Electronic Travel Authority

Department of Immigration and Multicultural Affairs

Canberra ACT
22 July 1999

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a
performance audit in the Department of Immigration and
Multicultural Affairs in accordance with the authority contained in
the *Auditor-General Act 1997.* I present this report of this audit,
and the accompanying brochure, to the Parliament. The report is
titled *Electronic Travel Authority.*

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

P. J. Barrett
Auditor-General

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

Audit Team

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Abbreviations

ACS	Australian Customs Service
ANAO	Australian National Audit Office
APC	Advanced Passenger Clearance
API	Advanced Passenger Information
APP	Advance Passenger Processing
ASIO	Australian Security Intelligence Organisation
BAA	Business Area Analysis
BAR	Business Area Requirements
CRS	Computer Reservation System
DAL	Document Alert List
DBMS	Database Management System
DIMA	Department of Immigration and Multicultural Affairs
ELM	ETA Liaison Manager
EOC	Entry Operations Centre
ETA	Electronic Travel Authority
ETAS	Electronic Travel Authority System
GITC	Government Information Technology Conditions
HOCOLEA	Heads of Commonwealth Operational Law Enforcement Agencies
INTERPOL	International Criminal Police Organisation
IRIS	Immigration Records Information System
IT	Information Technology
MAL	Movement Alert List
MoU	Memorandum of Understanding
PAL	Person Alert List
PASS	Passenger Automated Selection System
RCS	Request Capture System
RPS	Request Processing System
SITA	Societe Internationale de Telecommunication Aeronautiques
TIETAC	Timatic Electronic Travel Authority Check
TIETAR	Timatic Electronic Travel Authority Request
TRIPS	Travel and Immigration Processing Systems

Glossary

API   Advanced Passenger Information
DIMA, Qantas, Ansett and the Australian Customs Service (ACS) have jointly developed an interactive, pre-clearance system to fast-track passengers through Immigration and Customs processing at Australian airports, called Advanced Passenger Clearance (APC). APC is a system designed to provide Advanced Passenger Information (API) to enable Australian border control and law enforcement agencies to be aware of a passenger's imminent arrival in Australia before they actually land.

APP   Advance Passenger Processing
DIMA has developed and tested a new platform for Advanced Passenger Information (API). The system, called Advance Passenger Processing (APP) links into, and is an extension of, the ETA system. Like the ETAS, APP has been developed in partnership with the Australian Customs Service and private industry, through CPS Systems.

CPS Systems   Prime contractor for the Electronic Travel Authority System.

CSC Australia   Outsourced provider of DIMA's mainframe services.

DAL   Document Alert List
DIMA administers the Movement Alert List (MAL), a computer database which stores details about people of immigration concern to the Australian Government. One element of the MAL is the DAL—the Document Alert List which holds details of over 800 000 bogus, stolen or fraudulently altered travel documents.

ELM   ETA Liaison Manager
DIMA established a network of ETA Liaison Manager (ELM) positions in 1997. Their role is to support, report on and monitor ETA operations in their area of responsibility. Their tasks include training travel agency, airline and computer reservation system staff in all aspects of ETA operations including, ETA trouble-shooting and marketing. ELMs also provide a help-

desk function for travel agents. DIMA is currently undertaking a review of the future role to be played by ELMs.

EOC   Entry Operations Centre
             Coordinates information to be entered on MAL provided by other areas within DIMA, such as Australian overseas posts, and law enforcement agencies. In addition, all MAL alert creations, deletions and updates actioned by DIMA airport inspectors are reviewed nightly by the EOC.

Escrow   An agreement setting out the terms by which source
Agreement   code lodged with an independent party is released to a customer, usually on default or insolvency of the software proprietor.

ETA   Electronic Travel Authority
             An electronically-stored authority for travel to Australia for short-term tourists or business entry. Used to facilitate the entry of tourists and short-term business travellers from those major tourist source countries where the risk of non-compliance with visa conditions is low.

IRIS   Immigration Records Information System
             This system is used at overseas posts and facilitates the grant of visas to enter Australia.

Indemnity   An indemnity is a promise whereby a party undertakes to accept the risk of loss or damage another may suffer.

Infringement Where an airline incorrectly flies passengers into Australia without an authorised visa it receives an infringement notice from DIMA with a possibility of a consequential fine, presently set at $2000 per fine.

MAL   Movement Alert List
             A computer database administered by DIMA that stores details about people of immigration concern to the Australian Government.

PACE   Passenger Analysis Clearance and Evaluation System
             The Australian Customs Service will shortly be implementing a system similar to PASS referred to as PACE. This will essentially remove the human interface involved in the first two immigration processing checks.

The system will make the determination as to whether the passport presented identifies the person who is travelling.

PAL — Person Alert List
DIMA administers the Movement Alert List (MAL), a computer database which stores details about people of immigration concern to the Australian Government. One element of the MAL is the PAL—a Person Alert List which holds over 78 000 records on foreign nationals and dual nationals of interest to DIMA.

PASS — Passenger Automated Selection System
The Australian Customs Service's border alert system.

Primary Line — The term primary line is used to refer to the point at which Australian Customs Service processes arrivals at the Australian border.

RCS — Request Capture System
The ETA System is based on a Request Capture System (RCS) attached to the SITA mainframe in Atlanta. All requests from travel agents, CRSs, or airlines reservations systems, whether they be applications for ETAs or enquiries on visa status, will pass through the host-based RCS. This system is responsible for accepting data input from a travel agent or airline office, performing limited verification on the data and formatting and forwarding a message to the Request Processing System (RPS). Finally, it accepts responses from the Request Processing System, formatting and forwarding these responses to the originator.

RPS — Request Processing System
The Request Processing System (RPS) is updated every half hour with visa details by the DIMA mainframe in Canberra. At the RPS, the personal particulars of an ETA applicant are checked against the Movement Alert List (MAL).

SITA — Societe Internationale de Telecommunication Aeronautiques
The prime subcontractor to CPS Systems for the ETAS project.

TRIPS   Travel and Immigration Processing Systems
               The TRIPS System resides on the DIMA Central Office
               mainframe computer. It is updated nightly with visa
               details from DIMA posts which are overseas and from
               Regional Offices around Australia. In addition the TRIPS
               System receives daily information from DFAT of
               Australian Passports and also maintains the Movement
               Alert List. TRIPS is managed by the Entry Operations
               Centre.

Summary and Recommendations

Summary

1.   All persons, other than Australian nationals, are required to hold a visa to enter and stay in Australia. This audit's focus is on the entry component of the visa process and specifically the Electronic Travel Authority (ETA). The ETA is an electronically-stored authority for travel which facilitates the entry of tourists and short-term business travellers from countries where the risk of non-compliance with visa conditions is low, that is, in countries classified as 'low risk'.

2.   The key objectives underpinning development of the ETA, which DIMA has estimated at some $6 million to develop, were to:

- support the tourism industry by providing a facility that could handle the anticipated growth in short-stay visitors to Australia;

- improve client service by making visitor visa issuing and entry processes faster, simpler and more efficient;

- avoid significant increases in the cost of overseas visa processing;

- extend the life of existing airport/border infrastructure; and

- ensure the integrity of Australia's borders are maintained (through the operation of a non-discriminatory universal entry system).

3.   The ETA concept was based on harnessing the infrastructure used by the international travel industry. An ETA System (ETAS) was developed by the Department of Immigration and Multicultural Affairs (DIMA) and CPS Systems working in partnership with SITA (Societe Internationale de Telecommunication Aeronautiques). SITA is a subcontractor that provides the network services using its Request Capture and Request Processing Systems. The ETAS interfaces DIMA's immigration systems with airline and travel agent's systems.

4.   An ETA is issued on the basis of clearance following an online check of DIMA's warning records, the Movement Alert List (MAL). MAL is integral to DIMA's protection of border integrity, and is the principal intelligence system used for visa issuing and citizenship purposes.

Audit objective, scope and criteria

5.   The objective of the performance audit was to assess the administrative effectiveness of the ETA with particular regard to:

- the reliance that can be placed on information technology (IT) systems;

- the contribution of the MAL to the effective operation of the ETAS;

- the management by DIMA of the contribution of external parties in the operation of the ETAS; and

- the financial management of the ETAS.

6.   The ANAO developed criteria for the audit taking account of recognised good practice in contract and financial management and suitable benchmarks established in IT reviews undertaken in the public and private sectors.

Conclusion

7.   The ETAS is an innovative, Australian developed system which has the support of the travel industry. It has delivered efficiencies and has made the issuing of visas more effective. ETAS has:

- provided a facility that can handle growth in the number of short-stay visitors to Australia;

- attracted a significant proportion of visa applications in the countries where it is available;

- been implemented in almost all the countries assessed as low risk; and

- enabled visa waiver arrangements to be extended to Australian travellers to the United States, France, Japan, Spain and Republic of Korea following introduction of the ETAS in these countries.

8.   DIMA has achieved this by:

- establishing an information technology system which provides accurate and complete processing; provides for continuous processing with the system duplicated on a second computer configured to take over processing if necessary; is capable of meeting foreseeable future processing needs; and operates according to design specifications;

- implementing appropriate name matching routines which meet DIMA's needs, and which have successfully facilitated the entry of millions of people into Australia whilst referring travellers to immigration staff when matches have occurred;

- developing a positive working relationship with the travel industry, who support the ETA;

- having a constructive contractual relationship with CPS Systems and SITA, with commitment and goodwill demonstrated by all parties; and

- accommodating the growth in visitors without increasing resources, through funding ETA implementation costs internally.

9. Notwithstanding the positive benefits achieved from implementing the system, the ANAO considers that DIMA should improve administration of the ETA in some key areas. These areas include:

- implementing IT security arrangements which will provide the required level of security and which will significantly improve security protection for data processing operations, operating system and the telecommunications system;

- strengthening the procedures for MAL data management to provide greater consistency, relevance and quality of information held on MAL;

- developing a long-term strategy for providing guidance, training and support to travel agents to provide greater assurance of continued success; and more formalised arrangements with key parties that play an important service role in delivering the ETA;

- improving contract management practices which were found to be less than effective, in order to provide adequate assurance that the Commonwealth's interests are adequately protected; and

- developing financial management practices to provide a more formal and visible approach to approval and accountability for future developments of this kind and to strengthen contract payment procedures.

Department response

10. DIMA accepts all nine recommendations made in this report. DIMA welcomes this appraisal as an important element in its strategy to better facilitate the entry of people to Australia while maintaining border integrity and accountability.

Key Findings

Reliance on information technology systems

11.   The ETAS is a computer system which provides accurate and complete processing; provides for continuous processing with the system duplicated on a second computer configured to take over processing if necessary; is capable of meeting foreseeable future processing needs; and operates according to design specifications.

12.   The ANAO found that, while physical security was adequate to prevent unauthorised persons from interrupting ETAS processing, the IT security arrangements do not currently provide the required level of security. The ANAO has provided DIMA with a detailed list of suggested actions to upgrade security protection for data processing operations, the operating system and the telecommunications system. In addition, DIMA should institute procedures which ensure ongoing review of the ETAS security arrangements to provide adequate assurance of the required level of security.

13.   The ANAO found that, although ETAS was designed and has been tested to cater for Year 2000 concerns, the DIMA mainframe interface is yet to be tested as a result of internal DIMA Year 2000 Project timings. Accordingly, DIMA will need to assess any exposures arising from its mainframe interface and treat them as soon as practicable before the end of 1999. In addition, it would be prudent to implement appropriate contingency arrangements for such a business critical system.

Movement Alert List

14.   The MAL provides the only security check of the visa applicant performed by DIMA for ETA applications. If the visa applicant does not match against any names or documents held on MAL and the nature of visit and period of stay is appropriate for an ETA, the visa is granted. The ANAO found that DIMA has made considerable effort to address the sufficiency of MAL data to support visa applicant matching by:

• increasing the information held on people of immigration concern; and

• implementing monthly review of MAL data for action.

15.   There are no procedures for entering and following-up information provided by security and law enforcement agencies other than from the International Criminal Police Intelligence Organisation

(INTERPOL). This has resulted in some uncertainty and indecision within DIMA of appropriate ways of handling this information. Information entered into MAL from one DIMA source is reviewed for consistency with DIMA guidelines, while this is not done on a structured risk management basis for new entries from other available sources. The ANAO considers this is necessary to ensure information is relevant, adequate and listed correctly. Formalising operating procedures would provide greater assurance of data quality and protect against loss of corporate knowledge.

16. The MAL security check is undertaken by 'name matching' the applicant against the MAL database. This is a risk management process. There is a trade-off between the effectiveness of name searching routines, measured by the number of 'hits' a name generates, and the efficiencies of border processing. The ANAO considers that the name matching parameters and routines are adequate to meet DIMA's current business requirements.

17. Name matching business rules are regularly reviewed by DIMA for potential improvement. However, recent staff changes have meant that DIMA no longer has the technical knowledge on the setting of these rules to provide assurance about the quality of advice to decision-makers on altering name matching business rules.

18. DIMA has developed a cooperative and effective working relationship with national and international security and law enforcement agencies to facilitate provision and management of alert data. However, there is no forum for formal liaison and coordination between DIMA and law enforcement agencies on MAL-related issues, which would facilitate management of the alert data.

Relationship between DIMA and external parties

DIMA and travel agents

19. DIMA has provided support and guidance to travel agents in the use of the ETAS. This includes a network of ETA Liaison Managers in some overseas posts, who provide support to travel agents and other ETA users, and who monitor ETA operations. The Liaison Managers follow-up and counsel travel agents if monitoring identifies problems with agents' use of the ETA. However, DIMA does not have a long-term strategy or funding commitment for provision of this support.

20. Quality of data input has a major impact on the efficiency and effectiveness of the ETAS. If information relating to name and date of birth is incorrectly entered, there can be considerable delays at both

check-in and the primary line in Australia, undermining the efficiencies of the paperless system. DIMA does not have management information on the input error rate for visa applications. Given the significance of data quality in achieving ETA objectives, the ANAO considers it should be closely monitored by developing effective quality control processes suitable for the purpose.

DIMA and airlines

21. Overall, airlines support the ETA System and have developed an effective working relationship with DIMA. However, there are some areas of concern for airlines. A particular issue was that the level of infringement notices has not met airline expectations, with a steady increase in infringements since the ETAS was introduced.

22. The airlines also did not expect the increase in the number of applications for ETAs at airports. Airlines consider this creates some problems for them including possible congestion at airports and risk of incorrectly flying passengers into Australia without an authorised visa.

23. The ANAO considers that development of an MoU or a service agreement between airlines and DIMA would both formalise and facilitate DIMA's relationship with airlines, that play an important role in the ongoing performance of the ETAS.

DIMA and the Australian Customs Service

24. Both DIMA and the Australian Customs Service (ACS) have a good working relationship in operating the ETAS at the primary line[1]. Although ACS staff are responsible for performing this critical immigration function, there is no MoU or service agreement between the two agencies. There are clear benefits in having a formal agreement on matters such as outlining service/performance standards, protocols, quality assurance, funding mechanisms and accountability arrangements. The importance of such an agreement has been identified in earlier reviews and is acknowledged by DIMA and ACS. Although there have been ongoing negotiations and this issue has been on the agenda for several years, it has not yet been resolved.

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[1]   The term primary line is used to refer to the point at which Australian Customs Service processes arrivals at the Australian border.

Contract management

25.   DIMA contracted CPS Systems in 1996 to design and implement the ETAS. CPS Systems subcontracted SITA, which provide network services and the two main ETA subsystems (the Request Capture System and the Request Processing System).

26.   The ANAO found a constructive relationship between DIMA, CPS Systems and SITA. The findings and discussions relating to managing IT aspects of the system demonstrate that the contractors have performed well, successfully meeting the performance standards specified in the contract.

27.   However, DIMA's contract management practices have been less than effective and consequently have not provided adequate assurance that the Commonwealth's interests are adequately protected. There has been no formal monitoring of the contract. The DIMA section responsible for managing the contract did not have a good understanding of the terms of the contract. For example, DIMA had not formally advised the contractor and subcontractor of its requirements for secrecy and security, to give effect to the intent of the secrecy and security clauses and relevant schedule in the contract.

28.   DIMA was also not aware that it had a right of access to the subcontract between CPS Systems and SITA and therefore had not reviewed the subcontract provisions. Such a review would have provided greater assurance that CPS System's management met DIMA's requirements. DIMA understood that the subcontract between CPS Systems and SITA fully reflected the terms and conditions of the head contract. The ANAO's review identified that the subcontract does not reflect the provisions of the head contract in some areas.

29.   The ANAO has also identified some clauses within the contract, which should be revisited at an opportune time, to seek to strengthen the Commonwealth's position in relation to its access to the contractor's and subcontractor's premises, documents and systems and indemnity provisions for accountability purposes.

Financial management

30.   There was sufficient evidence to indicate that DIMA had adopted a considered approach to implementing the ETAS. The DIMA executive approved an investment of $5.9 million for the ETA in June 1995, on the basis that it would lead to future savings in the portfolio. The ANAO noted that the development and implementation costs for the ETAS were funded internally by DIMA.

