Processing of Incoming International Air Passengers

Australian Customs and Border Protection Service

Canberra   ACT
16 November 2009

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Australian Customs and Border Protection Service in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure. The report is titled *Processing of Incoming International Air Passengers.*

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

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Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra   ACT

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Abbreviations

APP	Advance Passenger Processing
BAGS	Baggage Action General Statistics
BCP	Business Continuity Plan
CAPS	Customs and Border Protection Airport Planning System
DIAC	Department of Immigration and Citizenship
DR	Disaster Recovery
ECP	Entry control point
IBM	International Business Machines Corporation
IT	Information Technology
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
PACE	Passenger Analysis, Clearance and Evaluation system
PCC	Primary Clearance Course
PIP	Passenger Integration Platform
POI	Persons of Interest
PBS	Portfolio Budget Statements
PSF	Practice Statement Framework
PSP	Primary Support Point
SOP	Standard Operating Procedure

Glossary

Entry Control Point — The point, controlled by Customs and Border Protection, where a traveller queues for the primary line and is immigration cleared.

Migration zone — The area consisting of the states, the territories, Australian resource installations and Australian sea installations and includes: (a) land that is part of a state or territory at mean low water; and (b) sea within limits of both a state or a territory and a port; and (c) piers, or similar structures, any part of which is connected to such land or to ground under such sea; but does not include sea within the limits of a state or territory but not in a port.

Passenger Analysis Clearance and Evaluation (PACE) system — A Customs and Border Protection computer system used to facilitate the movement of sea and air passengers and crew across Australian borders.

Primary Immigration Clearance — Initial immigration clearance processing of travellers by Customs and Border Protection, either manual or automated, at the point which travellers enter or depart Australia.

Primary line — The point, controlled by Customs and Border Protection, at which primary immigration clearance occurs.

Primary Support Point — The point, controlled by Customs and Border Protection, at which travel documents that have been identified at the primary line as requiring further checking are scanned and examined.

SmartGate — An automated border processing system that uses face recognition technology and the PACE system to clear travellers.

Summary and Recommendations

Summary

Introduction

1.   The Australian Customs and Border Protection Service (Customs and Border Protection) plays an important role in preventing the illegal movement of people and harmful goods across Australia's borders. The agency is required to process travellers (passengers and crew members) entering and departing Australia by air or sea, and identify persons of interest consistent with immigration, health, family law, law enforcement, and national security requirements.

2.   In December 2008, the Prime Minister announced that the then Australian Customs Service would be re-named the Australian Customs and Border Protection Service and that it would be given additional capabilities to respond to the resurgent threat to our borders of people smuggling by boat. A number of activities associated with the response to the increase in people smuggling by sea were transferred to Customs and Border Protection from the Department of Immigration and Citizenship (DIAC) as a machinery of government change.

3.   Customs and Border Protection processes travellers at the primary line where, on behalf of DIAC, it provides the primary immigration clearance function. There is a Memorandum of Understanding (MoU) between Customs and Border Protection and DIAC for the provision of these clearance services. DIAC undertakes secondary immigration clearance as required.

4.   Passenger volumes have been growing at major Australian international airports.[1] In particular, Customs and Border Protection experienced strong growth at Gold Coast and Darwin airports, where new services to Asia were introduced, and at Perth.

5.   In 2007, Customs and Border Protection reported 23.544 million incoming and outgoing passengers (by air and sea) to Australia, and expected an increase to 34.152 million by 2015.[2] Visitor arrivals by air are expected to grow on average by 4.9 per cent per annum. Notwithstanding the impact of the

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[1]   The major Australian international airports are in: Sydney; Brisbane; Cairns; Darwin; Melbourne; Adelaide; Perth and Gold Coast.

[2]   Australian Customs and Border Protection Service, *Strategic Outlook 2015.*

current economic downturn, the number of international air passengers entering Australia is estimated to increase from 22.9 million in 2005–06 to 29.9 million in 2011–12.[3]

Audit objectives and scope

6.   The objective of this audit is to assess Customs and Border Protection's processing of incoming international air passengers in the primary line, in particular the extent to which: (a) systems and controls effectively support the referral of incoming air passengers who pose a risk and those carrying prohibited items; (b) air passengers presenting an immigration risk are processed appropriately; and (c) Customs and Border Protection has arrangements in place to effectively promote co-operation and information sharing between Customs and Border Protection and DIAC.

7.   The audit focused on assessing Customs and Border Protection's systems, controls and mechanisms for information sharing and other arrangements in place to process incoming international air passengers in the primary line. This audit is the first in a planned program of audit work in passenger processing.[4]

Overall conclusion

8.   Customs and Border Protection is processing millions of passengers across the border each year and carries-out various functions on behalf of other agencies. To fulfil its role, Customs and Border Protection needs to strike an appropriate balance between facilitation and control in the movement of people and goods across the border. In particular, the agency requires sufficient trained staff, supported by effective processes and technology to select, search and examine those movements posing the greatest threat to border controls.[5]

9.   Overall, the ANAO concluded that Customs and Border Protection's management arrangements in the processing of incoming international air

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[3]   ibid.

[4]   Future audits are scheduled to cover Customs and Border Protection's: processing of incoming international air passengers in the secondary phase and how other agencies (such as AQIS or DIAC) manage their processing of incoming international air passengers; and SmartGate and its adherence to compliance standards and an assessment of its interoperability with related systems.

[5]   See : <http://www.customs.gov.au/site/page.cfm?u=4666> [accessed 15 June 2009].

passengers in the primary line are broadly effective. Air passengers presenting an immigration risk are processed appropriately. The routine for Customs and Border Protection officers undertaking primary line activities has been specifically designed in conjunction with DIAC to mitigate immigration risks at the border; and the routine was generally adhered to. Nevertheless, performance of some aspects of the routine were not consistently undertaken and cannot be clearly assessed or measured by Customs and Border Protection.

10. Customs and Border Protection's IT systems and control arrangements provide appropriate support to intercept incoming air passengers who pose a risk or may carry prohibited items. However, IT incident and IT problem management could be improved. Further, service times for IT incidents and problems should be established and documented, especially for those with a significant business impact.

11. Arrangements to share management information and promote cooperation between Customs and Border Protection and DIAC are sound, but there was no clear evidence of monitoring whether all the Key Performance Indicators (KPIs) were being met or not.

12. The ANAO has made four recommendations to strengthen Customs and Border Protection's processing of incoming international air passengers. These recommendations are directed to achieving: a consistent implementation and assessment of the routine required in the primary line; an up-to-date disaster recovery plan; the consistent recording and reporting of IT incidents and IT problems; and the regular monitoring and reporting of KPIs set out in the MoU between Customs and Border Protection and DIAC.

Key findings by Chapter

Role of Customs and Border Protection in the primary line (Chapter 2)

13. At international airports, Customs and Border Protection officers undertake the primary immigration clearance processing at the primary line on behalf of DIAC. Customs and Border Protection officers perform various tasks in the primary line that assist in facilitation, control and enforcement. They have the powers to clear passengers or refer them to DIAC who then make the assessment to allow or refuse entry to Australia.

14.   The routine for Customs and Border Protection officers at the primary line was generally adhered to across the airports examined by the ANAO (Sydney, Melbourne, Perth and Darwin). However, there were inconsistencies in conducting the specified routine, such as the `two point document check', which is the first task undertaken to `identify the passenger' entering Australia.

15.   Customs and Border Protection has an internal measure called the Entry Control Point (ECP) rate, a maximum average of 45 seconds, to process a traveller through the primary immigration clearance. The agency has reported meeting the ECP rate standard consistently across all the airports examined. However, a substantial amount of data is excluded from Customs and Border Protection's monthly ECP performance reporting.

16.   To assess the training needs and requirements of the agency's officers, a Primary Line Assessment Program has been implemented to provide effective manual primary immigration clearance. The technical aspects of training are, on the whole, consistently applied in Sydney, Melbourne, Perth and Darwin airports. Customs and Border Protection has introduced its *Engaging at the Frontline* training program which included topics such as principles of effective and tactical communication, engagement, importance of first impressions, dealing with conflict and other related topics.

17.   Customs and Border Protection's MoU with DIAC clearly stipulates the agreed terms on training. However, there is no regular training program conducted after an assessment period, that will assist in maintaining the quality and standard of Customs and Border Protection officers' performance at the primary line.

Arrangements to support the business (Chapter 3)

18.   In previous years, Customs and Border Protection used Standard Operating Procedures (SOPs) to provide guidance to its employees in performing their duties. The agency is currently in the process of developing its new Practice Statement Framework (PSF) that includes Instructions and Guidelines to replace its previous SOPs. Once finalised and if implemented well, the new PSF will be a useful tool in providing assistance and direction to Customs and Border Protection Passengers Division.

19.   Customs and Border Protection uses a resource planning system to achieve better sourcing in workforce planning. The resource planning system was recently replaced by a new airport planning system, the *Customs and*

Border Protection Airport Planning System (CAPS). The new system is operational in Melbourne and Gold Coast airports.

Business Continuity Management (Chapter 4)

20. Although Australia's international airports have different profiles with varying risks, the core business function of Customs and Border Protection in the airports, regardless of the location, remains the same. In general, the business continuity plans of the four airports and Customs and Border Protection national office are appropriate, however, inconsistencies exist.

21. At the time of audit, IT disaster recovery plans were not up to date to reflect the business environment in which Customs and Border Protection operates. Customs and Border Protection advised that the agency is developing nationally consistent arrangements for business continuity, which will be valuable in unifying airport operations across Australia.

IT incident and IT problem management (Chapter 5)

22. The IT incident management process of Customs and Border Protection's Passengers Division is appropriate, however, Customs and Border Protection officers performing primary line functions were generally unsure of the steps to take when an IT incident occurs with the Passenger Analysis Clearance and Evaluation system.[6] A consistent reporting approach is important as it will likely improve reporting of IT incidents, and assist in hastening the process of resolving them.

23. Customs and Border Protection Passengers Division has a severity rating system that is followed in recording IT incidents. The rating ranges from severity '1' to '4', with '1' being an IT incident with the highest business impact. IT incidents of a similar nature, but rated in their severity differently, had resolution times reflective of the severity rating that applied; the more severe the rating, the less time the incident took to resolve. However, service times for IT incidents have not been established and documented, especially for IT incidents with a significant business impact. The establishment of service times is important as it enables management to measure service performance and response times to IT incidents.

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[6] PACE is the system used to facilitate the movement of sea and air passengers and crew across Australian borders.

24. Problem management deals with resolving the underlying cause of one or more incidents. As with IT incidents, an appropriate balance is required between resolving IT problems quickly and solving them thoroughly to reduce any adverse effect on the agency's operations. Customs and Border Protection Passengers Division's reporting and monitoring of IT problems has not been consistent.

25. Although IT incidents and IT problems are tracked by Customs and Border Protection, their status is not always clear. Further, it is not directly linked to the longevity of open IT incidents or IT problems. In the highly operational environment of Customs and Border Protection, there should be clear parameters around the resolution timeframes and monitoring of IT incidents and IT problems.

Arrangements with the Department of Immigration and Citizenship (Chapter 6)

26. There is an MoU covering the provision by Customs and Border Protection of services in the primary line on behalf of DIAC. First signed in 1999, the MoU between Customs and Border Protection and DIAC for the provision of passenger clearance services has been updated and revised over the years to reflect the changes in Australian border security. The current MoU was signed in June 2008 and its Annex contains Customs and Border Protection and DIAC's agreed Key Performance Indicators (KPIs).

27. The basic elements that are contained in the MoU between Customs and Border Protection and DIAC are appropriate. The MoU contains KPIs relating to the referral and facilitation activities of both agencies. However, the KPIs have not been monitored and reported consistently.

Summary of agency response

28. The proposed report was provided to Customs and Border Protection and an extract was provided to DIAC for formal comment. Customs and Border Protection provided the following summary response, and the formal responses from both agencies are shown in Appendix 2.

> Customs and Border Protection welcomes the report on our Processing of Incoming International Air Passengers which confirms the effectiveness of processing of incoming international air passengers and intercepting passengers who pose a risk to Australia.

Customs and Border Protection agrees with the report's recommendations, with qualification. Mindful of that, work has already commenced on a number of initiatives to improve aspects of passenger processing, in particular in relation to improving the national consistency of primary line activities and the controls around IT problem management.

The recommendation to 'develop a means to measure and report the time taken to process passengers through the primary line', has been noted. Customs and Border Protection currently measure the time taken to process one passenger and the gap in between that passenger and the next passenger. This measurement is used for resource deployment purposes and in that context has been adequate to date. We acknowledge the measurement is not completely accurate in terms of the actual time taken to process a passenger, however for its purpose, and until a more accurate, cost effective measure is available, we will continue to employ the current methodology.

Recommendations

The ANAO's recommendations which aim to strengthen Customs and Border Protection's processing of incoming international air passengers are set out below. Report paragraph references and abbreviated responses from Customs and Border Protection are included.

