# Army Individual Readiness Notice Follow-up Audit

## Department of Defence

Canberra   ACT
29 April 2004


Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Defence in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Army Individual Readiness Notice Follow-up Audit.*

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

Oliver Winder
Acting Auditor-General


The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra   ACT

**AUDITING FOR AUSTRALIA**

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# Abbreviations

| | |
|---|---|
| ACMC | Army Capability Management Committee |
| ADF | Australian Defence Force |
| AHQ | Army Headquarters |
| AIRN | Army Individual Readiness Notice |
| ANAO | Australian National Audit Office |
| APC | Army PMKeyS Cell |
| ARMS | Audit Recommendation Management System |
| BFA | Basic Fitness Assessment |
| BIR | Baseline Individual Readiness |
| CACD | Chief Of Army's Capability Directive |
| CASAG | Chief Of Army's Senior Advisory Group |
| CMP-A | Corporate Management And Planning–Army |
| CO | Commanding Officer |
| CPD | Chief Of The Defence Force Preparedness Directive |
| DCO | Defence Community Organisation |
| HIR | High Individual Readiness |
| IR | Individual Readiness |
| IRS | Individual Readiness Standards |
| JCPAA | Joint Committee Of Public Accounts And Audit |
| LHQ | Land Headquarters |
| NWCC | National Welfare Coordination Centre |
| PMKeyS | Personnel Management Key Solutions |
| PR | Public Relations |
| RN | Readiness Notice |
| SOA | Statement Of Availability |
| UWO | Unit Welfare Officer |

# Summary and Recommendations

# Summary

## Background

1.     The Australian National Audit Office (ANAO) has followed up on Audit Report No.26 1999–2000 *Army Individual Readiness Notice*. Individual readiness (IR) is one foundation on which Army preparedness is built. The maintenance of a specified level of IR in peacetime (along with other factors such as equipment readiness and collective training) influences the speed of which Army can deploy on operations.

2.     The objective of the 1999–2000 audit was to assess the efficiency and administrative effectiveness of Army Individual Readiness Notice (AIRN), first introduced in 1997, and to identify possible areas for improvement. The audit concluded that: there was scope for improving the effectiveness of AIRN in achieving its objective by establishing operational or deployable levels of IR for all components; and the administration of AIRN could also be more efficient by improving the recording and reporting system utilised.

3.     The previous audit report made eight recommendations aimed at improving the efficiency and administrative effectiveness of AIRN. Defence agreed, or agreed in principle, to six of the recommendations and disagreed with two. The two disagreed recommendations related to removing the statement of availability (SOA) and making the replacement of unavailable members part of mobilisation planning and setting operational standards for IR components. The Joint Committee of Public Accounts and Audit (JCPAA) reviewed the 1999–2000 ANAO audit report and supported the findings and conclusions.

4.     The objective of the current audit was to assess Army's progress in implementing the ANAO recommendations and to examine and assess any developments in relation to AIRN since the 1999–2000 audit report and the 2001 JCPAA report. Army updated AIRN policy in 2001 and 2004, and the ANAO has assessed, where appropriate, the implementation of the 1999–2000 audit recommendations for these two policy reissues.

## Key findings

### Implementation of AIRN (Chapter 2)

5.     In 2001 and 2004, Army reviewed the AIRN objective as part of the policy releases and identified aspects of the IR components and policy administration that could be improved. Army undertook appropriate action to review and implement changes to enhance the effectiveness of AIRN.

6.     In mid-2000, Army commenced actions to identify the annual cost of maintaining the AIRN policy. For the 2001 AIRN policy reissue, a number of actions

were initiated to contribute to the development of a costing model, including the identification of annual and one-off costs. However, efforts to cost the administration of AIRN have been discontinued. Army has indicated that AIRN costing is not captured on a regular basis, as AIRN is considered to be the most effective approach to measure IR across Army. It is also deemed too difficult due to the variable factors involved.

**7.** For the 2001 AIRN policy, inconsistencies between AIRN and its supporting policies were observed by the ANAO for dental and medical fitness requirements. The ANAO found at the time of reporting that dental policy was still inconsistent under the 2004 AIRN policy, but Defence advised the ANAO in February 2004 that full alignment would be concluded by December 2004. AIRN policy oversight was provided by a number of senior Army corporate bodies to make sure the findings of the 1999–2000 audit report and Army review of AIRN in 2000 were considered. Communication with Army units on the changes to the 2001 AIRN policy was of varying standards, as reflected by the inconsistent application by units.

## Individual readiness components (Chapter 3)

**8.** Dental Health Services Branch considered there was no operational requirement for most part time members (or Reserves) to be at Dental Class 2.[1] The decision to change dental policy for part time members appears to be predicated on a common sense approach, which suggested the cost of maintaining them at Dental Class 2 was disproportionate to their likely level of operational contribution. Actions were undertaken in 2003 to determine the cost of dental treatment for part time members and the cost implications of increased usage of civilian dentists.

**9.** The annual SOA has been retained as an indicator of a member's availability for deployment. Army has supplemented the use of the SOA with a greater onus on members to report changes in their availability when they arise. The approach to mobilisation planning to replace members who become unavailable at the time of deployment is currently in the process of being formalised in the Chief of Army's Capability Directive (CACD).

**10.** The support measures attachment is no longer part of the SOA under the 2001 and 2004 AIRN policies. Army now employs a different approach to assessing deployment support—via a support network involving a member's unit, the National Welfare Coordination Centre (NWCC) and the Defence Community Organisation (DCO). Although the network of support personnel and organisations is extensive, there was some variation in approach taken by units.

**11.** For the 2001 AIRN policy, Army undertook action to develop the construct for the two levels of IR and links between some IR component standards and unit

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[1]  Dental Class 2 is defined as a level of dental fitness where a member need not be fully dentally fit, but is not expected to become a dental casualty in the next 12 months.

readiness notice (RN).[2] The ANAO considers that more appropriate standards were needed for some components for the policy to be useful. Army addressed this recommendation to a greater extent in the 2004 policy by directing unit commanding officers (CO) to determine, from the Brigade Preparedness Directive, the IR requirements for members of the unit to ensure that the unit's preparedness requirements can be achieved within the unit's RN.

## Recording and reporting of AIRN information (Chapter 4)

**12.**      A number of users experienced significant difficulties in operating Personnel Management Key Solutions (PMKeyS) when it was first introduced, as the training programs were perceived to be inadequate. In June 2003, Army initiated a new training program to retrain users of PMKeyS, which has made progress in increasing users' working knowledge and understanding of PMKeyS. This has coincided with functional upgrades of PMKeyS. Users have advised the ANAO that training and system improvements have assisted in reducing the administrative burden imposed on units in the recording and reporting of IR data, and have also increased their ability to interrogate the system.

**13.**      Changes in IR policy and PMKeyS business processes and training now permit continuous reporting of IR. The previous arrangement only allowed reporting of IR at six monthly intervals. However, PMKeyS business processes require further improvements to make sure that accurate AIRN data can be generated to populate IR reporting and meet user needs.

## Overall audit conclusion

**14.**      Army has made significant progress in implementing the ANAO's 1999–2000 audit report recommendations, as outlined in Table 1. However, data integrity issues still exist in the IR reporting produced by PMKeyS. For example, comparing PMKeyS reporting with the 2003 Army manual IR audit revealed substantial data inaccuracies understating the level of IR by half. This lack of data integrity compromises AIRN's usefulness as a reporting tool for IR across Army and will require ongoing monitoring. Recent improvements in the functionality of PMKeyS and the introduction of a revised training program have eased some of the administrative burden of recording AIRN data.

**15.**      Progress has been made on the revision of dental policy for part time members and the costing of dental support options; the assessment of support to deploying members and their families; and the development of IR standards to interrelate with operational readiness. The ANAO supports the actions undertaken to strengthen the link between IR and unit's directed preparedness requirements

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[2]    Readiness notice (RN) is the time a force element requires to move from one specified level of capability to another.

outlined in the 2003 CACD. The effectiveness of AIRN could also be improved by resolving the inconsistency that remains between AIRN and the dental support policy for the 2004 policy reissue.

**16.** The ANAO made one recommendation to improve the accuracy of individual readiness reporting by PMKeyS, which was agreed to by Defence.

# Defence response to the report

**17.** Defence advised the ANAO of its full response to the audit as follows:

Defence agrees with the proposed recommendation. Defence is aware of the problems with regards to the management and reporting of Individual Readiness via PMKeyS. It is anticipated that the PMKeyS system upgrade, which is planned for initial approval in May 2004, will address these problems.

