



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

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Committee Secretary  
Joint Committee of Public Accounts and Audit  
PO Box 6021  
Parliament House  
Canberra ACT 2600

Dear Committee Secretary,

As per the Recommendation two, of *Report 479: Australian Government Security Arrangements*, please find enclosed the Department of Home Affairs' progress report on the implementation of the recommendations from the ANAO Audit Report 38, and the status of the Department's compliance with the Protective Security Policy Framework.

Please do not hesitate to contact [parliamentary.coordination@homeaffairs.gov.au](mailto:parliamentary.coordination@homeaffairs.gov.au), should you wish to discuss further.

Yours sincerely

**Mark Brown**  
First Assistant Secretary Integrity, Security and Assurance Division

12 June 2019



Australian Government

Department of Home Affairs

# **Progress report in relation to recommendation two of report 479**

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# 1. Executive Summary

The Joint Committee on Public Accounts and Audit (JCPAA) has requested the Department of Home Affairs (Home Affairs) make a progress report submission to its inquiry into Australian Government Security Arrangements based on the Australian National Audit Office (ANAO) Audit Report No. 38 (2017-18), *Mitigating Insider Threat through Personnel Security*. In April 2019, the JCPAA recommended:

- each of the five entities scrutinised in Audit Report 38 (2017-18) provide a progress report to the Committee, within three months and with an update every twelve months, on:
  - their implementation of the recommendations from the Audit Report 38;
  - the status of their compliance with the Protective Security Policy Framework; and
  - the status of sub-recommendations relating to security plans, policies, procedures and risk assessments.

Home Affairs has made significant progress on remediating the recommendations of Audit Report No. 38 (2017-18). This has been achieved through the establishment and implementation of governance and system based enhancements, which bolster the existing personnel security arrangements outlined in the audit. Home Affairs remains committed to further strengthening its existing compliance with the Protective Security Policy Framework (PSPF) with a view to finalising all outstanding actions by the end of financial year 2019-20.

The status of Home Affairs implementation of recommendations from the JCPAA in April 2019 are provided below.

## 2. Audit Report No. 38 (2017-18) implementation status

### 2.1. ANAO Recommendation 6: reconciliation of personnel and clearance holder records

The audit 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>1</sup>

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

### **2.1.1. Implementation status update**

Home Affairs reconciled its records with the Australian Government Security Vetting Agency (AGSVA) and removed sponsorship of over 9000 security clearances in January 2018, where Home Affairs sponsorship was not required. Home Affairs commenced clearance processes for personnel who were identified through this audit as not holding a required clearance. Home Affairs have established and implemented quality assurance mechanisms to ensure its clearance data remains consistent with the AGSVA's records. Home Affairs' quality assurance mechanisms include new procedural material and a reporting capability to efficiently and regularly manage clearance holder data.

### **2.1.2. Future plans to resolve this recommendation**

Home Affairs will seek to close this finding following a final evaluation of the effectiveness of quality assurance mechanisms. This will involve further monitoring and review of its data holdings, reconciled with AGSVA clearance holder records.

## **2.2. ANAO Recommendation 8: Annual health check for clearance holders and their managers**

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>2</sup>

### **2.2.1. Implementation status update**

Home Affairs has developed and implemented a system-based solution to undertake the annual security check for clearance holders and their managers. Home Affairs has undertaken an initial pilot of the new Annual Security Check process.

### **2.2.2. Future plans to resolve this recommendation**

Home Affairs is examining the feedback received from the pilot with a view to commence an enterprise-wide rollout early in 2019-20.

## **3. Home Affairs' status of compliance with the Protective Security Policy Framework**

Home Affairs' most recent Protective Security Policy Framework 2017-18 Compliance Report was endorsed by the Department's Accountable Authority on 27 September 2018. Home Affairs is preparing the annual security report, incorporating the PSPF amendments, in accordance with the core requirement 5 – Reporting on Security. The due date for submission is expected to be 31 August 2019, however this will depend on reporting arrangements coordinated through the Attorney-General's Department.

The Attorney-General's Department has introduced a new maturity model for 2018-19 PSPF compliance reporting. This will involve system-enabled reporting against the PSPF, incorporating the amendments of October 2018. Home Affairs will be in a position to assess and report on the maturity of its security capability under this new approach following the close of the 2018-19 reporting period.

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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>>

## **4. Entity Security Plans, policies, procedures and risk assessments**

The Committee made a number of sub-recommendations concerning PSPF compliance relating to personnel security. At the time of ANAO's audit No 38 (2017-18), Home Affairs had fully met two of the six criteria assessed. An update on the remediation activities for the remaining four criteria is below.

### **4.1. Has the entity undertaken regular security planning with adequate oversight and consultation?**

#### **4.1.1. Implementation status update**

Home Affairs' Agency Security Plan and Security Risk Management Framework were endorsed in 2018 and 2019 respectively by the Department's accountable authority. The Agency Security Plan and Security Risk Management Framework have been developed and endorsed in line with the Department's standardised approach for policy and procedural advice and direction materials. Extensive internal and external consultation was undertaken prior to endorsement, including a pilot program to test and train regional security practitioners. The Agency Security Plan and Security Risk Management Framework are included in the Department's formal review schedule and will be reviewed every two years, or sooner if the risk or operating environment changes.

### **4.2. Does the entity's security plan adequately cover personnel security?**

#### **4.2.1. Implementation status update**

Home Affairs' endorsed Agency Security Plan is a strategic-level overarching plan that addresses the core PSPF requirements, including protective security roles and responsibilities. Additional subsidiary documented material supports the Department's Agency Security Plan including personnel security policies and procedures. Personnel security measures and actions were recently reviewed and informed by an enterprise risk assessment in 2018.

### **4.3. Are the entity's policies and procedures current, accessible and subject to adequate oversight and review?**

#### **4.3.1. Implementation status update**

Home Affairs has developed and endorsed relevant protective security policies and procedures in line with the Department's standardised approach for policy and procedural advice and direction materials. Home Affairs' protective security policies and procedures are readily accessible by all Departmental staff and are included in the Department's formal review schedule.

### **4.4. Has the entity adequately considered personnel security risks as part of its security risk management process?**

#### **4.4.1. Implementation status update**

Home Affairs continues to manage protective security risk in accordance with *AS/NZ ISO 31000:2009 Risk management – principles and guidelines* and *HB 167:2006 Security Risk management*. Personnel security checks are informed through enterprise risk assessments, which were re-evaluated in 2018.

## **5. Conclusion**

Home Affairs has made significant progress in remediating the recommendations and findings of the audit. Home Affairs is committed to strengthening compliance with the PSPF to reduce the risk of insider threat and regularly reviews practices, policies and procedures accordingly. These remediation actions have reinforced the Department's already comprehensive protective security compliance, as noted in the audit.