



City of Nedlands

Agenda

Audit & Risk Committee Meeting

16 August 2018

Dear Committee Member

The next meeting of the Audit & Risk Committee will be held on Thursday, 16 August 2018 in the Meeting Room at the City of Nedlands Council Administration Building located at 71 Stirling Highway, Nedlands commencing at 5.30 pm.

ATTENTION

This Agenda has yet to be dealt with by the Committee.

The Administration Recommendations, shown at the beginning of each item, have yet to be considered by the Committee and are not to be interpreted as being the position of either the Committee or Council.

The Minutes of the meeting held to discuss this Agenda should be read to ascertain the decision of the Committee.

Before acting on any recommendation of the Committee a check must also be made in the Ordinary Council Minutes following the Committee Meeting to ensure that Council did not make a decision at variance to the Committee Recommendation.

Greg Trevaskis
Chief Executive Officer
9 August 2018

Table of Contents

Declaration of Opening	3
Present and Apologies and Leave of Absence (Previously Approved)	3
1. Public Question Time	3
2. Addresses By Members of the Public (only for items listed on the agenda)	4
3. Disclosures of Financial Interest	4
4. Disclosures of Interests Affecting Impartiality	4
5. Declarations by Members That They Have Not Given Due Consideration to Papers	4
6. Confirmation of Minutes	5
6.1 Audit & Risk Committee Meeting 14 May 2018	5
7. Items for Discussion	5
7.1 Draft Internal Audit Plan	6
7.2 Macri – External Audit Plan for the Year Ending 30 June 2017	8
7.3 Internal Audit Actions List Update	10
8 Confidential Items	12
8.1 Insurance Review	12
8.2 I.T. Policies	12
8.3 System Update	12
9 Date of next meeting	12
Declaration of Closure	12

City of Nedlands

Notice of a meeting of the Audit & Risk Committee to be held in the Meeting Room at the City of Nedlands on Thursday 16 August 2018 at 5.30 pm.

Audit & Risk Committee Agenda

Declaration of Opening

The Presiding Member will declare the meeting open at 5.30 pm and will draw attention to the disclaimer below.

(NOTE: Council at its meeting on 24 August 2004 resolved that should the meeting time reach 11.00 p.m. the meeting is to consider an adjournment motion to reconvene the next day).

Present and Apologies and Leave of Absence (Previously Approved)

Leave of Absence (Previously Approved) None at distribution of agenda.

Apologies None at distribution of agenda.

Disclaimer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

1. Public Question Time

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question. Questions tabled at the meeting may be unable to be answered due to the requirement for technical research and will therefore be answered direct afterwards.

Questions must relate to a matter contained within the agenda of this meeting.

2. Addresses By Members of the Public (only for items listed on the agenda)

Addresses by members of the public who have completed Public Address Session Forms will be invited to be made at this point.

3. Disclosures of Financial Interest

The Presiding Member to remind Councillors and Staff of the requirements of Section 5.65 of the Local Government Act to disclose any interest during the meeting when the matter is discussed.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

4. Disclosures of Interests Affecting Impartiality

The Presiding Member to remind Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the Local Government Act.

Councillors and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to the matter in item x..... I disclose that I have an association with the applicant (or person seeking a decision). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

5. Declarations by Members That They Have Not Given Due Consideration to Papers

Members who have not read the business papers to make declarations at this point.

6. Confirmation of Minutes

6.1 Audit & Risk Committee Meeting 14 May 2018

The minutes of the Audit & Risk Committee held 14 May 2018 are to be confirmed.

7. Items for Discussion

Note: Regulation 11(da) of the *Local Government (Administration) Regulations 1996* requires written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70, but not a decision to only note the matter or to return the recommendation for further consideration.

7.1 Draft Internal Audit Plan

Owner	City of Nedlands
Officer	Andrew Melville – Manager Health and Compliance
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Draft City of Nedlands Strategic Internal Audit Plan - Confidential

Executive Summary

This report is to advise the Audit and Risk Committee of the Chief Executive Officer's recent endorsement of the Moore Stephens (WA) Pty. Ltd Draft Audit Plan to describe the City's Internal Audit program for the 2018/19 Financial Year, commencing 1 July 2018.