31. DIMA indicated that the main Business Case for the ETAS was presented in an analysis prepared by CPS Systems in June 1995. However, there was no discussion or approval of the document recorded in the minutes of the relevant Steering Committee meeting. Given the size of the investment and its central role in managing short-term visitor entry, and the associated business risks, the ANAO suggests that a more formal and visible approach to approval and accountability would have provided greater assurance of effective results. Limited information in these respects increases the risk of lack of clarity of intention and agreement between stakeholders on what was going to be delivered in terms of results. As well, there is insufficient basis on which to assess whether or not the required results have been achieved.

32. DIMA has advised that the cost of operating the ETAS for 1997–98 was $4.4 million. However, this cost does not include significant costs attributable to the ETAS, such as DIMA's costs for managing the ETA, the contractor's travel costs and the costs associated with consequential redundancies at overseas posts. These costs are not readily available.

33. The costs of operating the ETAS and the savings generated from its implementation were not being monitored. Such monitoring would provide a basis for relevant variances to be determined, explanations to be sought and corrective action to be taken where appropriate. In this context, the ANAO notes that the June 1995 projections showed savings in the order of $17 million for 1999–2000, as compared with the most recent estimate of $3.8 million for the same year.

34. Although there is no data on savings actually achieved from the ETAS, the system has enabled DIMA to reallocate its overseas staffing resources from low risk ETA overseas posts to high risk non-ETA overseas posts. The number of locally engaged staff at ETA overseas posts has reduced by 29 per cent over the last four years.

35. DIMA's major ETA related costs are transaction-based, generated from application and check-in transactions. These are estimated at $5.5 million for 1998–99. The ANAO found that DIMA does not have any mechanism in place to verify that invoiced services have been delivered. In addition, there are other parts of contract payments that are open-ended, which would require verification.

Recommendations

Set out below are the ANAO's recommendations with Report paragraph references and DIMA's abbreviated responses. More detailed responses are shown in the body of the report. The ANAO considers that DIMA should give priority to recommendations 1,2,4 and 6 to 9.

Recommendation No.1
Para. 2.39

Information technology

The ANAO recommends that, to ensure that the required level of security is achieved for the Electronic Travel Authority information technology environment, DIMA develop and institute appropriate:

- change and password control procedures; ·
- UNIX security policies and procedures;
- telecommunications and mainframe security procedures; and
- procedures which ensure ongoing review of the ETAS security arrangements to provide assurance about the required level of security.

DIMA: Agreed.

Recommendation No.2
Para. 3.19

Movement Alert List

The ANAO recommends that DIMA develop standard operating procedures for:

- entering and following-up information provided by law enforcement agencies to provide adequate assurance of data quality; and
- reviewing new MAL entries on a risk managed basis to ensure information is relevant, adequate and listed correctly.

DIMA: Agreed.

**Recommendation No.3
Para. 3.28**

Movement Alert List

To develop a cooperative and effective working relationship with law enforcement agencies, the ANAO recommends that DIMA establish formal liaison arrangements with these agencies, such as a forum on MAL-related issues or incorporate MAL into an appropriate, existing, discussion forum.

DIMA: Agreed.

**Recommendation No.4
Para. 4.25**

DIMA and external parties

The ANAO recommends that, to manage the quality of travel agents' contribution to the ETA system, DIMA should develop:

- a long-term strategy for providing guidance, training and support services to travel agents; and
- effective quality control processes to ensure data integrity.

DIMA: Agreed.

**Recommendation No.5
Para. 4.43**

DIMA and external parties

The ANAO recommends that DIMA negotiate a Memorandum of Understanding or a service agreement with ETA airlines. This could cover issues such as: service standards; arrangements for reviewing these standards; the procedures and the circumstances for handling infringements; responsibilities of parties involved; and arrangements for ongoing training and support.

DIMA: Agreed.

**Recommendation No.6
Para. 4.56**

DIMA and external parties

The ANAO recommends that DIMA, in consultation with the Australian Customs Service, complete the development of a Memorandum of Understanding or a service agreement to facilitate passenger processing at the primary line and to establish performance standards in relation to cost and quality of checks undertaken.

DIMA: Agreed.

Recommendation No.7 Para. 5.38

Contract management

The ANAO recommends that, to ensure the Commonwealth's interests are adequately protected, DIMA:

- devote appropriately trained and experienced resources to managing its contract with CPS Systems; and

- seek revised contractual provisions at an opportune time that would better protect the Commonwealth interests, (for example, access to documents and systems and contingency provisions for accountability purposes).

DIMA: Agreed.

Recommendation No.8 Para. 6.10

Financial management

The ANAO recommends that DIMA adopt a formal and visible approach to approval and accountability for future significant developments. This may include:

- reviewing the overall effectiveness of the systems development processes; and

- drawing out lessons for the future.

DIMA: Agreed.

Recommendation No.9 Para. 6.35

Financial management

The ANAO recommends that DIMA establish procedures to enable it to verify that invoiced services have been delivered prior to certification of contract payments.

DIMA: Agreed.

Audit Findings
and Conclusions

1. Introduction

This chapter provides an overview of the Electronic Travel Authority (ETA), including its objectives, implementation and future direction. The audit objective, scope, methodology and criteria employed are also discussed.

Background to the Electronic Travel Authority

1.1　All persons, other than Australian nationals, are required to hold a visa to enter and stay in Australia. This audit's focus is on the entry component of the visa process and specifically the ETA. The ETA is an electronically-stored authority for travel which facilitates the entry of tourists and short-term business travellers from countries where the risk of non-compliance with visa conditions is low, that is, in countries classified as 'low risk'.

1.2　The ETA replaces the visa label or stamp in the passport; is available through participating travel agencies and airlines; removes the need for application forms; and enables passengers to be processed more quickly on arrival in Australia. There are three types of ETA:

- Tourist ETA—for use if travelling for tourism or to visit friends or relatives. There is no charge for this ETA, which entitles the holder to stay for up to three months on each visit within a twelve month period;

- Long Validity Business ETA—for use if travelling on a business visit. This ETA entitles the holder to stay for up to three months on each visit during the life of the passport. There is a fee of A$50 (which is paid to Department of Immigration and Multicultural Affairs (DIMA) by credit card or electronic funds transfer); and

- Short Validity Business ETA—for use by US, Canadian, French or Spanish passport holders only. This ETA is free and entitles the holder to one visit, to be taken any time over a twelve month period and permits a stay of three months from the date of arrival.

Why was the ETA implemented?

1.3　The growth in international travel in recent years and the projected number of visitors expected for the Olympics in Sydney in 2000 (see Figure 1) presented DIMA with the challenge of handling large numbers of bona fide travellers while preventing entry of undesirable persons. The internationalisation of the economy and the consequent need of business to move readily in and out of Australia reinforced the need to facilitate entry for short-term visitors whilst maintaining border security needs.

Figure 1
Short-stay visitors—actual and projected growth
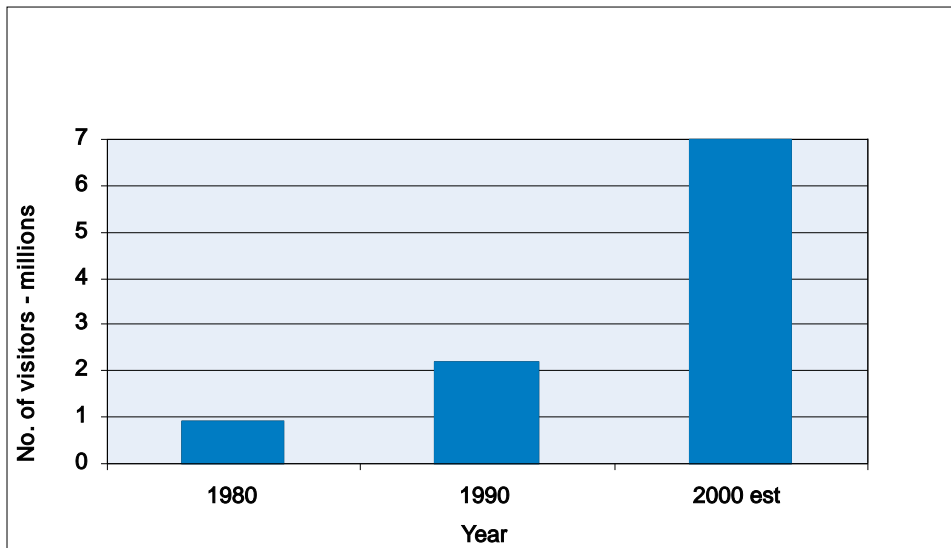
Source: DIMA

1.4 The key objectives underpinning the development of the ETA were to:

- support the tourism industry by providing a facility that could handle the anticipated growth in short-stay visitors to Australia;

- improve client service by making visitor visa issuing and entry processes faster, simpler and more efficient;

- avoid significant increases in the cost of overseas visa processing;

- extend the life of existing airport/border infrastructure; and

- ensure the integrity of Australia's borders are maintained (through the operation of a non-discriminatory universal entry system).

The ETA process

1.5 The ETA concept was based on harnessing the infrastructure used by the international travel industry. An ETA System (ETAS) was developed by DIMA and CPS Systems working in partnership with SITA (Societe Internationale de Telecommunication Aeronautiques). SITA is a subcontractor that provides the network services using its Request Capture System (RCS) and Request Processing System (RPS). The ETAS interfaces DIMA's immigration systems with airline and travel agent's systems.

Applying for ETAs

1.6   A person intending to travel to Australia will generally make an oral application for an ETA, by telephone or in person, to an authorised travel agent or airline reservation counter. The application can be made at any time, even though the person may not have booked travel to Australia.

1.7   Travel agents and airline officers enter information from the applicant's passport into the ETAS via their travel or airline reservation system. The ETAS then performs an online check against DIMA warning records (the Movement Alert List (MAL)). If there is no match reported an ETA is automatically granted.

1.8   If the ETAS check reveals a potential match, the applicant is referred to the nearest Australian Government Office which then considers the application.

1.9   After an ETA visa has been granted, the visa and passport details are loaded onto the DIMA mainframe (located in Sydney). A second check against MAL is then performed using more exhaustive matching parameters than used in the earlier check. It is thus possible that an applicant may have had an ETA issued, and been notified of this, but then an alert may be raised during the second check and recorded on the system. DIMA follows up any alerts arising from the second check and the local immigration office notifies the applicant. DIMA undertakes the second check as a risk management process to maintain processing efficiencies at the point of application while ensuring that border integrity is not compromised.

1.10   An ETA visa can also be issued by immigration officers at DIMA posts overseas through DIMA's Immigration Records Information System (IRIS) or through the ETAS.

1.11   When an applicant arrives at the airport for check-in, airport/ airline staff have the facility to electronically confirm that an authority for travel to Australia exists. This is because there is no label visa which airlines can sight as evidence of a person's authority to enter Australia.

1.12   Figure two broadly describes the ETAS as used by travel agents and airlines.

Figure 2
Electronic Travel Authority System
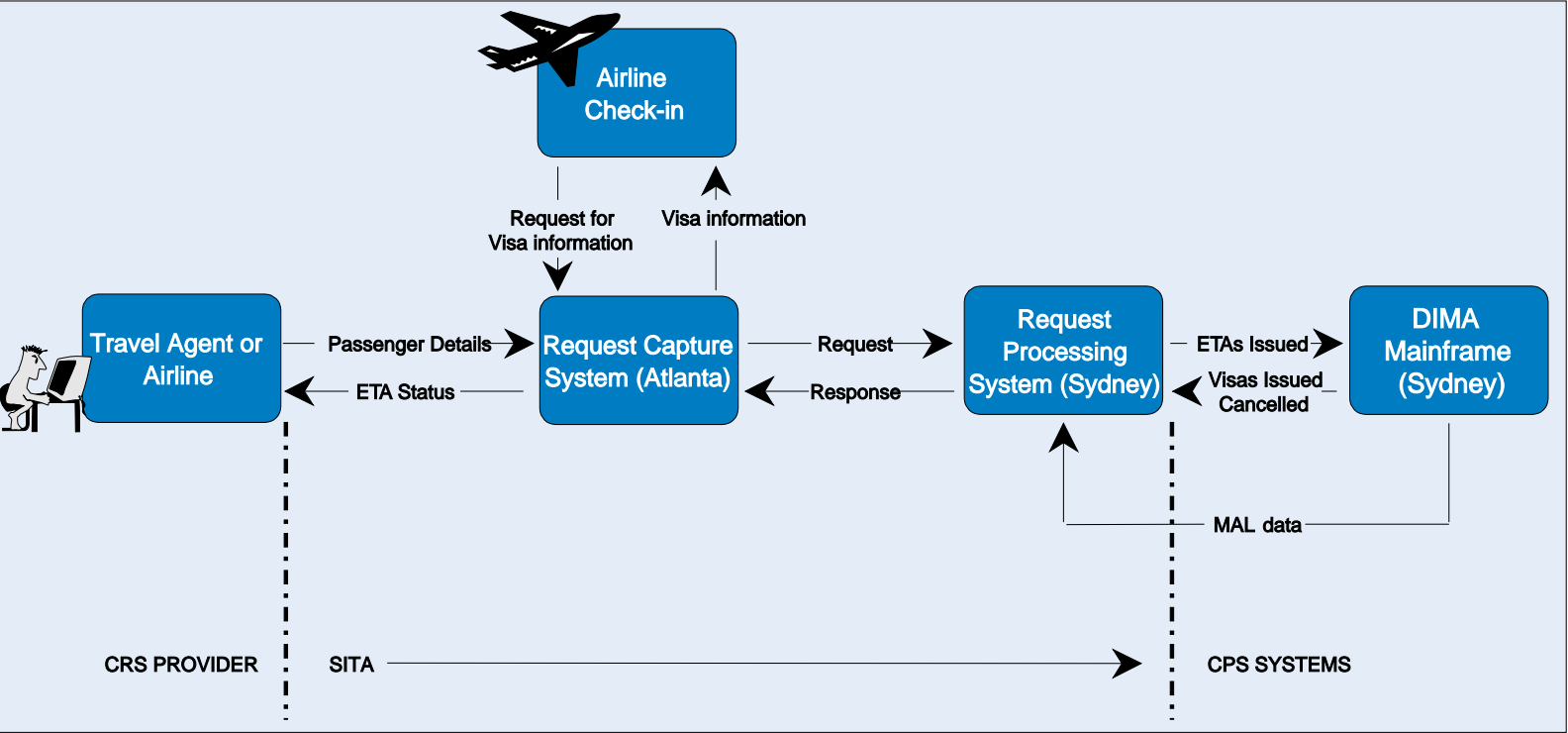
ETAS implementation and operation

1.13   Development of the ETAS commenced in January 1996. It was implemented in Singapore on a trial basis on 11 September 1996, for Singapore and US passport holders travelling on Qantas and Singapore Airlines. ETA arrangements are now available to passport holders from 29 countries (see Appendix 1). As from July 1999, the ETA System will be expanded to include residents of Hong Kong and Taiwan. Appendix 1 also details the roll-out and commencement of use dates, by nationality. Australia is the first country to have introduced this facility and its acceptance was well-illustrated when the United States, France, Japan, Spain and Republic of Korea extended their visa waivers to Australian travellers as a result of Australia introducing the ETAS.

