services agreement. Log file storage will be in a secure location.	January 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (9) **Office of the Auditor General Information Systems Audit – Authority User Review Process** **Finding** The City does not have a routine process to review users with access to Authority application. **Implication** Without appropriate user access management controls, there is an increased risk of unauthorised access. This may impact the confidentiality, integrity and availability of the City's information. **Recommendation** The City should develop, document and implement appropriate application user account management practices. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** In line with Finding 3, monthly reports will be provided to key Authority managers to review and approve users based on a segregation of duties matrix.	February 2021
EA:2020/10 (10) **Office of the Auditor General Information Systems Audit – Authority Event Monitoring** **Finding** We found that there are no formalised requirements for pro-active or regular review of event logs generated by key business application (Authority) to identify unauthorised access or malicious activity. **Implication** Without effective pro-active monitoring of high-risk events, there is an increased risk that any potential problems, trends or ongoing attempts to compromise systems or data will not be detected. **Recommendation** Based on an assessment of risks, the City should formalise a process to monitor and review key events in business applications. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** An Access Report will be developed on a monthly basis for key Authority managers, aligned to the user review process per Finding 10. Any trends or access concerns will be identified such that email/sms alerts can be created for more immediate notification/action.	February 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (11) **Office of the Auditor General Information Systems Audit – Unsupported Operating System** **Finding** The City currently has over 10 servers and workstations running unsupported operating systems. These include Windows Server 2008 R2 Enterprise, Windows Server 2008 and Windows 7 for which Microsoft ceased support on 14 January 2020 and 14 July 2015. Our review identified that those systems were active in March 2020 during the audit conduct. **Implication** Unsupported operating systems no longer receive security and/or vulnerability updates from the product vendor. As a result, there is an increased risk that these systems are susceptible to exploits, which may compromise the City network and systems. **Recommendation** We recommend that all devices running unsupported operating systems be upgraded to supported system. If this is not possible due to operational needs, alternate mitigations must be applied. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** All Windows 7 systems have now been decommissioned. Windows Server 2008 systems will be decommissioned as part of the Authority upgrade project noted in Finding 1. Given the estimated completion time of the Authority upgrade project, the risk of maintaining Windows 2008 systems will be included in the risk register to be developed against Finding 6.	January 2021
EA:2020/10 (12) **Office of the Auditor General Information Systems Audit – Unauthorised Device Connectivity** **Finding** We found that the City does not have adequate controls in place to restrict the use of unauthorised devices on their network. **Implication** Without appropriate controls in place to restrict the use of unauthorised devices on the network, there is an increased risk that they could be used to attack internal systems. Additionally, unauthorised devices that connect to the network could result in the spread of malware to the City's network. **Recommendation** The City should review the risks to their network and implement appropriate controls to prevent and detect the use of any unauthorised IT devices. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** The City is progressively moving to a "WIFI only" network for the majority of devices. The City's WIFI network is currently configured to meet this security restriction requirement. The wired network will itself be upgraded to support certificate-based access as part of a communications upgrade project due to complete in early 2021.	February 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (13) **Office of the Auditor General Information Systems Audit – Network Device Management** **Finding** We reviewed the City's firewalls and network device (routers, switches) management process and found the following issues: • Devices are not securely managed. • The firewall logs are not appropriately configured. **Implication** Without appropriate controls to manage the network devices, there is an increased risk that: • individuals will not be accountable for any unauthorised or unintentional modifications to the system • unauthorised access to the system could occur • malicious traffic may not be detected and prevented • suitable evidence to support any forensic or internal investigations may not be available • user credentials may be intercepted and used to gain access to the City's IT systems and information. **Recommendation** The City should implement an appropriate process to securely manage and configure network devices. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Several changes have now been implemented to follow recommended access account controls and logging configuration. Additional security improvements to meet system access recommendations will be reviewed further and either modified or logged against an operational risk register to be developed per Finding 6.	January 2021

CITY OF VINCENT AUDIT LOG

| EA:2020/10 (14)
Office of the Auditor General Information Systems Audit – Data Centre Management

Finding
The City does not have adequate policies or documented procedures defining responsibility for managing the primary data centre, and access management processes (e.g. request, approve, and review access to data centre).

Furthermore, we found that non-IT related hardware were located in the data centre room.

Implication
Without adequate protection of IT systems against physical threats there is an increased risk of unauthorised access to systems, and accidental or deliberate damage.

Recommendation
The City should:
• develop appropriate data centre access management policies and procedures
• restrict the number of staff who can access the room
• perform regular access reviews and remove inappropriate users in a timely manner. Records of the reviews should be retained.
• only store IT-related hardware in the room.

Risk Rating (prior to controls)
Medium

Risk Rating (with current controls) | **Responsible Officer:**
Executive Manager Information and Communication Technology | **October 2020**
The City accepts Finding 15. Data centre security improvements will be made to include card-only access. If possible, CCTV recording will also be introduced as part of a separate building security initiative. Review of access logs will be formally included inside a managed services agreement. All non-IT related hardware will be removed from the data centre. | January 2021 |

CITY OF VINCENT AUDIT LOG

EA:2020/10 (15) **Office of the Auditor General Information Systems Audit – Change Management** **Finding** We found that the City does not have a formal change management process in place. We identified the following issues: • There is no IT change management policy or procedure that sets out the overall objectives and requirements for change management to ensure all IT system changes are appropriately controlled and managed. • The responsibilities to manage, co-ordinate and approve IT changes are not formally assigned. • There is no central register for recording and tracking details of all internal changes that are made to IT infrastructure, firewall rules and systems, including application upgrades. **Implication** There is a risk that without change management policies and procedures, changes made to IT systems may not be adequately managed and authorised. The availability or security of IT systems could be compromised should a change negatively impact them. **Recommendation** The City should: • develop an appropriate IT change management policy or procedure. The policy should set out the overall objectives and requirements for change management process • outline appropriate change management role and/or responsibilities to manage, co-ordinate and approve IT changes • make sure all IT system changes are accurately recorded, managed and tracked in a centralised change register. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** A draft Change Management Policy was provided during the audit. Change Management processes will be formalised per the Information Security Program noted in Finding 5; the register for recording and tracking changes will be formally included inside a managed services agreement.	January 2021

CITY OF VINCENT AUDIT LOG

| EA:2020/10 (16)
Office of the Auditor General Information Systems Audit – Incident and Problem Management

Finding
We found that there is no standardised process in place to manage IT related incidents.
Furthermore, the City does not have a formal process to outline problem management to appropriately manage IT problems, which occur in its IT environment. In addition, data from incidents is not analysed to identify known errors or problems.

