

TOWN OF VICTORIA PARK
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022
MATTERS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Current Year Issues			
1. Review of Rates, Fees and Charges Reconciliation		✓	
Findings Identified in Prior Year			
2. Super User Access	✓		
3. Vendor Activities Management		✓	
4. Depreciation Rate Review		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

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1. Review of Rates, Fees and Charges Reconciliation

Finding

We noted that there was no evidence that the senior finance officer had reviewed the Rates, Fees and Charges reconciliation for the month of August 2021.

Rating: Moderate

Implication

The lack of review of the Rates, Fees and Charges reconciliation increases the risk of incorrect revenue being recorded.

Recommendation

The Town should ensure that the Rates, Fees and Charges reconciliation is reviewed by an independent officer and evidenced as such.

Management Comment

Last year the senior rates officer and financial services controller undertook the rates strike and raising of charges together. This caused the physical signature approving the reconciliation of rates, fees and charges being missed at the end of the process. Our procedures have been amended to ensure that a review has been made and signed off.

Responsible Person: Manager Finance

Completion Date: Immediate

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2. Super User Access

Finding 2022

This issue has not been resolved. Informal user access reviews occur at the application layer, however, the underlying operating system and database layers are not reviewed. We were informed by Management that a detailed review of all three layers will be performed as part of the Authority version upgrade scheduled for February 2022. Consequently, some accounts currently may have super user access where not required.

2020

We found the Town does not have appropriate restrictions as required by job role/functions when provisioning super user access accounts.

In addition, we found:

- two instances of active accounts related to terminated employees and a duplicate account
- unable to validate the purpose and appropriateness of several accounts.
- last login dates are not maintained.

Rating: Significant (2021: Significant)

Implication

Excessive super user access to application, server and database may allow inappropriate and unauthorised changes to go undetected. This access could be used to undermine the effectiveness of key system-based controls and impair the integrity of financial data.

Furthermore, given the generic nature of these accounts, it may be difficult to trace inappropriate activity conducted back to a specific user.

Recommendation

The Town should:

- restrict access to super user accounts based on job role/functions requirements;
- ensure the allocation of privileges is appropriately requested and authorised;
- regularly review super user accounts, and maintain evidence to support these reviews being conducted;
- remove accounts that are no longer required in a timely manner.

Management Comment

The allocation of access rights, including "super user" rights, is still planned to occur as part of the Authority upgrade. Unfortunately, due to various issues including resource availability and the Town's COVID response, this project has been deferred until March 2023.

Responsible Person: Manager - TDS

Completion Date: March 2023

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3. Vendor Activities Management

Finding

This issue has not been resolved.

Since December 2020, Civica use a tool called SecureLink to access the Town's systems remotely when needed. An automated notification is sent to the Town's IT team when the vendor accesses the Town's system and when they leave, and includes the following information:

- Who accessed the Town's systems;
- Why they accessed the Town's systems;
- For how long they accessed the Town's systems;
- When they accessed the Town's systems.

No formal reviews of the above logs occur, and the logs maintained do not include what activity the user performed.

2020

The town does not have adequate monitoring processes on vendor's access and changes made to system's production environment.

Rating: Moderate (2021: Moderate)

Implication

Without an effective process for monitoring vendor's access and change activities, there is an increased risk that inappropriate activities made by the vendor are not detected.

Recommendation

The Town should investigate whether the SecureLink logs have the capability to record activity performed by the user and conduct formal reviews over these logs to determine whether activity conducted by the vendor is appropriate. If such audit logs are not available, the Town should identify and implement other controls to detect inappropriate activity performed by the vendor.

Management Comment

SecureLink records carry the incident number, which in turn contains details of what the issue reported was. It does not universally carry details of what changes were made to resolve the issue. The details recorded also stops short of the actual changes that were made as part of the call i.e. the "before" and "after" values of any associated changes. There are capabilities within the SQL database used for the implementation of Authority that may be able to supply the required data. The IT team will investigate the available functionality and determine if this will deliver the audit requirement and if found to be capable, design a process that will deliver the required audit outcomes.

Responsible Person: Manager - TDS

Completion Date: December 2022

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4. Depreciation Rate Review

Finding 2022

This issue has not been resolved.

Finding 2021

It is noted that for new fixed assets additions, the Asset Officer will input the rate for depreciation based on the rates given in the capitalisation policy. However, the rate included by the Asset Officer does not get reviewed by another person.

Rating: Moderate (2021: Moderate)

Implication

The lack of review of useful lives increases the risk that these lives are incorrect, resulting in errors in depreciation. This could lead to misstatements in the financial report.

Recommendation

The Town should perform an annual review of depreciation rates / useful lives.

Management Comment

A review of the depreciation rates will be undertaken the Coordinator of Asset Planning to ensure that the appropriate rates are being used.

Responsible Person: Manager Finance

Completion Date: September 2022