1.14   At October 1998, about 22 500 travel agents, airlines and computer reservation system subscribers worldwide were participating in the ETA System. Approximately four million ETAs had been issued by January 1999. Figure 3 shows the trend in ETAs issued per month since inception in September 1996. In 1997–98 two million ETA visas were issued compared to one million label visas. Currently ETA visas comprise almost 80 per cent of the total tourist short-term business entry visas issued.
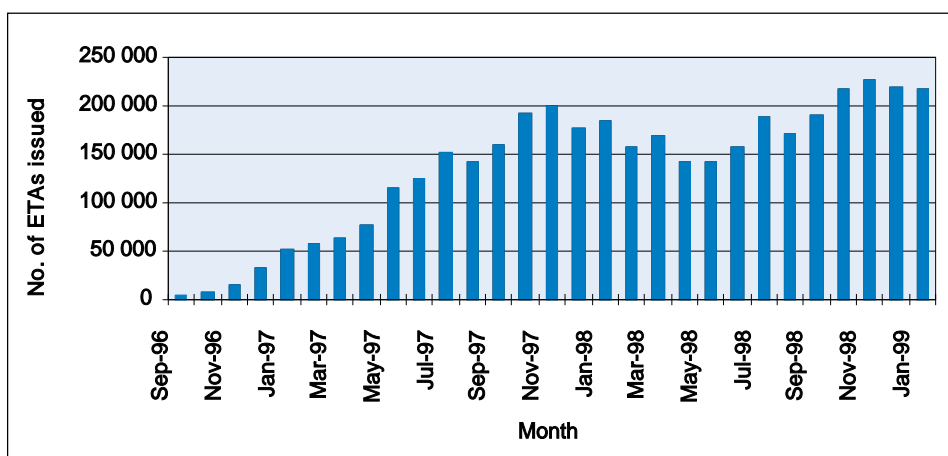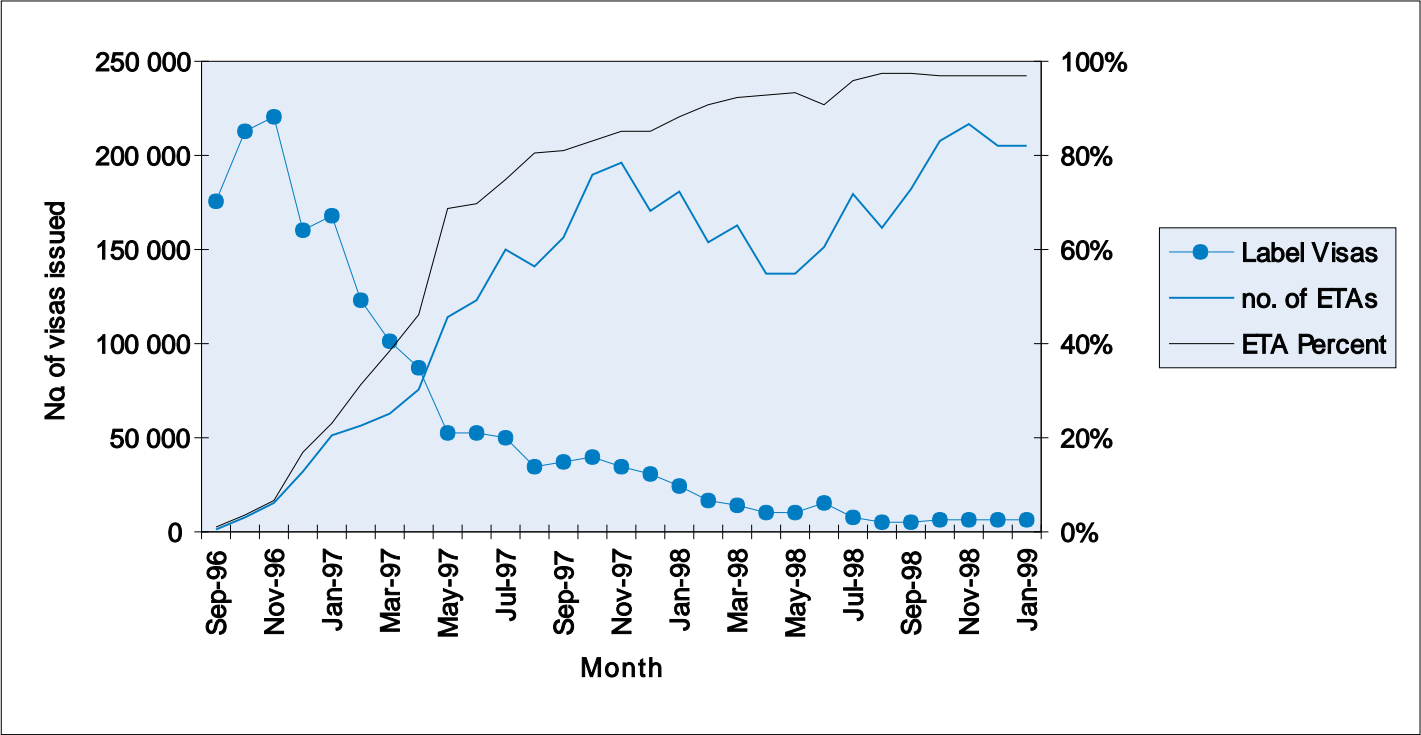
Figure 3
ETAs issued

Figure 4
ETA and label visas issued in countries whose nationals are ETA eligible

1.15   The ETA is now the main source of visa for nationals from low risk countries. Figure 4 compares ETA and label visas issued since the ETAS was introduced in countries whose nationals are ETA eligible. It shows that 97 per cent of short-stay visas are now ETAs.

Further developments

1.16   DIMA intends to embed and enhance the ETAS through the introduction of Advanced Passenger Information (API). API provides information to border control and law enforcement agencies on passengers about to arrive in Australia, before they land. It is available through two different systems: Advanced Passenger Clearance (APC), which links directly into the DIMA mainframe, and Advanced Passenger Processing (APP), which links into the ETAS.

1.17   Qantas and Ansett now operate APC. APC was developed jointly by the two airlines, DIMA, and the Australian Customs Service (ACS) as an interactive, pre-clearance system to fast-track passengers through Immigration and Customs processing at Australian airports. The system links the Qantas and Ansett departure control systems with ACS computers at airports via the DIMA mainframe.

1.18   APC operates independently from the ETAS. APP is the latest development in API and links into, and is an extension of, the ETA system. Information needed for APP processing is collected at the time of check-in and forwarded electronically to Australia using the ETA communication network. In this way, an entire flight can be checked and cleared before arrival in Australia. APP will confirm:

- the existence of a valid visa for passengers requiring authority to enter Australia; and
- the passport status of Australian and New Zealand travellers.

1.19   APP is now being trialled by Singapore Airlines.

The audit

1.20   The objective of the performance audit was to assess the administrative effectiveness of the ETA with particular regard to:

- the reliance that can be placed on information technology (IT) systems;
- the contribution of the MAL to the effective operation of the ETAS;
- the management by DIMA of the contribution of external parties in the operation of the ETAS; and
- the financial management of the ETAS.

1.21   The ANAO conducted file examination and interviews at DIMA national office, held discussions with relevant government agencies and sought the views of the travel industry, through discussions with a number of airlines and industry stakeholders. The ANAO also had regard to reviews relevant to aspects of the ETAS.

1.22   The administration of the ETAS involves IT support systems and contract management. The ANAO engaged the services of PricewaterhouseCoopers to assist the ANAO in evaluating the IT aspects of the audit objectives. The firm was chosen because of its specialist expertise in these areas. The ANAO also engaged the services of Deacons Graham and James to provide legal advice on contract management issues.

1.23   The criteria for the audit were developed taking account of recognised good practice in contract and financial management and benchmarks established in IT reviews undertaken in the public and private sectors. The detailed audit criteria and methodology are provided at Appendix 2.

1.24   The audit was conducted in accordance with the ANAO Auditing Standards at a cost of $318 000.

Report structure

1.25   The report structure is based upon objectives of the audit and is summarised in Figure 5.

Figure 5
Framework for report analysis
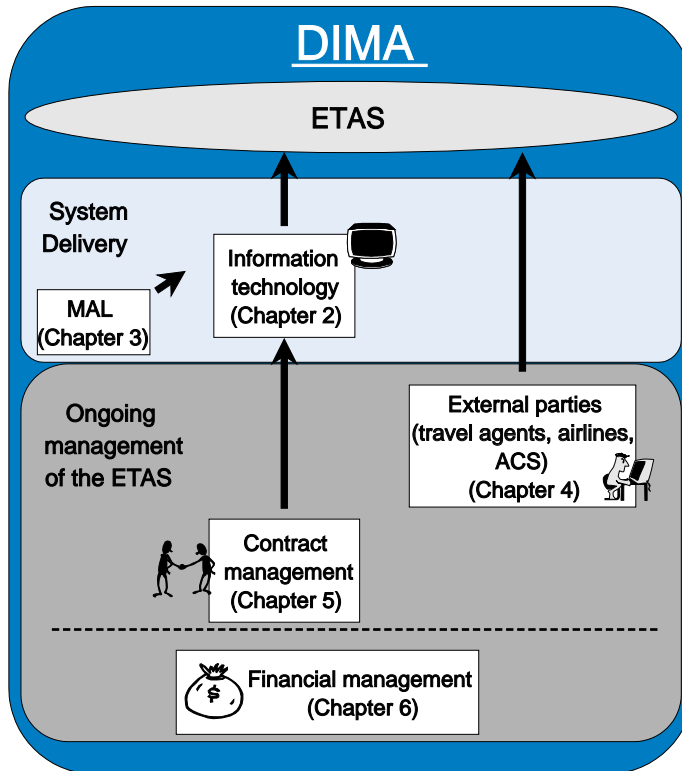
2. Reliance on information technology systems

This chapter addresses DIMA's reliance, for the smooth operation of the ETA, on information technology systems, such as the Request Processing System, the Request Capture System, the Movement Alert List and the DIMA mainframe. The ANAO has identified a number of security and control issues which should be addressed in order to properly protect classified data from unauthorised persons.

Introduction

2.1   ETAs are now available to foreign nationals from 29 countries rated by DIMA as low risk, that is, where the risk of noncompliance with visa conditions is low. There are over 85 000 terminals world-wide able to request an ETA.

2.2   The ETAS comprises two subsystems – the Request Capture System (RCS) and the Request Processing System (RPS). The RCS resides on the SITA Unisys mainframe computer in Atlanta, Georgia, USA. The system is responsible for accepting data input from a travel agent or airline office; performing limited verification on the data (such as, checking the nationality qualifies for an ETA; and the passport number is in the correct format); forwarding the visa request to the RPS; and transmitting a response back to the requester.

2.3   The RPS resides on an IBM RS6000 located at the SITA facility situated in Sydney. At the RPS, the personal particulars of an ETA applicant are checked against a local copy of the MAL which is frequently updated by DIMA. If no match is recorded, an ETA is issued to the traveller. Requests which have been matched to the MAL result in the prospective traveller being referred to the local Australian consulate.

2.4   Every five minutes, details of ETAs issued are downloaded to the DIMA Visa Load system where they are subjected to the second check against the MAL.

2.5   The ANAO review of the IT systems covered the following six broad areas:

• controls within ETA applications;

• continuing availability of the processing system;

• physical security of DIMA information held at SITA and CSC Australia (the outsourced provider of the DIMA mainframe services);

- operating system security;

- telecommunications security; and

- MAL system controls and DIMA mainframe security.

2.6 The broad findings, in relation to the areas reviewed, are discussed below.

Controls within the ETA application

2.7 The ANAO found that the ETAS was designed and has been tested to cater for Year 2000 issues. The computing environment and application have both been designed to be scalable to address forseeable future processing needs. The ETAS should meet foreseen increased demand arising from the Sydney 2000 Olympic Games following a storage upgrade. However, the ANAO considers this should be confirmed by a formal capacity planning analysis. The ANAO noted that the DIMA mainframe interface is yet to be tested as a result of internal DIMA Year 2000 Project timings. Accordingly, DIMA will need to assess any exposures arising from its mainframe interface and treat them as soon as practicable before the end of 1999. In addition, it would be prudent to implement appropriate contingency arrangements for such a business critical system.

2.8 Transaction processing is handled by commercial queuing software, which adequately handles transmission errors and ensures accuracy and completeness of processing. Transaction audit trails are adequate in that they contain information sufficient to identify the transaction source terminal, date and time, and details of every transaction processed or rejected. In addition, controls over data input validation are adequate in that appropriate use is made of code validation lookup tables, valid range checking and syntax validation throughout the application.

2.9 Change management is a mechanism which ensures changes to a production system have been properly authorised and tested before being implemented, and the system operates as designed, following implementation of a change. Change control procedures relating to the ETAS are currently undocumented, and the process has not been formally agreed between DIMA and the contractor. As DIMA has not specified its expectations there is no assurance that the contractor will meet them, nor that the processes will be consistently performed. CPS Systems has advised that it has started implementing a quality assurance system which includes quality assurance processes for managing documentation and change control processes.

Continuing availability of the processing system

2.10   For the ETAS to be fully effective, it should be available at all times for travellers in different time zones. If the ETAS is unavailable, travellers are referred to local missions or overseas posts for conventional visa processing through the IRIS. However, if ETAS were unavailable for an extended period, user confidence would be adversely affected and workloads at overseas posts would increase sharply, possibly affecting standards of client service.

2.11   The ANAO found that the ETAS has been designed with continuity of processing in mind. The system is duplicated on a second computer configured to take over processing if the primary computer becomes unavailable for any reason. All disk storage is mirrored in the second system and disks can be swapped in the event of any contingency. Furthermore, the ETAS hardware is situated in a controlled and secure physical environment, discussed at paragraph 2.14.

2.12   Given that ETAS data is transmitted to the DIMA mainframe every five minutes, there is minimal risk of losing significant amounts of data in the event of system failure. The ANAO found that the system backup regime operates effectively with ETAS application files and data copied to backup tapes daily and backup sets stored off-site by a security cleared contractor. The operating system and associated files are backed up on a weekly basis and recoveries are periodically tested. Communication links are of a sufficient capacity to meet anticipated future demand.

2.13   The ANAO considers that current arrangements are sufficient to minimise the risk of extended unavailabilty. However, the ANAO noted that only one person is capable of restoring the system in the event of a failure, and that recovery procedures are undocumented. There is a significant risk that, should that person be unavailable for some reason, the ETAS may not be recovered in a timely manner. Therefore, the ANAO considers that the ETAS should be subject to, and tested against, documented formal Disaster Recovery and Business Continuity Plans.

Physical security of DIMA information held at SITA and CSC

2.14   Physical security was assessed at the SITA computer centre, housing the ETAS, and at the CSC computing facility, housing the DIMA mainframe computer. Physical security was assessed as adequate to prevent unauthorised persons or unexpected events from interrupting ETAS processing. However, the review identified minor improvements which should be made to ensure personnel hold appropriate security clearances.

Operating system security (AIX)

2.15 The operating system was reviewed to determine the strength of controls over the ETAS application at the file level. Without adequate operating system security, there is a risk that users may access and modify data and programs without being subject to any application controls. It could also be possible that the operating system could be damaged so as to affect continuity of processing.

2.16 The ANAO noted that the operating system had a number of strengths, such as: a valid user ID/password combination must be entered in order to connect to the RPS host; only a small group of contractor administrative personnel have access to the AIX command prompt; and normal ETAS users never directly connect to the ETAS host, rather they pass validated messages via the RCS.

2.17 However, the ANAO considers that some key controls over the operating system security should be put in place to address security limitations in the following areas:

- password ageing was not implemented; that is, users were not required to select new passwords on a regular basis;
- there was no tracking of password histories to prevent users reusing a previously used password;
- security patches[2] were not installed to protect against security breaches;
- any user with access to the command prompt could replace or edit files to include unauthorised tasks; and
- there is the possibility of unauthorised persons connecting to the ETAS via a related system without supplying a password.

2.18 The ANAO identified a number of other areas which require improvement in order to increase the level of security at the operating system level. This was because there was no formal agreement between DIMA and CPS Systems concerning the required system administration tasks or procedures relating to security and user administration. The ANAO considers that an agreed set of UNIX security policies and procedures should be implemented over the ETAS.

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[2] IBM releases various operating system patches on a regular basis to correct identified bugs and enhance AIX security.

Oracle Data Base Management System controls

2.19 The Oracle Database Management System (DBMS) includes the ETAS database, which holds details of visas issued and the business rules which determine the validity of data. Security over Oracle was reviewed to determine any potential weaknesses which could allow unauthorised access to sensitive data by a user who has subverted AIX security.

2.20 The ANAO found that normal users cannot directly connect to the Oracle DBMS and that only a few contract personnel have direct access to it. However, the ANAO also found that:

- some users were granted access to sensitive database tables although this access was not required to perform their functions; and

- audit trails are not maintained by the Oracle DBMS on the ETAS, this may result in unauthorised activity on key Oracle data being undetected.

2.21 Therefore, the ANAO considers that security and controls in the Oracle database environment should be enhanced taking account of these risks to properly protect classified data.

Telecommunications security

2.22 Telecommunications security was reviewed to assess the level of protection afforded to information transmitted between DIMA, CPS Systems and SITA. This protection is provided through encryption of telecommunication links.

2.23 The ANAO found that the link between the RPS and the RCS only allows access by users authorised by the system. However, there is an unencrypted communication link between the RPS and the DIMA mainframe through which protected information is transferred.

2.24 CPS Systems' staff have remote access to the RPS via encrypted dial-in access to a server. While failed connection attempts are logged, successful access to the server is not logged. In addition, connection logs are not reviewed on a regular basis. Therefore, if unauthorised activity occurred it would not be detected promptly.

2.25 The ANAO therefore considers that telecommunications security requires improvement through implementing appropriate methods of encrypting data transmitted between the RPS and the DIMA mainframe; logging of remote access server connections combined with regular review; and a more structured control over encryption material for dial-in access to the server.

Movement Alert List system controls and mainframe security

System controls

2.26   The MAL system is an application which provides data to the ETAS for name matching purposes and also to the TRIPS Visa Load system for secondary name matching against applicants granted an ETA. As a result of this interaction some assurance was sought as to the accuracy and integrity of data contained in the MAL. This part of the review focused on control over access to the MAL system and data quality controls.

2.27   The ANAO found that user access is controlled and adequately administered by the Law Enforcement, Liaison and Movement Alert Section in conjunction with IT Security. The MAL system adequately provides for segregation of duties through user access profiles specific to each type of user requiring access. As well, current user access profiles are reasonable. DIMA advised that it has an ongoing project to improve the quality of MAL data.

2.28   No data manipulation utilities capable of accessing MAL data at the file level (ie without signing on to the MAL system) exist in the production environment and direct calls to MAL data at the file level can only be made by authorised programs. Current change control procedures minimise the risk of unauthorised MAL data access in this manner.

2.29   The ANAO identified issues in relation to the need for additional control over data quality to benefit the name matching routines implemented by DIMA. This is addressed in Chapter 3.

Mainframe security

2.30   The ACF2 package controls access to the DIMA mainframe and to the various systems and resources available. Security over ACF2 was reviewed at a high level to determine the risk of persons making unauthorised changes to the MAL system.

2.31   Access to the DIMA mainframe is granted via valid logon ID/password combination. User settings that were reviewed indicated that parameters are adequate to minimise the risk of a logon ID being systematically compromised. A separate group (IT Security) administers all aspects of ACF2 administration. This group has no user responsibilities. The ANAO found that key controls over ACF2 access, that of a valid logon ID and password combination, are operating

effectively to restrict user access to mainframe resources. However, the current ACF2 configuration provides a number of security weaknesses which should be addressed.

