



House of Commons
Defence Committee

**Ministry of Defence
Annual Report and
Accounts 2007–08:
Government response to
the Committee's Fifth
Report of Session 2008–09**

**Second Special Report of Session
2008–09**

*Ordered by The House of Commons
to be printed 9 June 2009*

The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

Current membership

Rt Hon James Arbuthnot MP (*Conservative, North East Hampshire*) (Chairman)
Mr David S Borrow MP (*Labour, South Ribble*)
Mr David Crausby MP (*Labour, Bolton North East*)
Linda Gilroy MP (*Labour, Plymouth Sutton*)
Mr David Hamilton MP (*Labour, Midlothian*)
Mr Mike Hancock MP (*Liberal Democrat, Portsmouth South*)
Mr Dai Havard MP (*Labour, Merthyr Tydfil and Rhymney*)
Mr Adam Holloway MP (*Conservative, Gravesham*)
Mr Bernard Jenkin MP (*Conservative, North Essex*)
Mr Brian Jenkins MP (*Labour, Tamworth*)
Robert Key MP (*Conservative, Salisbury*)
Mrs Madeleine Moon (*Labour, Bridgend*)
John Smith MP (*Labour, Vale of Glamorgan*)
Richard Younger-Ross MP (*Liberal Democrat, Teignbridge*)

The following Members were also Members of the Committee during the Parliament.

Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)
Derek Conway MP (*Conservative, Old Bexley and Sidcup*)
Mr Kevan Jones MP (*Labour, Durham North*)
Mr Mark Lancaster MP (*Conservative, North East Milton Keynes*)
Willie Rennie MP (*Liberal Democrat, Dunfermline and West Fife*)
Mr Desmond Swayne MP (*Conservative, New Forest West*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: www.parliament.uk/defcom

Committee staff

The current staff of the Committee are Mike Hennessy (Clerk), Richard Ward (Second Clerk), Karen Jackson (Audit Adviser), Sara Turnbull (Inquiry Manager), Richard Dawson (Senior Committee Assistant), Christine McGrane (Committee Assistant) and Miguel Boo Fraga (Committee Support Assistant).

Contacts

All correspondence should be addressed to the Clerk of the Defence Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5745; the Committee's email address is defcom@parliament.uk. Media inquiries should be addressed to Alex Paterson on 020 7219 1589.

Second Special Report

The Defence Committee published its Fifth Report of Session 2008–09 on *Ministry of Defence Annual Report and Accounts 2007–08* on 30 March 2009, as House of Commons Paper HC 214. The Government's response to this Report was received on 29 May 2009. This is appended.

Government response

Introduction

The Government welcomes the Committee's report on the Ministry of Defence Annual Report and Accounts 2007-08. The Government's response to the conclusions and recommendations contained in the Committee's report is set out below.

The Joint Personnel Administration programme: the Qualified Audit Opinion

1. (Recommendation 1). It is difficult to exaggerate the magnitude of the failure of the Joint Personnel Administration programme. At a time when the Department is seeking, in many cases successfully, to deal with areas of dissatisfaction in service personnel life, this failure, which affects pay, entitlements and service records, is unacceptable. (Paragraph 10)

We are determined to identify and address areas of dissatisfaction with Service life, and have recognised that the Joint Personnel Administration (JPA) interface with Service personnel has been such a source of dissatisfaction. The then Under Secretary of State (Mr Twigg) therefore commissioned a comprehensive and independent review of JPA in mid-2008.

The Review Report concluded that improvements were needed in a number of key areas including: governance; training; and a reduction in complexity to improve the user experience of the system. At the same time, the Review concluded that JPA has been “a considerable strategic success”.

We have taken determined and systematic action to meet the Review's recommendations. A comprehensive analysis of JPA business functionality – that will identify gaps between what has been required and what has been delivered – is nearly complete. On the one hand, the initial findings of this stock-take of JPA show that there are problems with system access, some aspects of functionality and with the provision of management information. On the other hand, they show that JPA is largely fit for purpose.

The Service Personnel and Veterans Agency (SPVA) has achieved a 97.89% level of accuracy against its Key Targets for Financial Year 2008-09 for the delivery of pay to Service personnel. 99.99% of personnel were paid on time.

2. (Recommendation 2) We express our serious concern that the MoD's Resource Accounts for 2007-08 were qualified by the Comptroller and Auditor General, as a result of their lacking financial controls, arising from the recently introduced Joint Personnel Administration system. We are also concerned by the number of weaknesses in financial control identified by the NAO. We look to the MoD to address these weaknesses as a matter of urgency. (Paragraph 15)

We are addressing the National Audit Office's concerns with urgency and are working to complete:

