



## 2023 INTERIM REPORT

### **Brisbane City Council**

10 May 2023

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Councillor A Schrinner  
Lord Mayor  
Brisbane City Council

Dear Lord Mayor

### 2023 Interim report

We present our interim report for Brisbane City Council for the financial year ending 30 June 2023. This report details the results of our interim work performed to 31 January 2023.

#### Results of our interim audit

In this phase, we assessed the design and implementation of your internal controls relevant to the financial statements, and whether they are operating effectively. We assessed the key controls we intend to rely on in auditing your financial statements. Our audit does not assess all controls that management has implemented across the organisation.

#### Deficiencies:

- Three deficiencies raised in the current year.

Based on the results of our testing completed to date and the resolution of prior year issues, we have determined your internal control environment does support an audit strategy where we can rely upon your entity's controls.

Refer to [section 1](#) for further details.

If you have any questions or would like to discuss the audit report, please contact me on 3149 6208 or Megan Manuel on 3149 6122.

Yours sincerely



Sri Narasimhan  
Senior Director

Enc.

cc. Mr C Jensen, Chief Executive Officer  
Ms G Jukes, Chair of the Audit Committee

# 1. Status of issues

## Internal control issues

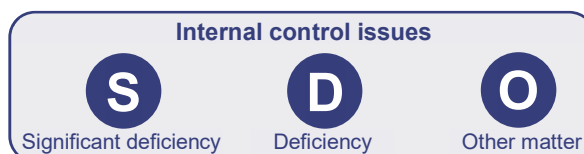
The following table identifies the number of deficiencies in internal controls and other matters we have identified. Details of the deficiencies we identified during our interim audit are outlined further in this section. Refer to [section 2](#) *Matters previously reported* for the status of previously raised issues.

Issues	Deficiencies	Other matters*
Current year issues	3	-
Prior year issues – unresolved	-	1
<b>Total issues</b>	<b>3</b>	<b>1</b>

\*Queensland Audit Office only tracks resolution of other matters where management has committed to implementing action.

The following section details control deficiencies identified during our interim audit. It includes a response from management.

Our ratings are as follows. For more information and detail on our rating definitions, please see the webpage here: [www.qao.qld.gov.au/information-internal-controls](http://www.qao.qld.gov.au/information-internal-controls) or scan the QR code.



### **D** Deficiency

#### **23-IR-1 Non-adherence to AP119 Community Grants Policy in relation to Suburban Community and Multicultural Festivals funding**

##### Observation

On 17 February 2022, QAO received a request for audit from Councillor Johnston regarding the basis and process for allocating the Suburban Community and Multicultural Festivals (SCMF) funding budget.

We investigated the request by selecting 6 successful applicants for the 2021–22 SCMF funding to assess for compliance with the AP119 Community Grants Policy. We were directed to this as the applicable policy for these grants.

Specifically, we sought evidence from the Council for each application supporting how:

- relevant guidelines and eligibility criteria were applied
- successful applicants were scored against other eligible applicants (in a closed round)
- applicants were prioritised over others.

For the 6 applications selected for testing, Council was unable to provide any supporting documentation. Instead, the Council referred QAO to the council budget process as support for allocating the funds.

### Implication

By not being able to demonstrate compliance with the AP119 Community Grants Policy, Council may not be able to demonstrate transparency and fairness in the way it allocates grant funding.

Further, the lack of support demonstrating compliance with this policy could also represent non-compliance with s. 187 of the *City of Brisbane Regulation 2012*. This section requires the Council to prepare and adopt a community grants policy which includes criteria for a community organisation to be eligible for a grant.

### QAO recommendation

We recommend that Council ensure compliance with AP119 Community Grants Policy in awarding community grants. This should include ensuring appropriate documentation is maintained to demonstrate how the policy has been applied in awarding grants to eligible community organisations.

### Management response

Council has resolved to fund organisations for Festivals and Events as part of the budget process.

Based on the selected recipients, Council accepts the finding that appropriate documentation be maintained in relation to executing funding agreements.

Council has ensured that staff are aware of the importance of keeping appropriate documentation for all recipients and decisions made.