Recommendation to Committee

The Audit and Risk Committee notes that the City of Nedlands Chief Executive Officer has endorsed the Moore Stephens (WA) Pty. Ltd. draft audit plan to describe the City's Internal Audit program for the 2018/19 Financial Year, commencing 1 July 2018.

Discussion/Overview

Moore Stephens (WA) Pty Ltd have been recently appointed by the Chief Executive Officer to undertake the City of Nedlands' Internal Audit program for a period of 3 years commencing 1 July 2018.

Moore Stephens (WA) Pty. Ltd. has a 30 year history of providing services to local government in Western Australia. They have completed works of a similar nature previously and their submission provided a good understanding of the methodology required to complete the required works.

Moore Stephens have developed a draft audit plan following discussions with Senior staff which has been designed to:

- Strategically align with existing IT projects
- Support governance focus
- Provide an end to end review providing assurance around compliance, adequacy of controls and efficiency of processes.

The Plan considers areas of priority, such as high risk areas that have been identified through risk management processes, along with identified organisational changes, identified weaknesses and external influences.

The Audits that will be undertaken in this Financial Year will include:

1. Accounts Payable End to End Process Review
2. IT Policy Review
3. Business Continuity Review
4. Authority System Gap Analysis

Key Relevant Previous Council Decisions:

Nil

Consultation

Nil

Budget/Financial Implications

The price quoted was within the City's existing budget parameters for the 2018/19 Financial Year.

7.2 Macri – External Audit Plan for the Year Ending 30 June 2017

Owner	City of Nedlands
Officer	Vanaja Jayaraman – Manager Financial Services
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Fraud & Error Assessment 2. Macri Audit Plan 2018 - Confidential 3. Interim Management Letter – Confidential

Executive Summary

This report is to present the Statutory Audit Plan for the Year ended 30 June 2018 issued by Macri Partners and the Interim Audit Management Letter to the Audit & Risk Committee. The Fraud & Error Assessment is also presented to the Committee for review, completion and sign off by the Chairman.

Recommendation to Audit & Risk Committee

The Audit & Risk Committee receives the Statutory Audit Plan for the Year ended 30 June 2018 and the Interim Audit Management Letter. The Committee also reviews, completes and sign off the Fraud & Error Assessment.

Discussion/Overview

Macri Partners are the City's appointed Auditors in relation to the statutory audit for the year ending 30 June 2018.

Macri Audit Plan 2018

As part of the statutory audit, Macri Partners have provided an External Audit Plan. The plan has been prepared to inform the officers and the Audit and Risk Committee of the City of Nedlands about Macri Partners responsibilities as external auditors and how Macri Partners plan to discharge them.

The plan focuses on:

- Documenting the audit approach, including:
 - Audit process
 - Materiality;
 - Approach to auditing key financial statement risk issues; and
 - Completion;
- Presenting the audit engagement team
- Highlighting relevant independence and governance matters; and

- Providing a preliminary assessment of timing.

The external audit plan is presented to the Audit and Risk Committee for their information.

Interim Management Letter

As part of the statutory audit, Macri Partners have carried out an interim audit of the City for the year ended 30 June 2018 which covered a review of the accounting and internal control procedures in operation, as well as testing of transactions in numerous areas as outlined in the interim management letter.

Based on the results of their interim audit, Macri Partners have issued an interim management letter detailing their findings, the rating and their recommendation. Management has made comments providing further explanations and implementation of the audit recommendations where applicable.

The interim management letter is presented to the Audit and Risk Committee for their information.

Fraud & Error Assessment

The purpose of this form is to contribute towards the effective two-way communication between auditors and the Audit & Risk Committee. The form covers some important areas of the auditor risk assessment where the auditors are required to make enquiries of the Audit & Risk Committee under auditing standards.