## Table 1

### Implementation status of 1999–2000 ANAO recommendations

| Recommendations | ANAO assessment | Paragraph reference |
|---|---|---|
| **Recommendation No.1:** The ANAO *recommends* that Army identify the annual cost of maintaining an Army Individual Readiness Notice (including costs associated with its assessment, recording and reporting) so that its cost-effectiveness can be assessed. | ★ | **2.6–2.14** |
| **Recommendation No.2:** The ANAO *recommends* that, if it is decided to retain and revise AIRN, Army ensure that all necessary changes to supporting policies are made and promulgated prior to its release and that its re-issue be accompanied by appropriate oversight, coordination, communication and funding. | ★ ★ | **2.15–2.36** |
| **Recommendation No.3:** The ANAO *recommends* that Army review the provision of dental support to part time members and that this review aim to assess the risk that part time members would need to be deployed and the costs involved with various dental support options, including the provision of dental support upon call out. | ★ ★ ★ | **3.1–3.9** |
| **Recommendation No.4:** The ANAO *recommends* that Army:<br><br>(a) remove the requirement for members to complete the Statement of Availability (SOA) and instead request that members advise their unit of any legal or compassionate encumbrances that would prevent them from fulfilling their service obligation under the Defence Act only when such encumbrances arise; and<br><br>(b) as part of mobilisation planning, detail how those members found to be unavailable when required for deployment are to be replaced. | ★ ★ | **3.10–3.16** |

| Recommendations | ANAO assessment | Paragraph reference |
|---|---|---|
| **Recommendation No.5:** The ANAO *recommends* that Army review the need for the support measures attachment to the member's Statement of Availability and consider whether there would be more efficient ways of collecting data needed to assess members' requirements for deployability support. | ★ ★ | **3.17–3.22** |
| **Recommendation No.6:** The ANAO *recommends* that Army review the AIRN components and establish operational levels of individual readiness for each component so that minimum or peacetime levels can be set that would allow the operational levels to be achieved in the specified notice period. | ★ ★ | **3.23–3.38** |
| **Recommendation No.7:** The ANAO *recommends* that Army produce a comprehensive user requirement to aid in the development of an improved recording and reporting system that avoids the problems associated with the present system and provides users with individual readiness information appropriate to their needs. | ★ ★ | **4.1–4.30** |
| **Recommendation No.8:** The ANAO *recommends* that, given the significant changes that have occurred in Army and in Australia's strategic environment since AIRN's initial development, Army now review the 1999–2000 AIRN objective to ensure that it is still appropriate and achievable and determine whether it is the most efficient and effective model for achieving individual readiness. | ★ ★ ★ | **2.1–2.5** |

## Assessment Key

| | |
|---|---|
| **Implemented** | ★ ★ ★ |
| **Significant progress on implementation** | ★ ★ |
| **Limited progress on implementation** | ★ |

# Recommendation

*Set out below is the ANAO's recommendation, with the report paragraph reference and an indication of the Defence response.*

**Recommendation No.1 Para 4.31**

The ANAO recommends that Defence undertake appropriate system and business process upgrades and provide regular training to ensure that PMKeyS can accurately report individual readiness.

***Defence response:*** Agreed.

# Audit Findings
and Conclusions

# 1.   Introduction

*This chapter provides an overview of the previous audit coverage, the Joint Committee of Public Accounts and Audit review of the 1999–2000 audit and the audit approach.*

## Background

**1.1**    AIRN was developed in response to increasing shortages of personnel in many full time units and recognition that, increasingly in modern warfare, lengthy mobilisation periods are not available. IR had always been a requirement of Army service but AIRN brought its specific components together into a single instruction and sought to establish a minimum level of IR across Army. This resulted in little change to the requirements for full time members but raised the requirements for part time members. To be assessed as 'individually ready' (that is, compliant with AIRN), a member must meet or exceed the minimum standards set for each of the IR components: dental, medical, and physical fitness, weapons and employment proficiency and individual availability.

**1.2**    As at January 2004, AIRN applies to 24 263 full time members and 13 108 part time members within Army.[3]   Unit COs are responsible for ensuring that each member under their command is assessed in each component throughout the year and that assessment information is entered into PMKeyS. Members who are permanently unable to achieve the standards required by AIRN (or members who are temporarily unable to achieve the standards for reasons within their own control) are liable to be discharged from the Army.

## Previous audit coverage

**1.3**    The objective of the initial 1999–2000 audit was to assess the efficiency and administrative effectiveness of AIRN, and to identify possible areas for improvement. The audit focused on all aspects of AIRN from its development and implementation to its current operation and outcomes. The scope of the audit included both full time and part time Army members.

**1.4**    The central findings of the audit were as follows:

- There was scope for improving the effectiveness of AIRN in achieving its objective by establishing operational or deployable levels of IR for all components.

- The initial development stages of AIRN had been constrained by time and important decisions as to the length of the readiness notice period, and

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[3]    AIRN does not apply to personnel who have not completed their initial employment training.

components to be included in the notice were not based on a thorough analysis of the risks or costs involved.

- AIRN was not implemented as well as it might have been due to the requirement that costs associated with implementation be absorbed within current and forecast resources.

- It is time-consuming for Army units to enter data on each member's AIRN achievement into the reporting and recording system, and the reports available from it lack timeliness and need to be manually adjusted to provide an accurate recording of IR.

- AIRN summary reports had not been requested by higher-level formations and reports, and when produced for these formations, needed to be manually developed.

- AIRN would benefit from a review of its 1997 objective to ensure that it is still appropriate and achievable, and to determine whether it is desirable to retain AIRN as the primary tool for ensuring IR.

## Review by Joint Committee of Public Accounts and Audit

**1.5**     The ANAO audit report was reviewed by the JCPAA, which reported on the review in 2001.[4] The major outcomes from the JCPAA review were Army's change in response to Recommendation No.6 of the 1999–2000 audit report from not agreed to agreed, and the Committee's recommendation that 'Army define rigorously what constitutes sufficient warning time, a sufficient level of readiness and the cost implications of readiness and sustainability'. Information from Audit Recommendation Management System (ARMS)[5] on the implementation of this recommendation stated that:

> whilst Army rigorously defines what constitutes a sufficient level of readiness and the cost implications of readiness and sustainability, these definitions are reliant and dependent on the definitions of sufficient warning times issued as a part of the Chief of Defence Force Preparedness Directive (CPD). In accordance with the CPD, Army produces the CACD outlining readiness, resourcing and costings to support the CPD and the events that may eventuate.

**1.6**     ANAO Audit Report No.43 2003–04 *Defence Force Preparedness Management Systems* addressed some of the issues related to this JCPAA recommendation.[6] This

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[4]    Joint Committee of Public Accounts and Audit, *Review of Auditor-General's Reports, 1999–2000, Third Quarter, Report 380* (February 2001). Public hearing was held 6 October 2000.

[5]    In 1999, ARMS was established by Defence's Management Audit Branch to monitor the implementation of audit recommendations.

[6]    ANAO Audit Report No.43 2003–04 *Defence Force Preparedness Management Systems*.

audit aimed to provide assurance to Parliament concerning the adequacy of Defence preparedness management systems and to identify possible areas for improvement.

**1.7** The central component for Army warning times is unit RN, set out annually in the CACD. RN specifies the time assessed as realistic and appropriate to position a force element to the point where it will be 'operationally capable' for a designated task or mission. Warning times for IR link into unit readiness through the AIRN policy. This is achieved through the AIRN purpose, which is 'to maintain a minimum level of IR within Army to ensure that all Army personnel are capable of being employed on operations at short notice'.

**1.8** The CACD is the annual process utilised by Army to set its readiness and sustainability levels based on the CPD. The 2003 CACD outlines the levels of unit readiness and sustainability that are required to meet the tasks for achieving Army's outcome. In the 2003–04 Portfolio Budget Statements, Army was allocated $4.8 billion to maintain preparedness levels.

## Audit approach

**1.9** The objective of the audit was to assess Army's progress in implementing recommendations made by the ANAO and to examine and assess any developments in relation to AIRN since the 1999–2000 audit and the 2001 JCPAA report.

**1.10** The recommendations from the 1999–2000 audit were used as the criteria for the current audit. The audit methodology involved interviewing relevant parties and reviewing documentation that demonstrated the implementation of recommendations. Defence systems utilised to improve the efficiency and effectiveness of AIRN administration were also examined.

**1.11** The audit fieldwork was conducted from October 2003 to December 2003. The audit team met with various levels in the Army's hierarchy, from Army units up to Army Headquarters (AHQ) staff. The audit team also met with representatives from the Joint Health Services Agency and the Defence Personnel Executive. The Defence Inspector-General provided information on the implementation of recommendations by Army from ARMS.

**1.12** A discussion paper consolidating the findings of the audit was provided to Defence in early February 2004. Comments on the discussion paper were received in late February and considered in the preparation of the proposed report. The proposed report was provided to Defence in March 2004.

**1.13** The audit was conducted in conformance with ANAO auditing standards at a cost to the ANAO of $149 000.

## Report structure

**1.14**    The remainder of the report is organised into three chapters as set out below:

- Chapter 2 examines Defence's actions in implementing Recommendations Nos 1, 2, and 8, which related to costing of AIRN, improving its implementation and reviewing the AIRN objective.

- Chapter 3 assesses Defence's implementation of Recommendations Nos 3, 4, 5, and 6. These considered the need to assess the risk and cost of dental support to part time members, the utility of the statement of availability and improved mobilisation planning to replace unavailable members, the utility of the support measures attachment, and a review of the AIRN components.

- Chapter 4 examines Defence's implementation of Recommendation No.7. This related to Defence's actions in producing a comprehensive user requirement to assist in creating an improved recording and reporting system for IR data.

