AUDIT REPORT

Riga

11.02.2015   No 2.4.1-10/2014

Efficiency of the process of issuing of biometric passports and supporting information systems

Legal justification of the audit

1. Pursuant to Article 2 of the State Audit Office Law and the audit engagement No 2.4.1-10/2014 of 08.04.2014 of the Audit and Methodology Department of the State Audit Office, a regulatory audit was performed on the "Efficiency of the process of issuing of biometric passports and supporting information systems".

2. The audit was performed in cooperation with the supreme audit institutions of Switzerland, Belgium, Lithuania, Norway, Portugal and Turkey:

    2.1. Pursuant to regulatory enactments and applicable audit standards of each state;

    2.2. By reviewing matters of common interest for all states, with audit scope including matters of interest of particular states relevant for achievement of the aims of the audit in the respective state.

3. The results of the parallel audit for all the participating states will be reflected in a common informative report prepared by the supreme audit institution of Switzerland. This report contains only results of the audit performed by the State Audit Office in responsible authorities and institutions of the Republic of Latvia.

4. The audit was performed by the information system auditors M. Vilmanis (Head of the Audit Team), V. Kaļupnieks and M. Švirksts.

Aim of the audit

5. The aim of the audit is to obtain assurance as to whether the management and control procedures developed and implemented within the processes governing issuance of biometric personal identification documents are appropriate, whether this process is safe and reliable, and to perform general comparison of management and control processes implemented in Latvia with processes followed by other states.

Responsibility of the State Audit Office

6. The auditors of the State Audit Office are responsible for issuing the audit report based on appropriate, sufficient and reliable audit evidence gathered during the audit.

Responsibilities of the audited entity

7. The Ministry of the Interior, the Office of Citizenship and Migration Affairs (hereinafter: the OCMA), the Information Centre of the Ministry of the Interior and the Ministry of Foreign Affairs are responsible for ensuring compliance with regulatory enactments and truthfulness of information provided to the auditors.

Scope of the audit

8. The audit was performed in accordance with the international standards on auditing which are recognised in the Republic of Latvia. The audit was planned and performed in order to obtain reasonable assurance as to whether the process of issuance of personal identification documents (hereinafter: documents) and the development and operation of the respective supporting information system of personal identification documents (hereinafter: ISPID) is efficient and regulatory compliant.

9. During the audit following reviews were performed:

    9.1. Assessment of funds provided for ensuring the process of issuance of documents and assessment of revenue from state document fees;

    9.2. Assessment of basic processes for issuance of documents (filling of application, personalisation of document, transport and storage of documents, issuance of documents, annulling of documents) and the respective controls;

    9.3. Evaluation of cooperation of OCMA with outsourced service providers (ISPID and the maintainers of its infrastructure, providers of courier services, suppliers of document blanks) and other institutions involved in the process of issuance of documents (the Ministry of Foreign Affairs);

    9.4. Assessment of security of the common information and communication technology (hereinafter: ICT) management and information system (hereinafter: IS);

    9.5. Assessment of training and supervision of employees of OCMA and other institutions involved in the process of issuance of documents, from the point of view of security requirements.

10. Efficiency of processes implemented by the OCMA, the Information Centre of the Ministry of the Interior and the Ministry of Foreign Affairs was evaluated based on the internationally recognised best practice principles in issuance of travel documents[1] and management of ICT[2].

11. The audit was mainly performed in OCMA, however reviews of several processes were performed also in the Information Centre and the Ministry of Foreign Affairs.

12. The audit covered the time period from 1 January 2013 up to 31 December 2013, however data from other periods were used in order to compare the indicators of the processes of ISPID and other processes.

13. During the audit following matters were not reviewed:

    13.1. No detailed assessment was performed in respect to specific processes related with the electronic signature included in the identification cards, as long as they did not overlap with the basic processes for issuance of standard biometric personal identification documents;

    13.2. No detailed assessment was performed in respect to processes related with specific personal identification documents (for example, residence permit identification cards, travel documents of refugees and persons of alternative status, diplomatic and service passports), executed before completion and

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[1] Document No 9303 Machine Readable Travel Documents, issued by the International Civil Aviation Organisation in 2006. Part 1: Machine Readable Passports. Volume 2: Specifications for Electronically Enabled Passports with Biometric Identification Capability (sixth edition); The Guide for Assessing Security of Handling and Issuance of Travel Documents, issued by the International Civil Aviation Organisation on January 2010 (version 3.4).
[2] COBIT 4.1 (*ControlObjectivesforInformationandRelatedTehnology*)

authorisation of application in ISPID (for example, taking a decision on assignment of certain status to a natural person by OCMA or the Ministry of Foreign Affairs);

13.3. No review was performed in respect to matters related with data privacy (for example, justification for inclusion of personal data, also biometric data in personal identification documents and use of the data for personal identity checks) and matters in respect to compliance of biometric data with biometric technical security standards.

Summary

14. In general OCMA has facilitated and ensured that the system of issuance of personal identification documents in Latvia is safe, traceable and compliant, however, according to the audit findings, there is a potential to improve the system so that it would more focused on needs of people, cheaper and faster.

15. The actions of OCMA in providing people with passports are not focused on the needs of customers. In order to receive a passport sooner than within ten working days a user is paying double amount of state fee, although judging by its internal resources and employee work load OCMA is able to prepare documents within four days. This means that the state fee for expedited issuance of passport is unjustified, since OCMA is able to perform this service within its normal mode of operations. People would benefit from a possibility to receive documents within a shorter term by gaining financial savings, since, probably, they would choose the standard term of issuance of documents rather than the expedited term of issuance within two working days which is twice as costly.

