



**Australian Government**

**Department of Agriculture,  
Fisheries and Forestry**

# **JCPAA Inquiry into Commonwealth Financial Statements 2021-22**

**Auditor-General Report No. 8 of 2022-23**

**Department of Agriculture, Fisheries and Forestry  
submission**

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## Background

1. The Department of Agriculture, Fisheries and Forestry (DAFF) thanks the Joint Committee of Public Accounts and Audit (JCPAA) for the opportunity to contribute to the inquiry into the Auditor-General Report No. 8 of 2022-23: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022.
2. In connection with the 2021-22 financial statements, the former Department of Agriculture, Water and the Environment (DAWE) received one moderate (category B) audit finding relating to SAP privileged user management. The department acknowledges the finding and commenced remediation of the issue immediately.
3. The JCPAA has also noted the recent media coverage of DAFF's financial position which is of relevance to this inquiry.
4. This submission provides contextual information and actions of DAFF in relation to the audit finding and the financial position.

## ANAO Finding – SAP privileged user access

5. In 2021–22, the former DAWE received one new category 'B' Australian National Audit Office (ANAO) audit finding relating to SAP privileged user management and audit logs.
6. Audit logs are system-generated records of activities performed by users. These include details of users accessing a system such as the time, date, location and actions performed. Monitoring of audit logs should be performed on a regular basis to reduce the risk of undetected erroneous or fraudulent changes being made. Similarly, user access needs to be effectively managed to ensure access is appropriate and prevent access by unauthorised users.
7. At DAWE some SAP users required privileged access to the system and data to perform administrator functions. In order to mitigate the risk of unauthorised activity DAWE had determined that the activities of the SAP users should be logged and monitored monthly; and review of their access should be performed on a similar basis.
8. When conducting audit procedures in July and August 2022 the ANAO found deficiencies in the operating effectiveness of these controls. The monitoring of privileged user activity reports had not occurred since December 2021. The user access review of privileged users rights had not occurred since April 2022.
9. DAWE agreed with the ANAO findings. The control framework for the SAP application and database relies on the completion of privileged user monitoring and user access reviews by suitably qualified and experienced staff. During the period of December 2021 to June 2022 DAWE experienced staff vacancies in the critical roles performing these reviews. Following the audit, DAWE engaged key resources to ensure these controls are performed on a monthly basis, with a monthly checklist provided to management reporting on the outcomes. The back log of reviews was subsequently resolved.
10. Future reviews are the responsibility of the new Department of Climate Change, Energy, the Environment and Water (DCCEEW) following transfer of ownership of the system.

## DAFF Financial Position

11. The department is facing a tight financial situation in 2022-23 and is managing its budget accordingly. Over the last few financial years, the cost of delivering essential services and policy and program responsibilities has outstripped the revenue coming into the department. The department has also incurred additional costs associated with the Machinery of Government changes, particularly in ICT and other corporate services which have had a financial impact.

12. The department's role and budget is very complex compared to many public sector organisations. Around two thirds of the department works on operational matters, primarily biosecurity functions at the border, which has required it to surge resources in response to major biosecurity threats and trade disruptions, while maintaining core policy and administration capability. Funding comes from a mixture of demand-driven, cost-recovered arrangements (which can be volatile and have been particularly so through COVID) and from the Federal Budget.

13. We deliver our regulatory activities as efficiently as we can, moving functions and limited resources to immediate priorities. In line with government charging policy, where possible we recover the cost of these regulatory activities from individuals and businesses who use and benefit from them.

14. Fees and charges for our cost-recovered services have not been regularly adjusted in line with what it actually costs us to deliver these services, and provide inadequate resourcing that has historically been addressed by short term measures. Most biosecurity and import fees and charges have not been updated since 2015.

15. Increases to fees and charges for agricultural exports commenced in 2021–22, intending to reintroduce full cost recovery from industry in 2023–24. These increases were staggered over 3 years, based on 2019–20 projections, which means they are now 3 years out of date. The department still charges less than what it currently costs to provide these services.

16. The Australian Government is committed to developing a sustainable biosecurity funding model as outlined in A Better Future for our Regions: Bolstering Australia's Biosecurity System. The department consulted on this in November 2022.

19. The department continues to deliver its legislative and regulatory responsibilities, including under the various industry cost recovery regulatory arrangements.