# 2. Implementation of AIRN

*This chapter outlines Defence's implementation of Recommendation Nos 1, 2 and 8 of the original audit report. It discusses the annual cost of maintaining AIRN in order to assess its cost-effectiveness, improving its implementation and the review of the AIRN objective. Recommendation No.8 is addressed first as this reviews the AIRN objective and provides background to the other recommendations and subsequent AIRN policy changes.*

## Changes to AIRN since 2000 (Recommendation No.8)[7]

**2.1**     In 2000, the Director of Preparedness–Army was tasked with conducting an internal review of AIRN. It aimed to leverage off the work conducted by the ANAO and to factor in the proposed Army Preparedness Management System and Defence Instruction (General) Personnel 36-2 *Australian Defence Force Policy on Individual Readiness*.[8] The review determined that 'there were aspects of the components and administration of the AIRN policy that needed to be amended to improve its effectiveness'.[9]

**2.2**     The resultant policy, which came into effect on 25 June 2001, applied Baseline Individual Readiness (BIR) to members on greater than 28 days RN for deployments and High Individual Readiness (HIR) to members at 28 days or less RN. The BIR and HIR levels directly related to the unit readiness structure, enabling resources to be focused on individuals at high readiness and applied to a number of proficiency requirements.

**2.3**     During the fieldwork of the follow-up audit, Army informed the ANAO that AIRN policy was being reassessed and would be reissued in 2004.[10] Army identified the need to amend the 2001 AIRN policy due to the revision of DI(G) PERS 36-2, the requirement to better align AIRN with PMKeyS, and changes to fitness assessment, health assessment, medical and dental policies. The major implications for the policy were the removal of the BIR/HIR construct and the return to the common baseline approach of the 1997 AIRN policy.

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[7]   In the 1999–2000 audit report, the ANAO recommended that, given the significant changes that have occurred in Army and in Australia's strategic environment since AIRN's initial development, Army now review the original AIRN objective to ensure that it is still appropriate and achievable and determine whether it is the most efficient and effective model for achieving individual readiness.

[8]   Defence Instruction (General) Personnel 36-2 *Australian Defence Force Policy on Individual Readiness* will be referred to as DI(G) PERS 36-2 for the remainder of the report.

[9]   Defence Instruction (Army) Personnel 135-2 *Army Individual Readiness Notice* 25 June 2001, p.2. This instruction will be referred to as DI(A) PERS 135-2 for the rest of the report.

[10]  The 2004 AIRN policy is promulgated in Defence Instruction (Army) Operations 80-1 *Army Individual Readiness Notice*. The policy is the responsibility of the Operations branch, whereas previously the AIRN policy instruction was administered by the Personnel branch of Army. The instruction will be referred to as DI(A) OPS 80-1 for the rest of the report.

**Table 2**

**Component requirements—1997, 2001 and 2004 AIRN policy**

| | Employment Proficiency | Physical Fitness | Medical Fitness | Dental Fitness | Weapons Proficiency | Individual Availability |
|---|---|---|---|---|---|---|
| **1997 AIRN policy** | Proficiency in rank and employment category, which are assessed annually using performance reports. | Pass of a Basic Fitness Assessment (BFA) once every six months. | Periodic medical assessments to determine compliance with the minimum PULHEEMS profile for deployment in a specific trade or employment category. | Dental examination every two years and treatment to meet dental standard of Class 2. | Completion of an average pass standard in nine training tests with the F88 Steyr rifle and fire a modified Live Firing Three. | Members are to identify annually, any legal or compassionate encumbrances that would prevent them from being called out or deployed within 30 days notice. |
| **2001 AIRN policy** | Proficiency in rank and employment category, which are assessed annually using performance reports. | Pass of a BFA once every six months. | BIR–Periodic medical assessments to determine compliance with Medical Employment Classification for deployment in their specific trade or employment category.

HIR–In addition to the BIR requirement, inoculations need to be current and complete. | BIR–Dental examination on entry and every five years thereafter.

HIR–Dental examination annually and treatment to meet Dental Class 2. | BIR–Weapon Training Test and Live Firing Three twice annually.

HIR–Completion of Live Firing Nine annually, to be supplemented by shooting regime outlined in developing doctrine. | Members are to state annually, their personal availability to deploy within 28 days. This is supplemented with an on-occurrence reporting of change in availability status. |

| | Employment Proficiency | Physical Fitness | Medical Fitness | Dental Fitness | Weapons Proficiency | Individual Availability |
|---|---|---|---|---|---|---|
| **2004 AIRN policy** | Proficiency in rank and employment category, which are assessed using performance reports. Members are deemed proficient after completing initial Corps or trade specific training. | Pass of a BFA once every six months. | Annual Health Assessment and a Comprehensive Preventative Health Assessment every five years, in order to assess their ability to meet the Medical Employment Classification for deployment. | Full time members are assessed annually and treated to meet Dental Class 1 or 2 and part time members are assessed once on entry and every five years thereafter. | Members are assessed every six months, using the designated Weapon Training Test and AIRN Grouping Practice with the F88 Steyr rifle. To be supplemented by shooting regime outlined in developing doctrine. | Members are to state that personal circumstances will not prevent them from making themselves available for deployment within 28 days upon march-in to a unit and acknowledge their responsibility to advise otherwise through the chain of command. |

Notes:     a) PULHEEMS is derived from the seven qualities assessed at a medical examination: Physical capacity; Upper limbs; Locomotion; Hearing; Eyesight; Mental capacity; and Stability. A PULHEEMS profile is formed for each member by means of a periodic medical examination. The examination is to ensure that each member has a PULHEEMS profile that is consistent with deployability requirements of the member's particular trade or employment category.

Source:    Department of Defence.

**2.4**    The requirement of AIRN for Army members to maintain a minimum standard of IR for the six components continued in both versions of the policy, although the standards established by each differ. Table 2 outlines the components that members are to meet in order to be AIRN compliant, in addition to the changes to the standards for each AIRN component with the development of the AIRN policy.

**2.5**    The ANAO considers Army's review of AIRN policy, to ensure that it is achievable and effective, over the last few years demonstrates that Recommendation No.8 has been implemented. Army reviewed the AIRN objective as part of the policy releases in 2001 and 2004 and identified aspects of the IR components and policy administration that could be improved.

## Capture of cost data (Recommendation No.1)[11]

**2.6**    Corporate Management and Planning-Army (CMP-A) was instructed by AHQ in mid-2000 to commence the development of a costing methodology to support the revision of the 1997 AIRN policy.

**2.7**    In early 2001, Preparedness & Plans-Army outlined a costing model to be developed that would 'capture the cost of each component and the incremental increases required at various levels of IR'. It also advised that the model should differentiate between costs that exist as part of being an Army member and the specific cost of administrating and reporting AIRN.

*Annual costs*

**2.8**    The cost model developed identified the different IR levels at BIR and HIR and varying cost components related to each level. The model identified the annual recurring cost components and the calculation of these costs that were subject to: endorsed shooting policy; actual manpower levels; accessibility and utilisation of the Weapons Training Simulation System;[12] and compliance with testing requirements. The recording and reporting costs had not been captured as the transition from Army Unit Standard Manpower Information System to PMKeyS was still taking place and the cost of assessment was also not captured.

**2.9**    A brief for the Chief of Army's Senior Advisory Group (CASAG), dated 4 May 2001, stated that the cost model developed by CMP-A identified 'the medical, dental, and training resource costs of implementing AIRN that are additional to

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[11]   In the 1999–2000 audit report, the ANAO recommended that, Army identify the annual cost of maintaining an Army Individual Readiness Notice (including costs associated with its assessment, recording and reporting) so that its cost-effectiveness can be assessed.

[12]   The Weapons Training Simulation System is a computer-simulated program that allows personnel to fire a wide variety of weapons without using ammunition.

normal training and job requirements'.[13] The AIRN costing model, however, does not appear to include the training resource costs of implementing AIRN. The ANAO considers the model is incomplete in relation to capturing this cost driver. In addition, the ANAO has not seen any evidence that the current 'train-the-trainer' approach to PMKeyS training, conducted by the Army PMKeyS Cell (APC), is being costed.

*AIRN costing model*

**2.10** A May 2001 brief for CASAG noted that 'valid costing has not been conducted as the inputs are subject to too many uncertain variables' and also stated that 'as this situation is unlikely to change in the near future the following framework and indicative costs are provided'. The only indicative cost provided was for ammunition, and this was provided prior to the employment of the Weapons Training Simulation System ranges which most Army units utilise to meet their weapons proficiency for AIRN. A CASAG minute indicated that CMP-A considered most costs were inherent in current business. Following a recommendation by CASAG, the Chief of Army endorsed the costing model with attribution rules to capture the additional resources required for AIRN.

**2.11** ARMS indicated that CMP-A had developed a comprehensive costing model that would provide fidelity to the attribution of resources associated with the conduct of AIRN.

**2.12** Meetings conducted with CMP-A and Preparedness and Plans-Army indicated that the model was not put into practice. Ammunition costing was the only component of AIRN for which indicative costing was developed, but these figures were also considered to be rough estimates. AIRN costing is not captured on a regular basis, partly as it is deemed too difficult due to the variable factors involved. AHQ considered that the newly introduced Army Capability Management System would enable costing data on meeting AIRN requirements to be captured but there is no directive to units to provide such data.

