

## Passports - ANAO Procurement Audit

### Key Messages

- The department is very concerned by the findings of the ANAO audit on procurement in the Australian Passport Office.
- The department has accepted all seven ANAO recommendations.
- Before the ANAO's audit, weaknesses in procurement practices by the Australian Passport Office were identified and immediate action was taken and continued throughout the period of the ANAO undertaking their field work and report preparation.
- The ANAO report raises a range of ethical and integrity concerns which the department takes very seriously. These are being investigated.
- The matter does not rest, the department is progressing several initiatives to further strengthen central oversight, procurement literacy, assurance, and audit mechanisms to enhance a compliance culture.
- The ANAO acknowledged the proactive steps taken by the department.

### When did the department identify weaknesses in procurement practices?

- In March 2023, before the ANAO Audit, the newly appointed Executive Director of the Australian Passport Office (APO) identified weakness in procurement practices within the division.
- Immediate action was taken with the need for procurements to comply with the Commonwealth Procurement Rules and departmental policies, including in relation to the need for competition, being emphasised.
- This message was reinforced through a direction to staff, a range of Intranet announcements published each month, and via the procurement community of practice across the department.

### What is the department doing to address the issues raised by the ANAO?

- The department is, implementing several additional initiatives to enhance a compliance culture, such as:
  - providing additional procurement training
  - supporting leaders in understanding procurement risks and mitigation
  - expanding the community of practice for procurement
  - dashboard reporting to actively monitor contracts
  - additional checks to provide for greater central oversight

**Prepared By:**

Name: s 22(1)(a)(ii)

Branch: APO Divisional Coordination Unit/Australian Passport Office

Phone: s 22(1)(a)(ii)

Consultation: FND, EXD, PPD, LGD

**Cleared By:**

Name: Craig Maclachlan

Position: Deputy Secretary

Phone: s 22(1)(a)(ii)

Group: International Security, Legal and Consular Group

- additional internal audits of departmental procurement activities
- recruitment of APS staff with finance, procurement and contract skills to fill positions that are vacant or temporarily filled by contractors.

### What is APO doing to address the issues raised by the ANAO?

- During the period of the ANAO field work and report preparation, APO increased governance, staff awareness and improved procurement activities, including through:
  - reinforcement of the department’s central procurement team oversight role
  - establishment of a commercial management team within APO to focus on the effective management of significant contracts
  - requirement that all APO SES and executive level staff to complete identified online procurement training modules
  - introduction of a tracking tool to monitor compliance over the full life cycle of a procurement, including extensions and amendments
  - ensuring that procurement plans are completed for all relevant procurements, and reviewed and endorsed through APO governance forums and the central procurement team
  - the creation of a new Procurement, Finance and Assurance section within the APO and a Financial Policy and Capability section in the Finance Division to provide for more centralised and direct control over procurement
    - : additional resources to implement these changes and provide enhanced oversight are being made available.
- In August 2024, the DFAT Integrity Strategy 2024–26 was released to outline the department’s approach to building and maintaining trust with stakeholders and the Australian public through a strong integrity culture
  - this demonstrates DFAT’s commitment to cultivating the leadership, culture and systems that support an effective integrity environment.

### Did the department advise of non-compliance with financial laws?

- The department reported the non-compliance with the financial framework; the Minister for Finance was notified [26 September].

### Are the staff and contractor ethical and integrity concerns being investigated?

- Yes, the department takes these very seriously and is investigating.

**Prepared By:**

Name: s 22(1)(a)(ii)

Branch: APO Divisional Coordination Unit/Australian Passport Office

Phone: s 22(1)(a)(ii)

Consultation: FND, EXD, PPD, LGD

**Cleared By:**

Name: Craig Maclachlan

Position: Deputy Secretary

Phone: s 22(1)(a)(ii)

Group: International Security, Legal and Consular Group

- To protect the integrity of this work, I am unable to provide further comment.

### Did the department withhold information from ANAO auditors?

- No. The department complied with the ANAO's notice to produce.
- A section 32 notice under the *Auditor-General Act 1997* was issued at the request of the department and discussed with senior officers of the ANAO.
- The department sought advice to ensure information was disclosed in a manner consistent with its other legal obligations.
- During the conduct of the audit, the ANAO acknowledged that DFAT responded with clear statements as to where our practices had fallen short of the financial, procurement and/or ethical standards the entity expected.

### Background

Procurement Policy: The DFAT Procurement Policy requires that procurement activities encourage competition, be non-discriminatory and provide for value for money outcomes commensurate with the scope, scale, risk and complexity of the business requirement. The policies also detail the use of limited tenders and amendments, and requirements for planning, and probity including declaration of conflicts of interest. Staff are required to adhere to these policies.

Checks and balances are in place which require compliance with the Australian Government financial framework and reporting of non-compliance with the department's policies.

Integrity: The department has policy, processes and practices in place to support staff and contractors to act with integrity.

Several initiatives are being implemented as part of the DFAT Integrity Strategy 2024-26 (released August 2024) to support an effective integrity environment, including increasing SES attendance at procurement integrity training, awareness raising to support higher rates of conflicts of interest declaration, and implementing the Supplier Code of Conduct.

Detection and Assurance: The department was scheduled to undertake an internal audit of the APO (implementation of the R-series passport) for the 2022–23 financial year. This was postponed when the ANAO informed DFAT it was conducting an 'Efficiency of the Australian Passport Office' audit, which was then followed by the Procurement audit.

Procurement compliance is regularly tested as part of the internal audit workplan.

**Prepared By:**

Name: s 22(1)(a)(ii)

Branch: APO Divisional Coordination Unit/Australian Passport Office

Phone: s 22(1)(a)(ii)

Consultation: FND, EXD, PPD, LGD

**Cleared By:**

Name: Craig Maclachlan

Position: Deputy Secretary

Phone: s 22(1)(a)(ii)

Group: International Security, Legal and Consular Group

## Supporting information

### Freedom of Information (FOI) Requests

Nil

### Recent Ministerial Comments

An [ABC News](#) story published on 1 November 2024 quoted comments from Assistant Foreign Watts that the ANAO report identified "*long-standing issues*" within APO. "*The Albanese government takes these issues very seriously and is investigating further. The government will consider any further actions that may need to be taken in response. Since the election of the Albanese government, we have been supporting the Australian Passport Office to undertake long-overdue improvements to its internal systems and processes to ensure it is able to efficiently deliver services to Australians.*", Mr Watts said.

### Relevant Media Reporting

Following the ANAO audit report's tabling in Parliament on 31 October 2024, there was media coverage of its findings. An article published in [The Canberra Times](#) on 1 November 2024 noted the ANAO's report revealed failures in APO's procurement practices and processes. Similar coverage followed in other online publications from 1-2 November, including [Crikey](#), [The Mandarin](#), [The Daily Mail](#), [The Sydney Morning Herald](#), [ABC News](#) and [The Guardian](#). The ANAO report was also mentioned in television news bulletins broadcast on ABC TV, Sky News and SBS TV, and through radio outlets including ABC Radio, Sky News Radio and 3AW, during the same period.

Media coverage highlighted key findings from the report, including:

- 18 individuals, both employees and contractors, are currently under investigation for potential misconduct
- multiple failures to declare conflicts of interest, including where this resulted in employees' spouses being engaged through procurement processes
- \$31,422 spent on four officers' travel costs for planning trips to Port Douglas, Queensland, for a conference that was later relocated to Canberra, resulting in the forfeiture of \$104,196 in cancellation fees; and

**Prepared By:**

Name: s 22(1)(a)(ii)

Branch: APO Divisional Coordination Unit/Australian Passport Office

Phone: s 22(1)(a)(ii)

Consultation: FND, EXD, PPD, LGD

**Cleared By:**

Name: Craig Maclachlan

Position: Deputy Secretary

Phone: s 22(1)(a)(ii)

Group: International Security, Legal and Consular Group

- an APO official who had coffee with a Deloitte employee to talk about a possible contract that resulted in documents allegedly falsified to claim it was an 'unsolicited proposal' from Deloitte.

An article published in [The Canberra Times](#) on 2 November reported that *“senior executives within the Department of Foreign Affairs and Trade may have misled parliament about the issues within the passport offices”*.

This article focused on one specific example within the report, that, in anticipation of increased demand, two private contractors were commissioned to carry out capacity modelling and surge planning in mid-2021. It reported that the department’s senior management allegedly *“did not to act on these recommendations”*.

This article stated, *“passport office staff believe that some of the behaviours documented in the audit office report into procurement within the division were imported when Services Australia staff were brought in to manage the surge in demand”*.

A similar article was published in [The Canberra Times](#) on 4 November. This opinion piece quoted a submission from the Community and Public Sector Union, which noted that *“the events of 2022, although unprecedented, were also predictable and entirely avoidable, and were the direct result of senior and executive management's own choices”*.

**Prepared By:**

Name: s 22(1)(a)(ii)

Branch: APO Divisional Coordination Unit/Australian Passport Office

Phone: s 22(1)(a)(ii)

Consultation: FND, EXD, PPD, LGD

**Cleared By:**

Name: Craig Maclachlan

Position: Deputy Secretary

Phone: s 22(1)(a)(ii)

Group: International Security, Legal and Consular Group

## Omnibus

### Passports – ANAO Audit on Procurement

#### Handling Note:

Chief Financial Officer (*Brad Medland*) to lead on procurement policy, the Passport Funding Agreement, reporting of non-compliance (**Page 2**)

Chief Operating Officer (*Clare Walsh*) and Chief People Officer (*Belinda Casson*) to lead on the investigation, NACC referral, conflicts of interest (**Page 9**)

First Assistant Secretary, Executive Division (*Paul Griffith*) and Chief Auditor (*Darren Sharp*) to lead on engagement with Integrity, DFAT internal Audit Workplan and ANAO (**Page 13**)

Deputy Secretary Trade and Investment Group (*George Mina*) to lead on trade (**Page 17**)

Acting First Assistant Secretary Trade Law and Economic Security Division (*Patricia Holmes*) to lead on trade law (**Page 17**)

Executive Director for the Australian Passport Office (*Lucelle Veneros*) to lead on passport procurement specific issues (**Page 19**).

