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**CAE Opening Statement**  
**JCPAA Review of Auditor-General's Report**  
**No. 25 (2012-13) – 13 Feb 2014**

1. Thank you, Chair, I will make some brief opening comments and then we are happy to take the Committee's questions.
2. Defence was pleased to receive the audit report on the implementation of audit recommendations, as it represented an opportunity to measure our progress in harnessing the full value of external and internal performance audits. The ANAO found many positive elements in our systems for tracking and implementing audit recommendations. ANAO were very constructive in their engagement with us during the audit, and gave us early indication of their likely findings.
3. Defence accepted both audit recommendations and, by the time the audit was concluded, work was already underway to remedy weaknesses identified by the ANAO. We took steps to follow up promptly on audit recommendations that were slow to be implemented. We focused attention on achieving closure within nominated timeframes, and on escalating continuing difficulties to senior management at the earliest opportunity.
4. As a result, the Defence Committee and the Minister are now provided with regular advice on the implementation of internal and ANAO performance audit recommendations. The Defence Committee is chaired by the Secretary and its attention to audit recommendations has elevated accountability for the implementation of audit recommendations to the highest levels. The Defence Committee is now aware of the officers responsible for implementing audit recommendations, the reasons for any delays and the actions being taken to complete implementation.

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5. To prompt the timely implementation of audit recommendations, Audit will continue to work with Groups to improve the timeliness of implementing audit recommendations.
6. We have also put in place a rigorous process for the closure of all audit recommendations. The officers responsible for implementing audit recommendations are now required to provide closure packs with supporting evidence, signed by an officer of the Senior Executive Service or an equivalent rank in the ADF.
7. All closure packs for ANAO performance audit recommendations are reviewed by Defence Audit Branch, who verify that the required change or improvement has been realised before authorising the closure of the recommendation.
8. The ANAO audit report also recommended improvements to the Defence Audit and Risk Committee's consideration of audit recommendations. As a result, the Defence Audit and Risk Committee's agenda now includes the status of audit recommendations as a standing item. The Defence Audit and Risk Committee has also resumed annual reporting to the Secretary on its operation and activities.
9. That is a brief summary of the steps taken to date. We would be happy now to answer any questions the Committee may have.



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