Implication
If IT incidents are not consistently managed, there is an increased risk that the City may not be able to manage or respond to incidents appropriately. Additionally, the City may not be able to evaluate and analyse the trends for continuous improvement and problem management.
In addition, without effective IT problem management there is an increased risk that the City will not identify and appropriately address the root cause of reoccurring IT incidents. This may impact IT system and service availability and may potentially affect the City's business operations.

Recommendation
The City should develop formal incident management processes to ensure all incidents are appropriately and consistently classified. In addition, the City should develop service desk reporting and trend analysis. These reports should be reviewed by the appropriate management so the performance of the incident management process can be monitored.

Furthermore, the City should establish an appropriate IT problem management process. This process should ensure IT problems are appropriately identified and investigated. Once the root cause has been identified, appropriate action should be taken to address the problem and prevent the reoccurrence of incidents.

Risk Rating (prior to controls)
Medium

Risk Rating (with current controls) | **Responsible Officer:**
Executive Manager Information and Communication Technology | **October 2020**
This finding will be added to an operational risk register to be developed per Finding 6. Recognising its available resources, Administration is most likely to mitigate this risk through existing Service Desk processes that capture and manage incidents and problems as general requests. Administration will, however, introduce additional registers to formally record incidents and log the root-cause of problems – this will be aligned to creation of the risk register to be developed per Finding 6, with incident/problem register review included inside a managed services agreement. | January 2021 |

CITY OF VINCENT AUDIT LOG

EA:2020/10 (17) **Office of the Auditor General Information Systems Audit – IT Asset Management** **Finding** We found that the City's IT asset management process is not effective. The following issues were identified: • The City does not have up to date IT asset register information and relevant asset details such as asset status and owner are not recorded. • The City does not have any formal procedure to ensure that all sensitive data and licensed software has been removed or securely overwritten as part of the disposal and re-use of IT assets process. **Implication** Without an effective IT asset management process there is an increased risk that IT assets will be lost or stolen. Without appropriate procedures to manage the disposal and re-use of IT assets, there is a higher risk that sensitive data may not be removed or securely erased. As a result, the City may suffer financial loss and damage to its reputation. **Recommendation** The City should: • establish an effective IT asset management process. This process should ensure IT assets are appropriately managed throughout their lifecycle (from acquisition to disposal) • relevant information on IT assets accurately recorded and maintain relevant information about IT assets in the IT asset register. Periodic audits of IT asset information against physical IT assets should be undertaken to ensure the information is accurate and up to date. Any anomalies with IT assets should be appropriately rectified • ensure that all IT assets containing storage media are appropriately sanitised or destroyed as part of the disposal process. Accurate documentation and records relating to IT asset disposals must be maintained. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration notes that an ICT asset management system was already being introduced during the time of audit and will capture all physical and software/license assets. IT asset management acquisition, tracking and disposal processes will be formalised per the Information Security Program noted in Finding 5.	May 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (18)
Office of the Auditor General Information Systems Audit – Contract Management
 	
Finding
We found that the City's contract management process is not effective. We identified that:
  • the City does not have an up-to-date *Contract Management Framework* and contract register
  • the configuration of the new contract management system is under development and the relevant staff are not fully aware of the functionality of the system. As a result, there is no comprehensive contract reporting in place.
 	
We acknowledge that the City recently established a centralised contract management tool and *Contract Management Framework* is in draft.
 	
Implication
Without an appropriate contract management process, the City is at a higher risk of failing to identify:
  • unsuitable working arrangements with vendors, which may result in a failure to realise business benefits
  • unexpected cost increases or inappropriate practises in a timely manner
  • unauthorised access or changes to the contract register.
 	
Recommendation
The City should:
  • review its *Contract Management Framework* and, where appropriate, centralise vendor management practices
  • develop suitable guidelines to manage the City's contract register
  • complete regular supplier performance reviews of all vendors as required. Records of reviews should be retained
  • maintain records of all contracts within its contract management system, including key financial details relevant to the contracts
  • complete the access and system configuration of its new contract management system. Subsequently, review access to the system and monitor key contract financial information regularly.
 	
