Australian Government
Attorney-General's Department

July 2020

Joint Committee of Public Accounts and Audit Report 479

Australian Government Security Arrangements

Attorney-General's Department Second Progress Report

Background

Following the release of the Australian National Audit Office (ANAO) report on *Mitigating Insider Threats through Personnel Security* (May 2018), the Joint Committee of Public Accounts and Audit (JCPAA) undertook an inquiry into Australian Government Security Arrangements, including implementation of the recommendations of that ANAO 2018 report.

On 2 April 2019, the JCPAA released its report, the *Inquiry into Australian Government Security Arrangements*. The JCPAA report made 11 recommendations, of which one is relevant to the department (Recommendation 2 of the JCPAA report). Recommendation 2 is that the department provide the JCPAA with a progress report within three months and report to the JCPAA annually on implementation of the ANAO 2018 Report recommendations and the department's compliance with the Protective Security Policy Framework (PSPF).

The ANAO 2018 report made eight recommendations, six of which are relevant to the department (Recommendations 1, 3, 4, 6, 7 and 8). Of those, two recommendations are relevant to the department's policy responsibility for the PSPF and support for the Department of Defence vetting services to effectively mitigate the insider threat by sharing information with entities of security concern identified in vetting processes or use clearance maintenance requirements effectively to minimise risk (Recommendations 1 and 3 of the ANAO Report). A further four recommendations are relevant to the department's own personnel security arrangements under the PSPF (Recommendations 4, 6, 7 and 8 of the ANAO Report).

July 2019 Progress Report

The department submitted a progress report in July 2019 on its implementation of the ANAO recommendations. At that time, the department advised it had fully implemented all four recommendations relating to its own personnel security (Recommendations 4, 6, 7 and 8 of the ANAO report) and that it was well underway in implementing the remaining shared recommendations with Defence (Recommendations 1 and 3 of the ANAO report).

Overview

The department, with AGSVA, has now implemented the recommendations 1 and 3from the 2018 ANAO Report. Following a period of consultation and workshopping through 2018-19, the department and AGSVA developed the *Personnel Security Risk Information Sharing Framework* (addressing recommendation 3) underpinned by AGSVA's updated vetting risk model (addressing recommendation 1).

Implementation of the framework is underway across the Australian Government, with priority on Negative Vetting 2 and Positive Vetting security clearances. Implementation of the Defence Vetting Transformation Project will assist with improving automation and supporting the sharing of risk information between AGSVA and sponsoring entities. Further information is provided below on actions undertaken by the department and AGSVA to develop the framework and Vetting Risk Model.

JCPAA report recommendations update

Recommendation 2 of the JCPAA report requires the department to report annually on the status of its compliance with the PSPF. For the 2018-19 period, the department obtained a maturity status of 'developing'. This is in line with 83% of Australian Government entities which achieved the same result for this period. The department is working on a number of physical security and governance improvements to increase its maturity.

ANAO report recommendations implementation status update

Recommendation 1

The Department of Defence, in consultation with the Attorney-General's Department, establish operational guidelines for, and make appropriate risk-based use of, clearance maintenance requirements.	
Implementation Status	Complete

AGSVA, in consultation with the department and other authorised Australian Government vetting agencies, has updated processes and supporting documentation underpinning its Vetting Risk Model (VRM) for vetting officers to consider the use of clearance maintenance requirements. The VRM provides a platform for evidence-based security risk information to be shared between AGSVA and sponsoring entities under the *Personnel Security Risk Information Sharing Framework* (addressing recommendation 3).

The VRM enables vetting officers to assess and document security risks and mitigating factors in accordance with the *Personnel Security Adjudicative Guidelines*[1] to identify and categorise any residual risks. This informs strategies for AGSVA or the sponsoring entity to manage security risks, either through application of routine clearance maintenance requirements or additional conditions attached to the clearance.

In some circumstances, it will be appropriate for the vetting officer to recommend additional clearance maintenance requirements (clearance conditions) which, if managed appropriately, will provide an acceptable level of mitigation of the identified security risks. Such clearances will only be granted when AGSVA, the sponsoring entity and the clearance subject agree to conditions being placed on the clearance. The VRM provides guidance for vetting officers to determine, on a case-by-case basis, practical recommendations for clearance conditions and as well as implementing a robust reporting and maintenance regime for these conditions.

As noted in the department's first progress report to the JCPAA in July 2019, this work complements changes made to the PSPF as part of reforms in October 2018 to provide further guidance on recommended processes for granting a conditional clearance and responsibilities for sponsoring entities and Australian Government vetting agencies for the ongoing implement of these conditions.

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[1] Annex A Policy 12 Eligibility and suitability of personnel, Protective Security Policy Framework.

Recommendation 3

The Attorney-General's Department and the Department of Defence establish a framework to facilitate the Australian Government Security Vetting Agency providing sponsoring entities with specific information on security concerns and mitigating factors identified through the vetting process.

Implementation Status	Complete

The department and AGSVA have developed the *Personnel Security Risk Information Sharing Framework* to improve and facilitate the sharing of security risk information about Australian Government personnel who hold a security clearance issued by AGSVA, or who are currently undergoing vetting. This sharing of security risk information enables entities to better understand their security cleared workforce and manage security risks.

The framework establishes processes to ensure relevant security risk information is shared between AGSVA and the entity that has sponsored an individual's security clearance. It also provides processes to ensure that all sponsoring entities appropriately protect the sensitive personal information that is shared and where relevant, monitor security risks. The department and AGSVA have developed a suite of guidance for Chief Security Officers (CSOs) and their key security and human resources support staff to establish appropriate lines of communication and to consider governance arrangements for handling, managing and safeguarding risk information. The department and AGSVA also provide tailored briefings to CSOs and their support staff that may require additional support to determine preparedness.

To inform the development of the framework, a pilot conducted was by AGSVA with support from the department, the Department of Home Affairs and the Australian Taxation Office, from November 2018 to April 2019. Following the pilot, the department and AGSVA tested further scenarios under the framework through workshops conducted in August 2019. Representation of Australian Government agencies at these workshops included the Australian Public Service Commission, other authorised Australian Government vetting agencies and member agencies of the AGSVA Stakeholder Engagement Forum.[2] The workshops canvassed issues of appropriate thresholds for what information of security concern should be shared; how relevant information will be conveyed to the sponsoring entity in a manner that can be understood within their own security environment; and guidance to ensure appropriate information handling arrangements within the sponsoring entity are established.

The framework was endorsed by the AGSVA Governance Board and the Government Security Committee in December 2019. Phased implementation commenced in January 2020. Implementation is subject to ongoing review and regular reporting to the AGSVA Governance Board and the Government Security Committee. The department and AGSVA will also provide ongoing advice and support to CSOs of participating entities as required.

Full implementation for all clearances across the Australian Government relies on capability available through the Defence Vetting Transformation Project.

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[2] Membership includes the Attorney-General's Department, the Australian Federal Police, the Australian Taxation Office, Austrade, the Department of Home Affairs, the Department of the Prime Minister and Cabinet, the Department of Finance, Services Australia, the Australian Security Intelligence Organisation and the Office of National Intelligence.