



Auditor-General for Australia

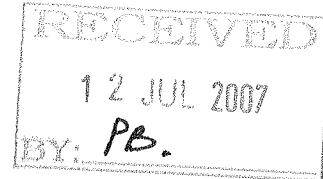
Submission No: 3.2



F2006/411

5 July 2007

Mr Phil Barresi MP
Chair
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600



Dear Mr Barresi

**DEPARTMENT OF DEFENCE
2006-07 FINANCIAL STATEMENT AUDIT**

At the Joint Committee of Public Accounts and Audit (JCPAA) hearing on 13 June 2007, in respect of the JCPAA enquiry into the *Financial management and equipment acquisition at the Department of Defence (Defence) and Defence Materiel Organisation (DMO)*, you enquired as to the status of the Australian National Audit Office's (ANAO) review of Defence's Standard Defence Supply System (SDSS).

In response to your question, Mr Michael White, indicated that at that point in time the ANAO had not received the final position from Defence or DMO on their view of controls reliance in relation to SDSS for 2006-07 and undertook to advise you of the ANAO's view when complete.

On 22 June 2007, Defence forwarded a copy of the report *Review of SDSS IT Controls Framework: Status Report May 2007*. The report indicates that it is the DMO's position that a robust control framework surrounding SDSS exists and has been in existence throughout 2006-07, although it notes the need for third party testing (external) of compliance with those controls, which is not yet complete.

Subsequently, Defence is yet to formally provide their view for 2006-07 and have advised the ANAO that they will conclude once the third party testing is complete. The ANAO is still awaiting this advice and will inform you of our perspective following receipt of the Defence advice.

Yours sincerely

Ian McPhee
Auditor-General