Risk Rating (prior to controls)
Medium
 	
Risk Rating (with current controls)
	Responsible Officer:
	Executive Manager Information and Communication Technology
		October 2020
		The noted draft Contract Management Framework and system will be completed, formalised and communicated to staff.
			March 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (19) **Office of the Auditor General Information Systems Audit – Disaster Recovery Plan** **Finding** We found that the City does not have an ICT disaster recovery plan (DRP). **Implication** Without an adequate DRP and appropriate testing, there is an increased risk that key business functions and processes may not be restored in a timely manner after a disruption, affecting the operations of the City. **Recommendation** The City should develop and test its DRP to confirm that systems can be recovered in accordance with business expectations and key staff should be familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of testing should be recorded, and the relevant actions taken to improve the plan where necessary. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration will introduce managed backup and infrastructure services that include disaster recovery capability. Disaster recovery and information security continuity processes will then be will be formalised per the Information Security Program noted in Finding 5. A formal plan will then be prepared for publication to staff and testing purposes.	
EA:2020/10 (20) **Office of the Auditor General Information Systems Audit – Business Continuity Plan – Testing** **Finding** We found that appropriate tests of the business continuity plan (BCP) have not been undertaken. Due to the lack of testing, the effectiveness of the plans and the City's ability to execute them is unknown. **Implication** Without appropriate testing of the BCP there is an increased risk that key business functions and processes may not operate as expected during a major incident. In addition, the key business functions may not be appropriately recover following a major incident. This is likely to impact business operations and the delivery of key services. **Recommendation** The City should undertake appropriate tests to verify the effectiveness of the BCP. These tests should also verify that key staff are familiar with the plans and their specific roles and responsibilities in a disaster situation. The results of these tests should be recorded and the relevant actions taken to improve the plan where necessary. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration notes that there has been 0% interruption to non-library/recreational facility services throughout COVID-19 disruptions in Perth. COVID-19 has been a major incident and required significant change to how business functions operated. City staff who continue to work remotely are effectively testing part of the City's business continuity systems on a daily basis. Through improvements to data backup and infrastructure recovery noted in Finding 20,Administration will expand business continuity testing to include system and infrastructure incidents as part of a managed services agreement.	March 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (21) **Office of the Auditor General Information Systems Audit – Information Security Incident Management Plan** **Finding** We found that the City does not have an information security incident management plan. **Implication** Without a developed and documented security incident response plan there is an increased risk that the IT department may not be able to respond to IT security incidents in an effective and timely manner. **Recommendation** The City should develop an appropriate information security incident management plan. This plans should include relevant procedures to ensure the effective response and management of all information security related incidents. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** An incident management and response plan will be formalised per the Information Security Program noted in Finding 5.	March 2021
EA:2020/10 (22) **Office of the Auditor General Information Systems Audit – Management of Removable Media** **Finding** We found that the City does not have appropriate controls to log or restrict the use of removable media devices (e.g. USB). **Implication** Without appropriate controls to detect, log and monitor the use of removable media devices, there is an increased risk to the City's information and IT systems. Information copied to removable media devices may be lost, stolen or inappropriately disclosed. **Recommendation** The City should assess the risks associated with the use of removable media devices. Where appropriate the following controls should be implemented: • Preventing the use of any unauthorised removable media devices. • Only using USB devices that incorporate encryption to help protect the information. • Maintaining a register of all authorised and in use removable media devices. • Monitoring and logging files and information copied to or from removal media devices. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration accepts Finding 23 but does not accept that it is practical to implement the Recommendation. Administration will instead allocate resources towards implementing and leveraging modern technologies that meet secure data transportation requirements while also eliminating the need for staff to use removable media. Removable media will then be prohibited from use on the network.	April 2021

CITY OF VINCENT AUDIT LOG

EA:2020/10 (23) **Office of the Auditor General Information Systems Audit – Standard Operating Environment** **Finding** We found that a standard operating environment is not used on workstations. We identified that: • there is no monitoring of compliance with secure workstation configuration • relevant staff will not be notified if users attempt or successfully change their workstation configuration, including the installation/removal of software. **Implication** Without monitoring compliance with secure workstation configuration, there is an increased risk that unauthorised system configuration changes are made to computers. These changes could compromise the confidentiality, integrity and availability of information. **Recommendation** The City should develop its standard operating environment process and monitor compliance with secure workstation configuration. The process should include efficient notifications to relevant staff of critical changes or attempts to change workstation configuration. **Risk Rating (prior to controls)** Minor **Risk Rating (with current controls)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Monitoring of workstation compliance will be included inside a managed services agreement. Once implemented, notification processes will then be considered as part of a review to determine the feasibility and threat of staff being able to install software without administrative assistance.	February 2021

5.4   REVIEW OF THE CITY'S CORPORATE RISK REGISTER

Attachments: 1. Corporate Risk Register - as at 8 October 2020 ⇩ 📄

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1.   RECEIVES the City's Corporate Risk Register as at 8 October 2020, at Attachment 1; and

2.   APPROVES the proposed risk management actions for the high and extreme risks.

Moved: Mr Piper, Seconded: Cr Topelberg

That the recommendation be adopted.

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CARRIED UNANIMOUSLY (5-0)

</div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

AMENDMENT

Moved: Cr Gontaszewski, Seconded: Cr Wallace

That the recommendation is amended and an additional recommendation be added as follows:

2.   APPROVES the proposed risk management actions for the high and extreme risks, subject to the completion date for the ICT high risks being updated to 31 July 2021; and

3.   REQUESTS that a report on the emerging safety risk of ageing / unsafe assets (Leederville Oval grandstand, Beatty Park grandstand and Litis Stadium grandstand and buildings) be presented to the Audit Committee meeting on 24 November 2020.
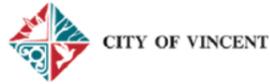
<div align="right">

AMENDMENT CARRIED UNANIMOUSLY (5-0)

</div>

For:

Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

<u>**COMMITTEE DECISION ITEM 5.4**</u>

That the Audit Committee:

1.   **RECOMMENDS to Council that it:**

      1.1   **RECEIVES the City's Corporate Risk Register as at 8 October 2020, at Attachment 1; and**

      1.2   **APPROVES the proposed risk management actions for the high and extreme risks, subject to the completion date for the ICT high risks being updated to 31 July 2021; and .**

2.   **REQUESTS that a report on the emerging safety risk of ageing / unsafe assets (Leederville Oval grandstand, Beatty Park grandstand and Litis Stadium grandstand and buildings) be presented to the Audit Committee meeting on 24 November 2020.**

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<u>CARRIED UNANIMOUSLY (5-0)</u>

</div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

NOTES:

The Audit Committee requested that a site visit of Leederville Oval grandstand, Beatty Park grandstand and Litis Stadium grandstand and buildings be arranged for the external Audit Committee members.

