



**Australian Government**  
**Department of Home Affairs**

# **Submission to the Inquiry into Australian Government Security Arrangements: Personnel Security - Inquiry based on Auditor-General's report 38 (2017-18)**

Joint Committee of Public Accounts and Audit

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## Executive Summary

The Joint Committee on Public Accounts and Audit (JCPAA) has requested that the Department of Home Affairs (Home Affairs) make a submission to its inquiry into Australian Government Security Arrangements. Home Affairs provides this submission outlining its progress toward addressing the Auditor-General's report No. 38 (2017-18), Mitigating Insider Threats through Personnel Security (the audit).

The audit made two recommendations to Home Affairs. Home Affairs agreed to both recommendations and has progressed the implementation of these and other relevant findings. Home Affairs will continue to implement plans to address the recommendations of the audit.

## Introduction

On 3 July 2018, the JCPAA sought a submission from Home Affairs to its inquiry into Australian Government Security Arrangements. Home Affairs' submission provides:

- a response to recommendations and findings
- a status update on the implementation of audit recommendations directed at Home Affairs
- a summary of plans to address actions that are still to be completed, and
- information about actions Home Affairs has taken in response to audit findings and other relevant activity.

The audit highlighted Home Affairs' compliance with the Protective Security Policy Framework (PSPF) personnel security requirements. Home Affairs had in place policies and procedures that adequately covered personnel security and had recently undertaken a protective security risk assessment. The audit noted that:

*'Home Affairs had the most comprehensive suite of policies, procedures and instructions for personnel security.'*<sup>1</sup>

The audit found that Home Affairs employment screening practices complied with all mandatory controls and recommended practices within PSPF policy documents. Home Affairs employment screening practices also met the mandatory requirement for employment screening.

The audit noted that Home Affairs identifies and mitigates business impacts resulting from security clearance requirements through appropriate use of temporary access provisions. Further, Home Affairs was the only entity that had implemented periodic suitability checks of personnel based on its risk profile.

The audit made two recommendations to Home Affairs, and both were agreed. These were to:

- complete reconciliation of AGSVA and Home Affairs clearance holder records and initiate the clearance process for personnel without a required clearance, and
- implement an annual health check for clearance holders and their managers.

Home Affairs' submission provides a response on the action it has taken toward addressing these recommendations and other audit findings. It also outlines Home Affairs' plans to resolve the recommendations of the audit.

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<sup>1</sup> 2018, Australian National Audit Office 'Mitigating Insider Threats through Personnel Security', Paragraph 3.5  
<<https://www.anao.gov.au/work/performance-audit/mitigating-insider-threats-through-personnel-security>>.

# Response to the audit

## Response to Recommendation 6: reconciliation of personnel and clearance holder records

### Recommendation

The ANAO recommended that:

The... Department of Home Affairs... implement quality assurance mechanisms to reconcile their personnel records with AGSVA's clearance holder records, and commence clearance processes for any personnel who do not hold a required clearance (Paragraph 3.37).<sup>2</sup>

### Home Affairs response

Home Affairs has reconciled its records with AGSVA's and commenced clearance processes for the required personnel. As the audit noted, there is no common identifier between AGSVA and Home Affairs clearance holder records. This contributed to the inability to match many records. Further, the matching methodology did not use historical and alternative name data. As a result, there would be 'no match' if a person's maiden name was listed in AGSVA's records but their married name was listed in Home Affairs' records.

Home Affairs takes a risk-based approach to manage personnel while their security clearance is being resolved, consistent with the *Australian Government Personnel Security Protocol*. Managers must complete a risk assessment to consider an individual's suitability for short-term access to premises, systems, assets and classified information. Based on the risk assessment, the individual and their manager agree on an approach to manage the identified risks. The individual must also sign a confidentiality agreement.

The audit noted 480 instances where AGSVA data could not be matched against Home Affairs' records. Home Affairs examined all the data ANAO used to undertake matching and found only six personnel without a current clearance who required one. These six personnel had expired or cancelled applications and have been directed to resolve their clearance status. Short term access requests were initiated to manage risk while the security clearances are progressed.

### Implementation status update

Home Affairs obtained AGSVA clearance holder records and reconciled these with its personnel records. Home Affairs has commenced clearance processes for personnel who were identified through this audit as not holding a required clearance.

### Future plans to resolve this recommendation

Home Affairs will implement a quality assurance mechanism to regularly reconcile its personnel records with AGSVA clearance holder records. Home Affairs is planning to upgrade its personnel security case management system. The planned upgrade will include enhancements to security clearance related reporting capability. The upgrade is expected to be completed in November 2018, enabling Home Affairs to implement regular quality assurance to reconcile its personnel records with AGSVA clearance holder records.

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<sup>2</sup> 2018, Australian National Audit Office 'Mitigating Insider Threats through Personnel Security', <<https://www.anao.gov.au/work/performance-audit/mitigating-insider-threats-through-personnel-security>>.

## Response to Recommendation 8: Annual health check for clearance holders and their managers

### Recommendation

The audit recommended that:

The... Department of Home Affairs... implement the Protective Security Policy Framework requirement to undertake an annual health check for clearance holders and their managers (Paragraph 3.55).<sup>3</sup>

### Home Affairs response

Home Affairs is compliant with the annual health check for clearance holders. All personnel must complete mandatory annual training that requires them to declare that they are aware of and compliant with their declarable circumstances obligations.