Recommendation No. 1 **Para 2.24**	The ANAO recommends that Customs and Border Protection develops a means to: • assure itself that key aspects of the routine required of Customs and Border Protection officers performing primary line functions are consistently implemented across all international airports; and • measure and report the time taken to process passengers through the primary line. **Customs and Border Protection response:** *Agreed with qualification.*
Recommendation No. 2 **Para 4.14**	The ANAO recommends that Customs and Border Protection Passengers Division's disaster recovery plan: • is up-to-date and reflects Customs and Border Protection's current IT business environment; • aligns with its current IT service provider's disaster recovery plan for Customs and Border Protection; and • has response times that have been tested, recorded, monitored, and updated if necessary. **Customs and Border Protection response:** *Agreed.*

Recommendation No. 3

Para 5.34

The ANAO recommends that Customs and Border Protection:

- puts in place mechanisms so that the severity of IT incidents and IT problems is rated consistently;

- establishes acceptable service times for IT incidents and IT problems;

- monitors, tracks and links to specific recorded action times, all IT incidents and IT problems; and

- ascertains and reports in a consistent manner the (adverse) business impact of IT problems.

Customs and Border Protection response: *Agreed.*

Recommendation No. 4

Para 6.14

The ANAO recommends that in relation to its Memorandum of Understanding for the Provision of Clearance Services, that Customs and Border Protection works with the Department of Immigration and Citizenship to:

- monitor and report against the Key Performance Indicators (KPIs) regularly; and

- update the KPIs, if necessary.

Customs and Border Protection response: *Agreed.*

Audit Findings
and Conclusions

1.   Background and Context

This chapter provides the background and context for Customs and Border Protection's processing of incoming international air passengers, as well as the audit's objective, scope and methodology.

Introduction

1.1   The Australian Customs and Border Protection Service (Customs and Border Protection) plays an important role in preventing the illegal movement of people and harmful goods across Australia's borders.   The agency is required to process travellers (passengers and crew members) entering and departing Australia by air or sea, and identify persons of interest consistent with immigration, health, family law, law enforcement, revenue collection, community protection and national security requirements.

1.2   To fulfil its role, Customs and Border Protection:

- requires effective technology and IT systems that are combined with up-to-date intelligence to assess the threat posed by the movement of goods and people across the border;

- works with domestic and international law enforcement and intelligence agencies to promote the sharing of intelligence;

- uses technology to select, search and examine those movements posing the greatest threat to border controls;

- seeks to rapidly release through the border all low risk people or goods; and

- seeks to ensure high levels of staff competency to maximise the effectiveness of Customs and Border Protection's risk assessment and response activities.[7]

1.3   Customs and Border Protection processes travellers at the primary line where, on behalf of the Department of Immigration and Citizenship (DIAC), it provides the primary immigration clearance function. DIAC undertakes secondary immigration clearance as required. A Memorandum of

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[7]   See : <http://www.customs.gov.au/site/page.cfm?u=4666> [accessed 15 June 2009].

Understanding (MoU) exists between Customs and Border Protection and DIAC for the provision of these clearance services.

1.4 In December 2008, the Prime Minister announced that the then Australian Customs Service would be re-named the Australian Customs and Border Protection Service and that it would be given additional capabilities to respond to the resurgent threat to our borders of people smuggling by boat. A number of activities associated with the response to the increase in people smuggling by sea were transferred to Customs and Border Protection from the Department of Immigration and Citizenship (DIAC) as a machinery of government change.

The border environment

Growth in passenger numbers and incidences of non-compliance

1.5 Passenger volumes have been growing at major Australian international airports.[8] In particular, Customs and Border Protection experienced strong growth at Gold Coast and Darwin airports, where new services to Asia were introduced, and at Perth.

1.6 In 2007, Customs and Border Protection reported 23.544 million incoming and outgoing passengers (by air and sea) to Australia, and expected an increase to 34.152 million by 2015.[9] Visitor arrivals by air are expected to grow on average by 4.9 per cent per annum. Notwithstanding the impact of the current economic downturn, the number of international air passengers entering Australia is estimated to increase from 22.9 million in 2005–06 to 29.9 million in 2011–12.[10]

1.7 Customs and Border Protection seeks to manage this growth through capitalising on their skilled staff and physical infrastructure at each airport; placing a premium on both the efficiency and effectiveness of its operations.[11]

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[8] The major Australian international airports are in: Sydney; Brisbane; Cairns; Darwin; Melbourne; Adelaide; Perth and Gold Coast.

[9] Australian Customs and Border Protection Service, *Strategic Outlook 2015.*

[10] Australian Customs and Border Protection Service, *Strategic Outlook 2015.*

[11] Australian Customs and Border Protection Service, *Annual Report 2007–08*, p. 12.

Processing of incoming air passengers

1.8   Customs and Border Protection provides 'end-to-end' passenger and crew processing dealing with all passengers and crew arriving (incoming) and departing (outgoing) Australia.[12] For incoming passengers, this involves:

- pre-arrival risk assessments based on advance passenger data, information and intelligence to identify potential persons of interest;

- primary interventions for identity verification, legislative entry processing and to activate secondary assessment of persons of interest;

- assessment of passengers and crew at the border; and

- secondary interventions for the further assessment of persons of interest.[13]

1.9   Incoming international air passengers to Australia pass through the primary processing and the secondary processing phases. Primary processing ends and secondary processing begins once a passenger exits the Entry Control Point (ECP) and proceeds to collect their baggage.[14]

1.10   Customs and Border Protection has a processing facilitation standard that 95 per cent of incoming air passengers will be processed through the ECP within 30 minutes of joining the inwards queue.[15] In 2007—08, Customs and Border Protection processed 97.8 per cent of incoming air passengers within 30 minutes of them joining the inwards queue. Table 1.1 below shows Customs and Border Protection's annual reported performance from 2004–05 to 2007–08.

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[12]   Australian Customs and Border Protection Service, *Annual Report 2007–08*, p. 10.

[13]   ibid.

[14]   The ECP is the point where Customs and Border Protection, on behalf of DIAC, provides the primary immigration clearance function to incoming passengers.

[15]   Australian Government, *Portfolio Budget Statements 2009–2010*, p. 123. The longstanding key performance indicator has been reported against dating back to the then Australian Customs Service's 1990–91 Annual Report. The formula measures the time each passenger takes to clear the ECP from when they arrive at the terminal, and assumes a dwell time of up to 17 minutes between aircraft arrival and when they arrive at the ECP. This formula has been agreed with government (Australian Customs and Border Protection Service, p. 36).

Table 1.1

Customs' Performance against targets set in the Portfolio Budget Statements

	2004–05	2005–06	2006–07	2007–08
No. of incoming international passengers (air + sea)	10 530 367	10 923 453	11 471 495	12 159 845
No. of incoming international crew (air + sea)	921 435	941 837	952 403	1 013 485
Proportion of incoming international air passengers processed through the ECP within 30 minutes of joining the queue	95.1%	94.7%	96.5%	97.8%
No. of incoming air passenger referrals to Immigration (I) and Health (H)[16]	I – 266 731 H – 3 707	I – 252 135 H – 4 813	I – 230 694 H – 5 785	I – 272 014 H – 6 527

Source: Customs and Border Protection annual reports

1.11   Detection and seizure of prohibited imports from air passengers remained strong in 2007—08. Customs recorded 12 082 incidences of non-compliance. The incidence of firearms and other weapons increased by approximately 55 per cent (from 997 in 2006—07 to 1536 in 2007—08) and 30 per cent (from 1742 in 2006—07 to 2269 in 2007—08) respectively.[17]

1.12   Figure 1.1 provides a general illustration of the processing of incoming international air passengers.

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[16]   Health referrals are made to AQIS at the primary line, who carry out the initial health assessment on behalf of the Department of Health and Ageing. This audit includes arrangements relating to Customs and Border Protection's immigration related referrals and excludes referrals made in relation to health.

[17]   These included goods such as martial arts weapons, anti-personnel sprays (mace), soft air pistols and flick knives.

Figure 1.1

Processing of Incoming International Air Passengers
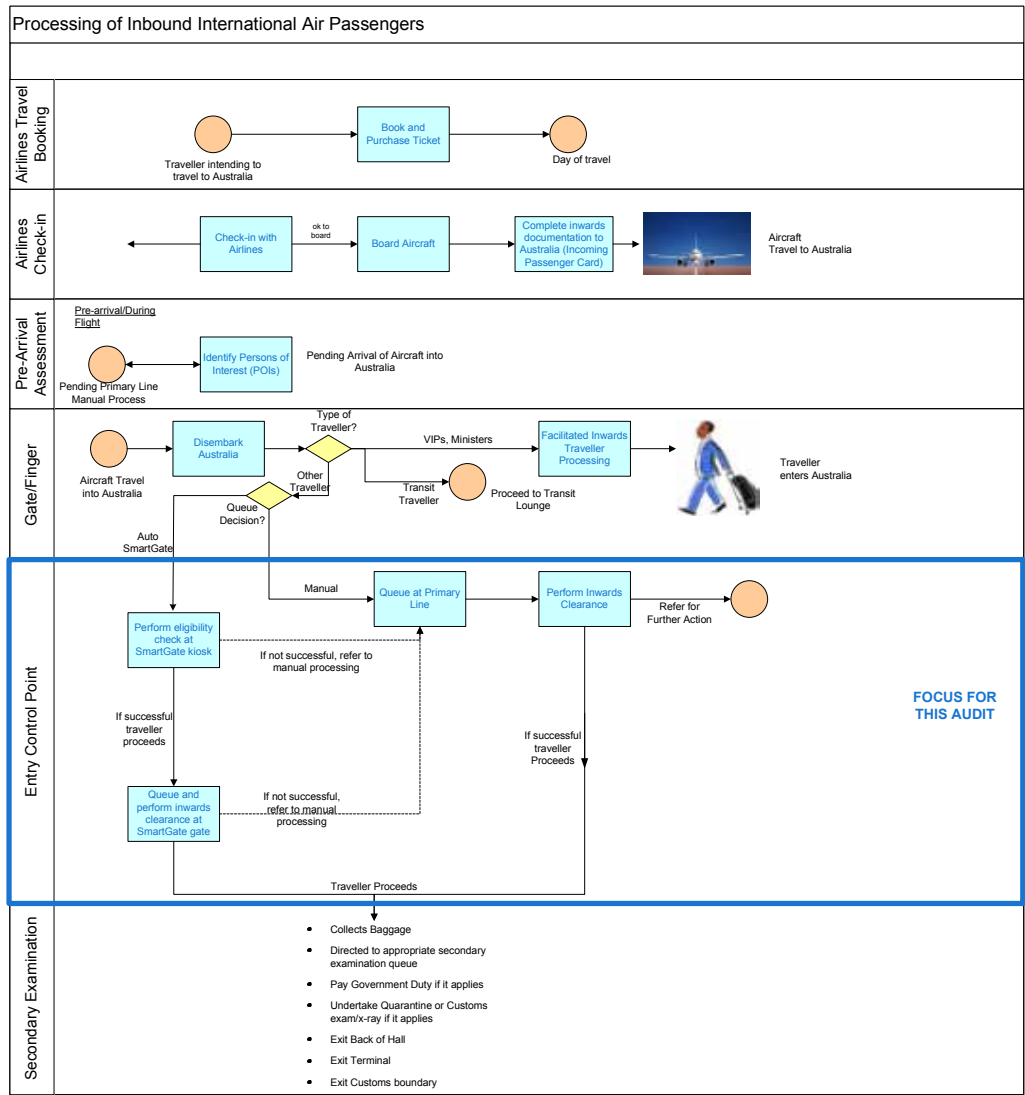
Source: ANAO from Customs and Border Protection documentation

The objective and scope of this audit

1.13   The objective of this audit is to assess Customs and Border Protection's processing of incoming international air passengers in the primary line, in particular the extent to which: (a) systems and controls effectively support the referral of incoming air passengers who pose a risk and those carrying prohibited items; (b) air passengers presenting an immigration risk are

processed appropriately; and (c) Customs and Border Protection has arrangements in place to effectively promote co-operation and information sharing between Customs and Border Protection and DIAC.

1.14   The audit focused on assessing Customs and Border Protection's systems, controls and mechanisms for information sharing and other arrangements in place to process incoming international air passengers in the primary line.

1.15   This audit is the first in a planned program of audit work in passenger processing.[18]

Audit methodology

1.16   The audit methodology included:

- interviews with officers from Customs and Border Protection's national office, and state officers from Sydney, Melbourne, Perth and Darwin international airports;

- observations of Customs officers performing primary clearance functions in the four airports mentioned above;

- analyses of databases and spreadsheets relating to IT incident and IT problem management reporting and performance reporting; and

- examination of files and records.

