

The Auditor-General
Audit Report No.37 2002–03
Performance Audit

Passport Services

Department of Foreign Affairs and Trade

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of Australia 2003

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Canberra ACT
3 April 2003

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Foreign Affairs and Trade in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Passport Services*.

Following its presentation and receipt, 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

AUDITING FOR AUSTRALIA

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Abbreviations/Glossary

APIS	Australian Passport Information Service, the telephone information service operated by Centrelink for DFAT
APO	Australia Post
Biometrics	The mathematical expression of physical characteristics, such as facial geometry, the iris of an eye or a fingerprint. In passport technology it involves insertion of mathematical data into a machine-readable document in a way that permits comparison with the document holder as s/he uses the document, as a means of authenticating that the document is legitimate and the holder is the rightful bearer of the document
Child	See 'minor' below
Data page	A fixed dimensional page within a machine readable document containing a standardised presentation of visual and machine readable data
DAWN	Process to reverse print digitised photograph and passport applicant's personal details onto Confirm Lamine
Delta	DFAT's project name for re-engineering of passports processing; and name of the software used for application workflow
DFAT	Department of Foreign Affairs and Trade
Dossier database	Database containing scanned images of all passport application forms
Eligibility	The process whereby an application for a passport is vetted, approved, deferred or rejected
Front end	Functions within a Passports Office that include the front counter activities, form preparation, scanning and data correction
ICAO	International Civil Aviation Organisation
Identifier	Term used to denote the person certifying the identity of an applicant for a passport
Minor/child	Under the <i>Passports Act 1938</i> , a person under the age of 18 years who has never been married is considered to be a minor and special processing requirements apply

Passports Australia	The name used to define the groups within DFAT, Australia Post and the APIS involved in passport production
PC1	Adult passport application form
PC4	Child passport application form
PC7	Renewal application form
PICS	Passport Issue and Control System: the mainframe computer application that contains all passport records and facilitates data exchange to confirm the <i>bona fides</i> of applicants

Summary and Recommendations

Summary

Passport services

1. Under the *Passports Act 1938*, Australian citizens are entitled to an Australian passport to facilitate travel overseas (except in prescribed circumstances). Passports can also have a secondary use, that is, providing personal identification for people accessing a range of government and non-government benefits. This is because passports are regarded as having high integrity for personal identification.
2. Approximately one million passports and similar travel documents are issued each year by the Department of Foreign Affairs and Trade (DFAT), mostly in Australia¹. Passport services are expected to cost some \$96 million in 2002–03, with passport fees estimated at \$137 million on the basis of expected demand.
3. DFAT determines the eligibility of an applicant for a passport, as well as issuing the passport. It is assisted in the delivery of passport services by several agents, notably:
 - Australia Post, which interviews applicants for passports; and
 - the Australian Passport Information Service (APIS), provided by Centrelink, which provides a call centre and renewal form despatch service to the public, as well as a hotline service to Australia Post staff involved in passport interviews.
4. Key parts of the processing of applications include interview, to check that forms have been completed correctly, check the identity and citizenship documents submitted in support of the application, and collect application fees; and electronic and manual data checks of applicant identity and eligibility.
5. In recent years, DFAT has successfully automated passport processing and enhanced security features in the passport. The passport document and passport processes continue to be subject to substantial research and development to protect and improve integrity and efficiency of processing.

¹ Some 93 per cent of Australian passports issued in 2001–02 were processed within Australia.

The audit

6. The objective of this audit was to assess whether DFAT has effective processes for issuing passports in Australia. In particular, the audit focussed on whether DFAT:

- has effective strategies for managing passport services;
- provides quality client service; and
- has effective and secure processes for passport issue to entitled persons.

7. The audit focussed on the issue of the common types of passports to Australian-based applicants (that is, the issue of passports overseas was not covered in detail). Fieldwork was undertaken in four Passports Offices and DFAT's central office to examine relevant business, information technology and contract management practices. Compliance with operational requirements was assessed for a sample of applications.

8. The basis of audit criteria included the relevant requirements of DFAT's legislation, client service charter, operational manuals, and target outcomes.

Audit conclusion

9. Overall, DFAT operates sound processes for the delivery of passport services ranging from risk identification and management, strategic management, operational processing, quality assurance, and international benchmarks. International benchmarking and other relevant feedback indicate that the Australian passport administration is regarded as a better practice provider of passport services. The ANAO's specific conclusions are discussed below.

10. There are well-integrated and structured arrangements for strategic planning and operational management of passport services. They include a sound approach to addressing risks to passport services, based upon a Threat and Risk Assessment. Strategic priorities have been advanced, including developing a new generation passport with new security features, due for release in late 2003.

11. One of the most significant enhancements to the delivery of passport services in recent years was the successful transition to computer-based workflow management between 1998 and 2000. This experience compares favourably with that of some other passport agencies.

12. Client service is supported by a Passports Australia Client Service Charter. DFAT has appropriate means of assessing satisfaction of the public with passport services. However, there are limitations in other aspects of the performance

management framework. In particular, DFAT does not have a specific indicator of security or integrity, notwithstanding that these are central features of passport delivery.

13. There have also been limitations in the measure of timeliness of passport processing, and in the clarity of reporting against performance standards to the Parliament. DFAT has recently taken action to address these matters. Greater transparency in service performance perceived by the applicant could also be achieved by either ensuring that the Service Charter identifies that its turnaround standard excludes time from handling at Australia Post outlets to receipt by DFAT, or more adequately measuring the full range of processing steps.

14. Most clients are satisfied with passport services (88 per cent of passport applicants rated the application process as 'good' or 'very good' overall). DFAT has acted on feedback to improve services. However, for the last three years, just over 10 per cent of non-sensitive applications have not met the 10 day performance standard for applications set out in the Client Service Charter.

15. DFAT has contracted out substantial elements of passport service delivery and supporting processes, while maintaining responsibility for decision-making on eligibility. On the whole, these contracts are well specified, although there are some contractual features that warrant improvement. The most notable of these related to the contract for the supply of passport booklets, where limitations in specification of the properties and quality of some important aspects of manufacture have led to some defective booklets being produced. This will be addressed in the contract with a new supplier commencing this year. Overall, processes supporting administration of contracts are sound, particularly having regard to improvements made during the course of the audit.

16. The requirements for eligibility for a passport are addressed by a number of operational processes. These include an application form, which collects information essential to the process; interview of the applicant to assist in establishing identity and collecting required information; and processes at DFAT aimed at checking applicant eligibility and ensuring the integrity of passports issued. Applications lodged by adults for minors' passports are categorised as high risk and subject to additional processes.

17. The processes for interview are robust and supported by a sign-off by the interviewer. However, around four per cent of applications processed by interviewers contain errors, suggesting continued vigilance of the quality assurance of interview checks is desirable. Requiring personal attendance at interview is an additional integrity step in passport processing compared to those adopted by some other countries. DFAT has recently strengthened proof of identity procedures and also intends to develop the capability to validate key identity documentation on-line in the future.

18. There are extensive automated and manual processes for checking applicant eligibility, including arrangements with Registrars of Births, Deaths and Marriages in the States and Territories to validate applicant data in their records. However, these latter checks are mostly done manually, on a selective basis, except in one State, where most records are checked electronically. DFAT is seeking to increase electronic checking of these records, which would reduce the risk that checking is not undertaken in cases that may involve identity fraud. There would also seem to be an opportunity to strengthen arrangements in some respects for applications for minors' passports, which warrant further consideration of cost/benefit involved.

19. Overall, the procedures and evidential requirements were sound and reasonable. Staff generally followed required operational processes and undertook the required checks of passport applications.

20. DFAT's approach to managing the physical security features of the passport booklet is sound. The current passport uses in-built security features, which will be enhanced in late 2003, with further enhancement being considered for the future. Moreover, DFAT is working towards a new generation of passport, with the potential to incorporate facial biometrics recorded on microchips into the body of passports.

21. Some of the security features of the current arrangements for production of blank passport booklets have not been sufficiently rigorous for a valuable identity document. DFAT is giving attention to these considerations in the development of an agreement with the new supplier, which offers physical security similar to that for the production of currency. Reintroduction of the postage of completed passports to applicants by registered mail has also increased security (noting that there has been an unacceptably high rate of loss in ordinary mail delivery).

22. There are appropriate procedures in place for custodial control of passport booklets in DFAT. There have been minor breaches of these controls, which DFAT has responded to adequately.

Recommendations and DFAT response

23. The ANAO made four recommendations aimed at strengthening performance management and reporting of passport services, as well as enhancing operational procedures. DFAT agreed to all the recommendations and commented as follows:

24. 'DFAT agrees with the key recommendations of the ANAO performance audit of the passports function. The Passports Branch has in place a continuous improvement program aimed at strengthening its operational processes for

issuing passports. DFAT therefore welcomes the opportunity to consider the findings contained in the ANAO report as a means of further improving the delivery of passport services to the Australian public.'

Key Findings

Business management (Chapter 2)

Risk management

25. Risk management for passport services is integrated within the department's overall risk management processes. It includes fraud and risk assessment, registers of risk, and risk management strategies and treatments for components of passport services.

26. Treatment of risks to the integrity of the passport is based upon a Threat and Risk Assessment undertaken in 2000, see listing below. Allowing for controls in place at that time, the highest risks are considered to relate to threat of forgery, with forgers using passports that have been reported lost or stolen², and false statements either in obtaining adult passports or passports for minors.

Threats

Forgery (i.e. alteration) of an existing passport to confer identity on someone other than the lawful holder

False or misleading statements in order to obtain a passport in a false name or another person's name

False or misleading statements in order to obtain the issue of a passport to a minor

Loss or theft of passports or material prior to issue

Counterfeit of a passport (solely from non-genuine materials)

Damaging a passport

Unlawful possession of a passport

Permit illegal use of a passport

Other false or misleading statements impacting upon the issuing process

Source: DFAT

27. The ANAO found that DFAT has, on the whole, addressed possible approaches suggested in the Assessment to reducing risks, as well as undertaking other initiatives to improve integrity of the passport arrangements.

² In 2001–02, 32 497 passports were reported lost or stolen, of which 11 502 were reported lost or stolen overseas.

Strategic and operational management

28. There are well-integrated and structured arrangements for planning and management of passport services. Strategic priorities have been advanced, including developing a new generation passport with new security features, due for release in late 2003. This will be produced under a new, highly secure, supply arrangement with Note Printing Australia Ltd. In addition, research has commenced into the application of biometrics to passports services; and proof of identity procedures for passport applicants have been strengthened.

29. One of the most significant enhancements to the delivery of passport services in recent years has been the transition to computer-based workflow management. The transition was achieved without major disruption to the delivery of passport services. This compares favourably with the experience of some other passport agencies overseas³.

Resource management

30. Passport services are funded through an Output Purchasing Agreement with the Department of Finance and Administration (Finance). The agreement provides funding on the basis of numbers of passports issued, with forward estimates based on actuarial estimates of demand.

31. Although not specifically addressed in the agreement, DFAT's funding allocation includes an allowance for spoilage. DFAT and Finance consider it appropriate that spoilage is reflected in the production costs of issued passports, while acknowledging that this is not specifically addressed in the current agreement. The ANAO suggests that DFAT and Finance clarify the intent of the agreement regarding the pricing of spoilage. Both agencies have agreed to address this issue during the mid-term review of the agreement scheduled for the second half of 2003. Finance has also advised that it is satisfied that DFAT's existing internal management arrangements encourage efficiency and quality of production.

32. DFAT has a sound approach to managing alignment of staffing to workload. This includes use of a predictive workload model utilising productivity benchmarks for each element of passport production. DFAT also uses non-ongoing staff for less complex passport processing. Efficiencies flowing from the transition to computer-based workflow management, and associated processing changes, have led to increased efficiency in processing.

³ For example, the UK Passport Service and the Canadian Passport Office experienced severe service delays associated with computerisation of their passport services.

Performance management (Chapter 3)

Performance management framework

33. DFAT's published performance information framework for passport services addresses effectiveness, quality and quantity issues. However, DFAT does not have a specific indicator of 'effectiveness', nor of security or integrity, notwithstanding these are central features of passport delivery. Assessing integrity and security effectiveness more systematically in performance monitoring and reporting would greatly enhance accountability for critical aspects of the Australian passport service. There is already some internal information that would assist with this approach.

34. DFAT has sound means of assessing client satisfaction, including through a customer satisfaction survey and feedback conveyed by telephone to the APIS. Client service is also supported by a Passports Australia Client Service Charter. In general, the Charter provides a sound statement of service standards⁴. However, it could be strengthened by full consistency with the requirements of the *Passports Act 1938* and the advice contained in the passport application form. The ANAO also notes that the Charter does not address service standards on the part of Australia Post or the APIS, which are integral parts of the service provided to clients.

35. The ANAO found that there have been a number of limitations in the measure of timeliness for processing applications as reported by DFAT. Some of the steps involved in processing a passport application have been omitted. On the other hand, the measure has included time awaiting further information due to client error, which is not part of DFAT's service commitment. DFAT has recently taken action to address, or reduce, these distortions in measurement.

36. The timeliness measure also excludes the time an application lodged at Australia Post is in the post. DFAT has advised that this is because times would vary widely, depending on where an application was made. The ANAO estimates that the time taken from interview to scanning of the application into the computer adds, on average, some two elapsed working days to turnaround. Greater transparency in service performance perceived by the applicant could be achieved by either ensuring that the Service Charter identifies that its turnaround standard excludes time from handling at Australia Post outlets to receipt by DFAT, or more adequately measuring the full range of processing steps. (The ANAO notes that the Canadian Passport Office does express its timeliness standard more comprehensively in this way.)

⁴ The Charter received a Silver Award in the 2002 Commonwealth Government Service Charter Awards for Excellence.

37. The ANAO also found that DFAT's Annual Reports have not clearly reported performance against the service standard. Accountability to the Parliament would be improved by more reliable reporting of performance against identified standards. DFAT advised that it intends to revise its performance standard in 2003 to commit to a percentage of applications turned around in 10 working days; and to report against this standard.

38. In addition to published indicators, DFAT monitors performance in more detail for management reporting purposes. The ANAO found that DFAT applies a single turnaround time standard across all categories of passport applications, although they have different timeliness characteristics related to complexity of processing. Performance management would be enhanced by internal monitoring of timeliness by types of application (eg renewals are simpler to process than new passport applications) and place of lodgement.

Performance results

39. The most recent client satisfaction survey found that 88 per cent of passport applicants rated the passport application process as 'good' or 'very good' overall. Client satisfaction overall with the APIS service was broadly comparable to that rating. The client satisfaction survey also collected suggestions for improvements to the process. As a result of one of these suggestions, Passports Offices and Australia Post have been informed of the desirability of increased privacy for the conduct of interviews.

40. For the last three years, just over 10 per cent of non-sensitive applications have not met the 10 day performance standard for applications set out in the Client Service Charter. For example, in 2001–02, 10 per cent of applications took more than 11 days. Average turnaround time in that year was 6.4 days. The ANAO estimates that the full process, including from interview for Australia Post applications, takes on average 8.5 elapsed working days.⁵ This equates to 67 per cent of applications being processed within 10 elapsed days. Excluding time in the post, 85 per cent of applications were processed within 10 elapsed working days on this measure.

41. Benchmarking by DFAT has indicated that DFAT's passport services are relatively efficient. DFAT's 10 day timeliness standard for turnaround of passports is also comparable with that of other countries. The ANAO's discussions with senior officials of the UK Passport Service confirmed that the Australian passport administration is regarded as a better practice provider of passport services.

