Question	Proposed response
Page 6 of Proof Hansard **Senator SINGH:** In last year's DFAT annual report the agency had 586 staff deployed overseas. How many of the staff are DFAT engaged in specific overseas law enforcement operations? **Mr Grigson:** We might take that on notice for you. The reason is that it will depend on the size of the post, first. Second, we provide significant support to law enforcement agencies but it may not be an officer's only occupation, so it will be a percentage of their activity. It will depend a little on where you are. Australian law enforcement agencies are much more active in some countries than in others. So we will try and make an estimate for you.	The Department of Foreign Affairs and Trade (DFAT) is not a law enforcement agency. However, DFAT employees overseas may be required to support Australian law enforcement objectives. DFAT does not have existing data on the percentage of time DFAT staff at post dedicate to work on behalf of law enforcement agencies. This percentage would vary depending upon the post and degree of law enforcement cooperation between Australia and the host or accredited government, and the composition of staff at post.
Page 7 of Proof Hansard **Senator CAMERON:** Let me finish. If you have responsibility for Australia's reputation abroad, I am just wondering what sort of analysis you made of the note print scandal. What lessons did	When Securency referred the bribery allegations to the Australian Federal Police (AFP) in May 2009, the department reviewed its guidance to posts on assessing the bona fides of Australian businesses seeking assistance overseas. This was undertaken as part of a broader review of guidelines for assisting business. The guidelines had been updated and strengthened, in 2007, following previous issues involving Australian businesses overseas, and in particular following the Cole Inquiry into Certain Australian

you learn? I am happy for you to take this on notice. I am not sure whether the answer from DFAT is sufficient to give me confidence that there is that overarching analysis by DFAT, which I think is your responsibility to protect Australia's reputation. **Mr Grigson:** We will take that on notice for you. Australia's antibribery laws are at front and centre of the mind of every DFAT officer overseas. I know that from personal experience in the places in which I have worked. As I said before, any decent-headed mission is going to be as concerned as you are as the reputational risk to Australia more broadly as it is about any substantial cost.	Companies in relation to the UN Oil-for-Food Programme. The department also considered the adequacy of its training courses to inform departmental offices of the obligation to report credible suspicions of bribery. The department sought to determine whether it was possible to take additional steps to assess the bona fides and current practices of Australian businesses overseas by making more extensive enquiries through other agencies, including regulatory and law enforcement bodies. These discussions indicated that, while in some cases additional relevant information might be accessible from other agencies, there are significant constraints on the capacity of agencies to share information on companies, given confidentiality and legal restrictions. Government agencies have limited capacity or authority to investigate Australian business to an extent that would make them fully aware of the propriety of all the activities undertaken by any one business. The department also undertook a comparison of its policies for assisting its national companies operating overseas to the policies of like-minded countries. The above steps indicated that the guidelines on assisting business, and training for officers in reporting bribery, satisfactorily met the department's objectives and policy settings, and were consistent with and equally, if not more, robust than those used in other countries.
Page 7 of Proof Hansard **Senator CAMERON:** Could you advise what analysis has been done by DFAT into this scandal, what lessons you have learned from it and what processes, if any, you have put in place to ensure	Addressed by response to the above QoN.

that our reputation is not damaged in future? Is there anything that DFAT can do to get a more cohesive approach across agencies that are operating internationally? **Mr Grigson:** We can do that.	
Page 7 of Proof Hansard **CHAIR:** In 2010-11, DFAT coordinated interagency efforts, including law enforcement cooperation and development assistance in Pakistan. [1] Would you be able to outline the DFAT's role in the law enforcement initiative and the identified corruption risks involved, and what specific strategies might have been used to mitigate those risks? **Mr Grigson:** I would take that on notice, if I can.	The Department of Foreign Affairs and Trade (DFAT) is the lead agency for coordinating Australia's whole-of-government strategic engagement with Pakistan. This includes playing a role in support of Australia's law enforcement cooperation and development assistance for Pakistan, particularly through the work of our High Commission in Islamabad. The responsibilities for implementing specific activities and initiatives rest in the main with other government agencies that have specific programs and associated budgets. In terms of law enforcement engagement with Pakistan, the key Australian implementing agency is the Australian Federal Police. In 2010-11 DFAT provided financial support to two law enforcement-related initiatives in Pakistan. In approving the expenditure of program funds, DFAT considers the question of risk in accordance with financial regulations. Details of the law enforcement related initiatives that DFAT provided funding for are: 1. DFAT provided the Australian Bomb Data Centre (ABDC) of the AFP with funding to assist with the purchase in 2010-11 of six sets of post-blast forensic deployment kits, which the ABDC supplied to Pakistan's provincial police in November 2011. 2. DFAT assisted the United Nations Counter-Terrorism Committee Executive Directorate (UNCTED) with funding support for their workshop on anti-money laundering and countering

[1] DFAT Annual Report 2010–11, p. 5.