1.17   The ANAO was conducted in accordance with ANAO auditing standards at a cost of approximately $360 000.

Structure of the report

1.18   The remainder of the report is structured into the following five chapters, which examine:

- what the primary line is, the authorisation that Customs and Border Protection officers have, the tasks they perform, the training and development they receive to perform their functions in the primary

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[18] Future audits are scheduled to cover Customs and Border Protection's: processing of incoming international air passengers in the secondary phase and how other agencies (such as AQIS or DIAC) manage their processing of incoming international air passengers; and SmartGate and its adherence to compliance standards and an assessment of its interoperability with related systems.

line, and the approach to understanding the passenger experience in the primary line (Chapter 2);

- the arrangements to support Customs and Border Protection's processing of incoming international air passengers, including its Practice Statement Framework and management of its primary line resources (Chapter 3);

- Customs and Border Protection's business continuity management for processing incoming international air passengers, including IT disaster recovery planning (Chapter 4);

- Customs and Border Protection Passengers Division's IT incident and IT problem management processes (Chapter 5); and

- Customs and Border Protection's Memorandum of Understanding with the Department of Immigration and Citizenship (Chapter 6).

2. Role of Customs and Border Protection in the primary line

This chapter examines what the primary line is, the authorisation that Customs and Border Protection officers have, the tasks they perform, the training and development they receive to perform their functions in the primary line, and the approach to understanding the passenger experience in the primary line.

Introduction

2.1   Immigration clearance in the primary line[19] regulates the entry of persons to Australia so that those who enter have authority to do so, that they are who they claim to be and that they provide other information if required to do so (that is, for example, an incoming passenger card).[20]

2.2   In this process, a clearance officer (the Customs and Border Protection officer) or an authorised system (known as 'SmartGate') examines a person's authority to enter Australia as well as the person's travel document. When the person's identity and authority to enter are confirmed, and any other information required is provided, the clearance officer or the authorised system formally clears that person for entry to the *migration zone.[21]*

2.3   To be effective, Customs and Border Protection officers performing primary line functions require authorisation, well-defined roles and responsibilities, and an appropriate training and development program.

Powers of Customs and Border Protection officers in the primary line

2.4   Customs and Border Protection has broad powers to screen people, both Australian citizens and non-citizens, and goods at the border.

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[19]   The primary line is the point, controlled by Customs, at which Primary Immigration Clearance occurs.

[20]   Department of Immigration and Citizenship, Procedures Advice Manual 3, *Immigration Clearance,* section 3.

[21]   The *migration zone* means the area consisting of the states, the territories, Australian resource installations and Australian sea installations and, to avoid doubt, includes: (a) land that is part of a state or territory at mean low water; and (b) sea within limits of both a state or a territory and a port; and (c) piers, or similar structures, any part of which is connected to such land or to ground under such sea; but does not include sea within the limits of a state or territory but not in a port.

Questioning and baggage examination are integral to the performance of these functions. Customs and Border Protection officers are authorised under the *Customs Act 1901* and other pieces of Commonwealth legislation, such as the *Migration Act 1958* and the *Quarantine Act 1908* among others, to exercise their powers in an airport and aviation environment.[22]

2.5 At international airports, Customs and Border Protection officers undertake the primary immigration clearance processing at the primary line on behalf of the Department of Immigration and Citizenship (DIAC). As authorised *clearance officers*, Customs and Border Protection officers have the powers to question persons entering Australia to provide evidence of identity.[23]

Customs and Border Protection powers to clear or refer immigration clearance

2.6 Customs and Border Protection officers in the primary line have the powers to clear and are required to refer passengers to DIAC who make the assessment to allow or refuse entry to Australia. Customs and Border Protection officers can clear Australian citizens and non-citizens if they have:

- entered Australia at either a port or at a prescribed or authorised location other than a port;

- presented for clearance without unreasonable delay;

- provided the necessary documents; and

- left the clearance area with the permission of the clearance officer, and are not in immigration detention.[24]

2.7 Customs and Border Protection officers will refer to DIAC when a person:

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[22] Customs officers are also authorised to exercise their powers in an airport and aviation environment by other pieces of legislation aside from those mentioned. These include the *Environment, Protection and Diversity Act* and the *Financial Transactions Reports Act 1988*.

[23] Customs officers performing these functions are authorised by the Minister to act as *clearance officers* as defined in the *Migration Act 1958*. While Customs and Border Protection officers have the powers of clearance officers as defined in the *Migration Act 1958*, DIAC advised that they only exercise those powers within the parameters of the Memorandum of Understanding between Customs and Border Protection and DIAC.

[24] Department of Immigration and Citizenship, Procedures Advice Manual 3, *Immigration Clearance*, section 5 and Customs and Border Protection advice.

- has refused to, or was unable to, show a clearance officer evidence of their identity and a visa; or

- has refused to, or was unable to, give a clearance officer the information required on a passenger card; or

- is subject to Immigration referral; or

- is subject to Customs and Border Protection initiated risk managed referral.[25]

Tasks performed by Customs and Border Protection officers in the primary line

2.8 Customs and Border Protection officers performing primary line functions have a range of roles and responsibilities. In administering the primary line function, Customs and Border Protection officers carry out tasks that include:

- facilitating the movement of legitimate people (performing the primary immigration clearance function) and goods into and out of Australia in line with Government legislation and processing standards;

- exercising border controls on behalf of Customs and Border Protection and a variety of other agencies; and

- enforcing security measures at the primary line.

2.9 As discussed in paragraph 1.10, Customs and Border Protection has a processing facilitation standard. This is based on the time spent queuing for the primary line. The standard is expressed as:

> 95 per cent of passengers cleared through the Entry Control Point (ECP) within 30 minutes of arrival at the ECP.[26]

2.10 In order to meet this standard, Customs and Border Protection has set an internal management standard of an average 45 seconds 'cycle processing time' per passenger through the primary line.

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[25] Department of Immigration and Citizenship, Procedures Advice Manual 3, *Immigration Clearance*, section 6 and Customs and Border Protection advice.

[26] Australian Government, *Portfolio Budget Statements for 2008–09*. Customs and Border Protection advised that the benchmark of 95 per cent is not linked to any figure, real or notional, of 'legitimate' passengers.

2.11   In general, the ANAO observed that Customs and Border Protection officers performing primary line functions conducted the tasks that are expected of them. However, some Customs and Border Protection officers were uncertain about which tasks should take precedence if there was conflict between them, or between the tasks and meeting the 45 seconds processing time. There is an inherent tension between the agency's internal standard of processing passengers within 45 seconds and performing primary line tasks, to an appropriate standard, that requires ongoing management focus.

Inconsistent performance in conducting the routine

2.12   It is important in any operational environment to establish clear expectations (such as a routine), and link those expectations to the tasks that need to be undertaken. Customs and Border Protection's routine for its officers undertaking primary line activities has been specifically designed in conjunction with DIAC to ensure that immigration risks at the border are mitigated. This routine includes:

(a)   identifying the passenger;

(b)   classifying and processing the passenger;

(c)   checking the summary line; and

(d)   finish processing (stamp passport or refer to DIAC if necessary).[27]

2.13   The routine is taught to Customs and Border Protection officers as part of the DIAC component of the Passenger Clearance Course delivered to Customs and Border Protection. DIAC advised that 'its training to Customs and Border Protection officers stipulates and repeats on numerous occasions that officers are required to follow the four-step Primary Line Officer routine for each and every passenger'.[28]

2.14   Further, Customs and Border Protection officers are provided very detailed and specific guidelines on how to conduct the routine. For example, in 'identifying passengers', their training manual stipulates that:

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[27]   Department of Immigration and Citizenship, *Passenger Clearance Course Manual 2007*, p. 15. Also indicated in all of Customs and Border Protection's training materials for its officers performing primary line activities.

[28]   The routine is also part of Customs and Border Protection's Primary Line Assessment Program that evaluates Customs and Border Protection officers performing primary line functions.

> A Primary Line Officer MUST identify the passenger to the travel document by undertaking a deliberate face to passport check.[29]

2.15 The ANAO found that although the routine was generally adhered to across the airports, there were inconsistencies in conducting the specified routine. For example, the `two point document check', is the first task undertaken to identify passengers entering Australia. The ANAO observed 114 `modules' of Customs and Border Protection officers performing primary line functions and found that in 80 of the 114 `modules' (70 per cent) officers conducted deliberate face to passport checks or some other form of face to passport checks.[30] However, for 34 of the `modules' (30 per cent), it could not be discerned whether deliberate or some other form of face to passport checks were being conducted.

2.16 Customs and Border Protection considers that, in some of the cases above, a face to passport check may have been undertaken but it may not have been overt. The ANAO acknowledges this possibility, however, Customs and Border Protection has no means by which it can confirm that such checks, deliberate or not, are being made consistently.

2.17 The ANAO observed that with some other aspects of the routine, it could not be clearly discerned whether these were being conducted by the Customs and Border Protection officers performing primary line functions. For example, Customs and Border Protection officers are required to undertake a manual check of the biopage of a passenger's passport to assess whether it has been tampered with.[31] However, the ANAO observed that this was not undertaken consistently.

2.18 Customs and Border Protection advised that their Fraudulent Travel Document Detection System is used to assess the genuineness of a passenger's passport and, consequently, some Customs and Border Protection officers do

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[29] Department of Immigration and Multicultural and Indigenous Affairs, *Passenger Clearance Course,* February 2005, p. 17.

[30] *Deliberate face to passport checks* can occur when a passenger's passport is lifted at a certain angle by the Customs and Border Protection officer and is checked against the passenger's face. *Some other form of face to passport checks* can occur when the Customs and Border Protection officer checks the passenger's passport against the passenger's face other than a deliberate face to passport check. For example, taking the passenger's passport first and looking at the passenger without lifting the passenger's passport.

[31] Department of Immigration and Multicultural and Indigenous Affairs, *Passenger Clearance Course,* February 2005, and Customs and Border Protection Airport Operations Sydney Passengers Division, *Primary Officer Assessment Program,* January 2009.

not undertake a manual check. However, Customs and Border Protection's training materials still suggest that its officers review a passenger's passport for any indicators that it may have been tampered with. In this context, DIAC advised that:

> Customs and Border Protection's Fraudulent Travel Document Detection System is not capable of detecting all types of fraudulent travel documents. The i-Authenticate readers only scan the bio-page of the document, they do not necessarily detect other types of passport alterations that would render the passport unacceptable. Therefore, it is considered essential that officers still need to review the passenger's passport for other indicators that it may have been tampered with. DIAC continues to train Customs and Border Protection staff to conduct a quick passport examination focusing on 'appearance, edges, alignment and feel'.[32]

2.19 The ANAO acknowledges that it is difficult to measure with precision the performance of key steps in the routine in the primary line, but it is important that Customs and Border Protection has confidence that the routine is being performed to the standard expected. In this context, Customs and Border Protection has advised that it is developing a 'Quality Assurance Process' that will assist management in determining compliance (or non-compliance) to the stipulated routine in the primary clearance function.

Conducting the routine within (a maximum average of) 45 seconds – the Entry Control Point rate

2.20 Customs and Border Protection has an internal measure called the Entry Control Point (ECP) rate, a maximum average of 45 seconds, that is the result of calculating how long on average it takes to process a traveller though the primary line. The ECP rate is important as:

- it represents how much time is available in order to meet the standard of 95 per cent of passengers within 30 minutes of joining the ECP queue (as discussed in paragraph 2.9 and referred to in the Portfolio Budget Statements). Allowing an average of 45 seconds per traveller enables

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[32] DIAC advised that alterations that can be detected only by manual examination which may suggest that the document is fraudulent can include: problems with other pages (for example, missing watermarks or other security features), false visa stamps/labels, counterfeit pages, misspelt words, incorrect thickness of pages, poor quality of print, whether any pages have been removed/replaced, atypical texture or colour of pages of cover, evidence of re-stitching the passport and relative condition of the passport in comparison to its age. [Advice received from the Department of Immigration and Citizenship, 19 October 2009].

Customs and Border Protection officers performing primary line functions to meet this requirement;

- it is the cycle time considered in planning the deployment of staff to ensure that the facilitation standard can be met;[33] and

- it forms part of Customs and Border Protection officers' performance assessment when performing primary line functions.[34]

2.21 Customs and Border Protection has reported meeting the ECP rate standard consistently across all international airports.[35] However, the ECP rate is calculated only after excluding the processing time of `individuals' whose processing time exceeds 180 seconds (or three minutes), and for `groups' and to passengers that have been `referred' whose processing times are over 300 seconds (or five minutes).[36]

2.22 The ANAO examined the total ECP data that has been excluded across all international airports. The ANAO found that for the period April 2008 to July 2009, Customs and Border Protection excluded on average a total of 9.25 per cent of total ECP data across all eight international airports, with July and August 2008 posting a `low' exclusion average of 7.93 per cent and May 2009 posting a `high' exclusion average of 11.82 per cent. The percentage of `excluded data' is not indicated in the performance reports submitted to management. Without the exclusion, the ECP rate would be higher than is currently reported.

2.23 Customs and Border Protection has acknowledged that the ECP rate is not an accurate measurement of actual processing times of passengers in the primary line. Although the ECP rate is only an internal management measure, it is linked to how Customs and Border Protection is able to meet the standard of processing 95 per cent of passengers within 30 minutes of joining the ECP queue. A more accurate measure of the time taken by Customs and Border Protection officers to perform their primary line functions would also provide important information for management purposes.

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[33]   Advice received from Customs and Border Protection, 5 August 2009.

