



Joint Committee of Public Accounts and Audit

Domestic Passenger Screening – Follow Up (Auditor-General Report No.43 of 2017–18)

19 September 2018

Opening Statement by Mr Grant Hehir, Auditor-General for Australia

1. Good morning Chair and committee members.
2. Thank you for the opportunity to appear before the committee today.
3. I am pleased that the committee has chosen to undertake this inquiry, which highlights the importance of following up on previous audit recommendations. Follow-up audits are an important part of the ANAO's work, holding entities to account and highlighting whether entities are responding appropriately to audit findings, particularly in terms of changing behaviours and processes.
4. On 31 August 2016, I tabled Auditor-General Report No.5 2016–17, *Passenger Security Screening at Domestic Airports* in the Parliament. The audit found that the Department was unable to provide assurance that passenger screening was effective, or to what extent screening authorities had complied with the Regulations due to poor data and inadequate records.
5. Due to the significance of the findings, associated recommendations and the response from the Department advising that a number of initiatives to address the shortcomings identified had already commenced, it was my expectation that the Department would act quickly to address and remediate the issues identified. On this basis, I decided to commence a follow-up audit in the 2017–18 financial year to determine if the Department was implementing the recommendations from the previous audit in a timely manner, and was now in a better position to provide assurance of the effectiveness of passenger screening.
6. Where an entity has agreed to a recommendation, implementation of that recommendation should be timely and in line with its intended outcome to achieve the benefits envisaged.

7. The objective of the follow up audit was to examine the extent to which the Department of Infrastructure and Regional Development, now the Department of Home Affairs, had implemented the recommendations made in Audit Report No.5 2016–17, *Passenger Security Screening at Domestic Airports*.
8. Auditor–General Report No. 43 2017–18, *Domestic Passenger Screening – Follow Up* concluded that as at March 2018, the Department had implemented one and partially implemented four of the five recommendations that were to be implemented by 1 July 2018. It also found that while the Department had made progress, it was not yet well placed to provide assurance that passenger screening is effective and that screening authorities comply with the Regulations.
9. Auditor–General Report No. 43 2017–18, *Domestic Passenger Screening – Follow Up* made three recommendations, aimed at ensuring that the Department was well positioned to fully implement the recommendations from the previous audit, and achieve the expected benefits. The recommendations aimed to improve the ability of the Department to assess the effectiveness of passenger screening and the extent to which the compliance monitoring program promotes improved passenger screening effectiveness.
10. As noted in Auditor–General Report No. 43 2017–18, *Domestic Passenger Screening – Follow Up* the Department decided to implement two of the recommendations through larger programs: the Office of Transport Security data strategy, and the Enhanced Mandatory Reporting Project. The May 2018 follow up audit report observed that the scope, implementation strategy, deliverables and timeframes for the projects had not been finalised. As such, there is an increased risk that the implementation of the recommendations will be delayed and the full value of the recommendations not realised.
11. We would be happy to answer any questions the Committee may have.