Management has completed the relevant sections for submission to the Audit & Risk Committee.

The Fraud & Error Assessment is presented to the Audit & Risk Committee for completion of the relevant section and sign-off.

MACRI PARTNERS

2018 FRAUD & ERROR ASSESSMENT

CITY OF NEDLANDS

Explanatory Information

The purpose of this form is to contribute towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make enquiries of the Audit Committee under auditing standards.

Background

Under the Australian Auditing Standards, auditors have specific responsibilities to communicate with the Audit Committee.

Australian Auditing Standards ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* and ASA 260 *Communication with Those Charged with Governance* now make it mandatory for auditors to make enquiries of management and those charged with governance (audit committees) regarding matters that are indicated in the template form. The enquiries with those charged with governance (audit committees) are made in part to corroborate the responses to the enquiries of management.

Respective Responsibilities

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight to address fraud risk.

This form includes a series of questions on each area with provision for responses from both management and the Audit Committee.

We suggest that Management complete the relevant sections before submitting these responses to the Audit Committee.

The Audit Committee should consider whether these responses are consistent with its understanding, before completing the relevant sections applicable to them.

Fraud and Error Assessment – Management

CITY OF NEDLANDS

FOR THE YEAR ENDING 30 JUNE 2018

1. **Has management assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?**

Response:

Management assesses the risk of material misstatement in the financial statements due to fraud by performing monthly review of variance analysis of the financial statement compared to budget. Management has not found any material misstatements.

2. **What processes does management have in place to identify and respond to risks of fraud?**

Response:

The Director Corporate & Strategy has oversight of all financial transactions, payroll and purchasing/credit cards. The Director reports independently to the CEO who in turn reports to Council. In addition, there are comprehensive processes in place to identify and respond to fraud ie Internal Audit, External Audit, Risk Management Framework, IT Controls and Cyber Security reviews. All of which are reported to the Audit and Risk Committee for final oversight.

3. **Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?**

Response:

Management has identified no areas with a high risk of fraud, but has identified procurement as a moderate risk of fraud.

To mitigate this risk, management has implemented segregation of duties, with higher level of approval for higher value purchases. Payments are scrutinised in-depth by the Director Corporate Services on a monthly basis and any suspicious transactions investigated.

4. **Are internal controls, including segregation of duties, in place and operating effectively? If not, where are the risk area's and what mitigating actions have been taken?**

Response:

Internal controls, including segregation of duties are in place and operating effectively.

5. **Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (e.g. because of undue pressure to achieve financial targets such as a surplus position or better performance indicators)?**

Response:

There are no areas where there is potential for override of controls or inappropriate influence over the financial reporting process.

6. What arrangements are in place to report fraud issues and risks to the Audit Committee?

Response:

Individual Directors have responsibility for their respective area. Director C&S has oversight of all financials and preparation and co-ordination of Audit Committee Meetings. Director C&S reports to the CEO who has a direct reporting line to Audit Committee.

7. How does the Council communicate and encourage ethical behaviour of its staff and contractors?

Response:

All staff receive a thorough induction which includes fraud and misconduct. Staff are reminded of their responsibilities through staff meetings and newsletters.

8. How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?

Response:

Staff have received training on fraud awareness in the past and are encouraged to report any concerns through their Manager / Director or directly to the CEO. In September 2016 selected staff participated in a Fraud management awareness survey.

The CEO's policy is to be available to staff at any time they need to speak to him. Information relating to Public Interest Disclosure is made available to staff via the City's intranet and the staff handbook. Fraud awareness is also addressed during the induction process

9. Are you aware of any related party relationships or transactions that could give rise to risks of fraud?

Response:

After due review of the related party transaction disclosures by the key management personnel, management is not aware of any related party relationships or transactions that could give rise to risks to fraud.

MACRI PARTNERS

10. Are you aware of any instances of actual, suspected or alleged, fraud, within the Council since 1 July 2017? If yes, provide details of what occurred and who was involved.