**2.13** Defence responded to the ANAO finding by stating that:

> the formalisation of AIRN was in response to the need for Chief of Army to be fully aware of the IR status of Army. This requirement has been directed by Defence IR policy. Army experience during the last couple of years has clearly vindicated the necessity for retaining the AIRN policy. It is acknowledged that readiness could be assessed from reports submitted by designated combat units, however, in recent years it has become accepted that composite units, task organised (adhoc) headquarters and individuals are often deployed on operations. Personnel posted to these organisations, including sedentary positions and reservists, are drawn from

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13   CASAG is the name of Army's senior corporate governance body, before it was changed to the Chief of Army's Senior Advisory Committee (CASAC). This paper uses the former title, where events being referred to occurred prior to the name change taking effect.

across the entire Army. Therefore, a corporate view of individual rather than just unit readiness is necessary to ensure personnel can be quickly identified and assigned for operations. AIRN meets the need to measure, report and identify IR in accordance with Defence IR policy. As a consequence, a cost benefit analysis of AIRN would be nugatory, as AIRN (or equivalent) must be conducted/maintained regardless of cost.

**2.14**      Army's actions to develop AIRN costs indicated limited progress on the implementation of the recommendation. The ANAO considers Army should review its efforts to cost the administration of AIRN. Identifying AIRN costs would provide an improved basis for future decision-making about AIRN policy. This would enable Army to quantify any cost efficiencies that may arise from future policy development. However, the ANAO considers that this need not extend to a full scale cost-benefit evaluation, given the continuing need to report IR in accordance with Defence-wide policy.

# AIRN implementation management (Recommendation No.2)[14]

## Revision of AIRN and supporting policies

**2.15**      AHQ indicated that an informal working group was responsible for the 2001 AIRN policy re-issue; and also for ensuring that AIRN policy was accurate in relation to supporting policies, through consultation with stakeholders of the policy. A working group was convened during late January 2000 to oversee the revision of DI(A) PERS 135-2. The ANAO was unable to obtain any minutes of the working group or other documentation of the tasks the group undertook to involve non-Army stakeholders to ensure that the 2001 AIRN policy was consistent with Australian Defence Force (ADF)-wide supporting policies.

**2.16**      In terms of the 2004 AIRN policy release, AHQ indicated that an AIRN Working Group was established to ensure the policy was consistent with supporting policies. The ANAO found evidence that the AIRN Working Group was instrumental in shaping the 2004 AIRN policy, by considering the shortcomings of the 2001 AIRN policy, such as difficulties in interpreting and implementing the policy. Representation in the AIRN Working Group included members from Army, Defence Personnel Executive and the Corporate Services and Infrastructure Group.[15] The membership of the group facilitated the inclusion of both Army and non-Army perspectives on issues related to its policy release. The AIRN Working Group was chaired by the Director-General of Preparedness and Plans-Army for the 2001 AIRN policy reissue and Director of Operations-Army for the 2004 AIRN policy reissue.

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14    In the 1999–2000 audit report, the ANAO recommended that, if it is decided to retain and revise AIRN, Army ensure that all necessary changes to supporting policies are made and promulgated prior to its release and that its re-issue be accompanied by appropriate oversight, coordination, communication and funding.

15    Key members of the 2004 AIRN Working Group included Joint Health Services Agency, Army PMKeyS Cell and Land Headquarters.

## 2001 AIRN policy

Dental support

**2.17**    At the time of the 2001 AIRN policy release, the extant policy on dental support, Defence Instruction (Army) Personnel 57-1 *Dental Examination and Treatment of Members*, was inconsistent with that outlined in the AIRN policy.[16] DI(A) PERS 57-1 states that:

> all part time members will be rendered to a minimum Class 2 status at Army expense on successful completion of Initial Employment Training/Regimental Officers' Basic Course [and]…part time personnel, after being certified Class 2, are then required to maintain this standard at their own expense, while biennial dental examinations and diagnostic services will be funded by Army.[17]

**2.18**    This is in contradiction to the AIRN policy, which stated that initial screening dental examination at Commonwealth expense is to be conducted on entry into the Army and every five years thereafter, and that Dental Class 2, or above, only applies to part time members on full time service or at HIR. The potential for confusion, as a result of having the supporting dental policy inconsistent with AIRN policy, was demonstrated to the ANAO during fieldwork, where one unit was observed to be still applying Dental Class 2 for all part time members.

**2.19**    The ANAO's findings demonstrate that the necessary changes to AIRN supporting policy on the dental component were not made prior to the release of the updated policy. A March 2003 brief to the Land Headquarters (LHQ) Chief of Staff also noted this contradiction between DI(A) PERS 57-1 and DI(A) PERS 135-2. The brief further noted that 'dental policy is also complicated by the lack of inclusion of dental requirements in DI(G) PERS 16-1 and DI(A) PERS 173-6, resulting in multiple interpretations of the policy.'[18]

Medical fitness

**2.20**    On 21 June 2001, the Director-General of Defence Health Service issued Health Directive No.242 which introduced Annual Health Assessments as a method of assessing a member's IR, in terms of their medical fitness. The directive is an ADF-wide policy that overrides Service-specific policies.

**2.21**    DI(A) PERS 135-2, which was released four days after the release of the ADF Health Directive No.242, does not make reference to the directive. Rather, it stated '[p]ersonnel are to be periodically medically assessed in accordance with Periodic

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[16]    Defence Instruction (Army)—Personnel 57-1 *Dental Examination and Treatment of Members* will be referred to as DI(A) PERS 57-1 for the rest of the report.

[17]    DI(A) PERS 57-1, paragraph 17 and 20.

[18]    DI(G) PERS 16-1 is Defence Instruction (General)—Personnel 16-1 *Health Care of ADF Personnel* and DI(A) PERS 173-6 is Defence Instruction (Army)—Personnel 173-6 *Employment of Members of the Army Reserve on Full Time Service*.

Medical Board policy.'[19]  The AIRN policy makes reference to DI(A) PERS 124-12 *Medical Boards Policy and Procedures* to define the medical fitness standard for IR. The periodic medical board conducts medical examinations at three-year intervals for members aged under 35 and annually for members 35 and over.[20]

**2.22**     The release of the AIRN policy did not occur in concert with the release of Health Directive No.242. Although the Health Directive, as an ADF-wide policy, takes precedence over Army instructions, the lack of reference to it in DI(A) PERS 135-2 and DI(A) PERS 124-12 may create confusion or inconsistency in terms of practical policy implementation by units.[21]

### 2004 AIRN policy

Dental support

**2.23**     The ANAO found the revision of dental policy has not yet occurred. In accordance with the 1999–2000 ANAO Recommendation No.2, the ANAO considers that the dental supporting policy be reviewed to ensure consistency with AIRN policy, and that the completion of this task be a matter of priority to coincide with the early stages of the 2004 AIRN policy reissue. Defence advised the ANAO in February 2004 that full alignment would be concluded by December 2004.

Medical fitness

**2.24**     Unlike the previous instruction, the 2004 AIRN policy makes provision for members to be medically assessed in accordance with the Annual Health Assessment and Comprehensive Health Examination at the five-year mark, to confirm the validity of a Medical Employment Classification assessment.[22]  Reference to DI(A) PERS 124-12 has now been deleted as a supporting policy. Although the requirements and administrative guidelines for the conduct of the Annual Health Assessment and Comprehensive Health Examinations are outlined, there is no reference to Health Directive No.242 as a supporting policy. The ANAO considers the inclusion of the directive to the 2004 AIRN policy would assist in implementing the medical component of AIRN.

### Oversight

**2.25**     The 2001 AIRN policy reissue options were presented to the Army Capability Management Committee (ACMC) for guidance, comments and endorsement. This resulted in the creation of an AIRN Phase 2–Terms of Reference. This was presented to CASAG, in July 2000.

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[19]   DI(A) PERS 135-2 op. cit., p. 3.

[20]   DI(A) PERS 124-12 *Medical Boards Policy and Procedures*, 24 March 1997, p. 4.

[21]   This was demonstrated by a unit directive that incorrectly stated personnel are required to be medically assessed in accordance with the Periodic Medical Board policy outlined in DI(A) PERS 124-12.

[22]   DI(A) OPS 80-1, op. cit.

**2.26**    A brief for CASAG sought endorsement for the implementation of the AIRN policy. It provided background to policy developments, costing and timing issues, the proposed Public Relations (PR) campaign and plan, and the importance of the rollout of PMKeyS to properly administer AIRN recording and reporting. The briefing stated, 'the policy has been amended and is complete, less the costing issues' and that 'regardless of these impediments, the changes to AIRN need to be promulgated to enable compliance with the new standards by the 1 Sep 2001 reporting date'. The Deputy Chief of Army issued a minute in August 2000 to the Army areas involved in actioning the next stages of the AIRN policy reissue outlining the required tasks, timeframes, and responsible areas.

**2.27**    In early December 2003, a brief to the Chief of Army was provided to advise on the key changes to AIRN and to seek endorsement. It outlined similar aspects to the 2001 policy reissue such as the review undertaken and the implementation plan. The 2004 AIRN policy was cleared for release by ACMC on 26 October 2003 and endorsed by the Chief of Army on 17 December 2003.