#### Key Messages

- The department is deeply disturbed by the findings of the ANAO audit on procurement in the Australian Passport Office.
- The department has accepted all seven ANAO recommendations.
- Before the ANAO's audit, weaknesses in procurement practices by the Australian Passport Office were identified.
  - Immediately the Executive Director of the Australian Passport Office directed that procurement activities comply with the Commonwealth Procurement Rules and departmental policies.
- During the ANAO field work and report preparation, the Executive Director of the Australian Passport Office implemented stronger governance, improved capability development and increased central departmental oversight of procurement activities.
- The ANAO report raises a range of ethical and integrity concerns which the department takes very seriously. We are investigating these.
  - As the matters are under investigation, no further comment can be provided.
- Despite the action already taken, the matter does not rest.
  - The department is working to strengthen central oversight, procurement literacy, assurance, and audit mechanisms to enhance a compliance culture.
  - The Australian Passport Office is focussed on improving financial, procurement and assurance practices.

## 1. FINANCE DIVISION

### Was the non-compliance with finance laws reported? (FND)

- . The department reports non-compliance with the financial framework using the department's internal system for logging incidents, which informs part of the annual whole of Australian Government reporting requirements.
- . As soon as practicable, the department notified Ministers (20 August 2024), of the significant non-compliance with finance law, including the Commonwealth Procurement Rules.
  - The Minister for Finance was also advised on the 26 September 2024.

### How does the department monitor compliance? (FND)

- . The department monitors compliance with finance laws to ensure the integrity of procurement operations. For example:
  - The central procurement area must review procurements classified as 'Complex Procurements' before they may proceed to delegate approval to approach the market and then prior to entering into an arrangement.
  - Verification of contracts data before details are published on AusTender.
  - Compliance checks are performed prior to the establishment of a purchase order (Administered Non-ODA) to test adherence with the DFAT Procurement Policy.
  - Bi-annual review of contracts to check contract management practices will commence this month (November 2024).
- . The department is scoping an expanded second-line assurance strategy for non-ODA procurement activities:
  - The strategy will comprise a bi-annual review of procurement processes and will be implemented by early 2025.
  - Expansion of the contracts verifications process (prior to publishing entries on AusTender) to identify compliance issues and refer matters with a view to improving capability and compliance.

### When was the department's procurement policy last reviewed? (FND)

- . The department reviewed, updated and reissued its procurement policies in July 2024 to align with the updates of the Commonwealth Procurement Rules and enhance compliance with the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).
  - This included clarification of the probity obligations that apply to departmental personnel, contractors and locally engaged staff, including the required completion of Conflict of Interest and Confidentiality declarations for procurement activities.

**How are you improving staff awareness of procurement policies and processes? (FND)**

- Several initiatives are being implemented to strengthen the understanding of all departmental staff of procurement policies and processes. These initiatives include:
  - Upskilling departmental staff through additional procurement training opportunities, both online and in-person delivery.
  - Providing targeted learning and development sessions to enhance departmental leaders' understanding of risks in procurement processes, and methods for mitigating these risks through planning and monitoring.
  - Expanding access to the department's Community of Practice which promotes collaboration, problem solving, the sharing of knowledge, and an ability to seek or workshop advice. The Community of Practice meets on a quarterly basis and as at 1 November 2024 and has 110 members.
  - Dashboard reporting to support staff to actively manage and monitor their contracts and purchase orders – including proactively identifying contract expiry dates, the balance and expenditure, and outstanding good(s) and invoice receipts against a contract.

**What is the department's policy for the use of limited tender? (FND)**

- The DFAT Procurement Policy requires that procurement activities encourage competition, be non-discriminatory, and provide for value for money outcomes commensurate with the scope, scale, risk and complexity of the business requirement.
- In line with the Commonwealth Procurement Rules, limited tender may be used if one of the relevant Commonwealth Procurement Rules' conditions or Appendix A exemptions are met.
- Justifications for Appendix A exemptions must be reviewed by the responsible central procurement area (Budget and Policy Branch for Corporate Procurement, Development Procurement Agreements and Systems Branch for ODA Procurements) before proceeding to the financial delegate for consideration.
  - The financial delegate is required to provide approval, with the approval documenting the condition being applied, how the procurement meets the condition, how value for money will be achieved and how the process is reasonable and defensible.



**How is the department increasing staff awareness of the limited tender requirements? (FND)**

- . In March 2023 when initial concerns with the use of limited tender practices were identified, officials across the department were reminded to comply with the Commonwealth Procurement Rules and departmental policies.
  - This was actioned through a range of Intranet announcements and the Procurement Community of Practice.
  - Staff in the Australian Passport Office were directly reminded of these responsibilities.
- . The department is strengthening its central procurement function, including to provide for increased assurance and advisory support. Additional resources are being allocated to provide for this increased capacity.

**Why does the department use contract amendments? (FND)**

- . The department's procurement policy outlines the requirements for amendments.
  - Amendments can be minor administrative changes or more significant changes that affect the scope, duration, price or deliverables.
- . Step-by-step processes, guidance, and templates are established to support departmental staff to manage amendments.
  - The shortfall in procurement practices previously applied by the Australian Passport Office have been addressed. Contract amendment requirements are now consistently applied, providing for more considered and transparent decision-making and improved record-keeping.

**Why does the department use contract amendments / extensions? (FND)**

- . Extension options, which are included at the start of an arrangement, provide flexibility when determining if the agreement may need to continue past its initial term.
  - The need for extension options is considered in the procurement planning phase.
  - The Commonwealth Procurement Rules require the maximum value of the procurement, including extensions to be documented.
- . Planning and approval templates provide for the capture of this information.
  - These templates are now applied to procurements for the Australian Passport Office, which provides more rigorous consideration of the requirement for, and the duration of, extension options.

### How can an extension be provided when there is no provision? (FND)

- Where an arrangement does not have an extension option, or where all extension options have been used, arrangements can be amended to allow all deliverables under the original arrangement to be delivered (date extension) or to allow a compliant procurement process to be completed (new arrangement).
  - These are not considered routine and must be reviewed and approved by the Assistant Secretary, Budget Policy Branch.
- These requirements are in place in the Australian Passport Office (since mid-2023), with increased oversight and engagement by the central procurement team.

### What is the process to ensure timely reporting of Procurement Contracts? (FND)

- From 2020 when SAP Contracts was introduced, the department's procurement policy required officials to action AusTender reporting requirements within 7 days of contract execution.
  - The policy further sets out requirements and processes if officials seek an exemption from AusTender reporting requirements.
  - Dashboard reporting for contracts is being expanded to provide visibility of compliance with the AusTender 42-day reporting requirement.
  - From July 2023, additional checks have been put in place to ensure that purchase orders for payable invoices are supported by an appropriate SAP Contract entry that appropriately actions AusTender reporting.
- The Central Procurement area reviews contracts before they are published on AusTender to ensure consistency in descriptions, the presence of a valid financial delegate authorisation and a final check of details against an executed agreement.
  - Non-compliance with key financial frameworks is assessed at this time and concerns are referred for further consideration where necessary.
  - The contracts verification process for simple procurements occurs after contracts have been executed. For complex procurements, business areas are required to seek review by the central procurement area before seeking a decision by the financial delegate on procurement proposals.
    - : Individuals and their senior managers are relied upon to follow this mandated workflow and other approval processes under the DFAT Procurement Policy.
  - In November 2024, we will commence and complete a bi-annual review of contracts to check contract management practices.
  - From July 2023 additional work commenced with the team responsible for verifications on identifying repeated errors or omissions in the procurement process and how to refer this to related finance business areas for investigation or follow up.

### What is the department's policy for probity and appropriate panel membership? (FND)

- . The department requires that staff involved in procurement:
  - Act ethically.
  - Not make improper use of their position.
  - Avoid placing themselves in a position where there is potential for claims of bias.
  - Treat all potential suppliers equitably.
  - Appropriately manage conflicts of interest.
  - Maintain confidentiality of information in the procurement process.
  - Use Independent Probity Advisers to oversee complex or sensitive procurements.
- . In September 2022, DFAT published a guide to instruct officials on 'When to Appoint a Probity Adviser', which includes advice on appointing an internal versus external Probity Adviser.
- . In May 2024, the department's central procurement area launched a new online probity training module accessible to all departmental personnel (Probity in Procurement - An Overview of Concepts and General Principles at DFAT).
- . As part of the procurement planning process, the need for a probity adviser and the proposed panel members are considered. This is finalised before the evaluation process is allowed to commence with oversight of panel membership and the need for probity advisers being undertaken by the Australian Passport Office executive committee.
- . DFAT has identified that panel procurements can present conflicts of interest and challenges around competition. The department's tools and templates require the individual procurement officer(s) and their senior manager(s) to identify why certain suppliers were shortlisted for a request for quote, with advice and guidance from the central procurement area strongly recommending that more than one quote be sourced for comparison.

### What contracts are captured in the department procurement plan? (FND)

- . The department publishes forecasts of planned significant procurements, which is accessible on [tenders.gov.au](https://tenders.gov.au) (AusTender) as the Annual Procurement Plan List.
- . The department's annual procurement plan list is updated regularly. At 8 October 2024, the list had 41 records outlining future intended procurements in the 2024-25 financial year.
  - At 8 October 2024, the Australian Passport Office had no procurements planned, that met the threshold for reporting in the department's procurement plan. Should this change, the plan will be updated.
  - The Australian Passport Office has enhanced its governance arrangements with planning activities being undertaken in line with requirements and this is monitored monthly.
    - : Procurement plans capture the full estimated contract value, including any proposed extensions, which is providing for more accurate and reliable cost estimates.

- : Risks registers are also being captured in the procurement plan to support the delegate's consideration of the procurement activity.

### **What is the department doing to provide for a comprehensive procurement plan? (FND)**

- . Divisions are required to report planned significant procurements.
- . Additional checks are being considered to provide comprehensive forecasting and reporting of all planned significant procurements. This will provide the market of advance notice of the types of procurements intends to promote better competition and enhance value for money outcomes.

### **What provisions are in the Australian Passport Office's Funding Model to encourage value for money? (FND)**

- . The funding model was developed using actual expenditure and costs, underpinned by passport demand forecasts.
- . An efficiency dividend applies to relevant components of the Passport Funding Agreement and requires the department to continue to focus on finding efficiencies in passport services.
- . In respect of contracted services or goods, these are subject of procurement processes, which in line with the Commonwealth Procurement Rules require consideration and achievement of value for money in the use of Commonwealth resources.
- . The Passport Funding Agreement provides that significant change in funding levels or delivery arrangements be through a new policy proposal and for more regular review.
- . The department is enhancing the activity-based costing model to capture all elements of passport services, this will support regular review and updates of the Passport Funding Agreement.