Response:

Management is not aware of any instances of actual, suspected or alleged, fraud, within the Council since 1 July 2017.

11. Please advise if there have been any matters reported to the CCC (Corruption and Crimes Commission) by the City.

Response:

There were no matters reported to the CCC since 1 July 2017.

Signature: _____
Name: Greg Trevaskis
Position: CEO
Date: _____

Fraud and Error Assessment – Audit Committee

CITY OF NEDLANDS

FOR THE YEAR ENDING 30 JUNE 2018

The Australian Auditing Standards require us to consider the risk that fraud could occur within the Council. We are preparing to perform our Interim Audit risk assessment of your Council in relation to the audit for the year ending 30 June 2018. We would appreciate if you could briefly answer the following questions in the spaces provided, and return this signed letter.

1. **Has the Council's management communicated to you its processes for identifying/responding to risks of fraud?**

Response:

Yes

2. **How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?**

Response:

The Director Corporate & Strategy has oversight of all financial transactions, payroll and purchasing/credit cards. The Director reports independently to the CEO who in turn reports to Council. In addition, there are comprehensive processes in place to identify and respond to fraud ie Internal Audit, External Audit, Risk Management Framework, IT Controls and Cyber Security reviews. All of which are reported to the Audit and Risk Committee for final oversight.

3. **Is the Audit Committee aware of any actual, suspected or alleged fraud? If yes, please provide details.**

Response:

The audit committee is not aware of any instances of actual, suspected or alleged, fraud.

Signature:

Name:

Councillor I S Argyle

Position:

CHAIRMAN

Date:

Examples of Circumstances that Indicate the Possibility of Fraud

The following are examples of circumstances that may indicate the possibility that the financial report may contain a material misstatement resulting from fraud.

Discrepancies in the accounting records, including:

- Transactions that are not recorded in a complete or timely manner or are improperly recorded as to amount, accounting period, classification, or entity policy.
- Unsupported or unauthorised balances or transactions.
- Last-minute adjustments that significantly affect financial results.
- Evidence of employees' access to systems and records inconsistent with that necessary to perform their authorised duties.
- Tips or complaints to the auditor about alleged fraud.

Conflicting or missing evidence, including:

- Missing documents.
- Documents that appear to have been altered.
- Unavailability of other than photocopied or electronically transmitted documents when documents in original form are expected to exist.
- Significant unexplained items on reconciliations.
- Unusual balance sheet changes or changes in trends or important financial statement ratios or relationships – for example receivables growing faster than revenues.
- Inconsistent, vague, or implausible responses from management or employees arising from enquiries or analytical procedures.
- Unusual discrepancies between the entity's records and confirmation replies.
- Large numbers of credit entries and other adjustments made to accounts receivable records.
- Unexplained or inadequately explained differences between the accounts receivable sub-ledger and the control account, or between the customer statements and the accounts receivable sub-ledger.
- Missing or non-existent cancelled cheques in circumstances where cancelled cheques are ordinarily returned to the entity with the bank statement.
- Missing inventory or physical assets of significant magnitude.
- Unavailable or missing electronic evidence, inconsistent with the entity's record retention practices or policies.
- Fewer responses to confirmations than anticipated or a greater number of responses than anticipated.
- Inability to produce evidence of key systems development and program change testing and implementation activities for current-year system changes and deployments.

Problematic or unusual relationships between the auditor and management, including:

- Denial of access to records, facilities, certain employees, customers, vendors, or others from whom audit evidence might be sought.
- Undue time pressures imposed by management to resolve complex or contentious issues.
- Complaints by management about the conduct of the audit or management intimidation of engagement team members, particularly in connection with the auditor's critical assessment of audit evidence or in the resolution of potential disagreements with management.
- Unusual delays by the entity in providing requested information.
- Unwillingness to facilitate auditor access to key electronic files for testing through the use of computer-assisted audit techniques.
- Denial of access to key IT operations staff and facilities, including security, operations, and systems development personnel.
- An unwillingness to add or revise disclosures in the financial report to make them more complete and understandable.

