

Ms Kathleen Dermody
Committee Secretary
Senate Foreign Affairs, Defence and Trade References Committee
PO Box 6100
Parliament House
Canberra ACT 2000

28 February 2011

Dear Ms Dermody,

Deloitte Submission: Inquiry into Department of Defence's Request for Tender (AO/014/09) for the provision of air support to the Middle East Area of Operations

This letter is a submission by Deloitte Touche Tohmatsu (Deloitte) to the inquiry into the Department of Defence Request for Tender (AO/014/09) for the provision of air support to the Middle East Area of Operations.

In your letter to Ms Leslie Moore, General Counsel, Deloitte Australia dated 30 November 2010, you invited Deloitte to make a submission on the terms of reference.

The Department of Defence (Defence) appointed Deloitte to undertake an examination of the procurement process for Request for Tender AO/014/09-10. Deloitte issued a report on 10 September 2010, which includes details of the work performed and conclusion. A copy of the report is attached to this letter.

Deloitte's examination covered a number of aspects of the Committee's terms of reference and therefore may be of assistance to the inquiry. The scope of our examination is set out in Section 2 of our report.

The limitations to the scope of our work are outlined on page 2 of the report and were due to the following:

- The timeframe to perform our work was initially 5 business days, which was subsequently extended by 2 business days. In order to complete the engagement in the timeframe, Deloitte assembled a team of 23 staff, including 7 partners, who worked on this engagement over the 7 business days and the weekend. Deloitte partners and staff spent approximately 995 hours on this examination
- Defence had conducted interviews and obtained statutory declarations from Adagold representatives and Major Charlton. Given the scope of our engagement, the timeframes involved and the information contained in the interviews and statutory declarations, we did not believe further interviews were required
- Deloitte was not engaged by Defence to re-perform the tender evaluation process
- The scope of the work was not an audit hence Deloitte did not perform audit procedures testing the accuracy of the information provided by the tenderers, the financial viability spreadsheet or the online media sources.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

No restrictions were placed on Deloitte by Defence in the conduct of our engagement.

Subsequent to issuing the report and as required in our terms of reference, Deloitte received the outstanding information as noted in Section 4.6 of the report and nothing came to our attention to indicate that the list of individuals, are not fit and proper for the purpose of contracting with the Commonwealth.

Yours sincerely

Dennis Krallis
Partner
Deloitte Touche Tohmatsu

Peter Bars
Partner
Deloitte Touche Tohmatsu