### **What engagement has there been with the Department of Finance? (FND)**

#### Australian Passport Office Funding Model

- . The department provided advice to the Department of Finance (Finance) on 14 February 2023 that additional costs were being incurred responding to the passport surge. Some of these costs were not covered by the No Win No Loss arrangements under the previous Passport Funding Arrangement. These included:
  - Additional Property related costs – including additional leases, fit out and security costs to facilitate pop up Australian Passport Office locations.
  - ICT related costs – including ICT fit out and software licence costs to support an increased passport workforce and costs to ensure systems remained stable given unprecedented load.
  - Labour hire and call centre costs – providing call centre support and a low-level production workforce.
- . Through a series of engagements, the department worked with Finance on options for supplementation. Supplementation of \$54.0 million in 2022-23 (and \$57.5 million across the forward estimates) was agreed by Government through the 2023-24 Budget

process.

- . Not all passport surge costs were covered by the supplementation agreed with the Finance, for example overtime related to departmental staff (non-Australian Passport Office staff) supporting surge activities and costs associated with development and transition to the R-Series passport.
- . Following resolution of the passport surge supplementation, the Department and the Department of Finance costed and agreed a new Passport Funding Arrangement.
  - The new Passport Funding Arrangement was agreed in early 2024.
  - The previous Passport Funding Arrangement was costed and agreed in November 2016.

#### ANAO Audit Report into Procurement by the APO

- . The department has not formally engaged the Department of Finance on matters specifically related to the ANAO report.
  - The department has however, engaged iteratively with the Department of Finance since 2022 on our efforts to improve procurement capability across the department.

## 2. PEOPLE DIVISION

What is the department doing about the staff integrity and ethical issues raised? (PPD)

- . The ANAO report raises a range of ethical and integrity issues.
- . These concerns were first referred to the department by the ANAO in April
  - it was immediately clear an investigation was required, so we moved to establish one.

Why was there a delay between when the ANAO identified misconduct / integrity concerns and when DFAT decided to investigate? (PPD)

- . Do not agree with the characterisation of a delay
  - we took very seriously from the outset the integrity and ethics concerns that the ANAO referred to us
  - I want to be clear - **there was never any doubt that an investigation was required**
  - following receipt of the relevant information we moved quite deliberately to establish the investigation.

*If pressed on a delay*

Refer to Table 1: Timetable for Advice and Action

- . As the ANAO report states, **in late April** (2024) the ANAO provided DFAT with information (based on its audit field work) indicating potential misconduct relating to procurement practices in APO.
- . In **early May** the department:
  - informed the ANAO we were assessing the scope of the investigation
  - identified an investigator—with the necessary skills and experience in complex procurement concerns—to lead the work
  - secured that individual's secondment into DFAT from Defence
- . By the end of May the investigation had commenced.

Did you advise the ANAO that DFAT did not have sufficient investigation resources to examine the matters identified? (PPD)

- . Certainly we told the ANAO it was our strong preference to resource the investigation appropriately.
- . Given the scope and potential seriousness of the concerns, we were determined to secure an experienced, skilled lead investigator in a full-time capacity
  - dedicated to coordinating this body of work.
- . Transferring staff at level between agencies is a common way to tackle priority or surge work across the APS.

**Can you confirm how many individuals are under investigation? Has action been taken? What are they suspected of? What action will be taken? (PPD)**

- . I am not able to provide those details, and I want to be clear about the reason.
- . I acknowledge the ANAO report referred specifically to 18 *persons of interest*
  - the same paragraph of the report also stated that number would change as the investigation proceeds.
- . We use the term *persons of interest* early in an investigation to refer to people who may, on an initial assessment, have been involved in wrongdoing
  - these people may not have had allegations put to them, for example
  - they remain a person of interest while investigators gather the necessary information to put accurate allegations to them.
- . Importantly, the investigation process can result in someone no longer being considered a person of interest, or indeed additional people being identified
  - this further accounts for why it is not helpful to speculate about numbers.
- . To produce robust findings, an investigation into misconduct needs to weigh evidence thoroughly and carefully
  - we must not pre-empt or presume facts or findings.
- . It would undermine the investigation's effectiveness, as well as risk breaches of privacy, to provide detailed commentary on the process.

**How long will it take? Will we ever know the outcomes? (PPD)**

- . I can't pre-empt how long the investigation will take.
- . We need to ensure the process is undertaken correctly so that its findings are robust, and procedural fairness is afforded to those involved.
- . I am not going to speculate about outcomes
  - appropriate action will be taken against individuals found to have engaged in wrongdoing.

**What are the specific integrity concerns the ANAO referred to DFAT / DFAT is investigating? (PPD)**

- . ANAO put a series of "information-requests" to DFAT as part of its process of verifying audit field work, and finalising the audit report
  - some of these indicated potential failures of integrity or ethical concerns relating to the management of procurement activities.
- . I am not going to go into further details here.

*[If pressed: Take on notice]*

**Has a referral been made to the NACC? (PPD)**

- It is not appropriate to comment on the nature of any referrals to the NACC.
  - To do so may compromise current or potential investigations by the NACC or another agency.

**What is the department's policy on declaring conflict of interest (PPD)**

- The department has policies and processes in place to support staff to report any real and/or apparent conflicts of interest.
- All staff are required to disclose any private, financial and other interests that could, or could be seen to, influence their official duties. This entails:
  - All staff required to acknowledge formally that they understand their obligations and responsibilities around conflicts of interest by completing the Annual Acknowledgement of Conflicts of Interest eLearning and declaring any relevant conflicts of interest. This is a mandatory requirement.
  - SES employees are subject to a specific regime that requires them to submit, at least annually, a written declaration of their own and their immediate family's financial and other material personal interests.
- All staff must update their Conflict of Interest Declarations in any of the following circumstances:
  - within fourteen days of commencing a new position at the SES level within the department;
  - within fourteen days of commencing an acting position at the SES level for three months or more within the department, or commencing HOM/HOP posting at the EL2 level;
  - within fourteen days of announcement by the Minister for Foreign Affairs of their HOM/HOP position; and
  - within fourteen days of any change in personal or family circumstances that could involve a new real or apparent conflict of interest, or where a previously declared conflict no longer exists.
- In relation to procurement, an additional procurement-specific conflict of interest declaration is completed where a staff member:
  - is the delegate of a departmental procurement process
  - is participating in a procurement evaluation panel
  - has an apparent or real conflict of interest to declare in relation to a departmental procurement process in which they are involved in some way
  - is directed to complete a procurement-specific conflict of interest declaration by the delegate of the procurement process.



### What is the process to monitor compliance with the department's conflict of interest policies? (PPD)

- . All staff are reminded automatically of the need to comply with these processes, when their annual compliance is about to lapse.
- . We have recently introduced an additional layer of compliance monitoring for SES conflict of interest, whereby
  - specific follow-up action is taken with each SES Officer who has failed to comply within the prescribed annual timeframes
  - and regular compliance reports will be provided to all Deputy Secretaries and First Assistant Secretaries, showing compliance rates

### How many contractors have been converted ? (APO)

- . APO received funding for contractor conversion targets of 151 in 2023-24 and 60 in 2024-25.
- . The APO has an approved ASL of 568
  - as at 30 September 2024, the APO had 450.07 permanent ongoing APS staff (FTE), this increased from 328.98 at 30 September 2023
  - a net increase of 121.09 permanent ongoing APO staff (FTE).
- . APS recruitment activities are underway
  - around 40 positions are being filled through APS6 and EL1 recruitment rounds
  - further APS 3 and 4 rounds are scheduled by the end of 2024 [Darwin and Hobart] and in early 2025.

### 3. EXECUTIVE DIVISION

#### What steps are being taken to improve integrity? (EXD)

- . We are implementing all required actions under the APS Integrity Action Plan
  - and have closely followed recent lessons in public administration to assist us reflect further on our own culture, systems and processes of accountability.
- . The department has well established policies, procedures and guidance that support professional integrity in our culture, operations and delivery.
  - we are updating existing measures and introducing new ones as needed
  - examples of integrity related policies recently updated or soon to be released are updated are acceptable workplace behaviour, performance management, procurement and grant management, fraud and corruption control.
- . The release (September 2) of DFAT’s first Integrity Strategy is an important step. This strategy:
  - outlines our approach to building and maintaining trust with government, stakeholders and the Australian public through a strong integrity culture,
  - covers all DFAT staff, our Locally Engaged Staff overseas and our contractors, and
  - includes an Action Plan setting out additional improvements the department will implement to further strength out integrity culture, systems and processes.
- . Several initiatives are being implemented as part of the department’s Integrity Strategy 2024–26 (released September 2024) to cultivate the leadership, culture and systems that support an effective integrity environment, including:
  - increasing SES attendance at procurement and integrity training,
  - raising awareness of the APSC Ethics Advisory Service and how confidential ethics and integrity advice can be obtained,
  - increasing awareness and compliance to support higher rates of disclosure of real or perceived conflicts of interest, and
  - implementing and complying with the Supplier Code of Conduct.
- . We are updating our fraud and corruption control arrangements in line with the new *Commonwealth Fraud and Corruption Control Framework* (1 July 2024)
  - and updating our guidance for management of grants and procurements.
- . The DFAT Enterprise Risk Management Policy sets a low tolerance for workplace actions and behaviours that fail to promote integrity, equality, diversity and respect.

**Has an internal audit been conducted on procurement in the Passport Office? (AUB)**

- There has not been a recent internal audit of the Australian Passport Offices (APO) operations.
  - An internal audit of the R-series passport implementation was scheduled by internal audit for the 2022-23 financial year.
  - In early 2023, the ANAO informed DFAT it was conducting an ‘Efficiency of the Australian Passport Office’ audit, which was then followed by the procurement performance audit.
    - : The planned internal audit was postponed.

**Why didn’t internal audit pick up the problem? (AUB)**

- We have not recently undertaken an audit in APO.
- We are confident that had the ANAO not undertaken the Australian Passport Office audit in 2023, non-compliance with departmental policy and the Commonwealth Procurement Rules would have been discovered through an internal audit.

***If asked: what types of procurement problems has internal audit identified?***

- Procurement compliance is regularly tested as part of the internal audit workplan.
  - For example, we check procurement practice as part of our audits of post administrative operations and as part of annual audits on the development program.
- We test against the department’s procurement policy (which we assess as fit for purpose and accessible through BuyRight).
- The main problem we identify through procurement part of internal audits is how work units reflect the value for money assessment.

**Have you found similar non-compliance as part of those audits? (AUB)**

- Not the scale and seriousness identified as part of the ANAO process.
- Procurement practice is an area that we see degrees of non-compliance.
  - Internal Audit has been working closely with the Chief Finance Officer address non-compliance through enhanced training and awareness and broader procurement framework changes.