2.32 The ACF2 installation at DIMA is currently not specific enough in its access rules to provide satisfactory protection over several critical files which could adversely affect system stability and accuracy of audit trails. Key access rules should be reviewed with a view to adequately protecting critical files.

DIMA action on recent IT security reviews

2.33 The ANAO also reviewed the extent to which DIMA had implemented the recommendations of a 1997 IT security review. While DIMA has implemented some recommendations, others are in the process of implementation and a number are yet to be implemented.

Conclusion

2.34 Based on the results of the audit, the ANAO concluded that the ETAS is a computer system which provides accurate and complete processing, provides for continuous processing with the system duplicated on a second computer configured to take over processing if necessary, is capable of meeting foreseeable future processing needs and operates according to design specifications.

2.35 However, while physical security was adequate to prevent unauthorised or unexpected persons from interrupting ETAS processing, the IT security arrangements do not currently provide the required level of security.

2.36 The ANAO has provided DIMA with a detailed list of suggested actions to upgrade the level of security. Taking these actions will ensure that:

- DIMA is able to continue data processing operations under adequate security protection;
- the security function relating to the installation, administration and use of the operating system is effective; and
- telecommunications system security is adequate.

2.37 A quarter of these recommendations were categorised as high priority. Many of the recommendations are easy to implement and DIMA and CPS Systems have advised the ANAO that they are in the process of actioning these. Given the security implications of the detail in the actions specified, the ANAO has made one overall recommendation to cover the areas reviewed.

2.38   DIMA should also institute procedures which ensure ongoing review of the ETAS security arrangements to provide adequate assurance on the required level of security.

Recommendation No.1

2.39   The ANAO recommends that, to ensure that the required level of security is achieved for the Electronic Travel Authority information technology environment, DIMA develop and institute appropriate:

- change and password control procedures;
- UNIX security policies and procedures;
- telecommunications and mainframe security procedures; and
- procedures which ensure ongoing review of the ETAS security arrangements to provide assurance about the required level of security.

DIMA response

2.40   Agreed. DIMA has developed procedures to enhance security within the ETA system environment. Their introduction will proceed under the auspices of the ETA/APP Management Committee established under clause 8 of the Agreement between DIMA and CPS Systems.

3. Movement Alert List

This chapter examines DIMA's Movement Alert List as it relates to the ETAS. Overall, the ANAO found that DIMA had made considerable effort to ensure the sufficiency of MAL data. However, the ANAO has identified some issues which DIMA should address to ensure the MAL operates in accordance with its objective.

Introduction

3.1	The Movement Alert List (MAL) provides decision-makers with information to help the Commonwealth regulate, in the national interest, the entry to and presence in Australia of non-citizens. It does this by identifying persons on whom DIMA holds information which will be relevant to visa issuing and citizenship acceptances. MAL provides the only security check of the visa applicant, performed by DIMA, for ETA applications[3]. If the visa applicant does not match against any names or documents held on MAL and if the nature of the visit and period of stay is appropriate for an ETA, the visa is granted. MAL has existed in one form or another for the past 50 years.

3.2	MAL comprises the Person Alert List (PAL) and the Document Alert List (DAL). The PAL holds records on foreign nationals and dual nationals of interest to DIMA, and DAL holds details of bogus, stolen or fraudulently altered travel documents.

3.3	PAL data is replicated on three different systems: DIMA's mainframe; IRIS (a stand-alone visa issuing system in each overseas post which issues visas) and the ETAS. A copy of the PAL also resides on the ACS's border alert system, the Passenger Automated Selection System (PASS). DAL data is held only on the DIMA mainframe.

Role of MAL in processing ETAs

3.4	All visa applicants and their documents are checked against the PAL at the time an ETA application is made (that is, by a travel agent, airline, or an Australian consulate).

3.5	After the ETA has been issued, the information is loaded onto the mainframe (a process called visa load). At this point a further PAL check is undertaken using more exhaustive name matching parameters and a DAL check is made of the documents. DIMA undertakes these checks as a risk management approach to maintain processing efficiencies

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[3]	For paper visas, travel documents are sighted by DIMA officers, or travel agents under Agency Arrangements, prior to the applicant being checked against the MAL.

at the point of application while ensuring border integrity is not compromised. This first and second check process is illustrated in Figure 6.

3.6 Any match, as a result of the second check, is reported to the Entry Operations Centre (EOC—located at Central Office). If a close match is detected during the visa load process, the EOC will set an immigration directive. Where the applicant has not left their country of departure, the EOC will coordinate the follow-up with Australian consulate overseas/ regional offices. However, if the applicant has left their country, they will be referred to an immigration inspector on arrival in Australia.

Figure 6
Movement Alert List checking process
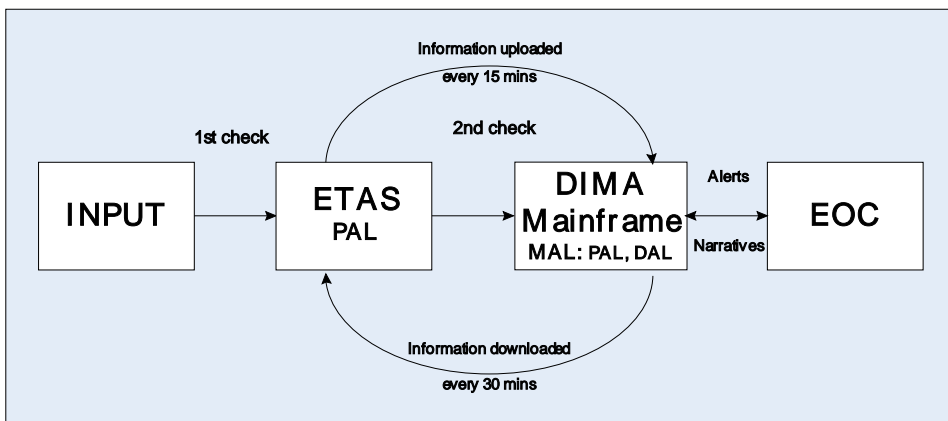
3.7 The matching of a person on the MAL does not itself lead to rejection of an ETA application. The officer at the overseas post or the EOC is required to consider the recorded information when a match takes place to determine whether:

• the person is the person to whom the information relates; and

• the information contains material sufficiently adverse to the person to enable a judgement to be made that the applicant does not satisfy the public interest or character test.

3.8 In exercising this judgment DIMA officers follow procedures, such as interviewing the applicant, and have regard to the Migration Regulations and departmental guidelines.

Data input into MAL

3.9 MAL alerts can only be created by officers assigned 'Create', 'Review', 'Update' or 'Delete' access by the MAL system administrator. DIMA airport inspectors, DIMA staff in the Law Enforcement, Liaison and Movement Alert section, the Character Section and the EOC have such access.

3.10   An alert is only created if the information is relevant to making a decision on a person's application, entry, or stay in the context of the legislative and policy requirements for the Migration Act and the Citizenship Act.

3.11   The EOC coordinates information to be entered on MAL provided by other areas within DIMA, such as Australian overseas posts, and law enforcement agencies. In addition, all MAL alert creations, deletions and updates by DIMA airport inspectors are reviewed nightly by the EOC. The role of the EOC is discussed in greater detail in paragraphs 3.35–3.37.

ANAO review of MAL

3.12   In conducting the audit, the ANAO had regard to whether:

- the MAL data was of a sufficient standard to provide an adequate level of screening of applicants;
- the name searching routines used by the ETAS on MAL data were appropriate to meet screening requirements; and
- DIMA's coordination measures with law enforcement agencies facilitated provision of information for MAL.

3.13   The ANAO's findings in each of these areas is discussed below.

Sufficiency of MAL data

3.14   MAL's main information listing comes from DIMA's network of sources. There are approximately 78 000 entries on PAL, (58 000 of these are people of immigration concern and 20 000 are known aliases), and DAL contains 800 000 passports of concern. These figures have increased since June 1995 when PAL consisted of 47 075 individuals plus approximately 18 000 aliases and DAL contains records of 400 000 lost or stolen documents.

3.15   DIMA has undertaken a number of measures to increase the information held on people of immigration concern. These have included approaches to national and international security and law enforcement agencies (including Australian Security Intelligence Organisation (ASIO), National Crime Authority, Australian Federal Police, and the International Criminal Police Intelligence Organisation (INTERPOL)). All agreed to continue to work closely with DIMA, although the following information-sharing constraints for exchange of international information were noted:

- the lack of obligation by other countries to meet DIMA's timeframes;

- the constraints of other countries' privacy legislation;

- the question of reciprocity resulting partly from legislative barriers (particularly relating to ASIO information) and also because there are eight separate police systems; and

- the lack of importance placed, by some Governments, on giving information to Australia on foreign nationals with criminal histories.

3.16   Notwithstanding these constraints, DIMA has increased the information entered into MAL. The ANAO found that, while there are guidelines on entering and actioning INTERPOL alerts, there are no such documents or procedures for entering and following-up information provided by other sources and law enforcement agencies. This has resulted in some uncertainty and indecision within DIMA of appropriate ways of handling this information. Formalising operating procedures would provide greater assurance of data quality and protect against loss of corporate knowledge.

3.17   The EOC reviews, on a daily basis, information entered into MAL by DIMA airport staff to ensure it is relevant, adequate and listed in the correct risk categories. However, the EOC does not regularly review information entered into MAL from the Law Enforcement, Liaison and Movement Alert and Character Sections. In addition, there is no review of information entered by EOC staff. Therefore, the ANAO considers, that DIMA should formulate and implement a strategy to review all new MAL entries on a risk management basis to ensure information is relevant, adequate and listed correctly.

3.18   DIMA has procedures in place to maintain the currency of MAL data and has recently reinforced these to staff. These procedures are based on standards for action depending on the category of alert on the MAL database. These actions may be, for example, to review such data in five years or to automatically delete after three years. Where review is indicated, the agency or consulate which placed the alert will be asked to advise on whether deletion or continued listing is appropriate. In the case of alerts created by other sections[4] of DIMA or forwarded to DIMA for listing; the EOC determines the course of action. The ANAO found that MAL data is reviewed for deletion, suspension or update of information on a monthly basis.

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[4]   Other sections include alerts created by EOC, Law Enforcement, Liaison and Movement Alert or Character Sections.

Recommendation No.2

3.19 The ANAO recommends that DIMA develop standard operating procedures for:

- entering and following-up information provided by law enforcement agencies to provide adequate assurance of data quality; and

- reviewing new MAL entries on a risk managed basis to ensure information is relevant, adequate and listed correctly.

DIMA response

3.20 Agreed. DIMA implements the data standards necessary to maintain adequate data integrity for MAL inclusion. Procedures are now in place to audit and review new MAL entries regularly and on an ongoing basis.

Name searching routines

3.21 Name matching is a risk management process because there is a trade-off between the effectiveness of the name searching routine, measured by the number of 'hits' a name generates, and the efficiency of border processing. The more 'hits', the more people will be referred for immigration screening at the time of application or at the border. This could affect the ability of the ETAS to meet its stated objective of facilitating border processing. The effectiveness of any matching routine is heavily reliant on the quality and completeness of the data to be searched.

3.22 DIMA is currently using a software package known as SSA-NAME3 which resides on the DIMA mainframe. This package is widely used in banking, insurance and law enforcement agencies world-wide and has been generally accepted as an industry standard for matching purposes. SSA-NAME3 has the ability to reduce to a phonetic, key names from four major language groups, in order to optimise the matching process for foreign names. SSA-NAME3 is appropriate for DIMA's purposes. The current name matching routine has successfully facilitated the entry of millions of people into Australia, and referred travellers to immigration staff when the necessary threshold score is attained.

3.23 DIMA reviews the balance between processing efficiency and name matching effectiveness in order to arrive at an acceptable level of performance. As part of this, name matching business rules are regularly reviewed and tested for potential improvement. However, recent staff changes mean DIMA no longer has the technical knowledge to provide assurance on the quality of advice to decision-makers about altering name

matching business rules. DIMA advised that MAL name matching settings have not been altered since the staff changes. However, it agrees that Law Enforcement, Liaison and Movement Alert Section staff would benefit from technical training in setting name matching business rules.

Coordination between DIMA and law enforcement agencies

DIMA liaison arrangements

3.24 The alert system is only as good as the information on it and that, in turn, is a function of the level of cooperation from law enforcement agencies in giving information to include on the MAL.

3.25 Previous reviews of the MAL have recommended that DIMA develop a more cooperative and effective working relationship with national security and law enforcement agencies, including State and Territory Police Forces, in providing and managing alert data. This was also one of the recommendations of the Joint Standing Committee on Migration's Inquiry into Australia's Visa System for Visitors.[5] Establishing this cooperation would help DIMA and law enforcement agencies counter the entry of undesirable persons and provide immigration information and intelligence to aid law enforcement agency investigations.

3.26 In 1997 an Interdepartmental MAL Steering Committee (IDC),[6] was established under the auspices of HOCOLEA 23[7] to protect and enhance the integrity of Australia's border, with particular reference to improving MAL.

3.27 The IDC ceased in June 1998, at which time it was agreed that the IDC's goals had largely been achieved and that a new direction for the forum was required. It was also agreed that fewer participants would be needed in the forum's new incarnation. Since the demise of the IDC there has been no formal forum yet established. The ANAO noted that law enforcement agencies saw value in establishing such formal liaison arrangements.

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[5] Parliamentary Paper 16/1996 *Australia's Visa System for Visitors*, January 1996.

[6] Members of the IDC comprised: Australian Taxation Office, Department of Foreign Affairs and Trade, ACS, Australian Federal Police, Attorney-General's Department, Australian Securities Commission, Australian Bureau of Criminal Intelligence, National Crime Authority and DIMA.

[7] The 23rd meeting of the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA).

Recommendation No.3

3.28   To develop a cooperative and effective working relationship with law enforcement agencies, the ANAO recommends that DIMA establish formal liaison arrangements with these agencies, such as a forum on MAL-related issues or incorporate MAL into an appropriate, existing, discussion forum.

DIMA response

3.29   Agreed. DIMA is pursuing a number of initiatives to formalise relationships with law enforcement agencies including convening a forum to discuss MAL related issues and entering a Memorandum of Understanding with the New South Wales Police.

Private MAL

3.30   As part of DIMA's approach to widen the awareness of MAL among law enforcement agencies, and in view of the need to encourage such agencies to put relevant information on MAL, the Department has built an enhancement to the MAL database.

3.31   Private MAL enables participating Commonwealth agencies to be informed about the international travel of people who are of interest to that particular agency but where DIMA does not need to be alerted for visa purposes. While a number of Commonwealth agencies may have Private MAL access, each agency is only able to access information relating to its own alerts, not the information of any other agency. Private MAL also enables authorised users from each agency with which DIMA has an agreement to create their own alerts.

3.32   The benefits of Private MAL to DIMA are that:

- it promotes awareness of MAL among law enforcement agencies who are the source of important intelligence for immigration purposes; and

- through encouraging agencies to separate data for immigration purposes, it improves the quality of data available for alert checks.

3.33   DIMA advised that a handout and training guide on Private MAL has been provided to relevant law enforcement agencies. As well, through presentations it has attempted to differentiate the functionality of Public and Private MALs. DIMA considers that the onus is also on law enforcement agencies to develop guidelines and understanding of Private MAL.

3.34   While the concept of Private MAL originated in 1992–93, and an MoU was signed with one agency in August 1998, Private MAL is yet to become operational in other agencies. The ANAO considers that the benefits to DIMA of Private MAL warrant further consideration of wider implementation.

Role of the EOC

3.35 Departmental Migration Series Instructions detail the EOC's role in coordinating and responding to MAL match notifications. The audit evidence indicated that these procedures were applied consistently. However, the ANAO noted that the EOC has broader functions than detailed in the Migration Series Instructions. These include:

- ensuring data received from overseas posts is accurate and loaded onto the system;

- providing assistance to airlines and travel agents, particularly with non-citizens and distressed passengers (ie those who have lost documents which would enable them to return to Australia); and

- providing assistance to airport staff and overseas posts when needed.

3.36 The ANAO found there are no internal operating procedures which document these additional functions. There would be merit in DIMA ensuring that all EOC's functions are appropriately documented to facilitate effective and efficient operation and to protect against loss of corporate knowledge.

3.37 Addressing the ANAO's Recommendation No.2 will strengthen operational guidance for some of the EOC's functions.

Conclusion

3.38 The ANAO concluded that DIMA has made considerable effort to address the sufficiency of MAL data by:

- increasing the information held on people of immigration concern, through approaches to a number of national and international security and law enforcement agencies;

- reviewing the MAL data for action in terms of deletion, suspension or update of information on a monthly basis; and

- reviewing information entered into the MAL by DIMA airport staff on a daily basis for consistency and relevance. However, the EOC does not regularly review information entered into the MAL from other sources, such as information entered by DIMA staff in the Law Enforcement, Liaison and Movement Alert and Character Sections.

3.39 The ANAO also found that, while there are guidelines on entering and following-up INTERPOL alerts, there are no such documents or procedures for entering and following-up information provided by other sources and law enforcement agencies. Formalising operating procedures would provide greater assurance of data quality and protect against loss of corporate knowledge.