⁵ Elapsed days counts full days, and treats the final day as a whole day rather than counting hours as parts of days as is done in DFAT measures.

Contract management (Chapter 4)

42. DFAT has contracted out substantial elements of passport service delivery and supporting processes, while maintaining responsibility for decision-making on eligibility. These contracts and similar arrangements have an estimated value of some \$20.7 million in 2002–03. They include:

- the APIS call centre and hotline;
- Australia Post interview and handling of application;
- the production and delivery of blank passports; and
- IT support for passport processes.

Contract specification

43. On the whole, DFAT's contracts for passport services are well specified, although there are some contractual features that warrant improvement. The most notable of these related to the current contract for the supply of passport booklets. The contract does not specify the properties and quality for some important aspects of manufacture, such as specifications for the paper, laminate and security features. DFAT attributes this to the legacy of the previous production arrangements. (The passport printing function of the then Australian Government Publishing Service was sold to the current supplier in 1997.) However, the lack of specificity has had ramifications for the quality of manufacture. For example, there was a problem with adhesion that affected around 400 000 passport blanks produced in 2000. (Evidence indicates that no defective passports were actually issued.)

44. DFAT is entering into a new supply arrangement with Note Printing Australia Ltd. The above deficiencies will be addressed in the new contract, which will include comprehensive specifications for the passport.

Contract administration

45. The importance of sound contract management in delivering quality passport services is recognised by DFAT, which has established a number of systems and procedures for overview and management of contracts. Overall, these arrangements are sound, particularly having regard to improvements made during the course of the audit. They include structured processes for identifying risks to the delivery of contracted passport services and for treating those risks. Financial controls are generally sound.

46. There are designated contract administrators for all contracts; regular liaison with contractors; clear dispute-handling mechanisms; and adequate

processes for monitoring performance and resources. Contract administration is supported by appropriate guidance and training.

47. Consistent with better practice, DFAT has established a register of contracts operating both departmentally and in the Passports Branch. However, the ANAO found that one contract, for storage of blank passports, expired in December 2001 without DFAT being aware of this. DFAT has since signed a new contract, and addressed the broader management issue by enhancing its contract databases.

Integrity of eligibility determination (Chapter 5)

Business processes

48. The requirements for eligibility for an adult passport—citizenship, identity and absence of prescribed impediments—are addressed by a number of operational processes. The application form gathers information to inform DFAT's assessment of an applicant's eligibility. It collects data essential to the process; provides the basis for checking key facts at interview; and contains a declaration by a person who meets certain conditions (such as being contactable and having electoral enrolment) who vouches for the identity of the applicant and the applicant's photograph.

49. The ANAO found that the form addresses the above needs in most respects; and therefore provides a sound basis for establishing the eligibility of applicants. The ANAO did identify a few, relatively minor aspects of the form which could be improved. DFAT has advised that it intends to address these matters.

50. The interview is an important aspect of establishing identity and collecting required information. It also provides assurance regarding the quality and completeness of information supplied. Requiring personal attendance at interview is an additional step in passport processing by Passports Australia compared to that adopted by some other countries.⁶

51. The processes for interview are robust and supported by a sign-off by the interviewer that appropriate checks had been made. Nonetheless, around four per cent of applications processed by interviewers contained errors that were identified during subsequent processes, suggesting stronger quality assurance over interview checks may be desirable.

⁶ Benchmarking undertaken by DFAT in 1999 identified that Australia was the only country of five in the study (Australia, Canada, Japan, New Zealand and the United States of America) that required personal interview for both new and renewing applicants.

52. Notwithstanding the general robustness of the process, identity fraud, through use of false identity documentation, remains a risk. Treatment of this risk relies, to some degree, on the judgement of interviewers that documentation appears legitimate. To assist in this process, and consistent with strengthened proof of identity procedures developed by Commonwealth agencies, the categories of documents that may be used in support of a passport application have been narrowed to a small group having appropriate integrity. DFAT also intends to develop the capability to validate key identity documentation on-line in the future.

53. DFAT operates a series of automated and manual processes aimed at checking applicant eligibility and ensuring the integrity of passports issued. These include arrangements with Registrars of Births, Deaths and Marriages in the States and Territories to enable validation of applicant data through checks of their databases. An automatic electronic check is in place for most certificates originating from one State. For other States, checks are done manually on a selective basis. DFAT is negotiating to extend its arrangements for electronic checking to other States. This would seem highly desirable to reduce further the risk that checking is not undertaken in cases that may involve identity fraud.

54. The ANAO found that relevant IT applications operate in accordance with the business design, and that IT security and confidentiality arrangements are, on the whole, sound. However, written security procedures need review and updating. The ANAO also identified some relatively minor security procedures that warranted attention and have largely now been addressed.

Applications for minors' passports

55. Additional processes apply to applications lodged by adults for minors' passports. (Minors are unmarried people less than 18 years of age.) These passports are normally issued only with the consent of both parents or other parties with caring responsibilities for the minor. This is to minimise the risk of a child being removed from Australia without parental consent.

56. All applications involving travel documents for a minor are automatically categorised as high risk and directed for personal consideration by an Eligibility Officer. However, there would also seem an opportunity to strengthen arrangements in some respects, which warrant further consideration of cost/benefit involved. These include:

- verifying the consent of the non-lodging parent for all minors' applications. (Currently, a parent or a witness to a parental signature is not usually contacted to confirm consent, on efficiency grounds.) This step would seem to offer the opportunity to reduce a risk, identified in DFAT's Threat and Risk Assessment, of a parent making a false statement so as to hide

the fact that the other parent does not consent to the issue of a passport to their child; and

- tightening the business rule for witnessing parental consent. Currently the rule does not preclude apparent conflict of interest. The ANAO found that apparent conflict of interest does occur on occasion. For example, in one case that the ANAO examined, the witness was a grandmother of the child applicant; in another case, the witness was the interviewer. DFAT advised that it intends to address this in revised procedures.

57. The ANAO also notes that minors are not required to attend passport interviews. DFAT advised that this was because of a low incidence of serious problems and the possible inconvenience to the minor and parents. Instead, DFAT relies on its identification process for identifiers, witnesses to their parents' signatures, and other checks. However, this means that there is no interview check of the photographic and physical likeness of a young person, whose appearance may alter in a short period.

Quality assurance and compliance

58. The integrity and efficiency of passport issue depend heavily on the quality of the applicant interview. DFAT therefore monitors the number of applications found to be affected by error after they have been checked by interviewers, and considers consequential, corrective action. Initiatives undertaken include training ('Outreach') and a 'mystery shopping' program aimed at assuring that Australia Post interviewers have the knowledge and motivation to perform high quality interviews and to carefully check the forms they submit.

59. The ANAO's sample testing found that procedures and evidential requirements were sound and reasonable, and that applicants generally comply with requirements to complete declarations and provide information to support passport applications. Passports Australia staff generally followed required operational processes and undertook required checks of passport applications. A system-based quality assurance process is also applied during the assessment process to key data fields, reducing the risk that an application is processed and a passport issued with incorrect data.

60. However, there were instances of non-compliance with some non-critical processing requirements (for example, the application form was not correctly signed). While these instances did not affect the integrity of the decisions in these cases, they nevertheless warrant attention. In some circumstances, they may affect the integrity of an issued passport. There was also variable quality in the recording of decisions on applications, which on occasion was cursory and inconsistent with requirements.

Integrity of product (Chapter 6)

Security of the booklet

61. DFAT's approach to managing the physical security features of the Australian passport is sound. The current series of the Australian passport uses in-built security features. A new series is due for release in late 2003, incorporating additional security features. The new arrangement for the production of passport booklets will also enable enhancement to security features in the future.

62. DFAT is also working towards a new generation of passport, with the potential to incorporate facial biometrics recorded on microchips into the body of passports. The capture of biometrics, and their secure incorporation into travel documents, is a complex process involving emerging technologies. However, it offers potential to reduce fraud and strengthen border protection through increasing the security of identity data. For this reason, DFAT is presently investing in research to determine the biometric most suitable for the Australian passport.

Security of stock

63. Passport booklets are presently manufactured in an environment that has multiple physical security controls. However, arrangements for accounting for materials used in manufacture and some features of security arrangements were not sufficiently rigorous for a valuable identity document in the current security environment. The existing supplier advised that it inherited the accounting arrangements when it acquired the business and DFAT and the supplier had sought to improve these arrangements. DFAT is giving attention to addressing these security matters in the development of an agreement with the new supplier. The new agreement offers physical security similar to that for the production of currency, including camera surveillance of each phase of production and electronic tracking of supply materials.

64. Risks to continuity of supply of passport blanks have been addressed through stockpile of blanks at several locations. Processes for the transport and storage of passport booklets are adequate. The ANAO notes that booklets and laminates are transported together in a secure vehicle. DFAT may wish to reconsider this approach in the current security environment.

65. Postage of completed passports to applicants by registered mail was set aside as a cost-cutting measure from 1 January 1998 and was re-introduced in response to an unacceptably high rate of reported losses of passports in mail delivery processes. In 2001–02, 1903 passports were lost in the ordinary mail, and 176 in priority post, on their way from DFAT to the applicants. As well as higher security, use of registered mail enables DFAT to trace documents after despatch to clients.

66. Custodial control of passport booklets—both before and after insertion of the passport bearer’s personal particulars—is integral to the security of the Australian passport. The ANAO found that there are appropriate controls and that records of document destruction are kept. However, there have been minor breaches of the custodial controls. DFAT has therefore reminded managers of control requirements. The ANAO suggests that a Policy Advice to all staff outlining current requirements is also warranted.

Recommendations

Set out below are the ANAO's recommendations aimed at improving passport services. Report paragraph references and abbreviated DFAT responses are also included. More detailed responses are shown in the body of the report.

Recommendation No.1

Para 3.19

Performance management

The ANAO recommends that DFAT strengthen performance management and reporting by:

- establishing appropriate quantitative and qualitative indicators for assessing passport integrity and security;
- more adequately measuring the timeliness of the full range of processing steps covered by its timeliness standard, or clearly articulating in its Service Charter the limitations to the service standard; and
- reporting to the Parliament on performance against identified standards.

DFAT response: Agreed.

Recommendation No.2

Para 3.37

Performance monitoring

The ANAO recommends that, to support management of passport processing, DFAT monitor turnaround performance for significant categories of applications against appropriate timeliness targets.

DFAT response: Agreed.

Recommendation No.3

Para 5.23

IT security procedures

The ANAO recommends that DFAT ensure that procedures related to IT security administration for passport services are adequately documented to ensure consistency with actual practice and with DFAT's Secure Australian Telecommunication and Information Network (SATIN) policy.

DFAT response: Agreed.

**Recommendation
No.4
Para 5.43**

**Operational
processes**

The ANAO recommends that DFAT review the potential to strengthen operational processes for issuing passports, particularly to confirm the bona fides of persons who identify passport applicants ('identifier'); verify parental consent declarations; tighten requirements for witnesses to be independent of applicants; and ensure appropriate records are made of eligibility checking and reasons for decisions.

DFAT response: Agreed.

Audit Findings and Conclusions

1. Overview of Passport Services

Passport services

1.1 The Department of Foreign Affairs and Trade (DFAT) administers the *Passports Act 1938* (the Act) and is responsible for the outcome: ‘Australians are informed about and provided access to consular and passport services in Australia and overseas’⁷. Under the Act, Australian citizens⁸ are entitled to an Australian passport (see Figure 1) to facilitate travel overseas.

Figure 1

A passport is:

- a travel document that allows an individual to leave and return to his/her country of citizenship, and to facilitate travel from one country to another;
- issued by official sources. On its face, it evidences the officially accepted identity and nationality of the bearer; and
- dependent for validity on the issuing government vouching for the person named in the passport.

Source: DFAT

1.2 Passports can have a secondary use, that is, providing personal identification for people accessing a range of government and non-government benefits. This is because passports are regarded as having high integrity for personal identification.

1.3 DFAT processes approximately one million passports and similar travel documents each year (Figure 2). These travel documents are issued through nine Australian Passports Offices in major Australian cities as well as through overseas diplomatic posts and consular missions. Some 93 per cent of Australian passports issued in 2001–02 were processed within Australia.

⁷ The ANAO recently conducted a performance audit of consular services: ANAO Report No.31 of 2000–01, *Administration of Consular Services*.

⁸ Australian passports are issued only to Australian citizens, although in some circumstances other travel documents may be provided to non-Australians.

Figure 2

Categories of travel document

- ordinary passports of 10 year validity for adults and five year validity for children;
- frequent traveller passports for adults and for children (with twice the number of pages of ordinary passports);
- ordinary and frequent traveller passports of five year validity for seniors;
- diplomatic passports;
- official passports;
- documents of identity for circumstances where the issue of a passport to an Australian citizen is unnecessary or undesirable; or for a person who is a national of a Commonwealth country;
- certificates of identity for non-Australians who have a need for a travel document but are unable to obtain one from a representative of their country of citizenship; and
- travel documents related to the United Nations Convention related to the Status of Refugees.

Source: DFAT

Resources and Fees

1.4 In 2002–03, passport services are expected to cost some \$96 million, with fees (including for urgent issues) estimated at \$137 million on the basis of actuarial estimates of demand (see Table 1).

Table 1

Passport services cost and fees 2001–02 to 2004–05

	2001–02 \$million	2002–03 \$million	2003–04 \$million	2004–05 \$million
Cost of passport services	90	96	101	99
Passport fees revenue	135	129	128	130
Priority issue fee revenue	0	8	8	8

Source: DFAT Output Purchasing Agreement 2002–03 to 2004–05 for passport services; figures rounded to whole million.

1.5 A fee applies for passports and travel documents, except for some categories approved by the Minister for free issue⁹. The fees, which are set annually in the Budget context¹⁰, are summarised at Appendix 1.

1.6 Applicants with a demonstrable need for urgent passport issue may pay a priority processing fee, which guarantees processing within two full working days, provided that the applicant has met all necessary requirements.

Delivery of services

1.7 'Passports Australia' is the name used to define collectively the groups within DFAT and its agents involved in the delivery of passport services. It comprises:

- the Passports Branch in Canberra, which manages passport policy and overall operations;
- Passports Offices in the capital cities of each of the States and Territories, as well as Newcastle, which are responsible for passport issue;
- passports operations at overseas posts;
- services provided by Australia Post, which interviews applicants for passports; and
- the Australian Passport Information Service (APIS) which is provided by Centrelink. The APIS provides a call centre and renewal form despatch service to the public, as well as a hotline service to Australia Post staff involved in passport interviews. The service operates on extended hours, including weekends and public holidays.

1.8 Under these arrangements, a new applicant for a passport may obtain an application form from an Australia Post outlet. A renewing applicant may receive a short, pre-printed form either on request from the APIS or as a result of a mail-out¹¹. Completed forms are usually lodged with an Australia Post outlet and an arrangement made for an interview by designated Australia Post staff (82 per cent of applications in 2001–02 were handled in this way). Alternatively, an application may be lodged at a Passports Office in Australia or at an overseas post. In such cases, a DFAT officer interviews the applicant.

⁹ Exceptions mainly involve documents of identity issued to Australian citizens travelling to Norfolk Island, change of name due to marriage or divorce and children under the age of five years issued a replacement passport.

¹⁰ DFAT pays passport fees direct to Consolidated Revenue.

¹¹ DFAT periodically mails renewal forms to passport holders whose documents are due to expire. However, if a renewing passport holder uses a new passport form, the form is accepted for processing as a new application.