**Did the department withhold information from ANAO auditors? (AUB)**

- No. The department complied with the ANAO’s notice to produce.
- A section 32 notice under the *Auditor-General Act 1997* was issued at the request of the department and discussed with senior offices of the ANAO.

- The department sought advice to ensure information was disclosed in a manner consistent with its other legal obligations.
- During the conduct of the audit, the ANAO acknowledged that the department responded with clear statements as to where our practices had fallen short of the financial, procurement, and/or ethical standards the entity expected.

**Was there a delay in initiating an investigation (AUB response)?**

- No. There were 7 working days between receipt of Information Requests 5 and 6 and referral to DFAT's internal investigation area.

Refer to Table 1: Timetable for Advice and Action

***If pressed***

- The ANAO contacted DFAT's Internal Audit Branch on 23 April in relation to their Information Requests numbers 5 and 6.
- The covering email noted that the ANAO considered it appropriate for DFAT's Internal Audit Branch to determine DFAT's internal consultation method following its review of the contents of the attached.
- The Chief Auditor made enquiries with the Executive Director of the Passport Office and the Chief Finance Officer in relation to coordinating a response to the Information requests by the due date.
- The Chief Auditor also phoned the ANAO on 30 April to clarify handing arrangements for additional requests.
- On 2 May the Chief Auditor referred the two information requests (5 and 6) to the Ethics, Integrity and Professional Standards Section for assessment.
- From that point the Chief Auditor provided all the ANAO's information requests to the Ethics Integrity and Professional Standards Section for analysis.

**The department said it was going to do a broad-based procurement audit. What is that going to check? (AUB)**

- As a result of the ANAO report, the department has commenced an audit of procurement.
  - This audit will assess over 200 procurements and their compliance with the department's procurement policy including:
    - : Compliance with mandatory internal process
    - : Use of limited tenders
    - : AusTender reporting
    - : Use of panels

- This audit is expected to take 12 months to complete, with progressive updates to the department's Audit and Risk Committee.
- To augment our internal auditing resources, we will use the services of selected independent, external auditing firms.

***If asked: Who are the auditing firms assisting with this audit? (EXD)***

- Cobalt Consulting
- Synergy
- Scyne Advisory
- Bellchambers Barrett

#### **4. TRADE LAW AND ECONOMIC SECURITY DIVISION**

The ANAO report suggests the department has failed to comply with obligations under AUSFTA, the CPTPP and other international agreements. Has the department caused Australia to breach its international obligations? (TLD)

- The Trade Law and Economic Security Division (TLD) within the Department has been asked to consider whether the Department's actions described in the ANAO report are consistent with Australia's international obligations.
- That advice is currently being prepared.

*If pressed to disclose advice*

- The advice has not been finalised and is subject to legal privilege.
- Providing the advice to the Committee would waive that privilege and could have significant legal consequences for the Government.

*If further pressed to disclose the legal advice*

- It is a long-standing practice of successive governments not to disclose legal advice to Parliamentary Committees.
  - Would need to take this question on notice in order to consult the Australian Passport Office, and other areas, on any release of the advice.
  - Potentially also with the Foreign Minister on whether to make a public interest immunity claim.

**Do the Commonwealth Procurement Rules reflect Australia's international obligations? (TLD)**

- Yes, relevant international obligations have been incorporated in these Commonwealth Procurement Rules.

**If the Commonwealth Procurement Rules reflect Australia's obligations under AUSFTA and other international agreements, does the fact ANAO says Australia has breached these Rules mean Australia has also breached these agreements? (TLD)**

- It is unhelpful to speculate in advance of legal advice being prepared.
- TLD is preparing advice in connection with Australia's relevant international obligations.
- The advice has not been finalised and is subject to legal privilege.

Given the Department is responsible for negotiating and advising on these agreements, how is it possible that the Department has potentially breached these obligations? (TLD)

- . The **department takes Australia's international obligations seriously.**
- . It is unhelpful to speculate about potential breaches.

Have any trading partners, including the United States, raised any concerns in relation to these matters? (TLD)

- . We are unaware of any concerns being raised by trading partners.

Do we need to notify other parties to the CPTPP and other agreements of these potential breaches? (TLD)

- . Again, I do not wish to speculate as to whether there have been any potential breaches. There are no disclosure requirements under our international agreements that are relevant to the issues raised in the ANAO report.

*If pressed*

- . There are disclosure and transparency obligations built into our trade agreements.
- . For example, Article XVII of the WTO Agreement on Government Procurement provides that "on request of any other Party, a Party shall provide promptly any information necessary to determine whether a procurement was conducted fairly, impartially and in accordance with this Agreement, including information on the characteristics and relative advantages of the successful tender."
- . We have not received any requests from other trading partners yet under this or other provisions.

Could any trading partners bring a dispute either before the WTO or under one of Australia's free trade agreements? (TLD)

- . As mentioned, the issues referred to in the ANAO report have not been raised with us by Trade partners.
- . A WTO dispute is not a light undertaking for any WTO Member. We would expect that any concerns would be raised with us directly prior to the initiation of a dispute. At this point, it would be unhelpful to speculate about the possibility of disputes.

## 5. AUSTRALIAN PASSPORT OFFICE

### Statement (APO)

- The matters raised by the ANAO audit on procurement within the Australian Passport Office are deeply concerning.
- The Department takes these matters seriously.
- As the Secretary stated, I/we will answer the committee's questions to the fullest extent possible, taking care to ensure we do not prejudice the processes we have underway to identify and address misconduct.

### Was the ANAO correct to say DFAT had no awareness of the issues its audit uncovered? (APO)

- In part: the APO had identified weaknesses in its procurement practices in March 2023, before the ANAO Audit
  - immediate action was taken to direct staff to comply with the Commonwealth Procurement Rules and departmental policies, including on competition
  - subsequent action was taken to strengthen governance, organisational structure, training, monitoring and reporting.
- But we agree the audit revealed significant ethical, integrity and cultural issues
  - and as the ANAO evidenced and reported, we engaged constructively on these issues and continue to address these through our ongoing work.

### What action has been taken by the Australian Passport Office? (APO)

- In March 2023, before the ANAO Audit, weaknesses in procurement practices within the division were identified.
- Immediate action was taken with direction for procurement to comply with the Commonwealth Procurement Rules and departmental policies, including in relation to the need for competition.
- In summary, areas of focus since March 2023 have included:
  - strengthening governance, including risk and assurance
  - increasing adherence to policy and guideline requirements
  - implementing a fit for purpose organisational structure
  - assessment of workforce capabilities and addressing identified needs
  - provision of training
  - increased monitoring and reporting.
- Table 2: Timeline of activities undertaken by APO Executive Director



**What is the status of the procurement mentioned in the ANAO report?**

- . Of the 331 contracts within scope.
  - 304 have expired or ceased.
  - Of the remaining 27:
    - : 4 are for conversion to APS positions with recruitment underway (data analyst, finance manager, finance officer and service designer),
    - : 2 are being finalised as the contractor ceased and the role is no longer required or will be filled through APS recruitment,
    - : 1 is the subject of a new Approach to Market with evaluation of responses underway (criminal record checks),
    - : 1 an Approach to Market has been completed and contract negotiations are being finalised (Note Printing Australia), and
    - : the remaining 19 are active, of which 3 are with government agencies for services, such as telephone translation and interpretation services.

**When did you become aware of possible misconduct? (APO)**

- . I became aware of a potential integrity concern in late April 2024 when the ANAO provided the department with two information requests as part of its field work.
  - These matters were immediately discussed with the Audit Branch, and the Chief Auditor referred the matter to the Ethics, Integrity and Professional Standards Section.
  - At that time, the process changed for managing any follow up questions for the ANAO field work to preserve the integrity of any investigation into relevant matters.
    - : All field work matters were referred to the Audit Branch in the first instance.

**Has the department had any complaints to Government Procurement (Judicial Review) Act 2018 (GPJR Act) regarding APO contracts? (APO)**

- . A supplier can make a written complaint about contraventions that affect their interests, the department would look at these matters.
  - I am unaware of any concerns being raised.

**Why did the Australian Passport Office re-engage a contractor (PeopleBank) in a key role for 10 years? (APO)**

- . Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
  - . The Australian Passport Office relies on staff from the Australian Public Service, labour hire contractors and third-party supplied personnel to provide passport services.
  - . The contractor was engaged to provide portfolio management capability.

- The contractor position responsibilities included committee governance oversight, divisional co-ordination and procurement.
- In April 2023, the structure of the Australian Passport Office was reviewed, with consultation undertaken in May and implemented from 1 July 2023.
- Of relevance to the contractor role:
  - : procurement activities were aligned under an existing APS EL2 position,
  - : a program delivery office was established with an APS EL2 lead, and
  - : the coordination functions were transferred to a Divisional Coordination Unit, with an EL1 lead.
- . In June 2023, the EL2 equivalent contractor ceased their engagement with the department.

