Tabled 17 September 2015

ACT Government

2015

THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS 'REVIEW OF AUDITOR-GENERAL'S REPORT NO.7 OF 2014:*2013-14 FINANCIAL AUDITS* AND NO.7 OF 2013: *2012-13 FINANCIAL AUDITS'.*

Presented By:
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TREASURER

Introduction

On 2 June 2015, the Chair of the Public Accounts Committee tabled the 'Review of Auditor-General's Report No. 7 of 2014: *2013-14 Financial Audits* and No. 7 of 2013: *2012-13 Financial Audits*'

Recommendations

The Standing Committee on Public Accounts has made six recommendations in the Report. A whole of government response has been prepared and is provided below to address each of these recommendations.

Recommendation 1

The Committee recommends that the ACT Government report to the ACT Legislative Assembly, by the last sitting day in September 2015, on the progress and effectiveness of the Government's implementation of the recommendations, made in Auditor-General's Report No. 7 of 2014: 2013–14 Financial Audits, that have been accepted either in whole or in-part. This should include: (i) a summary of action to date, either completed or in progress (including milestones completed); and (ii) the proposed action (including timetable), for implementing recommendations (or parts thereof), where action has not yet commenced.

Government Position

Agreed in principle.

It is agreed that where practicable and financially viable, the recommendations of the Auditor-General's report that are agreed by the Government should be implemented in a timely manner. The Government notes, however, that there are already formal and informal mechanisms in place for reporting and monitoring findings including through Audit and Risk Committees, Internal Audit Committees and responses through Cabinet Submissions and Annual Financial Audits. The Government therefore considers it unnecessary to introduce additional reporting on audit recommendations.

Recommendation 2

The Committee recommends that ACT Government directorates and agencies prioritise the monitoring and resolution of reported financial audit findings of the Auditor-General.

Government Position

Noted.

The Government will assess the findings of the Auditor-General's report in the context of the need, urgency and importance of these, as well as other matters facing the Government at a particular time.

All audit findings are updated and reviewed by Internal Committees throughout the year and are prioritised with the view of being reviewed and finalised in a timely manner.

Recommendation 3

The Committee recommends that ACT Government directorates and agencies should prioritise as a matter of urgency an assessment of the adequacy of controls over their respective IT systems and applications. This should include consideration of the controls that affect the reliability of all IT systems and applications (environment controls) and controls that are specific to each application (application controls). The Committee further recommends that the Government report back to the Legislative Assembly by the last sitting day in 2015 on these assessments.

Government Position

Agreed in principle.

Shared Services ICT (SS ICT) has commenced work to identify all ICT systems across government and categorise them based on criticality.

SS ICT is also actively engaged with agencies to identify the controls that have been put in place to protect the confidentiality, integrity, reliability and availability of the system and information being processed.

As noted in the Government's response to Recommendation 1, there are already numerous mechanisms in place to report on the status and progress of audit recommendations. It is therefore considered unnecessary to introduce additional reporting.

Recommendation 4

The Committee recommends that ACT Government internal audit committees should: (i) review the roles and responsibilities they have in assuring data security and privacy controls and practices within their respective directorate or agencies; and (ii) regularly monitor and report on these roles and responsibilities to the Strategic Board.

Government Position

Agreed in principle.

The ACT Government's Internal Audit Framework specifies that one of the duties of an Audit Committee is oversight of the directorate's Control Framework. In particular, the Charter requires each such Committee to review whether "management's approach to maintaining an effective internal control framework is sound and effective." It should be noted, however, that the roles and responsibilities of individual Directorate's Audit Committees do not extend to reporting to external bodies such as Strategic Board.

Recommendation 5

The Committee recommends that the ACT Government utilise the one-ACT Public Service framework to ensure that unresolved audit findings (relating to environmental controls for information technology) that require a whole-of-government approach are promptly and appropriately addressed.

Government Position

Noted.

The ACT Government recognises the importance of promptly resolving audit findings. To address outstanding audit findings would require taking a whole-of-government approach to some environmental controls. Specifically, it would include:

- upgrading software systems to operate on the whole-of-government supported operating systems;
- rolling out of a new security classification system for documents; and
- increasing the security on externally hosted websites, consistent with those hosted internally.

It is noted that addressing these specific findings would have financial implications and would be subject to future budget decisions and priorities.

Recommendation 6

The Committee recommends, to the extent that work is not already taking place, that Shared Services ICT update its Contract Management Guidelines to include: (i) current risk management practices used by Shared Services ICT; (ii) regular review of expenditure records to identify new or amended ICT contracts under the responsibility of Shared Services ICT; and (iii) ICT contracts should be reviewed to ensure that the services are being provided at the contracted price.

Government Position

Agreed.

Shared Services (SS) has completed its update of the Contract Management Guidelines (CMG) and aligned it to the ACTIA risk framework. SS is establishing a Risk Management Framework (RMP, Register and Risk Workshops) to address this undertaking.

A regular review of the Risk Management Services is identified under the roles of the ICT Contracts and Licensing section in the CMG. This is maintained using financial codes in the financial system and updating the Register monthly, or when Reporting is required. All this information is stored in the Contract Register.

Copies of the ICT Contracts, including Contract Pricing and any points of note, are provided to business areas who maintain this for supplier relationships (ie Desktop, Telco, Assets and Purchasing, Server etc).