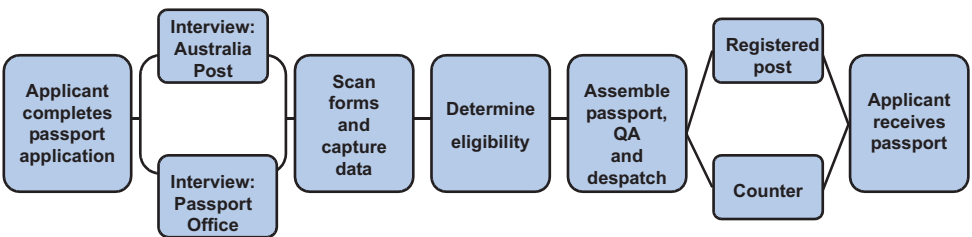
1.9 Interviewers check that forms have been completed correctly; check the identity and citizenship documents submitted in support of the application; and collect application fees. After the applicant's interview, Australia Post posts completed application forms to DFAT for processing.

1.10 DFAT's processing involves electronic and manual data checks of applicant identity and determination of eligibility for an Australian passport. Higher-risk applications are referred to senior officers in Central Office for consideration¹². After determining eligibility, the completed passport is assembled at a Passports Office, and either posted to the applicant or collected from a Passports Office.

1.11 DFAT's processing of passports is substantially computer-assisted. This includes computerised scanning of data, photograph and signature from the application form; checking the accuracy of recorded data; checking the integrity of applicant information; workflow management; and a computer-based Passport Issue and Control System (PICS)¹³.

1.12 The above processes are summarised in Figure 3. They are supported by over 40 contractual arrangements or similar agreements¹⁴, which have an estimated value in 2002–03 of some \$20.7 million.

Figure 3
Passport issuing process



Source: ANAO based on DFAT information

¹² Higher-risk applications include those for a child's passport where the consent of all adults having a caring responsibility has not been provided. In these cases, the consent process can involve courts of law, court-appointed guardians or any person who has a residency, contact or special issues order in relation to the child.

¹³ The PICS system assists in ensuring the bona fides of applicants for passports; maintains a history of passport information; provides data security, audit trails; stock control of accountable documents; quality control; and appropriate management information.

¹⁴ A Memorandum of Understanding operates with Centrelink for the APIS. A Service Agreement is also in place with the Australian Federal Police for the investigation of possible offences against the *Crimes Act 1914* and the *Passports Act 1938*.

Future directions

1.13 The passport document and passport processes are subject to substantial research and development to protect and improve the integrity of the passport and the integrity and efficiency of processing and decision-making. This has included the successful automation of passport processing and enhancement of security features in the passport.

1.14 Future directions include the development of biometric identification for use in passports (funded as a Budget initiative in 2002) and on-line services for passport applicants. DFAT is a member of a New Technologies Working Group of the International Civil Aviation Organisation, which considers the use of biometric identifiers for border control. Strategic initiatives are discussed further in Chapter 2.

1.15 Consideration of future developments is facilitated by DFAT being a member of a Five Nations Forum, which brings together the passport agencies of Australia, Canada, New Zealand, the United Kingdom and the United States of America. It is a forum for sharing information about technical developments and ways of doing business.

Audit process

1.16 The objective of this audit was to assess whether DFAT has effective processes for issuing passports in Australia. In particular, the audit focussed on whether DFAT:

- has effective strategies for managing passport services;
- provides quality client service; and
- has effective and secure processes for passport issue to entitled persons.

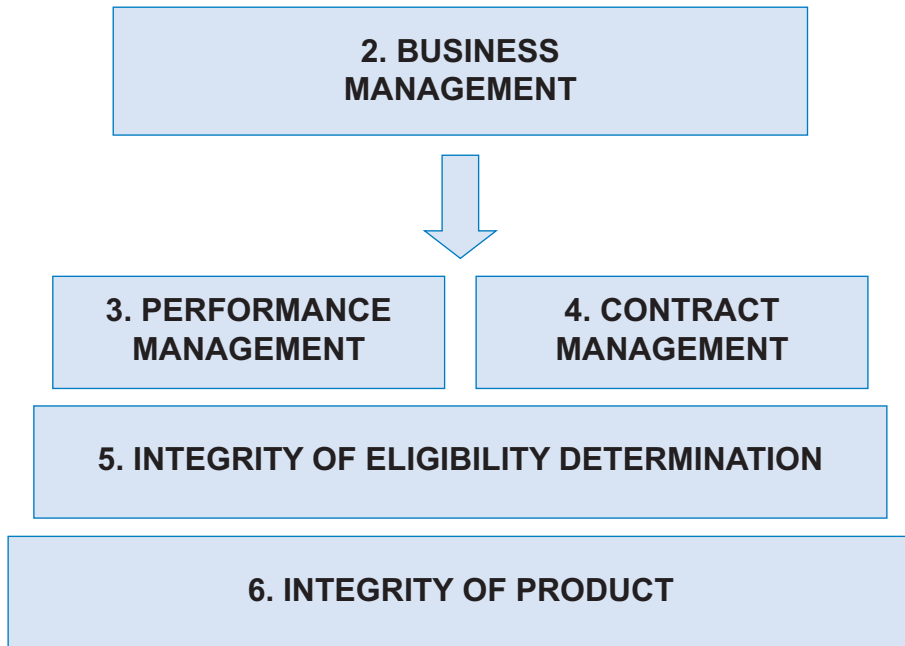
1.17 The audit focussed on the issue of the common types of passports to Australian-based applicants. The issue of passports overseas (around six per cent of issues in 2001–02) was not covered in detail in this performance audit, although the passport operations in Delhi and London were briefly reviewed.

1.18 The audit criteria were based on the relevant requirements of DFAT's legislation; client service charter; operational manuals; target outcomes; industry standards such as for risk management; and ANAO better practice guides for contract and performance management.

1.19 The ANAO undertook fieldwork in four Passports Offices and DFAT's central office, and discussed audit issues with contractors. The ANAO examined relevant business, information technology and contract management practices and assessed compliance with operational requirements for a sample of passport dossiers.

1.20 The audit was conducted in accordance with ANAO Auditing Standards and at a cost of \$370 000. The structure of the rest of this report is depicted at Figure 4.

Figure 4
Report structure



2. Business Management

Introduction

2.1 Key elements of business management are identification of risks to achievement of outcome, strategic and operational planning, taking account of risks and application of resources to realise strategic priorities. In the delivery of passport services, business management supports the integrity of the Australian passport and meeting the expectations of travelling citizens. DFAT's approaches to business management, particularly risk management, strategy and resource management, are outlined below.

Risk management

2.2 Risk management for passport services is integrated within the department's overall risk management processes. The department's risk register identifies broad risks at the corporate level and is supported by more detailed management of risks associated with the delivery of passport services, including fraud and risk assessment, registers of risk, and risk management strategies and treatments for components of passport services. DFAT has also recently required all Passports Offices to complete risk management plans for their Offices, using a broad template consistent with the overall plan.

2.3 DFAT's treatment of risks to the integrity of the passport is based upon a Threat and Risk Assessment for passports undertaken in 2000¹⁵. The key threats are summarised in Table 2.

¹⁵ The Threat and Risk Assessment was undertaken by DFAT in March 2000. Its purpose was to identify potential threats against passport issuance, evaluate the risk of each threat and identify possible risk treatments.

Table 2
Threats to passports

Threat
Forgery (i.e. alteration) of an existing passport to confer identity on someone other than the lawful holder
False or misleading statements in order to obtain a passport in a false name or another person's name
False or misleading statements in order to obtain the issue of a passport to a minor
Loss or theft of passports or material prior to issue
Counterfeit of a passport (solely from non-genuine materials)
Damaging a passport
Unlawful possession of a passport
Permit illegal use of a passport
Other false or misleading statements impacting upon the issuing process

Source: DFAT

2.4 The assessment concluded that, allowing for controls in place at that time, the highest risk related to threat of forgery, with forgers using passports that have been reported lost or stolen¹⁶. The next highest risks to passport integrity were false statements either in obtaining false passports for an adult or obtaining passports for minors on the basis of false statements.

2.5 The report of the assessment concluded that Passports Australia 'needs to seriously consider the effectiveness of the current controls in relation to these threats especially involving some form of deterrence of the malpractice to help manage the risks more effectively'. It identified some possible approaches to reducing risks, which have, on the whole, been pursued by DFAT, as summarised in Table 3. DFAT also has other initiatives under way to improve the integrity of passports, which are discussed in Chapter 6.

¹⁶ In 2001–02, 32 497 passports were reported lost or stolen, of which 11 502 were reported lost or stolen overseas.

Table 3**Treatments of risk to passports identified in a Threat and Risk Assessment in 2000**

Possible treatment suggested in Threat and Risk Assessment	DFAT action
Develop a stronger passport that is more resistant to tampering and damage	A new supply arrangement for passport booklets offers enhanced security and quality of passport (see 6.3).
Constant review of the integrity of the security features of the passport document to deter counterfeit	DFAT works continually to develop additional security features for the passport. For example, some adhesion quality issues in the current series passport have been resolved (see 4.7- 4.9). Longer term plans include biometrics (see 2.8 and 6.4).
Re-introduce a procedure verifying the consent of the non-lodging parent in the case of children's passport applications.	Not implemented, although DFAT advised that checking of applicant data, and in some cases data related to both parents against passport and migration databases, reduces the risk of false consent statements.
Audit the compliance with, and quality of, checks of personal identifiers of passport applicants	DFAT has introduced random confirmation of the identity and independence of persons verifying the identity of applicants; and investigates high risk cases as a matter of course.
Raise awareness of the importance of passports and the need for security at all times	DFAT advises travellers of the need to protect passports, including through 'safe passport' posters displayed in Passports Offices, Australia Post outlets and at travel shows. As well, revision of the penalties applicable for breaches of the <i>Passports Act 1938</i> is being pursued for finalisation in 2002–03.
Consider transport of laminate used for the passports bearer identification page separate from other passport components to limit the potential threat should a courier consignment be mislaid	Heightened security arrangements implemented.

Source: DFAT

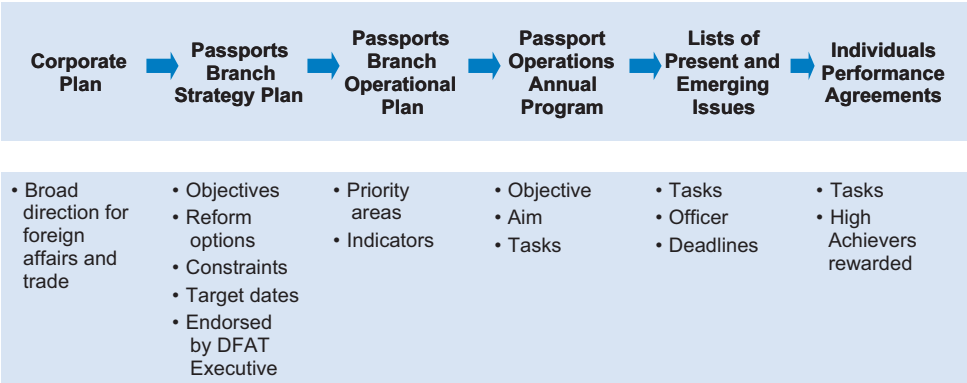
2.6 The ANAO concludes, on the basis of these actions taken by DFAT, that DFAT has a sound approach to addressing risks to passport services.

Strategic and operational management

Planning framework

2.7 There are well-integrated and structured arrangements for planning and management of passport services, as outlined in Figure 5. The ANAO found good alignment between the plans, work programs and resourcing. In addition, DFAT publishes *Passports Australia: Achievement and Challenges*, which outlines planned future directions and performance against identified standards.

Figure 5
Planning framework for passport services



Source: ANAO from DFAT information

Current and future priorities

2.8 The most recent strategic plan covers the period 2000–01 to 2002–03. The priority elements of the plan for 2001–02 were:

- develop a new passport booklet using new technology for the personal particulars page, lamination processes and provision for machinery assisted identity confirmation, including the possibility of biometrics; and commence research into a biometric identifier for the Australian passport and pilot use of facial recognition software for use in the passports database (for further development in subsequent years);
- strengthen proof of identity procedures for passport applicants;
- market test critical functions for passport production as a foundation for considering outsourcing all document preparation on a national basis in 2002–03;

- develop strategies to maximise interview of passport applicants at Post Offices rather than Passports Offices and to streamline client service procedures in Passports Offices (for further development in subsequent years);
- review the *Passports Act 1938* (for finalisation in 2002–03);
- review passport printing and quality assurance functions to determine whether they should be centralised or outsourced;
- finalise the Passports Australia website strategy and introduce the first phases of the plan aimed at increasing on-line services (for further development in subsequent years);
- implement a national training strategy for passport services and a disaster recovery strategy for passport systems; and
- negotiate a second output purchasing agreement.

2.9 The ANAO found that the above-listed key priorities have either been implemented or are well advanced. For example:

- the new generation passport with new security features is due for release in late 2003, and will be produced under a new, highly secure, supply arrangement with Note Printing Australia Ltd, and research has commenced into the application of biometrics to passports services. Precise arrangements are under negotiation with the new supplier;
- during the audit, a pilot arrangement with Australia Post in Melbourne for document preparation for scanning was in progress and DFAT was considering market testing of some other functions presently performed in-house, including data entry and verification, assembly of the passport, printing, lamination and quality control functions; and
- initiatives include technology development to enable passport applicants to access on-line interactive information, services and forms by 2004.

2.10 Key proposals for 2002–03 include development of a business case to consider centralisation of processing renewal applications, and possibly using online infilling of passport booklets at the time booklets are manufactured.

2.11 One of the most significant enhancements to the delivery of passport services in recent years has been the transition to computer-based workflow management. This business reengineering project (Project Delta) was implemented between 1998 and 2000, and reflects an earlier strategic priority. The initiative involved re-design of workflows, forms, benchmarks, business rules and interview arrangements; modification of the computer system; and adoption of new technologies for image and data capture and for workflow management. It has led to the substantially computer-assisted processing arrangements described at paragraph 1.11.

2.12 The immediate benefits of business process reengineering were streamlined processing and reduced costs (Table 4), which met or exceeded expectations. Equally importantly, the computer-assisted processing provides a sound platform for the future planned developments to passport processing and integrity.

Table 4
Some Project Delta benefits

	Expected benefits	Result
Staffing and costs	Reduce by 25 per cent	Production staff reduced from 243 (December 1998) to under 190 (2002–03). Commission rates for interviews reduced. Efficiency dividend achieved with \$3 million to Consolidated Revenue in 2000–01 and 2001–02.
Processing	15 per cent time reduction	Interview duration benchmark reduced from 12 minutes to 6–7 minutes for new applicants.

Source: DFAT

2.13 The ANAO notes that implementation of the business process reengineering was achieved without major disruption or delays to the delivery of passport services. While there were delays in roll-out due to initial problems identified in a pilot exercise, these were addressed without a significant impact on clients nationally¹⁷. This compares favourably with the experience of some other passport agencies. For example, the UK Passport Service and the Canadian Passport Office experienced severe service delays associated with computerisation of their passport services¹⁸.

¹⁷ A pilot of Project Delta business process reengineering in Brisbane Passports Office resulted in excessive delays occurring in that Office. In response, contingency arrangements were implemented. These included full training and change management procedures, gradual introduction of the new system to match staff productivity, workload shifting from the Brisbane Passports Office during the roll-out, and contingency time in the roll-out to accommodate ‘bedding in’ of the new system.