MACRI PARTNERS

- An unwillingness to address identified deficiencies in internal control on a timely basis.

Other

- Unwillingness by management to permit the auditor to meet privately with those charged with governance.
- Personal financial pressure
- Vices such as substance abuse and gambling
- Extravagant purchasing or lifestyle
- Real or imagined grievances against the organisation or management
- Increased stress, irritable, defensive and argumentative
- No vacations / sick leave / excessive overtime
- Dominant personality
- Protective of area of administration and missing documents and files from the staff's area
- Accounting policies that appear to be at variance with industry norms.
- Frequent changes in accounting estimates that do not appear to result from changed circumstances.
- Tolerance of violations of the entity's Code of Conduct.

7.3 Internal Audit Actions List Update

Owner	City of Nedlands
Officer	Andrew Melville – Manager Health & Compliance
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Internal Audit Actions List

Executive Summary

The attached Internal Audit Actions List contains details of the matters raised by the auditors throughout the City’s Internal Audit program. The list allocates the Action, Action Owner, its Status and Outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

Recommendation to Committee

The Audit and Risk Committee receives the Internal Audit Actions List.

Discussion/Overview

An Audit is a process through which internal control effectiveness is examined and assessed. The objective is to provide an Audit for compliance with relevant management policies and procedures. Each internal audit undertaken results in Actions being recommended to the City’s Administration. These actions are monitored for completion using the Internal Audit Actions List.

The attached list contains details of the Actions raised and outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

Key Relevant Previous Council Decisions:

Nil

Consultation

Nil

Budget/Financial Implications

Nil.

Any actions requiring expenditure that is not allocated to an existing budget will be considered by Council during budget deliberations.

Internal Audit Action Tracking Log

View the full audits [here](#):

Compiled Outstanding Action List – Monitoring Log

Audit	Actions	Action Owner	Target Date	Status	Outcome
Project Management (item 3.4.1)	<p>Project management information A policy for the standard structure of storing project file folders and applying version control over key documentation should be communicated to all departments and become a required standard practice.</p>	Policy & Projects Officer – implement and to be carried out ongoing by project managers	<p>November 2015</p> <p>April 2018</p>	<p>On Hold</p> <p>In progress</p>	Put on hold to be implemented as part of 'Sharepoint' solution under a consolidated project site. This solution became available in December 2017 and this item now being progressed.
Business Continuity Management Review (3.2.3)	<p>IT DRP Testing Management to implement the following:</p> <ul style="list-style-type: none"> Formalize the test strategy, plan and result for IT DRP testing conducted <p>Minimum testing requirements should include, but not be limited to:</p> <ul style="list-style-type: none"> Communication plans, 	Manager Corporate Strategy and Systems	<p>December 2015</p> <p>July 2016</p> <p>December 2018</p>	In progress	The BCP has been developed and tested. On the 28th of February 2017 the plan was tested for a second time and minor amendments

	<ul style="list-style-type: none"> - alternate site activation - Date backup and recovery - Physical and computer security; and - Recovery of critical business functions <ul style="list-style-type: none"> • Test to involve business users to conduct the business testing • Prepare test schedules for the DRP tests; • Conduct a test de brief, document issue log and lesson learned; • The City is also to provide test results on an annual basis and these are to be reported to responsible senior management and the board of directors or its responsible committee 		March 2019		<p>were made to the plan.</p> <p>We are currently reviewing the potential of a secondary data centre for storage of the City’s backups, the chosen data centre will require the capacity and security to enable the City to go to full production in the event of a catastrophic shutdown of the primary service operating in Malaga.</p> <p>We are currently reviewing the processes involved in order to carry out another test of the DR plan.</p>
IT General Controls (3.3.1)	<p>Formalisation of IT strategic plan</p> <p>With the current changes to the IT infrastructure, a documented IT strategic plan is crucial to ensure that business</p>	Manager Corporate Strategy & Systems	<p>March 2016</p> <p>July 2016</p>	In progress	<p>We are currently developing a Digital Strategy, the intention of this strategy is to</p>