3.40 The SSA-NAME3, name matching software is appropriate for DIMA's purposes. The name matching parameters and routines are currently adequate to meet DIMA's business requirements. However, recent staff changes mean that DIMA no longer has the technical knowledge to provide assurance on the quality of advice to decision-makers about altering name matching business rules. While MAL name matching business rules have not been altered since the staff changes, DIMA agrees that staff in the relevant area would benefit from technical training in setting name matching business rules.

3.41 Since June 1998, when the MAL IDC was terminated, there has been no forum for formal liaison and coordination between DIMA and law enforcement agencies on MAL-related issues. Formal liaison arrangements would facilitate provision and management of alert data. Law enforcement agencies supported this view.

3.42 The concept of Private MAL originated in 1992–93, and an MoU was signed with one agency in August 1998. Private MAL is yet to become operational in other agencies. The ANAO considers that the benefits to DIMA of Private MAL warrant the further consideration of wider implementation.

4. Relationship between DIMA and external parties

This chapter examines DIMA's relationship with external parties who have a considerable impact on the operation of the ETAS. While DIMA has developed an effective working relationship with the travel industry, a long-term strategy for provision of support to travel agents would provide greater assurance of continued success; as would more formalised arrangements with key parties who play an important service role.

Introduction

4.1 The effective operation of the ETAS is reliant on a number of external parties. Parties who have considerable impact on the operation of the ETAS are: travel agents, airlines, the Australian Customs Service, CPS Systems (the contractor), and SITA (the prime subcontractor). DIMA's relationship with CPS Systems and SITA is dealt with in Chapter 5.

4.2 More than three quarters (83%) of ETA visas are issued by travel agents, airlines and specialist services[8] (see Figure 7). The remaining visas are issued at DIMA offices through its Immigration Records Information System (IRIS). Currently there are 22 500 travel agents, airlines and computer reservation system subscribers world-wide involved in processing ETA visas.

Figure 7
Proportion of ETAs issued by processing point (July to December 1998)

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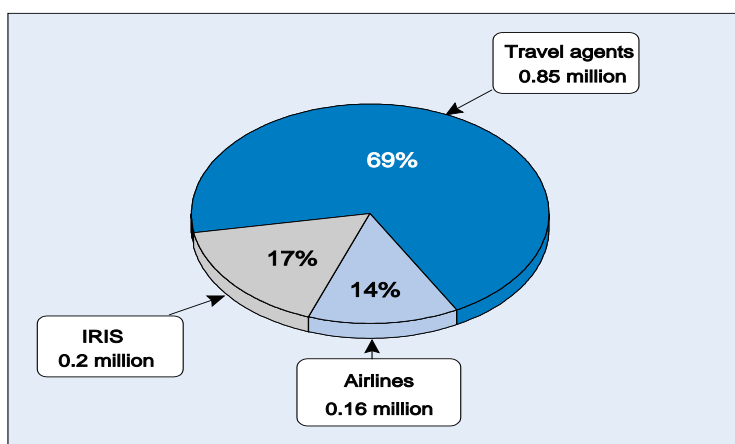
[8] Based on codes entered with visa applications. DIMA has advised that in certain countries, notably South Korea, travel agents use codes that are reserved for airlines elsewhere. As well, airport travel agencies may be identified by airlines codes.
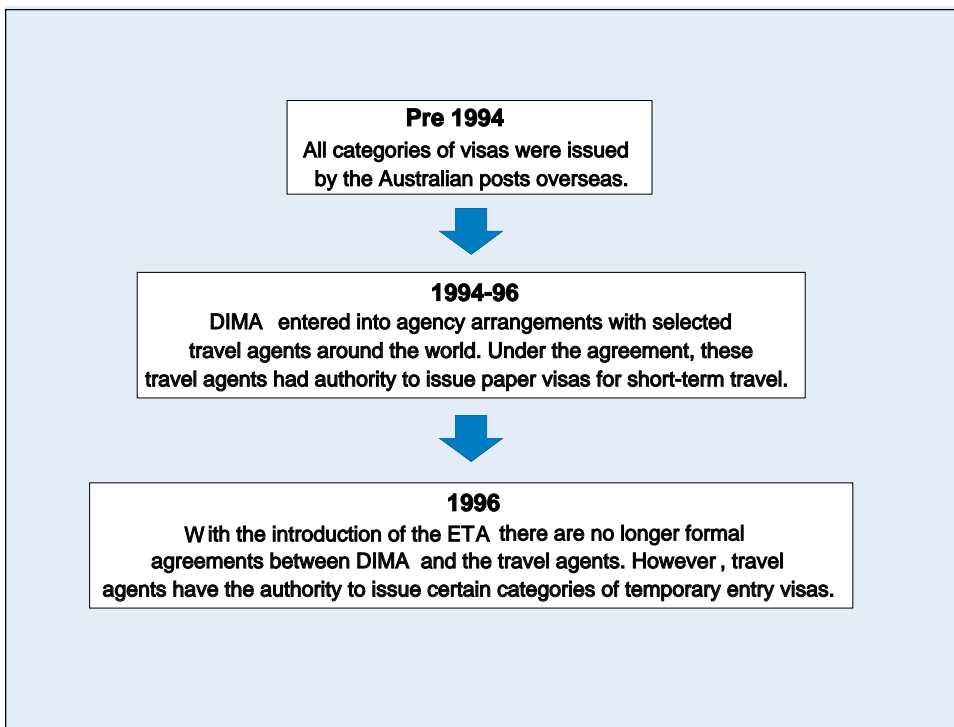
4.3   The ANAO analysed the role of each party contributing to the successful operation of the ETAS; the arrangements in place to ensure parties continue to play their role; and DIMA's contingency planning to cope with possible failure in its arrangements with external parties.

DIMA and travel agents

4.4   The last few years have seen a significant shift in DIMA's use of travel agents for visa issue. Prior to the introduction of the ETAS, DIMA had written contracts with selected travel agents, referred to as agency arrangements.   With the introduction of the ETAS, the agency arrangements were gradually phased out for ETA countries.   These changes are summarised in Figure 8.

Figure 8
Change in DIMA's relationship with travel agents

Pre 1994
All categories of visas were issued by the Australian posts overseas.

1994-96
DIMA entered into agency arrangements with selected travel agents around the world. Under the agreement, these travel agents had authority to issue paper visas for short-term travel.

1996
With the introduction of the ETA there are no longer formal agreements between DIMA and the travel agents. However , travel agents have the authority to issue certain categories of temporary entry visas.

4.5   With ETAS, travel agents can provide an ETA as part of its services to a traveller. Some travel agents provide this service free of charge, while others impose a charge (usually small, say A$10, but can be as high as A$50).

Support and guidance

4.6   DIMA has provided support and guidance to travel agents on use of the ETAS. This includes organising training sessions for travel agents when granted eligibility to use the ETAS and providing agents with a guide. This guide provides an overview of the process and outlines the operational steps in applying for an ETA. Travel agents also have access to SITA and CRS help desk facilities.

4.7   In 1997 DIMA established a network of 10 ETA Liaison Manager (ELM) positions in overseas posts to provide support to travel agents and other ETA users and to monitor ETA operations. The functions performed by the ELMs are critical to managing DIMA's relationship with the travel industry. Their tasks include training travel agents, airlines and computer reservation systems staff in all aspects of the ETAS, general ETA trouble-shooting and the marketing of the ETAS. ELMs also provide a help-desk function for travel agents.

4.8   While there was a joint conference of ELMs when the positions were originally established, which addressed the broad responsibilities of the ELMs, there are no formal procedures which set out their specific roles and responsibilities. Therefore, in practice, the nature of ELM operations is dependent on individual interpretation. The ANAO found there was variation in the way tasks were done, beyond those attributable to local conditions, and there was no standard reporting arrangement.

4.9   The ELM network cost DIMA $0.9 million in 1997–98 and is estimated at $1.4 million for 1998–99. However, the long-term funding for ELMs has not been guaranteed; ELMs have therefore been operating in an uncertain environment. DIMA is currently undertaking a review of the future role to be played by ELMs.

4.10   The ANAO considers that the support provided by the ELMs (referred to in paragraph 4.7) is important to the effective operation of the ETAS. While accepting that the allocation of resources for the administration of the programs is a matter for the Department in consultation with the Minister, the support provided by the Department for the travel agents has been a key factor in ensuring an effective operation of the ETAS. Accordingly, there would be benefit in the Department developing a long-term strategy for providing guidance, training and support services to travel agents.

Monitoring processes

4.11   DIMA recognises that involving travel agents in the visa issuing process presents a new set of immigration management issues and it

therefore has processes in place to monitor their operation in relation to the ETAS. DIMA is able to identify all travel agents who issue an ETA, and daily record is kept of:

- all matches between data on the MAL and ETA applicants; and

- multiple attempts by travel agents to secure an ETA for an applicant who has been referred to the local Australian consulate for a decision.

4.12   These reports are monitored, and ELMs follow-up or counsel the relevant travel agents where a number of attempts are made to obtain an ETA approval in spite of an embassy referral message, or where a false passport has been identified. There was evidence to indicate that ELMs regularly reported on the results of their follow-up.

4.13   The Department has the capacity to suspend a travel agent's access to the ETAS, however, there has been little need to exercise this option.

Quality of data

4.14   Quality of data input has a major impact on the efficiency and effectiveness of the ETAS. Data input error was identified as a major issue through observations and staff interviews at airports and Central Office. If a visa is processed accurately, ETA passengers can be cleared promptly at airport check-in and at the primary line on arrival in Australia. However, if the information relating to name and date of birth is incorrectly entered, the process can cause delays at both check-in and the primary line, undermining the efficiencies of a paperless system.

4.15   DIMA does not have management information on the input error rate for visa applications. However, it does monitor the rate of ETA referrals at the primary line (as a proxy measure). When the passport is swiped or details entered at the primary line the ACS officer will either get a message which says 'enter' or 'refer'. A referral message results in the traveller being referred to DIMA officers at the airport for resolution.

4.16   Figure 9 shows the trend in referral rates since July 1997 for ETA and label visas. ETA referrals average some two per cent of ETA arrivals and are proportionately less than label visa (IRIS) referrals. However, this performance is not meeting DIMA's aim as stated to the client reference group[9] to achieve a referral rate below 1 per cent.

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[9]   The Tourism Client Reference Group (CRG) is a DIMA initiative and plays a valuable role in DIMA's interface with the Tourism industry and the development of DIMA's practices and procedures. The CRG includes representatives from DIMA, the tourism industry, and the Department of Tourism. The CRG meetings are held on a quarterly basis and are chaired by DIMA.

Figure 9
Referrals as a proportion of arrivals
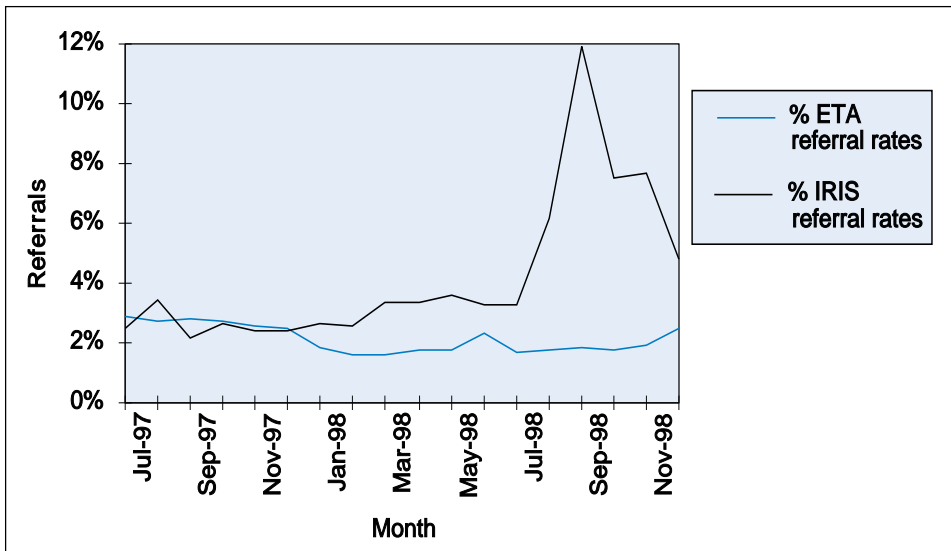
4.17   These referral statistics, used as a proxy measure, also do not provide an accurate indicator of data input error because there could be a number of other reasons for a referral. Indications are that less than half of ETA referrals are likely to be the result of data input error. Observations and interviews at the primary line indicated that the majority of data input errors related to:

- date of birth or family name incorrectly entered;

- multiple entries created by entering different combinations of the names; and

- duplicate entries, caused by issue of a second visa at check-in, because the original visa could not be found due to incorrect processing by the travel agent.

4.18   Incorrect data entry not only holds up the passenger until the matter can be resolved, but also creates substantial work for DIMA staff at the airport in amending computer records to ensure the accuracy of DIMA databases, as well as delays at airport check-in and a cost to airlines in resolving the issue.

4.19   The ANAO observed that when an ETA visa could not be readily found, staff at check-in and at the primary line often relied on paper slips issued by booking agents to obtain details of the ETA visa. These paper slips are a 'screen dump' of the ETA approval screen and are often provided by booking agents to their clients as confirmation that an ETA visa has been issued. This is notwithstanding that the 'slips' have no legal status.

4.20   DIMA has advised that it no longer encourages this practice and has deleted any reference to it in the January 1999 ETA guide for travel agents. It considers that as the record exists in electronic form only, any real or perceived usage of written confirmation could result in a 'document' being produced for fraudulent purposes. DIMA is in the process of introducing information leaflets for ETA holders on the terms and conditions of the visa.

4.21   Given the significance of data quality in achieving ETA objectives, the ANAO considers it should be more closely monitored by developing effective quality control processes suitable for the purpose. This would assist DIMA in developing an appropriate training strategy and would highlight areas in need of emphasis.

4.22   During the course of the audit DIMA advised that it is undertaking a review of the 'referrals' database which will provide, interalia, a better understanding of the extent of incorrect data entry in the ETA process and its impact on airport operations.

Conclusion—travel agents

4.23   The take-up rate of the ETAS by travel agents has steadily increased since its introduction. The high proportion (69%) of ETA visas issued by the travel agents signifies general acceptance of the system by the travel industry.

4.24   DIMA has provided support and guidance to travel agents in the use of the ETAS in several ways, including through the network of ELMs in overseas posts. DIMA also seeks to monitor the integrity of the system. However, DIMA can strengthen its management of the quality of the contribution of travel agents to the ETAS by developing a long-term strategy for providing guidance, training and support services to travel agents; and furthering quality control processes to ensure data integrity. DIMA is reviewing these areas.

Recommendation No.4

4.25   The ANAO recommends that, to manage the quality of travel agents' contribution to the ETA system, DIMA should develop:

- a long-term strategy for providing guidance, training and support services to travel agents; and
- effective quality control processes to ensure data integrity.

DIMA response

4.26   Agreed. The establishment of the ETA Liaison Manager (ELM) network has provided and will continue to furnish external service

providers with the support to which the ANAO refers. Measures recently undertaken to increase ETA awareness include wide distribution of the revised *Electronic Travel Authority Manual* and updating the ETA website. An information leaflet for ETA holders *Electronic Travel Authority System: Information for ETA holders* has also been prepared. Data integrity and quality have been reinforced with the recent introduction into the ETA system of a validation screen which requires the user to enter identically essential data on two occasions before processing can continue.

DIMA and airlines

4.27 Participating airlines have access to two major ETAS facilities:

- the ability to submit an ETA visa application at the airport at the time of check-in, or at the airlines sales office. This is referred to as a 'TIETAR' transaction; and

- an enquiry function which allows airline the check-in staff to enter a minimum of data on passengers and receive an indication of whether or not the passengers can be boarded. This is referred to as a 'TIETAC' transaction.

4.28 The TIETAC facility was perceived as a major incentive for the airlines to participate in implementing the ETAS. This is because it would obviate the need to visually check the passport for a visa, and would have the potential to eliminate infringement fines (further discussed in paragraphs 4.33–4.35).

4.29 Airline participation in this process has required:

- their reservation systems to be modified to provide access to the ETAS and thus allow airline staff to issue ETAs; and

- minor modifications to the departure control systems at the airport to enable the TIETAC checks to be undertaken.

4.30 The airlines have had to train their staff in the use of the system. DIMA has supplemented this training through its ELM network and occasionally the Airline Liaison Officers network as well as by sending DIMA Central Office staff overseas to conduct training.

4.31 There are now 54 participating international airlines. The ANAO sought discussions with six airlines who had access to the ETAS facility. Three airlines accepted the ANAO's offer and provided their views. The following comments reflect responses from these three airlines.

4.32 Overall, airlines indicated they support the ETA system. Airlines acknowledged there were some initial difficulties with implementing the ETA system. However, they have developed an effective working

relationship with DIMA and appreciate the efforts DIMA has made to overcome problems that arose. Airlines recognise that continuing cooperation between airlines and the Department is essential for the ongoing viability of the system. They consider there are still some significant areas where the ETA has not met expectations. These are discussed below.

Infringements

4.33 The level of infringement notices[10] was one area where the ETA had not met airline expectations. The number of infringements for carrying passengers without visas to Australia has risen steadily since the ETAS was introduced. Figure 10 shows the trend in infringements since 1992–93 for seven major ETA airlines and for all airlines.

