

Joint Committee of Public Accounts and Audit

Inquiry into Commonwealth Financial Statements 2022–23

Department of Finance

Response to Question on Notice

Use and Governance of Artificial Intelligence Systems in the Australian Public Sector

Written Question on Notice 1 (Mr Hill)

For what purposes do you currently use AI in your entity, and do you have planned or likely future uses? Please summarise

Response

Finance is a participant in the cross-government Microsoft Copilot trial led by the DTA.

Finance has purchased 300 Copilot for Microsoft 365 licenses as part of the trial. Licenses are distributed according to an agreed use case with defined outcomes and risks.

Finance uses Copilot for Microsoft 365 for initial drafting, editing and summarisation purposes.

Finance will continue a use case approach with any further implementation of AI to measure benefits, identify lessons and identify risks.

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Written Question on Notice 2 (Mr Hill)

Which legislative, regulatory and policy frameworks (including cross-Government policies) are relevant to your entity's use of AI?

Response

Use of AI is subject to Finance's Acceptable Use Policy. This applies to all of Finance's ICT services, including AI use.

Other existing relevant frameworks include the Archives Act, the Protective Security Policy Framework, the APS Values, and the Privacy Act.

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Written Question on Notice 3 (Mr Hill)

What are your internal framework/policies for assessing the risks associated with the use of emerging technologies such as AI, specifically in the areas of security, privacy, ethics, bias, discrimination, transparency and accountability?

Response

Finance has published Interim Guidance on the use of Generative AI which highlights the known risks of using AI in a government context and outlines the responsibilities of all staff when considering the use of AI in their work at Finance.

Finance has two AI governance working groups to address the benefits and challenges of AI and how it can be responsibly implemented in government. Initial use cases for Copilot for Microsoft 365 use were considered and approved through both bodies and agreed to by Executive Board.

Each use case is risk assessed for security, privacy, and staff implications. Finance staff must be registered against a use case to use Copilot.

Staff allocated a Copilot for Microsoft 365 license must complete formal DTA training on the Introduction and the Responsible Use of AI.

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Written Question on Notice 4 (Mr Hill)

What are the supply chain risks when using existing AI solutions or software?

Response

Finance participates in the Whole of Government trial of Copilot for Microsoft 365 and allows staff to use publicly available generative AI solutions. To manage supply chain risk, the department has provided guidance on AI use to all Finance staff. This is to ensure staff are taking into consideration privacy, sensitivity and classification of data and queries as well as transparency and accountability in providing advice and decision making.

Finance also ensured Copilot for Microsoft 365 was implemented securely and waited until it had received an early release assessment of the Infosec Risk Assessment Program (IRAP) ensuring that it could handle information up to and including PROTECTED. This ensured Copilot for Microsoft 365 was covered under Finance's IT security policies and procedures, the same requirements as the rest of the Finance IT environment, mitigating the risk of a cyber security attack.

Finance is actively managing data privacy by ensuring sensitive departmental and privacy data are kept secure and managed appropriately. Finance is undertaking a Privacy Impact Assessment to ensure privacy risks are considered and the appropriate guardrails and treatments are put in place.

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Written Question on Notice 5 (Mr Hill)

What additional controls been developed by your entity to manage:

- a. the broad risks associated with AI
- b. the risks associated with the design and implementation of systems using AI
- c. the risks associated with change management policies that arise from the use of AI

Response

Finance has provided interim guidance to Finance employees on safe and responsible use of available AI tools.

Finance's guidance is based upon the whole-of-government guidance on generative AI, led by the DTA, as well as existing relevant policy and guidance such as Finance's Acceptable Use Policy, the Protective Security Policy Framework, the APS Values, and the Privacy Act.

In July 2023, an internal Finance working group was established to consider how generative AI could be implemented in the department. The working group requested business groups across Finance provide use cases that could benefit from AI.

Across Finance, 113 use cases were submitted. These use cases were evaluated to identify the greatest benefits and minimise risk.

Six use cases were approved by the Department's Executive Board to be trialled in a "summer sprint", with a final report submitted on the benefits and lessons learned during the pilot phase.

Four of these use cases are utilising Copilot for Microsoft 365 and are currently in production.

Copilot for Microsoft 365 has been implemented in Finance based on the guidance recommended in the Microsoft 365 Cloud Assessment framework published by the Australian Signals Directorate.

Staff allocated a Copilot for Microsoft 365 license are required to undertake mandatory training that contains the Introduction and the Responsible Use of AI.

A second tranche of AI use case pilots is now underway.

Change Management for AI in Finance is being developed under the department's change management toolkit.