[34]   Australian Customs and Border Protection Service, *Primary Officer Assessment Process,* March 2009.

[35]   Monthly ECP rates tested for individual airports were for the period January 2007 to March 2009.

[36]   The ECP time is the average of the processing time divided by the individual and group counts.

Recommendation No.1

2.24 The ANAO recommends that Customs and Border Protection develops a means to:

- assure itself that key aspects of the routine required of Customs and Border Protection officers performing primary line functions are consistently implemented across all international airports; and

- measure and report the time taken to process passengers through the primary line.

Customs and Border Protection response: *Agreed with qualification.*

Customs and Border Protection currently measure the time taken to process one passenger and the gap in between that passenger and the next passenger. This measurement is used for resource deployment purposes and in that context has been adequate to date. We acknowledge the measurement is not completely accurate in terms of the actual time taken to process a passenger, however for its purpose, and until a more accurate, cost effective measure is available, we will continue to employ the current methodology.

Training

2.25 Training is critical to the efficiency and effectiveness of the primary immigration clearance function. Customs and Border Protection and DIAC have agreed to implement and support a Primary Line Assessment Program to ensure effective manual primary immigration clearance.[37]

2.26 The Primary Line Assessment Program is implemented through the Primary Clearance Course (PCC), developed and delivered mainly by DIAC. The MoU between Customs and Border Protection and DIAC stipulates the training and development of Customs and Border Protection officers in the primary line. The ANAO examined the overall training provided to Customs and Border Protection officers in the primary line, and the frequency of the training provided.

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[37] Memorandum of Understanding that concerns the collaborative working relationship between the Australian Customs Service and the Department of Immigration and Citizenship, Annex-Immigration Clearance-Air, June 2008, section 7, p. 7.

Training provided to Customs and Border Protection officers

2.27   Training is essential so that the function of primary line processing is maintained at an efficient and accurate level, and in accordance with identified standards and work targets.[38] As discussed in paragraph 2.26, the PCC is primarily developed and delivered by DIAC. The ANAO observed that the technical aspects of training are, on the whole, consistently applied in Sydney, Melbourne, Perth and Darwin airports.

2.28   Customs and Border Protection has introduced its *Engaging at the Frontline* training program which included topics such as principles of effective and tactical communication, engagement, importance of first impressions, dealing with conflict and other related topics.[39] Further, Customs and Border Protection officers performing primary line functions are also trained on cultural awareness, public relations and questioning techniques.

2.29   In general, the ANAO considers the coverage of topics in the PCC and the current Customs and Border Protection training materials for its officers performing primary line functions to be appropriate and relevant.

Guidance on questioning passengers

2.30   Questioning incoming passengers is part of Customs and Border Protection's risk assessment process. Customs and Border Protection officers have extensive powers to question incoming passengers to ascertain if a passenger presents a risk.[40] Questions are asked to confirm: information provided on the incoming passenger card; any other questions for risk assessment purposes; and on behalf of the other agencies that Customs and Border Protection represents at the border.

2.31   At the time of audit, the ANAO found that there was no specific guidance, through the Instructions and Guidelines (or Standard Operating Procedures) provided to Customs and Border Protection officers performing primary line functions regarding the parameters of the 'power to question

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[38]   Australian Customs and Border Protection Service, Airport Operations Sydney, *Primary Officer Assessment Program,* January 2009, p. 3.

[39]   Customs and Border Protection advised that the *Engaging at the Frontline* program was conducted for 12 months ending in June 2009 and was attended by the vast majority of Customs and Border Protection Passengers Division operational staff at the airports. The program has been collapsed into the Customs Trainee program and the agency's *Leading at the Frontline* program.

[40]   Customs and Border Protection's questioning powers are specified under: Section 195(1) of the *Customs and Border Protection Act 1901;* and the *Migration Act 1958* (Section 166(1) (b) and Section 506(3)).

passengers'. Specific guidelines with explicit boundaries on questions that can (and cannot) be asked would assist Customs and Border Protection in assessing and measuring the performance of its officers performing primary line functions. Further, it would assist Customs and Border Protection in answering complaints and allegations of inappropriate line of questioning or intrusion of privacy that the agency receives from the public.

2.32 Customs and Border Protection has since produced a draft and final versions of its training modules on *Questioning Techniques and Elements* and *Standard Questions.*

Frequency of training

2.33 It is important that Customs and Border Protection officers performing primary line functions are regularly assessed to determine their training needs and requirements, and identify any gaps. In its Memorandum of Understanding with DIAC, the agreed terms on training and development are clearly stipulated. For example, DIAC will provide training at least every 12 months to Customs and Border Protection officers returning to primary line duties and to those who need it following completion of the primary line assessment program.[41]

2.34 Given the complexities and resource constraints at the airports, the frequency of training may vary. However, in a highly operational service environment such as Customs and Border Protection – regular, consistent and even frequent training, not only optimises the use of human resources (by increasing their productivity) but also assists the agency in achieving its immediate goals, including meeting standards in facilitating passengers.

2.35 The ANAO suggests that a program be developed that includes regular (whether annually, bi-annually or quarterly) assessment of Customs and Border Protection officers performing primary line functions. It would be helpful for refresher training courses to be scheduled after each assessment period to allow for timely training of all Customs and Border Protection officers who need it.

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[41] Memorandum of Understanding between the Australian Customs Service and the Department of Immigration and Citizenship, June 2008.

Passenger experience

2.36   To gain an overall indication of the level of international passengers' experience through Australian airports, Customs and Border Protection has engaged an independent survey involving face-to-face interviews for incoming and outbound passengers. First introduced in April 2007,[42] the survey is conducted during the last ten days of every month at each of the major airports in Australia.[43]

2.37   Passengers are surveyed on overall satisfaction with service provided by Customs and Border Protection officers, waiting time, service aspects and asked for any improvement suggestions.

2.38   Overall, from July 2007 to June 2008, 97 per cent of incoming international passengers reported being satisfied with the service received from Customs and Border Protection officers at the primary line (or at passport control). Further, 78 per cent during this timeframe stated that they were 'very satisfied'. However, some variation between individual monthly reporting periods in the level of those reporting themselves to be 'very satisfied' was evident. Significant decreases were noted in October 2007 and January 2008.

2.39   The ANAO considers that the Passenger experience survey is a good initiative for Customs and Border Protection to gain an understanding of international passengers' experience (and satisfaction) in the primary line.

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[42]   TNS Social Research, *Passenger Experience Survey July 2007 to June 2008,* p. 3.

[43]   <http://www.customs.gov.au/site/page.cfm?u=5941> [accessed 8 July 2009]. Surveys are conducted by TNS Social Research.

3. Arrangements to support the business

This chapter examines the arrangements to support Customs and Border Protection's processing of incoming international air passengers, including its Practice Statement Framework and management of its primary line resources.

Introduction

3.1   The main role of Customs and Border Protection's Passengers Division is the end-to-end passenger and crew processing that supports legitimate travel, the interventions needed to prevent illegal movement of people.[44] Given the challenges in this type of environment, it is vital to have the appropriate supporting infrastructure, including manual and automated processes, to assist in the operations of the business.

Customs and Border Protection's Practice Statement Framework

Customs and Border Protection's Standard Operating Procedures to be replaced with the Practice Statement Framework

3.2   In previous years, Customs and Border Protection used Standard Operating Procedures (SOPs) to provide guidance to its employees in performing their duties.[45] The agency has introduced a new Practice Statement Framework (PSF) that includes Instructions and Guidelines which are being developed to replace its previous Standard Operating Procedures (SOPs). Practice Statements communicate Customs and Border Protection's high-level policy. Customs and Border Protection's policies and procedures are established through the PSF rather than through Minutes, Memorandums, emails or any other forms of communication. Minutes are still issued to provide short-term direction and assistance. However, it is expected that a Practice Statement is issued or amended subsequently to reflect the additional

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[44]   The role of Customs and Border Protection Passengers Division includes the processing of goods that passengers bring across the border, and the collection of associated revenue. This was outside the scope of the audit.

[45]   These SOPs were developed centrally or by the airports directly.

guidance provided in the Minute.[46] The new PSF is illustrated in Figure 3.1 below.

Figure 3.1

Customs and Border Protection Passengers Division's Practice Statement Framework
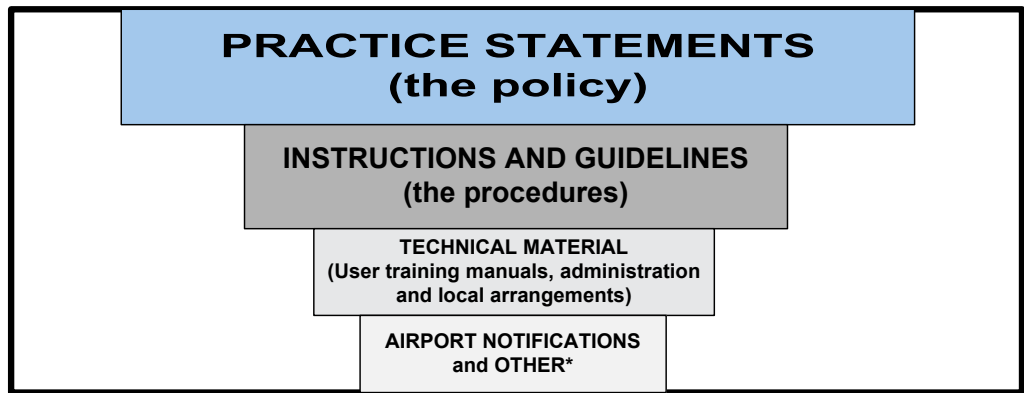
* - Other can include emails, Advices, Minutes, Memorandums and any documentation that provides guidelines to Customs and Border Protection officers at the airport in administering their roles and responsibilities.

Source: ANAO analysis

3.3   At the time of audit, most of the airports examined by the ANAO were using Standard Operating Procedures pending the finalisation of the Instructions and Guidelines. Customs and Border Protection advised that the Passengers Division was in the process of developing Practice Statements and related Instructions and Guidelines for its primary clearance functions which were expected to be completed by end September 2009.

3.4   Once finalised and if implemented well, the new PSF will assist Customs and Border Protection Passengers Division to perform their functions efficiently and consistently across Australia's international airports.

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[46]   ibid.

Managing Customs and Border Protection's primary line resources

Workforce Planning

3.5 Workforce or resource planning is essential in operational environments as it assists management in making human resource decisions. It anticipates changes in events and workforce issues, and prepares for the right number of people, skills and competencies that are needed in current and future environments.

3.6 Currently, Customs and Border Protection is working on a systematic and long-term approach towards workforce planning. Customs and Border Protection's *Workforce Planning 2015* is in a draft form and is still being finalised. The document addresses the expected workforce size, structure and shape in the years to come. Operationally, workforce or resource planning was being undertaken in the four airports visited by the ANAO.

Workforce planning in the primary line

3.7 In the 2007 Rehbein *Review of Passenger Functions at International Airports (*the *Rehbein Report)*, workforce planning in the primary line was identified as being based on: scheduled aircraft arrival and departure times; average passenger loads and average processing rates.[47] The ANAO observed that these are still the key drivers in the current inwards processing environment.

3.8 A day (or at times, a few hours) before an aircraft is scheduled to arrive in Australia, the actual time of its arrival and the actual number of passengers in the aircraft are identified. The operational planners in the airports will then calculate the number of Customs and Border Protection officers needed to process the number of passengers arriving, including officers who will be performing the primary line functions.

3.9 The ANAO assessed the process in considering resource requirements in the primary line. In particular, the ANAO examined how resources were managed and optimised.

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[47] Rehbein AOS, *Review of Passenger Functions at International Airports – for Australian Customs Service,* 10 January 2007, pp. 21-23.

Reliability of the resource planning system

Airport planning system

3.10   In 2007, an 'airport planning system' was introduced to the airports. This initial 'airport planning system' was intended as a tool to achieve better resourcing in workforce planning. The system also assisted airports in their planning and forecasting activities.[48]

3.11   The ANAO examined how the airports were able to manage their resources through the use of the 'airport planning system'. The ANAO found that, on the whole, airports were able to manage and make best use of their primary line resources. However, the ANAO observed that the 'airport planning system' was not as useful to the smaller airports (Perth and Darwin) as a planning and forecasting tool as it was to the bigger airports (Sydney and Melbourne). Its use was not as extensive in the smaller airports as the full functionality of the 'airport planning system' was not required.

3.12   Further, the airport planning system was originally developed as a workforce resource and planning tool by Customs and Border Protection in Sydney for its own operations. The functionality of the airport planning system was simply adapted for use in other airports.

3.13   At the time of audit, Customs and Border Protection informed the ANAO that the agency is developing a new airport planning system, the *Customs and Border Protection Airport Planning System* (CAPS*).* 'User acceptance testing' was still being conducted during this time. Customs and Border Protection has advised that the system is now operational, and currently in use in Melbourne and Gold Coast airports.

