

Government Response to the Parliamentary Joint Committee on Public Accounts and Audit Report 411 – Progress on equipment acquisition and financial reporting in Defence.

Recommendation

The committee recommends the Department of Defence address the Committee's findings and provide an update to the Committee at a public hearing to be held 12 months from the tabling of this report.

Response

Agreed. The Department of Defence will provide the Committee with an update of its progress at a public hearing to be held around August 2009.

Defence notes and agrees with the findings made by the JCPAA in *Report 411 Progress on equipment acquisition and financial reporting in Defence*.

Defence is committed to continuous improvement in financial management and the Chief Finance Officer Group is happy to advise the committee that for the first time in seven years Defence received an unqualified audit report for its 2007-08 financial statements.

However, the CFOG agrees with the Committee that the large investment in financial training should be accompanied by the development of techniques to measure the effectiveness of this investment. Going forward, the key evaluation metrics to assess the financial training requirement and effectiveness will be based on areas of financial management risk and identified financial weaknesses. These metrics will be regularly monitored with reference to Defence's controls framework, audit findings and compliance reporting issues.

In relations to Kinnaird Reform, the Defence Materiel Organisation wishes to reassure the Committee that it continues to work with Defence to improve the effectiveness and efficiency of procurement and containment activities.

The need to continue with reforms underway in the DMO and in defence capability development processes is a key theme of David Moritmer's review of defence procurement and sustainment. The report entitled "Going to the Next Level" was tabled in the Parliament on 23 September by the Minister for Defence.

The DMO worked with the ANAO, with respect to the Major Projects Report, and the pilot report was tabled in the Parliament in November 2008. The report provides a standardised suite of information, and offers improved transparency and accountability.