QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING : 17 October 2016

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(SE16/105) - Internal audits - Internal Product (DIBP)

Senator Carr, Kim (L&CA) written:

In relation to internal audits:
DIBP completed to the following strategic audits (as per annual report) into technology services, reform assurance, border management, risk, fraud and integrity, visa and citizenship, finance, programme/project management, technology services, detention, and people.
Can you provide background on (a) each audit (b) summary of findings (c) summary of recommendations (d) outline of recommendations DIBP will accept and (e) those recommendations you reject and why.

Answer:

Information regarding each Internal Audit report completed in 2015–16 is outlined below. Each table contains (a) background on each audit; (b) summary of findings; (c) summary of recommendations. It is noted that (d) all recommendations were accepted by the Department and that (e) no recommendations were rejected.

The following tables outline information regarding each Internal Audit report completed within 2015–16. It is noted that all recommendations were accepted by the Department.

Report title	1. Payroll Key Controls
Objective	The objective of this internal audit was to evaluate the key manual payroll processes and controls for the integrated payroll function that supports the correct payment of salaries and entitlements to Departmental staff.
Findings	The audit made findings relating to employee commencements, terminations, fortnightly pay run processes, superannuation payments and employee allowances.
Recommendations	Internal Audit made recommendations including: action to reinforce commencement and termination procedures. Furthermore, recommendations were made aimed at reviewing access logs to Departmental premises and an evaluation of Department's primary card access system. Internal Audit also made recommendations aimed at verifying superannuation and special allowance payments.

Report title	**2. ICT Access Controls**
Objective	The overall objective was to review the process and control framework over logical access for the Department's systems.
Findings	Findings included: a lack of central enterprise-wide governance process for the integrity of user access security. Issues were also raised relating to ambiguity of Other Government Agency (OGA) user access operating under a valid or expired memorandum of understanding (MOU) with other agencies. Furthermore, issues were noted relating to invalid Control Files (CF) and terminated accounts still being active; and issues associated with the operating effectiveness of critical enterprise-level detection controls.
Recommendations	The audit recommended that the Department: establish a central enterprise-wide governance process for user access integrity; review user access information including terminated accounts, and improve effectiveness of enterprise-wide automated and manual detective controls. It was also recommended that the Department establish a role-based security based on MOU instruments and explore options to resolve accuracy issues and review he security design and configuration for key systems.

Report title	**3. Management of Caseload of Character Cancellations**
Objective	The objective was to assess the Department's processes to resolve the community caseload of criminal non-citizens subject to visa cancellation under s501 of the Act.
Findings	The audit found that there were: insufficient resources dedicated to a resource intensive cancellation process; inadequate guidelines on caseload prioritisation to align caseload finalisation with community protection objectives; and there was limited oversight of the complete population of the criminal non-citizen caseload.
Recommendations	The audit recommended that the Department: seek approval for additional divisional budget and staffing; and develop and deliver a training strategy for new staff. In relation to caseload prioritisation, the audit recommended that the Department: review the: triaging and caseload allocation tools; decision making processes; identify extreme risk cases that should be allocated as a priority; and to stocktake external stakeholders and establish formal information sharing arrangements.

Report title	**4. Detention-Related Decision-Making**
Objective	The objectives were to determine whether: appropriate governance arrangements are in place to support Detention- Related Decision-making (DRDM); and decisions to detain and not to detain are lawful and consistent.
Findings	The audit found control design weakness in the end to end framework over DRDM and that controls were not operating effectively. The audit also noted limitation relating to the effectiveness of training and systems to effect support officers to make consistent, appropriate and lawful decisions. Finally, the audit noted improvements were needed over governance arrangements over DRDM.
Recommendations	The audit recommended that the Department should establish formal governance framework over the end to end detention continuum; and improve key control design including the implementation of controls to confirm officers have considered all relevant information prior to excising powers to detain. Furthermore, the audit recommended the implementation of a new training regime to support compliance officers and revise templates with consideration for ease of use.