CITY OF VINCENT

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CITY OF VINCENT CORPORATE RISK REGISTER

Risk Category	Risk Description	Comment	Likelihood	Consequence	Remarks	Actual Risk	Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)	Direction of further RM	Risk Owner	Timetable	Assurances available	Last updated
Finance, Procurement and Contracts																
Procurement for facilities (Beatty Park Leisure Centre)	Ineffective procurement processes and management of suppliers resulting in a lack of supplies / parts (i.e. chemicals) which impacts use of pool / pool safety		1	5		M	Building good relationship with suppliers, review alternative suppliers, ensure invoices are processed in a timely fashion - have a stock of chemicals, have an emergency plan	1. Stockpile chemicals - Complete 2. build relationships with suppliers - Complete, continue during procurement and new contract setup 3. Complete supplier/contract management - complete, but ongoing review required	Strong - Continue to liaise with suppliers and finalise supplier agreements.	Y	M	Review supply contracts regularly	CEO (report to Executive Management Committee)	Complete	Review contracts yearly	08-Oct-20
Supplier / contract management	There is a risk that inappropriate contract management in respect to initiation and management of contract with suppliers may result in the City's interests not being protected or the contract terms not being filled resulting in financial losses to the City		5	2		H	Limited controls. Use of some Australian standard contracts. Procurement training provided and procurement policy communicated to all staff.	1. develop contract management framework, train staff in use and communicate - December 2020 2. develop contract register - consultant currently preparing - June 2020 3. update the contract template / use WALGA / AS templates - December 2020 4. monitor compliance with the framework and use of templates - December 2020	Strong	N	M	Need adequate resourcing	Council (report to Audit Committee)	1. 01-Dec-20 2. 01-Jun-20 Complete 3. 30-Dec-20 4. 30-Dec-20	Monitoring of contracts register and procurement processes ongoing	08-Oct-20
Major project management	Large number of projects, limited resources and ineffective management of projects resulting in financial losses and potentially poor project outcomes for the City		5	2		H	New project management framework and project prioritisation in place, but in early stage of adoption.	1. continue implementation of framework - review currently underway. 2. staff training on implementing framework - June 2020 - delayed to Dec 2020 due to COVID 3. Ensuring timely reporting and accountability by staff - June 20201. Ongoing 4. Ongoing prioritisation of existing projects. New CBP has identified 26 strategic projects. These will be reported on monthly internally and quarterly to Council	Medium	Y	M	Review number and priority of projects against available resources and capacity	Council (report to Audit Committee)	1. Ongoing 2. 01-Jun-20, 30 Dec 2020 3. Ongoing 4. Ongoing	review of the application of the framework will be included in the internal audit plan, and will form part of other internal and external compliances audits	08-Oct-20
Financial stability, sustainability & reporting	Poor financial and management reporting regime leads to ineffective financial management and results in insufficient resources to operate the City effectively		4	4	Roads to Recovery Breach and Asset Sustainability Ratio have financial implications for the City - therefore currently this is a high risk based on financial consequence	H	No current controls. Noted that City currently has ability to borrow funds.	1. Developing an accurate and updated LTFP which will be adopted by Council. Complete 2. Will commence comprehensive monthly reporting covering cash flow management as well as relevant financial metrics 3. Will assess financial sustainability as part of the development of the City's strategic priorities and masterplans 4. Will report on financial sustainability to the Audit Committee.	Strong	Y	M		Council (report to Audit Committee)	All 30 June 2020 All ongoing LTFP adopted 18 Aug 2020		08-Oct-20
Asset, sustainability and environment management																
Inadequate asset management	Inadequate asset management, including accountabilities, controls, framework, accountability and inadequate systems to record and interrogate data to inform Asset renewal programs will result in poor asset management outcomes - financial loss and reputational damage	Event - asset failure Impact - financial losses, reputational damage	5	4		E	Using alternative systems such as spreadsheets, Paywise Annual review of asset renewal plans regular engagement with internal and external stakeholders	1. Allocate additional resources to adequately assess and report on key risks. 2. Continue investigating an Asset Management System in conjunction with the current review of the City's Corporate IT Systems 3. Table auditor's report on condition of assets at EMC and Audit Committee 4. Establish asset specific accountability processes and procedures.	Weak - as only investigating the system/framework	N	H	Determine what asset management strategy is appropriate and implement it	Council (report to Audit Committee)	01-Dec-20		08-Oct-20
Asbestos management	Inadequate framework to manage the risk in respect to asbestos on City owned or managed land, or land adjoining this, will leave the City vulnerable to staff and community harm resulting in financial loss and reputational damage		3	3		M	LGIS has prepared an asbestos register, and has development an asbestos management framework in accordance with the legal advice received.	1. Finalise and implement the asbestos management framework, and communicate to staff. 2. Develop actions based on gaps identified in framework.	Medium - Investment in OSH/Reporting/workflow technology to reduce risk even further.	Y	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
Aging / unsafe assets (Leederville Oval grandstand)	Emerging safety risk associated with Leederville Oval grandstand - buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has significant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. $3,000 is allocated in 20/21 budget for essential electrical works.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20