¹⁸ The UK Passport Service experienced a backlog of over half a million applications in 1999, attributable to project management and implementation of a new passport processing system in two of its six offices (National Audit Office report, *The United Kingdom Passport Agency: The Passport Delays of Summer 1999*). The Canadian Passport Office experienced an increase in turnaround times for passport issue to 29 days in early 2001, compared with a 10 day standard, attributed to a peak demand for passports combined with slowdown in production associated with introduction of computerised passport workflow management (The Canadian Passport Office Annual Report 2000–01, p. 17).

Resource management

Funding

2.14 Passport Services are funded through an Output Purchasing Agreement with the Department of Finance and Administration (Finance); with the current agreement covering the period 2002–03 to 2004–05¹⁹. The agreement provides funding on the basis of numbers of passports issued, with forward estimates based on actuarial estimates of demand. The agreement provides for adjustment of base funding in the Additional Estimates process, to reflect the actual number of passports issued in the previous year. It also provided for unit output re-pricing where demand grows more than five per cent above the actuarial estimate, but not if demand falls.

2.15 In the last two financial years, passport issues have been lower than projections, resulting in adjustments through the Additional Estimates process. DFAT returned \$1.6 million of 2000–01 funds (paid through the Additional Estimates in the following financial year), and at the end of 2001–02 identified \$5.2 million for repayment through the 2002–03 Additional Estimates process. In its response to the audit report, Finance advised that it would continue to actively monitor the accuracy of DFAT's passports model to ensure that it continues to be refined to more accurately predict future passport demand.

Spoilage

2.16 In assessing the output price for the base year of the agreement (1998–99), DFAT calculated all direct and indirect input costs and divided those costs by the number of passport booklets used. Although not specifically addressed in the former agreement, this calculation included spoilage, which represented a total of some \$1 million in 2000–01 and 2001–02²⁰. DFAT considers claiming funds for spoilage to be consistent with the intent, if not the wording, of the agreement.

2.17 In its response to the audit report, Finance confirmed that funding in the current agreement is based on the number of passports issued and the costs of their production. Finance considers it appropriate that spoilage is reflected in the variable component of the production costs of issued passports, while acknowledging that this is not specifically addressed in the current agreement.

¹⁹ In addition, independent of the Agreement, the 2002 Budget provided \$3 million for research into a biometric identifier for the Australian passport.

²⁰ DFAT's performance standard for spoilage during manufacture and assembly of passports is three per cent. Total spoilage rates were recorded within the acceptable limit of three per cent, except in August and September 2000 (5.9 and 6.3 per cent respectively). Quality assurance aspects of spoilage are discussed at 5.34 to 5.37. Detail of spoilage in a typical month is shown at Appendix 3.

2.18 The ANAO suggests that DFAT and Finance clarify the intent of the agreement regarding the pricing of incidental spoilage. Both agencies have agreed to address this issue during the mid-term review of the agreement scheduled for the second half of 2003. Finance also advised that it is satisfied that DFAT's existing internal management arrangements encourage efficiency and quality of production. However, it will consider options to enhance DFAT's performance reporting to Finance, including spoilage rates, during the mid-term review.

Staffing

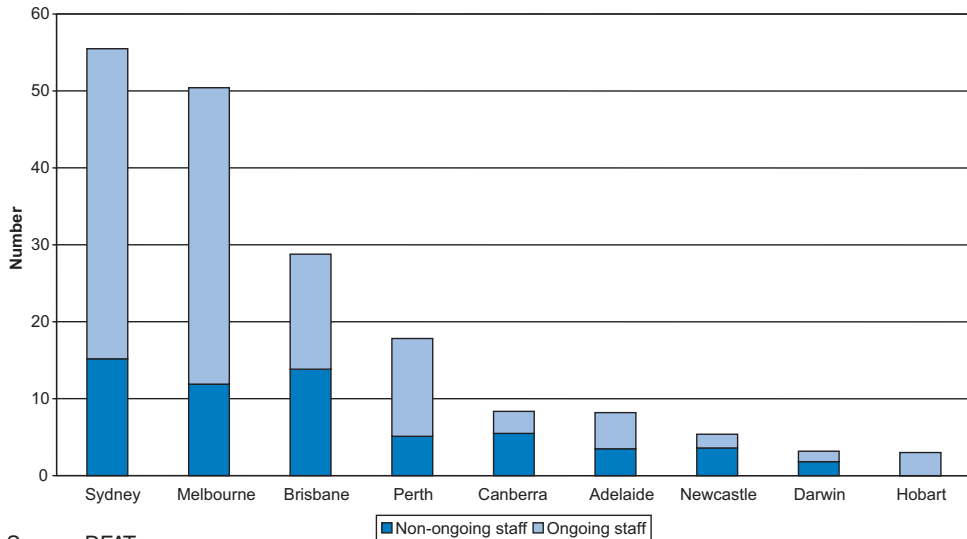
2.19 DFAT manages alignment of staffing to workload through use of a predictive workload model utilising productivity benchmarks for each element of passport production²¹. It also seeks to balance resources and skills with production needs through a number of means, including:

- use of non-ongoing staff for much of passport processing - accounting for nearly 30 per cent of the staff overall in 2001–02 (see Figure 6). Non-ongoing staff are used for less complex stages of passport processing such as mail opening, document preparation and scanning. More experienced, permanent staff are used for consideration of applicants' eligibility;
- developing approaches to actively influence the demand for passport services. For example, DFAT commenced a renewal drive in December 2002 using Australia Post databases²², and is pursuing other options such as advertising; and
- strengthening and targeting the capability of passport processing staff. This has included initiatives such as: establishing training officers with responsibility to coordinate competency training and quality assurance; installing a computer-based self-paced training package²³; and using a recruitment agency to provide non-ongoing staff trained in competencies suitable for passport processing.

²¹ The model utilises Australian Bureau of Statistics time series modelling to predict future workload volumes for each Passports Office.

²² Previously DFAT had used electoral data for bulk renewal advices, but this was curtailed for privacy and security reasons in 2000.

²³ The package addresses passport processing and related competencies. All staff are expected to complete the package in the first year following its introduction in 2002. Staff will also be expected to undertake several modules a year on an ongoing basis.

Figure 6**Mix of ongoing and non-ongoing staff in Passports Offices 2001–02**

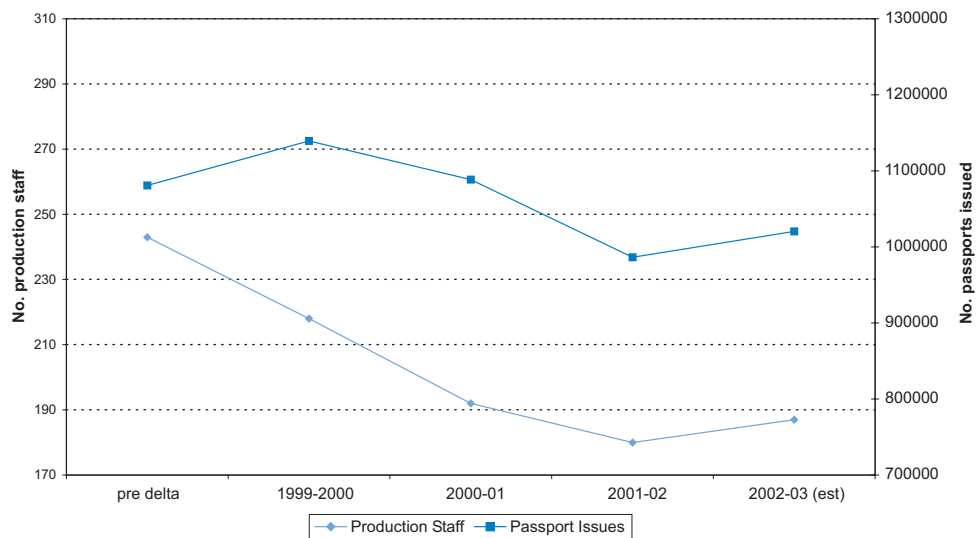
Source: DFAT

2.20 Efficiencies in workflow, interview and staffing arrangements, most notably the efficiencies flowing from business process reengineering through Project Delta (see paragraph 2.11), have led to increased efficiency in processing. Figure 7 shows the trends in staff numbers and passport issues from just prior to the implementation of Project Delta to 2002–03. Prior to implementation of Project Delta, unit output was under 4500 passports per production staff member; whereas it has risen to some 5500 in recent years based on a consistent measure²⁴.

²⁴ DFAT changed its method of calculating productivity in 2001–02 to include only staff effort directly related to passport production. That is, it excludes staff time related to passport team coordination, infrastructure, training and management. Using this alternative measure, productivity was 6 335 for each person in 2001–02.

Figure 7

Passport production staff and passport issues



Source: DFAT

3. Performance Management

Introduction

3.1 Under the Government's outcomes/outputs framework, performance indicators are required for each for the outputs/sub-outputs associated with an outcome. This chapter assesses DFAT's performance management for passport services and, in particular:

- the performance management framework;
- performance results achieved; and
- international comparisons.

Performance management framework

3.2 Passport services are a part of DFAT's output, 'consular and passport services' which supports the outcome, 'Australians informed about and provided access to consular and passport services in Australia and overseas'. DFAT's published key performance indicators for the passport services sub-output address effectiveness, quality and quantity, as shown in Table 5.

Table 5
Key performance indicators, 2002–03

Criterion	Indicator
<i>Overall effectiveness</i>	Comprehensive, responsive and high quality passport service ²⁵
<i>Quality</i>	Satisfaction of the public and travel industry with passport services Turnaround time for passport issue, including urgent cases
<i>Quantity</i>	Number of passport enquiries handled through the Australian Passport Information Service Number of travel documents issued, including urgent issues
<i>Price</i>	\$143.124 million (including consular services)

Source: Portfolio Budget Statements 2002–03 Foreign Affairs and Trade portfolio.

Overall effectiveness

3.3 DFAT does not have an overall indicator of 'effectiveness', and therefore did not report on this specifically in its Annual Report 2001–02. It did, however,

²⁵ The indicator for 2000–01 was a 'comprehensive, secure and high quality passport service'. The reference to security was omitted from the 2001–02 and 2002–03 indicators.

generally describe client access and services, security features of travel documents, and the passport client service charter (in addition to reporting quality and quantity indicators).

3.4 The current ‘overall effectiveness’ indicator does not refer to security or integrity of the passport (in contrast to eligibility processes), notwithstanding that these are a central feature of passport delivery. Nor is the indicator addressed in the subsidiary quality measures (which are essentially client service measures). While DFAT does report on several initiatives to improve the security and integrity of the Australian passport²⁶, describing relevant initiatives in this way does not represent a systematic and credible assessment of performance with respect to security and integrity.

3.5 Addressing ‘integrity and security effectiveness’ of the passport in performance monitoring and reporting would greatly enhance accountability for critical aspects of the Australian passport service. There is already some internal information that would assist; for example, fraud referral caseload, production spoilage, and some information about breaches of the Australian passport’s integrity received from border control and law enforcement agencies. The ANAO suggests that DFAT establish appropriate quantitative and qualitative indicators for assessing passport integrity and security, such as losses in production and detected abuse of passports; and monitor and report on the related indicators.

Quality

3.6 The two quality measures for passport service—client satisfaction and timeliness—address client service. Client service is supported by a Passports Australia Client Service Charter²⁷, which sets out the quality of service customers can expect to receive. Key commitments in the Charter are issue of a travel document within 10 working days, when all requirements for the issue of a passport can be met (and otherwise as expeditiously as possible); in cases of urgent unanticipated travel to endeavour to meet clients’ travel dates; and, if a travel document cannot be issued in accordance with relevant legislation, to advise clients of the reason for the decision and review rights²⁸.

²⁶ Initiatives reported in Annual Report 2001–02 included the development of a new series of travel documents incorporating the latest available technologies and security features; sample testing of the integrity of passport processing; and plans to re-introduce registered postage of travel documents from July 2002.

²⁷ Available online at <http://passports.gov.au/service_charter.html> (22 July 2002).

²⁸ Client service standards published in the Client Service Charter include prompt helpful and courteous service, display of fees, consistent application of legislation and policy, respect for privacy and confidentiality of information, a quality product, clear and accurate information and understanding client needs.

3.7 In general, the Charter provides a sound statement of service standards. The department received a Silver Award in the 2002 Commonwealth Government Service Charter Awards for Excellence²⁹. However, the approach could be strengthened by ensuring full consistency with other advice and requirements. For example, while the *Passports Act 1938* provides for the non-issue of travel documents in some circumstances, the Charter commits to issuing a travel document if required information is available; this addresses the possibility of non-issue less strongly than might be appropriate in some circumstances, such as a legal impediment. It also advises that client information will be kept private and confidential; whereas passport application forms advise applicants that information may be disclosed to, or verified by, listed agencies. DFAT has advised that the Service Charter will be revised to address these matters.

3.8 The ANAO also notes that the Charter does not address service standards on the part of Australia Post or the APIS, which are integral parts of the service provided to clients.

Client satisfaction

3.9 DFAT has sound means of assessing satisfaction of the public with passport services through a customer satisfaction survey; client feedback forms that are available at Passports Office counters and Australia Post outlets; feedback conveyed by telephone to the APIS; and through correspondence from clients. DFAT's Annual Report for 2001–02 reported that feedback through the year—mostly collected through the APIS—indicated that 95 per cent of clients rated the passport service as good to very good.

3.10 However, DFAT has not specifically sought to measure or assess the travel industry's satisfaction with passport services, although this is part of the 'quality' indicator.

Turnaround time

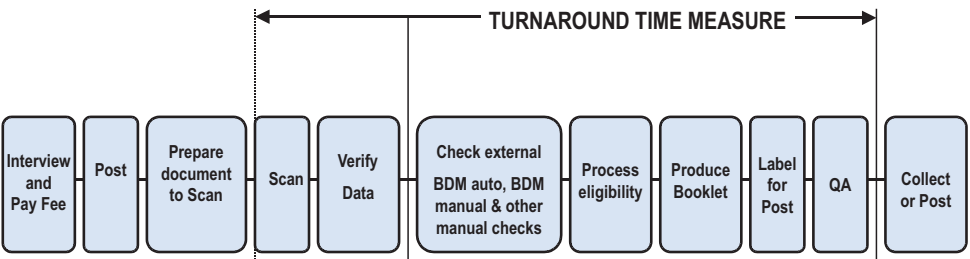
3.11 Turnaround time for processing applications lodged in Australia³⁰ is monitored, and reported by DFAT, consistent with its service standard obligations. However, there are a number of limitations in the current measure of turnaround time and its reporting, which have a tendency to understate turnaround as perceived by the client.

²⁹ For the category of 'demonstrated excellence in integrating service charters into core business delivery outcomes and organisational culture'.

³⁰ DFAT measures and reports the timeliness of processing of normal applications lodged in Australia. It does not measure and report on applications lodged in overseas posts or complex applications referred for the consideration of designated 'Approved Senior Officers' (representing 0.2 per cent of applications). The latter is to ensure that there is not a focus on timeliness at the expense of proper consideration of sensitive cases.

3.12 Firstly, the turnaround is measured from the time of registration of the application on the main computerised Passport Issue and Control System (PICS), to the final quality assurance of the completed passport booklet, prior to despatch to the applicant. This covers only some of the steps involved in processing a passport application—see Figure 8.