|  | Vendor                                    | End date   | Contract/Amendment Detail  | Total Value (inc GST) |
|--|---|------------|--|-----------------------|
| 1st Engagement<br>26/3/2012                | Acumen Contracting and recruiting Pty Ltd | 30/6/2013  | Engagement of a Program specialist for the Passport Redevelopment Program. | \$256,933.60          |
| <b>Total for 1<sup>st</sup> Engagement</b> |   |            |  | <b>\$256,933.60</b>   |
| 2 <sup>nd</sup> Engagement<br>01/07/2013   | Oakton Contracting & Recruiting           | 30/06/2014 | Engagement as a Program Manager for the Passport Redevelopment Program     | \$184,057.50          |
| Amendment 1<br>01/07/2014                  |   | 30/06/2015 | Enact 12month extension option - \$224,152.50 (inc GST)                    |                       |
| Amendment 2                                |   | 30/06/2015 | Increase in rate, new value for FY 14/15 extension option                  | \$277,878.00          |
| Amendment 3                                |   | 30/06/2016 | Enact 12-month extension option  | \$287,056.00          |
| Amendment 4                                |   | 30/06/2017 | Enact 12-month extension option  | \$328,680.00          |
| <b>Total for 2<sup>nd</sup> engagement</b> |   |            |  | <b>\$1,077,671.50</b> |
| 3 <sup>rd</sup> Engagement<br>01/07/2017   | Oakton Contracting & Recruiting           | 21/12/2017 | Engagement of APO PMO Manager  | \$165,000.00          |
| Amendment 1<br>22/12/2017                  |   | 22/12/2018 | Enact both 6-month extension options                                       | \$330,000.00          |
| <b>Total for 3<sup>rd</sup> Engagement</b> |   |            |  | <b>\$495,000.00</b>   |
| 4 <sup>th</sup> Engagement<br>22/12/2018   | Oakton Contracting                        | 21/12/2019 | Engage APO PMO Manager   | \$337,920.00          |

|  |                                    |            |  |                       |
|--|------------------------------------|------------|--|-----------------------|
| Amendment 1<br>21/12/2019                  | &<br>Recruiting                    | 21/12/2020 | Enact both 6-month<br>extension options together | \$337,920.00          |
| <b>Total for 4<sup>th</sup> Engagement</b> |                                    |            |  | <b>\$675,840.00</b>   |
| 5 <sup>th</sup> Engagement<br>22/12/2020   | NTT<br>Australia                   | 21/12/2021 | Engage PMO Manager                               | \$337,920.00          |
| Amendment 1<br>22/12/2021                  | Digital Pty<br>Ltd                 | 21/06/2022 | Enact 6-month extension                          | \$180,671.04          |
| Amendment 2<br>22/06/2022                  |                                    | 22/12/2022 | Enact 6-month extension                          | \$180,671.04          |
| <b>Total for 5<sup>th</sup> Engagement</b> |                                    |            |  | <b>\$699,262.00</b>   |
| 6 <sup>th</sup> Engagement<br>22/12/202    | People<br>Bank<br>Australia<br>Ltd | 21/06/2023 | Provision of a PMO<br>Manager                    | \$190,476.00          |
| <b>Total for 6<sup>th</sup> Engagement</b> |                                    |            |  | <b>\$190,476.00</b>   |
| <b>Total</b>                               |                                    |            |  | <b>\$3,395,183.10</b> |

#### How did a procurement (Synergy) result in the engagement of an employee's spouse? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- Around May 2023, a decision was taken to transition the passport activity cost model to Microsoft Excel (off the ClearCost software) as this software is readily available and supported by the department.
  - As a result, the procurements for the supplier and the software were ceased.
- A new Approach to Market was undertaken for the transition of the activity-based cost model to Microsoft Excel.
  - This involved a two-stage procurement approach:
    - : firstly, to Indigenous vendors under IPP Mandatory set aside, four suppliers were approached (nil response received)
    - : secondly, to the DTA Digital Marketplace through the Professional Services and Consulting category where five suppliers were approached.
  - The work is underway, and the contract (Trustee for the Neoteric Group Trust) is scheduled to conclude on 28 February 2025.
- The new activity cost model has been built in Microsoft Excel and designed to capture all passport services costs (ANAO Efficiency Audit recommendation 9).
  - The Australian Passport Office data and analytics staff are being upskilled to manage and maintain the activity cost model which will remove reliance on contracted services.

| Synergy                                  | End Date   | Contract/Amendment Detail   | Total Value (inc GST) |
|--|------------|---|-----------------------|
| 1 <sup>st</sup> Engagement<br>09/03/2021 | 30/09/2021 | ABC Model and Management Framework  | \$436,700.00          |
| Amendment 1<br>31/09/2021                | 31/03/2022 | Enact 6-month extension.<br>No change to original value.  |                       |
| <b>Total Value</b>                       |            |   | <b>\$436,700.00</b>   |
| 2 <sup>nd</sup> Engagement<br>20/09/2022 | 30/06/2023 | Activity Based Management Model –<br>Post Implementation Refresh.   | \$87,890.00           |
| Amendment 1<br>14/12/2022                |            | Change to work required – increase to<br>contract value.<br>No change to end date.  | \$26,194.30           |
| Amendment 2<br>9/02/2023                 |            | APO identified requirement to add<br>FY22/23 data to the model – increase to<br>contract value.<br>No change to the end date. | \$137,500.00          |
| <b>Total Value</b>                       |            |   | <b>\$251,584.30</b>   |

#### Are there plans to develop a procurement strategy (Procurement Professionals) for the Australian Passport Office? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- In 2021, the Australian Passport Office agreed to engage a supplier to develop a multi-year procurement strategy and undertake a stocktake on MOU arrangements.
- The development of a procurement strategy ceased at the end of 2021, with the surge in demand and a decision to transition the Australian Passport Office IT functions to the department's Information Management and Technology Division.
  - This transfer of function resulted in 71 of the Australian Passport Office open contracts being transitioned to the Information Management and Technology Division.
- The development of the procurement strategy used a 'time and materials' arrangement, with expenditure reflecting the approved timesheets for the contractor.
  - The purchase order provided for 10 deliverables, one of which was the procurement strategy.
  - The expended amount for this service was \$37,799.80 GST inclusive (remaining funds remained unspent).
- There is no plan to implement a procurement strategy for the Australian Passport Office as:
  - the department's frameworks, policies and guidelines detail how procurements are run and governed for the Australian Passport Office,

- the Australian Passport Office has processes for monitoring and reporting on procurements monthly,
- the commercial management team manages large complex contracts and provides for active engagement with contracted vendors, and
- planning of procurement for the Australian Passport Office is in place and provides for active consideration of the need for, risks of, and the most appropriate approach (open, panel or limited), to procurements.

| Procurement Professionals | End Date   | Contract/Amendment Detail   | Total Value (inc GST) |
|---------------------------|------------|---|-----------------------|
| Engagement<br>01/07/2021  | 30/06/2023 | Procurement and Contract Management Services (2 resources)                | \$1,393,920.00        |
| Amendment 1<br>20/09/2021 |            | Addition of <u>Procurement Strategy Specialist</u> 5/10/2021 - 17/12/2021 | \$102,168.00          |
| Amendment 2<br>16/12/2021 |            | Extension of end date for Procurement Strategy Specialist to 30/06/2022   |                       |
| Amendment 3<br>19/09/2022 |            | Additional procurement resource   | \$275,880.00          |
| Amendment 4<br>01/07/2023 | 30/06/2024 | Enact 12-month extension option (3 resources)                             | \$1,045,440.00        |
| <b>Total Value</b>        |            |   | <b>\$2,817,408.00</b> |

#### Why did the department approach and then cancel the resort in Port Douglas? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- Since 2004, Australia has been a member of the six nations passport group – P6.
  - It is a forum for longtime allies to discuss passport developments in their respective countries and share information relating to best practices, new technologies and operational challenges.
  - The group has proven an invaluable resource as it provides members with mutual support, operational perspectives and advice in the face of unintended and/or unforeseen system failures, security issues, and global crisis event management.
  - The forum was particularly valuable when Australia led the introduction of the ePassport in 2005, and like-minded allies sought to learn from our experience.
  - Australia was scheduled to host the forum in May 2023.
- In mid-2022, a decision was taken in to hold the P6 Plenary in Port Douglas.
  - The venue was directly sourced, with the vendor issued contract signed by the Australian Passport Office on 18 January 2023.
- A cultural activity was included as is usual for the six nations hosts.

- In February 2023, Deputy Secretary of the International Security, Legal and Consular Division decided this forum be held in Canberra.
  - More appropriate venue, with practical benefits including increased participation by Australian Passport Office staff.

| Sheraton Grand Mirage Resort Port Douglas | End Date   | Contract/Amendment Detail   | Total Value (inc GST) |
|---|------------|---|-----------------------|
| Engagement 18/01/2023                     | 26/05/2023 | Passport 6 Plenary – accommodation and conference room facility<br>Commitment \$104,870.00 (incl GST) |                       |
|   |            | Deposit paid  | \$31,461.00           |
| Cancellation 10/03/2023                   |            | Cancellation fee  | \$68,999.00           |
| <b>Total paid</b>                         |            |   | <b>\$100,640.00</b>   |

#### Why does the department need service designers (Peoplebank and Propel Design)? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- Service designers are used to develop effective and user-friendly services. They work with the Australian Passport Office customers, stakeholders, and staff to design how services are most effectively delivered.
  - As an example, recently they have worked with customers, staff and the department's IT team to design the passport status tracker (launched in July) and to design the initial changes to the online passport application tool – OPAS (deployed in October).
- Service design capability is an ongoing requirement for the Australian Passport Office as we work to modernise and streamline the way passport services are provided in line with community expectations.
  - APS recruitment is underway for these capabilities which will reduce our reliance on these contracted skills over time.

| PeopleBank                            | End Date   | Contract/Amendment Detail                                | Total Value (inc GST) |
|---------------------------------------|------------|--|-----------------------|
| 1 <sup>st</sup> Engagement 08/03/2021 | 07/09/2022 | Engaged a service designer – Channel Management Strategy | \$630,432.00*         |
| Amendment 1                           | 09/09/2023 | Enact 2 x 6 month extensions                             | \$420,288.00*         |

|   |                 |   |                              |
|---|-----------------|---|------------------------------|
| 08/09/2022                                  |                 |   |                              |
| Amendment 2<br>08/09/2023                   | 07/03/2024      | Enact final 6 month   | \$213,646.40                 |
| <b>1<sup>st</sup> Agreement Value</b>       |                 |   | <b>\$1,264,366.40*</b>       |
| 2 <sup>nd</sup><br>Engagement<br>08/03/2024 | 07/03/2025      | Engaged a service designer – Channel Management Strategy  | \$462,462.00                 |
| <b>2<sup>nd</sup> Agreement Value</b>       |                 |   | <b>\$462,462.00</b>          |
| <b>Total Value</b>                          |                 |   | <b>\$1,726,828.40</b>        |
| <b>Propel Design</b>                        | <b>End Date</b> | <b>Contract/Amendment Detail</b>  | <b>Total Value (inc GST)</b> |
| Engagement<br>19/04/2023                    | 18/04/2024      | Engage Service Designer to design and develop current and future state maps based on customer journeys. | \$390,649.60                 |
| Amendment 1<br>19/04/2024                   | 18/04/2025      | Enact 12-month extension option   | \$395,375.20                 |
| <b>Total Value</b>                          |                 |   | <b>\$786,024.80</b>          |

\* Incorrectly recorded in SAP contracts and Austender. The first two values recorded as GST exc rather than GST incl.