Responsible officer: General Manager, Connected Communities

Status: Resolved

Action date: 31 March 2023

## **D** Deficiency

### 23-IR-3 Service accounts need to be secured

#### Observation

Council creates and maintains 'service accounts' to support background processes and jobs (for example, data backup, shared mailboxes etc) that do not require human intervention.

As service accounts usually have elevated access to perform background processing, it needs to be secured.

We identified 1,597 service accounts in the system and confirmed 1,540 service accounts (96%) have been restricted from interactive logon. Of the remaining 57 service accounts, Council has assessed 19 service accounts and confirmed that these accounts will need to be interactive to be able to perform or execute its tasks. Council is currently in the process of assessing the remaining 38 service accounts.

#### Implication

Malicious users may target service accounts to gain unauthorised access into the network, which increases the risk of leakage of sensitive information maintained in the Council's network or security breach to other systems.

#### QAO recommendation

We recommend that Council investigates the remaining 38 service accounts and disables interactive logon to improve security, where applicable.

### Management response

Council understands and accepts the recommendation of the Queensland Audit Office in regards to this matter.

Our staff are aware of the matter and are in the process of investigating the remaining 38 service accounts and working with service account owners to disable interactive login, where applicable, and to formally obtain exemptions.

Responsible officer: A/ICT Service Operations Manager, Information Services, Organisational Services

Status: Work in progress

Action date: 30 June 2023

## **D** Deficiency

### 23-IR-4 Access to maintain user accounts not restricted in the procurement system

#### Observation

Council has an automated process and system tools in place to ensure that:

- system access is in line with users' roles and responsibilities
- access privileges to users remain consistent across various components / modules of the finance system.

Our review identified:

- Council has not restricted the access of five security administrators from their managed service provider. These administrators are responsible for maintaining system access for external suppliers in the procurement module only (i.e. users outside the coverage of the existing automated process and system tools in place). Their current access, however, allows them to provide and change system access for all users rather than only for external suppliers. During the financial year, the system administrators have also created 2 user accounts that are not for external suppliers.

Council has implemented corrective actions on 29 March 2023.

- There is a generic account with access to create and maintain user access to the system. Our analysis of the audit logs, however, did not indicate that the generic account is used to create user accounts or assign system access.

Council has implemented corrective actions on 22 March 2023.

#### Implication

There is an increased risk of inconsistent or incorrect access assignment if Council allows system administrators to bypass the existing automated process and system tools. This could lead to inappropriate access and activities in the system.

#### QAO recommendation

We recommend that Council:

- restricts the five managed service provider's accounts to maintain external vendor's account only
- removes the inappropriate user maintenance privileges from the generic account
- ensures any ad-hoc user maintenance activities are performed using a process that ensure accountability of use (i.e. firefighter accounts which are logged and monitored).



**Management response**

Council understands and accepts the recommendation of the Queensland Audit Office in regard to this matter.

Council has implemented corrective actions on 29 March 2023.






Responsible officer: Manager, Enterprise Platforms, Information Services, Organisational Services

Status: Resolved

Action date: 29 March 2023

## 2. Matters previously reported

The following table summarises the status of deficiencies and other matters previously reported to you.

Ref.	Rating	Issue	Status
22IR-1		<b>System configuration needs strengthening in limited components of councils ERP environment</b>	<b>Resolved</b>
22IR-2		<b>Password setting needs strengthening in 3 business systems</b>	<b>Resolved</b>
22IR-3		<b>Define critical functions for monitoring privileged user activities in 3 systems</b>	<b>Work in progress</b> Action date: 30 June 2024 In relation to the rates system, Council is still working on confirming the viability and establishment of a monitoring process to review database administrator activities.
22IR-4		<b>Reassess the assignment of higher access privileges to some accounts</b>	<b>Resolved</b>
21IR-3		<b>Active Directory – managing the system and its accounts</b>	<b>Resolved</b>



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Sri Narasimhan  
Queensland Audit Office  
T: 3149 6208  
E: [Sri.Narasimhan@qao.qld.gov.au](mailto:Sri.Narasimhan@qao.qld.gov.au)

T: (07) 3149 6000  
E: [qao@qao.qld.gov.au](mailto:qao@qao.qld.gov.au)  
W: [www.qao.qld.gov.au](http://www.qao.qld.gov.au)  
53 Albert Street, Brisbane Qld 4000  
PO Box 15396, City East Qld 4002