Figure 8
Timeliness process measure



Source: ANAO from DFAT information

3.13 The turnaround measure up to, and including, 2000–01 covered the steps after data verification and up to final quality assurance. It also now includes the scanning and data verification steps. There are two elements to the omitted steps under both the old and new turnaround measure; steps which are part of DFAT’s internal processes, such as document preparation; and the time an application is in the post (if an Australia Post lodgement). The ANAO found that DFAT has data on its systems to measure both of these components, use of which would facilitate accountability for service. These data indicate that the period from interview to scan took, on average, some two elapsed working days³¹ across all applications lodged in 2001–02.

3.14 Second, DFAT’s timeliness measure included time awaiting further information due to client error. This could involve overstated turnaround time in such cases (awaiting further information adds about half a day on average). DFAT is adjusting its measure to address this issue.

3.15 DFAT has advised that it does not measure time in the post because times would vary widely, depending on where an application was made, and that Australia Post’s own advertised service standard could apply. However, the ANAO notes that Passports Canada does express its timeliness standard more comprehensively as the time from application lodgement to the actual transmittal/ despatch of the completed passport to the applicant.

³¹ Elapsed days counts full days, and treats the final day as a whole day rather than counting hours as parts of days as is done in DFAT measures.

3.16 Greater transparency in service performance perceived by the applicant could be achieved by either ensuring that the Service Charter identifies that turnaround standards exclude time from handling at Australia Post outlets to receipt by DFAT³² or more adequately measuring the full range of processing steps. In its response to the audit report, Australia Post commented that, to avoid any confusion, the delivery to and from Passports Offices should be included as part of DFAT's Service Charter.

3.17 The ANAO also found that DFAT's Annual Reports have not clearly reported performance against the service standard. For example, the 2001–02 Annual Report reported average turnaround time as 6.4 days which 'was well under the 10 day service level stipulated in our client service charter. This was a marked improvement in service on the previous year.' In practice, there was only a small change on the performance in the previous year, since the 2001–02 average was being compared with the 90th percentile which had been reported in the previous year. Actual performance is discussed at paragraphs 3.28 to 3.30.

3.18 Accountability to the Parliament would be improved by more reliable reporting of performance against identified standards. DFAT advised that it intends to revise its performance standard in 2003 to commit to a percentage of applications turned around in 10 working days; and to clearly report against this standard. It also advised its intention to separately report performance for priority applications (paragraph 1.6).

Recommendation No.1

3.19 The ANAO recommends that DFAT strengthen performance management and reporting by:

- establishing appropriate quantitative and qualitative indicators for assessing passport integrity and security;
- more adequately measuring the timeliness of the full range of processing steps covered by its timeliness standard, or clearly articulating in its Service Charter the limitations to the service standard; and
- reporting to the Parliament on performance against identified standards.

DFAT response

3.20 Agreed. A new performance measuring framework has been introduced into the passport system to allow the Branch to measure the percentage of success or failure against the turn-around KPI. The range of KPIs to be monitored for

³² Currently the Charter commits to issue of a travel document within 10 working days, when all requirements for the issue of a passport can be met (and otherwise as expeditiously as possible).

assessing passport office performance has also been widened. The other ANAO recommendations will be considered as quickly as possible as an appropriate means to strengthen performance management and reporting.

The APIS

3.21 As previously noted, the Service Charter does not specify service standards for the APIS. However, DFAT does have operational standards as set out in its memorandum of understanding with Centrelink. These are:

- abandoned calls of up to three per cent; and
- client 'wait to answer' of up to 90 seconds for 90 per cent of calls to APIS on Monday to Friday.

3.22 DFAT measures call abandonment, but only the average 'wait to answer', and reports on this in its Annual Reports. As with the standard for timeliness of applications, reporting the percentage of callers who waited longer than the standard 90 seconds to be connected to APIS would strengthen DFAT's performance reporting to the Parliament.

Performance results

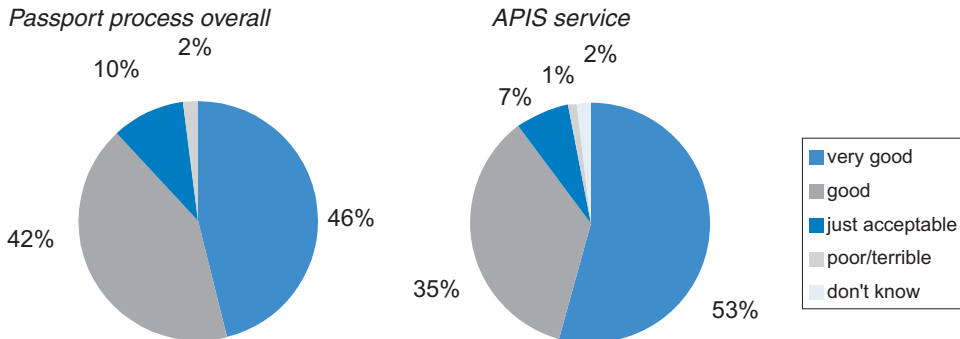
Client satisfaction

3.23 The most recent client satisfaction survey found that 88 per cent of passport applicants rated the passport application process as 'good' or 'very good' overall. There were similar levels of client satisfaction with the APIS service (used by only 18 per cent of surveyed clients). However, speed of answering calls was rated either 'just acceptable' or 'poor' by around one-third of respondents.³³

3.24 The overall satisfaction results are summarised in Figure 9.

³³ Centrelink advised that the survey was conducted at a time when there were a few temporary service delivery issues and that the rating would have improved since that time.

Figure 9
Overall satisfaction, 2001



Note: Percentages may not add to 100 due to rounding.

Source: DFAT

3.25 The client satisfaction survey also found that there was a broad correlation between actual times to issue the passport and initial expectations, with most respondents satisfied with the overall time taken.

3.26 The survey collected suggestions for improvements to the process. The main suggestions made were for:

- more accessible information about the application process;
- increased privacy of clients during passport interviews (this was more frequently a concern for those interviewed at Australia Post outlets);
- more secure distribution of renewal forms bearing personal data and of the passport; and
- using staff in preference to automated information systems.

3.27 DFAT advised that it has considered these suggestions. The desirability of increased privacy for the conduct of interviews has been conveyed to Passports Offices and Australia Post³⁴. Postage of passports by registered mail was introduced in 2002.

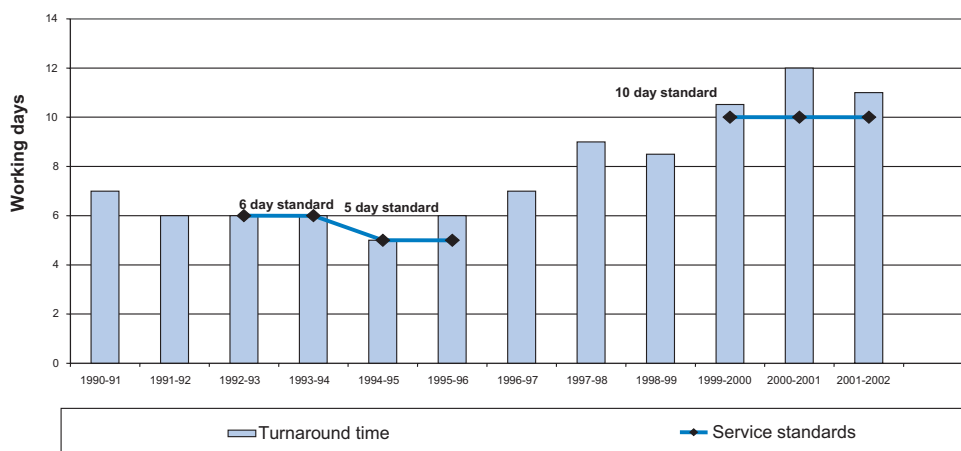
Turnaround times

3.28 While DFAT's turnaround measure has changed over time (see paragraphs 3.11 to 3.18), the most consistently used measure has been passport processing turnaround time for the 90th percentile. That is, it reflects the time required for processing the application representing the cut-off for the fastest 90 per cent of applications. Results for this measure since 1990–91 are presented in Figure 10.

³⁴ Australia Post advised that the majority of approved passport interviewing outlets are only able to conduct interviews at the counter. Where applicants have concerns with privacy, a segregated area on the counter can be utilised, if available.

Figure 10

Passport turnaround time for 90th percentile³⁵



Source: DFAT

3.29 The above data indicate that, for the last three years, the 90th percentile has exceeded the 10 day service standard (see paragraph 3.6). Thus, just over 10 per cent of non-sensitive applications have not met the standard. Although the measure is subject to the limitations described at 3.11 to 3.18, on the whole these limitations are likely to lead to understated turnaround time, and exclude time taken in the post.

3.30 The ANAO estimates from the DFAT data that in 2001–02, on average, there were 8.5 elapsed working days (counted in blocks of 24 hours) for application processing from interview to final quality assurance³⁶, that is including the time for applications to arrive from Australia Post. This resulted in some 67 per cent of applications being processed from interview to final quality assurance within 10 elapsed days. Excluding time in the post, 85 per cent of applications were processed within 10 working days.

3.31 The APIS average time to answer calls has been less than the 90 second standard since March 2001, broadly in the 30-60 seconds range. However, DFAT does not know how many calls do not meet the standard. Call abandonment rates are well within the standard specified.

Quantity measures

3.32 The Portfolio Budget Statements' quantity measures for passport services have not included specific numerical targets, which would improve information

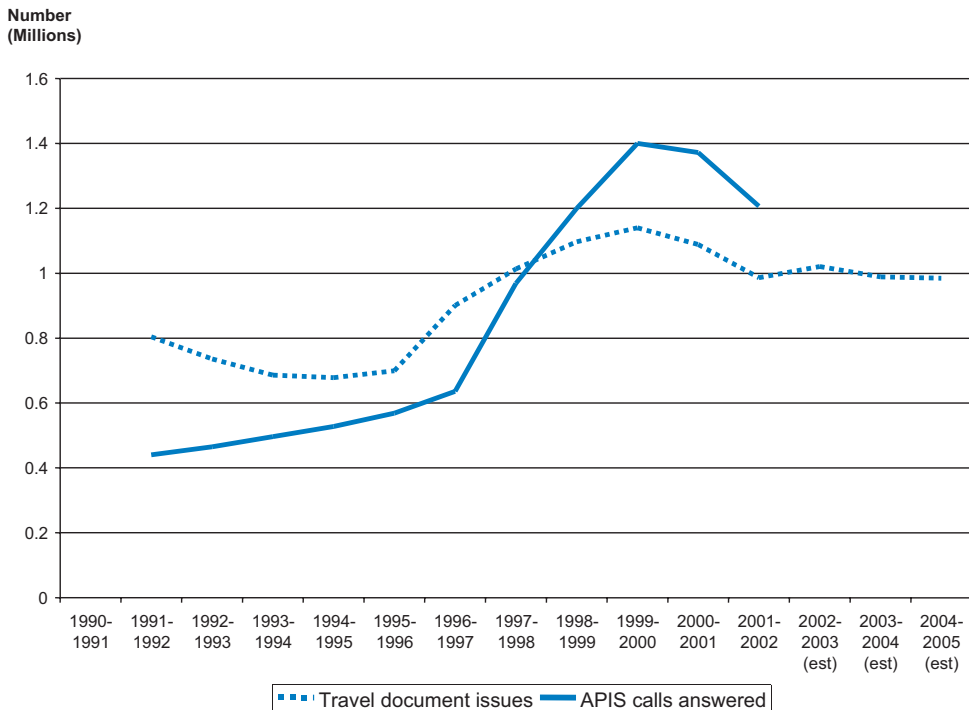
³⁵ In 1998–99, DFAT reported that turnaround ranged between seven and 10 days, rather than reporting a single national measure. Figure 10 shows the mid point of the range for that year.

³⁶ Final quality assurance is the last internal processing step prior to collection, or despatch by post.

in the Portfolio Budget Statements³⁷. Nonetheless, DFAT has monitored and reported the quantity of documents issued³⁸ and telephone calls handled. The numbers of travel documents issued since 1990–91 (with projections for 2002–03 to 2004–05) are shown in Figure 11, together with the numbers of calls to the APIS. The increase in demand in 1996–97 reflects the expiry of the first cycle of passports of 10 year duration, commenced a decade earlier.

Figure 11

Travel document issues and APIS calls since 1990–91 and estimated issues 2000–01 to 2004–05



Source: DFAT

Internal performance management measures

3.33 In addition to published indicators, DFAT monitors monthly management performance information and produces monthly management reports on passport services. The key measures highlighted for senior management attention include passport issues against forecasts, expenditure against budget,

³⁷ In contrast, the quantitative measures for Outcome 1 for Foreign Affairs and Trade portfolio (related to Austrade) are supported by specific numerical indicators.

³⁸ In its Annual Report 2001–02, DFAT reported a fall in the number of passports (down 9.4 per cent from 1 088 574 to 986 316), including urgent applications (down 8.5 per cent from 139 700 to 127 871) compared to those in the previous year.

actual and planned staffing levels, turnaround times against the client services standard, and rates of spoilage of passports against a performance standard.

Monitoring turnaround by categories of application

3.34 DFAT applies a single turnaround time standard across all categories of passport applications, although they have different timeliness characteristics related to complexity of processing.³⁹ Performance management would be enhanced by monitoring timeliness by types of application (renewals being simpler to process than new passport applications) and place of lodgement.

3.35 DFAT data indicates that processing of new applications lodged at Australia Post outlets take, on average, substantially longer to process than those lodged at Passports Offices. For example, applications lodged at Australia Post outlets in 2001–02 required, on average, 7.2 days to process from the stages of computer registration to quality assurance, compared with three days for those lodged at Passports Offices.⁴⁰ (The extra processing time does not include the time required to forward applications from the Australia Post outlet to DFAT.)

3.36 Slower processing of applications lodged at Australia Post outlets is due, in part, to the lower proportion of urgent applications lodged at an Australia Post outlet.⁴¹ However, DFAT was unable to identify other reasons for the difference in process times. There would be merit, as part of sound performance and contract management, in identifying at least significant reasons for the timeliness differences, and monitoring performance of different types of application against separate internal targets.

Recommendation No. 2

3.37 The ANAO recommends that, to support management of passport processing, DFAT monitor turnaround performance for significant categories of applications against appropriate timeliness targets.

DFAT response

3.38 Agreed. However, this recommendation will need further evaluation to assess the overall management benefits when compared to the cost of introducing and managing the change.

³⁹ DFAT advised that, in 2001–02, average turnaround time from computer registration to final quality assurance for sensitive cases referred to Approved Senior Officers was 11 working days for those cases handled in Passports Offices and 16 working days for those referred to Central Office.

⁴⁰ This is DFAT's measure of average processing time from computer registration to quality assurance (see paragraph 3.12). It excludes time from interview to computer registration by DFAT. By contrast, the ANAO's estimate at paragraph 3.30 does include the time for applications to arrive from Australia Post.

⁴¹ In the first quarter of 2002–03, 74 per cent of priority applications were lodged at Passports Offices and 26 per cent were lodged at Australia Post outlets.

International practice

3.39 DFAT has access to turnaround targets and resource information for member organisations of the Five Nations Forum. However, international comparisons need to be viewed with some care because of different operational processes used internationally. For example, the process followed for the Australian passport was comparatively complex.