*Coordination*

**2.28**    In August 2001, AIRN information briefing tours were conducted to assist in the implementation of DI(A) PERS 135-2. The briefing group visited the major Army bases and compiled a series of frequently asked questions, identified issues of concern to members, and sought feedback on the policy. Issues raised were mostly of an administrative nature, to be addressed through personnel policy guidance and the Army website.

**2.29**    AIRN policy implementation included consultation with the Director-General of Personnel–Army, the Director-General of CMP-A, the Director-General of Reserves–Army, Land Command and Training Command. Consultation with non-Army stakeholders was not mentioned in the pre-brief. This may have contributed to the inconsistencies that occurred between AIRN and ADF-wide supporting policies that are discussed earlier in this chapter.

**2.30**    In February 2002, a minute was issued to provide further guidance and ensure consistent application of AIRN policy outlined in DI(A) PERS 135-2. The minute provided clarification on which members are to be compliant with AIRN, which members are exempt from AIRN or eligible for waivers, explanation of the components of AIRN, the retraining requirement if a member fails to meet an AIRN component, and the appropriate display of the AIRN badge.

*Communication*

**2.31**    An AIRN policy re-write brief, at May 2001, noted that 'as the policy is replacing an existing policy it is proposed to conduct a PR campaign to ensure the new policy is understood and implemented'.

**2.32**    The strategy used for the PR Plan was to utilise DEFWEB (Defence's intranet) to advertise the revised policy in 'new documents' and send e-mails to COs who

were to ensure dissemination to subordinates by signal and physical distribution with accompanying instructions for training administration staff in the implementation of the policy. The Army newspaper/magazine was to run a background article to review the history of AIRN, the ANAO recommendations and the components of the new policy.

**2.33** The revision of AIRN policy was formally communicated in a letter to commanders and directors of Non-Army Groups from the Chief of Army in May 2001.[23] The letter outlined the new requirements under the revised policy and the need for change. To coincide with the introduction of the revised AIRN policy, the Chief of Army's Order of the Day was issued to the whole of Army on 1 September 2001. The order was placed on unit notice boards and read to troops on parade.

**2.34** The ANAO found that communication with Army units on the changes to the 2001 AIRN policy had been varied. For example, one unit was not issued any hard copy notification of the policy change but was required to keep abreast of changes by keeping track of any additions to the 'new publications' link on DEFWEB. Other units received news about policy reissue through the chain of command, Defence circulars, signals, and distribution of the policy instructions.

**2.35** However, there were aspects of implementation that indicated communication on policy changes were not entirely effective. Examples include: the use of SOA forms that note members should be ready to deploy within 30 days while ADF and AIRN policy stipulates members should be ready within 28 days; the continued use of the support measures attachment to the SOA despite its removal from the AIRN policy in the 2001 reissue; and the misconception that a specific weapons proficiency test for AIRN must be conducted while it is acceptable for more advanced weapons testing to count towards AIRN.

**2.36** Army has made significant progress in implementing this recommendation. The establishment of the AIRN Working Group assisted the coordination of the 2004 AIRN policy reissue. However, some consistency issues with AIRN and its supporting policies remain and need to be addressed. Army provided appropriate corporate governance oversight in relation to the AIRN policy reissues. The involvement of ACMC and CASAG ensured that endorsement of decision-making affecting AIRN was overseen by senior Army corporate bodies, and that the findings of the ANAO audit and the follow-up Army review were being given due consideration in reissuing the policy. Although Army communicated changes about 2001 AIRN policy to units, examples of inconsistent application indicate that this was not entirely effective.

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[23]   Chief of Army, Revision of Army's Individual Readiness Policy, May 2001.

# 3.  Individual Readiness Components

*This chapter examines Defence's implementation of Recommendations Nos 3, 4, 5 and 6 of the original audit report. These considered the need to assess the risk and cost of dental support to part time members, the utility of the statement of availability and improved mobilisation planning to replace unavailable members, the utility of the support measures attachment, and a review of the AIRN components.*

## AIRN dental support for part time members (Recommendation No.3)[24]

**3.1**      Dental support for part time members was considered as part of the 2000 AIRN policy review with comments sought from the Senior Advisor of Dental Health Services Branch.[25] The branch advised in July 2000 that there was 'no compelling dental requirement for part time members to meet Dental Class 2'. The branch considered that the majority of part time members only required screening at the time of entry and that only members at high readiness levels for overseas deployment should be required to meet Dental Class 2 or higher. The branch considered that as there was no operational requirement for most part time members to be at Dental Class 2, the entitlement to such a level of dental support did not make sense.

**3.2**      A brief to CASAG, dated July 2000, discussed the costing implications of bringing part time members to Dental Class 2. The brief noted that, in 1998–99, a Dental Health Services Branch sponsored review found dental support for part time members for AIRN compliance to cost $3 million annually. The proposed approach to dental policy was argued to be more cost-effective than its predecessor, as it reduced the level of dental support for part time members to dental screening at the time of entry. As a consequence of the 2000 review of AIRN, dental support provisions were changed under the 2001 AIRN policy.

**3.3**      The 2000 review of AIRN policy referred to the provision of dental support for part time members under a higher RN to be considered as part of the Reserve Roles and Tasks Study.[26] CASAG had considered the need for dental standards to be risk managed and also noted comments concerning the requirement for some individuals to maintain higher readiness than their unit and the implications of this on the dental criterion. With the exception of these instances, the ANAO did not find

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[24]   In the 1999–2000 audit report, the ANAO recommended that, Army review the provision of dental support to part time members and that this review aim to assess the risk that part time members would need to be deployed and the costs involved with various dental support options, including the provision of dental support upon call out.

[25]   Dental Health Services Branch is part of Land Command.

[26]   CASAG Brief, Army Individual Readiness Notice–The Way Ahead, op.cit. The Reserves Roles and Tasks Study was conducted by Future Land Welfare and presented to CASAG on 8 December 2003.

rigorous examples of the risk management of dental standards against the possibility of part time members being deployed. The decision to change dental policy for part time members appears to be predicated on the cost of maintaining them at Dental Class 2, as this was disproportionate to their likely level of operational contribution.

**3.4** The cost implication of dental policy for part time members also appears to have influenced the level of dental support under the 2004 AIRN policy. A brief dated June 2003 noted that the difference in standards of dental fitness for part time and full time members was mainly due to cost and availability of dental treatment for part time members.

*Costing of dental support*

**3.5** DI(A) PERS 57-1 established that every effort should be made to conduct examinations and treatment using Army dental facilities before accessing civilian dental practitioners. This requirement continues in the current dental policy. The ANAO visited a number of Army units and found that limited dental resources have increased the usage of civilian dentists. For instance, in one Reserve brigade, over 50 per cent of dental support was provided by civilian practitioners.

**3.6** A brief to the LHQ Chief of Staff, dated 3 April 2003, considered the current dental entitlements of part time members in view of funding levels. To determine the funding level for dental requirements, the cost of dental treatment to part time members was assessed. The findings of the brief were drawn from a study conducted by the Area Health Services in 1999, as no formal capturing of dental cost had been conducted since the cessation of the 1997 AIRN policy. The brief noted the average cost of bringing a member to Dental Class 1 or 2 was $491, according to historical data. More recent figures based on an informal study of 13 part time members deploying to East Timor, indicated an average cost of treatment of $1290. In discussions with dental officers at LHQ, the ANAO established that cost capture had been attempted. However, the response from the states involved had not been uniform, and thus the figure of $1290 was based on Sydney figures only. The brief recommended that using ADF dentists could reduce the cost of dental treatment for part time members.

**3.7** The Area Health Services study examined the policy of utilising civilian dentists for AIRN dental requirements by studying the costs of treatment by ADF dental officers and civilian dentists. It commented that the use of civilian practitioners under the existing system was driven by the ADF's inability to treat the anticipated number of members required to be dentally fit. In comparing the costs of treatment for soldiers who had their initial dental examination with a military dentist and those who had not, the study found the mean cost of treatment for members who underwent an Army initial dental examination was $491, while the mean cost of treatment for members who did not undergo an Army initial dental examination was $404. The paper concluded that civilian dentists adopted lower standards of dental fitness, reflected in the lower average cost for soldiers who did not undergo a

military initial dental examination. In seeking clarification on how the findings of the study informed the recommendation made in the brief to LHQ Chief of Staff, the ANAO found the requirement for members to undergo follow-up examinations and x-rays, due to lower civilian standards of dental fitness, increased the relative cost of utilizing civilian practitioners over ADF dentists.

**3.8** With respect to the part of the recommendation related to identifying the costs involved with various dental support options, comments made on ARMS in April 2001 indicated that dental insurance was explored as a support option. However, it was not considered viable, as it did not guarantee commensurate maintenance of dental fitness and would require additional resources to monitor a member's compliance with maintaining the desired ADF dental fitness level.