Figure 10
Infringements
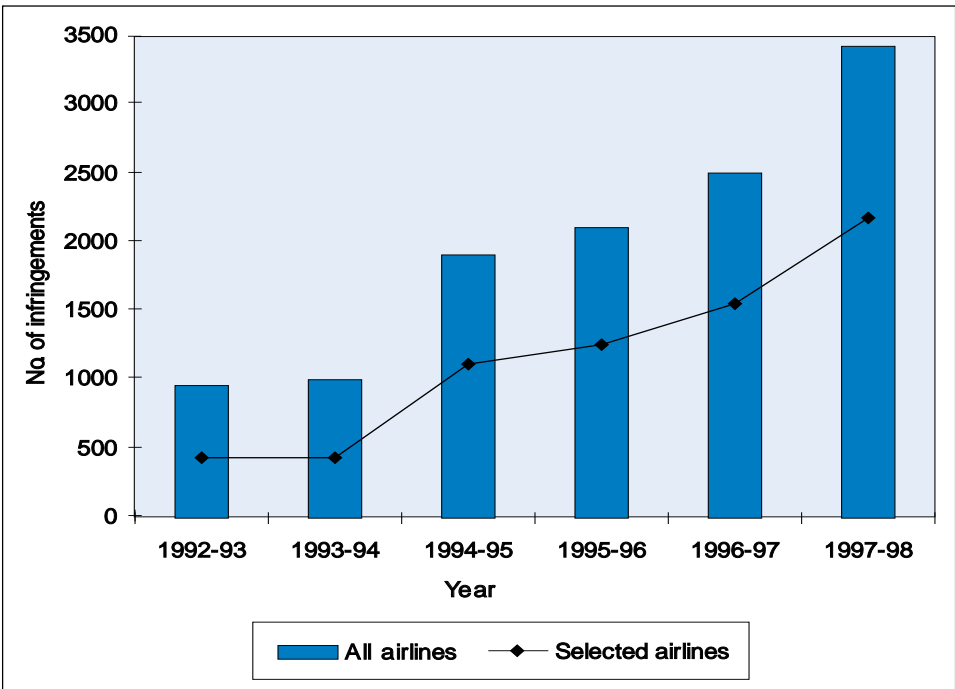
4.34 DIMA's statistics on infringements do not identify the break-up between ETA and non-ETA related passengers. However, almost 70 per cent of temporary entry visas are issued through the ETAS, and there has been a distinct increase in the number of infringements since the ETA was introduced. DIMA has acknowledged that ETA is contributing more to these infringements than was anticipated. There

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[10]   Where an airline incorrectly flies a passenger into Australian without an authorised visa it receives an infringement notice with a possibility of a consequential fine, presently set at $2000 per fine.

are a number of factors which contribute to this result; as is recognised by airlines. These include:

- inadequate checks by airport check-in staff;

- customers being unaware of the visa requirements or travel agents failing to advise the customers of visa requirements;

- passengers from the US who may originate from small airports but be checked through to international flights. Because check-in staff at the smaller airports only see a handful of ETAs per year, they are not clear about the procedures; and

- a high turnover of check-in staff—up to 50 per cent per annum for some airlines.

4.35   Airlines are keen to work with DIMA to develop a strategy to overcome this problem.

Processing ETA visas at the airport

4.36   Airlines understood, from original discussions with DIMA, that the ETA would facilitate checking at the airport whether a valid visa had been issued, but that there would be minimal application for visas at the airport, except in emergencies. However, Figure 7, indicates that 14 per cent of ETA visas are processed by airlines.[11] Accordingly, airlines are processing almost the same proportion of ETAs as the overseas posts and DIMA officers at the airports (17 per cent).

4.37   Airlines have reported an increasing tendency for passengers to arrive at the airport without an ETA, expecting one to be issued by the airline. Some airlines have responded to this practice by imposing ETA application fees to act as a deterrent and to cover their costs. Singapore Airlines has addressed this at Changi Airport by centralising the ETA issuing facility. Airlines do not welcome the trend for visa issue at airports, believing it creates congestion at airports and increases pressure at check-in stations, thereby increasing the risk of incorrectly flying passengers into Australia without an authorised visa (and a possibility of a consequential fine).

Memorandum of Understanding between DIMA and airlines

4.38   DIMA does not have an MoU with ETA airlines, although it raised the possibility at a conference in 1997. DIMA considers some of the benefits of such an arrangement to be:

- improved communication and consultation;

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[11]   Currently DIMA statistics do not identify the numbers processed at airport check-in as compared to airline offices.

- reduced inadmissible arrivals;
- established clear directions;
- potential for relief from fines;
- objective standards to aim for; and
- a clear understanding of Australian Government expectations.

4.39 Some of the specific benefits to the airlines were identified as certainty of pre-clearance by provision of API; express lane clearance for certain passengers; a service level agreement for passenger processing; intelligence training and technical support; and infringement reduction or waiver.

4.40 To achieve these benefits DIMA suggested that airlines would contribute to introduction of a swipe card facility for passengers which would facilitate border processing operations; costs associated with APP checks (which in effect is the current TIETAC transaction cost, currently borne by DIMA); training costs; and the cost of integrating APP into the ETAS.

4.41 Although both parties recognise the need for an MoU, or service agreement, there has been limited progress to date. The ANAO considers that the benefits of an MoU, as identified, would clearly address some of the matters raised in this audit report and would generally help progress DIMA's relationship with airlines.

Conclusion—airlines

4.42 Overall, airlines support the ETA system. Airlines acknowledge there have been some initial difficulties with implementing the ETAS; however, they have an effective working relationship with DIMA and appreciate the efforts made to overcome problems as they arise. There are still some areas of concern for airlines, in particular the rise in infringements, and the increase in visa processing at airports. Development of an MoU, or service agreement, between airlines and the Department would formalise and facilitate DIMA's relationship with airlines, who play an important role in the ongoing performance of the ETAS. The MoU or service agreement could cover issues such as: service standards; arrangements for reviewing these standards; the procedures and the circumstances for handling infringements; responsibilities of parties involved; and arrangements for ongoing training and support.

Recommendation No.5

4.43 The ANAO recommends that DIMA negotiate a Memorandum of Understanding or a service agreement with ETA airlines. This could cover issues such as: service standards; arrangements for reviewing these

standards; the procedures and the circumstances for handling infringements; responsibilities of parties involved; and arrangements for ongoing training and support.

DIMA response

4.44 Agreed. Progress is under way to have a formal agreement with the Government and major airlines.

DIMA and the Australian Customs Service

4.45 The ACS is responsible for processing arrivals at the Australian border seeking entry. Customs staff have the delegated authority to exercise certain functions of other agencies with major responsibilities at the border, namely the Australian Quarantine and Inspection Service and DIMA.

4.46 Customs' officers who carry out immigration processing at the primary line are trained by DIMA in respect of immigration functions. The process is summarised in Figure 11.

Figure 11
ETA passenger processing at the primary line
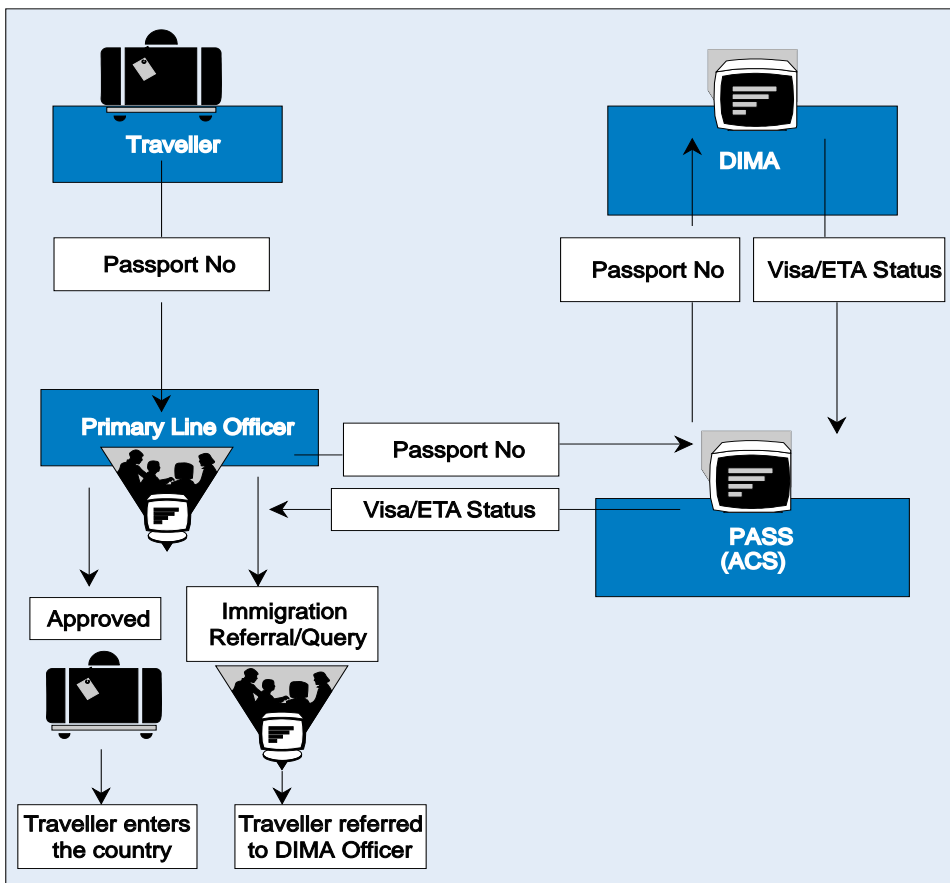
4.47   The primary line officer is required to undertake three critical checks on behalf of the Department.   These are:

- a visual check to ensure the photo in the passport matches the passenger;

- a check of the passport to establish its validity and authenticity; and

- a check for the existence of a visa or ETA through ACS's PASS system (the ACS border alert system).   This requires entry of the passport number and first four letters of the family name or, where the passport is machine readable, swiping the passport to bring up the visa details.

ETAS's role at the primary line

4.48   Overall, ACS considers that confidence in the ETAS and its data integrity has improved since implementation. DIMA has made an effort to educate the users of the system both in Australia and overseas. However, the ANAO considers there were still some areas of concern based upon observations and discussions with ACS staff at the primary line. For example:

- meeting target processing standards may not always allow adequate checks for quality of passport and photo substitution (in a number of instances it appeared doubtful that staff were undertaking thorough visual checks). The ANAO considers it important that a thorough visual check is performed, as well as checking the passport validity and authenticity, given that this is the only point at which Australian Government officials get an opportunity to check the travelling documents of an ETA arrival; and

- the highest number of ETA referrals are 'no ETA match response' which are caused by incorrect entry of date of birth and/or name at application. Sometimes staff had to make several attempts to determine if an ETA existed. If the ETA could still not be found, the delays for the passenger could be anywhere from 5 – 15 minutes depending on the magnitude of the problem.

4.49   ACS is of the view that target processing standards should be met with no degradation of border integrity.   However, it acknowledges that processing standards may challenge newly trained or less experienced staff.

4.50   The ACS has advised that it recognises the importance of the three critical checks undertaken on behalf of DIMA and that primary line officers are trained and instructed accordingly.   They receive constant reinforcement of their responsibilities.

4.51   Paragraphs 4.14 to 4.22 outline the benefits of improving management information with respect to data quality. One feature of an

improved information system would be to include reporting on the number of attempts made by ACS staff to identify ETA passengers.

DIMA's relationship with ACS staff at primary line

4.52 DIMA and ACS believe they have a good working relationship in operating the ETAS at the primary line, with staff working closely to maximise processing efficiency. The ANAO notes that, although ACS staff were responsible for performing this critical immigration function, there is no MoU or service agreement between the two agencies. DIMA advised that current work arrangements are based on a Master Plan drawn up in 1988.

4.53 The ANAO considers that corporate governance would be strengthened by a formal agreement between the two parties on matters such as outlining current service/performance standards, protocols, quality assurance, funding mechanisms and accountability arrangements to ensure that these standards are being met. The importance of such an agreement has been identified in earlier reviews and is acknowledged by DIMA and the ACS. Although there have been negotiations, and this issue has been on the agenda for several years, it has not yet been resolved.

Conclusion—relationship with ACS

4.54 ACS was of the view that confidence in the ETAS and data integrity has improved since implementation. However, the ANAO considers there are some aspects of primary line processing of ETA which warrant some attention, in particular, consistency of quality of visual checks and repeated attempts to identify ETA passengers.

4.55 DIMA and ACS have a good working relationship in operating the ETA at the primary line. However, there are clear benefits in having a MoU or a service agreement between the two parties to facilitate passenger processing at the primary line and to establish performance standards in relation to cost and quality of checks undertaken. Although this issue has been on the agenda for several years, it has not yet been resolved.

Recommendation No.6

4.56 The ANAO recommends that DIMA, in consultation with the Australian Customs Service, complete the development of a Memorandum of Understanding or a service agreement to facilitate passenger processing at the primary line and to establish performance standards in relation to cost and quality of checks undertaken.

DIMA response

4.57 Agreed.

5. Contract management

This chapter examines DIMA's management and administration of its contract with CPS Systems, the contractor operating the ETAS. The ANAO has identified a number of issues in relation to DIMA's management of the contract which should be addressed to ensure the interests of the Commonwealth are adequately protected.

Introduction

5.1 CPS Systems was selected as prime contractor to develop, implement and provide ongoing support for the ETAS after a tendering process in 1995. CPS Systems subcontracted delivery of network services to SITA. The relationship between DIMA and CPS Systems is covered by an ETA System Agreement (the contract) which was prepared in consultation with the then Office of Commercial Law in the Attorney-General's Department (now in the Australian Government Solicitor).

5.2 The initial Management Term of the contract is five years from the actual acceptance date, which was 3 February 1997. Provision is included in the contract to extend it automatically for a further term *'unless the operational and support services have failed to meet the minimum performance levels'.*

5.3 The contract specified four subcontractors. Figure 12 illustrates the relationship of these parties.

Figure 12
Contractual arrangements
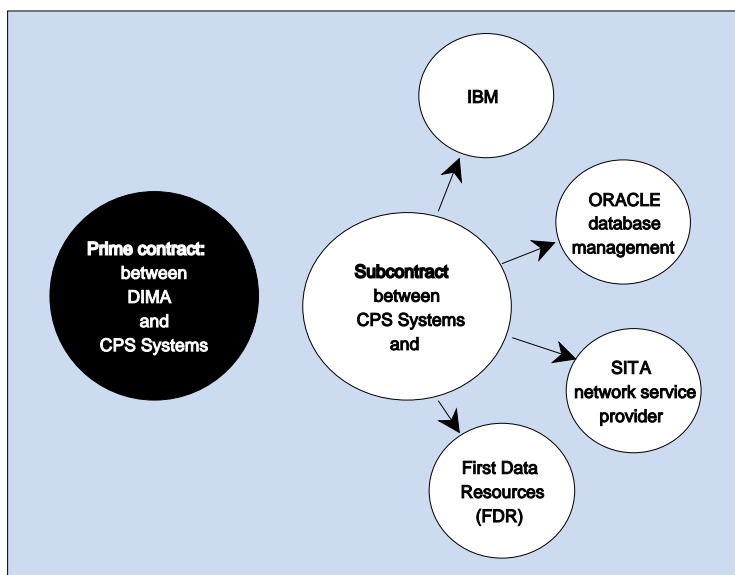
5.4   SITA is the key contributor to the ETAS, providing the network services and the RCS and RPS subsystems which reside within SITA's computing facility. SITA's contribution is therefore important in managing the contract to achieve the desired outcomes.

5.5   Given the complexity of the relationship between DIMA, CPS Systems and SITA, the ANAO sought expert advice from Deacons Graham and James on legal aspects of contract management issues.

Relationship between the main parties

5.6   The ANAO found there is a constructive relationship between DIMA, CPS Systems and SITA, with commitment and goodwill demonstrated by all parties. CPS Systems does not foresee a need to change the current contractual arrangements, unless the application changes with the introduction of APP. Given the innovative nature of the project, CPS Systems is seeking to promote the concept to other countries and the contract makes provisions for commercialisation of the product.

5.7   The analysis of management of IT aspects of the system (Chapter 2), indicates that the contractors have met the performance standards specified in the contract. However, DIMA's contract management practices have been less than effective and consequently have not provided adequate assurance that the Commonwealth's interests are adequately protected for the future.

Managing the contract

5.8   The contract specifically addresses project management. It refers to establishment of a Management Committee, by no later than the date at which the contract was executed, to:

• review and monitor progress under the contract and report thereon to the delegate; and

• carry out such other functions as are set out in the contract or agreed in writing between the parties.

5.9   The contract specifies the representation on the Management Committee and provides that the Committee meet fortnightly, or at such times as agreed between the parties, at DIMA's offices.

No formal monitoring of the contract

5.10   The ANAO found there was no formal monitoring of the contract in accordance with its provisions and sound management practice. An ETAS Steering Committee, comprising representatives from DIMA, CPS Systems, ACS and SITA, was established to oversee the project in 1995.

The Committee was involved in managing technical, administrative and business aspects of the system.

5.11 The ANAO noted that the role of the ETAS Steering Committee was largely to monitor development and implementation of the ETAS. While the Committee had regular meetings in 1997, DIMA and CPS Systems acknowledge there have been no formal contract management meetings since March 1998.

