

11 October 2005

Mr Owen Walsh
Committee Secretary
Senate Legal and Constitutional References Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Walsh,

Inquiry into the administration and operation of the *Migration Act 1958*

During our appearance at the Committee's inquiry into the administration and operation of the *Migration Act 1958*, committee members raised several matters that were not covered in our submission. The purpose of this letter is to supplement and clarify the evidence we provided in response to those matters, in particular:

- References to Audit Report No. 2 of 2004-05 – *Onshore Compliance – Visa Overstayers and Non-Citizens Working Illegally*;
- Performance audit methodologies – in particular the use of sampling techniques; and
- Recordkeeping in DIMIA.

Audit Report No. 2 of 2004-05 – *Onshore Compliance – Visa Overstayers and Non-Citizens Working Illegally*

DIMIA and the Minister for Immigration and Multicultural and Indigenous Affairs annually report to Parliament on the estimated number of unlawful non-citizens within Australia and DIMIA's strategies for reducing this number. DIMIA has systems that produce counts of the number of people whose visas have expired and where there is no record of these people leaving the country. This count is referred to as the 'raw count'. DIMIA is aware that there are erroneous records on the systems that produce the raw counts, although the extent of the errors is not known. To compensate for errors in the overstayers file, DIMIA has statistically calculated an error rate of around 30 per cent, which it applies to the raw count (approximately 90 000 overstayers) before the overstay estimates are released publicly (approximately 59 800 overstayers). This ANAO report suggested that DIMIA could assist users in interpreting the overstay estimate and enhance transparency and clarity in its external reporting by monitoring and reporting the error rate.

DIMIA's management of risks was also discussed in this ANAO report. DIMIA is using compliance risk assessment in its NSW State Office, where compliance activities are prioritised based on risk profiles of specific industries and labour markets. However, the report suggested that DIMIA's overall onshore compliance response could be improved through further developing an understanding of its onshore compliance population, through a more effective integration of its intelligence capability, with a consistent national approach to

onshore compliance target group profiling; and prioritising risks associated with different components of the onshore compliance target groups and identifying appropriate compliance responses.

Performance audit methodologies

Performance Audit Methodology and the related standard (AUS 806 Performance Auditing and AUS 808 - Planning Performance Audits) set out the standards that are followed in Performance Audits.

There is a requirement under the standard that the ANAO should have or obtain a knowledge of the business sufficient to enable the ANAO to identify and understand the events, transactions and practices that, in the ANAO's judgement, may have a significant effect on the performance information or on the audit or audit report. Such knowledge would include an understanding of the entity's objectives, accountability relationships, resources, programs and operations, management processes and systems, and the external environment in which the entity operates. The scope and focus of any performance audit will be informed by this knowledge, since there are usually many activities that could be examined in a performance audit and careful judgement is required to select the appropriate matters to be examined, having regard to the resources available and reporting requirements.

Factors that the ANAO would normally consider are materiality, risk and auditability when establishing the scope of a performance audit. However, there is no body of generally accepted criteria for all aspects of performance auditing, and these may be derived from:

- regulatory bodies, legislation or policy statements;
- standards of good practice developed by professions, associations or other recognised authorities;
- statistics or practices developed within the entity or among similar entities; and
- criteria identified in similar circumstances.

Criteria from these sources may require interpretation and modification to ensure their relevance. In this context, the sampling techniques in the audits referred to in our original submission, were designed to test agency compliance with various Acts of Parliament, including the Migration Act. In the case of the two visa processing audits (*Management of the processing of Asylum Seekers* and *Management of Selected Aspects of the Family Migration Program*) this approach allowed the ANAO to infer from the sample to the population. In the case of the two contract management audits (*Management of the Detention Centre Contracts – Part A* and *Management of the Detention Centre Contracts – Part B*) the methodology tested DIMIA's compliance against the provisions of the FMA Act, among other things.

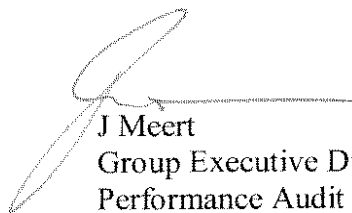
Recordkeeping in DIMIA

Consistent with the foregoing, there are separate approaches for testing recordkeeping compliance. In one audit referred to in our submission, the ANAO found that DIMIA achieved the minimum documentation requirements. In other audits, the ANAO has identified shortcomings in DIMIA recordkeeping. The significance of recordkeeping findings can vary according to the context, however the ANAO notes the Secretary of DIMIA recently

announced his intention to invest in a number of enhancements including a records management improvement plan for DIMIA's recordkeeping systems.

Should you or the Committee require any further information, please contact me on 6203 7360 or Mr Steven Lack 6203 7577.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Meert', is written over a horizontal line. The signature is stylized with a large, sweeping initial 'J'.

J Meert
Group Executive Director
Performance Audit Services Group