**3.9** The ANAO found evidence that Army had considered the likelihood of part time members deploying on operations and the appropriate level of dental support. Despite the lack of formal risk management of dental standards against the likelihood of part time members deploying, the ANAO considers the level of dental support provided under the current policy appears to be commensurate with their operational requirements. The review of dental standards indicates the intent of the original recommendation has been implemented. Army also assessed dental support options to identify the most cost-effective approach.

## Individual availability (Recommendation No.4)[27]

**3.10** The 2001 and 2004 AIRN policies retained the requirement for the SOA to be signed each year. Army has further emphasised that this component is then 'to be reported by exception with the onus being on the individual to advise their unit when circumstances change affecting their ability to satisfy this requirement' (deployment availability). The annual signing of availability now aligns with the February posting cycle, or with the date of joining a unit. The SOA has also been made part of the member's IR report which is utilised to record IR data. The process now involves COs actively advising members of their IR and availability requirements and members signing off the IR and SOA form. Following this, COs review and sign the form, PMKeyS is updated if necessary, and the form is placed on the member's file. These changes should assist Army to more efficiently and effectively administer the SOA requirements.

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[27]  In the 1999–2000 audit report, the ANAO recommended that, Army:

(a)  remove the requirement for members to complete the statement of availability and instead request that members advise their unit of any legal or compassionate encumbrances that would prevent them from fulfilling their service obligation under the Defence Act only when such encumbrances arise; and

(b)  as part of mobilisation planning, detail how those members found to be unavailable when required for deployment are to be replaced.

**3.11**    In regard to availability, the ADF-wide IR policy requires an annual SOA and, when necessary, members must advise their chain of command by revising their SOA to reflect any change in circumstances. The approach taken by Army is consistent with that set out in the ADF-wide IR policy, and helps explain why Army has continued the use of the SOA.

**3.12**    In conducting visits to Army units, the ANAO was informed that it is often difficult to get soldiers to inform the unit of changes in their personal circumstances, and this includes on-occurrence reporting regarding their availability to deploy for operations. Units stated that members rarely indicate their non-availability to deploy until either exercises or operations are about to commence. Most members became unavailable due to injuries and very few are non-deployable due to welfare issues. Army has attempted to reinforce the importance of informing the unit of changes to individual availability for deployment in the 2004 AIRN policy. Under the individual availability IR component, the policy now explicitly states 'this component is to reported by exception with the onus being on the individual to advise the chain of command when their personal circumstances render them unable to comply with this requirement'.[28]   The AIRN policy gives members and unit COs appropriate guidance on their responsibilities in relation to availability and the onus is now on members to ensure it is implemented.

**3.13**    In the past, the approach to mobilisation planning for the replacement of unavailable members was ad-hoc, but is now being formalised in the CACD. AHQ indicated that while mobilisation planning had not been considered a high priority as it was already being done, the CACD would increase the focus on this requirement and formalise the approach.

**3.14**    The CACD states that units on short RN should have extant mobilisation plans for task specific activities and that, in the long term, all units should have such a plan. AHQ has been tasked with developing the Army Mobilisation Plan to provide a conceptual and practical framework for Army mobilisation. The CACD also tasks Land Commander Australia, Special Operations Commander, and Training Commander-Australia to prepare mobilisation/de-mobilisation plans as part of the Army planning process for the Defence Management and Finance Plan 2004-2014, in accordance with guidance provided by AHQ in the Army Mobilisation Plan.

**3.15**    The development of formalised mobilisation planning has only been set out as a requirement in the CACD since 2002. This planning appears to be at a relatively immature stage and replacement of unavailable members is predominantly undertaken through the chain of command. Units advised the ANAO that to overcome any personnel shortfalls impacting on operational deployment due to member unavailability, a number of approaches, varying from ad-hoc to more

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[28]    DI(A) OPS 80-1, op. cit., p. 3.

formalised contingency planning, might be utilised, depending on the nature of the unit and the operation. For example, one unit advised that operational tasking normally only involves parts of their unit; and that this redundancy enables members to be backfilled if required. Another unit stated it prepared a team of AIRN compliant members to support that part of the unit that was deploying, as a redundancy provision for members that may become unavailable for deployment, due to medical reasons, welfare issues, or other factors.

**3.16** The ANAO considers that Army has taken appropriate steps to improve the efficiency and effectiveness of the requirement to complete the SOA. Although the SOA has been retained, there has been a greater emphasis placed on the importance and onus on members to report any changes to their availability. The improvement in the administration of the SOA has indicated that Army has addressed the intent and made significant progress in implementing the recommendation. Army's approach to commence more formalised mobilisation planning should improve Army's ability to replace unavailable members for operations should a shortfall arise. Progress in completing this mobilisation planning and implementing this part of the recommendation appears to have evolved slowly.

# Support measures (Recommendation No.5)[29]

**3.17** Army recognised that the information being gathered in the support measures attachment to the SOA was not the most appropriate method for collecting such data and that the information was not being utilised. The review of this recommendation by Army determined that: the continuing inclusion of this requirement 'will engender false expectations' (that an individual's availability for deployment is contingent on these support measures being provided);'unit level welfare plans are an appropriate repository for such information'; and 'the requirement should therefore be deleted'. It was also deemed that the gathering of this information was repetitious as the DCO was collecting similar data.

*Changes to collection of support measures requirement*

**3.18** The 2001 AIRN policy release removed the references to the support measures attachment that were set out in the 1997 AIRN policy. Specific support needs required by members are now gathered by the NWCC, using the Family Registration Form.[30] The Unit Welfare Officer (UWO) is responsible for ensuring the timely completion of the forms, at least five weeks prior to deployment, and for forwarding the completed forms to the NWCC. The information from the forms is

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[29] In the 1999–2000 audit report, the ANAO recommended that, Army review the need for the support measures attachment to the member's statement of availability and consider whether there would be more efficient ways of collecting data needed to assess members' requirements for deployability support.

[30] The Family Registration Form captures information such as the details of the deployed member's children and asks whether there are any circumstances that may lead to the member's family requiring support.

collated into a national database for confidential dissemination to regional DCO offices. During deployment, statistics on the support requested by members and their families are gathered to identify trends and how support services can be improved.

**3.19**    Deployment support for Army members is primarily managed through UWOs in the deploying unit, the NWCC and the DCO.

**3.20**    Major functions of the UWO are to:

- promulgate their role and contact details and that of external welfare agencies to all unit members and their families;

- make policy recommendations to unit COs on matters designed to improve the welfare of the soldiers on deployment and their families;

- maintain close liaison with NWCC, DCO and the Military Area Chaplains;

- act as a point of contact for families and, where appropriate, respond to the welfare requirements of the families of deployed members; and

- coordinate the involvement of external agencies to resolve welfare issues.

**3.21**    Despite the review conducted by Army, the changes to AIRN policy, and the utilisation of the PR Plan, the support measures form still appears to be in use as an attachment to the SOA in some Army units.

**3.22**    The ANAO considers that there may be some inconsistency in the approach taken by units in assessing support measures required by members for deployment. The network of support organisations appears quite comprehensive. Given the central role of the units and UWOs in gathering member's requirements for deployability support, and the continued use of the support measures attachment to the SOA, Army may need to conduct another PR campaign to direct units that deployment support is to be managed as part of unit welfare planning and not as part of the SOA process. This will make sure that members do not perceive that their availability is contingent on the provision of these support measures, but that their support needs, while deployed, should be determined and addressed in consultation with the UWO. These actions will enable Army to build on the significant progress it has made in implementing the recommendation.

## Individual readiness component standards (Recommendation No.6)[31]

**3.23**    In 2000, Army reviewed and confirmed the 1999–2000 ANAO audit findings in relation to the need to develop operational level individual readiness standards

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[31]    In the 1999–2000 audit report, the ANAO recommended that, Army review the AIRN components and establish operational levels of individual readiness for each component so that minimum or peacetime levels can be set that would allow the operational levels to be achieved in the specified notice period.

(IRS). This ensured that AIRN component standards were set at the appropriate level to enable operational levels of IR to be achieved within the required notice period. Land Commander Australia was tasked with developing IRS. Consequently, the AIRN policy was reissued in 2001 with some differentiation in the IRS for AIRN.

### 2001 AIRN policy

**3.24** The 2001 AIRN policy depicts the mobilisation continuum, which 'provides the basic concept for preparedness of the Army to meet its operational tasks', and is 'how unit readiness conceptually relates to collective training progress through mobilisation'.[32] The policy stated that 'this highlights the need to align individual RN to unit RN to ensure an individual is ready to deploy on operations'.[33] For example, if a unit is at a short RN, such as 14 days, then the individual's RN will need to correspond to ensure that individual will be ready to deploy at short notice. In this situation, an individual's level of readiness must be high as there will not be sufficient time to increase their proficiency.[34]

**3.25** The 2001 AIRN policy applied two levels of IR, BIR and HIR, in an attempt to address this issue with the aim of providing commanders with resources to maintain appropriate IR in their unit.[35] The standards set for each AIRN component vary in their ability to adequately link an individual's level of readiness and their unit's RN. For example, the medical, dental, and weapons proficiency standards are set at higher levels for HIR members than BIR members, while individual availability, employment proficiency, and physical fitness are set at the same level for both BIR and HIR. Some of the AIRN components in the policy suffered from a range of problems in enabling members to meet operational levels of IR within their unit's RN, while others are considered to be appropriately set. These issues are discussed below.