#### Why did the department continue to engage Deloitte for the provision of financial services? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- In mid-2023, a decision was taken to transition these contractor positions to being APS roles, as these services are essential to the operation of the Australian Passport Office.
- Several attempts were made to recruit these roles through internal expression of interest and departmental placement rounds, including:
  - an internal Australian Passport Office round in May 2023,
  - DFAT Placement Round in June 2023, and
  - further attempts through the DFAT placement rounds in April and July 2024.
- With no suitable applicants responding, an Approach to Market was undertaken in September 2023 via the Dynamic Sourcing for Panels.
  - Three vendors were approached providing nine candidates for evaluation, with one finance manager appointed (Horizon One - \$540,057 – 29 September 2023 - 15 October 2025).
- External recruitment of permanent public service positions is underway and expected to be completed this calendar year.

| Deloitte                  | End Date   | Contract/Amendment Detail                                      | Total Value (inc GST) |
|---------------------------|------------|--|-----------------------|
| Engagement<br>01/07/2021  | 30/06/2022 | Specialist Financial accounting assistance                     | \$330,000.00          |
| Amendment 1               |            | Increase value<br>No change to end date                        | \$46,200.00           |
| Amendment 2               |            | Increase value<br>No change to end date                        | \$74,250.00           |
| Amendment 3<br>01/07/2022 | 30/06/2023 | Extended by amendment - NPP for Passport Modernisation Program | \$550,000.00          |
| Amendment 4<br>26/05/2022 |            | Additional resource<br>No change to end date                   | \$330,000.00          |
| Amendment 5<br>27/06/2022 |            | Additional resource<br>No change to end date                   | \$330,000.00          |
| Amendment 6<br>25/05/2023 | 30/09/2023 | Extend by amendment  | \$1,021,240.00        |
| Amendment 7<br>3/07/2023  |            | Additional resource<br>No change to end date                   | \$746,515.00          |
| Amendment 8<br>01/10/2023 | 31/12/2023 | Extend by amendment  | \$164,384.00          |
| <b>Total Value</b>        |            |  | <b>\$3,592,589.00</b> |

#### Why was a contract coded in AusTender as a work of art? (APO)

- This was a human coding error in AusTender and has been rectified.

#### Why did the department amend and increase the value of the labour hire contracts? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- The department has a requirement for the provision of labour hire services within the Australian Passport Office to provide flexibility in responding to peaks in passport demand.
- The amendments to the contracts were primarily made to increase staffing numbers to address the surge in passport demand with the reopening of international borders in November 2021.
  - The contracted workforce was reduced once demand subsided.
- In March 2024, the Australian Passport Office undertook an open tender via a panel to procure labour hire services.



- 18 vendors were approached using the Department of Finance Whole of Australian Government mandatory People Panel Phase Two Labour Hire Services to the Australian Government (SON 3965020).
- 11 vendors responded, six ranked vendors were assessed by the panel as meeting the requirements, represented the lowest risk and provided the best value for money for the Commonwealth.
- The six contracted vendors are:
  1. Adecco Australia
  2. Hays Specialist Recruitment (Australia)
  3. Hudson Global Resources (Aust)\*
  4. McArthur (Qld)
  5. Persolkelly Australia\*
  6. Randstad

\* Vendors not previously providing bulk labour hire services to the Australian Passport Office.

- The labour hire contracts for 2024-2027 considered forecasted demand over this period.

**Table: Labour Hire Worker Agreement Previous and Current**

| Period                         | Value                       |
|--------------------------------|-----------------------------|
| 1 July 2019 until 30 June 2024 | \$175,369,775 GST inclusive |
| 1 July 2024 until 30 June 2027 | \$132,370,164 GST inclusive |

| Amendment for 2019-2024 | End Date   | Contract/Amendment Detail                     | Total Value (inc GST)   |
|-------------------------|------------|---|-------------------------|
| Engagement 01/07/2019   | 30/06/2021 | Provision of Labour Hire Workers              | \$38,039,535.60         |
| Amendment 1             |            | Increase value with no change to end date     | \$3,503,350.45          |
| Amendment 2             |            | Administrative changes only                   |                         |
| Amendment 3             | 30/06/2023 | Increase value and amend Contract end date    | \$36,310,695.74         |
| Amendment 4             |            | Increase value with no change to end date     | \$12,390,166.35         |
| Amendment 5             |            | Increase value with no change to end date     | \$37,411,952.88         |
| Amendment 6             | 30/06/2024 | Increase value by and amend Contract end date | \$47,714,073.61         |
| Amendment 7             |            | Administrative changes only                   |                         |
| <b>Total Value</b>      |            |   | <b>\$175,369,775.63</b> |

### Why did Randstad contract increase to \$60.3 million? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- The amendments to the contracts were primarily made to increase staffing numbers to address the surge in passport demand with the reopening of international borders in November 2021.
  - The contracted workforce was reduced once demand subsided.
- With the new contract in place, new processes have been implemented, with all ranked vendors provided the opportunity to supply details of up to three suitable candidates for a vacant position.
  - This is designed to provide for ongoing competition among the six contracted vendors.
  - Reports on labour hire arrangements across each of the vendors are monitored by the Australian Passport Office Executive Committee.

| Propel Design            | End Date   | Contract/Amendment Detail                    | Total Value (inc GST)  |
|--------------------------|------------|--|------------------------|
| Engagement<br>01/07/2019 | 30/06/2021 | Provision of Labour Hire Workers             | \$4,391,025.60         |
| Amendment 1              |            | Increase value with no change to end date    | \$653,637.93           |
| Amendment 2              |            | Administrative changes only                  |                        |
| Amendment 3              | 30/06/2023 | Increase value and amend Contract end date   | \$4,993,664.92         |
| Amendment 4              |            | Increase value with no change to end date    | \$6,614,527.38         |
| Amendment 5              |            | Increase value by with no change to end date | \$23,985,435.86        |
| Amendment 6              | 30/06/2024 | Increase value and amend Contract end date   | \$19,652,999.19        |
| Amendment 7              |            | Administrative changes only                  |                        |
| <b>Total Value</b>       |            |  | <b>\$60,291,290.89</b> |

### Why did the Australian Passport Office engage a UK versus Australian Company for Criminal History Checks? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- The Australian Passport Office requires criminal history checks from entities accredited by the Australian Criminal Intelligence Commission (ACIC)
  - only Australian based entities can obtain ACIC accreditation.

- The HireRight (British company) contract was novated to HireRight AU
  - the novation was completed in January 2023.
- The Australian Passport Office continues to require criminal history checks. An Approach to Market was undertaken in September 2024 to provide criminal history checks and associated employment check services.
  - The procurement is limited to small to medium businesses who are accredited under the Australian Criminal Intelligence Commission’s (ACIC) authority to provide Nationally Coordinated Criminal History Check services.
    - : *CPR Appendix A Exemption 17 - procurement of goods and services valued up to \$500,000 from an SME.*
  - After research, eleven suppliers were approached, and evaluation of responses is underway.

| HireRight                                | End Date   | Contract/Amendment Detail                           | Total Value (inc GST) |
|--|------------|---|-----------------------|
| 1 <sup>st</sup> Engagement<br>12/11/2021 | 11/11/2024 | Pre-employment Police checks                        | \$16,500.00           |
| Amendment 1                              |            | Checks 2023<br>Increase value no change to end date | \$131,921.46          |
| Amendment 2                              |            | Checks 2024<br>Increase value no change to end date | \$82,414.75           |
| <b>Total Value</b>                       |            |   | <b>\$230,836.21</b>   |

#### Why were the secure freight service (Brinks) specifications so prescriptive? (APO)

- The Australian passport is a valuable and highly desirable accountable document.
  - The security of blank passport documents is paramount.
- The specifications for the secure freight services were determined by the officer with custodian responsibilities for these valuable accountable documents.
  - The advice from the procurement and security teams was considered, and based on risk, the prescriptive requirements for the secure transport were retained and used to approach the market.
- The specifications for the secure freight service, including assessing the risk of limited suppliers, will be considered should future procurement of these services be required.

| Brinks   | End Date   | Contract/Amendment Detail            | Total Value (inc GST) |
|----------|------------|--------------------------------------|-----------------------|
| Original | 26/08/2026 | Provision of Secure Freight Services | \$858,000             |

### Why did the department engage Serco Citizen Services through Services Australia? (APO)

- . Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- . Serco was engaged through Services Australia to respond to the demand in passport services following the opening of international borders post the COVID pandemic.
- . The arrangement ceased as demand subsided and work volumes reduced.

| Services Australia (Serco) | End Date   | Contract/Amendment Detail  | Total Value (incl GST) |
|----------------------------|------------|--|------------------------|
| Original<br>30/06/2022     | 30/06/2023 | Services Australia provided services to DFAT – surge capability of 300 FTE | \$38,500,000.00        |

### What was the role of Customer Driven Solutions in relation to the APO Contact Centre? (APO)

- . Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- . The Australian Passport Office is responsible for delivery of passport call centre services.
- . Services Australia delivered this service as well as the telephony platform, on behalf of the Australian Passport Office for 20 years prior to the covid pandemic.
  - COVID-19 impacts on passport demand resulted in these services being transitioned back to the Australian Passport Office from April 2020.
- . In 2021, it was agreed to comprehensively review the sourcing arrangements to determine the approach for delivering call centre services going forward.
- . Customer Driven Solution was engaged in March 2021 to complete the review of the call centre operating model.
  - A report produced in May 2021, recommended the service be retained in the Australian Passport Office as officers had access to the Australian Passport System which provided for more effective and efficient customer enquiry resolution.
- . With the unprecedented demand in passport applications following the opening of the international border, it was agreed that a hybrid model be introduced to provide increased capacity for passport officers to assess applications and issue passports.
- . Customer Driven Solutions were engaged in March 2022 to develop the approach to market documents and support a transition to a hybrid model with tier 1 calls to be taken by an outsourced provide and tier 2 call by the Australian Passport Office.

| Customer Drive Solutions                 | End Date   | Contract/Amendment Detail                  | Total Value (inc GST) |
|--|------------|--|-----------------------|
| 1 <sup>st</sup> Engagement<br>04/03/2021 | 03/09/2021 | APIS Future Modelling Assessment           | \$108,952.80          |
| 2 <sup>nd</sup> Engagement<br>20/05/2021 | 19/11/2021 | APIS Workforce Management Framework Review | \$87,220.10           |
| 3 <sup>rd</sup> Engagement<br>02/08/2021 | 01/08/2022 | Future State Network Operating Model       | \$198,445.00          |
| 4 <sup>th</sup> Engagement<br>23/03/2022 | 30/06/2022 | SME for APO Contact Centre                 | \$77,000.00           |
| Amendment 1<br>01/07/2022                | 30/06/2023 | Increase in value<br>Extend by amendment   | \$110,000.00          |
| Amendment 2<br>20/09/2022                |            | Increase in value<br>No change to end date | \$77,000.00           |
| Amendment 3<br>23/11/2022                |            | Increase in value<br>No change to end date | \$25,772.83           |
| <b>4<sup>th</sup> Engagement Total</b>   |            |  | <b>\$289,772.82</b>   |
| 5 <sup>th</sup> Engagement<br>17/10/2022 | 16/10/2023 | APO Commercial Engagement Manager          | \$352,503.36          |
| Amendment 1<br>17/10/2023                | 16/10/2024 | Enact 12-month extension                   | \$352,445.63          |
| <b>5<sup>th</sup> Engagement Total</b>   |            |  | <b>\$704,948.99</b>   |
| <b>Total</b>                             |            |  | <b>\$1,389,339.71</b> |

#### Why was a contractor (Customer Driven Solutions) engaged when they did not meet the ATM requirements? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
  - A decision was taken in October 2022, to engage a contractor to manage the commercial relationship for the outsourced call centre service.
  - With several large contracts managed by the Australian Passport Office, on 1 July 2023 a commercial management team was established.
    - Public servants have been recruited and upskilled to provide these capabilities, reducing reliance on contractors.
- : The contract for a commercial engagement manager ceased on 16 October 2024.

| Customer Driven Solutions | End Date   | Contract/Amendment Detail         | Total Value (inc GST) |
|---------------------------|------------|-----------------------------------|-----------------------|
| Engagement<br>17/10/2022  | 16/10/2023 | APO Commercial Engagement Manager | \$352,503.36          |

|                           |            |                          |                     |
|---------------------------|------------|--------------------------|---------------------|
| Amendment 1<br>17/10/2023 | 16/10/2024 | Enact 12-month extension | \$352,445.63        |
| <b>Total Value</b>        |            |                          | <b>\$704,948.99</b> |

### Why did the department amend and increase the value of the Datacom contract? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
  - The contract was awarded to a supplier on the panel.
  - The contract provides for the supplier:
    - to provide inbound contact centre services (call answering) on behalf of Australian Passport Office (APO). and
    - to perform other Australian Passport Office services such as processing of applications.
      - : The contract provided for a variation request to outline the specifics of this work and associated performance expectations.
- In line with that, the contract was amended shortly after it commenced, for two reasons:
  - firstly, the supplier being provided access to the Australian Passport Office IT systems which allowed them to answer and resolve more calls and provide for agreed processing services, and
  - secondly, to increase the number of staff available to the Australian Passport Office in response to the surge in passport demand.
- While the contract allows for up to 278 full time equivalent staff per month to be utilised by the Australian Passport Office, at 30 September was 197.28.
- The contracted 278 FTE total provides flexibility for the Australian Passport Office to utilise Datacom to assist when and as required, supporting annual and seasonal peaks in demand.

| <b>Datacom</b>            | <b>End Date</b> | <b>Contract/Amendment Detail</b>                      | <b>Total Value (inc GST)</b> |
|---------------------------|-----------------|---|------------------------------|
| Engagement<br>04/05/2022  | 04/05/2023      | Up to 40 FTE, includes establishment and flex up fees | \$ 6,990,553.13              |
| Amendment 1<br>01/07/2022 | 04/07/2023      | Increase 318 FTE, 30-day extension                    | \$42,233,060.79              |
| Amendment 2               | 03/07/2024      | 12-month contract extension, decrease to 278 FTE      | \$39,774,207.42              |
| Amendment 3               | 04/07/2024      | Indexation increase                                   | \$2,176,531.50               |
| Amendment 4               | 03/07/2025      | 12-month contract extension                           | \$41,843,072.70              |
| Amendment 5               | 03/07/2025      | Indexation increase                                   | \$1,593,699.73               |
| <b>Total Value</b>        |                 |   | <b>\$ 134,611,125.27</b>     |

### Why did UiPath receive unfair competitive advantage? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- In 2021 the Australian Passport Office was looking to introduce an augmented data capture capability for passport application processing, in particular for Australians living overseas.
- In addition, the Australian Passport Office was looking to improve data capture and verification process through increased use of automation.
- A Request for Quotation was issued to all suppliers under the Miscellaneous category via the DTA Software Panel.
  - Twelve submissions were received and evaluated, with UiPath selected as the preferred supplier.
- Work ceased on this contract in 2022 as alternate solutions to capture and verify data and also improve the customer experience were identified.
  - These are being progressed as part of the modernisation program.

| UiPath                    | End Date   | Contract/Amendment Detail  | Total Value (exc GST)   |
|---------------------------|------------|--|-------------------------|
| Original<br>23/11/2021    | 23/11/2026 | Data verification and Robotic Process Automation                   | USD 1,958,086.75        |
| Amendment 1<br>05/04/2022 |            | Increase in value for additional licences<br>No change to end date | USD 866,152.53          |
| Amendment 2<br>23/06/2022 |            | Increase in value for additional licences<br>No change in end date | USD399,410.06           |
| <b>Total Value</b>        |            |  | <b>USD 3,223,649.34</b> |

### Why was the procurement for survey services categorised as limited tender due to absence of competition and then issued to 8 suppliers? (APO)

- Although I cannot comment on the process of the procurement (refer to Statement), what I can advise is:
- In July 2024 the Australian Passport Office approached the market through the Research and Evaluation Services panel (SON335221) for the APO Customer Satisfaction Survey Services.
  - Eight suppliers approached and three suppliers responded to the request for quote.
- Fiftyfive5 Pty Ltd were awarded the contract for a period of three years from 1 October 2024 (no extension options).

| FiftyFive5                               | End Date   | Contract/Amendment Detail                   | Total Value (inc GST) |
|--|------------|---|-----------------------|
| 1 <sup>st</sup> Engagement<br>20/12/2022 | 30/06/2024 | APO Customer Satisfaction Survey            | \$227,150.00          |
| Amendment 1                              | 30/09/2024 | Extension by amendment<br>Increase in value | \$42,075.00           |
| <b>Total Value</b>                       |            |   | <b>\$ 269,225.00</b>  |

|                                 |            |                                  |                      |
|---------------------------------|------------|----------------------------------|----------------------|
| 2nd<br>Engagement<br>01/10/2024 | 30/09/2027 | APO Customer Satisfaction Survey | \$462,264.00         |
| <b>Total Value</b>              |            |                                  | <b>\$ 462,264.00</b> |

**Why do Verizon Australia provide, why has their contract been in place for so long and what was the work order in July 2021 related to? (APO)**

- Verizon provides the technology (Public Key Infrastructure Services) that enables our passports to validate at our international borders, via the eGates.
  - It is a 10-year contract and ceases in 2026.
- The amendment in July 2021 provided for a verification process of a government issued Covid Vaccination Certificate, uses a similar capability to that used for the ePassport.
  - An award-winning innovation, this solution also allowed certificates to be verified internationally.
  - More than 11.6 million certificates have been issued since the ICVC was introduced in October 2021.

| Verizon                   | End Date   | Contract/Amendment Detail                 | Total Value (inc GST)  |
|---------------------------|------------|---|------------------------|
| Engagement<br>01/08/2016  | 31/07/2021 | Provision of Public Key<br>Infrastructure | \$3,194,738.80         |
| Amendment 1<br>30/06/2021 | 31/07/2024 | Extension by 3 years                      | \$2,414,137.00         |
| Amendment 2<br>29/07/2021 |            | Additional Hardware                       | \$3,374,800.00         |
| Amendment 3<br>08/12/2021 |            | Verizon P – R Series transition           | \$153,780.00           |
| Amendment 4<br>03/06/2022 |            | PKI updates                               | \$144,320.00           |
| Amendment 5<br>31/07/2024 | 01/08/2026 | Extension by 2 years                      | \$2,986,456.00         |
| <b>Total Value</b>        |            |   | <b>\$12,268,231.80</b> |



### Why was Grosvenor Performance Group listed as an exemption, and why wasn't the Indigenous Procurement Policy applied to the procurement? (APO)

- Although I cannot comment on the process of the procurements (refer to Statement), what I can advise is:
- At the time, the delegate determined this was an urgent requirement to audit the Australian Passport Office inventory management arrangements and combined the Indigenous and wider market approach under a single Limited Tender process.
- The limited tender provision was - Exemption 10.3 (b) when, for reasons of extreme urgency brought about by events unforeseen by the relevant entity, the goods and services could not be obtained in time under open tender of the CPR.
- Urgency was based on:
  - extreme volume of passport applications at the time
  - the need to ensure best-practice inventory management of high-risk, high-value documents.
- The review was completed in May 2023.
- The Australian Passport Office is implementing the recommendations from the report, and progress is being monitored by the Australian Passport Office executive committee.

| Grosvenor Performance Group | End Date   | Contract/Amendment Detail                                   | Total Value (inc GST) |
|-----------------------------|------------|---|-----------------------|
| Original<br>07/11/2022      | 06/05/2023 | APO Inventory Management Review Services                    | \$103,273.27          |
| Amendment 1<br>17/02/2023   |            | Additional cost to Risk and IMS assessment                  | \$3,520.00            |
| Amendment 2<br>18/04/2023   |            | Price update of milestone 'Update SOPs and Policy Documents | \$7,081.20            |
|                             |            | <b>Total Value</b>  | <b>\$113,874.47</b>   |

### How many contracts does the Australian Passport Office have with Alluvial, and what are they for? (APO)

- Although I cannot comment on the process of the procurements related to Alluvial (refer to Statement), what I can advise is:
- The Australian Passport Office has two contracts with Alluvial:
  - The first contract is for a data analytic and reporting specialist (through the Digital Market Place Panel direct to Alluvial)

- : This contract role has been converted to a public service position with the successful candidate accepting the role.
- : This contract will cease by the end of the year.
- The second contract is for a passport and biometrics architectural specialist (through the Digital Market Place panel direct to Alluvial).
- : This is a highly specialised biometrics skillset.
- Over the past six months the Australian Passport Office has been building its public service capability in this area with the intent that over time (next 12 months) there will be less reliance on contracted services.

| Alluvial                  | End Date   | Contract/Amendment Detail               | Total Value (inc GST) |
|---------------------------|------------|---|-----------------------|
| Original<br>11/7/2022     | 06/11/2024 | Data Analytic & Reporting Specialist    | \$458,304.00          |
| Amendment 1<br>30/10/2023 |            | Increase in rate no change to end date  | \$9,313.92            |
| Amendment 2<br>07/11/2024 | 06/01/2025 | Enact extension                         | \$39,670.40           |
|                           |            | <b>Total</b>                            | <b>\$507,288.32</b>   |
| Original<br>07/01/2022    | 30/06/2023 | Passport and Biometrics Arch'Specialist | \$359,040.00          |
| Amendment 1<br>01/07/2023 | 30/06/2024 | Extension Option                        | \$324,400.00          |
| Amendment 2<br>01/07/2024 | 30/06/2025 | Extension option                        | \$374,000.00          |
|                           |            | <b>Total</b>                            | <b>\$1,092,080.00</b> |

#### Why was Mühlbauer's directly approached? (APO)

- The initial contract with Mühlbauer commenced in December 2020.
- An open market approach was not undertaken as compatibility with existing systems was required which are using the Mühlbauer's proprietary (InCape) software.
- Exemption used –  
  - 10.3.d.iii. Supply by particular business: due to an absence of competition for technical reasons.*
- The introduction of the R Series Passport, with enhanced security features, specifically the polycarbonate data page, required the introduction of technology specific to Mühlbauer; the greyscale laser engraving solution.
- The incorrect recording of the contract value primarily arose from a failure to convert Euros to Australian dollars, this has been removed from AusTender.