CITY OF VINCENT

CITY OF VINCENT CORPORATE RISK REGISTER

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Risk Category	Risk Description	Comment	Impact Analysis			Actual Risk	RISK MANAGEMENT		Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)	ACCOUNTABILITY				
			Likelihood	Consequence	Remarks		Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)				Direction of further RM	Risk Owner	Timetable	Assurances available	Last updated
Aging / unsafe assets (Beatty Park grandstand)	Emerging safety risk associated with Beatty Park grandstand, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has significant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. Money allocated in 2020/21 budget for essential works at Beatty Park Grandstand.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income. 3. Beatty Park 2062 Option Project will identify future use and upgrade options and costs.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
Aging / unsafe assets (Litis Stadium grandstand and buildings)	Emerging safety risk associated with Litis Stadium grandstand and buildings, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has significant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. Grandstand and some buildings proposed for demolition.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
Any additional row can only be added above this row																
OH&S, employment practices																
Any additional row can only be added below this row																
Succession planning	Neglect of succession planning may result in a key person leaving the City, making City operationally vulnerable resulting in inefficient and ineffective operations, not meeting stakeholder needs.		2	3		M	Some work instructions	Continue developing corporate process management framework and develop a succession planning framework.	Strength - Once succession planning framework is completed for critical positions, risk will be low.	Y	L	Succession planning framework to be developed in 2021 per HR Strategy House.	CEO (report to Executive Management Committee)	30/06/2021 1 Dec 2020		08-Oct-20
Safety and security practices for staff	Staff working alone, after hours works, accessing building sites and/or private property, negative interaction with members of the community. Lack of comprehensive risk management in respect to safety practices leads to a lack of understanding of the appropriate training needs and potentially inadequate action against risks.		2	4		M	Staff training, patron education, emergency equipment provision and safety audits. Follow working alone procedures, toolbox weekly for handover, vehicle handover and audit of PPE, GPS monitoring enabled enforcement and communication devices. Regular reporting of incidents to foster safety awareness culture	1. Review of safety management plan and systems 2. Identify high risk positions 3. Identify gaps in OH&S procedures 4. Refer to OH&S Committee	Medium	Y	M	Note that this risk depends on behaviour of public - which City can not control. So remains medium risk.	Council (report to Audit Committee)	30-Dec-20		08-Oct-20
Volunteer and contractor management	There is a risk that inappropriate contract management in respect to contractor/volunteer induction and adherence to COV policies and procedures is not appropriately applied to leaving the City vulnerable to contractor/volunteer injury and legal action.		3	3		M	Induction process in place for Contractors, It does rely on the staff who get the contractors in to complete the induction and educate on policies and procedures.	1. Implement a centralised induction system to induct all contractors and volunteers. Ensure all contractors and volunteers have completed mandatory training/compliance (one off compliance training or yearly/bi-yearly) 2. Monitoring contractors and volunteer compliance	Strong - Implementation of a orientation and induction program	Y	L	Budget confirmed for online induction and orientation system and framework currently being developed by April 2020	CEO (report to Executive Management Committee)	30-Jun-20	Annually	08-Oct-20
Any additional row can only be added above this row																
Business service disruption																
Any additional row can only be added below this row																
Disaster Recovery Plan & Business Continuity Management for Beatty Park Leisure Centre	Building or pool failure leading to an unexpected closure of part or whole of facility may lead to not meeting shareholder expectations and experiencing financial losses.		3	3		M	Asset audits, maintenance programs in place and reviewed regularly, communication strategies for any shutdowns	Locate/create BCP for Beatty Park	Medium - Need to increase Audit of Assets and put plan in place for maintenance including contracts and agreements	Yes - note that Medium risk as plant failure can still occur despite strategies	M	No further action	CEO (report to Executive Management Committee)	01-Jul-20		08-Oct-20
Emergency Management (interagency)	Ineffective collaboration with agencies results in a poor relationship and ineffective cooperation regarding emergency management leading to ineffective disaster management with an impact of extended service outages, worsened disaster outcomes		2	4		M	Local emergency management arrangements are in place with City of Perth and Western Central Councils	1. Provide additional training for relevant staff members and community agencies. 2. Working towards implementation of exercises with WC LEMC	Strong	Y	L	Conduct 4 desktop exercises per year	CEO (report to Executive Management Committee)	01-Sep-20	Audit of arrangements and the number of desktop exercises per year	08-Oct-20
Critical incident response - Power outage to ICT server room	A lack of power to the on premise ICT systems though extended power outages will result in a failure after 1-2 hours of reserve power supply. If reserve power fails or cannot continue to be supplied, staff will lose access to all electronic systems, potentially leading to loss of data and service levels.		2	3	Risk likelihood based on Admin Centre not being available to staff.	M	1. On-premise Back-up server with some offsite copies 2. Restoration of File servers, Email, Authority and Content Manager within 2 days. Up to 1 day data loss.	ICT Strategy House D19/98015 identifies several cloud-first objectives to mitigate server room dependency. July-2020: Offsite business systems (incl. telephony) on standby that can "go live" for Depot/remote access within 4 hours. Up to 1 day data loss. 2021/2022: File, email, records and core business system to move to cloud solutions. Depot/remote access continuous, no data loss.	Strong	Y	L	Link to BCP and BIA - need to understand the business service continuity needs	CEO (report to Executive Management Committee)	01-Jul-20 2021/22	Audit of the systems and server	08-Oct-20

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CITY OF VINCENT CORPORATE RISK REGISTER