	strategy and IT decisions are evaluated against the IT strategy to ensure alignment. The plan should be formalised, approved and signed off by management as soon as practicable.		December 2018		describe a vision for the City in the way that it will conduct its business and to document the diverse and complex systems used in daily operations, and to identify the relationships between systems if at all, the age and life cycle, this in turn will help us to better prioritise, budget and manage the purchase of hardware and software systems in the future. The IT strategic plan will be formulated off the back of the corporate strategy currently being developed.
IT General Controls (4.1)	Backup and restoration testing Review the tapes backup process and determine whether this is still necessary with the online replication of data from	Manager Corporate Strategy & Systems	December 2015	In progress	The City is currently replicating 4.1 TB of core services information, this



<p><i>(Improvement Opportunity)</i></p>	<p>production server at Malaga Data Centre to backup server at the Depot. If tape backup is still necessary, we recommend that management periodically restore the data from backup tapes to ensure that data could be restored successfully in the event of errors or system failure.</p> <p>To be undertaken as part of the finalisation of disaster recovery plan and documentation.</p>		<p>December 2018</p> <p>March 2019</p>	<p>includes, Mail, SharePoint, Authority, Associated databases, Active directory and Trim. Daily replication is currently 76GB at 3 hourly intervals and a snapshot every 7 days. Daily, Weekly and Monthly Backups are also take and test for integrity. We are currently seeking a secondary Data Centre that can be used for the soring of backups and full replication in the event of the Primary Data Center failing, this work will assist in finalising a disaster recovery plan and associated documents.</p> <p>The backup and recovery processes are currently being</p>
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					reviewed. The resulting backup processes and procedures will be tested in line with the Business Continuity requirements.
IT General Controls (4.2) <i>(Improvement Opportunity)</i>	Change Management Procedures Develop a formal change request form with the appropriate sign-off to ensure that sufficient permission is sought, rollback plan and documentation is maintained when changes are made to IT infrastructure, system and applications.	Manager Corporate Strategy & Systems	December 2015 December 2018	In progress	An electronic request form with associated work flows should be developed in SharePoint, Council's Core Information System. Further Exploration and understanding of the Documentation is required to enable practical solution. This policy has been developed and is awaiting approval by the Executive.
Purchasing Card and Credit Card Control Self-Assessment (4)	Formalise credit card financial delegations and update procedure A delegation process for use of Credit cards belonging to a different card holder to be investigated and implemented.	Finance Manager	December 2016 April 2018 September 2018	In progress Completed	Policy and Project Officer to develop and implement new process within Credit Card Procedure With the change in



					<u>the purchasing and credit card expense management system, new procedures are being drawn up, to be reviewed by the Governance Officer and will be completed by September 2018</u>
Purchasing Card and Credit Card Control Self-Assessment (5)	Include card cancellation process in the procedure Add card cancellation process to credit card procedure.	Finance Manager	December 2016 <u>April September 2018</u>	In progress	Updates developed but not approved by Executive Team for implementation. To be followed up. With the change in the purchasing and credit card expense management system, new procedures are being drawn up, to be reviewed by the Governance Officer and will be completed by September 2018
Fraud Management	Fraud management policy and procedures	Finance Manager	December 2016		Policy has been

Control Self-Assessment (1)	Create a formal fraud management policy and procedure based on relevant industry standards (such as AS8001-2008) to include detection, reporting, investigation and management of fraud.		June <u>December</u> 2018	In progress	Drafted, <u>awaiting review by the Governance Officer</u> and will be completed by <u>June/December</u> 2018
Accounts Receivable Control Self-Assessment (1)	Accounts Receivable Policy and Procedures Develop Accounts Receivable policy and update current procedures	Finance Manager	July 2018 <u>April</u> <u>December</u> 2018	In progress	Policy being <u>has been drafted, awaiting review by the Governance Officer</u> drafted and will to be completed by <u>April/December</u> 2018
Accounts Receivable Control Self-Assessment (3)	Excessive Number of Users with Access to Accounts Receivable Modules Review current user access and allocate relevant and appropriate access for staff based on roles and responsibilities.	Finance Manager	<u>December</u> 2018	In progress	The IT department in conjunction with the Finance team are in the process of identifying the appropriate user access on completion of this task. The IT department will liaise <u>has engaged</u> with Civica the product vendor to have the appropriate

