



**Date: 27 February 2023**  
Contact: Marten Tieleman - 9364 0610  
Our Reference 7398527

Hon. Minister John Carey  
Minister for Housing; Lands; Homelessness; Local Government  
Department of Local Government, Sport and Cultural Industries  
Gordon Stephenson House  
140 William Street 2<sup>nd</sup> Floor Reception  
PERTH WA 6000

Dear Minister

**City of Melville – Management Responses to significant matters raised by the Office of Auditors General (OAG) in the financial audit 30 June 2022**

In accordance with Section 7.12A(4) of the Local Government Act 1995, we write to advise you the actions that have been taken in relation to the significant matter identified by the OAG in its last financial audit.

**1. Terminated users access management**

**Finding**

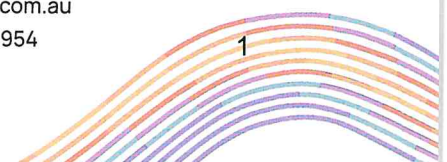
Access for some of the terminated employees to the following systems was not removed in a timely manner and remained active after their last working day at the City:

**a) Finance System**

A few terminated user accounts remained active within the Finance System application. However, we were informed that because the application is configured with integrated network authentication, the two accounts linked to these users respectively are disabled and as such cannot be used to access the Finance system. We note that neither account have logged in after their respective users' termination dates.

**b) Property System**

Four terminated user accounts were not disabled within the Local Government Property system upon their last working day. However, we were informed that because the application is configured with integrated network authentication, the four (4) accounts linked to these users respectively are disabled and as such cannot be used to access the application. We note that none of the accounts have logged in after their respective users' termination dates.



c) Windows Server operating systems

Three terminated user accounts remained active post their last working date, of which two accounts were accessed post termination.

Through discussions with the City's management, the Office of Auditors General (OAG)/KPMG observed that delays in the revocation of the terminated accounts usually occur due to resourcing constraints. It is also noted that the issue is progressively being addressed by both the People & Culture and ICT Services departments, and consideration is given to automating the process.

**Implication**

Failure to revoke access of resigned or terminated employees and failure to establish a user de-provisioning process may lead to unauthorised use of these accounts or inappropriate transactions being processed using these accounts.

**Recommendation**

The city should enforce that terminated users' access to the City's systems is revoked at the time of termination. In addition, the city should regularly review the termination process to identify any process weaknesses that could result in terminated users maintaining access to systems post termination.

**Management comment**

Management accepts the finding and recommendations. Several related improvement projects have been identified and planned. These are being progressed in accordance to a roadmap agreed with City Senior Officers. Management does not agree with the rating of "Significant" as manual processes have been implemented as an internal assurance. This process is completed regularly as detailed in the City's internal audit review findings on this function.

**Completion date:** 31/12/2023

## **2. Privileged Administrative Access**

**Finding**

Audit procedures over the whole population of active accounts assigned Windows Domain Administrator access at the time of fieldwork found 11 active accounts that were inappropriately added to the Domain Administrators group, some of accounts belong to former service providers and three were found to be legacy accounts that had not logged into the City's active directory for several years.

**Implication**

Provision of access privileges to users beyond those necessary to perform their assigned duties may result in improper segregation of duties leading to risk of unauthorised transactions and risk of unauthorised access / changes to financial data.

**Recommendation**

We recommend that management implement a least-privileged administrative model, which enforces that all users should log on with a user account that has the minimum permissions necessary to complete the current task. In addition, user access at the Domain Admin level should be granted in accordance with their job role and management should remove the additional privileges or user accounts if the access is not required to perform their day-to-day job. A periodic review of accounts with this access may assist strengthen the control environment.

**Management Comment**

The City agrees with the findings and implementation of least-privilege access based on a risk assessed process. Rectification and regular review processes have been commenced.

**Completion Date:**

31/03/2023

In accordance with Section 7.12A(5) of the Local Government Act 1995, the City has published a copy of this letter on the City's website.

Yours sincerely



**Marten Tieleman**  
**Chief Executive Officer**

