



Internal Audit Update – Q1 2021

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VPDSS Compliance Requirements

The Victorian Protective Data Security Standards (VPDSS) establish twelve high level mandatory requirements to protect public sector information across all security areas including governance, information, personnel, Information Communications Technology (ICT) and physical security.

The VPDSS are consistent with national and international standards. They focus on the outcomes that are required to enable efficient, effective and economic investment in security measures through a risk-managed approach.

From a compliance perspective, Local Government do not explicitly fall under the list of public sector entities that must comply with (and report against) the VPDSS. However, utilising the VPDSS as a basis for a gap analysis against best practice is a sensible idea for Local Government management and Audit Committees to satisfy themselves that the processes and controls in place related to data security are sufficient for a public entity.

As an overview, the twelve high level mandatory requirements to be aware of are:

Standard #	Standard
1. Information Security Management Framework	An organisation establishes, implements and maintains an information security management framework relevant to its size, resources and risk posture.
2. Information Security Value	An organisation identifies and assesses the security value of public sector information.
3. Information Security Risk Management	An organisation utilises its risk management framework to undertake a Security Risk Profile Assessment to manage information security risks.
4. Information Access	An organisation establishes, implements and maintains an access management process for controlling access to public sector information.
5. Information Security Obligations	An organisation ensures all persons understand their responsibilities to protect public sector information.

Standard #	Standard
6. Information Security Incident Management	An organisation establishes, implements and maintains an information security incident management process and plan relevant to its size, resources and risk posture.
7. Information Security Aspects of Business Continuity and Disaster Recovery	An organisation embeds information security continuity in its business continuity and disaster recovery processes and plans.
8. Third Party Arrangements	An organisation ensures that third parties securely collect, hold, manage, use, disclose or transfer public sector information.
9. Information Security Reporting to OVIC	An organisation regularly assesses its implementation of the Victorian Protective Data Security Standards (VPDSS) and reports to the Office of the Victorian Information Commissioner (OVIC).
10. Personnel Security	An organisation establishes, implements and maintains personnel security controls addressing all persons continuing eligibility and suitability to access public sector information.
11. ICT Security	An organisation establishes, implements and maintains Information Communications Technology (ICT) security controls.
12. Physical Security	An organisation establishes, implements and maintains physical security controls addressing facilities, equipment and services.

It is a good idea for Audit Committee and management to ensure appropriate questions are asked of staff responsible for both IT operations and records management as the status of their entities data security controls and processes. We are seeing an increased number of client's schedule reviews in this space as part of their forward internal audit programs, which is prudent move to help provide another level of assurance that the policies, controls, and key processes are operating as they should.

The Office of the Victorian Information Commissioner is responsible for oversight of the standards and provide detailed guides and templates to assist entities. Further information can be found here: <https://ovic.vic.gov.au/data-protection/standards/>

COVID-19 – Future Workplace Arrangements & Challenges

We are all aware of the challenges faced in 2020 as the impacts of the COVID-19 pandemic were felt by all workplaces. In a very short and sharp space of time, the way that many people live and work had dramatically changed.

The discussion around flexible working arrangements and the ability to work from home have been floating around for several years now, with some employers on the front foot and others who have been a bit more hesitant in their approach. With the onset of working from home orders and other restrictions required as the pandemic hit, many staff and employers quickly realised that there was an ability for many roles to be completed from home without significant impacts on business as usual.

Businesses were quick to adapt, some more prepared than others regarding IT infrastructure and cloud based environments. However, over the course of 2020 most businesses across many industries had vastly improved their capacity for remote working.

Early research shows that a significant portion of employees are going to be seeking permanent changes to the way they work, after establishing what can be done during 2020. With that being known, businesses need to plan for a future with significantly more flexibility. As such, it is important for management and Audit Committees to refresh themselves with the key impacts on a flexible and remote working environment, particularly those impacts on the internal control environment and business performance.

Internal Audit

The Strategic Internal Audit Plan has been aligned to the key operational and strategic risk of your organisation. Where there are significant structural and systemic changes in a post-COVID environment, this forward program may need to change to account for the following:

- Changes in the overall organisation focus and goals
- Changes to the risk profile, as well as the addition of new risks that may need to be addressed
- Ability for the internal audit team to effectively complete planned audits, where staff or site locations are unavailable

A reassessment of the forward program may see the prioritisation of projects which have been directly impacted by changes implemented, including:

- Business Continuity Planning
- Work, Health & Safety (inc. Mental Health)
- Privacy and Document Security
- IT General Controls
- Workforce Planning

Internal Controls & Fraud

Flexible working arrangements have required in some instances significant changes to IT systems, work practices and internal controls. Like periods of system disruption or change, remote working may impact the opportunity for error and fraud to occur. In particular:

- Changes in control environment that require a reduction in oversight can increase the level of fraud risk (e.g., segregation of duties, cross-checking)
- System security changes for home-working environments may be less robust than on-premises controls

Also, there may be an impact on data security and privacy concerns, including:

- Use of potentially insecure third-party apps for video conferencing, document transmission or emails
- Potential use of other data transmission which are insecure, including USB devices

Culture & Ethics

It is generally understood that entities with high performance and consistent outputs have a well defined culture and strong frameworks for accountability. In a remote working situation, there are significant changes to the way staff interact with one another, as well as with external parties (e.g. customers, auditors etc).