Report title	**5. Management of Custodial Firearms**
Objective	The objective was to assess the effectiveness of key controls for the end-to-end management (collection, movement, storage, use and disposal) of custodial firearms.
Findings	The audit found that responsibility for key governance processes within the control framework were unclear and a lack of centralised reporting and alert management of certification for handling of firearms. Furthermore, the audit noted four instances where custodial firearms and ammunition were released over a six month period that did not comply with standard operating procedures as well as several areas of non-compliance with physical security requirements and retention of release of firearms documentation.
Recommendations	The audit recommended that the Department should document the governance and control framework over the end to end process with the management of custodial firearms including establishing a centralised reporting function for training and certification of supporting officers. Furthermore, this audit recommended implementation of: monthly calls between regional officers; adoption of a nationally consistent Release Checklist; and assessment of all relevant armouries nationally to assess compliance with policy.

Report title	**6. Offshore Financial Management over Visa Revenue**
Objective	The objective of this internal audit was to assess the effectiveness of the key financial controls in place over visa revenue in the Manila and Ho Chi Minh City posts.
Findings	The audit found that the manual processing of payments received at the counter or through secure mail increases the risk of misappropriation of the visa application charge payment.
Recommendations	The audit recommended that the Department increase the rigor provided in monitoring visa revenue and complaints or allegations made in relation to its collection.

Report title	**7. ICT Change and Release Management Review**
Objective	The objective was to review the ICT Change and Release Management function and assess its ability to support, in a productive and controlled manner, a sustained increase in throughput.
Findings	The audit found: that there was an incomplete Departmental view of changes progressed to the ICT production environment; inconsistent adherence to baseline policy, process and procedure work-instruction relation to the ICT production environment; and that the Department ICT Release Management policies, process and procedures and work-instructions does not align with the current evolved state of the ICT Release Management function.
Recommendations	Recommendations were made aimed at mitigating risks to address the complexity of the ICT landscape by simplifying process, documenting critical procedures and leveraging data analytics to information periodic minoring of controls and continuous improvement activates.

Report title	**8. ICT Software Licensing Review**
Objective	The objective was to review the process and control framework for managing the Department's software licences and assess compliance against a sample of established agreements.
Finding	Internal Audit found that the Department required a mature Software Asset Management function.
Recommendations	Recommendations included: bringing forward the establishment of a formal baseline of policies and procedures and training and awareness programs in line with the software asset management Roadmap. Internal Audit also made a recommendation to synchronise the Department's Service Request Catalogue system with the enterprise-wide assessment management solution; and to address the Department's high reliance on external contractors for certain key IT initiatives as well as addressing data quality issues.

Report title	**9. ICT Critical Services Transition Management**
Objective	The objective of this internal audit was to review the strategy and frameworks in place to manage the transition of critical services (i.e. Mainframe Mid-range services and Telecommunications) to a single service provider and mitigation against disruption or loss of service.
Findings	The audit found that: there was a component of ICT supplier commitments that were yet to be funded; there was network coverage limitations with the preferred telecommunications provider; and there was a loss of key capability/experience from the ending the Mainframe Midrange Service provider.
Recommendations	The audit recommended that the Department should finalise the proposed budget and model revision for Critical Services Transition Management, evaluate scope change requirements for a number of key contracts including the external service provider; and identify key business and project management resources and secure for use for Transition Program.

Report title	**10. Australian Trusted Trader Project Health Check**
Objective	The objective of this health check was to review the project status and assess the robustness of project management practices for the Australian Trusted Trader Pilot Phase against standard project management themes.
Findings	Internal Audit found that positive progress has been observed, however at the time of the review areas for improvement were identified with regard to: scope management; schedule of ICT solution; change controls; and risk and issues management.
Recommendations	The health check recommended that the Department should: update project documents to reflect current status; institute a process to assist in the management of IT solutions, change and project risks and issues.