3.40 Benchmarking by DFAT in 1999, based on operational characteristics and performance targets of five international passport agencies⁴² indicated that, in terms of productivity of staff members, DFAT's passport services are relatively efficient. Timeliness standards were benchmarked but not actual performance against standard. DFAT's 10 day timeliness standard for turnaround of passports was comparable with other agencies, although the Canadian Passport Office set a five day turnaround for applicants who lodged their form in person.⁴³ Performance against standard for the Canadian Passport Office (93 per cent in 2000–01⁴⁴) exceeded that of DFAT's passports services (see 3.30). The ANAO's discussions with senior officials of the UK Passport Service confirmed that the Australian passport administration is regarded as a better practice provider of passport services.

3.41 Under the terms of its current Output Purchasing Agreement, DFAT undertook to continue to develop best practice in passport operations including through benchmarking and international comparisons. In particular, DFAT agreed to benchmark non-outsourced activities related to passport production. During the period of the audit, comprehensive international benchmarking had not commenced. However, DFAT attached one of its officers to the UK Passport Service for six weeks in 2002, to undertake a benchmark comparison of client service by that organisation. ANAO suggests that DFAT pursue international benchmarks of actual performance, taking account of the various contexts in which passport agencies operate.

⁴² The United States of America, Canada, New Zealand and Japan, in addition to Australia.

⁴³ The Passport Office of Canada's Annual Report in 1999–2000 reported delivering a completed passport to a client at the counter within five days in 98 per cent of cases and within 10 days by mail in 97 per cent of cases, according to a survey conducted in 1998–99. The Passport Office of Canada subsequently revised its turnaround standard. In October 2002 the turnaround targets were notified on the Passport Office of Canada website as 10 days for the majority of its applications that are lodged in person and 30 days (excluding mail time) for applications lodged by mail.

⁴⁴ Latest available data.

4. Contract Management

Introduction

4.1 DFAT has contracted out substantial elements of passport service delivery and supporting processes, while maintaining responsibility for decision-making on eligibility. DFAT has over 40 contracts for the purchase of goods and services. These contracts and similar arrangements, which have an estimated value in 2002–03 of some \$20.7 million, span:

- the APIS call centre and hotline (estimated \$2.3 million in 2002–03);
- Australia Post interview and handling of applications (\$7.6 million);
- the production and delivery of blank passports (\$5.5 million);
- IT support for passport processes (\$3.2 million); and
- various arrangements for short-term administrative support, stationery, consultancy and advisory services (\$2.0 million).

4.2 The ANAO examined DFAT's management of these contractual arrangements and, in particular, contract specification and contract administration.⁴⁵

Contract specification

4.3 A well specified contract that clearly identifies key aspects such as deliverables, fees and timeframes is critical to the management of contracted-out services. The JCPAA has commented that:⁴⁶

Drafting appropriate and effective contract specifications is considered to be the key element from which all other contracting responsibilities are tied.

4.4 On the whole, DFAT's contracts for passport services are well specified, although there are some contractual features that warrant improvement, as discussed below.

⁴⁵ A Memorandum of Understanding operates with Centrelink for the APIS. This examination focussed on seven major contracts or similar arrangements, accounting for some 80 per cent of the value of all contracts. It addressed the arrangements with Australia Post and APIS, production and delivery of blank passports, and two of the IT support contracts (in relation to the PICS and computerised workflow software).

⁴⁶ Joint Committee of Public Accounts and Audit, *Contract Management in the Australian Public Service, October 2000*, the Parliament of the Commonwealth of Australia, Canberra.

Australia Post commission structure

4.5 The contractual arrangement with Australia Post for interview of passport applicants covers a key part of the passport application process. While decisions about eligibility of applicants are made by DFAT officers, the interview by Australia Post seeks to ensure that applications are properly completed. This involves sighting certain documentation as part of the processes of establishing applicant bona fides to maintain passport integrity.

4.6 The ANAO found that the contract with Australia Post is soundly based, and well specified, including performance measures. The contract also provides a three-tiered commission structure related to national 'error' rates by Australia Post interviewers. 'Errors' are applications that are subsequently determined by DFAT to contain significant errors, that is omissions or incorrect information that could affect the accuracy or efficiency of passport issue.⁴⁷

Passports booklets supply

4.7 The current contract for the supply of passport booklets was arrived at in a different manner to other passport service contracts. It stems from the sale of the passport printing function of the then Australian Government Publishing Service in 1997 to the current supplier. After an initial 12 month contract, a five year contract was signed in 1998, providing for the sale of passport booklets at negotiated rates.

4.8 The contract does not specify the properties and quality for some important aspects of manufacture, such as specifications for the paper, laminate and security features. DFAT attributes this to the legacy of the previous production arrangements. However, the lack of specificity has had ramifications for the quality of manufacture. In 2000, DFAT's quality assurance processes identified a problem with adhesion that affected around 400 000 passport blanks produced. This was considered to be caused by a change in cover material.⁴⁸ Following a period of intense and prolonged negotiation, the manufacturer agreed to remedy the quality issues and amended production methods, notwithstanding that the contract did not clearly articulate these matters.

4.9 DFAT advised that no defective passports were issued and the ANAO sighted evidence that defective booklets were identified prior to issue.⁴⁹

⁴⁷ Over 100 errors are described in detail in the Passports Agency Manual used by Australia Post, so that they can be avoided and to support the administration of the commission earned by Australia Post.

⁴⁸ Cover material—cloth—is treated and printed by the supplier. Originally the cloth supplier was based in Scotland then moved to Holland. The new host country required that a substitute be found for a chemical (arsenic) previously used for the manufacture of the cloth.

⁴⁹ The spoilage data maintained by DFAT show a relatively constant and low level of return of passports after production, whereas spoilage in manufacture was more variable in number in response to issues outlined above (paragraph 4.8).

4.10 Unlike the other contracts examined, this contract does not explicitly provide for Auditor-General access to material held by the contractor, although it does provide for access by DFAT for the purposes of performance review and inspection of stocks and production records.

4.11 As noted at 2.9, DFAT is entering into a new supply arrangement with Note Printing Australia Ltd; the new contract will include comprehensive specifications for the next passport series, which are currently being developed, and provide for audit access.

Australian Passport Information Service (APIS)

4.12 Measurable and agreed performance criteria underpin sound performance and contract management. While the APIS agreement includes performance standards, there are limitations in their specification and application. Firstly, a call answering standard is specified of 90 per cent of calls answered within 90 seconds. However, the agreement also specifies that the average wait time will be reported to DFAT, meaning that it does not receive information pertinent to the standard. Secondly, the agreement specifies a weekend service, but does not specify performance standards for this weekend service.

4.13 DFAT has advised that both these matters will be addressed when the agreement is renewed in 2003.

4.14 In summary (see Table 6), contracts on the whole have been adequately specified, with the most pressing weakness (that for production) being addressed by a new arrangement. DFAT intends to strengthen the APIS performance reporting.

Table 6**Adequacy of contract specifications for passport services**

Contractual feature	Australia Post	APIS	Passport booklets ⁵⁰	Secure storage	Secure transport	Two IT contracts
Accurate assessment of service requirement	✓	✓	0	✓	✓	✓
Good supplier selection procedures	✓	✓	0	✓	✓	✓
Specification aligned to business need	✓	0	0	✓	✓	✓
Auditor-General access to contractor information	✓	✓	0	✓	✓	✓
Confidentiality and privacy provisions ⁵¹	✓	✓	✓	✓	✓	✓

Legend: ✓ denotes adequate management processes for this control

0 denotes areas that warrant improvement

Source: ANAO based on DFAT data

4.15 All of the contracts included provisions regarding protection of confidential information and, as relevant, privacy of client data.

Contract administration

4.16 The importance of sound contract management in delivering quality passport services with integrity is recognised by DFAT, which has established a number of systems and procedures for overview and management of contracts.

4.17 As noted above, there are formal contracts in place for the key supply arrangements. Furthermore, consistent with better practice⁵², DFAT has established a register of contracts operating at departmental level. As well, a contracts database is used at Branch level by contract administrators to monitor administrative milestones.

⁵⁰ This applies to the expiring contract. A new supply arrangement with Note Printing Australia Ltd will address the deficiencies.

⁵¹ On 20 June 2001, the Senate ordered Ministers to table, twice a year, letters of advice that all agencies they administered had placed on the Internet lists of current contracts of \$100 000 or more, indicating whether the contracts contained any confidentiality provisions. None of the passports contracts reviewed by ANAO had provisions requiring the contract or provisions of the contract to be kept confidential.

Joint Committee of Public Accounts and Audit Report 379, *Contract Management in the Australian Public Service*, The Parliament of the Commonwealth of Australia, Canberra, October 2000, recommended that all Chief Executive Officers under the *Financial Management and Accountability Act 1997* should, whenever claiming commercial-in-confidence, issue a certificate stating which parts of a contract and why these parts are to be withheld. It also recommended that the Auditor-General conduct a review, as part of an existing or potential performance audit, of agency performance in complying with reporting requirements of the Gazette Publishing System.

⁵² Joint Committee of Public Accounts and Audit Report No.379, *Contract Management in the Australian Public Service*, The Parliament of the Commonwealth of Australia, Canberra, October 2000, recommended that all agencies establish and maintain an effective contract register.

4.18 However, the ANAO found that, despite the existence of the contract register and database, the contract for the secure storage of passport blanks had expired in December 2001 without DFAT being aware of this fact. The terms of the contract did not make provision for continuation of services beyond the fixed term of the contract. In practice, both parties to the contract continued to act as though there was a contract in place, and issues that arose were resolved without dispute. However, such weaknesses in maintaining the currency of contracts potentially weaken the Commonwealth's position, if there is a dispute.

4.19 DFAT has since signed a new contract, and addressed the broader management issue by enhancing its contract database to alert contract administrators to milestones in contracts. At the same time, the local contract databases used by contract administrators have been updated and made more informative.

4.20 DFAT's risk management processes (see paragraphs 2.2 to 2.6) extend to contract management, with structured processes for identifying risks to the delivery of contracted passport services and for treating those risks. Registers of risk and documented risk management strategies are targeted to each major supply arrangement.

4.21 There are designated contract administrators for all contracts. Contract administrators are supported by clear guidance through DFAT's Chief Executive Instructions and associated procurement and contracting guidelines. Contract management also requires skills and attributes which have not always been a part of public servants' skill sets. It is also sound contract management practice to ensure that contract managers have the means of acquiring required contract management skills and attributes and of maintaining their currency. DFAT has appropriate training arrangements to address this need.

4.22 The ANAO also found that there is regular liaison with contractors; clear dispute-handling mechanisms; and adequate processes for monitoring performance and resources. For example, nominated contract administrators met regularly with suppliers for performance monitoring and management for all contracts reviewed. Annual review, in the context of financial statements, has also found financial controls for passport services to be generally sound.

4.23 Overall, DFAT's processes supporting its administration of the contracts reviewed by ANAO are sound, particularly having regard to improvements made during the course of the audit. For example, the contractual arrangements with Australia Post are well managed through joint working groups at national and state levels. Australia Post's performance is monitored through regular review of performance against the contract's key performance indicators and monitoring of errors by interviewers (i.e. in checking the completeness of

applications and noting identity documentation presented by applicants). DFAT also undertakes 'mystery shopping' which involves DFAT staff applying for passports at various Australia Post outlets, as a means of testing the display of information to passport applicants, and interviewers' approaches to checking the application forms and associated documentation and the appropriateness of advice provided to applicants. The results of 'mystery shopping' are discussed with managers of Australia Post.⁵³

4.24 The ANAO did identify two aspects of contractual requirements which were not measured adequately. Firstly, DFAT did not measure whether Australia Post despatches passport applications to DFAT on the day of interview, which is a contract requirement. DFAT has recently implemented computer-based capability to monitor the delay between interview date at an Australia Post outlet and the date of scanning the application by DFAT. This will enhance the information available to DFAT and assist in identifying any delay in despatch.

4.25 Secondly, the contract enables DFAT to require Australia Post to take action in relation to an interviewer whom DFAT considers is not providing satisfactory service. Initially, pertinent data was not collected. However, DFAT now receives reports from the APIS on the detail of complaints against interviewers (both for Australia Post and Passports Offices), and assesses whether action is necessary.⁵⁴

⁵³ Australia Post advised that it continues to monitor poor performing outlets at both state and area management levels, and initiates corrective action where necessary. Monthly state passport meetings also identify outlets that have under-performed in consecutive months, which are subsequently included on passport 'Outreach' visits.

⁵⁴ For example, during the course of the audit, one Australia Post interviewing officer who was not performing satisfactorily was suspended from conducting interviews until refresher training was undertaken at a Passports Office.

5. Integrity of Eligibility Determination

Introduction

5.1 The Minister, or an authorised officer, may issue Australian passports to Australian citizens in the name of the Governor-General. The Minister or an authorised officer may refuse a passport to an Australian citizen in prescribed circumstances, which are summarised in Appendix 2. To ensure the integrity of the Australian passport, it is important that DFAT applies robust processes to identify applicants in such prescribed circumstances, and to ensure that passports are not issued to persons who are not entitled to hold Australian passports.

5.2 This chapter considers some key aspects of DFAT's processes for ensuring passports are issued only to eligible applicants, as follows:

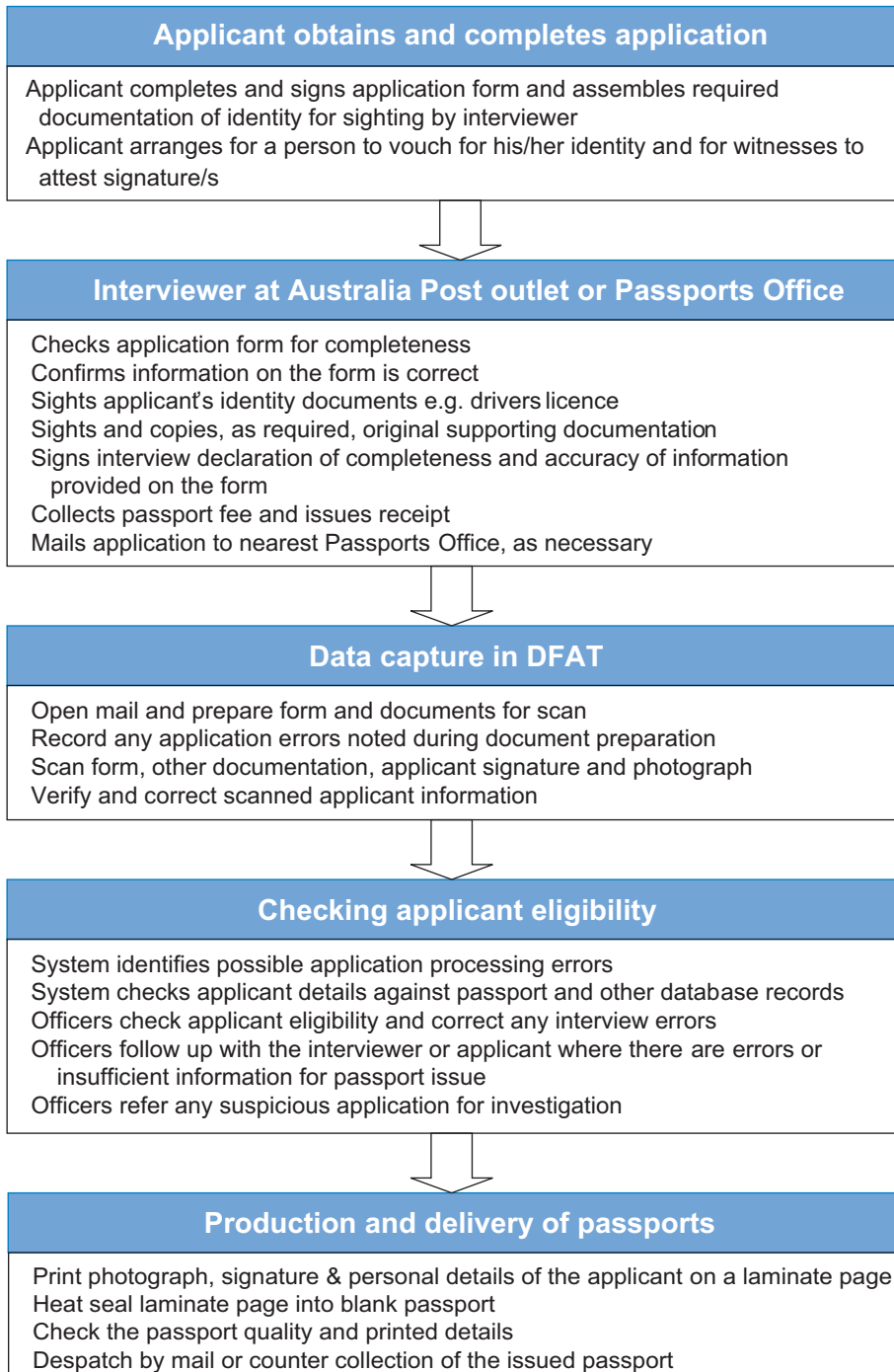
- business processes;
- applications for passports for minors; and
- quality assurance and compliance with business rules.

