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Joint Committee of Public Accounts and Audit

7 February 2018

Auditor-General's report No. 5 (2017-18)

Questions on Notice

1) Deputy-Chair, Mr Julian Hill MP (page 11):

Could DFAT please provide precise details about how many recommendations from the (David Ritchie) review remain outstanding, and the expected delivery date for the outstanding recommendations?

As at 28 February 2018, DFAT's Security Branches have implemented 22 out of 27 recommendations from the David Ritchie review, leaving 5 recommendations outstanding. The Security Branches will work to ensure all recommendations are delivered by 2021, as outlined in the department's 2017-18 Corporate Plan.

2) Chair, Senator Dean Smith (page 12):

Noting that the department's annual report is a significant, authoritative and public document, please respond to the Auditor-General's comment at page 41 that suggests the annual report carried some inaccuracies with regard to the reported number of overseas security inspections and security related visits in the period 2011-12 to 2015-16. Additionally, if DFAT says that there was an error in reporting for the year 2014-15 and it was a one-off, was it identified in the annual report as a one off and that it couldn't be compared with the same table for previous years?

In its 2014-15 annual report, DFAT reported that departmental security personnel conducted 87 official inspections and 87 security-related visits to overseas missions in the 2014-15 financial year. We have examined further the background behind this anomaly and now understand that the number of inspections actually reflected the number of security-related visits. This was a one-off but not identified as such in the Annual Report. The two subsequent annual reports have reported accurately this figure in the *Security and ICT statistics* table as the number of security-related visits for the 2014-15 financial year.

3) Deputy-Chair, Mr Julian Hill MP (page 14):

Could you please provide further information about:

- a) how DFAT intends to measure security culture**
- b) the department's internal audit function, and**
- c) assurance measures around security training?**

- a) DFAT undertook a security culture survey in May-June 2017. The survey focussed on how staff perceive security and sought feedback on new security initiatives.

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The survey found:

- that DFAT's security culture was healthy, and
- DFAT's Security Branches efforts to shift its identity to an accessible, enabling service had been resonating with staff.

DFAT's Security Branches have an active security communications program. It undertakes a minimum of four major campaigns a year, based on key security risks. In March 2018, we will also host a Security Week, which will promote understanding of security risk through interactive exhibitions and activities. Security Branches will continue to review the organisation's security culture, as outlined by DFAT's 2017-18 Corporate Plan.

- b) DFAT's Internal Audit Branch, under the direction of the Chief Auditor, focuses on improving the quality, accountability, efficiency and effectiveness of the functions and processes used to develop and implement foreign, trade and development policy, deliver an effective aid program, and provide high quality consular assistance. The internal audit program is designed to provide assurance that critical policies and procedures are complied with and identify areas for improvement in administrative and program functions and processes. The internal audit program is delivered using a combination of internal resources and external providers. Internal Audit's Annual Work Plan (AWP) is reviewed and endorsed by the DFAT Audit and Risk Committee (ARC) before being approved by the Secretary.

The Audit and Risk Committee provides independent assurance and advice to the Secretary and Departmental Executive on the department's risk management and fraud control, internal control and compliance frameworks, and its external accountability responsibilities. It assists the department to comply with its obligations under legislation by reviewing and recommending improvements to management systems, key processes, corporate governance, financial and performance reporting. The committee has three departmental members and four independent external members. Other designated departmental officers and representatives from the Australian National Audit Office (ANAO) attend meetings as observers.

The 2017-18 Internal Audit Annual Work Plan includes an audit into the Security Branches' management of security contracts, and a potential audit to review the Security Branches' oversight and management of the HOM Security Compliance Certificates or alternatively Posts' annual risk assessments and mitigation plans under the new DFAT Security Framework. The 2017-18 program also includes a large sample review/audit of mandatory e-learning compliance rates.

- c) All DFAT security-cleared staff must complete the new starter's security awareness training within 3 months of commencing and complete the annual protective security e-quiz.

Additionally, all staff assigned a posting or short-term mission must undertake mandatory overseas security training before deployment. Each post has its own program of mandatory security training specific to its threat and risk environment, which is reviewed annually by the Security Training Section and the Threat and Operational Security Section.

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Staff enrol in security training courses through DFAT's human resources management information system. Attendance at each course is verified by the trainer and cross-referenced against the staff member's enrolment. The trainer also records satisfactory completion of the course in the system. Records of completed security training are visible to all staff with administrator rights to the system.

Staff are only granted permission to travel once the Security Training Section have advised DFAT's Staffing Branch that all mandatory training has been completed.