



Australian Government
Attorney-General's Department

July 2018

Joint Committee of Public Accounts and Audit

Inquiry into Australian Government Security Arrangements: Audit Report No. 38 (2017-18) *Mitigating Insider Threats through Personnel Security*

Attorney-General's Department Submission

Background

The Australian National Audit Office's report on *Mitigating Insider Threats through Personnel Security* was released on Friday 11 May 2018.

The report concluded that Australian Government Security Vetting Agency's (AGSVA) security vetting services do not effectively mitigate the Government's exposure to insider threats because it does not share information with entities on risks identified in the vetting process or use clearance maintenance requirements effectively to minimise risk.

The report also concluded that policies and procedures of selected entities, including the Attorney-General's Department (the department), were only partially compliant with the Protective Security Policy Framework's (PSPF) personnel security requirements.

The report's recommendations are relevant to the department's policy role through the PSPF and support for AGSVA's vetting services (**Recommendations 1 and 3**), and the department's own personnel security arrangements (**Recommendations 4, 6, 7 and 8**). The department has accepted all relevant recommendations and is working to implement those recommendations.

Current Overview

Thank you for the invitation to participate in the Joint Committee of Public Accounts and Audit's (the Joint Committee) inquiry into Australian Government Security Arrangements: Australian National Audit Office Report 38 (2017-18) – *Mitigating Insider Threats through Personnel Security*. The department provides the following submission to the Joint Committee.

The department is working closely with AGSVA to resolve information sharing gaps between AGSVA and sponsoring entities by implementing the report's recommendations for greater sharing of specific information on security concerns and mitigating factors across all stages of the vetting process.

The department is also working to address all outstanding recommendations for its personnel security arrangements. Below is an implementation status update, accompanied by information on future actions and changes made by the department in response to the audit's findings.

The department has completed actions required to implement **Recommendation 7** of the report.

Implementation Status Update

Recommendation 1

The Department of Defence, in consultation with the Attorney-General's Department, establish operational guidelines for, and make appropriate risk-based use of, clearance maintenance requirements.

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|------------------------------|-------------------------------|
| Implementation Status | In progress—due December 2018 |
|------------------------------|-------------------------------|

The department is supporting AGSVA, in the Department of Defence, to implement this recommendation. AGSVA is leading implementation of this recommendation and is developing operational guidelines for the use of clearance maintenance requirements as part of the vetting process. This will be facilitated by AGSVA's implementation of Risk Advisory Notices, as part of the response to Recommendation 3, below.

The department acknowledges the importance of the effective use of clearance maintenance requirements to allow entities to engage with and manage risk associated with security cleared personnel's access to Australian Government resources. The department will support AGSVA to develop the operational guidelines. This work will complement the proposed reforms to the PSPF that are expected to be implemented from 1 October 2018. The personnel security policy components of these reforms has been informed by the findings of the ANAO audit and will clarify the roles and responsibilities of AGSVA (and other authorised vetting agencies) and sponsoring entities in relation to clearance maintenance—without substantially changing the existing policy. Specifically:

- The proposed policy on *Eligibility and Suitability of Personnel* includes guidance on the process recommended for granting a conditional clearance (which are subject to particular clearance maintenance requirements).
- The proposed policy on *Ongoing Assessment of Personnel* includes guidance on the responsibilities of both sponsoring agencies and authorised vetting agencies for the ongoing implementation of the clearance maintenance requirements.
- Both of these policies will also provide clearer guidance on the existing obligations to share information about personnel security risk between authorised vetting agencies and sponsoring entities to inform the application of the clearance maintenance provisions.

The department and AGSVA will use the existing Vetting Officers Community of Practice to consult on AGSVA's operational guidelines and subsequently promote them for all authorised vetting agencies. The Vetting Officers Community of Practice is chaired by the department and all authorised vetting agencies are members.¹

Recommendation 3

The Attorney-General's Department and the Department of Defence establish a framework to facilitate the Australian Government Security Vetting Agency providing sponsoring entities with specific information on security concerns and mitigating factors identified through the vetting process.

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| Implementation Status | In progress—due December 2018 |
|------------------------------|-------------------------------|

¹ For further information on the Vetting Officers Community of Practice, see Annex B.

The department is collaborating with AGSVA to develop a framework for AGSVA to provide clearance sponsors with information on security concerns and mitigation factors that were identified through the vetting process. This framework will also strengthen the effective implementation and management of clearance maintenance requirements by sponsoring entities, as appropriate.

