



Our Ref: F23/254

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Stuart Hobley
Chief Executive Officer
Shire of Cunderdin

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: stuart.hobley@cunderdin.wa.gov.au

Dear Mr Hobley

PERFORMANCE AUDIT – LOCAL GOVERNMENT PHYSICAL SECURITY OF IT ASSETS

This letter is to advise you that the Shire of Cunderdin has been selected for inclusion in the Auditor General's performance audit on Physical Security of IT Assets. More information about the audit and performance audits generally, is included in the attached documents.

The Auditor General intends to table the findings of this audit in a report to Parliament. As is our normal process, we will discuss our audit findings with senior management from your local government before issuing any findings or the report to you.

We would appreciate if you could nominate a person from your local government as an audit liaison. Ideally, this person will have a good understanding of the audit area and be able to provide access to information and staff on your behalf.

We will contact you shortly to make arrangements to meet to discuss the audit scope and approach. In the meantime, if you have any questions about the performance audit, please contact Lilian Oh, Director, on 6557 7774 or me on 6557 7528.

Yours sincerely

Adam Dias
Acting Assistant Auditor General
Information Systems and Performance Audit
30 November 2023

OAG Factsheet 1 - Our approach to performance audits
OAG Factsheet 2 - About your Performance Audit

cc. Shire President Alison Harris via email: craharris@cunderdin.wa.gov.au

About the OAG

The Auditor General, supported by the Office of the Auditor General (OAG), is an independent officer of Parliament responsible for auditing Western Australian State and local government entities. The Auditor General has complete discretion in the performance of these functions and reports directly to the Parliament.

The *Auditor General Act 2006*:

- outlines the Auditor General's functions to examine government activity through performance audits (s.18(2))
- provides auditors with full and free access to all relevant information, systems and records (s.35)
- outlines our responsibility to preserve the confidentiality of matters that come to our knowledge during the course of an audit (s.46(2))
- outlines entity responsibilities to preserve the confidentiality of matters in the summary of findings report (s.46(4)).

Our information systems, policies and processes are designed to keep entity information safe, both during and following each audit. The OAG does not enter into confidentiality agreements with audited entities as findings from our audits are reported to the Parliament.

Our audit reports can be found at www.audit.wa.gov.au/reports.

View our annual report for more information about the office www.audit.wa.gov.au/annual-reports.

Performance audit approach

Our performance audits assess the efficiency and effectiveness of State and local government activities, services and programs. These audits can identify instances of waste, legislative non-compliance, examples of good practice and make practical recommendations for improvement.

Key principles and practices we follow when undertaking performance audits can be found in our Audit Practice Statement at www.audit.wa.gov.au/corporate-publications. These include:

- audit conduct follows the requirements of the Australian Auditing and Assurance Standards
- we demonstrate the highest standards of ethical and personal behaviour
- our audit approach is fair, balanced and transparent
- we have a 'no surprises' approach to informing entities of our audit objectives and emerging findings
- as part of our procedural fairness process we provide audited entities and parties with a special interest a formal opportunity to respond to our summary of findings report
- we deliver credible and independent reports that help improve public sector performance and accountability.

As part of our reporting process, we expect State and local government entity heads to update their Minister/Mayor (or counterpart) on performance audits at their entity. Our