Risk Category	Risk Description	Comment	Impact Analysis			Actual Risk	RISK MANAGEMENT				Net Risk (after RMA)	ACCOUNTABILITY				Last updated
			Likelihood	Consequence	Remarks		Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)		Direction of further RM	Risk Owner	Timetable	Assurances available	
Primary site Internet outage	Loss of Internet will result in reduced staff access to business systems including web, email and cloud-based systems resulting in reduced or non compliance with service levels.	Impact - service outages	3	2	Communication Links review completed in 2019 to enable redundant architecture decisions.	M	1. Internet-based systems accessible via 4G-enabled tablets. 2. 2 x 4G Wi-Fi dongles available to business teams for up to 15 staff each. 3. Offsite backup to Library remains operational.	July-2020: Redundant Internet supply (and supporting security infrastructure including firewalls) implemented. Up to 1 hour outage.	Strong	Y	L		CEO (report to Executive Management Committee)	01-Jun-20		08-Oct-20
Mapping data	Inaccurate mapping data may lead to poor or incorrect business decisions and possible safety issues resulting in financial loss to the City and potential harm to the community		4	2	Risk consequence considered Minor due to current limited use of spatial layers by staff. Public spatial layers have minimal data likely to cause more than Minor consequence	M	GIS contract resource onsite fortnightly to respond to any data issues raised by staff.	April-2020: GIS and Assets officer is being recruited in 2019/2020 and this will help mitigate this risk.	Strong	Y	L	Dependant on additional resources.	CEO (report to Executive Management Committee)	01-Jul-20	Process to check GIS updates and verify data	08-Oct-20
Cyber Security	The City suffers a material breach of Information Security through ineffective protocols and processes	This is trending as an escalating risk in many organisations	3	4	Technical Security Review completed against Australian Signals Directorate "Essential 8". For Technical Security Review and current action item status, see D19/128564	H	Anti-virus software deployed for computers, web traffic and email filtering.	July-2020: ongoing staff awareness training; upgraded anti-virus software for computers and email filtering; new anti-virus software for server environment; data loss protection config in Office 365 for external file sharing; data loss protection controls are being deployed as part of Office 365 implementation - to be completed in 2019/2020; multi-factor authentication for Office 365 and remote access.	Strong	Y	M		Council (report to Audit Committee)	01-Jul-20		08-Oct-20
COVID-19 pandemic	Disruption to City service delivery, local business and community group operations and staff and community well being	Global pandemic, declared state emergency and public health emergency	4	3	City has very limited capacity to control risk due to global nature	H	COVID-19 Relief and Recovery Committee formed, strategy and action plan developed and being implemented, staff working from home, public health directives are being implemented, community support is being provided, City's operations being reviewed	Implement COVID-19 Relief and Recovery Strategy - all risk management actions are encompassed within this document	Strong	Y	H	The Strategy and Implementation Plan are being updated every week	Council (report to Audit Committee)	Ongoing	Administration is accountable to the COVID-19 Relief and Recovery Committee	08-Oct-20
Any additional row can only be added above this row																
Governance, misconduct and fraud																
Any additional row can only be added below this row																
Corporate governance / legislative compliance	Lack of an effective governance framework and culture, including risk management, leads to complacency in corporate governance, risk management and legislative compliance, potentially resulting in a failure to comply with legislative requirements and poor decision making		3	3		M	1. Governance team undertakes manual checks to ensure legislative compliance and communicates governance principles and legislative requirements to organisation. 2. Audit Log monitors some financial and audit related risks, and improvements required, and is reported to EMC monthly and to Audit Committee. 3. Currently no clear documentation of requirements.	1. Compliance calendar and Governance Framework is being developed and will be communicated to all staff – August 2020 2. Internal audit plan and improvement plan are being reviewed and will be reported to Audit Committee (will be informed by reg 17 review) - November 2020 3. Regulation 17 review being undertaken in 2020 (internal controls, legislative compliance and risk management) - September 2020	Strong RMA once implemented, however, resourcing required to implement actions identified by previous reg 17 review (improvement plan) and implement a compliance calendar, and ongoing monitoring / compliance checks.	N	M		CEO (report to Executive Management Committee)	1. Complete - adopted 18 August 2020 2. Nov 2020 Internal Audit Plan to be prepared by March 2021 3. Sept 20- Complete	1. reg 17 review 2. planned Internal audit 3. Compliance calendar creates checklist 4. Audit Log is reported to EMC and Council	08-Oct-20
Fraud Risk Management	A lack of coordinated approach to identification, mitigation, management and monitoring of fraud, through a fraud risk framework increases the Risk of fraud occurring potentially leading to reputational damage, and financial losses		4	3	Initial consideration by City has identified following fraud risk areas: 1. Payroll 2. Theft (property / money) 3. Credit card use 4. Procurement (invoices)	H	1. A number of fraud risks have been identified as a result of the OAG's Fraud Performance Audit in 2019, which recommended that the City have a coordinated approach to fraud management and a mechanism for reporting fraud. 2. These items are being actioned and progress is reported to Audit Committee. 3. Procurement risks are managed by two level approval process for purchases. 4. Note, No specific current policies & procedures to prevent, detect and respond to fraud other than step 3 above	1. Develop and communicate a fraud risk management plan, and provide staff training - December 2020 (consultant to be engaged). 2. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. - December 2020 3. Recruitment and selection process review - April 2020 4. Procurement review supplier verification - June 2020	Strong RMA, however, fraud risks must first be comprehensively identified and resourcing required to develop plan, train staff and undertake fraud testing / internal audits	N	M		Council (report to Audit Committee)	1. 30-Jun-20 2. 01-Dec-20 3. 01-Apr-20 4. 01-Jun-20	Audit Log is reported to EMC and Council; random checks on transactions, inventory and processes (e.g. HR and payroll)	08-Oct-20
Polices & Procedures	Outdated policies, procedures and controls leads to a failure to properly execute on its mandate and protect its assets leading to errors, omissions and delays in service delivery		3	2		M	1. Policies are reviewed and updated on an ad hoc basis. 2. New template, Policy Development and Review Policy and Policy Review Plan being prepared. 3. Council approval of policies is required, which functions as a form of control.	1. Finalise and implement the policy review plan - September 2020 2. Develop guidance on policy content - new Policy Development and Review Policy - Council approval required, align with SCP objectives - September 2020 3. Communicate to all staff - October 2020 4. process improvement - Continue trialling the use of a corporate process management	Yes, policy review plan and framework will provide clear guidance on policy requirements and drafting. Corporate Process Management is assisting with process documentation	Strong		M		CEO (report to Executive Management Committee)	1. 01-Sept-20 2. 01-Sept-20 3. 01-Oct-20 4. 01-Dec -20	Internal audit on policies and procedures, and their operational effectiveness	08-Oct-20

CITY OF VINCENT

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CITY OF VINCENT CORPORATE RISK REGISTER

