

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Tuesday 20 February 2018
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 7.1

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Terry Crackett, Director Corporate Services

Subject: Internal Audit Actions Implementation

For: Information

1. Internal Audit Actions Implementation – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- CEO, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey

be excluded from attendance at the meeting for Agenda Item 7.1 Internal Audit Actions Implementation in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is matters affecting the security of the council, council members or employees of the council, or council property, or the safety of any person; the disclosure of which could reasonably be expected to result in vulnerabilities to council's information and communication technology being breached and the security of council property and the safety of council employees and members of the public may be impacted.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. Internal Audit Actions Implementation – Confidential Item

SUMMARY

This report provides the Audit Committee with an update on the current status of actions arising from the ICT Security assessment. A significant amount of work has occurred to progress the identified actions.

Given the nature of the information from the security assessment and actions contained in **Appendix 1** it is recommended that this report be considered in confidence.

RECOMMENDATION

The Audit Committee resolves to receive and note the report.

2.1 GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Strategy	Governance
	Risk and Responsibility

Monitoring the implementation of internal audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Section 125 of the Local Government Act 1999 requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of the internal audit program will assist in mitigating the risk of:

Internal control failures occur which lead to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium (3C)

➤ **Financial and Resource Implications**

The Internal Audit budget for this financial year includes funding to resource the proposed audits and enable them to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Environmental Implications**

Not applicable

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Consultation on the implementation of actions to address the audit findings was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Workshops:</i>	Not Applicable
<i>Administration:</i>	James Sinden, Manager ICT Matt Strapps, Manager Information Systems
<i>Community:</i>	Not Applicable

2.2 BACKGROUND

A cyber security audit was nominated on the Strategic Internal Audit Plan and subsequently an ICT Security Risk Assessment was conducted in 2015 and finalised early in 2016. The findings of the ICT Security Risk Assessment were considered by the Committee in confidence at the February 2016 meeting.

As work is continuing on the actions from this audit and information on these security matters has potential for misuse, the update on the action status is being presented in a separate report for consideration in confidence.

2.3 ANALYSIS

Significant progress against actions arising from the ICT Security Risk Assessment has been made (as indicated in the action register in **Appendix 1**). Of the original 35 recommendations only 6 remain outstanding with implementation underway for each recommendation.

2.4 OPTIONS

The Committee has the following options:

- I. To note the status of the Action Progress report as presented; and / or
- II. To make formal comment on progress on the audit actions and / or identify additional actions to be undertaken.

2.5 APPENDICES

- (1) IA Action Implementation Register – ICT Security Assessment

Appendix 1

*IA Action Implementation Register –
ICT Security Assessment*

Reference	Issue	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
Rec 1	Policy and Governance	Information Security Policy	Accepted	IS to create as part of a suite of policies around information and document management. Some core aspects have been captured in the Records Policy adopted by council in August.	Matt Strapps	30/06/2018	In Progress	30/06/2018	Draft Device and Acceptable Usage Polices are currently being considered by ELT. These policies ensure information is secure when using council issued and personal devices. The policies also outline how all documents and data are to be captured appropriately into corporate line of business systems.
REC 25	Mobile Devices	Vulnerability Management	Accepted	ICT to implement a proactive patching schedule for Mobility Devices	James Sinden	30/03/2018	In Progress	30/06/2018	In October 2017 a new contract has been entered into with Microsoft for their EMS (Enterprise mobility Security) product. We will now progress to implementation of the product in the 3rd quarter of 2017/18 budget, where a proactive approach to patching of mobile devices can be applied. A consultant has been engaged to progress with some prerequisites to core system which will allow us to then proceed to the implementation of the EMS product.
REC 26	Mobile Devices	Configuration Management	Accepted	ICT to implement - review the MDM solution in place and implement recommendation	James Sinden	30/03/2018	In Progress	30/06/2018	A review of the MDM solution has been undertaken and a new contract entered into for a product from Microsoft called EMS (Enterprise Mobility Security). Implementation is scheduled for 3rd quarter of 2017/18 budget. A consultant has been engaged to progress with some prerequisites to core system which will allow us to then proceed to the implementation of the EMS product.
REC 27	Personnel	Awareness and Education	Accepted	ICT and Information Systems to implement	James Sinden	30/06/2018	Completed		Awareness education is being conducted via information posted to All Staff Announcements when active system threats a present to inform and educate users.
REC 29	Physical Security Stirling	Fire Detection	Accepted	ICT to investigate - Further information on costing and risk analysis to be performed before acceptance of recommendation. AHC already has invested in multiple redundancy systems and questions the need for such a solution	James Sinden	29/12/2017	Completed		Indicative costings of a fire suppression systems have been received which supports the recommendation not to proceed to purchasing a system, where there is a strategy for the relocation of systems to Datacentres that already have apocopate fire detection and suppression systems in place.
REC 3	Policy and Governance	Business Continuity Planning	Accepted	ICT to action - (ICT BCP Plan only) included in 2015/16 Capital Works Program	James Sinden	28/02/2017	In Progress	30/06/2018	Configuration of ICT BCP Systems from a software perspective has been completed with the final stages currently being undertaken to install new telecommunication systems (SIP Services) for automating fail over voice systems to the Datacentre. Once completed, business impact assessment will be conducted to identify Councils critical systems & applications to aid disaster recovery planning. Contracts for SIP Service are being negotiated and provisioning of service are to commence shortly.
REC 4	Policy and Governance	Incident Management	Accepted	ICT to action - create a security incident management procedure	James Sinden	29/12/2017	In Progress	30/06/2018	A draft Incident Management procedure has been developed and is to be progressed through the IISIP group for recommendation to adopt this procedure. Draft Scheduled for next IISIP meeting for consideration.
REC 8	Servers	Backup and Recovery	Accepted	ICT to action - due to the ICT BCP Capital Works Program 2015/16 this task will need to be completed after its implementation as configuration changes will impact on how this is performed	James Sinden	31/03/2017	In Progress	30/06/2018	Now that the ICT BCP Systems from a software perspective has been configured and completed we can now progress to reviewing the backup policy and record how backups should be tested. A procedure will then be developed on the testing of scheduled backup systems. Review of backup procedure underway and scheduling of proactive backup system tests.

3. Internal Audit Actions Implementation – Period of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing the Committee decision(s) in this matter in the performance of the duties and responsibilities of office, the Committee, having considered Agenda Item 7.1 in confidence under sections 90(2) and 90(3)(e) of the Local Government Act 1999, that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 that the report, related attachments and the minutes of the Committee and the discussion and considerations of the subject matter be retained in confidence until the Internal Audit actions have been addressed.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.