SmartGate – the automated process

3.14   SmartGate is an automated border processing solution that performs Customs and Border Protection and DIAC checks normally undertaken by a Customs and Border Protection officer when a traveller arrives in Australia.[49] SmartGate uses 'face recognition technology'[50] to confirm the traveller's

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[48]   National Airport Planning Interface Training Guide, v8.

[49]   Australian Customs Service, *SmartGate Program Assurance Review 2007*, 26 April 2008.

[50]   'Face recognition technology' works by mapping the underlying bone structure of the face, for example, the distances between eyes, nose, mouth and ears. The measurements are then digitally coded to be used for comparison and verification purposes. With SmartGate, a mathematical formula is used to determine whether the traveller's face matches their ePassport photo.

identity using the digitised image of the traveller stored in Australian and New Zealand ePassports.[51] This new system was developed by Customs and Border Protection as a response to projected increased in traveller numbers and resultant space constraints if current manual clearance methods continued.[52]

3.15   In the 2005–06 Budget, Customs and Border Protection received funding over four years (the Australian Government committed $61.7 million),[53] towards the phased introduction of the new SmartGate into Australia's international airports.

3.16   The new SmartGate is the production version of SmartGate that was rolled out from 2007.[54] This version was developed as a two-step model involving a kiosk and a gate (as pictured in Figure 3.2). This two-step model is intended to provide additional flexibility and capacity for Customs and Border Protection, particularly in managing queues.

3.17   As at July 2009, SmartGate is operational at six Australian airports: Brisbane (August 2007); Cairns (January 2008); Melbourne (September 2008); Adelaide (December 2008); Perth (April 2009);[55] and Sydney (July 2009). Further, three offshore kiosks were installed in Auckland airport, commencing operation in September 2008. Customs and Border Protection is finalising its strategy for the implementation of SmartGate at additional international airports.

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[51] All Australian passports issued after 24 October 2005 and all New Zealand passports issued after November 2005 are called ePassports. An ePassport has a microchip embedded in the centre pages and an international ePassport symbol on the front cover. The microchip contains the same personal information that is on the colour photo page of the ePassport, including a digitised photograph. SmartGate can be used by Australian and New Zealand ePassports, aged 18 or over. It will be gradually opened to other nationalities that have ePassports.

[52] See: <http://www.customs.gov.au> [accessed 15 June 2009].

[53] Australian Customs Service, *SmartGate Program Assurance Review 2007*, 26 April 2008.

[54] See: <http://www.customs.gov.au> [accessed 15 June 2009].

[55] At the time of ANAO fieldwork in Perth airport, SmartGate was not yet functional and its infrastructure, both the kiosk and gate, were still being set-up.

Figure 3.2

SmartGate Kiosk and Gate

Source: Customs and Border Protection

ANAO observations of SmartGate

3.18   Future ANAO audit activities are scheduled to cover Customs and Border Protection's management of SmartGate, once it is fully operational across Australia. In the interim, Customs and Border Protection requested the ANAO conduct a preliminary assessment of SmartGate to determine whether the system is carrying out the checks that are normally undertaken by a Customs and Border Protection officer performing primary line functions.

3.19   At the time of audit fieldwork, SmartGate was only operational in Melbourne and not in Sydney, Perth or Darwin airports. Acknowledging that a full assessment cannot be made, the ANAO compared the intended benefits of SmartGate with observations of SmartGate operations.[56] Table 3.1 shows this analysis.

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[56]   The benefits of SmartGate are identified in Customs and Border Protection's website, See: <http://www.customs.gov.au>.

Table 3.1

ANAO's preliminary analysis of SmartGate

Identified benefits of SmartGate	ANAO comment*
Option for travellers to self-process	The ANAO found that incoming passengers to Australia, particularly those who have just arrived from long-haul flights or travelling for business, would like to be processed as quickly as possible. The option to self-process is a big advantage. The ANAO also found that a number of returning Australians (both passengers and a number of Qantas crew, particularly the pilots) were keen to use SmartGate, and those who did not have the ePassports were visibly disappointed when they learned they could not use the system or process. Most of these passengers were keen to replace their existing passports with the ePassports so they can use SmartGate next time around.
Ability to process increasing numbers of passengers	The ANAO did not conduct an official measurement of the processing times of SmartGate, but observed that, in general, the entire process (at both the kiosk and gate) was smooth and uneventful. This was particularly evident when processing returning Australians who are frequent travellers.[57] Given this efficiency, it is apparent that SmartGate has the capability to process large number of passengers, particularly as the number of travellers eligible to use the system increases over time.

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[57] The ANAO was able to ascertain the returning Australians who were frequent travellers as they were very familiar with the SmartGate process, that is, walking confidently to the kiosk and gate, immediately removing their eyeglasses or hats (as required), and knowing where to look in the gate so their photo can be taken.

Identified benefits of SmartGate	ANAO comment*
Enhanced border security	Cannot be fully ascertained in this audit. The ANAO observed that some passengers were also referred when they were not successful in using SmartGate. At the time of fieldwork, there were at least two Customs and Border Protection officers (called Marshals) positioned around SmartGate, to assist passengers and refer to manual processing those who were not successful in using the system.
Deter the use of forged or stolen passports	Cannot be fully ascertained in this audit. Similar to above, the ANAO observed that some passengers were referred when they were not successful in using SmartGate, which could mean (among others) that the photo taken of the passenger (by SmartGate) does not match the passport that was just scanned. However, in this audit, the ANAO was not in a position to assess SmartGate's capability to detect fraudulent passports.

Source: ANAO analysis

* Based on observations in Melbourne airport only.

3.20 At the time of audit, Customs and Border Protection was monitoring SmartGate in Brisbane, Cairns, Melbourne, Adelaide and Auckland international airports, and prepared a monthly report distributed to relevant areas within the agency.[58] The ANAO was not in a position to assess the accuracy of this information.

3.21 However, the ANAO considers that for Melbourne airport, on the whole, Customs and Border Protection and incoming passengers to Australia are benefitting from the introduction of SmartGate.

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[58]   The monthly reports included monitoring of: the number and percentages of 'current users' of the system on a monthly basis, including SmartGate's eligibility and usage for the previous 12 months; incidents (both reported and outstanding) and problems encountered on SmartGate are also documented and reported to relevant internal stakeholders; kiosks and gate referrals; and average times for a traveller to clear at the kiosk and gate.

4. Business Continuity Management

This chapter examines Customs and Border Protection's business continuity management for processing incoming international air passengers, including IT disaster recovery planning.

Introduction

4.1   Business continuity management is the development; implementation and maintenance of policies, frameworks and programs to assist an entity manage a business disruption, as well as build up entity resilience.[59] It is the capability that assists in preventing, preparing for, responding to, managing and recovering from the impacts of a disruptive event.[60]

4.2   Business continuity management prepares the steps the entity will take to recover and return to normality. It involves designing business processes and information architecture to limit single points of failure, and developing support area and business unit contingency plans and business resumption plans.[61] The business continuity management process includes establishing the maximum periods (known as the maximum tolerable period of disruption) for which critical processes can be disrupted or lost altogether, before it threatens the achievement of entity objectives.[62]

Customs and Border Protection Passengers Division's business continuity plans (BCPs)

4.3   A business continuity plan should be a commonsense document that addresses the specific circumstances and needs of the business. It provides practical strategies to follow in a crisis, such as a fire, flood, storm, explosion, adverse market or financial circumstances, computer viruses or power outages. A good business continuity plan will give a better understanding of how the

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[59]   Resilience comes from tackling the likelihood as well as the consequences of disruptive events. Therefore it is important to have both effective risk management and business continuity management frameworks in place.

[60]   *ANAO Better Practice Guide–Business Continuity Management, Building resilience in public sector entities,* June 2009, p. 2.

[61]   Business continuity management also includes defining escalation procedures, and obtaining contact details for key personnel and for other entities where an important interdependency exists.

[62]   *ANAO Better Practice Guide–Business Continuity Management, Building resilience in public sector entities,* June 2009, p. 2.

business works, the risks it faces and the things that need to be done to assure recovery from an incident.[63]

4.4   The ANAO examined the airports' BCPs (see Appendix 1) and assessed these against Customs and Border Protection Central Office's BCP in relation to processing passengers.

Why it is important to make the BCPs consistent

4.5   Although the airports have different profiles with varying risks, the core business function of Customs and Border Protection in the airports, regardless of the location, remains the same. That is, to facilitate the legitimate movement of travellers, passengers and crew, across the border and to improve the level of detection of, and act upon, unlawful activity. To provide assurance that this function continues in all airports, despite a disaster or crisis situation, a consistent approach is needed.

4.6   As illustrated in Appendix 1, the ANAO compared the BCPs of Customs and Border Protection Central Office and the four airports visited by the ANAO. The ANAO found that the content included in the BCPs was appropriate. In general, the BCPs of all the four airports and Customs and Border Protection Central Office contain similar content. However, at the time of audit, the ANAO found some differences in terms of coverage. Examples of these follow:

- The Melbourne airport has two topics in its business continuity plan that are not included in the BCPs of Sydney, Perth or Darwin. These are arrangements for 'Reduced Staffing Matrix', and 'Prohibited Imports Seizure Notification.[64]

- None of the four airports have arrangements in their BCPs for 'Requirements for critical continuing services', which is a topic included in Customs and Border Protection's national BCP.

4.7   Customs and Border Protection has advised that the agency is currently developing a nationally consistent BCP for passenger processing. This involves

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[63]   See :<http://www.ag.gov.au/agd/www/nationalsecurity.nsf/Page/Information_For_Business_Continuity>. [accessed 4 June 2009].

[64]   Subsequently, Customs and Border Protection informed the ANAO that arrangements relating to 'Reduced staffing matrix' have been produced and as part of its national business continuity process, are being incorporated into the national Business Continuity Plan.

completing a business impact analysis, which will look at all its critical processes. This will form part of the BCP, which will address all the risks identified in its business impact analysis.

4.8 The ANAO considers this as a good initiative to make all arrangements (or plans) for business continuity consistent and comprehensive across all international airports.

IT disaster recovery planning

4.9 Disaster can strike anywhere at any time. How well equipped an agency is to manage disaster and resume normal operations is critical in any operational environment. Further, agencies that rely on IT systems need to conduct disaster recovery planning.

4.10 IT disaster recovery planning is the mechanism by which technology systems (computer systems and associated infrastructure) are recovered in line with the needs of the entity.[65]

4.11 In processing passengers, Customs and Border Protection uses various computer systems and applications, and requires highly available integrated systems. Given the importance of these IT systems to Customs and Border Protection's operations, it is essential for the agency to have an effective and robust IT Disaster Recovery Plan.

4.12 The ANAO examined Customs and Border Protection Passengers Division's IT 'disaster recovery plan' dated 2006, and found that:

- The 'disaster recovery plan' is not an actual disaster plan but a 'business guide' developed to provide information to Customs and Border Protection's previous IT service provider. In the 'business guide', it stated that the disaster recovery plan and strategy that the previous IT service provider implemented at that time focused more on technical recovery procedures, and not the business outcomes.[66]

- The 'business guide' was not meant to replace Customs and Border Protection's previous IT service provider's disaster recovery plan but

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[65] *ANAO Better Practice Guide–Business Continuity Management, Building resilience in public sector entities,* June 2009, p. 79.

[66] Australian Customs Service, *Passengers Branch Disaster Recovery Business Guide,* 10 July 2006, version 1.0.

provide information to the previous IT service provider that will enable them to deliver a complete end-to-end business focused disaster recovery plan.[67]

- The 'business guide' identified disaster recovery actions that have not been tested. For example, the guide identified a disaster action to 'check PACE disaster recovery, PIP disaster recovery and IAT disaster recovery (DR) software versions'. The disaster action description for this states that,

    The versions and builds of the Passenger Branch DR system must always be the same as the version installed in the Passenger Branch Production site. Importantly, this should be achieved in conjunction with ongoing change and release management for both the production and DR sites. Consequently, the two sites will be synchronised before a disaster occurs.[68]

    However, the expected duration for the disaster action was identified as 'Unknown' as it has not been tested.

4.13 The ANAO considers that:

- The Passengers Division's disaster recovery plan (business guide) should be updated to reflect the agency's actual and current disaster recovery plan requirements. Assumptions included in the 'business guide' were made to provide information or guidance to Customs and Border Protection's previous IT service provider. The agency's current IT service provider is now IBM (since May 2008).

- The Passengers Division's disaster recovery plan should reflect IBM's current and complete business focused disaster recovery plan for Customs and Border Protection, including a disaster recovery plan for the PACE application, for both the Customs and Border Protection Central Office and the airports.

- All disaster recovery actions should be tested in order for the agency to ascertain the exact or approximate duration of how long the disaster action will take. Not knowing the expected duration will pose a risk as it may impede the success of a disaster action and expose the agency.

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[67] ibid.

[68] Australian Customs Service, *Passengers Branch Disaster Recovery–Business Guide,* 10 July 2006, version 1.0.

Recommendation No.2

4.14 The ANAO recommends that Customs and Border Protection's Passengers Division have a disaster recovery plan that:

- is up-to-date and reflects Customs and Border Protection's current IT business environment;

- aligns with its current IT service provider's disaster recovery plan for Customs and Border Protection; and

- has response times that have been tested, recorded, monitored, and updated if necessary.