Management may feel it is appropriate to review existing policies and frameworks relevant to employee behaviour and ensure that these are applicable for home-based and flexible working to help maintain or improve on existing workplace culture expectations.

Recent Reports & Publications of Interest Update

Set out below is a summary of recent reports and publications by government agencies and other sources that may impact on public sector agencies.

This summary is an overview only and as a result, it may not include all relevant matters.

Source	Date	Name	Summary	Potential Impact for Clients
VAGO	October 2020	Reducing Bushfire Risks	<p>This report looks into whether responsible agencies are effectively working together to reduce Victoria's bushfire risk.</p> <p>The authorities examined included;</p> <ul style="list-style-type: none"> - Department of Environment, Land, Water and Planning - Parks Victoria - Country Fire Authority <p>The audited agencies are collaboration to reduce the risks that bushfires pose to life, property and the environment, and do so with strong commitment. However, it was determined there is insufficient information available to understand the effectiveness and impacts of risk reduction activities.</p>	<p>VAGO made 17 recommendations: 14 on fuel management for DELWP and the CFA, and the remaining three for DELWP, one on land-use planning and two aimed at improving the Powerline Bushfire Safety Program. All our recommendations were accepted. Further information regarding recommendations can be found at https://www.audit.vic.gov.au/report/reducing-bushfire-risks.</p>
IBAC	October 2020	Former Frankston City Council manager sentenced to imprisonment following IBAC investigation	<p>Former Frankston City Council manager Andrew Williamson was today sentenced in the County Court to imprisonment following IBAC's investigation, Operation Topi, into allegations of improper procurement practices at Frankston City Council.</p> <p>Operation Topi was initiated by IBAC following a mandatory notification from Frankston City Council. Under mandatory notification requirements that came into effect in 2016, all heads of Victorian public sector departments and agencies, including council CEOs, must notify IBAC of any matter they suspect, on reasonable grounds, involves corrupt conduct.</p>	Information only
IBAC	October 2020	Public hearings into allegations of serious corrupt conduct in relation to planning and property development decisions	<p>The investigation has also raised concerns about the relationship between individuals involved in planning and property development in other parts of Victoria, beyond Casey, as well as the way in which such decisions are made in regard to planning and property development in this state.</p>	Councils to be transparent in their dealings and take decisions with utmost integrity.

Source	Date	Name	Summary	Potential Impact for Clients
VAGO	November 2020	Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2019-20	The COVID-19 pandemic necessitated a significant reset of the state's revenue and expenditure policies during 2019-20. The key features of the results for 2019-20 are the significant unexpected falls in revenue and increases in expenditure, and consequently debt, as compared to last year and to the original and revised budgets. Most of this impact has been in the general government sector (GGS), with a few notable exceptions.	Information only
IBAC	November 2020	IBAC warns misuse of personal information held by local government can amount to corrupt conduct	Victorian councils need to improve how they protect the information they hold, according to a research report released by the Independent Broad-based Anti-Corruption Commission. The report also warns that the misuse of information by local government employees or Councillors may constitute corrupt conduct.	Councils can better prevent and detect misuse of information by adopting the Victorian Protective Data Security Framework for improving information security, increasing information security training, conducting comprehensive audit programs to identify and deter misuse, improving procurement processes, and raising employee and community awareness of risks and the importance of reporting incidents when they occur.
VAGO	December 2020	Sexual Harassment in Local Government	Throughout this audit five councils were examined as to whether they provide their staff and councilors with workplaces free from sexual harassment. A sector wide survey was also conducted with 9,939 responses received from councilors across 75 councils. It was concluded that councils are not providing workplaces that are free from sexual harassment. Greater than 1 in 4 survey respondents said they had experienced workplace sexual harassment in the last 12 months.	There were 11 recommendations provided to councils from the findings of the audit. More detail on these can be found at https://www.audit.vic.gov.au/report/sexual-harassment-local-government .
IBAC	December 2020	IBAC invites public input to corruption hearings	Victoria's independent anti-corruption agency, IBAC, is inviting questions from the public and community stakeholders on how to address corruption risks identified by Operation Sandon, an investigation into allegations of serious corrupt conduct in relation to planning and property development decisions at the Casey City Council. As part of the Operation Sandon public hearings, on Monday 14 and Tuesday 15 December IBAC will hear from expert witnesses with specialist knowledge across a range of public policy issues relevant to planning at both local and state government levels, campaign donations, conflicts of interest, council governance, lobbyists, and related matters concerning Ministerial advisors and relations with Ministers and other Members of Parliament.	Information Only.

Source	Date	Name	Summary	Potential Impact for Clients
Victorian Ombudsman	December 2020	Investigation launched into how councils are responding to ratepayers in financial hardship	<p>Considering the COVID-19 pandemic, Victorian Ombudsman Deborah Glass has begun investigating how Victoria's 79 local councils are responding to ratepayers in financial hardship.</p> <p>The investigation is considering issues including:</p> <ul style="list-style-type: none"> whether information about councils' financial hardship assistance is easily accessible for ratepayers whether councils' financial hardship assistance is fair and reasonable, and whether councils apply that assistance appropriately how councils' hardship assistance schemes compare with best practice, for example in electricity, gas and water hardship schemes and State Government schemes what councils can learn from COVID-19 relief schemes to improve responses to financial hardship in future. <p>The investigation is expected to be completed in the first half of 2021.</p>	Information Only.

Our Team

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