### AIRN component issues

**3.26** The dental standard for all full time Army members, and part time members on 28 days RN, involves an annual examination to confirm that Dental Class 2 has been maintained. The relevant standard for part time members not on 28 days RN, requires attendance at a dental screening examination at Commonwealth expense on entry and then once every five years. The rationale for this dental standard is that maintaining a part time member on a longer RN at Dental Class 2 is not required as treatment could be provided in time to raise their standard of dental health to ensure

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[32] DI(A) PERS 135-2, op. cit., p. 1.

[33] ibid., p. 1.

[34] The ANAO notes that, depending on the operation and the role, a member may be able to be deployed while only having achieved the minimum IR standards established by AIRN. For example, if a member is serving in a United Nations headquarters role in a relatively benign operational environment then AIRN may be deemed as a sufficient IR standard for deployment.

[35] DI(A) PERS 135-2, op. cit., p. 2.

their IR for deployment if necessary. The dental standard for deployment, Dental Class 1 or 2, equates with the peacetime standard required under AIRN for full time Army members and part time members on 28 days RN. The ANAO considers that this component complies with the recommendation, as the operational level of IR is achievable from the peacetime level of IR within the specified RN, and is being appropriately risk managed for the remainder of part time members.

**3.27** Medical standards for AIRN are determined using the ADF-wide Medical Employment Classification system, which involves a numerical representation of a member's medical fitness to undertake military duties within their occupation whilst on deployment, and may be supported by additional comment on specific employment conditions.[36] The health assessment for BIR individuals involved ensuring that deployable Medical Employment Classifications were achieved in accordance with the Employment Category Number requirements, detailed for officers and soldiers in DI(A) PERS 159-1 *PULHEEMS Employment Standards*, 9 August 2001, Annex A and B. The only difference between BIR and HIR was that individuals at HIR required complete and current inoculations.

**3.28** Joint Health Service Agency advised the ANAO that the peacetime standard of medical health effectively equals the operational deployment standard with the exception of inoculations. For operations, Commander Australian Theatre, based on advice from health specialists at LHQ, will set out in a Health Support Plan the operational standard from a health perspective. This will depend on the specific operational environment, which will influence the inoculations required (for example, tropical environment and threat factors such as possible biological weapons use may require certain inoculations). Although undertaken on an operation-specific basis, the ANAO considers this approach demonstrates the establishment of an operational level of IR for the component that ensures an individual can progress from a peacetime level of IR within the specified RN.

**3.29** Unit COs subjectively assess employment proficiency of members annually and decisions are effectively made, while also undertaking a risk assessment, on their suitability to deploy for operations. The Performance Appraisal Reports utilised to assess this component identify the nature of duties for each individual and judgements are made of the individual's performance against a number of generic categories such as communication, application of job knowledge, and problem solving. The linkage between this assessment and the level of IR required for operational deployment appears tenuous. Army considers this difficult to overcome, as being assessed against the roles that may be conducted in operations may require numerous areas to be assessed, given the range of operations that may be undertaken.

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[36] DI(G) PERS 16-15 *Australian Defence Force Medical Employment Classification System*, 20 April 2000.

**3.30**    There has been little feedback from the Centre for Army Lessons to indicate members have performed unsuccessfully in operations after being rated proficient in their peacetime roles. In 'AIRN Visit Frequently Asked Questions', it was noted that unit COs can demand specific skills of their unit but this is separate from the requirements of the AIRN proficiency criteria, and that a member is considered proficient if trade or regimental officer basic course qualified. This component of AIRN ensures that the minimum level of proficiency is maintained to enable workup with the unit to commence, and for operational levels of capability, both individual and unit, to be achieved within the unit's RN.

**3.31**    In the 2004 AIRN policy, Army has attempted to improve the employment proficiency component by introducing some guidelines on what constitutes 'not proficient' for the various ranks. These guidelines identify specific aspects of performance that are most relevant for particular ranks. For example, Other Ranks are to be assessed as 'not proficient', if the grading of 'standard of work tasks performed indicated inadequate knowledge and skill level for current position', is awarded in the 'Application of Job Knowledge and Skills Performance' dimension of their Performance Appraisal Report. Similar standards are set for Corporals and above as well as Officers, targeting appropriate dimensions such as leadership. The Army ethos performance dimension is applicable to all ranks. The ANAO considers that, although the employment proficiency component is still subjectively assessed, the approach now at least sets some parameters at the proficient and non-proficient ends of the spectrum that are relevant to members' trade and rank.

**3.32**    Individual SOAs are made annually and are updated when changes occur. Setting the same standard for this component, regardless of a member's need to maintain BIR or HIR, is suitable, as the component indicates that an individual's ability to deploy is not affected by any personal or compassionate circumstances. The most important factor, in relation to this component, is to ensure the importance of reporting any changes to availability is emphasised by unit COs. This enables contingency planning to be put into action, as early as possible, to allow units to deploy for operations with their full personnel requirement.

**3.33**    Physical fitness requirements for members involve passing a BFA bi-annually, once in the period September to February and once between March and August.[37] This standard is applied to both BIR and HIR members. As members in HIR are required to be ready for deployment within 28 days RN and the ANAO found no evidence in the 1999–2000 audit that members could be brought from a basic fitness level to a combat fitness level in a 30 day period, it seems inconsistent to set the bi-annual completion of a BFA as the relevant standard for HIR.

**3.34**    The confusion in regard to the HIR standard for physical fitness in AIRN is further increased in one of the responses to an AIRN frequently asked question. The

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[37]    In the 2004 AIRN policy, this has changed to passing a BFA at least once every six months.

question related to the inclusion of the Combat Fitness Assessment as part of AIRN policy. The response stated that 'in the early discussions reviewing AIRN criteria the issue of Combat Fitness Assessment were considered and then discarded as the intent of the AIRN is to be a baseline requirement for IR'.[38] The ANAO considers this contradicts the AIRN policy given the use of the BIR/HIR construct, where differentiated component standards are set. Due to the short RN of some units and the aim of linking this with IR, the ANAO considers a higher level of physical fitness could have been designated as part of the HIR standards within the AIRN policy.

**3.35** The weapons proficiency standards for AIRN are set out in the AUSTEYR Pamphlet. The standards for BIR and HIR are Live Firing Three and Live Firing Nine respectively. These detail the aim and objective of the tests, the timings, the number of rounds to be used and the grouping requirements. However, the Live Firing Three section of the AUSTEYR Pamphlet also states that 'this practice is to be modified so that no grouping standard is required for the purpose of the AIRN'. This indicates that for BIR the standard for weapons proficiency has not improved since the 1999–2000 audit. The introduction of a higher standard of achievement for HIR is a positive step by Army to ensure that members in a unit at shorter RN can achieve IR for operational deployment.

*2004 AIRN policy*

**3.36** The 2001 AIRN policy aim was 'to stipulate Army personnel policy regarding the requirements of IR and administration of the AIRN'. This aim was necessary given the two level IR construct that was utilised. The purpose of the 2004 AIRN policy is 'to maintain a minimum level of IR within Army to ensure that all Army personnel are capable of being deployed on operations at short notice'.[39]

**3.37** The 2004 AIRN policy has, to an extent, simplified the AIRN process, as it sets out the minimum level of IR required for an individual to commence workup with a unit and to deploy for operations on short notice. The policy also recognises that part of a CO's responsibility is to 'where appropriate, determine any additional IR standards necessary in order to meet their CACD directed preparedness requirements'. The unit's directed preparedness requirements are determined through the cascade of formal Army directives from the CACD, to the Land Commander's Force Preparedness Directive, to the Divisional Directive and finally the Brigade Directive to the specific unit. Unit COs are then responsible for determining, from the Brigade Preparedness Directive, the IR requirements for members of the unit, to ensure that the unit's preparedness requirements can be achieved within the unit's RN.

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[38] AIRN Visit Frequently Asked Questions.

[39] Short notice is defined as 28 days or less in the 2004 AIRN policy.

**3.38**   With the exception of developing the BIR/HIR concept and links between some IR component standards and unit RN, Army did not take sufficient action to meet Recommendation No.6 in the 2001 AIRN policy. There was minimal evidence demonstrating the establishment of operational levels of IR for a number of the components. The ANAO considers that the rigorous development of IR standards by unit COs to meet unit preparedness requirements, as set out in the 2004 AIRN policy, would further advance the significant progress on implementation.

# 4. Recording and Reporting of AIRN Information

*This chapter examines Defence's implementation of Recommendation No.7 of the original audit report. This related to Defence's actions in producing a comprehensive user requirement to assist in creating an improved recording and reporting system for IR data.*

## PMKeyS development and implementation (Recommendation No.7)[40]

**4.1**     PMKeyS is a human resource management information system in Defence. It subsumed the then existing Army personnel system, Army Unit Standard Management Information System, which was utilised to capture Army IR recording and reporting.

