

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2012-13

Prime Minister and Cabinet Portfolio

Department/Agency: Australian National Audit Office

Outcome/Program: Program 2.1

Topic: Defence Integrated Distribution Services Contract

Senator: Milne

Question reference number: 44

Type of question: Written

Date set by the committee for the return of answer: Friday, 30 November 2012

Number of pages: 2

Question:

1. It was reported in September this year that your office intended to conduct a full audit of the outsourcing of the management of Defence Department warehouses under the Defence Integrated Distribution Services contract.
 - a) Will this audit occur?
 - b) Has this audit commenced?
 - c) Will the audit cover an assessment of why the Department is not pursuing its contractual rights against the Tenix-Toll consortium to be reimbursed for missing stock which allegedly includes rifles, ammunition and furniture?
 - d) Will the audit assess precisely what stock has gone missing?
 - e) Will the audit cover an assessment of the timing and nature of the insertion of 'amendment 69', which replaced financial liabilities provisions with 'further discussion provisions'?

Answer:

The Australian National Audit Office (ANAO) does not currently plan to undertake a performance audit of the Defence Integrated Distribution Services (DIDS) contract.

The 'Defence Integrated Distribution System' was included as a potential performance audit in the ANAO's 2011-12 Audit Work Program but was not commenced. However, in developing the 2012-13 Program other audits in the Defence portfolio were assessed to be of higher priority, and a number of these have been commenced.

The ANAO is aware that the Inspector-General of Defence has received correspondence containing allegations about the management of the DIDS contract. The correspondence includes a number of the matters raised in this question on notice. Defence has informed the ANAO that the Inspector-General has, in the first instance, sought advice from Joint Logistics Command to inform his consideration of any further action that may be necessary. In this context, any subsequent investigations will be a matter for the Inspector-General.