Customs and Border Protection response: *Agreed.*

5.   IT incident and IT problem management

This chapter examines Customs and Border Protection Passengers Division's IT incident and IT problem management processes.

Introduction

5.1   To enable a stable IT environment, it is important to have an incident and problem management framework in place to minimise the adverse impacts of both incidents and problems.

The purpose of Incident Management

5.2   The objective of Incident Management is to restore normal operations as quickly as possible with the least possible impact on either the business or the user, at a cost-effective price.[69] Customs and Border Protection's Passenger Enabling Section has defined an incident as:

> Any event which is not part of the standard operation of a service and which causes, or may cause, an interruption to, or a reduction in, the quality of service.[70]

5.3   The ANAO examined Customs and Border Protection's IT incident management process including the detection and reporting of IT incidents; how they were recorded and allocated severity ratings; and how long it took to resolve them.

Customs and Border Protection Passengers Division's IT incident management process

5.4   In Passengers Division, when an IT incident occurs or is detected, the system user (that is, a Customs and Border Protection officer) should report the incident to Customs and Border Protection IT Service Desk. An IT Service Desk Support Officer, who classifies and assigns a severity rating to the incident, should log the incident. This is the first level of support. If the incident is not resolved, it should be escalated to a second level and if still

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[69]   See: <http://www.itlibrary.org> [accessed 4 June 2009].

[70]   Customs and Border Protection, Passenger Systems Incident Management Process, as of 1 April 2009 v0.1.

unresolved, the incident should go up to a third level or even a fourth level, which is the final stage. Figure 5.1 illustrates a simplified, one-way version of Passengers Division's incident management process.

Figure 5.1

Simplified one-way version of Passengers Division's IT Incident Management Process
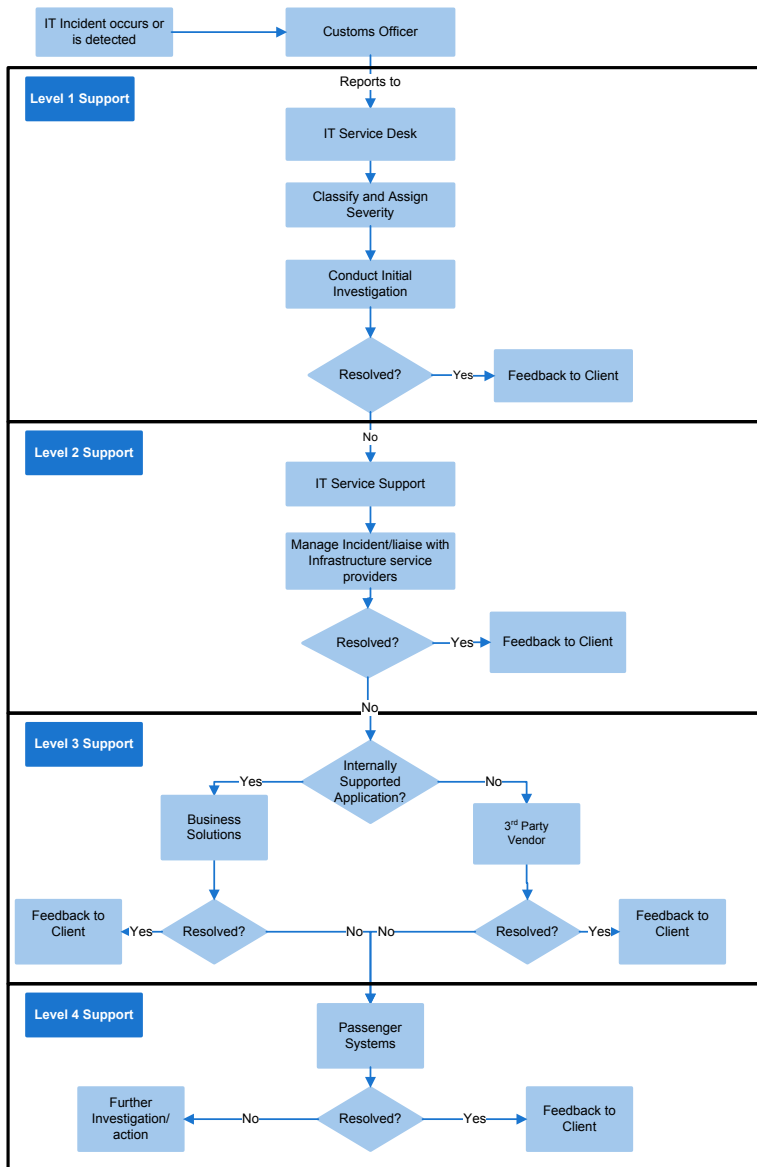
Source: ANAO and Customs and Border Protection

5.5   The ANAO considers the IT incident Management process of the Passengers Division to be sound. However, in this process, it is critical for a Customs and Border Protection officer who is experiencing an incident to know what to do when an incident is detected and how to report it.

Detection and reporting of IT incidents

5.6   The Passenger Analysis Clearance and Evaluation (PACE) is the main system used in the primary line. The ANAO tested how IT incidents covering PACE were reported.

5.7   At the time of audit, the ANAO found that, in reporting IT incidents, Customs and Border Protection officers performing primary line functions were generally unsure of the steps they need to take when a PACE incident occurs. There was no consistent approach in reporting IT incidents. The ANAO considers that having clear, consistent guidelines in reporting IT incidents across all airports will likely improve reporting of IT incidents, which should assist in hastening the process of resolving them.

5.8   Customs and Border Protection has informed the ANAO that it has issued advice in the form of an Airport Notification that covers the Passenger Systems Incident Management Process.[71] The Airport Notification includes: the IT systems' user's responsibilities in relation to reporting IT incidents; how to manage IT incidents; and escalation procedures.[72]

Recording IT incidents and allocating their severity ratings

5.9   Customs and Border Protection's Passengers Division has prepared a severity-rating table that is followed in recording IT incidents. Every incident reported is allocated a severity rating by Customs and Border Protection's IT Service Desk or by Passenger Systems (that is, the Passenger Enabling Section). The rating ranges from Severity 1 to Severity 4, with Severity 1 being the most severe and with the highest business impact. Customs and Border Protection's table of severity ratings follows:

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[71]   The advice issued on 22 May 2009 was intended for all Customs and Border Protection officers using any IT systems within the Passengers Division.

[72]   Australian Customs and Border Protection Service, *AN2009–08 Passenger Systems Incident Management Process,* 22 May 2009.

Table 5.1

Customs and Border Protection Passengers Division's Severity Ratings

SEVERITY	CRITERIA	PRACTICAL	Class A Application	Class B Application	OTHER
SEV 1 **Highest Business Impact & Priority** **Example: Major service outage**	Stops or limits all, or a significant number of users/clients **OR** Affects multiple sites or a significant single site **OR** Prevents a critical business deadline or legal obligation being met **OR** Adversely impacts or prevents critical business outcomes (i.e. those measured by Key Business Measures)	Normal major business operations at one or more sites cannot continue **OR** Stops or limits all, or a significant number of users/clients or affects multiple sites or a significant site **OR** Infrastructure or services delivering Category A Application to users/clients is unavailable NOTE: Unavailable includes total outage or degradation of performance such that normal business process operations cannot be performed	Application, service or infrastructure used to deliver the Application is unavailable	N/A	Significant single or multiple sites affected Significant external users affected
SEV 2 **Highest Business Impact** **Example: Severe service outage**	Marginally impacts all or a significant number of users or multiple sites **OR** Critically impacts some users in a business line	Normal major business operations are significantly affected **OR** Category A Application service is partially unavailable or partially degraded **OR** Infrastructure that delivers a Category A Application is partially unavailable or significantly degraded **OR** Prevents a clearly defined important (but not mission critical) deadline or legal obligation from being met	Partially unavailable **OR** Performance issues	Application service or infrastructure used to deliver the Application is unavailable	Non-major single site unavailable
SEV 3 **Limited Impact**	Prevents a less critical business deadline or legal obligation being met **OR** Reduces productivity of 1 or more users	Small number of users are being affected in carrying out normal business operations **OR** Non-category A or B Application, or the service or infrastructure used to delivery that Application is unavailable	Not a severity 2 or 4	Partially unavailable **OR** Performance issues	Batch processing deliverable at risk
SEV 4 **Minor or no Business Impact**	A system, function or service that minimally affects the end user	Users are affected but not to the extent that normal business operations and outcomes are compromised Inquiry or non-incident request	Minor response time **OR** function not working	N/A	Non-problem File restore, MAC, procurement request

Source: Customs and Border Protection

5.10   The ANAO observed that the severity rating was applied to all IT incidents recorded. The ANAO analysed all the IT incidents and their severity ratings from 1 January 2007 to 20 March 2009. The ANAO noted that for this

period, Customs and Border Protection Passengers Division recorded 1649 PACE and Passengers Integration Platform (PIP) incidents.[73] Table 5.2 shows the severity ratings of the various PACE and PIP incidents for the period 1 January 2007 to 20 March 2009.

Table 5.2

Severity ratings of PACE and PIP incidents recorded

Severity rating	2007	2008	2009*	Total per severity rating
1	2	13	0	15
2	10	87	27	124
3	113	1241	143	1497
4	3	0	10	13
Total per year	128	1341	180	**1649**

Source: ANAO analysis

   *2009 data is from 1 January to 20 March 2009.

5.11   The ANAO found that similar IT incidents had varying severity ratings recorded. For example, in the IT incidents assessed, there are similar IT incidents with varying severity ratings. The ANAO found that in these instances, the incidents whose ratings were allocated a 3 or higher (meaning, not as severe based on Table 5.1 above) were recorded as having taken longer to resolve as compared to the same incidents being allocated a rating of 1 or 2 (meaning, more severe), which were recorded as being resolved relatively faster. Examples of two such incidents are in Table 5.3.

Table 5.3

Similar PACE and PIP incidents with different severity ratings

Case Study 1: Non-receipt of Alert reports

Customs and Border Protection produces weekly PACE review reports and disseminates them to other Commonwealth agencies. When an agency does not receive their weekly report, Customs and Border Protection identified this as a PACE incident.

On 1 February 2008, an incident was reported by Customs and Border Protection that PACE alert reports were not being received by an external agency.

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[73]   PIP is an enterprise application integration platform used to link both internal and external applications via a message-based communication system.

This same incident was reported as to have occurred again, four days later, on 5 February 2008. In the first instance, the issue was classed as being of severity '2', in the second, as severity '3'.

Classed as severity '2', the incident was resolved within four hours of it being reported to have opened, however, when classed as severity '3', it took more than 147 days to resolve. That is, when PACE alert reports were not being received on 5 February 2008; the incident logged was left open and unresolved until 1 July 2008. Though external service center records show that the incident was transferred on the 7 February 2008 to be a problem with the external agency, Customs and Border Protection's records maintain that it was closed some five months later.

Case Study 2: Passenger Processing down airport terminal wide

Passengers are processed at the primary line using the electronic PACE system. If the PACE system fails, Customs and Border Protection officers need to revert to manual processing or alternative modules, depending on the severity of the PACE failure.

In two airports, the PACE processing screen was freezing, thereby keeping officers from logging on. Both airports reported this issue on 27 December 2007.

One was resolved and closed within two hours of it being raised as a severity '1' incident. The other, rated severity '3', was not resolved until 1 January 2008 (five days later). The latter, though reported to have resolved five days after it was opened, was actually resolved at the airport within a few hours of it being initially raised.

Source: ANAO analysis from the PACE & PIP Incidents summary reports from January 2007 to March 2009.

How long it took to resolve IT incidents

5.12 It is critical to resolve IT incidents within established service times. At the time of audit, Customs and Border Protection Passengers Division did not have established service times for its IT incidents. In analysing the 1649 PACE and PIP incidents, the ANAO found that:

- 47 per cent of these incidents were recorded as resolved within 24 hours;

- 28 per cent were recorded as resolved within 30 days or less; and

- 22 per cent were recorded as resolved between 30 days and 366 days.[74]

At the time of audit, the remaining three per cent were still unresolved or still open.

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[74] These are PACE and PIP incidents from January 2007 to 20 March 2009.

5.13   The ANAO also found that:

- the average time it took to resolve PACE and PIP incidents was 31 days;

- 38 of the 56 (68 per cent) of records that were open at 20 March 2009 remained open or unresolved for more than 30 days;

- Eight of the 56 (14 per cent) of records that were open at 20 March 2009 remained open or unresolved for more than 366 days; and

- One record of the 56 (one per cent) that was open at 20 March 2009 remained open or unresolved for 676 days.

5.14   It is important for Customs and Border Protection to have documented service times and to consider whether the aforementioned resolution times are acceptable, particularly given the operational nature of Customs and Border Protection's processing environment.

More severe incidents were recorded as taking longer to resolve

5.15   The ANAO also identified PACE and PIP incidents whose severity ratings were 1 (meaning, with highest business impact and priority) or 2 (has a high business impact) that took over a month (more than 40 days) to resolve (see Table 5.4).

