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Australian Government
Department of Education

Our Ref: EC23-000529

Secretary
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Mr Julian Hill MP
Chair, Joint Committee of Public Accounts and Audit
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Dear Mr Julian

Inquiry into Commonwealth Financial Statements 2021–22
Invitation to make a submission

Thank you for the letter from Ms Jenny Adams, Committee Secretary, of 27 January 2023, extending an invitation to make a submission to the inquiry.

The Department of Education (Education) provides this submission to the Joint Committee of Public Accounts and Audit (JCPAA) to support its consideration of the Auditor-General Report *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022* (Report 8/2022-23).

This submission focuses on improvement actions implemented as part of Education's response to Report 8/2022-23. Education places a strong emphasis on the resolution of audit findings and reports regularly to various internal governance committees including the departments' Audit and Assurance Committee, on the status of resolution of such findings.

Background

The Government issued an Administrative Arrangement Order (AAO) with effect from 1 July 2022, under which the Department of Education, Skills and Employment (DESE) was renamed the Department of Education and responsibilities for skills and employment functions were transferred to the newly established Department of Employment and Workplace Relations (DEWR). A shared services arrangement exists with Education and DEWR, with DEWR providing ICT, property and other services to Education.

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Prior to 1 July 2022, DESE was a material non-corporate Commonwealth entity with an average staffing level (ASL) of 3,640. During 2021–22, the department administered 15 programs on behalf of government, with expenses including:

- \$35.9 billion in funding for schools national support and higher education institutions
- \$9.8 billion in child care personal benefits
- \$1.9 billion relating to employment services (including jobactive); and
- \$4.6 billion on supporting apprenticeships and trainees in Australia.

Total resourcing in 2021-22 for the department was \$60.8 billion as follows:

- Departmental funding \$1.3 billion; and
- Administered funding \$59.5 billion.

As set out in Report 8/2022-23, the former DESE received a moderate (B) category finding, in relation to the timely removal of user access on cessation of employment with the department. Education and DEWR are working closely together to remediate this finding. Education follows the Protective Security Policy Framework (PSPF) requirements and takes the security of ICT and associated processes seriously.

Finding by the Australian National Audit Office

The Report noted the status of findings by the Australian National Audit Office (ANAO) for DESE as follows:

| Category | Closing position (2020–21) | New findings (2021–22) | Findings resolved (2021–22) | Closing position (2021–22) |
|--------------|-------------------------------|---------------------------|--------------------------------|-------------------------------|
| Moderate (B) | – | 1 | – | 1 |
| Total | – | 1 | – | 1 |

In relation to the new Moderate (B) finding, the ANAO noted:

The ANAO identified instances where users had accessed the Department’s systems after completion of their employment/contract. The ANAO noted that there were delays in completion of Exit Advice Notification which triggers a number of actions across the Department, including the termination access to ICT networks and systems.

The Department has implemented a standard operating procedure which reviews the separation process. In addition, the Department has also commenced work on automating the separation process. The effectiveness of these processes will be assessed by the ANAO as part of 2022–23 financial statements audit.

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Response and actions taken

Education continues to communicate internally with reminders for staff to complete Exit Advice Notifications (EANs) in a timely manner. Education also continues to work with DEWR, as its ICT service provider, to address the moderate audit finding raised.

DEWR has a number of existing controls in place that are aligned to the Australian Government Information Security Manual to ensure the timely removal of user access to the DEWR ICT network. These include:

- The separating user or their manager is required to submit an Exit Advice Notification form in advance of their separation date.
- A twice daily synchronisation of SAP Human Resource (HR) record data and Microsoft Active Directory is undertaken.
- ICT network accounts for all types of contract or non-ongoing users are created only for the term of the user's engagement.
- Immediate removal of ICT access by end dating a user's Active Directory account on request by an authorised delegate in the event of any form of disciplinary action.
- Network accounts are automatically suspended after 45 days of inactivity, resulting in the user being unable to access the DEWR ICT network, the account is disabled after 90 days of inactivity.

As an interim response to the ANAO B finding, DEWR has implemented an additional standard operating procedure (SOP) to review and validate all user separations for the Education. The SOP compares data extracted from 3 systems that are key to ICT network access controls and confirms that user separation dates are aligned in all 3 systems. Where any discrepancy is detected, the correct separation date for the user is investigated, confirmed, and updates are made, if required, to align systems. Up until early February 2023, DEWR advise no user separations have been identified as requiring further forensic investigation.

DEWR has also implemented minor amendments to its Information Security Policy to reflect long standing departmental intent and practice for all staff to be encouraged to remain in contact by allowing them to retain their ICT network access while on long term leave, on secondment or temporary transfer to other Australian Public Service agencies.

The small number of users (four users of a total ASL 3,640) that were identified by the ANAO as having potentially accessed the DESE ICT network after their separation date all occurred during COVID-19 lockdowns while the majority of staff were working from home. In all cases identified by the ANAO, the user's manager at the time the separation occurred confirmed they were aware of the user's continuing ICT network access. The reason for continuing access included secondment, or temporary transfer to another agency; delayed permanent transfer to another agency; and to allow a user located in regional New South Wales to come into their office located in Canberra to finalise their timesheets, return departmental equipment, and collect personal property after the user resigned due to health issues.

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In addition to the interim responses to address the ANAO B finding, DEWR is progressing a multi-year identity and access management (IAM) program of work to modernise identity management, authentication, access controls, and privileged access management capability. The IAM program will establish a definitive source of authority for IAM information, improve data quality, and deliver automated checking and validation of user separations for the shared DEWR ICT network progressively over the next 12 months.

Education looks forward to working with the ANAO during the 2022-23 financial statements audit, and for the ANAO to consider the work undertaken by Education and DEWR to resolve the finding.

Yours sincerely



Dr Michele Bruniges AM
Secretary
Department of Education
29/2/2023

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