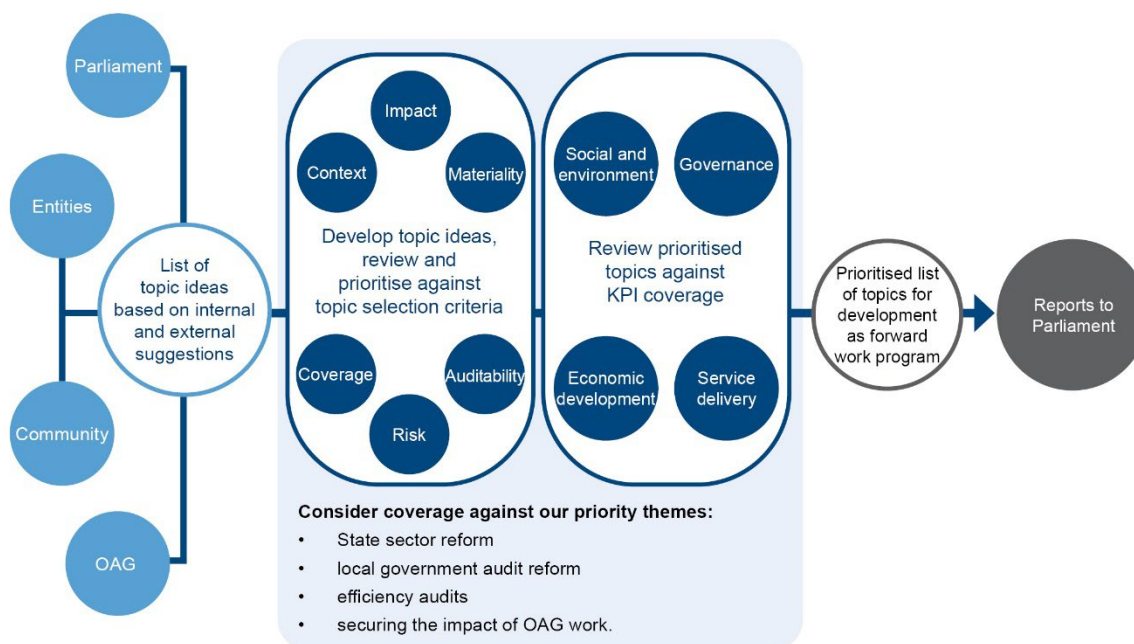
practice is to brief relevant Ministers before tabling our reports in the Parliament.

Topic selection

In deciding what to audit, the Auditor General has regard for the priorities of Parliament but ultimately has complete independence.

We follow the below framework which ensures our topic selection is objective and transparent across 4 areas: social and environment, governance, economic development and service delivery.

We seek to have a balanced program of audits that matter to the Parliament and the community, that reflect how and where public sector entities spend public money.



What our audits don't do

Our audits do not:

- comment on or criticise Government policy decisions. Although, the Auditor General can assess if State and local government entities have effectively implemented policies
- investigate fraud or other criminal matters. These are handled by the WA Police Force or the Corruption and Crime Commission
- investigate administrative malpractice by State and local government entities that affect an individual. Such matters are the mandate of the Ombudsman.

Importance of internal controls

Beyond minimum requirements prescribed in legislation, entities need to have strong internal controls and good governance to ensure things go right and to prevent things from going wrong. Management should oversee and monitor their controls, and internal audit should ensure controls and oversight are effective.

The Auditor General acts as a last line of defense - providing stronger levels of assurance to the Parliament and ultimately the people of Western Australia.



Local Government Physical Security of IT Assets

Failure to physically protect IT network assets can compromise the security of an entity's information. Two elements of physical security are unauthorised access and environmental damage to key IT infrastructure such as server rooms. Unprotected network servers can risk private and commercial information held by the entity.

If servers are not protected and secured, the entity's ability to maintain continuous services to the community may be at risk.

Audit objective

The objective of this audit is to assess whether Local Governments have effective physical protection for IT assets.

Our criteria include:

- Are assets protected from unauthorised access?
- Are assets appropriately protected from environmental damage?

Timing and approach

We expect to table the audit report in the Parliament in the second quarter of 2024. We will discuss other key dates in the audit process when we meet to start the audit and throughout the audit.

During the audit we will:

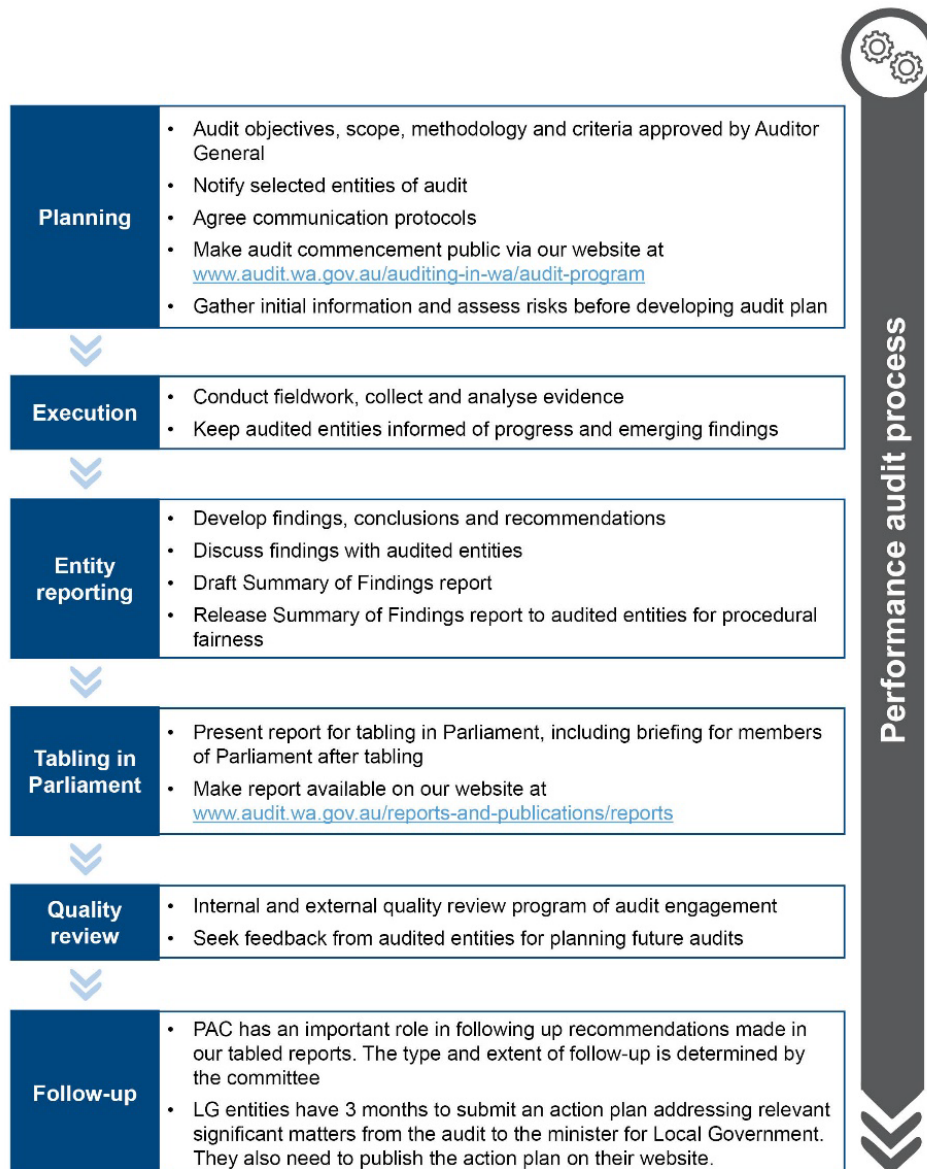
- liaise with your staff
- collect and review relevant information
- discuss the audit progress with your nominated liaison
- issue you a Summary of Findings report for comment prior to tabling the report in the Parliament. We expect the heads of local government entities to update their President or Mayor on performance audits at their entity. However, confidentiality provisions in section 46 of the *Auditor General Act 2006* mean entities cannot provide report copies to their Minister prior to tabling. Our standard practice is to offer a briefing to relevant Ministers before tabling our reports.

You can help by:

- nominating a liaison for the audit who understands the subject area and can provide access to information and staff
- making senior staff available during the audit to discuss emerging findings.

The performance audit process

Our performance audits, conducted in accordance with Australian Standards on Assurance Engagements, follow a phased approach.



The audit team

	Name	Contact
Engagement Leader	Lilian Oh	Tel: (08) 6557 7774 Email: Lilian.Oh@audit.wa.gov.au
Team Leader	Talia Channer	Tel: (08) 6557 7723 Email: Talia.Channer@audit.wa.gov.au
Acting Assistant Auditor General	Adam Dias	Tel: (08) 6557 7528 Email: Adam.Dias@audit.wa.gov.au