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Written Question on Notice 6 (Mr Hill)

How do you manage regular updates to AI and supporting data?

Response

Copilot for Microsoft 365 releases AI features through Microsoft’s enterprise channel and is a part of the department’s monthly patching activities. Features are communicated to Copilot users as they appear.

Finance meets regularly with Microsoft to understand feature development on their published road map.

Finance is also a participant in the AI in Government Taskforce, led by the DTA and DISR. Finance has representation at both the program board and working group levels.

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Written Question on Notice 7 (Mr Hill)

What considerations or planning do you undertake for any additional capability required to implement AI?

Response

An operational plan for AI is currently under development, which will include the establishment of a team dedicated to managing and governing AI use within the department.

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Written Question on Notice 8 (Mr Hill)

What frameworks have you established to manage bias and discrimination in any of your systems that use AI?

Response

Staff allocated a Copilot for Microsoft 365 license are required to undertake mandatory training that contains the Introduction and the Responsible Use of AI.

Each use case has undergone a risk assessment to determine the impact of any biases or discrimination made by Copilot. Only use cases considered a low risk are being implemented at this stage. Use cases must also have a human in the loop to identify and mitigate any bias or discrimination.

Use case participants log and alert instances of bias or other unintended actions to the AI support team for further investigation and feedback to Microsoft.

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Written Question on Notice 9 (Mr Hill)

How do you ensure that the use of AI meets government security and privacy requirements?

Response

Finance has developed guidance on the use of AI which highlights the risks and outlines the responsibilities of all staff when considering its use in their work.

Finance is working to identify the benefits, challenges and responsible implementation of AI across Finance. AI use cases were considered and approved through our internal working group and agreed to by Executive Board.

Each use case is risk assessed for security, privacy, and implementation implications. Finance staff must be registered against a use case to use Copilot.

In addition, staff allocated a Copilot for Microsoft 365 license must complete formal DTA training on the Introduction and the Responsible Use of AI.

Microsoft's 2024 IRAP assessments include Copilot for Microsoft 365 confirming use of classified information up to the PROTECTED level.

Finance has undertaken a privacy threshold assessment and has determined a Privacy Impact Assessment is required.

Finance is actively managing data privacy by ensuring sensitive departmental and privacy data are kept secure and managed appropriately.

Finance is undertaking a Privacy Impact Assessment to ensure privacy risks are considered and the appropriate guardrails and treatments are put in place.

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Written Question on Notice 10 (Mr Hill)

What briefings are given to your audit and risk committees, or boards, on the use of AI?

Response

The legal and regulatory areas in the department are observers of the AI working group, which has representatives at the First Assistant Secretary and Assistant Secretary level. The working group allows visibility and feedback on use case progression in the department.

Insights and outcomes of the initial trial period of Copilot for Microsoft 365 between January and March 2024 were submitted to the Department's Executive Board, distributed to all senior executives, and provided to the DTA and DISR-led AI in Government Taskforce.

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Written Question on Notice 11 (Mr Hill)

How does your internal audit program consider the robustness of controls for AI to provide assurance around mitigation or risks?

Response

Emerging risks and opportunities are considered as part of the department's approach to internal audit planning.

Each use case has undergone a risk assessment to determine the impact of any biases or discrimination made by Copilot and will be considered as part of the integrated risk-based approach to planning the internal audit program.

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Written Question on Notice 12 (Mr Hill)

As part of your system design process, how do you audit and trace the output of, and decisions made through, AI?

Response

There are no Finance AI use cases that use generative AI for final decision making.

Finance uses Copilot for Microsoft 365 for initial drafting, editing and summarisation purposes.

As part of the department's ongoing security monitoring, Finance retains a history of Copilot for Microsoft 365 use in the department. Usage records can only be accessed by system administrators.

AI-assisted outputs that are saved on Finance's network follow the same rules and procedures for administration and access as any other created content.

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Written Question on Notice 13 (Mr Hill)

Are the AI platforms in use at your entity:

- a. off the shelf products
- b. customised from other products
- c. systems developed in-house?

Response

- a. Copilot for Microsoft 365 is an off-the-shelf Microsoft product.
- b. A proof-of-concept AI platform using Open AI on Azure is being considered, in house, to be developed in partnership with Microsoft engineers.
- c. Not applicable to Finance at the moment.

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Written Question on Notice 14 (Mr Hill)

Who has ownership and possession of the source code for your AI, and can you understand this code, including its capacity to learn and innovate? How?

Response

The ownership and possession of the source code for Copilot for Microsoft 365 is held by Microsoft.

Copilot is an AI system that learns from machine learning models, not from its own source code.