16. According to the audit findings, in 9267 cases issuance of passports was delayed, due to delay in the supply of passport blanks.

17. Due to the limited options of use of identification cards during elections and travel, as well as due to the fact that the term of validity of identification cards is too times shorter, people are choosing passports as personal identification documents twice as often. This means that a person which chooses passport as a document pays also for a person which chooses identification card.

18. The established amount of the state fee should be reviewed not only by reducing the term of preparation of documents, but also reviewing the appropriateness of calculated fees compared to the costs which are not traceable, as well as there is a need for a clear methodology on calculation of state fees. According to the auditors' estimates, overpayment of state passport fees by people is up to EUR 1.9, meanwhile the established state identification card fee is for EUR 7.28 lower and does not cover the costs of OCMA in the amount of EUR 652 057.

19. Since the price of one passport blank has been reduced by EUR 6 from 2015, the State Audit Office believes that reduction of the state fee is possible in two scenarios. According to the first scenario, by continuing funding of identification cards from revenue gained from state passport fees, the potential reduction of the state fee by EUR 4.28 would reduce the financial burden for people in average by up to EUR 1 618 769[3] per year. According to the second scenario, by discontinuing funding of identification cards from the revenue gained from state passport fees, the potential

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[3] Calculation: the difference between the potentially overpaid amount for passports and the missing amount for identification cards (2 989 921 – 1 371 152 = EUR 1 618 769), restriction per one issued passport up to EUR 4.28 (1 618 769 / 378 471 = 4.28 EUR/passport).

reduction of the state fee by EUR 7.90 would reduce the financial burden for people in average by up to EUR 2 989 921[4] per year.

20. In addition, there is a potential to reduce the financial burden for people residing in foreign countries by at least EUR 242 120 per year, by completely refusing from paper documents or improving their circulation between embassies and the OCMA. Presently people residing in foreign counties are covering document circulation costs caused by a redundant and formal process — use of an expensive courier service for sending passport applications for authorisation to OCMA, irrespective of the fact that the information indicated in the application is momentarily available in ISPID.

21. Also, OCMA is not using the opportunity to save time and money of people, since no service of sending the ready documents by secure mail is offered, unlike the practice of foreign representative offices of Latvia.

22. The costs of OCMA and the resulting amount of state fees could be reduced by reviewing the work load of the employees of OCMA, since during the year the work load of OCMA fluctuates up to two times with substantially unchanged number of employees, indicating to a potential of substantial increase in productivity of employees of OCMA. This is due to the seasonality of work, especially in July, when people are more actively willing to receive documents.

23. The designed functionality for accrual of contact information of people is no extensively used in order to adjust the work load and to ensure other communication with customers by sending various e-mail or mobile phone reminders and informative messages to people, for example in order to remind about expiration of validity of documents and to invite visiting the department during times when the work load is not so intense.

24. The internal control developed by OCMA is insufficient and there are potential risks of fraud; according to the audit findings, in several cases documents were issued during a shorter term by levying the standard tariff for preparation of documents, as well as in some cases document applications were admitted and documents were issued during holidays, outside the office hours of OCMA departments.

25. Although two years ago a specialised software for analysis of actions of users of ISPID was purchased for 34 thousand Euro, the software is not actively used, which does not facilitate efficient use of budgetary funds and does not ensure identification and detailed analysis of suspicious activities by the employees of OCMA.

26. OCMA allows receiving back and continuation of use of lost and later found documents, and this does not comply with general security and best practice requirements, since for such documents there is no guarantee as to what actions (including criminal) were performed with documents and whether or not these actions might impact interests or safety of respective persons.

27. One of the benefits of biometric documents is the possibility to include biometric data which facilitates personal identity check and reduced the potential of fraudulent actions performed by using a document that belongs to another person. However, in situations when the quality of biometric data included in passport is low, this benefit may become an obstacle causing complications during border crossing, when data included in the passport are compared with the actual fingerprints. According to the audit findings, the

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[4] Calculation: EUR 7.90 (approximate potential calculated overpayment for issuance of one passport since 2015 EUR 7.90) x 378 471 (average number of passports issued during the time period 2012–2014) = EUR 2 989 921.

results of the quality control of personal biometric data indicated to significant deficiencies, which OCMA should eliminate urgently.

28. Also, resources are inefficiently used for redundant storage of documents and electronic data, which provides a potential for fraudulent actions and use of sensitive information on natural persons. Although the Biometrics data processing system was expected to be operational since 2009 as a central tool for processing and storage of biometric data, data is still electronically accumulated within ISPID and stored there for unlimited time.

29. At the result of the audit 18 recommendations were issued in respect to establishment of state fees, term of issuance of documents and options for receipt of documents, quality of biometric data, storage of documents and electronic data and security management of IS.

30. The aim of the recommendations is to review the justification for the established amount of mandatory fees and to reduce the financial burden for people, to reduce the term of issuance of documents and to broaden the ways of communication and receipt of documents, to improve the quality of issued documents, to expand the use of opportunities provided by IS as to improvement of the process of issuance of documents, as well as to ensure appropriate and safe storage, destruction and access control of documents and electronic data which contain the respective information.