

2.20 The Annual and Quarterly reports are intended to provide an overview of Austal's progress and performance over the assessment period against the agreed critical success factors and key performance indicators. These reports are also used to monitor the delivery of engineering, maintenance and supply services. The Quarterly Performance Review Reports are the primary mechanism used by the department to monitor contract service delivery risks. The reports and associated meetings are intended to be used for both Austal and the department to discuss their respective performance, review the risk register, and determine corrective action for issues which have emerged.

2.21 The ANAO reviewed the performance reports and minutes of the meetings associated with these reports and found indications that these meetings have not been held regularly.²⁶ Nine of the 20 Quarterly Performance Review Reports have been located, and six of the 20 Quarterly Performance Review Meeting minutes have been located. Of the records which have been located and reviewed, the ANAO has observed that the records for 2015 are absent, suggesting that these meetings were not held.²⁷

2.22 The department has since advised that risk and issue meetings are now held on a monthly basis with updates made to the risk register. This processes is currently limited to contract management risks, and documentation reviewed by the ANAO indicates that a consolidated risk register for the ISS phase of the CCPB program is still being developed. As such, regular reporting of contract, workforce, budget, and logistics risks, management strategies, and assessments of the effectiveness of the controls have not yet been incorporated into the governance arrangements.

Recommendation no.2

2.23 The department should integrate the identification, monitoring, evaluation and reporting of risks including contract, workforce, logistics and budget risks into governance arrangements that align with the risk profile of the Cape Class patrol boat project and provide assurance that the risks to the achievement of the performance and availability targets are being effectively managed.

Department of Home Affairs response: Agreed

2.24 *The ABF has commenced developing an integrated risk management plan covering all aspects of the fundamental inputs to capability. The ABF will work closely with the Department to ensure integration of this plan into the broader departmental governance and risk management framework.*

26 The audit team conducted its own document searches and, where necessary, sought the department's assistance in locating key documents. Issues relating to this part of the audit process have been exacerbated by inconsistent filing — the department has an Electronic Document and Records Management System, however many staff prefer to store documents in 'network drives' or local area networks which are not designed or approved for electronic document storage, retention or retrieval. As discussed in Audit Report No. 45 2017–18 *The Integration of the Department of Immigration and Border Protection and the Australian Customs and Border Protection Service*, inadequate recordkeeping has been a persistent theme in the ANAO's previous audits of the department.

27 Under the in-service support contract, the Contractor (Austal) is to prepare and deliver the minutes for each Quarterly Performance Review Meeting (QPRM). QPRMs are to be held in February, May, August, and November each year.