	terrorist financing. The AFP and UNCTED controlled the funds to respectively purchase equipment and conduct the workshop.
Page 7 of Proof Hansard **CHAIR:** Also, in relation to DFAT's assistance to ADF personnel and police in East Timor[2], who are supporting East Timor stability and who advocated for the renewal of the mandate for the UN integrated mission in Timor-Leste, could you identify the corruption risks involved and how they have been taken into account? **Mr Grigson:** We will do the same for East Timor for you.	The nature of DFAT's assistance to the ADF and the AFP in East Timor relates to advice on the political and economic environment in the country and advice on how the ADF and AFP programs fit within the broader priorities of the bilateral relationship. DFAT advocated for the UN Security Council to renew the mandate of the UN Integrated Mission in Timor-Leste (UNMIT) to the end of 2012. DFAT, through its Permanent Mission to the UN, is also closely involved in the negotiations in the UN General Assembly over UNMIT's budget. The budget negotiations are an opportunity to consider closely UNMIT's use of UN member state funds and carefully consider any possible risks of corruption in UNMIT's work. The Australian Federal Police provides 50 police to UNMIT. The AFP also has a separate capacity-building program run by the International Deployment Group, known as the Timor-Leste Police Development Program (TLPDP). The TLPDP was established in 2004. The TLPDP has a budget of $74.7 million over 2010-2014 and currently comprises of around 33 advisers to the Timorese national police. The ADF presence, known as the International Stabilisation Forces (ISF), operates separately to UNMIT. The ISF provides security support to UNMIT under an agreement known as the UN Technical Agreement. The ISF comprises around 380 ADF personnel. The ADF also provides capacity-building assistance to the Timorese armed forces under a separate Defence Cooperation Program contributing 25 in-country advisors to assist capacity building in the East Timorese Defence Force and the Secretary of Defence.

[2] DFAT Annual Report 2010–11, p. 41.

	ADF and AFP identify and address the risks of corruption to their own operations in East Timor. Within the embassy in Dili there is a whole of government approach to Australia's engagement with East Timor, and all agencies (including ADF, AFP and DFAT) are in frequent contact on developments within the country.
Pages 7 – 8 of Proof Hansard **CHAIR:** Thank you. Have you had a chance to look at the submission from the department of immigration to this inquiry? **Mr Grigson:** I have not, but Luke and Peter have. Is there something we can help you with there? **CHAIR:** I am wondering if you could respond and whether the Department of Foreign Affairs and Trade would see it as valuable to conduct a similar exercise? DIAC went into some detail about what they perceive to be corruption risks of operating overseas. I do not know whether DFAT has done a similar kind of analysis; it might be a useful process to go through. **Mr Grigson:** I will certainly have a look at that for you. **CHAIR:** Did Mr Williams or Mr Scott want to make a comment on that given that you have	The Department of Foreign Affairs and Trade's Fraud Policy Statement makes clear that the department has a policy of zero tolerance towards fraudulent or corrupt activity or behaviour by departmental staff (including locally engaged staff at overseas posts), contractors, third party service providers, funding recipients and its clients. DFAT's Fraud Policy Statement is part of DFAT's fraud control framework. This includes the department's Fraud Control Plan and Conduct and Ethics Manual. This framework outlines how all departmental personnel, in Australia and at overseas posts, have responsibilities and obligations for ensuring strong, robust and effective fraud control. The Fraud Control Plan 2011 is the centrepiece of DFAT's commitment to effective management and mitigation of fraud risks. The purpose of the Plan is to minimise the potential for instances of fraud on the department's programs or activities. It summarizes the fraud risks to the department's operations and the controls that are in in place, or being developed, to minimise and combat those risks. The Plan is based on up-to-date assessments of current fraud risks associated with the department (these assessments are undertaken every six months). Examples of possible fraud risks overseas include, but are not limited to: • Misappropriation of funds • Altering documents • Falsifying signatures • Misuse of Commonwealth assets • Providing false information to the Commonwealth

seen that submission? **Mr Williams:** We can look at providing something of similar detail that would run through things so that you have got that outlined for you. We do have our fraud control plan, which is a large document which does run through the fraud— **CHAIR:** That is the fraud control plan for the Commonwealth? **Mr Williams:** Yes. It runs through all the different risks. We can provide you with something specific to posts, because I think you are interested in corruption risks. **CHAIR:** To overseas posts? **Mr Williams:** Yes. **CHAIR:** Yes, that is our particular interest.	With such a large network of offices spanning a variety of operating contexts as well as a complex resource and financial management system, the department's risks and vulnerabilities are unique. In particular, the department faces a number of challenges managing fraud/corruption risks overseas where language barriers and different legal and cultural environments can heighten the opportunities for fraud and obscure detection. Due to the complexity of DFAT's operating environment, the department has constructed a comprehensive three-tiered approach to risk mitigation. This consists of: . risk controls (checks, systems controls and audit measures) . prevention training (through a range of training courses) . prompt and fair investigation of allegations. Risk Controls The department recognises that regular accountable document and financial management checks and the accurate assignment of financial delegations, as provided for in its Financial Management Manual, are often the department's first line of defence against fraud/corruption. Similarly, the policies and procedures outlined in the department's Security Instructions, and summarised in the Annual Declaration of Information Security, are vital to the safeguarding of official information. These finance and security instructions are available to all staff and are reinforced through targeted training courses. Structural defences are also embedded in the department's computer systems, including financial management software, departmental email, cable, passport processing, salary and allowance processing systems. These information management systems provide, respectively: • an effective separation of powers in the performance of financial management functions • restrictions on access to classified information based on the need-to-know principle • centralised monitoring, and audit of, financial and security functions across the department’s operations.

	Prevention Training Mandatory training for specific roles/jobs aims to ensure that the department's fraud/corruption prevention and security awareness policies and practices are adhered to and that the information and financial management systems and software are understood and used effectively by staff. Investigations The department’s Conduct and Ethics Unit (CEU) investigates allegations of corruption, fraud and misconduct fairly and expeditiously in accordance with departmental investigation guidelines and procedures for determining breaches of the Code of Conduct, as set out in the department's Conduct and Ethics manual.