



## JCPAA Review of Defence financial management

**Public Hearing, Wednesday 16 March 2005,  
12 noon – 1:30pm in Committee Room 2S1,  
Parliament House, Canberra**

Chair of the Joint Committee for Public Accounts and Audit (JCPAA), Bob Baldwin, has announced the Committee is holding a public hearing this Wednesday, 16 March, 2005, to review the following Auditor-General reports:

- *Audit Report No. 5, 2004-05, Management of the Standard Defence Supply System Upgrade; and*
- *Audit Report No. 21, 2004-05, Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004.*

Audit Report No. 5, regarding a Defence project to upgrade the IT system that manages Defence inventory and stocktake practices, found that despite costing nearly \$50 million, the project had not delivered value for money. In fact, the system is functioning worse than it did prior to the upgrade, and many Defence personnel in the field are refusing to use the system.

The Committee will be looking at what went wrong with the SDSS project, and what action Defence has taken to improve its IT project management.

Audit Report No. 21 is the ANAO's annual audit of all financial statements for Australian Government agencies. When auditing Defence's financial statements, the ANAO found significant problems in Defence's key management and financial systems. The ANAO could not validate \$7.12 billion of Defence assets and \$1.23 billion of Defence liabilities.

This led to the ANAO stating that it had an "inability to form an opinion" on Defence's finances – the first such qualification in ANAO's history.

This finding is of major concern to the Committee, as it points to significant weaknesses in Defence financial management. The Committee will be asking Defence how it allowed this situation to occur, the extent of the problem, and what action is being taken to address the problem.

Under the Public Accounts and Audit Committee Act 1951 (PAAC Act), it is the duty of the Committee to examine all reports of the Auditor-General that are tabled in each House of the Parliament.

**For media comment: please contact Mr Bob Baldwin MP on telephone 6277 4288.**

All Auditor-General's reports can be found on the ANAO website at [www.anao.gov.au](http://www.anao.gov.au)

For **more information**, contact the inquiry secretary on telephone (02) 6277 4615 or visit the Committee's website at [www.aph.gov.au/house/committee/jpaa/index.htm](http://www.aph.gov.au/house/committee/jpaa/index.htm)