Table 5.4

IT incidents with 1 and 2 severity ratings that took more than 40 days to resolve

Even when IT incidents were rated as most severe and reported to have a significant business impact, it can take more than 40 days for Customs and Border Protection to resolve them.

When no PACE servers were available, rated as severity '1', the agency's records show that it took 46 days, from 16 July 2008 to 2 September 2008 to resolve.

When duplicate movement records were being generated on 14 September 2007, the incident was rated '2', but was recorded as not resolved until 20 February 2008, some 159 days later.

When PACE alerts did not print on 12 December 2007, it took until 19 May 2008 (161 days later) for the incident to be recorded as resolved.

When Customs and Border Protection was unable to send notification reports to PACE users external to their agency, which occurred on 9 January 2008, it wasn't until 23 June 2008 (167 days after) that the incident was recorded as resolved.

Source: ANAO analysis from the PACE & PIP Incidents summary reports from January 2007 to March 2009.

5.16 The ANAO considers that the time taken to restore severe IT incidents should be documented, monitored and reported to relevant stakeholders. Monitoring and reporting of IT incidents and problems are discussed in paragraphs 5.28 to 5.33.

Customs and Border Protection Passengers Division's IT problem management

IT problem management

5.17 Problem management deals with resolving the underlying cause of one or more incidents. The focus of problem management is to resolve the root cause of errors and find permanent solutions.

5.18 Customs and Border Protection has defined a problem to be the unknown underlying cause of one or more incidents, a condition often identified as a result of multiple incidents that exhibit common symptoms.[75] Customs and Border Protection also advised that,

> Typically, a problem is not raised as a consequence of a single incident although this does sometimes happen. More often, problems are raised as a result of two or more incidents exhibiting the same symptoms.[76]

Customs and Border Protection's process for IT problem management

5.19 Customs and Border Protection has defined problem management as the discipline of applying standardised methods and procedures to effect efficient coordination and resolution of problems with Customs and Border Protection IT Services.[77]

5.20 Figure 5.2 illustrates Customs and Border Protection's IT Problem Management Process Integration.
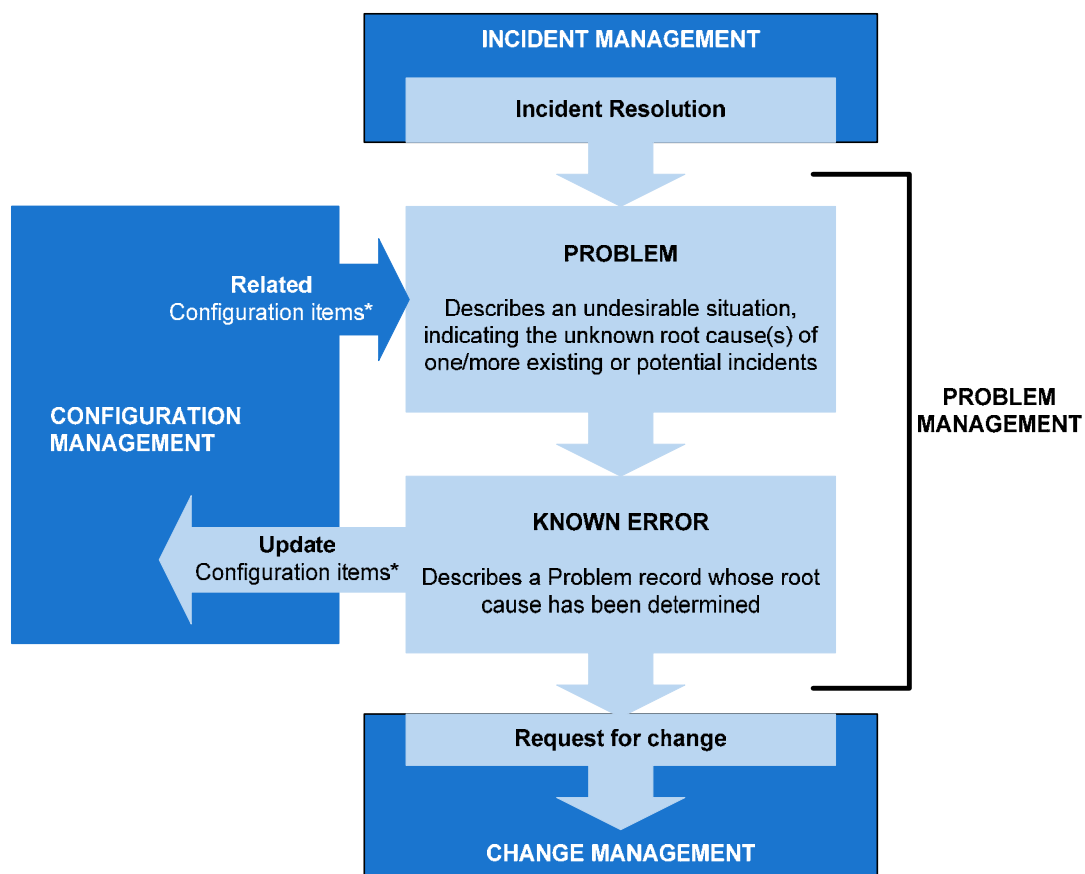
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[75] Advice from Customs and Border Protection's Passenger Enabling Section, provided to ANAO on 27 May 2009.

[76] ibid.

[77] Customs and Border Protection, *Instructions and Guidelines Customs IT Problem Management,* September 2008, p. 5.

Figure 5.2

Customs and Border Protection's IT Problem Management Process Integration

* A configuration item is any component that needs to be managed in order to deliver an IT service.
Source: Customs and Border Protection

5.21   In order for the 'Problem Management Process Integration' to work effectively, it is important to: (a) record IT problems and their severity ratings as accurately as possible; and (b) that the IT problem is resolved over a reasonable period. The ANAO assessed both in the succeeding paragraphs.

Recording IT problems

5.22   The ANAO noted that from 1 January 2007 to 20 March 2009, Customs and Border Protection Passengers Division recorded 74 IT problems. Table 5.5 below shows the severity ratings of the various PACE and PIP problems for this period.

Table 5.5

Severity ratings of PACE and PIP problems recorded

Severity rating	2007	2008	2009*	Total per severity rating
1	0	11	0	11
2	1	13	2	16
3	6	30	7	43
4	3	1	0	4
Total per year	**10**	**55**	**9**	**74**

Source: ANAO analysis

5.23   The ANAO analysed all of Passengers' PACE and PIP problems and their severity ratings from 1 January 2007 to 20 March 2009, and assessed its correlation to incidents that have been recorded for the same period. The ANAO found that there is some ambiguity with regards to how IT incidents related to IT problems that were recorded. The ANAO found that there is a lack of congruency in how IT incidents and IT problems were named and described.

5.24   For example, an IT incident described as 'intermittent problem with PACE alerts at Cairns airport' occurred twice,[78] on 1 October 2008 and again on the 31 October 2008. As discussed in paragraph 5.18, a corresponding problem should exist because the same incident that exhibited the same symptoms occurred twice. However, in this example the ANAO found that a corresponding problem did not appear in Customs and Border Protection's records for the period.[79]

5.25   There are risks if IT problems are not directly attributable to IT incidents. These include:

- Multiple IT problems can exist for the same IT incident or group of similar IT incidents, which impacts on how Customs and Border Protection can manage IT problems, particularly their ability to

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[78]   Where occurrence is taken to be the incident's opening date.

[79]   The single IT problem recorded that related to Cairns International Airports is described as being a 'delay in displaying Full Identification Details (FID) at Cairns airport'. A delay is displaying FID could be an intermittent problem with PACE alerts, but could just as easily be the opposite. The ANAO found that the aforementioned problem could not be the corresponding problem for these incidents as it was closed three months before the incidents had ever existed.

minimise the occurrence of IT incidents affecting the availability of IT services; and

- It can hinder Customs and Border Protection's attempts at initiating corrective actions to prevent IT incidents in the future from occurring, which, by Customs and Border Protection's own guidelines, is one of the main objectives in undertaking IT Problem Management.[80]

Customs and Border Protection's ability to manage their IT systems, including the management of IT problems, is important to the successful execution of their deliverable services.

How long it took to resolve IT problems

5.26 The ANAO also analysed the length of time it took to resolve IT problems from January 2007 to 20 March 2009. The ANAO found that:

- 43 out of 74 records (58 per cent) were still open as at 20 March 2009;

- 18 out of 74 records (24 per cent) were resolved within 31 days or more, reaching up to 365 days (one year) before it was resolved.

- 11 out of 74 records (15 per cent) were resolved within thirty days or less; and

- Two out of the 74 records (three per cent) were resolved within 24 hours.

5.27 The ANAO considers that although the speed in resolving a problem is not as important as finding a solution to the IT problem, it is still important to monitor and report on the length of time it takes to resolve an IT problem, and what the consequence and the impact of that IT problem is to everyday operations.

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[80] Customs and Border Protection, *Instructions and Guidelines for IT Problem Management*, September 2008, p. 5.

Monitoring and reporting IT incidents and IT problems

5.28   Key activities of incident management include monitoring, tracking and communicating about incidents (or problems).[81]   It is also essential to provide management information about Incident Management quality and operations.[82]

5.29   In November 2008, Customs and Border Protection established a *Passengers and IT Consultative Forum (the Forum),* whose members are relevant officers of Passengers Division and Customs and Border Protection IT. The *Forum* was intended to be a weekly meeting.[83]

5.30   The ANAO found the *Forum* to be an important initiative as it provides an opportunity to discuss relevant issues, such as IT incidents and problems, experienced within the Passengers Division. Further, aside from the Minutes that are released at the conclusion of every meeting, there is also an 'Action Items' sheet which tracks the item (or issue); action details; responsibility; comments; and status of the item.

5.31   However, the ANAO found that:

- Although IT incidents and IT problems are monitored and tracked, it is not clear from the 'Status' in the Action Items of the Forum's meeting minutes if an incident has been ongoing for a long period. 'Status' is identified to be: Outstanding; Still Evaluating; Progressing; or Monitor. It is not apparent how long an issue has been Outstanding or Progressing. As discussed in paragraphs 5.13 to 5.16, there have been several IT incidents (and problems) that have not been resolved for 30 days or more, and even severe IT incidents that have not been resolved for more than six months to over a year; and

- It cannot be ascertained what the direct consequences are, or what the adverse business impact is, for IT incidents (or IT problems) that have not been resolved for a long period. Although the ANAO found that in the *Forum* meeting minutes, it indicated that 'Customs and Border Protection IT is needed to provide the analysis, so preventative measures are in place and availability remains high' — there has been

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[81]   See: <http://www.itlibrary.org> [accessed 4 June 2009].

[82]   ibid.

[83]   There were no meetings held for the month of December 2008.

no analysis on the impact of IT incidents (or IT problems), particularly for ones with severity ratings of 1 or 2. Further, this analysis should be presented and reported to relevant stakeholders of the agency.

5.32 The ANAO considers that in a highly operational environment such as Customs and Border Protection Passengers Division, there should be clear monitoring and tracking of IT incidents and IT problems, including specified or indicative timeframes of how long the IT incident (or IT problem) will be resolved or closed. Further to what has been discussed in paragraph 4.2 above, maximum periods (known as the maximum tolerable period of disruption) should be established. This is particularly important to IT incidents (or IT problems) that are considered more severe as compared to others. Similarly, there should be some form of analysis conducted on what the business impact is for IT incidents (or IT problems) that have not been resolved for a long period, or at the timeframe defined by the agency.

5.33 The ANAO was advised that currently, Customs and Border Protection Passengers Division 'does not have a clearly defined Problem Management governance framework' nor 'clearly defined problem management procedures', but that Customs and Border Protection has commenced developing them.[84]

Recommendation No.3

5.34 The ANAO recommends that Customs and Border Protection:

- puts in place mechanisms so that the severity of IT incidents and IT problems is rated consistently;

- establishes acceptable service times for IT incidents and IT problems;

- monitors, tracks, and links to specific recorded action times, all IT incidents and IT problems; and

- ascertains and reports in a consistent manner the (adverse) business impact of IT problems.

Customs and Border Protection response: *Agreed.*

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[84]   Customs and Border Protection advice to ANAO dated 27 May 2009.

6. Arrangements with the Department of Immigration and Citizenship

This chapter examines Customs and Border Protection's Memorandum of Understanding (MoU) with the Department of Immigration and Citizenship (DIAC).

Introduction

6.1　Customs and Border Protection has a number of arrangements in place with various Commonwealth and state agencies, private corporations and other external entities to facilitate the end-to-end processing of passengers to and from Australia. Most of Customs and Border Protection's arrangements with other Commonwealth agencies are in the form of a Memorandum of Understanding (MoU).

6.2　Commonwealth agencies commonly use an MoU to define a working relationship. It creates a platform for a clear understanding of each agency's commitments, purpose, and sets out expectations from either party.

6.3　There is an MoU covering the provision by Customs and Border Protection of services in the primary line on behalf of DIAC. The ANAO was informed that the working relationship between the two agencies is very constructive. This sentiment was expressed by both agencies across all levels, offices and all airports tested for this audit. This is a credit to both agencies.