5.12 CPS Systems indicated that the issue of a contract management committee had been briefly raised with DIMA but a decision was yet to be made on its composition and the form it should take. DIMA advised that resource constraints were largely responsible for lack of formal contract monitoring procedures. The ANAO also identified a number of IT issues which signified the need for more formal contract management arrangements. These were:

- the system documentation has not been updated to reflect the current state of the system, as required by the contract;
- change control procedures are not documented or formally agreed between CPS Systems and DIMA; and
- DIMA staff sometimes requested system changes directly of CPS Systems and did not put the request through the area managing the contract.

5.13 While both parties have indicated they have met on an informal basis, there was no evidence to indicate the terms of the contract in relation to contract management were being complied with.

5.14 The ANAO considers contract management to be a vital aspect in any outsourcing arrangement, to provide assurance that the contract is being delivered in accordance with the stated terms, conditions and performance standards. An internal audit review of contract management has also identified a number of weaknesses in this area. DIMA has advised that a management committee is to be reinstituted. CPS Systems has also advised it has implemented a quality assurance system which will be applied to components of its management of DIMA's account.

Insufficient understanding of the contract

5.15 The ANAO found that the DIMA section responsible for managing the contract did not have a good understanding of the terms of the contract. The section was not familiar with a number of important clauses in the contract, (discussed below). The ANAO acknowledges that the relevant section has had a high staff turnover, resulting in a lack of continuity and loss of corporate knowledge. In the ANAO's view this

reinforces the importance of processes to provide an effective means of transferring and maintaining knowledge.

Secrecy and security requirements

5.16 The relevant clause and the schedule in the contract places the onus on DIMA to advise the contractor of its secrecy and security requirements. There was no evidence to indicate that DIMA had done so. The ANAO considers that formal specification of these requirements is necessary to give effect to the intent of the secrecy and security provisions of the contract. The ANAO was advised by CPS Systems that most of the security requirements were indicated through the ETAS Steering Committee process, but it had not received a consolidated schedule or list of instructions on DIMA's secrecy and security requirements.

5.17 The ANAO noted that there were broad privacy obligations imposed on the contractor under the privacy clause in the contract. This is not considered to be adequate, given CPS Systems staff have access to data which requires security clearance.

DIMA's access to the contract between CPS Systems and SITA

5.18 The deficiencies in DIMA's contract management were reflected in DIMA being unaware of some of its entitlements under the contract. DIMA was not aware, for example, that it had access to the subcontract between CPS Systems and SITA: the area responsible for managing the contract had not reviewed the subcontract provisions. By reviewing the subcontract between CPS Systems and SITA, DIMA would have received greater assurance that CPS Systems' management of the system met DIMA's requirements. Given the significant role of SITA in the ETAS, such a review would have provided assurance that the system effectively meets its objectives.

5.19 DIMA understood that the subcontract between SITA and CPS Systems fully reflected the terms and conditions of the head contract. The ANAO's review identified that the subcontract does not reflect the provisions of the head contract in some areas. These include:

• under the provisions of the subcontract, SITA has no contractual obligations to CPS Systems regarding nondisclosure of DIMA's confidential information. Therefore, wrongful disclosure by SITA could only be litigated on the basis of CPS Systems' contract with DIMA;

• the contract periods for DIMA's contract with CPS Systems and CPS Systems' subcontract with SITA are not aligned; and

- the contract provides for an automatic extension for a further term of five years, unless the operational support services have failed to meet the minimum performance levels. However, the subcontract makes no parallel provision. Therefore, while the Department can extend its contract by agreement with CPS Systems, CPS Systems has no automatic right to extend its subcontract with SITA. It would therefore seem that the provisions in the contract in relation to its term have minimal weight given that no similar provisions exist in the subcontract. CPS Systems has advised that it will address this issue in the near future to bring both the contract and subcontract into line.

Deed of Continuity of Service

5.20 DIMA did not have a signed copy of the Deed of Continuity of Service which provides for SITA to undertake to maintain the ETAS and continuity of the system in the event of CPS Systems' failure to do so. All parties involved had difficulty in locating a signed copy of the Deed. Subsequent to the request from the ANAO, DIMA obtained a copy of the Deed from CPS Systems.

No contract to cover transition period

5.21 There was no contract (and no evidence of a written agreement) to cover the development and initial implementation of the ETAS. However, DIMA advised it had an agreement with CPS Systems that development of the system would commence immediately and payments would be made on a time and material basis until contract negotiations were completed. The ANAO considers that given the significance of the project, not having a written agreement in place created a risk for the Commonwealth.

Contract contents

5.22 The contract provisions were based on the then Government Information Technology Conditions (GITC). Some of the standard contract provisions were adjusted to reflect the unusual circumstances of the ETA. Given the particular contribution of the two main parties, CPS Systems and SITA, strengthening of some other clauses would have provided better protection for the Commonwealth.

5.23 The ANAO has identified some clauses of the contract which should be revisited to ensure the Commonwealth's interests are adequately protected. These are discussed below.

DIMA access to premises, documents and systems

5.24 There is no provision in the contract or subcontract which permits DIMA access to CPS Systems' and SITA's documents or systems. The contract also does not provide for DIMA to access SITA's premises.

5.25   DIMA has advised that there are a number of clauses which would effectively provide access to information the Commonwealth requires. However, there is no direct clause which provides such access; in order to exercise the current provisions of the contract, DIMA relies on the cooperation of CPS Systems and SITA. It would be better practice to address this directly in the contract for the purpose of transparency and common understanding of the parties concerned.

ANAO access to information

5.26   The contract does not provide the ANAO access to the contractor's or subcontractor's records or systems associated with their responsibilities for delivering ETA services. The ANAO acknowledges that, at the time the contract was drafted, the GITC did not contain such a clause. However, in line with current better practice, DIMA should seek to include, at the next opportunity, a clause which specifically gives the agency and the ANAO access to contractors' premises and the ANAO right to inspect and copy documentation and records associated with the administration of the contract. These provisions should also be reflected in any contracts which the contractor negotiates with subcontractors for the purposes of fulfilling the head contract.

Indemnity provisions

5.27   The contract contains an extensive indemnity provision relating to using the Liaison Program. This is a core third party software designed to allow users to access certain SITA services via a dial-up connection on a single computer monitor screen. DIMA covers SITA for any loss or damage arising out of the failure to provide the program or interface software. The indemnity also includes SITA's failure to perform its obligations under the contract. The ANAO considers this an unreasonable provision because it results in unreasonable exposure to risk and obligations for the Commonwealth which may be called on in the future.

Contingency arrangements

5.28   The ANAO identified some concerns in relation to the contingency provisions of the contract, as discussed below.

Guarantee

5.29   While SITA is referred to as the 'guarantor' in the schedule which provides for agreement details, the contract itself does not define this term. SITA's guarantee is in the form of a Deed of Continuity of Service. Under the provisions of the deed, SITA would undertake to maintain the ETAS and continuity of the system in the event of CPS Systems' failure to do so. However, this deed is not a guarantee in the legal sense as

there is no underwriting of financial obligations, nor is there a complete obligation to provide the full range of services currently provided by the contractor.

5.30   DIMA acknowledges that the deed is not a guarantee in a strictly legal sense but is provided to give some assurance as to the continuity of service. DIMA also considers that clause headings are for reference only and have no effect in limiting or extending the language of the provisions to which they refer.

5.31   Nevertheless, the ANAO noted that, in its discussions with the parties engaged in the contract, it was clear that the term 'guarantor' was used as if there was a guarantee. The ANAO considers it is not good practice to use terms such as 'guarantor' when no guarantee exists legally.

Ownership of intellectual property

5.32   Under the contract, CPS Systems licences the Commonwealth to use the RPS Software in the event of expiration or termination of the contract. Under the subcontract, CPS Systems gives SITA the same intellectual property rights as the Commonwealth has under the contract. If SITA is given the same rights as the Commonwealth, then it should be clarified which party has the licence entitlement.

5.33   An escrow agreement for the RPS Software would ensure that DIMA can continue to access and use the software in the event of termination or expiration of the contract. While the contract makes provision for the parties to enter into an escrow agreement, they have not done so.

Conclusion

5.34   There is a constructive relationships between DIMA, CPS Systems and SITA with commitment and goodwill demonstrated by all parties. The findings and discussions relating to management of IT aspects of the system demonstrate that the contractors have performed well, successfully meeting the performance standards specified in the contract.

5.35   However, DIMA's contract management practices could be significantly enhanced to provide sufficient assurance that the Commonwealth's interests are adequately protected.

5.36   There has been no formal monitoring nor review of the contract. The DIMA section responsible for managing the contract did not have a good understanding of the terms of the contract.

5.37 The ANAO has also identified some clauses within the contract, which should be revisited at an opportune time, to seek to strengthen the Commonwealth's position in relation to its access to the contractor's and subcontractor's premises, documents and systems and the indemnity provisions for accountability purposes.

Recommendation No.7

5.38 The ANAO recommends that, to ensure the Commonwealth's interests are adequately protected, DIMA:

- devote appropriately trained and experienced resources to managing its contract with CPS Systems; and

- seek revised contractual provisions at an opportune time that would better protect the Commonwealth interests, (for example, access to documents and systems and contingency provisions for accountability purposes).

DIMA response

5.39 Agreed. DIMA has recruited an officer to manage its contract with CPS Systems. DIMA will revise contractual provisions as the need arises. Advice from the Australian Government Solicitor is that the form of contract between DIMA and CPS Systems was and is appropriate to protect the interests of the Commonwealth and to achieve the outcomes required. The specific provisions which have been the subject of comment by the ANAO reflect standard form provisions adopted for use within the Commonwealth at the time.

6. Financial and other management aspects of the ETAS implementation

This chapter reviews the financial management aspects of the ETAS implementation. The ANAO found there have been no significant increases in the resources allocated for visitor operations with ETA development and implementation costs funded from DIMA's existing allocations. The ANAO has identified several ways to enhance DIMA's current financial management practices to cope with future developments of this kind.

Introduction

6.1 The ETA concept was developed to enable DIMA to meet anticipated high levels of growth in the number of visitors to Australia, whilst at the same time maintaining the integrity of the universal visa system and avoiding significant increases in cost. One of the objectives was to avoid significant increases in resources allocated for overseas visa processing operations. The initial work in designing the system, developing Business Area Requirements (BAR), and undertaking a Business Area Analysis (BAA) was done with CPS Systems in 1995 under the guidance of a steering committee.

6.2 In August 1995 a new ETA Steering Committee was formed to finalise the BAA prepared by CPS Systems; to look at the future directions of the project; and to commence the process of tendering for a prime contractor for the project. The contract was subsequently awarded to CPS Systems.

Business Case

6.3 The ANAO sought to establish whether DIMA had developed a Business Case for the ETAS which justified developing and implementing the ETAS and provided an authoritative basis against which to measure progress. The projections in such a Business Case would facilitate future management and monitoring of the project, ensure a common understanding of the objectives of the project, and help evaluate whether the project has delivered its outcomes to cost, time and required quality.

6.4 There was sufficient evidence to indicate that the Department had adopted a considered approach in developing and implementing the ETAS. The DIMA Executive approved an investment of $5.9 million for

electronic travel authority in June 1995, on the basis that it would lead to future savings in the portfolio in the order of $10.5 million by 1998–99.

6.5   However, the ANAO had difficulty in establishing the document which presented the Business Case for the ETAS. DIMA has indicated that the BAA developed by CPS Systems in June 1995 was the Business Case for the ETAS. This provided a detailed overview of the system, its broad objectives, factors critical to its success and undertook a cost/ benefit analysis, identifying the key benefits from the system and estimating the savings to be realised.

6.6   DIMA advised that the BAA was approved by the ETAS Steering Committee in mid 1995. However, there was no discussion or approval of this document recorded in the minutes of the relevant Steering Committee. The meeting largely focussed on the request for tender process.

6.7   Given the size of the investment, its central role in managing short-term visitor entry, and the associated business risks, the ANAO suggests that a more formal and visible approach to approval and accountability would have provided greater assurance of effective results. Limited information in these respects increases the risk of lack of clarity of intention and agreement between stakeholders on what was going to be delivered in terms of results and how to assess whether these have been achieved.

6.8   The ANAO considers that future developments of this kind should incorporate reviewing, at an appropriate time:

• the overall effectiveness of the systems development processes; and

• the lessons for the future.

6.9   DIMA should consider the merits of such a review of the ETAS to inform its approach to planned implementation of Advanced Passenger Processing.

Recommendation No.8

6.10   The ANAO recommends that DIMA adopt a formal and visible approach to approval and accountability for future significant developments. This may include:

• reviewing the overall effectiveness of the systems development processes; and

• drawing out lessons for the future.

DIMA response

6.11   Agreed.

ETA implementation and ongoing costs

6.12　　The development, implementation and ongoing operation of the ETAS was funded internally by DIMA. The contract system development cost was estimated at $5.9 million, however, the internal administrative costs associated with developing the ETAS were not included. These costs include the cost of the DIMA Project Team and the ETAS Steering Committee, or the travel costs incurred when undertaking the feasibility study. DIMA's view is that the actual cost of developing ETAS was $6 million. DIMA has been unable to provide the evidence to indicate that this was the actual cost.

6.13　　The operational costs are inclusive of all costs for staff, systems, hardware and communication to operate the system. The ANAO found that the estimates in the BAA (developed in June 1995) in relation to development and operational costs varied from later estimates at April 1996, November 1996 and July 1997. DIMA has attributed the changes to the costing methodology and tourism forecasts. However, the reason for the changes to the costing methodology were not transparent.

6.14　　Figure 13 shows the ETA cost projections from 1996–97 to 1999–2000 at different time periods. The detailed costs are provided at Appendix 3.

Figure 13
Projected ETA costs
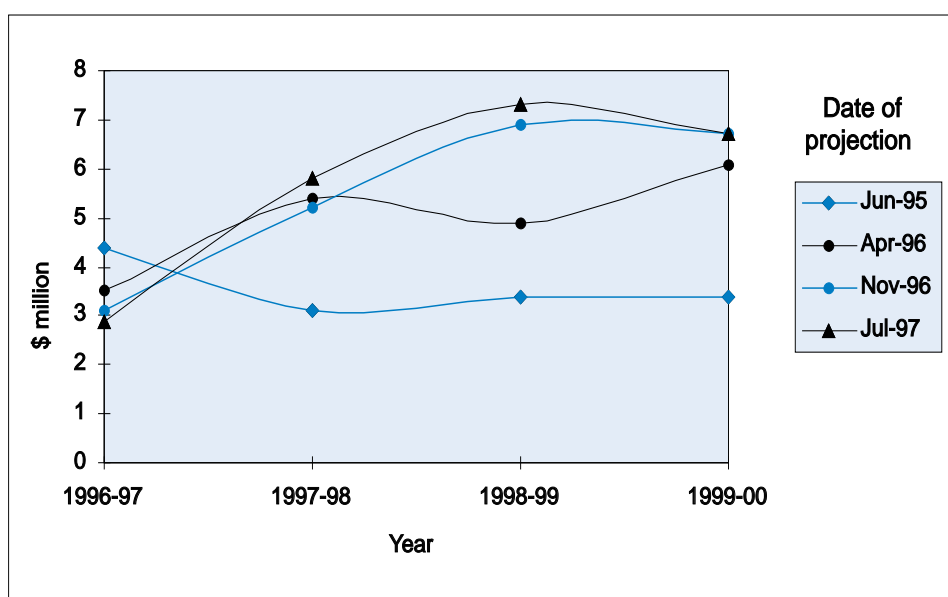
6.15   The operational costs for 1996–97 are not known. Based on information available from DIMA, the operational costs for 1997–98 were $4.4 million, including ETA transaction costs and funding for the ELM network. However, this figure does not include significant costs attributable to the ETAS, such as:

- DIMA's administrative costs in managing the ETAS;

- DIMA and CPS Systems travel associated with establishing the ETAS in each country;

- work the EOC undertakes in responding to ETA-related requests for assistance from airlines and DIMA staff at the border;

- consequential redundancies in Australian overseas posts; and

- check-in TIETACS from non-ETA visas.

6.16   DIMA advised that a more detailed breakdown of ETA costs was not readily available due to the number of initiatives active at the time. For example, overseas travel would involve work on the Australian Business Access Card, not solely on the ETAS.

6.17   As well, DIMA has not been monitoring the costs associated with the ETA against the original estimates on an ongoing basis. Such monitoring would provide a basis for variances to be determined, explanations to be sought and corrective action to be taken where appropriate.

6.18   The ANAO considers that while there has been a very clear focus on the level of take-up the ETAS has experienced, there has been little evaluation of the business case assumptions and targets and of the cost outcomes associated with implementation. To ensure sound financial management practice, DIMA should, in future, seek to identify more comprehensively the costs associated with operating the ETA for accountability including, importantly, transparency purposes.

ETA net savings

6.19   The BAA, ministerial submission and briefings to the then DIMA Secretary identified potential savings by implementing the ETAS. The savings were estimated as net gains after processing under ETA and were projected against the background of a Resource Agreement,[12] effective from 1 July 1995, which covered funding for offshore visa and passenger processing.

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[12]   This agreement covers offshore visa and passenger processing and aims to provide an agreed funding basis for workload changes to allow fluctuations in activity to be managed.