The framework will comprise:

- A template for sharing risk information—to be called a Risk Advisory Notice (RAN)—informed by AGSVA’s vetting risk model. This will be developed by AGSVA and will provide a structured and consistent methodology to share risk information identified in the vetting process with sponsoring entities.
- Operational guidelines for the use of clearance maintenance requirements (described above). AGSVA and the department will work together to consider how information relating to clearance maintenance requirements for a clearance subject can be integrated into the RAN template.
- Additional guidelines, fact sheets and protocols that will outline information management and handling to ensure there is a common understanding about how information can be shared with and between sponsoring entities and authorised vetting agencies. This guidance will be developed in consultation with the Vetting Officers Community of Practice to ensure that information sharing is consistent across all vetting agencies. Relevant materials may be incorporated as annexes within the PSPF.

AGSVA will trial the framework between September and November 2018, with full implementation from January 2019, subject to the successful outcome of the initial trial and the subsequent agreement of the AGSVA Governance Board² and the Government Security Committee³ in December 2018.

Recommendation 4

The Attorney-General’s Department conduct a personnel security risk assessment that considers whether changes are needed to their protective security practices.

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| Implementation Status | In progress—due October 2018 |
|------------------------------|------------------------------|

The department is undertaking a full personnel and physical risk assessment of all its sites, including the Australian Government Solicitor offices nationwide.

The department acknowledges the required two-yearly risk assessment was due to be completed by July 2017. This was delayed due to a number of unforeseen factors; primarily, to enable the significant changes to the risk profile of the department resulting from the recent Machinery of Government changes to be taken into account, particularly the significant reduction in the department’s national security responsibilities over the period December 2017 to July 2018.

The delay was to ensure the assessment is relevant and correct and provides value for money. The risk assessment will be completed by October 2018.

² For membership of the AGSVA Governance Board, see Annex A.

³ For membership of the Government Security Committee, see Annex A.

Recommendation 6

The Attorney-General's Department 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.

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|------------------------------|-------------------------------|
| Implementation Status | In progress—due December 2018 |
|------------------------------|-------------------------------|

The department completed an audit of clearance holdings in March 2018 and has commenced reconciliation of the holdings. Specifically, clearance details held by AGSVA did not accurately reflect where some clearance subjects were no longer employed by the department. The department anticipates completing this reconciliation by December 2018, following the finalisation of machinery of government changes.

All staff in the department either hold the required security clearance, have commenced the security clearance process or are subject to an employment screening process.

The department has committed to conducting an annual review of all its security clearance holdings by the end of each calendar year to ensure the ongoing accuracy of its records.

Recommendation 7

The Attorney-General's Department review their policies and procedures for eligibility waivers to ensure they are compliant with PSPF mandatory controls.

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|------------------------------|----------|
| Implementation Status | Complete |
|------------------------------|----------|

The department has reviewed its procedures for eligibility waivers to ensure compliance with the PSPF. The department does not have an agency specific policy concerning eligibility waivers as PERSEC 5 articulates all necessary aspects of the eligibility waivers policy.

The department has implemented an ICT upgrade to the database that stores information about eligibility waivers. This upgrade ensures the immediate assessment of any information relevant to the waiver and supports documented reviews of all waivers at the nominated review date. The ICT solution generates an automatic notification in advance of the nominated review date, which is the catalyst for the department to commence the review.

Recommendation 8

The Attorney-General's Department implement the PSPF requirement to undertake an annual health check for clearance holders and their managers.

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| Implementation Status | In progress—June 2019 |
|------------------------------|-----------------------|

The department has commenced work to develop an annual health check process to support, assess and manage the ongoing suitability of security cleared personnel, which will be implemented over the 2018-19 PSPF reporting period.

For the 2017-18 PSPF reporting period the department conducted face-to-face security awareness training sessions in addition to existing online training modules. This provided further opportunities for security cleared personnel to meet their required security awareness training and be reminded of their security obligations, an element of the annual health check.

Future plans and milestones

Recommendations 1 and 3

The department and AGSVA have agreed on a combined and phased approach for implementing Recommendations 1 and 3 of the report.

| Milestone action | Milestone date |
|--|---------------------------|
| Complete development of initial components of the information sharing framework: <ul style="list-style-type: none"> operational guidelines Risk Advisory Notices | September 2018 |
| AGSVA trial of operational guidelines and Risk Advisory Notices | September – November 2018 |
| Final approval from the AGSVA Governance Board and the Government Security Committee of all components of the information sharing framework: <ul style="list-style-type: none"> operational guidelines Risk Advisory Notices supporting materials any required changes to the PSPF | December 2018 |
| Full implementation of the information sharing framework | From January 2019 |

Recommendation 4

| Milestone action | Milestone date |
|--|----------------|
| Full personnel and physical risk assessment of all its sites, including the Australian Government Solicitor offices nationwide | October 2018 |

Recommendation 6

| Milestone action | Milestone date |
|--|------------------------------------|
| Final reconciliation of clearance holdings | December 2018 |
| Annual review of all security clearance holdings | ongoing - by 31 December each year |

Recommendation 8

| Milestone action | Milestone date |
|--|----------------|
| Develop annual health check procedures | February 2019 |
| Implement annual health check procedures | June 2019 |