Business processes

5.3 The requirements for eligibility for an adult passport are citizenship, identity and absence of prescribed impediments, summarised in Appendix 2. These requirements are established through:

- personal interview of applicants submitting personal information;
- furnishing original documentation of citizenship and identity for new adult applicants;
- a declaration by an identifier (excluding relatives of the applicant) vouching for the applicant's identity;
- independent data verification through checks on registrations of births, deaths, marriages and citizenship records; and
- checks that there are not impediments to issue, such as on security grounds.

5.4 Operational processes to support establishing these requirements are summarised in Figure 12.

Figure 12**Processes supporting passport issue**

Source: DFAT

5.5 These operational processes are outlined in a Manual of Australian Passports, while a Passport Agency Manual sets out the operating procedures for Australia Post and the APIS. Key elements of operational processes are discussed below, namely:

- the application form;
- interview;
- data capture;
- checking applicant eligibility; and
- IT systems integrity.

5.6 Production and delivery of passports are considered in Chapter 6 (see paragraphs 6.8 to 6.17).

The application form

5.7 The application form gathers information to inform DFAT's assessment of an applicant's eligibility. It collects data essential to the process; provides the basis for checking key facts at interview; and contains a declaration by a person who meets certain conditions (such as being contactable and having electoral enrolment) who vouches for the identity of the applicant and the applicant's photograph.

5.8 The ANAO found that the form addresses these needs in most respects and therefore provides a sound basis for establishing the eligibility of applicants. However, there were a few areas in which the form could be enhanced for greater integrity and efficiency of processing. These are summarised in Table 7. As indicated in the table, DFAT has advised that it intends to address these matters.

Table 7**Form—integrity and efficiency issues**

ANAO observation	DFAT response
The interviewer declaration on the initial application (PC1) form does not prompt confirmation of the applicant's photograph, although confirmation of likeness to photograph is a major reason for requiring the personal attendance of applicants at interview. Inclusion of this declaration would strengthen the accountability of the interviewer.	DFAT intends to amend the form.
The application form notifies that the applicant must be an Australian citizen but does not require a declaration of current Australian citizenship.	DFAT will consider amending the adult renewal application form to address loss of Australian citizenship.
In two respects, the application form did not fully reflect procedural requirements. In one case, the application form was less restrictive than the Passport Agency Manual ⁵⁵ . In the other case, the Passport Agency Manual was incorrect ⁵⁶ . Consistency of the form with the procedural requirement is important to DFAT's ability to confirm applicant eligibility. Furthermore, inconsistencies may cause confusion about actual procedural requirements.	Passport manuals and the forms will be revised.
Application forms do not provide for applicants to record that supporting documentation is being lodged with their applications. Such links would strengthen control of the acceptance, checking and processing of supplementary forms.	This suggestion will be considered for inclusion on the new forms.

Source: ANAO

5.9 The Passport Agency Manual requests Australia Post employees to advise potential applicants of the availability of renewal forms, which are simpler to complete for the holder and quicker and cheaper for DFAT to process (including lower commission fees for Australia Post). However, some renewing applicants actually use forms for new applicants, incurring costs to DFAT. DFAT has sought to manage this through use of bulk renewal mail-outs of renewal forms pre-printed with applicant data (see 1.8), and was undertaking such a mail-out in early 2003.

Interview

5.10 The purpose of the interview of passport applicants is to check the application form for completeness; confirm applicant identity; and check supporting documentation. Applicants' tendered identity documents are copied,

⁵⁵ The form does not mention that the identifier and the applicant must not be in a de facto or same-sex relationship, or living at the same address.

⁵⁶ The Passport Agency Manual issued in December 2001 states that additional evidence of identity should be recorded by the interviewing officer on the form. The actual required practice is that additional forms of ID (while sighted) are not to be recorded on the passport application form.

where the interviewer has concerns about the applicant or the documentation presented.⁵⁷

5.11 The interview is an important aspect of establishing information necessary to determine eligibility, and assists the efficiency and effectiveness of decision-making by providing assurance regarding the quality and completeness of information supplied. Requiring personal attendance at interview is an additional step in passport processing by Passports Australia compared to some other countries. Benchmarking undertaken by DFAT in 1999 identified that Australia was the only country of five in its study (Australia, Canada, Japan, New Zealand and the United States of America) that required personal interview for both new and renewing applicants.

5.12 The ANAO found that the processes for interview were robust and supported by a sign-off by the interviewer that appropriate checks had been made of the completeness and accuracy of information provided. Nonetheless, around four per cent of applications processed by interviewers contained errors that were identified during subsequent processes, indicating a need for stronger quality assurance over interview checks (5.36 and 5.37).

5.13 DFAT has required passport applicants to furnish at interview original citizenship information (original birth and citizenship certificates, previous passport, documents showing any name changes and an identity document showing current name and signature). Consistent with strengthened proof of identity procedures developed by Commonwealth agencies in 2002, the revised application forms for use in 2003 narrows the categories of documents of high integrity that may be used in support of a passport application.

5.14 Notwithstanding the general robustness of the process, identity fraud, through use of false identity documentation, which might not be recognised as such by interviewers, remains a key risk for DFAT to manage. To treat this risk, DFAT relies currently on the judgement of interviewers that documentation appears legitimate, their copying of documents in cases of doubt about authenticity and independent checks of data submitted by some applicants during eligibility assessment (discussed in the following paragraphs). DFAT advised that its objective is to validate on-line key identity documentation (eg driving licences and social security cards), as part of standard data checks for eligibility assessment; the time frame for this objective being about two years.

⁵⁷ Prior to business process reengineering in the 1990s, DFAT retained photocopies of identity documentation provided by applicants. During the period of the audit, DFAT issued to interviewers a disk providing examples of the hundreds of identity documents that an interviewer might be required to recognise.

Data capture

5.15 The data capture process includes opening incoming mail, preparing documents for scanning by removing marks that could be misinterpreted by the machine, scanning the form and the photo and correcting data by using optical character recognition software. Forms are checked individually by officers, as well as through software, to ensure data integrity is sufficiently high to enable application processing.

Checking applicant eligibility

5.16 DFAT operates a series of automated and manual processes aimed at ensuring the integrity of passports issued. These checks include computerised checks and prompts to the processing officer to 'sign off' on key controls. In all, close to 150 checks are conducted in assessing eligibility of the applicant and quality of data.

5.17 DFAT has arrangements with Registrars of Births, Deaths and Marriages in the States and Territories to enable validation of applicant data through checks of their databases. For those with New South Wales certificates, automatic electronic checks are undertaken as part of on-line processing. If automatic checks fail to confirm data, DFAT either confirms the data manually or asks the applicant to provide the original documentation. In contrast, for States other than New South Wales and for the Territories, DFAT is able to check data using facsimile and telephone technology on a selective basis, such as for applicants considered high-risk. Whether checks occur is a matter for the judgement of the officer assessing eligibility. Thus there is less comprehensive checking of certificates for those States.

5.18 During the audit, DFAT was negotiating to extend its arrangements with Registrars of Births, Deaths and Marriages for automatic, electronic checks of applicant information. Increasing automatic checks will reduce further the risk that checking is not undertaken in cases that may involve identity fraud.

5.19 A key part of confirming applicant bona fides is a signature by an independent person verifying that the applicant is known to the identifier and that the photograph submitted with the application is a true likeness of the applicant. DFAT sometimes undertakes checks (using passport and electoral records or a phone call to the identifier) to establish the bona fides of applicants' identifiers on a risk-managed basis. While checks are not undertaken in all cases and, by their nature, are unable to detect false declarations using real people's names, DFAT advised that its fraud and quality assurance testing introduced in 2002 would include follow up with randomly selected identifiers to confirm the applicant's identity.

IT systems integrity

5.20 The ANAO confirmed that IT applications extract, process and produce data in accordance with the business design.

5.21 IT security and confidentiality arrangements are sound, on the whole, with access controls ensuring that access to information is restricted to authorised users. However, written security procedures need review and updating for consistency with actual practice and with DFAT's Secure Australian Telecommunication and Information Network (SATIN) policy framework.

5.22 The ANAO also identified some relatively minor security procedures that warranted attention. These are summarised in Appendix 4 and have been mostly dealt with by DFAT.

Recommendation No. 3

5.23 The ANAO recommends that DFAT ensure that procedures related to IT security administration for passport services are adequately documented to ensure consistency with actual practice and with DFAT's Secure Australian Telecommunication and Information Network (SATIN) policy.

DFAT response

5.24 Agreed. Passports Branch will consolidate into one document all security administration procedures conducted by the Passports Systems Administrator to reflect actual security practices and ensure procedures are consistent with SATIN 'Low' policy (SATIN 'High' is for matters requiring higher levels of security and is not applicable to this aspect of the Passports function).

Applications for minors' passports

5.25 In addition to the requirements for adult passport applications outlined at 5.3 to 5.19 above, applications for minors' passports are subject to further steps. Children's passports are normally issued only with the consent of both parents or other parties with caring responsibilities for the minor, to minimise the risk of a child being removed from Australia without parental consent. A full application form is required, together with a birth certificate. There is no capacity for a child to be included on an adult's passport, as is the case in some overseas jurisdictions.

5.26 All applications involving travel documents for a minor are automatically categorised as high risk and directed for personal consideration by an Eligibility Officer. Aspects of requirements are discussed below.

Confirmation of parental consent

5.27 A parent or a witness to a parental signature is not usually contacted to confirm consent, on efficiency grounds, although, in the past, the consent of both parents was confirmed in all circumstances, if possible. DFAT's Threat and Risk Assessment for passports identified a risk of a parent making a false statement so as to hide the fact that the other parent does not consent to issue of a passport to their child. The assessment suggested treatment by re-instating the procedure of verifying the consent of the non-lodging parent for all minors' applications, while noting difficulties experienced in confirming the identity of the non-lodging party.

5.28 DFAT has not altered its existing procedures which may include independent checks of data submitted by the lodging parent (and, in some cases, for both parents); and the opportunity for a parent (or other person who has caring responsibility) to lodge an objection to the issue of a passport if the person suspects that a passport application may be made in order to remove the child from Australia or an overseas country.⁵⁸ If the non-lodging parent's consent has not been obtained, DFAT undertakes a series of checks of passport, immigration and legal information and, if possible, writes to that parent seeking consent.

5.29 The Attorney-General's Department's annual caseload related to international child abduction and access applications is well over 100 cases, indicating the risk of abuse of a child's passport. Moreover, DFAT's Threat and Risk Assessment identified a possible 'extreme' consequence of removal of a child without the consent and knowledge of those who have parental/ caring responsibilities for the child could be a threat to the child's personal safety. For these reasons, the ANAO suggests that DFAT reconsider the desirability of confirming the consent of both parents/ other parties with caring responsibilities.

5.30 Another key feature of integrity for minors' passports is that witnesses to applicants' signatures consenting to the passport application are independent of the child applicant's family and at arm's length from the application checking process. However, the business rule for witnessing parental consent does not preclude apparent conflict of interest. For example, in one case that the ANAO examined, the witness was a grandmother of the child applicant; in another case, the witness was the interviewer. DFAT advised that it intends to bring the procedure for witnessing parental consent into line with the rules for identifiers in application forms, in 2003.

⁵⁸ Alerts initiated by parents or other persons with a caring responsibility for the minor in question are retained on DFAT's computer database for a year. Where a court order is provided, the alert remains in place for the period specified in the court order or until the person ceases to be a 'minor' as defined under the *Passports Act 1938*.

Application by person other than parent

5.31 In some circumstances, an application for a minor's passport may be lodged by someone other than a parent. These circumstances appear to be relatively rare, although no records are kept of these cases. The application form does not provide space to record the name of an adult, other than a parent, who lodges a passport application on behalf of a child. This administrative weakness limits the capacity of DFAT to follow through aspects of these cases, should a need arise. Therefore, the ANAO suggests that DFAT provide guidance to interviewers on the need for all lodging adults to print their personal details on the applicant declaration, to assist checking of these applications; and, as part of its cycle of form evaluation and review, consider revising application forms to provide a space for non-parents' details to be printed.

Attendance at interview

5.32 DFAT exempts minors from attending passport interviews. Instead, it relies on the integrity of its identification process for identifiers, witnesses to their parents' signatures, and other relevant checks.

5.33 DFAT advised that the possibility of mandatory interviews for children had been considered and rejected a number of times. This was because there had been a low incidence of serious problems with abuse of minors' identity, and because of the possible inconvenience to the minor and parents in arranging attendance at interview. However, this means that, for minors, there is no check of the photographic and physical likeness of these applicants whose appearance may alter in a short period. This seems inconsistent, at least for minors close to the age of 18 years, with the measures that apply to adult applicants, including attendance at interview for comparison of photographic and physical likeness. The ANAO considers that a minor's presence at the interview with the lodging parent would be an additional measure towards minimising risks of passport abuse.

Quality assurance and compliance

Quality assurance

5.34 Because the integrity and efficiency of passport issue depend heavily on the quality of the applicant interview, Passports Australia initiated a training ('Outreach') program and a 'mystery shopping' program in late 2001 aimed at assuring that Australia Post interviewers have the knowledge and motivation to perform high quality interviews of applicants and to carefully check the forms they submit. At the time of the audit, the databases recording the conduct and findings of these programs were still in the developmental stage and were not yet capable of providing management overview reports.

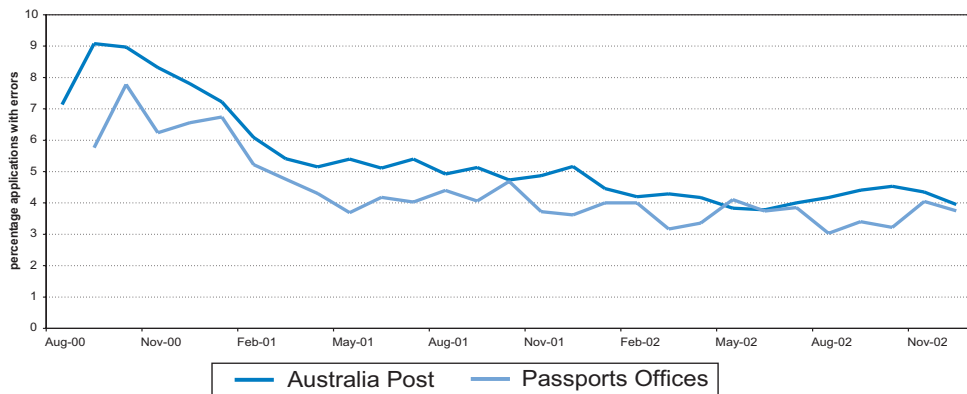
5.35 A system-based quality assurance process is also applied during the assessment process to key data fields, reducing the risk that an application is processed and a passport issued with incorrect data.