- The department undertook a review of the contract, official orders and spending decisions.
- A new contract was entered into SAP and uploaded to AusTender to provide accurate reporting in August 2024.

**Table 2: Timeline of key events**

Green shading relates to data access

Blue shading relates to investigation process

|                   |  |
|-------------------|--|
| 29 September 2023 | ANAO flag consideration of a new audit of procurement in the Australian Passports Office in a meeting with ED APO.   |
| 19 October 2023   | Designation letter provided to DFAT initiating the new audit   |
| 25 October 2023   | ANAO request access to staff email accounts  |
| 23 November 2023  | APO s 22(1)(a)(ii) ) advises ANAO that the department is seeking legal advice before release.  |
| 24 November 2023  | ANAO ( s 22(1)(a)(ii) ) advised APO that 'the delay in providing the email evidence to the ANAO represents non-compliance with the information gathering powers provided by the <i>Auditor-General Act</i> .'  |
| 5 December 2023   | ANAO ( s 22(1)(a)(ii) ) advise that the Auditor-General decided to issue DFAT a notice under section 32 of the <i>Auditor-General Act 1997</i>   |
| 6 December 2023   | Deputy Secretary Maclachlan spoke to Carla Jago (ANAO) advising that the department would release the set of emails requested.   |
| 8 December 2023   | Auditor-General issues notice to provide information and documents pursuant to section 32 of the <i>Auditor General Act 1997</i> no later than 11 December 2023  |
| 14 December 2023  | All requested data provided to the ANAO.   |
| 23 April 2024     | Two specific ANAO 'information requests' sent to Chief Auditor containing evidence of integrity and ethical concerns ( <i>requests #5 and #6</i> )   |
| 30 April 2024     | Chief Auditor spoke to ANAO about handling of Information Requests <i>#5 and #6</i>  |
| 2 May 2024        | Request #5 and #6 provided by the Chief Auditor to the Ethics, Integrity and Professional Standards Section for assessment.  |
| 3 May 2024        | PPD s 22(1)(a)(ii) emails ANAO directly to get key information for progressing the investigation process <u>in the context of the ongoing audit</u> .  |
| 8 May 2024        | ANAO meet s 22(1)(a)(ii)   |
| 8 May (also) 2024 | ANAO referred two further 'information requests' to DFAT which contained integrity and ethics concerns ( <i>Note further integrity concerns were referred to DFAT by the ANAO over the following weeks. Chief Auditor provided all Information Requests to EES</i> ) |

|                   |   |
|-------------------|---|
| 10 May 2024       | s 22(1)(a)(ii) requests transfer (from Defence) of an experienced investigator to DFAT to lead investigation  |
| 28 May 2024       | Investigator begins in DFAT   |
| 31 July 2024      | Report Preparation Papers (RPP) received  |
| 19 August 2024    | DFAT response to Report Preparation Papers (signed by Clare and Craig)  |
| 20 August 2024    | Ministerial Submission provided to the Minister for Foreign Affairs to note the significant issue of non-compliance with the finance law, including the Commonwealth Procurement Rules.                               |
| 21 August 2024    | ANAO (Bryan Boyd and s 22(1)(a)(ii) ) discussion with Finance Division (Brad Medland and Elicia Rudnicki) on improvements to DFAT's central procurement function (observed by s 22(1)(a)(ii) , Internal Audit Branch) |
| 26 August 2024    | Exit Meeting with ANAO (Brian Boyd and s 22(1)(a)(ii) ) Clare Walsh, Craig Maclachlan, Lucelle Verenos, Brad Medland  |
| 16 September 2024 | Section 19 Report received  |
| 26 September 2024 | Acting Secretary (Craig Maclachlan) sent a letter to the Minister for Finance advising of significant non-compliance with the Commonwealth Procurement Rules in accordance with section 19 of the PGPA Act.           |
| 11 October 2024   | Response from Secretary to ANAO on Section 19   |
| 29 October 2024   | Receipt of embargoed report   |
| 30 October 2024   | Ministerial Submission provided to the Minister for Foreign Affairs to note DFAT has accepted all recommendation made by the ANAO   |
| 31 October 2024   | Report tabled and published on ANAO website   |
| 31 October 2024   | Secretary publishes Administrative Circular addressing the findings.  |

Table 2: Timeline of activities undertaken by APO Executive Director

| Date                        | Interaction                    | Action  |
|-----------------------------|--------------------------------|---|
| 27 February 2023            | Commencement                   | Australian Passport Office (APO) Executive Director.  |
| 3 March 2023                | Email request/<br>APOEG        | Requested APO executive committee terms of reference be amended to capture procurement and contract. Monthly discussions commence from 18 April 2023.   |
| 10 March 2023               | Discussion /<br>Email          | Directed that procurements be undertaken in line with CPRs, including that all contractor procurement processes are to provide for multiple supplier approach.  |
| 17 March 2023               | Discussion /<br>Email          | Advised APO executive that a review of internal controls environment is to be undertaken to ensure reliability in confirming our responsibilities are met.<br>Consulted Assistant Secretary, Audit Branch on the statement of requirements for the Internal Controls and Assurance Framework on 4 May 2023.<br>ATM released on 30 May 2023 with 10 vendors invited to respond selected from the Department of Finance's Management Advisory Services (MAS) Panel. Two vendors responded.<br>Final Report received in February 2024. |
| 21 March 2023               | Discussion<br>/Email           | Advised APO SES that procurement and contract management needs further maturation and strengthened governance, including greater external member participation in evaluation panel.<br>Discussed these matters with the Assistant Secretary, Internal Audit Branch (AUB).   |
| 21 March 2023               | Discussion /<br>APOEG minutes  | Agreed that APO building financial and budget management skills and compliance, and that a new budget reporting tool be developed to provide accountability at the director and SES level.<br>Monthly reporting to APO executive committee commenced in July 2023.  |
| April 2023 /<br>16 May 2023 | Discussions /<br>APOEG minutes | Proposed restructure of APO to align functional activities and strengthen governance. Procurement be aligned with the finance function (transferring from EL2 equivalent contractor) and a Commercial Management team be established to manage large contracts.<br>Following consultation with impacted staff, the new structure commenced on 1 July 2023.  |
| 1 May 2023                  | Email/Discussion               | Confirmed APO should <u>not</u> have or seek an exemption to the department's procurement processes.  |

| Date                  | Interaction   | Action  |
|-----------------------|---|---|
| 17 November 2023      | Email   | Requested that additional procurement training be provided to EL and SES officers.<br>Training provided on 15 December 2023. Training covered financial arrangements; authority to spend; procurement frameworks and policies; simple versus complex procurements; roles and responsibilities; overview of the process; guidance and tools; contracts and when to use CCS and probity.<br>Procurement 101 - eBook also developed and provided which specifically targets points requested by APO. |
| May – July 2024       | Discussion/<br>Email/ 2024-25 APO Budget / APO Workforce Plan | Advised that ongoing contractor roles be reviewed as they near completion and where possible be targeted for conversion to APS with the additional ASL provided in 2024–25 Budget. Roles in finance, procurement and commercial management captured in this scope.  |
| June 2023 – July 2024 | Email / Discussion  | New Passport Funding Agreement negotiated during 2023–24 financial Year.<br>New agreement implemented in 2024–25 Budget (July). Funding agreement encourage APO to pursue efficiencies in line with PGPA and CPRs.  |
| 12 June 2024          | APO EG meeting / Email / Discussion                           | Agreed the EL2 PCE role be split to provide greater focus on procurement, financial management and assurance, and improve collaboration with DFAT's Finance Division. Role advertised and recruitment underway.   |
| 18 June 2024          | Email / Discussion  | Agreed APO finance positions to be captured in bulk recruitment round for finance officers (includes procurement).  |
| 19- 21 June 2024      | APO Planning Day / Discussion / APO Budget                    | Undertook pulse survey of APO SES and EL2 to test confidence with procurement. Results confirm low confidence levels.<br>Agreed strengthening procurement capability be captured in the 2024–25 business plan (builds on financial acumen focus in 2023–24).<br>Requested APO finance team budget for procurement and conflict of interest (COI) training in 2024–25 budget.  |
| 26 June 2024          | Email   | Reminded SES and EL staff of the importance of Conflict-of-Interest declaration referencing speech by the NSW Independent Commission Against Corruption.  |

| Date                   | Interaction        | Action  |
|------------------------|--------------------|---|
| 27 June – 19 July 2024 | Discussion / Email | Requested APO Learning and Development section identify options for providing additional procurement and COI training for SES and EL staff in APO. Email detailing training options covering procurement, including value for money, contract management, COI and the PGPA provided on 10 July 2024.<br>Mandated all SES and EL staff undertake 4 modules of procurement training available on DFAT online training platform (19 July 2024). SES and EL staff have completed the modules. |
| 28 June – 1 July 2024  | Email              | Advised SES and the APO procurement team of the New Commonwealth Procurement rules and AusTender reporting at 1 July 2024.<br>Reinforced that all vendors are to be considered equally based on the merit of the application, referees, and questions of suitability and value for money as per CPRs.   |
| 25 July 2024           | Email              | Consulted APO procurement team, Finance Division and Audit Branch on revised APO spreadsheet to monitor compliance with DFAT policies and the CPRs for all procurements and contracts going forward.<br>Implemented September 2024.   |
| 5 August 2024          | Email              | Agreed all procurement plans to be reviewed by APO Executive Committee.   |