Risk Category	Risk Description	Comment	Impact Analysis				RISK MANAGEMENT					ACCOUNTABILITY				
			Likelihood	Consequence	Remarks	Actual Risk	Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)	Direction of further RM	Risk Owner	Timetable	Assurances available	Last updated
Complex land management / maintenance requirements	Management and maintenance of City controlled land within the Swan River Foreshore, Aboriginal Heritage Sites and Development Control Areas		3	3	urgent remedial path works at Banks Reserve undertaken in Feb 2019 , no s 18 consent obtained. Caution issued by DPLH, may result in reputational damage, and if further non-compliances occur that could adversely impact relationship with DPLH	M	No formalised approach/ checklist for ensuring compliance with legislation relevant to works / management of land within the Swan River Foreshore, Development Control Area or Aboriginal Heritage Site.	1. Governance to develop a checklist of approvals required and communicate to relevant staff - December 2020 2. DPLH (Director of Heritage) to present to relevant staff on changes to Aboriginal Heritage Act and explain approval process - by December 2020	Strong	Y	L		CEO (report to Executive Management Committee)	Dec-20	Annual review of process.	08-Oct-20
Non-compliance with drafting requirements for local laws	Additional administrative time and costs associated with redrafting of local laws to meet legislative requirements for local laws	Drafting of new Local Government Property Local Law, Parking Local Law and Animal Local Law occuring	4	2	Joint Standing Committee on delegated legisaltion found errors in Parking Local Law which resulted in need for it to be repealed	M	Drafting of local laws in line with Department of Local Government's guidelines	Discuss drafting further with Department, to ensure drafting meets Joint Standing Committee's requirements	Medium	Y	L		CEO (report to Executive Management Committee)	Jul-21		08-Oct-20
State-Wide Cladding Audit	Community safety and reputational impact associated with implementation of regulatory requirements following cladding audit undertaken by DMIRS.		2	4		M	All directions to building owners are managed by the Executive Director.	Ensure safety measures are implemented where appropriate to reduce likelihood of fire events. Any further enforcement action considered by Executive Director in accordance with Risk Management Policy.	Strong	Y	L		CEO (report to Executive Management Committee)	Q2 2021		08-Oct-20
Any additional row can only be added above this row																
Information & Systems Management																
Authority database security	Without appropriate database security controls, the confidentiality, integrity and availability of sensitive information may be compromised: • The database server is missing software updates since 2012 • Data encryption is not used to protect highly sensitive information. • Database logging and auditing is not in place to monitor and record system changes. • The "PUBLIC" role has default grant privilege on database objects within the Authority database. • The database has not been securely hardened.		3	4		H	This is a known issue. A project to upgrade the database was postponed in 2019 when it was merged into a larger project to upgrade the entire Authority software solution. The database upgrade will again be separated from the Authority upgrade project and commenced as soon as can be scheduled with the vendor.	1. Short/medium-term remediation will be made where possible: a. Database server software updates. b. Database hardening will be reviewed and applied. c. Database logging and auditing will be enabled 2. Long-term remediation will be achieved via an Authority software upgrade project already commissioned with the vendor: a. All sensitive information will be encrypted b. The use of grant privilege for the PUBLIC role will be eliminated	Strong	Y	L		CEO (report to Executive Management Committee)	1. Q1 2021 2. Q1 2022		08-Oct-20
Vulnerability Management	The City has not established adequate policies or procedures around management of vulnerabilities on servers and workstations; the City is not undertaking regular vulnerability assessments on their IT systems.		3	4		H	The City's software patching processes have matured, however vulnerability testing is still a gap.	Two new ongoing activities: 1. The introduction of a monthly vulnerability assessment process, 2. Monthly reporting of vulnerabilities with remediation actions &/or mitigations	Strong	Y	L		CEO (report to Executive Management Committee)	Q4 2020	Processes will be written into a managed serivces contract	08-Oct-20
Any additional row can only be added above this row																
Community Services																
Any additional row can only be added below this row																
Fraudulent booking/use of City facilities resulting in damage to facilities and public nuisance	There are inadequate processes in place to prevent malicious or fraudulent bookings of a City facility, which could result in misuse of a City facility and potentially damage to the facility or nuisance to the public.		4	2		M	Administration reviews each booking; Applies a bond to bookings considered high risk;	1. Requirement for photo identification for all bookings in community facilities; 2. High scrutiny and review placed on weekend bookings; 3. Updated to Terms and Conditions to include requirement for bond for bookings on weekends from 6.00pm - midnight; 4. Update of Terms and Conditions to include requirement for photo identification 5. Reduction in number of bookings approved for use on weekends between 6.00pm and midnight	Medium	Y	L		CEO (report to Executive Management Committee)	01-Dec-20	Annual review of process	08-Oct-20
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Any additional row can only be added below this row																

5.5   REVIEW OF OFFICE OF THE AUDITOR GENERAL AUDIT REPORT - WORKING WITH CHILDREN CHECKS - MANAGING COMPLIANCE

Attachments: Nil

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1.   **RECEIVES the Office of the Auditor General audit report -** Working with Children Checks - Managing Compliance;

2.   **NOTES the City's findings and actions as detailed in this report.**

COMMITTEE DECISION ITEM 5.5

Moved: Cr Topelberg, Seconded: Cr Gontaszewski

That the recommendation be adopted.

                                                        CARRIED UNANIMOUSLY (5-0)

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

5.6   REVIEW OF OFFICE OF THE AUDITOR GENERAL AUDIT REPORT - REGULATION OF FOOD SAFETY BY LOCAL GOVERNMENT ENTITIES

Attachments: **Nil**

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1.   **RECEIVES the Western Australian Auditor General's Report –** [Regulation of Consumer Food Safety by Local Government Entities](#)**; and**

2.   **NOTES the City's findings and actions as detailed in this report.**

<u>**COMMITTEE DECISION ITEM 5.6**</u>

<u>**Moved:**</u> **Cr Topelberg,** <u>**Seconded:**</u> **Cr Wallace**

That the recommendation be adopted.