Error rates

5.36 DFAT monitors the number of applications found to be affected by error after checking by interviewers, and which need remedy by DFAT staff. National rates of applications affected by such error are shown in Figure 13. Rates are currently around four per cent, with Australia Post having higher error rates than do Passports Offices.

Figure 13

Overall rates of applications affected by error



Source: DFAT

5.37 In a small number of cases⁵⁹, errors are not detected and passports are returned from the bearer for correction. DFAT monitors the number and nature of such errors, called post-production spoilage. Information about such errors for a typical month is presented in Appendix 3.

Recording decisions

5.38 The Passport Agency Manual requires that the reasons for decisions taken by DFAT officers on applicant eligibility be recorded. However, the ANAO found that there was variable quality in the recording of decisions on applications, which on occasion was cursory and inconsistent with requirements. IT application controls cannot prevent incomplete recording of decisions and no quality assurance over the decision-making process was in place at the time of the audit, thereby placing reliance on the skill and experience of the operator.

⁵⁹ DFAT recorded post production spoilage of 4464 in 2001–02.

Compliance

5.39 The ANAO confirmed through testing the processing of a sample of 50 passports that:

- procedures and evidential requirements were sound and reasonable;
- applicants generally comply with requirements to complete declarations and provide information to support passport applications;
- operational processes are followed; and
- required checks of passport applications are generally carried out.

5.40 However, there were instances of non-compliance with some non-critical processing requirements, which did not affect the integrity of the decisions in these cases. For example:

- in one case, the application form was not correctly signed;
- in another case, the signature on the passport and the scanned application form did not match (although it was clear from other records that both signatures were made by the same person);
- required confirmation of electoral enrolment for specified periods for adult applicants and their independent identifiers was not always obtained (and DFAT advised this was constrained by limited access to electoral records); and
- in some cases, DFAT either had not established, or had not adequately documented, that identifiers and applicants living at the same address were not related, despite system capability to flag when these people listed the same address on the application form.

5.41 These issues warrant attention, through a combination of improved general guidance and training, and case specific advice and feedback to Australia Post outlets and Passports Offices. In some circumstances, they may affect the integrity of an issued passport.

Summary comment

5.42 Overall, DFAT's processes for passport issue are sound, although as outlined above there is need for strengthening of processes to confirm the bona fides of persons who identify passport applicants ('identifier'); verify parental consent to the issue of a child's passport; tighten requirements for witnesses to be independent of applicants; and ensure appropriate records are made of checking of applicant eligibility and reasons for decisions. DFAT advised that it intends to increase its quality assurance processes to address these matters.

Recommendation No. 4

5.43 The ANAO recommends that DFAT review the potential to strengthen operational processes for issuing passports, particularly to confirm the bona fides of persons who identify passport applicants ('identifier'); verify parental consent declarations; tighten requirements for witnesses to be independent of applicants; and ensure appropriate records are made of eligibility checking and reasons for decisions.

DFAT response

5.44 Agreed. The Passports Branch has in place a program of continuous improvement aimed at strengthening operational processes for issuing passports. DFAT will therefore review the ANAO recommendations with a view to implementation where the suggested changes provide a cost effective benefit to the passport operation (when compared to the level of assessed risk).

6. Integrity of Product

Introduction

6.1 Integrity of the passport document itself is a function of the extent to which its design is resistant to tampering and effective stock control. This chapter outlines the management of the security of the passport booklet during production, transport and custody.

Security of the booklet

6.2 Machine-readable travel documents follow a standardised layout to facilitate reading of data on a global basis both physically and electronically.⁶⁰ The international standard for machine-readable travel documents, covers physical requirements related to structure, toxicity, resistance to chemicals, temperature stability, humidity and light and security safeguards to protect against fraudulent use and counterfeit.

6.3 DFAT's approach to managing the physical security features of the Australian passport is sound. DFAT reviews current technological and security opportunities and constraints through its membership of the Five Nations forum. The current series of the Australian passport uses in-built security features. The new passport series, incorporating new security features, is due for release in late 2003. The new supply arrangement for the production of passport booklets will enable enhancement to security features.

6.4 DFAT is also working actively towards a new generation of passport, with the potential to incorporate facial biometrics recorded on microchips into the body of passports.⁶¹ The capture of biometrics, their secure incorporation into travel documents and storage in databases is a complex process involving emerging technologies combining mathematics, electronics and sensory scans, which have yet to be confirmed as supplying the required integrity and useability in the wide variety of situations in which passports are used. However, the use of biometric identifiers in the passport offers potential to reduce fraud and strengthen border protection through increasing the security of identity data.

⁶⁰ Around two decades ago, DFAT - as a member of the International Civil Aviation Organisation's (ICAO) Panel on Passport Cards—developed the standard for machine-readable passports and, together with Canada and the United States of America, Australia pioneered the use of machine-readable passports.

⁶¹ There is international interest in the application of biometric technology to travel documents, including an initiative by the regional grouping Asia Pacific Economic Cooperation for global standards. Also, DFAT has met with officials of the US Government concerning DFAT's plans to include a facial biometric in Australian passports.

For this reason, DFAT is presently investing in research to determine the biometric most suitable for the Australian passport.

Quality assurance of production

6.5 DFAT's quality assurance of passport booklets includes review of blank booklets at the manufacturer's premises and in bulk storage.

6.6 DFAT applied considerable resources to managing the quality issues that affected the passport booklets during 2000 and 2001. In this regard, it managed effectively a difficult and sensitive supply issue that, if left untreated, could have affected the integrity of the Australian passport.⁶²

6.7 During the audit, DFAT was negotiating a new supply contract for passport blanks, which will specify quality assurance in relation to material components, change of specification procedures and manufacture.

Security of stock

Production security

6.8 Passport booklets are presently manufactured in an environment that has multiple physical security controls. Potential employees are vetted through police checks and employment contracts acknowledge that they are working in a secure environment, with dismissal expected if there are security breaches. Relevant staff also sign deeds of confidentiality with DFAT.

6.9 This supply arrangement has involved some risks to passport integrity. Arrangements for accounting for materials used in manufacture of booklets and some features of security arrangements were not sufficiently rigorous for a valuable identity document in the current security environment.⁶³ The existing supplier advised that it inherited the accounting arrangements when it acquired the business (see paragraphs 4.7–4.8). The ANAO found that DFAT and the supplier had sought to improve accounting arrangements where feasible. Development of a process for an independent control check of destruction of spoilage is warranted, to ensure that materials do not find their way into illicit use. The ANAO found that DFAT was giving attention to addressing these security matters in the development of an agreement with the new supplier.

⁶² DFAT experienced quality issues related to the use of the correct security thread, stitching quality, printing on pages, and a major issue involving poor adhesion of the cover of booklet stock (paragraphs 4.7 and 4.8 refer).

⁶³ For example, there was incomplete accounting for supply materials (control of paper by weight rather than numbers of sheets), and the production and storage area lack camera surveillance of employees who are out of sight of one another.

6.10 As previously noted, the present supply arrangement will finish when sufficient stock has been produced for the present series of passport, expected to be in 2003. The new agreement offers physical security similar to that for the production of currency (including camera surveillance of each phase of production and electronic tracking of supply materials); as well as police checks of potential employees.

6.11 Risks to continuity of supply of passport blanks due to reliance on a sole supplier, theft from the manufacturer's premises or natural disaster have been addressed through stockpile of blanks at locations separate from the manufacturer. Negotiations for the new supply arrangement include storage of passport booklets at more than one site.

Transport and storage

6.12 Processes for the transport and storage of passport booklets are adequate. Responding to a risk arising from passport booklets and laminates being transported together, DFAT engaged a new, secure service provider and determined that separate shipment of booklets and laminates was not necessary under the new supply arrangement, as it used an armoured vehicle; which DFAT considers carries little risk of loss. However, given the importance of strategies to preclude the criminal manufacture of counterfeit travel documents in the current security environment, the ANAO suggests that DFAT reconsider this approach.

6.13 Postage of completed passports to applicants by registered mail was set aside as a cost-cutting measure from 1 January 1998 and was re-introduced in response to an unacceptably high rate of reported losses of passports in mail delivery processes. In 2001–02, 1903 passports were lost in the ordinary mail and 176 were lost in priority post on their way from DFAT to the applicants.

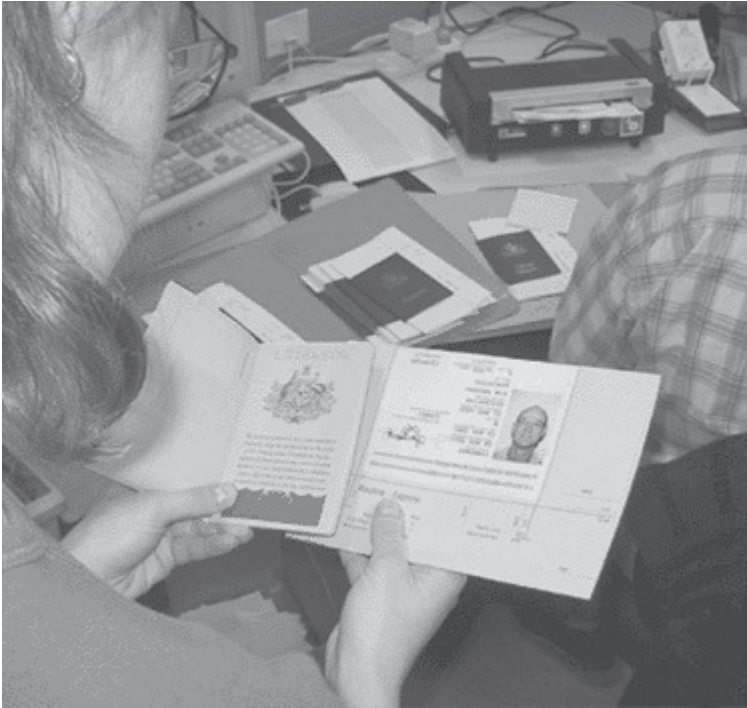
6.14 As well, the reintroduction of higher security registered mail enables DFAT to trace documents after despatch to clients.⁶⁴

Custody

6.15 Assembly and lamination of a batch of personalised passports from blank booklets is shown in Figure 14.

⁶⁴ Between 1998 and mid 2002, for categories of travel document other than diplomatic and official passports, DFAT kept no record of the despatch of the passports, except in those cases where an applicant had requested and paid for a special mode of delivery (for which Australia Post maintains records).

Figure 14
Assembly and lamination of passports



Source: DFAT

6.16 Custodial control of passport booklets—both before and after insertion of the passport bearer’s personal particulars—are integral to the security of the Australian passport. Controls for handling of passport blanks prior to insertion of bearers’ personal particulars are strong and appropriate. Records of document destruction are kept.

6.17 The ANAO found that there had been minor breaches of the custodial controls over issue of blank booklets and the destruction of surrendered passports. DFAT has therefore reminded managers of Passports Offices of control requirements. Given the fundamental importance of document security, the ANAO suggests that a Policy Advice to all staff outlining current requirements is also warranted.

Canberra ACT
 3 April 2003

P. J. Barrett
 Auditor-General

Appendices

Appendix 1

Fees for common passports, between 1997 and 2002

Category	July 1996	October 1996	July 1997	July 1998	October 1999	July 2000	July 2001	July 2002
	\$	\$	\$	\$	\$	\$	\$	\$
Ordinary adult	110	120	126	126	128	132	136	144
Ordinary minor	55	60	63	63	64	66	68	72
Frequent adult traveller	165	180	188	188	192	198	204	216
Frequent minor traveller	83	90	94	94	96	99	102	108
Ordinary senior aged 75 years and over, valid for 5 years	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	72
Priority processing fee for any application	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	60

Source: DFAT July 2002

Appendix 2

Prescribed circumstances for refusal of a passport

The Minister is not entitled to refuse to issue a passport except in prescribed circumstances, summarised below.

Grounds for passport refusal

The Minister or an authorised officer may refuse a passport if the application involves:

Minors who cannot furnish the written consent of each legal carer, unless there are special circumstances

Reason to believe that there is in force a warrant issued in Australia for the arrest of the person, or that the person is required by law to remain in Australia or to refrain from obtaining a passport

The person owes money to the Commonwealth in respect of expenses incurred by the Commonwealth on the person's behalf while that person was in a foreign country, including money loaned to the person when the person was outside Australia or expenses incurred in returning the person to Australia from another country. However, a passport may still be issued if that authorised officer is satisfied that the physical and mental welfare of the person would be adversely affected if a passport was not issued or if a family crisis requires the person to travel outside Australia

A valid Australian passport is already in force, unless the authorised person considers there are special reasons to do so

The person would be likely to engage in conduct prejudicial to the security of Australia or a foreign country, might endanger the health and physical safety of other persons either in Australia or a foreign country or might interfere with the rights and freedoms of other persons as set out in the International Covenant on Civil and Political Rights, whether in Australia or a foreign country. An authorised officer may only refuse a passport on these grounds following notification from the Minister.

Source: *Passports Act 1938*

Appendix 3

Post production spoilage of passports, January 2002

Reason for spoilage	Number	Percentage of spoilage
Total post production spoilage January 2002	363	100
Spoilage due to processing error		
Incorrect name, sex or date of birth	206	56.7
Incorrect place of birth	22	6.1
Photo/signature wrong or omitted	59	16.3
Incorrect validity	10	2.8
Subtotal process error spoilage		81.9
Physical spoilage of document		
Imperfect laminate	5	1.4
Burnt/melted laminate	5	1.4
Incorrect document type	9	2.5
Incorrect document number	6	1.7
Laminate did not stick	1	0.3
Dawn image quality unacceptable	19	5.2
Passport damaged during delivery	21	5.8
Subtotal physical spoilage		18.9
Post production spoilage as percentage of monthly production of passports	0.5	
ALL spoilage (production and post-production) as percentage of monthly production of passports	1.6	
Spoilage standard	3.0	

Source: DFAT February 2002, numbers rounded

Appendix 4

IT security issues identified in the audit

Audit observation	DFAT response
The room containing the Delta application server was not secured, apparently due to an air-conditioning limitation.	The server will be re-located to a secure location.
User-access policy and procedures are in place and these provide a robust framework. Nonetheless, the audit found that an officer was granted access to PICS through another passport office in advance of business need; officers were granted access to other passport offices when not required; officers held more than one operator ID for the same office, and officers held different operator ID's for several offices.	DFAT agreed to monitor system access more closely.
Staff used a generic operator ID and password during the data verification of scanned applications. As a result, the operator performing the activity could not be uniquely identified. However, the risk of misuse of the generic ID is mitigated as the system enforces segregation between the verifier and eligibility officer in processing stages.	DFAT agreed with ANAO's observation.

Source: ANAO

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Asset Management	Jun 1996
Asset Management Handbook	Jun 1996
Managing APS Staff Reductions	Jun 1996