Home Affairs will implement the annual health check for managers through a system-based solution. The annual health check requires managers to confirm they have reported personnel security concerns relating to their staff.

Home Affairs expects to have identified the most suitable solution by the end of 2018. This will build on Home Affairs' existing security clearance maintenance practices that include:

- requiring all personnel to complete mandatory annual security awareness and professional standards training
- face-to-face training and regular communication that promotes clearance holder requirements regarding declarable circumstances; and
- the requirement for all Senior Executives to complete an annual declaration that includes security-related matters.

### Implementation status update

Home Affairs has begun exploring system-based solutions to support the annual health check for clearance holders and their managers.

### Future plans to resolve this recommendation

Notwithstanding our current compliance, Home Affairs is also exploring options to enhance the annual health check for clearance holders and their managers. This includes seeking information from across Government about how compliance with the annual health check requirement is managed.

A single, system-based solution is preferred to undertake and record the annual health check. Home Affairs expects this solution would include existing practices for clearance holder health checks and add the annual health check requirement for managers. Home Affairs expects to have resolved the most suitable solution for implementation by the end of 2018.

### Other audit findings

The audit made other findings in relation to Home Affairs. Key findings and actions taken or planned by Home Affairs in relation to these findings is outlined in this section.

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<sup>3</sup> 2018, Australian National Audit Office 'Mitigating Insider Threats through Personnel Security', <<https://www.anao.gov.au/work/performance-audit/mitigating-insider-threats-through-personnel-security>>.

## Agency Security Plan

The audit found that Home Affairs had not updated or revised its Protective Security Plan at least every two years as required. The Department of Immigration and Border Protection Security Plan had expired on 14 July 2017. The Department of Home Affairs was created on 20 December 2017.

At the time of the audit, the 2017-18 Agency Security Plan had been drafted. Home Affairs took the deliberate decision to delay revision of its Agency Security Plan to ensure it had properly taken into account its broadened security requirements. This did not adversely impact Home Affairs protective security arrangements or management of its security risks. Risk assessments were in place and security risk management continued while the 2017-18 plan was under development. This plan has since been completed and approved by the accountable authority.

## Employment Screening

Home Affairs employment screening practices are fully compliant with PSPF mandatory controls and recommended practices. The audit notes that Home Affairs does not undertake some recommended and additional employment screening checks as part of its employment screening. Home Affairs undertakes all mandatory screening checks required by *Australian Standard 4811-2006: Employment Screening*.

Home Affairs also undertakes four of the six recommended checks under Australian Standard 4811-2006. However, two of these checks, the professional referee check and qualification verification, are undertaken through the Home Affairs recruitment process and through Baseline vetting and are therefore not duplicated through employment screening.

Home Affairs has a minimum requirement for staff to hold a security clearance at Baseline level or above and undertakes recommended additional checks considered necessary based on its risk profile. Home Affairs will consider implementing the two further recommended checks, a five year employment check and a personal character reference.

## Identifying and recording clearance requirements

The audit found that Home Affairs did not record a reason and reassessment date for clearance requirements. As noted in response to recommendation 6, the Home Affairs personnel security case management system will be upgraded in November 2018 to enhance security clearance related reporting capability. This upgrade will enable Home Affairs to implement the recording of a reason and reassessment date for clearance requirements.

## Advising AGSVA of clearance holder separations

The audit identified through analysis of AGSVA's clearance records and Home Affairs personnel records that Home Affairs' sponsored clearances were in excess of the number of active personnel.

AGSVA holds duplicate records due to a historic issue involving dates of birth being inverted when the former Department of Immigration and Citizenship (DIAC) provided clearance holder data to AGSVA on its inception in 2010. When the issue was identified, clearance holder data was re-created in AGSVA systems with correct dates of birth. This resulted in duplicate records for the DIAC clearance holder dataset.

The Department has sought to resolve this issue, however there remain duplicate records in AGSVA data holdings. In January 2018, the Department provided AGSVA a bulk data extract of over 6,000 separated personnel and requested cessation of clearance sponsorship. The Department will continue to work with AGSVA to reconcile clearance holder records and cease the Department's sponsorship of clearances for separated personnel.

The action planned in relation to Recommendation 6 will also address this audit finding.

## Other activity

As noted above, the audit found Home Affairs was the only entity that had implemented periodic suitability checks of personnel based on its risk profile. In June 2018, Home Affairs enhanced its assessment and management of ongoing suitability. Enhancements enable more efficient and responsive risk-based personnel security checks across the workforce. This further improves Home Affairs' processes for assessing ongoing suitability for employment as required under the PSPF.

The audit found that information on potential security concerns and associated mitigating factors identified by AGSVA through the vetting process is not shared with clearance sponsors. The audit recommended that AGSVA share specific information on security concerns and mitigating factors identified through vetting. Home Affairs has raised with AGSVA its interest in participating in trials of consent-based sharing of risk information identified through the vetting process.

## Conclusion

Home Affairs is committed to addressing the recommendations and findings of the audit. The audit acknowledges Home Affairs' compliance with the majority of the personnel security requirements of the PSPF. Home Affairs will continue to implement plans to resolve audit recommendations. Home Affairs welcomes the opportunity to appear at the public hearing on 17 August 2018.