					changes made to user access.
Payroll Review (3)	<p>Review, update and implement documented payroll policy and procedures</p> <p>Develop and document the Payroll Policy and further update the procedures to including:</p> <ul style="list-style-type: none"> -Changes to payroll data - Tax file number declarations - Termination payments - Fortnightly payroll processing - Terminating employees payroll processing - Payroll month end reporting 	Manager Finance	<p>November 2017</p> <p>June-2018</p>	In progress	<p>Payroll procedure updated. Policy <u>is</u> being drafted and <u>will be reviewed by the Governance Officer</u>, to be completed by <u>June-December</u> 2018</p>
Payroll Review (4)	<p>Improve leave processing process</p> <p>Consider during phase 2 of sharepoint project to fix issues including – rejected leave requests do not update the employees leave records accurately unless a new leave request is processed</p>	Manager Human Resources	Late 2018		
Financial Applications Control (1)	<p>Improve application governance and management</p> <p>Develop policies and procedures to support the management and governance of the authority application that include information security, data management, IT asset management, IT risk management and change management</p>	Manager Corporate and Strategy	<p>June-2018</p> <p><u>August</u> 2018</p>	In progress	<p>City is in the process of reviewing 24 draft policies (8 active) and procedures for Information Technology and Information Management.</p>

					Review completed - a number of policies have been consolidated. Awaiting approval by Executive.
Financial Applications Control (2)	Improve application contract management Authority (Civica) service level agreement is out of date and does not include any reference to confidentiality and / or security requirements	Manager Corporate and Strategy	June 2018 June 2019	In progress	City has already commenced discussions with Civica to develop new Service Level Agreement and City has a system health check planned. This will be addressed as part of the upgrade to the latest version of Authority.
Financial Applications Control (3)	Improve application security management Authority (Civica) password policies be implemented with access managed, monitored and reviewed to ensure only authorized individuals are granted access based on business need.	Manager Corporate and Strategy	June 2018 December 2018	In progress	Further investigation by the IT and Finance department and Civica to see if further improvements can be made to the Authority product. Project to review and update Roles & Responsibilities in

					Authority under way. Security levels are in scope of this project.
Financial Applications Control (4)	<p>Improve disaster recovery, back-up and recovery process Develop a Disaster Recovery Plan or backup policy and procedures to ensure recovery of information assets to deliver normal business services.</p>	Manager Corporate and Strategy	<p>June 2018 March 2019</p>		<p>A Policy and procedure review is currently being conducted. See Business Continuity Management Review (3.2.1), (3.2.3), IT General Controls (4.1). Disaster recovery and backups are currently being reviewed and policies and procedures being formulated.</p>
Financial Applications Control (4)	<p>Improve application controls Implement data verification and input controls to Authority system, with automated transactional calculations and reconciliation where possible.</p>	<p>Manager Corporate and Strategy & Manger Finance</p>	<p>June 2018 June 2019</p>		<p>City is engaging to with Civica to review. Hall booking system currently being explored will assist with reduction in manual calculation of frees and charges. This is being reviewed in light of the upgrade to the</p>

					latest version of Authority.
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Note: A number of target dates have been extended from what was originally documented by auditors so that the activities align with various other associated business activities, and to accommodate staff changes and legislation requirements.

8 Confidential Items

8.1 Insurance Review

Confidential report circulated to Committee Members.

8.2 I.T. Policies

Confidential report circulated to Committee Members.

8.3 System Update

Confidential report circulated to Committee Members.

9 Date of next meeting

The date of the next meeting of this Committee is to be advised.

Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.