Memorandum of Understanding (MoU) between Customs and Border Protection and DIAC

6.4　First signed in 1999, the MoU between Customs and Border Protection and DIAC for the provision of passenger clearance services has been updated and revised over the years to reflect the changes in Australian border security. The current MoU signed in June 2008 was the key document examined in this audit.

Content and structure

6.5　It is fundamental for an MoU to have the appropriate framework. Getting the content and structure right assists in implementing the MoU particularly where there are shared resources or workflows. Notwithstanding change in titles over the years, the main purpose of the MoU between Customs

and Border Protection and DIAC has remained the same, that is, to ensure the efficient immigration clearance of travellers (passengers and crew) and the integrity of Australia's borders.[85]

6.6   The ANAO assessed the content and structure of the current MoU between Customs and Border Protection and DIAC and found it to be appropriate. There is a clear framework where principles were indicated and the objective clearly defined. Governance arrangements, including roles and responsibilities of each agency, provisions for information sharing, performance assurance mechanisms and training and development are also included. The basic elements that are contained in the MoU fit its purpose. Having a performance assurance mechanism such as clearly articulated Key Performance Indicators that can be monitored and tested are equally important in an MoU.

Performance assurance mechanisms in place

6.7   To measure the effectiveness of the 'provision of services' or the 'collaborative working relationship' between Customs and Border Protection and DIAC, Key Performance Indicators (KPIs) were agreed and included in the Annex of the MoU.[86] The KPIs relate to the referrals and facilitation activities of both agencies. The ANAO analysed Customs and Border Protection's reporting and monitoring of the KPIs. DIAC's own mechanisms to monitor the MoU were not assessed.

6.8   At the time of audit, the ANAO found that in general, the KPIs that related to Customs and Border Protection's regular reporting to DIAC were monitored and reported against in Customs and Border Protection Central Office. However, reports that DIAC were to provide regularly to Customs and Border Protection were not. For example, the percentage of received immigration referrals by DIAC (from Customs and Border Protection) needs to be reported back to Customs and Border Protection on a monthly basis. At the

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[85]   The MoU signed in 1999 was called the *Memorandum of Understanding between Australian Customs Service and the Department of Immigration and Multicultural Affairs for the Provision of Passenger Clearance Services*. In contrast, the 2008 MoU is called the *Memorandum of Understanding that concerns the collaborative working relationship between the Australian Customs Service and the Department of Immigration and Citizenship*.

[86]   The Key Performance Indicators were included in the *Annex – Immigration Clearance – Air* of the Memorandum of Understanding between the Australian Customs Service and the Department of Immigration and Citizenship.

time of audit, Customs and Border Protection was unsure whether and how this was being reported.

6.9 Customs and Border Protection has since advised that

> DIAC has put in place internal procedures to measure this KPI in a more meaningful manner, that is, providing exception reports to Customs and Border Protection in instances where it has been discovered that Customs and Border Protection has not referred a passenger as required or directed by system generated referral. Procedures are now in place and reports in relation to this KPI will be provided to Customs and Border Protection from July 2009 onwards.

6.10 Similarly, under the MoU DIAC is to report to Customs and Border Protection on a monthly basis the results of response to referrals from Customs and Border Protection at the Primary Support Point (PSP) where a document is assessed as being bogus.[87] At the time of audit, Customs and Border Protection was unsure whether and how this was being reported. The agency has advised that

> This information is provided to Customs and Border Protection at a local level but there is no system in place to collect these figures by DIAC nationally.

6.11 The ANAO reviewed Minutes of Meetings held between Customs and Border Protection and DIAC in relation to the MoU, and although some aspects of the KPIs are discussed, there is no clear evidence of monitoring of whether all the KPIs are being met or not. The KPIs are the metrics that are used to define and evaluate the success of the MoU between Customs and Border Protection and DIAC. It is good practice for the KPIs to be monitored regularly. The ANAO considers that:

- there should be consistent and documented monitoring of all the KPIs; and

- The KPIs should be reviewed periodically to ensure they remain relevant.

Need to review and re-develop the KPIs

6.12 Key Performance Indicators (KPIs) should be reviewed periodically as reporting requirements change and may require an assessment of whether the

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87   The PSP is the point, controlled by Customs, at which travel documents that have been identified at the Primary Line as requiring further checking are scanned and examined.

agreed metrics are still relevant. Some examples where KPIs should be reviewed include the following:

- In reviewing Minutes of Meetings held between Customs and Border Protection and DIAC, the ANAO found that there was some discussion relating to 'upcoming changes to the Advance Passenger Processing (APP) reporting procedures to encourage Operators in their compliance reporting'. APP reporting is part of the KPIs in the Customs and Border Protection and DIAC MoU; any changes to it may affect DIAC's reporting to Customs and Border Protection. It is critical to review this KPI and apply the changes that pertain to it.

- The KPIs that represent reports that are supposed to be submitted by DIAC, and where Customs and Border Protection was unsure how this was being reported (as discussed in paragraphs 6.8 and 6.10), may not be critical to Customs and Border Protection anymore. Reports that are no longer relevant, and are no longer required by Customs and Border Protection should be formally discontinued.

- There may be other reports that could add better value to Customs and Border Protection than the existing reports that were initially agreed upon. For example, statistical data that could add more value to Customs and Border Protection's risk assessment or passenger trend analysis could replace existing reports.

6.13 Any agreed changes to the KPIs as a consequence of a review should be documented and distributed to all parties involved in the MoU. Customs and Border Protection informed the ANAO that they are now working collaboratively with DIAC on updating the Air Annex of the MoU to better reflect reporting of KPIs against meaningful measures for both agencies.

Recommendation No.4

6.14 The ANAO recommends that in relation to its Memorandum of Understanding for the Provision of Clearance Services, that Customs and Border Protection works with the Department of Immigration and Citizenship to:

- Monitor and report against the Key Performance Indicators (KPIs) regularly; and

- update the KPIs, if necessary.

Customs and Border Protection response: *Agreed.*

Ian McPhee

Auditor-General

Canberra ACT

16 November 2009

Appendices

Appendix 1: Assessment of the business continuity plans in Customs and Border Protection central office and in the airports

Topic in the BCP	Canberra Central Office	Sydney	Melbourne	Perth	Darwin
Business Continuity Framework	√	√	√	√	√
Standard Activation responsibilities of the BCP owner	√	√	√	√	√
Assessment & initial response to incident	√	√	√	√	√
Relocation to alternate site	√	Not applicable	Not applicable	Not applicable	Not applicable
Restoration to normal business	√	√	√	√	√
Contact information of critical personnel	√	√	√	√	√
Stakeholders	√	√	√	√	√
BCP Owners	√	√	√	√	√
Event Log decisions and discussions (form)	√	√	√	√	√
Requirements for critical continuing services	√	—	—	—	—
Contingency arrangements with or without access to IT services	√	Has 'IT implications and requirements' instead.	Has 'IT implications and requirements' instead.	Has 'IT implications and requirements' instead.	Has 'IT implications and requirements' instead.
Recovery of business	√	√	√	√	√
Standard evacuation procedures	√	Not applicable	Not applicable	Not applicable	Not applicable
Debit Note	√	Not applicable	Not applicable	Not applicable	Not applicable
Airport Pandemic Event Notification and Taskings	√	√	√	√	√
AIRPORT SPECIFIC					
Air Passenger Processing	—	√	√	√	√
Impact Assessment pro-forma	—	√	√	√	√
Staffing Resources per shift	—	√	√	√	√
Reduced staffing matrix	—	—	√	—	—
Critical business function list	—	√	√	√	√
Contingency arrangements with and without terminals available	—	√	√	√	√

Topic in the BCP	Canberra Central Office	Sydney	Melbourne	Perth	Darwin
Mobile clearance teams	—	√	√	√	√
Central server test	—	√	√	√	√
BAGS contingency form	—	√	√	√	√
Prohibited Imports Seizure Notification	—	—	√	—	—

Source: ANAO analysis

Legend: √ - the topic is included in the BCP; and — - the topic is not included in the BCP.

Appendix 2: Formal comments from Customs and Border Protection and the Department of Immigration and Citizenship

Australian Customs and Border Protection Service formal comments on the proposed audit recommendations.

Recommendation No. 1 Para 2.24	The ANAO recommends that Customs and Border Protection develop a means to: • assure itself that key aspects of the routine required of Customs and Border Protection officers performing primary line functions are consistently implemented across all international airports; and • measure and report the time taken to process passengers through the primary line *Customs and Border Protection response:* Agree with qualification.
Recommendation No. 2 Para 4.14	The ANAO recommends that Customs and Border Protection Passengers Division's disaster recovery plan: • is up-to-date and reflects Customs and Border Protection's current IT business environment; • aligns with its current IT service provider's disaster recovery plan for Customs and Border Protection; and • has response times that have been tested, recorded, monitored, and updated if necessary. *Customs and Border Protection response:* Agree.
Recommendation No. 3 Para 5.34	The ANAO recommends that Customs and Border Protection: • puts in place mechanisms so that the severity of IT incidents and IT problems is rated consistently; • establishes acceptable service times for IT incidents and IT problems; • monitors, tracks and links to specific recorded action times, all IT incidents and IT problems; and • ascertains and reports in a consistent manner the (adverse) business impact of IT problems. *Customs and Border Protection response:* Agree.

Recommendation No. 4 Para 6.14	The ANAO recommends that in relation to its Memorandum of Understanding for the Provision of Clearance Services, that Customs and Border Protection works with the Department of Immigration and Citizenship to: • monitor and report against the Key Performance Indicators (KPIs) regularly; and • update the KPIs, if necessary ***Customs and Border Protection response:*** Agree.

Australian Customs and Border Protection's comments to be included in the report summary and brochure.

Customs and Border Protection welcomes the report on our Processing of Incoming International Air Passengers which confirms the effectiveness of processing incoming international air passengers and intercepting passengers who pose a risk to Australia.

Customs and Border Protection agrees with the report's recommendations, with qualification. Mindful of that, work has already commenced on a number of initiatives to improve aspects of passenger processing, in particular in relation to improving the national consistency of primary line activities and the controls around IT problem management.

The recommendation to 'develop a means to measure and report the time taken to process passengers through the primary line', has been noted. Customs and Border Protection currently measure the time taken to process one passenger and the gap in between that passenger and the next passenger. This measurement is used for resource deployment purposes and in that context has been adequate to date. We acknowledge the measurement is not completely accurate in terms of the actual time taken to process a passenger, however for its purpose, and until a more accurate, cost effective measure is available, we will continue to employ the current methodology.

Australian Government
Department of Immigration and Citizenship

SECRETARY

1 9 October 2009

File ref: ADF2008/26321

Mr Ian McPhee PSM
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
Canberra ACT 2600

Dear Mr McPhee

Customs and Border Protection Processing of Incoming International Air Passengers

Thank you for the opportunity to provide formal comments on extracts of the Australian National Audit Office's (ANAO) audit report on *Customs and Border Protection's Processing of Incoming International Air Passengers.*

The Department of Immigration and Citizenship (DIAC) continues to work collaboratively with the Australian Customs and Border Protection Service (Customs and Border Protection) to ensure the efficient immigration clearance of travellers and the integrity of Australia's borders. As noted in the report, I can confirm that the Department feels that the working relationship between our agencies is very constructive across all levels, offices and all airports.

DIAC supports the recommendations made in Chapters 2 and 6 of the proposed report relating to the: *Role of Customs and Border Protection in the primary line* and *Arrangements with the Department of Immigration and Citizenship.*

In relation to your observations and recommendations in Chapter 2, DIAC is in the process of developing a new computer based training package that will incorporate the ability for refresher training and assessment for Primary Line Officers as needed or on a regular basis. We look forward to working with Customs and Border Protection to progress these improvements.
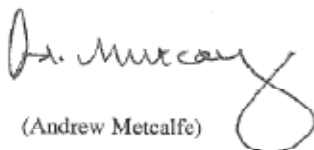
In relation to your observations and Recommendation 4 in Chapter 6, when drafting the MOU we incorporated provisions that allowed for a review of the MOU twelve months after it was signed. I can confirm that we have already commenced discussions with Customs and Border Protection with a view to reviewing the current Key Performance Indicators (KPIs) outlined in the Memorandum of Understanding with a view to making the KPIs more appropriate and to provide more meaningful feedback on performance. Since June 2009, DIAC has been providing more meaningful exception reports to Customs and Border Protection that better measure the KPIs. We look forward to formally incorporating these reports into a revised MOU.

I have taken the opportunity to attach to this letter some additional commentary of a technical, editorial nature that you may wish to consider when finalising your report. The attached comments attempt to ensure that references in your report more precisely reflect the *Migration Act 1958* (the Act) and the delineation of responsibilities between DIAC Inspectors and Customs and Border Protection Primary Line Officers.

I trust that you will find these comments useful in preparing your final report. Please do not hesitate to contact Stephen Allen, Assistant Secretary Border Policy Branch, if you would like further elaboration on any of these comments.

Yours sincerely regards

(Andrew Metcalfe)

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