Projected savings

6.20   The ANAO found that the savings projections also varied markedly and involved the same deficiencies as identified at paragraph 6.12.

6.21   The projections in the BAA document, which DIMA advised represented the Business Case for ETA, showed savings in the order of $17 million per annum realised by financial year 1999–2000 while the most recent projections identified these to be in the order of $3.8 million. Figure 14 charts the savings, as forecast at different times. Figure 15 shows the projected number of applications for an ETA. The figures demonstrate that, while the fluctuation in the ETA application projections was considerable, there was a large variance between the June 1995 and July 1997 savings projections. In addition, the June 1995 projections forecast substantial savings without similar projections reflected in the number of applications processed.

Figure 14
Projected ETA savings
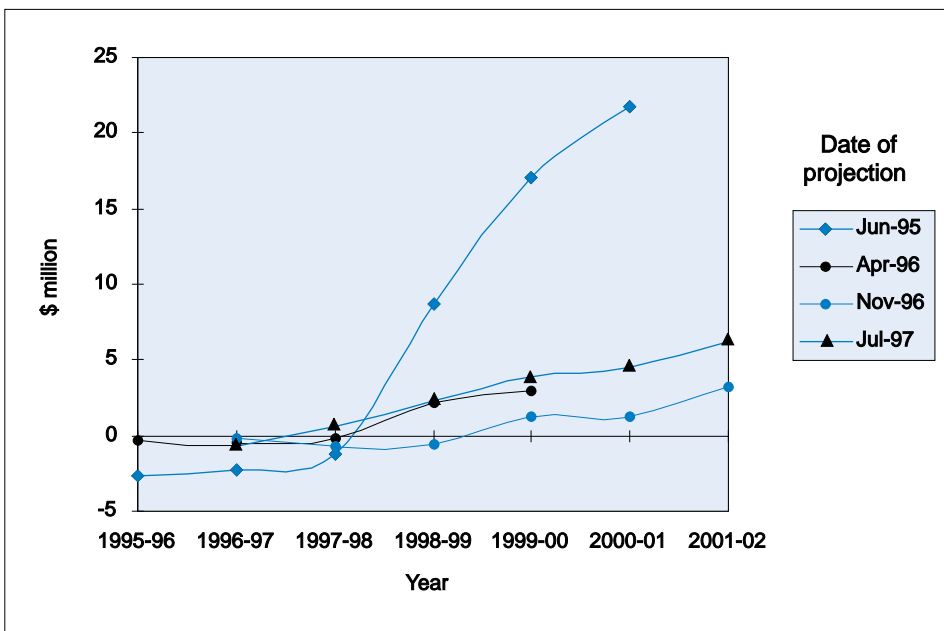
Figure 15
Projected ETA applications
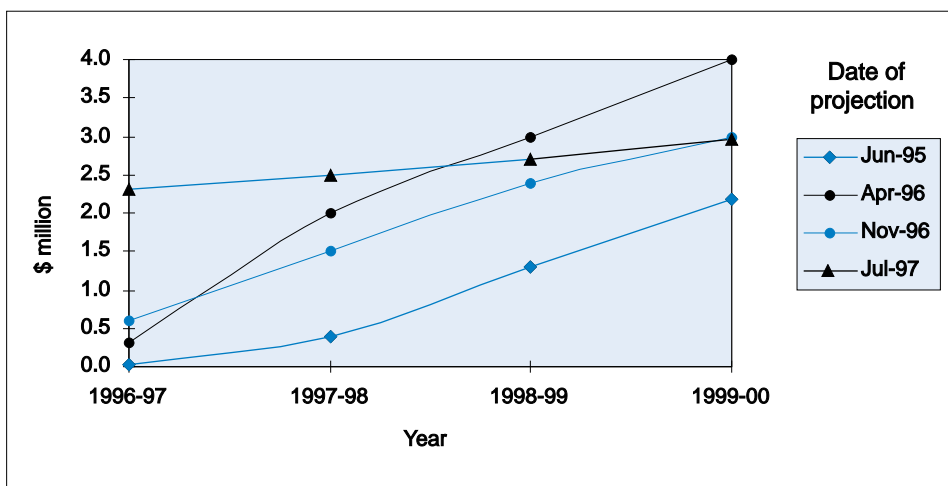
6.22   Notwithstanding the changes in savings estimates, it is clear that the ETA was projected to markedly reduced the cost of issuing a visa. This was demonstrated in the November 1996 estimates (at the low end of the savings estimates). The Department estimated, in 1996, that the cost of issuing a traditional visa was $10.50 per visa. The cost per ETA was estimated to be $5.19 in 1996–97 falling to $2.86 by 1998–99 and to $1.68 by 2001–2002. The actual reductions in cost per visa are not available.

Actual savings

6.23   The ANAO found no evidence to indicate that DIMA had monitored the savings generated from the ETAS for 1997–98 to establish whether the saving estimates were realised. DIMA advised that it was currently renegotiating the Resource Agreement with the Department of Finance and Administration and anticipated the new agreement would take on board savings generated from the ETA process.

6.24   Although there is no data on savings actually achieved, DIMA has clearly been able to reallocate its overseas staffing resources from low risk ETA overseas posts to high risk non-ETA overseas posts. Although overseas staffing was broadly constant between 1995–96 and 1998–99, the ANAO established that there was a marked redistribution from ETA overseas posts to non-ETA overseas posts of higher risk (see Figure 16). The redistribution was particularly evident for locally engaged staff in visitor visa processing (see Figure 17).
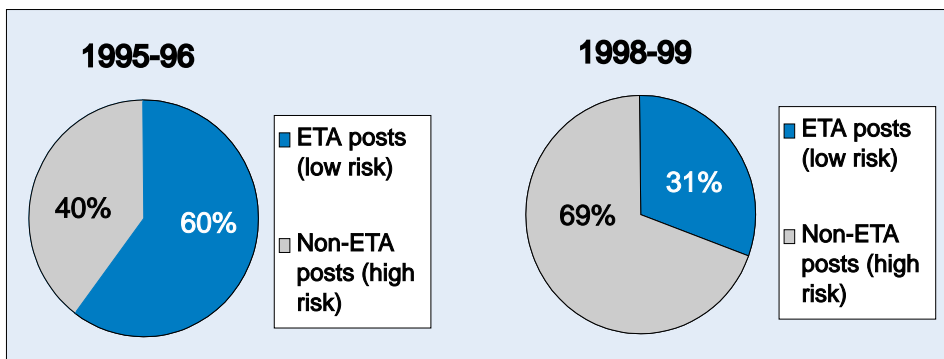
Figure 16
Overseas staffing
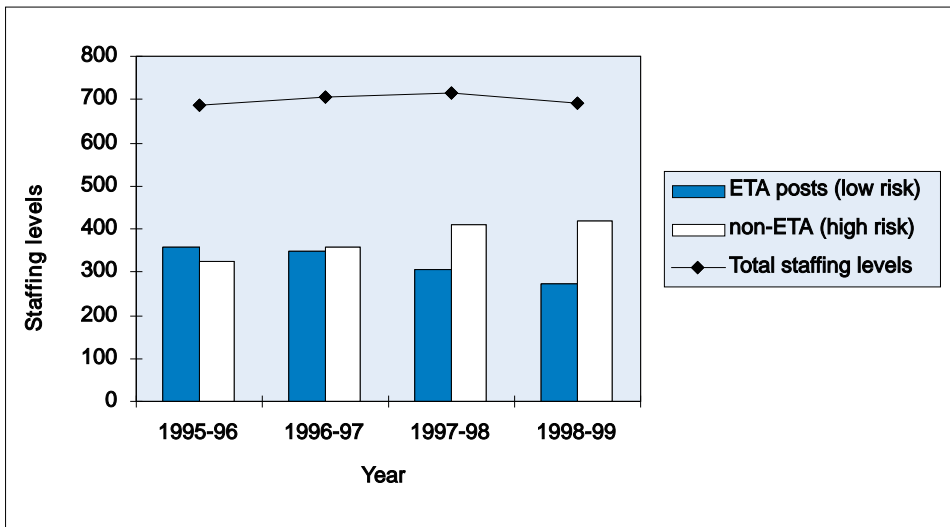
Figure 17
Locally engaged staff in visitor visa processing

6.25   As indicated in paragraph 6.22, DIMA has not been able to provide comparative information on the cost of processing visitor visas. However, the above analysis suggests some reductions in the visa issuing costs, and a financial gain in the long term from the ETAS.

Adjusting staff numbers at overseas posts for the ETA take-up

6.26   The ANAO noted that DIMA's costing assumptions in relation to the ETA were based on changes expected in staffing at overseas posts following introduction of the ETA. Savings from implementing the ETA were largely from the salaries for the overseas personnel who would otherwise have been required to process the projected increase in visitor visa issuing.

6.27   The ANAO found evidence to indicate that DIMA had undertaken considerable work in 1997 to project staff reductions from introducing the ETA. The ANAO also found that DIMA had mechanisms in place to monitor the impact of ETA on staffing through its quarterly staff attribution survey (although DIMA indicated that it is difficult to directly correlate staffing changes to introducing the ETAS).

6.28   However, the ANAO found that information was not readily available on the impact of post closures on costs, such as voluntary redundancies. In practice locally engaged staff redundancies have been funded when resources are available.

Commercialisation of the ETAS

6.29   DIMA considered there were possibilities for commercialising the ETAS. Ownership of intellectual property for the ETAS is licenced to CPS Systems. This allows CPS Systems to commercialise the system and sell all or part of it to overseas Governments. Under the contract, such commercialisation to other Governments or organisations will allow for a return to DIMA of 4.5 per cent of any infrastructure fee and transaction fees payable on the sale of each new system, for up to five years of any new contract. In November 1996, the Department estimated that it could expect to receive about $1.5 million over a five year period.

6.30   Although the Department expected that a number of sales would have been made by now, and some Governments have expressed an interest in the system, no commitments have been made to date.

Value for money

6.31   Given the unique nature of the ETAS it was not possible to obtain comparable transaction-based costs from similar electronic service providers, to determine whether the transaction fees paid to the contractor for the ETAS represent value for money. However, an examination of the tendering procedures for the ETAS indicates the initial decision had appropriate regard to value for money considerations.

Contract payments

6.32   Under the current contractual arrangements, payments to CPS Systems include:

• an annual infrastructure fee, which varies from year to year;

• a fee per TIETAR, payable for each completed 'request for visa'; and

• a fee per TIETAC, payable on each completed check-in transaction.

6.33   DIMA also pays CPS Systems for:

- contract management services, on a time and materials basis, charged at the contractor's published rates;
- travel and accommodation costs incurred in providing the services;
- facility management fees for housing the RPS; and
- telecommunication charges for various connections to the RPS.

6.34   The major costs of the ETAS to DIMA, an estimated $5.5 million in 1998–99, are transaction based generated from TIETAR and TIETAC transactions. These are invoiced by CPS Systems based upon transaction data supplied by them. The ANAO found that DIMA does not have any mechanism in place to provide independent verification that invoiced services have been delivered. In addition, there are other parts of contract payments that are open-ended and would require some kind of verification. These include: travel and accommodation costs in providing the services; fees charged on time and material basis; and additional telecommunication charges for various connections to the RPS.

Recommendation No.9

6.35   The ANAO recommends that DIMA establish procedures to enable it to verify that invoiced services have been delivered prior to certification of contract payments.

DIMA response

6.36   Agreed. DIMA has strengthened procedures to verify invoiced services have been completed prior to payments.

Conclusion

6.37   The development and implementation costs for the ETAS were funded internally by DIMA. There was sufficient evidence to indicate that the Department had adopted a considered approach to implementing the ETAS.

6.38   DIMA has indicated that the main Business Case for the ETAS was presented in an analysis prepared by CPS Systems in June 1995. However, there was no discussion or approval of the document recorded in the minutes of the relevant Steering Committee. Given the size of the investment and its central role in managing short-term visitor entry, and the associated business risks, the ANAO suggests a more formal and visible approach to approval and accountability would have provided greater assurance of effective results.

6.39   The costs of operating the ETAS and the savings generated from its implementation were not being monitored, with significant costs not included. In addition, contract payments invoiced by CPS Systems, based upon transaction data supplied by them, were not independently verified by the Department.

6.40   In summary, the ANAO considers that DIMA's financial management practices should be strengthened to provide a more formal and visible approach to approval and accountability for future developments of this kind.

Canberra ACT

22 July 1999

P.J. Barrett

Auditor-General

Appendices

Appendix 1

ETA eligible nationalities as at December 1998

Nationality	Date commenced use	Date of roll-out
Andorra	18/6/97	1/7/98
Austria	24/3/97	24/4/97
Belgium	24/3/97	17/6/97
Brunei	24/3/97	1/10/97
Canada	25/9/96	25/9/96
Denmark	24/3/9/7	10/12/97
Finland	24/3/97	24/10/97
France	1/7/98	1/7/98
Germany	24/3/97	24/4/97
Greece	24/3/97	1/7/97
Iceland	18/6/97	5/9/97
Ireland	24/3/97	17/6/97
Italy	24/3/97	27/1/98
Japan	27/11/96	27/11/96
Liechtenstein	18/6/97	18/6/97
Luxemburg	24/3/97	17/6/97
Malaysia	24/3/97	14/4/97
Malta	24/3/97	tba
Monaco	18/6/97	1/7/98
Netherlands	24/3/97	24/4/97
Norway	24/3/97	11/2/98
Singapore	11/9/96	11/9/96
Spain	1/7/98	1/7/98
South Korea	24/3/97	24/4/97
Sweden	24/3/97	14/1/98
Switzerland	24/3/97	24/4/97
UK	5/2/97	24/3/97
USA	11/9/96	25/9/96
Vatican City	1/7/98	1/7/98

Appendix 2

Detailed audit criteria and methodology

Issue 1:

Reliance that can be placed on information technology systems

1.1   The Electronic Travel Authority System contains the appropriate controls to ensure that the application, consisting of both the computerised and manual processes, meets DIMA's business requirements for accuracy, comprehensiveness of processing, availability and security of information. In addition, increases in passenger travel can be adequately handled, Year 2000 and data management issues are appropriately addressed.

1.2   DIMA and SITA have the ability to continue data processing operation under adequate security protection in the event of an extended computer disruption.

1.3   The physical security protection within both the DIMA and SITA computing environments is adequate.

1.4   The core security function relating to installation, administration and use of AIX (UNIX) provide an adequate security functionality, including appropriate protection of personal information.

1.5   Installation, administration and use of telecommunications systems security features, including network security within SITA, is adequate.

Issue 2:

Contribution of the Movement Alert List (MAL) to the effective operation of the ETAS

2.1   MAL data is of a sufficient standard to provide an adequate level of screening of applicants.

2.2   The name searching routines applied in MAL are of an appropriate standard and there is guidance on management of these routines.

2.3   DIMA has in place effective coordination measures with security and legal agencies relating to inclusion of information on MAL.

2.4   The role of the Entry Operations Centre (EOC) in dealing with MAL match information is clear, and effective responses are made when matches occur.

Issue 3:

Effective management of the contribution of external parties in the operation of the ETAS

3.1   DIMA's relationship with other parties involved in the ETAS is reliable and cost effective.

3.2   DIMA has in place suitable arrangements to ensure those parties continue to play their role.

3.3   DIMA has appropriate contingency planning to cope with possible failure in its arrangements with external parties.

Issue 4:

Financial management of the ETAS

4.1   The cost of implementing and ongoing operation of the ETAS is identified.

4.2   There is a planned and managed approach to adjusting staff numbers at overseas posts in the light of the ETAS takeup.

4.3   The ongoing costs to DIMA from the contract with CPS Systems represents value for money against benchmarks.

Audit methodology

The audit methodology consisted of:

- a comprehensive IT review of the ETAS which covered application controls, disaster contingency planning, physical security, systems software security facilities and telecommunications. The IT review also covered control over access to the MAL system and performed a high-level security review of the DIMA mainframe;

- discussions with related government agencies such as Australian Customs Service, Australian Federal Police, Australian Security Intelligence Organisation; and the National Crime Authority;

- fieldwork in each of the DIMA National Office areas responsible for developing and managing the MAL database and the ETAS;

- fieldwork in Singapore including consultations with overseas travel agents, the Singapore ETA Liaison Manager, Singapore's Airport Liaison Officer and Singapore airport staff;

- discussions with external parties, such as airlines, the ETAS contractor and subcontractor and stakeholders in the travel industry; and

- examination of a series of key financial documents which formed the Business Case for the ETAS.

Appendix 3

Projected ETA costs[13]

Time the estimates were made	1995–96 $	1996–97 $	1997–98 $	1998–99 $	1999–2000 $	2000–01 $	2001–02 $
June 1995	5 961 750	4 418 050	3 056 063	3 361 519	3 407 819	3 542 548	n/a
April 1996	1 543 037	3 466 595	5 367 490	4 997 400	6 163 700	n/a	n/a
November 1996	n/a	3 119 000	5 244 000	6 873 000	6 729 000	8 099 000	7 569 000
July 1997	n/a	2 930 000	5 761 000	7 273 000	6 658 000	6 865 000	5 866 000

n/a is used where information was not available

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[13] The ANAO notes that except for the July 1997 estimates which include ETA Liaison Manager's (ELM) salary costs the remaining estimates solely related to contract payments to CPS Systems. DIMA advised that the ELM network did not exist in the previous financial periods

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