<div align="right"><u>**CARRIED UNANIMOUSLY (5-0)**</u></div>

For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

5.7   **AUDIT COMMITTEE MEETING DATES 2021**

Attachments: **1. Proposed Audit Committee Dates 2021** ⇩ 📄

RECOMMENDATION:

That the Audit Committee ADOPTS the meeting schedule for 2021 as follows:

Date	Time
Tuesday 2 March	**1.00pm**
Tuesday 4 May	**1.00pm**
Tuesday 29 June	**1.00pm**
Tuesday 31 August	**1.00pm**
Tuesday 2 November	**1.00pm**
Tuesday 30 November	**1.00pm**

COMMITTEE DECISION ITEM 5.7

Moved: **Cr Topelberg, Seconded:** **Cr Gontaszewski**

That the recommendation be adopted.

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CARRIED UNANIMOUSLY (5-0)
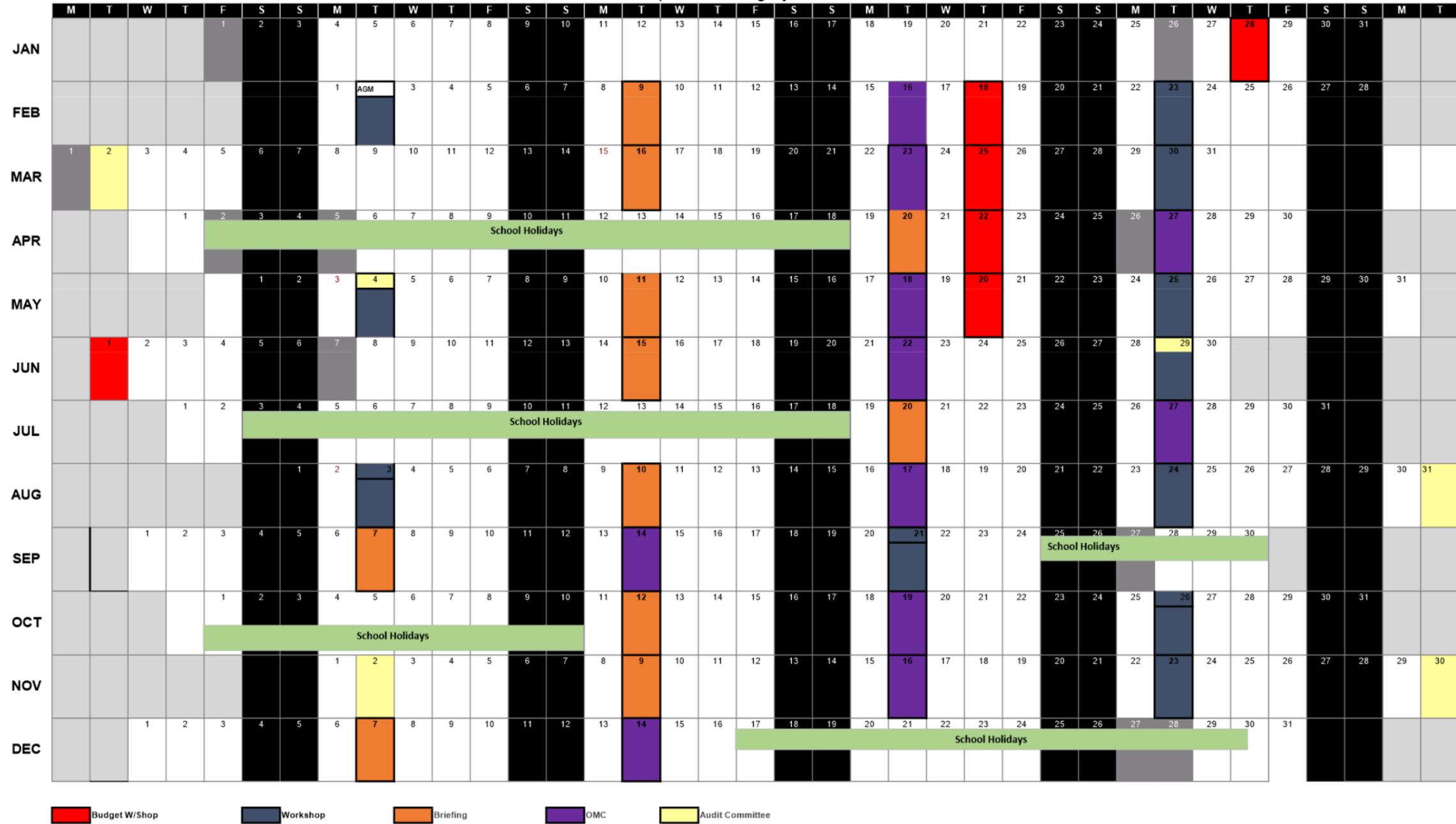
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For: Mr Manifis, Cr Topelberg, Cr Wallace, Mr Piper and Cr Gontaszewski

Against: Nil

(Cr Loden was an apology for the Meeting.)

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Corporate Meeting Cycle 2021 DC

Legend: Budget W/Shop · Workshop · Briefing · OMC · Audit Committee

6   GENERAL BUSINESS

- The appointment of a new external member is being recommended to Council at its 20 October 2020 Council Meeting; and
- An update on the Office of the Auditor General external audit was provided.

7   NEXT MEETING

- Presentation from the OAG on the ICT audit findings
- External audit exit meeting – OAG to attend
- Review of the OAG – Waste Management – Service Delivery report
- Update on emerging safety risk of ageing / unsafe assets at Leederville Oval grandstand, Beatty Park grandstand and Litis Stadium grandstand and buildings
- Progress update on the completion of the two significant audit findings in the OAG ICT audit
- Regulation 5 and Regulation 17 review report and recommendations

8   CLOSURE

There being no further business the meeting closed at approximately 2.30pm.

These Minutes were confirmed by the Audit Committee as a true record and accurate of the Audit Committee meeting held on 20 October 2020.

Signed: Mr Conley Manifis

Dated: 1 December 2020