Report title	**11. Capacity Building – Fraud & Corruption Risk Controls**
Objective	The objective was to assess the design and operating effectiveness of the controls, including monitoring, reporting mechanisms and quality assurance processes, in place to mitigate the risk of internal and external fraud and corruption in the Programme.
Findings	The audit found that the programme was yet to formalise fraud and corruption risk identification, rating and decisions; and was yet to develop its fraud and corruption risk register to support management and monitoring of these risks. The audit also found that country desks have not formally documented processes to acquit their responsibilities in managing service providers.
Recommendations	The audit recommended that the Department should increase the documentation, communication and visibility of the current controls to manage the risk of internal and external fraud and corruption in the Programme; and to institute a process to assist in the evaluation and ongoing assessment of the controls in place to support the Programme's management of fraud and corruption risk.

Report title	**12. Management of Fraud and Corruption Risks**
Objective	The objective of this Internal Audit was to assess the Department's ability to effectively implement its Fraud Control and Anti-Corruption Framework (Fraud Framework) and Fraud Control and Anti-Corruption Plan 2015-2017 (Fraud Plan) and manage its fraud control arrangements to identify, escalate and treat fraud and corruption risks in a timely manner.
Findings	Internal Audit identified that progress in maturing the fraud and anti-corruption measures has not been in accordance with the Department's schedule baseline.
Recommendations	The audit recommended that the Department: develop a Fraud Control and Anti-Corruption Plan 2017-19; develop a strategy to improve risk management skills and capability; and prioritise a new cycle of fraud risk assessments.

Report title	**13. Review of Public Interest Criteria 4020**
Objective	The objective of this internal audit was to assess the design of the control framework to support the application of Public Interest Criteria (PIC) 4020 and operating effectiveness of key controls within the control framework.
Finding	The audit found that the design of the control framework for PIC 4020 requires further development in order to enable the purpose and policy intent to be achieved.
Recommendations	Recommendations included: reinforce the purpose of PIC 4020 to visa programme areas; raise public awareness and its consequences; apply a risk-based approach to refusals; monitor the application of the relevant alert code in the Central Movement Alert List and review training materials for consistency with PIC 4020 requirements.

Report title	14. Management of Fraud in High Risk Visa Programme
Objective	The objective of this internal audit was to assess the design and operating effectiveness of the controls in place to mitigate the risk of internal and external fraud and corruption in the General Skilled Migration and Significant Investor Visa programmes.
Finding	The audit found that fraud and corruption risks are managed at a local level and can benefit from implementing a consistent approach through adopting the Department's Risk Management Framework; and to manage existing control gaps.
Recommendations	The audit recommended that the Department: undertake a fraud and control risk assessment for all visa programmes; implement assurance activities and manage the control gaps using this risk assessment process.

Report title	15. Skilled Migration and Temporary Activity
Objective	The objective of this internal audit was to assess the overall project status, implementation readiness and follow-up on the risks and associated recommendations for the project: Skilled Migration and Temporary Activity.
Finding	At the time of the audit, there was a risk that the Project may be delayed due to both project capacity and project capability (project manager turnover) issues.
Recommendations	The audit recommended that the Department: review resourcing and allocate an appropriate Project Management resource; and re-baseline the project review as required.

Report title	16. Operational Safety Controls
Objective	The objective of this Internal Audit was to assess the appropriateness of control processes to support compliance with legislative and operational requirements for managing Use of Force (UoF) powers in ABF operations.
Finding	The audit found improvement opportunities in relation to: the governance and control framework; Operational Safety Risk Assessment; training; and policy and procedural guidance.
Recommendations	The audit recommended that the Department: establish a national governance and control framework for operational areas of the ABF; perform an operational safety risk assessment of all ABF operations; assess whether the implementation of a tiered training model for training is suitable; and update all procedural guidance documents.

Report title	17. Review of Partner Visas
Objective	The objective of this internal audit was to assess the design and operating effectiveness of the controls in place for lawful and consistent partner visa decisions.
Findings	The design and operating effectiveness of the controls in place for the assessment of lawful and consistent partner visa decisions was found to be effective. Whilst the design of the control framework is working well, the Department is aware of a number of risks that continue to be managed and mitigated by the programme.
Recommendations	No recommendations were made in this report.