Governance committees

Government Security Committee

The Government Security Committee is chaired by the relevant Deputy Secretary of the Attorney-General's Department and includes Senior Executive Service Band 3 or equivalent representation (unless otherwise as agreed by the Chair) from:

- the Attorney-General's Department
- the Australian Signals Directorate
- the Australian Security Intelligence Organisation
- the Department of Defence
- the Department of the Prime Minister and Cabinet
- the Australian Criminal Intelligence Commission
- the Australian Federal Police
- Australian Secret Intelligence Service
- Department of Foreign Affairs and Trade
- Department of Home Affairs
- Office of National Assessments
- Australian Public Service Commission
- Department of Finance
- Digital Transformation Agency
- National Archives of Australia
- Office of the Australian Information Commissioner
- Australian Commission for Law Enforcement Integrity
- Rotating member from a service delivery entity—currently the Department of Human Services
- Rotating member from a corporate Commonwealth entity or wholly-owned Commonwealth company—currently nbn co.

Other entities may be co-opted as appropriate from meeting to meeting.

The Government Security Committee:

- provides strategic oversight of whole-of-government protective security policy, including in the TOP SECRET classified information environment
- promotes the consistent, efficient and effective application of security policies in Australian Government entities in accordance with risk management principles
- coordinates strategic level policy and operational responses to emerging protective security threats and issues, and
- informs advice to the Secretaries Board, Secretaries Committee on National Security or the Government on significant government security matters, where appropriate.

AGSVA Governance Board

The AGSVA Governance Board is chaired by the Associate Secretary for Defence and includes Senior Executive Service representation from:

- the Department of the Prime Minister and Cabinet
- the Attorney-General's Department
- the Department of Finance
- the Department of Home Affairs
- the Department of Human Services
- the Australian Security Intelligence Organisation
- the Australian Public Service Commission.

The Board meets four times a year and provides strategic oversight of AGSVA, including its governance arrangements and organisational performance. The Board also monitors the progress of service delivery reforms and major systems development to enable AGSVA's achievement of government-directed policy outcomes.

Communities of Practice

Vetting Officers Community of Practice

The Vetting Officers Community of Practice comprises experienced Australian Government vetting officers and policy officers with responsibility for security vetting. This community of practice regularly meets to identify and refine best practices by vetting officers, develop tools and strategies to enhance the quality and consistency of vetting decisions, and promote information sharing, shared problem solving and horizon-scanning. The Attorney-General's Department coordinates and provides secretariat support for the Community of Practice.

Members of the Vetting Officers Community of Practice include all authorised vetting agencies, specifically:

- the Australian Government Security Vetting Agency in the Department of Defence
- the Australian Federal Police
- the Australian Security Intelligence Organisation
- the Australian Secret Intelligence Service
- the Department of Foreign Affairs and Trade
- the Office of National Assessments.

Non-vetting agency members include:

- the Department of Prime Minister and Cabinet
- the Department of Home Affairs
- the Australian Taxation Office
- the Australian Security Investments Commission
- the National Gallery of Australia
- the Australian Transaction Reports and Analysis Centre.

Security Culture Community of Practice

The department has also established a Security Culture Community of Practice, comprising representatives from Australian Government; state and territory agencies interested in strengthening their organisations' security culture and contributing to whole-of-government security culture initiatives. The Security Culture Community of Practice regularly meets to explore and promote opportunities that enhance and strengthen the security culture across Australian Government entities, including information sharing, shared problem solving and horizon-scanning. Resources for the risk information sharing framework may also be developed or tested in consultation with this group.

The Attorney-General's Department coordinates and provides secretariat support for the Community of Practice.

Members of the Security Culture Community of Practice include:

- the Department of Defence
- the Department of Finance
- the Department of Foreign Affairs and Trade

- the Department of Health
- the Department of Home Affairs
- the Department of Human Services
- the Department of Industry, Innovation and Science
- the Department of Jobs and Small Business
- the Department of Prime Minister and Cabinet
- the Department of Social Services
- the Department of Veterans' Affairs
- Air Services Australia
- Austrade
- the Australian Competition and Consumer Commission
- the Australian Federal Police
- the Australian Financial Security Agency
- the Australian Criminal Intelligence Commission
- the Australian Electoral Commission
- the Australian Nuclear Science and Technology Organisation
- the Australian Radiation Protection and Nuclear Safety Agency
- the Australian Taxation Office
- the Australian Transaction Reports and Analysis Centre
- the Bureau of Meteorology
- Defence Housing Australia
- the Office of National Assessments
- Safe Work Australia
- the Tertiary Education Quality and Standards Agency.

All Australian Government entities (non-corporate Commonwealth entities, corporate Commonwealth entities and wholly-owned Commonwealth companies) are welcome to participate in the Community of Practice.