



JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Inquiry into financial reporting and equipment acquisition
at the Department of Defence and Defence Materiel Organisation

MEDIA RELEASE

Issued: 16 March 2006

Chair: Tony Smith MP

Deputy Chair: Sharon Grierson MP

Reforms to financial reporting and equipment acquisition at Defence and DMO: parliamentary review

Federal Parliament's Public Accounts and Audit Committee has called for submissions to a new inquiry, into progress by the Department of Defence and Defence Materiel Organisation in implementing ongoing reforms to financial reporting and equipment acquisition.

"In recent years a series of reviews, notably the financial and performance audits conducted by the Auditor-General, have scrutinised financial reporting and equipment acquisition at Defence and DMO and recommended several reforms", Committee Chair Tony Smith said.

"I welcome the commitment of the Secretary of the Department of Defence, and the Chief Executive Officer of DMO, to resolving the issues raised by the Auditor-General and others, and note the work that has occurred to date", Mr Smith said.

"However, from both a national security and financial perspective it is important that taxpayers' funds provided to Defence are managed effectively. Our inquiry will assess the systems that Defence and DMO have put in place to improve their financial reporting and equipment acquisition processes, and how those systems compare against international best practice".

An advertisement calling for public submissions will appear in the *Australian Financial Review* of Saturday 18 March; *The Australian* of Wednesday 22 March; and the next edition of *Australian Defence Magazine*. The advertisement, and the terms of reference for the inquiry, are attached.

The Committee invites public submissions addressing the terms of reference. The preferred closing date for submissions is **Friday, 21 April 2006**. However, the committee will continue to accept submissions after this date. The preferred format is for submission documents to be emailed to jcpa@aph.gov.au. Further information on making a submission is available on the Committee's website.

The Committee will consider all submissions and may then invite individuals and organisations to discuss issues directly with Members.

For more information: please contact the inquiry secretary on telephone (02) 6277 4615 or visit the Committee's website at www.aph.gov.au/house/committee/jpaa/



Parliament of Australia

JOINT COMMITTEE OF
PUBLIC ACCOUNTS AND AUDIT

**Inquiry into
financial reporting and
equipment acquisition at
the Department of Defence
and Defence Materiel
Organisation**

Federal Parliament's Public Accounts and Audit Committee is to inquire into progress in implementing systemic reforms in the areas of financial management and equipment acquisition at the Department of Defence and Defence Materiel Organisation.

The inquiry will examine progress in implementing Defence's financial remediation plans and the reforms outlined in the Defence Procurement Review 2003 (the Kinnaird Review); Australia's relative achievements in procurement and financial reform; and progress in Defence's adoption of international business accounting standards, relative to international best practice in all these areas.

Submissions to the inquiry are invited from interested organisations and individuals.

Persons wishing to make submissions should contact the Committee Secretariat by email at jcpa@aph.gov.au; or phone (02) 6277 4615. The Committee would prefer to receive submissions by Friday 21 April 2006, but will continue to accept submissions throughout the inquiry.

The full Terms of Reference for the inquiry, and further information on the Committee, are available at www.aph.gov.au/house/committee/jpaa, or by phoning the number above.

**PARLIAMENT OF THE
COMMONWEALTH OF AUSTRALIA**

hms/C041912

Terms of reference

The Joint Committee of Public Accounts and Audit shall inquire into and report on progress in implementing systematic reforms in the areas of financial reporting and equipment acquisition at the Department of Defence and the Defence Materiel Organisation (DMO), as identified in ANAO financial and performance audits, the Defence Procurement Review 2003 (the Kinnaird Review) and the Senate Foreign Affairs, Defence and Trade References Committee's 2003 *Report on the Inquiry into Materiel Acquisition and Management in Defence*, including the following:

- Progress in implementing Defence's financial remediation plans, relative to international best practice in these areas, and recommend any further measures that can be adopted;
- Progress in implementing the Kinnaird Reforms, relative to international best practice in these areas, and recommend any further measures that can be adopted;
- Review Australia's relative achievements in procurement and financial reform relative to international best practice in these areas of defence administration; and
- Assess progress in Defence's adoption of international business accounting standards relative to international best practice in this area of defence administration.