**4.2**     Part of PMKeyS' functionality is to 'provide the ADF with the ability to record IR summary data and produce the necessary reports as outlined within DI(G) PERS 36-2, and subsequent Service policy for IR'.[41]

**4.3**     PMKeyS is managed, from a corporate perspective, by the Personnel Systems branch in Defence Personnel Executive. They are responsible for the implementation and development of PMKeyS across Defence. APC liaises with Personnel Systems to provide input from an Army perspective on modifications and functional changes to the system.

**4.4**     The development and implementation of PMKeyS to record and report IR data, was not undertaken in accordance with the ANAO's 1999–2000 audit report Recommendation No.7, which required Army to generate a formal user requirement. Army considers that it undertook appropriate consultation with units and that the involvement of experienced APC personnel ensured that users' needs were met.

**4.5**     Due to system problems, and in order to align the rollout with the career management cycle's July release of posting orders, the rollout of PMKeyS did not occur until July 2002. The introduction of PMKeyS involved a substantial effort, as migration and testing of data from the Army Unit Standard Management

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[40]   In the 1999–2000 audit report, the ANAO recommended that, Army produce a comprehensive user requirement to aid in the development of an improved recording and reporting system that avoids the problems associated with the present system and provides users with individual readiness information appropriate to their needs.

[41]   PMKeyS Phase 3 Combined Functional-Technical Summary Specification, 11 September 2003, p. 6.  An update on ARMS in August 2001 noted that, 'with the implementation of PMKeyS on 24 September 2001, Army will have a comprehensive recording and reporting system that will avoid the problems associated with the current systems. Army are required to report IR biannually to CDF and will also conduct a continual user validation and accessibility validation to assess the system and incorporate changes as required'.

Information System needed to occur, and much of this data required cleansing to reduce the entry of corrupt data into PMKeyS.

**4.6**     There are a number of areas where PMKeyS did not align to AIRN policy. Due to the PMKeyS rollout occurring in July 2002, the policy had already been implemented while PMKeyS had yet to be introduced. This led to a time lag in excess of one year before the system was in place for users to record IR data. The introduction of BIR and HIR to AIRN policy also generated problems in relation to PMKeyS. A November 2003 APC brief to LHQ notes that 'as the original design specification was to cover the needs of BIR, development of a module to meet HIR did not take place'.

**4.7**     A central aim for PMKeyS in relation to AIRN was to enable data to be gathered on the whole of Army at any time, enabling 'live reporting', and providing an assessment of the proportion of Army that is ready. However, Annex A of the 2001 AIRN policy refers to specific reporting dates of 28 February and 1 September each year, reinforcing the notion of members being ready at that specific point in time. This can lead to confusion in reporting, as noted in a LHQ minute that 'it is possible for a person on PMKeyS to be non-compliant and yet compliant over the reporting period'.

**4.8**     Army has taken steps to overcome the problems of misalignment between AIRN policy and PMKeyS. These include APC utilising 'APC E-News', a newsletter to update PMKeyS users on issues, problems, solutions, and other important information regarding the system.[42]

**4.9**     The introduction of the 2004 AIRN policy also supports this alignment with changes to the section regarding IR reporting. The policy communicates to units that Director of Operations-Army will centrally interrogate PMKeyS for Army IR reporting to the Chief of Army and Chiefs of Service Committee, that AIRN is a continuous readiness regime and, as such, there are no set reporting dates.[43]

## PMKeyS training program

**4.10**     A number of users experienced significant difficulties in operating PMKeyS when it was first introduced. The training programs conducted by the PMKeyS project team and Army were perceived to be inadequate, leading to confusion and a lack of understanding as to how to correctly use the system. APC personnel, working

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[42]   In edition 13 of 'E-News', dated 13 September 2002, the importance of continuous updating of PMKeyS was emphasised; 'units should use PMKeyS readiness functionality to, wherever possible, maintain members in a ready state throughout the year, rather than our current focus on 1 September. PMKeyS readiness reports will enable units to identify who is not ready so that they can be managed accordingly and when components are due to expire so that action can be taken to re-assess a member before the component lapses'.

[43]   DI(A) OPS 80-1, op. cit., p. 6.

under Army Training Command, have the lead on the current PMKeyS training program. The training aims to:

- overcome the problems that resulted due to the poor initial training;

- provide knowledge and understanding of PMKeyS functionality through user-friendly business processes; and

- inform users of the changes that have occurred as a result of the functional upgrade to PMKeyS.[44]

**4.11** The current training program commenced in June 2003 and is expected to be completed in February 2004. A 'train the trainer' approach is being used which aims to educate a local user who can then provide further assistance to other PMKeyS users. The focus of this training has been to ensure that accurate information is entered into PMKeyS so that reporting requirements for IR can be met.

**4.12** Units' views on the usefulness of PMKeyS as a recording and reporting system for IR demonstrated the importance of appropriate training and business processes to ensure that the system's functionality could be maximised and administrative burden on the units minimised. Units indicated that initial support for the introduction of PMKeyS was poor, but that current training and support was much improved. This had substantially altered perceptions of PMKeyS, as demonstrated by the feedback provided to the ANAO by members who had received the new training, compared to those who had not.

**4.13** The current training program is making progress in providing an improved working knowledge and understanding of PMKeyS to key users in Army units. This will assist in reducing the administrative burden on units of recording and reporting IR data, as user knowledge of the system and its capabilities will allow more efficient data processing.

**4.14** Units raised concerns with the ANAO about the impact of the training strategy utilised. They considered that the onus was unfairly placed on units to conduct training throughout the unit, which they considered should be undertaken by Training Command. Chief clerks expressed views that the 'train-the-trainer' approach could lead to problems due to the potential for inaccurate information to be disseminated, incorrect processes used due to unit trainers experiencing knowledge loss, and the conduct of training within units by members who may have strong technical knowledge of PMKeyS, but poor training and communication skills.

**4.15** PMKeyS upgrades to system functionality will require Army to ensure appropriate on-going training support is provided so that users' working knowledge is kept up to date. This issue was also identified in PMKeyS training feedback: 'with

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44    AHQ Minute—Performance Audit: AIRN, 5 November 2003.

constant upgrading of the system, please ensure that training is given at regular intervals and not for members to use trial and error, self training'.

**4.16** APC are working in collaboration with the Army Logistics Training Centre as it is responsible for providing PMKeyS training to clerks prior to posting to units. This training has been delivered to Army Logistics Training Centre students by APC as they have the knowledge and experience on PMKeyS. Army Logistics Training Centre will need to develop these skills and knowledge in order to take over the training function from APC, as APC are not appropriately resourced for this function, and to ensure that appropriate PMKeyS training is provided to new clerical staff. Units expressed strong views on the importance of clerks being knowledgeable on PMKeyS when posted, otherwise the training liability is transferred back onto the units.

**4.17** APC trainers also produce a post-training course review on issues that need to be addressed and may need to be promulgated to other PMKeyS users across Army. One such review identified that there is 'a need to address training at the management and command levels to provide them with the knowledge of the PMKeyS reporting capability'.[45] The ANAO considers this essential to ensure management is aware of how IR reporting can be obtained and utilised, so additional administrative burden is not placed on units when information can be gathered at a higher level in the Army chain of command.

**4.18** The ANAO considers that, if PMKeyS is to become an efficient and effective recording and reporting system for IR, appropriate training support is essential. This will need to target users at the various levels of experience, to ensure that new users develop a working knowledge of the system, existing users are provided with training support when functional changes are implemented, and that the most appropriate personnel conduct PMKeyS training.

## IR reporting

**4.19** IR is reported to the Chiefs of Service Commitee on 31 March and 30 September annually.[46] Since the introduction of IR reporting in PMKeyS, there have been three sets of IR figures produced by Army. The IR reports provided to Chief of Army and the Chiefs of Service Committee have, so far, contained inaccurate figures.

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[45] APC Personnel Administration and Leave Train the Trainer Update, 11 September 2003.

[46] DI(G) 36-2, op. cit., p. 3. This report includes the following IR information: proportion of total force individually ready; proportion of total force whose readiness lies between 7–28 days; case information for each individual whose availability is greater than 28 days at time of this report and whose availability is greater than 28 days at the time of previous report; proportion of total force whose skills and proficiency are matched to establishment requirements; and trend analysis and proposals for attaining a 90 per cent IR profile.

**4.20**    A PMKeyS report produced in October 2003 showed approximately 45 per cent of full time members and 28 per cent of part time members as AIRN compliant. To examine their validity, Army conducted two audits of the IR figures. This involved undertaking a 10 per cent manual check of AIRN compliance, for full time and part time members, across all functional commands. The second check for full time members consisted mainly of 7 Brigade due to limited time frames and high operational and administrative tempo. The IR audits indicated a significantly higher level of AIRN compliance. In 2003, a report showed approximately 92 per cent and 65 per cent of full time and part time members to be AIRN compliant. Comparing PMKeyS reporting with the 2003 Army manual IR audit revealed substantial data inaccuracies understating the level of IR by half. The results of the PMKeyS IR reports and the two IR audits are set out in Figure 1.

**4.21**    The ANAO has noted in a previous audit, Audit Report No.61 2002–03 *Control Structures as part of the Audit of Financial Statements of Major Commonwealth Entities for the Year Ending 30 June 2003*, that PMKeyS has experienced data reporting problems.

## Figure 1

## Army trained force individually ready—audited and PMKeyS data
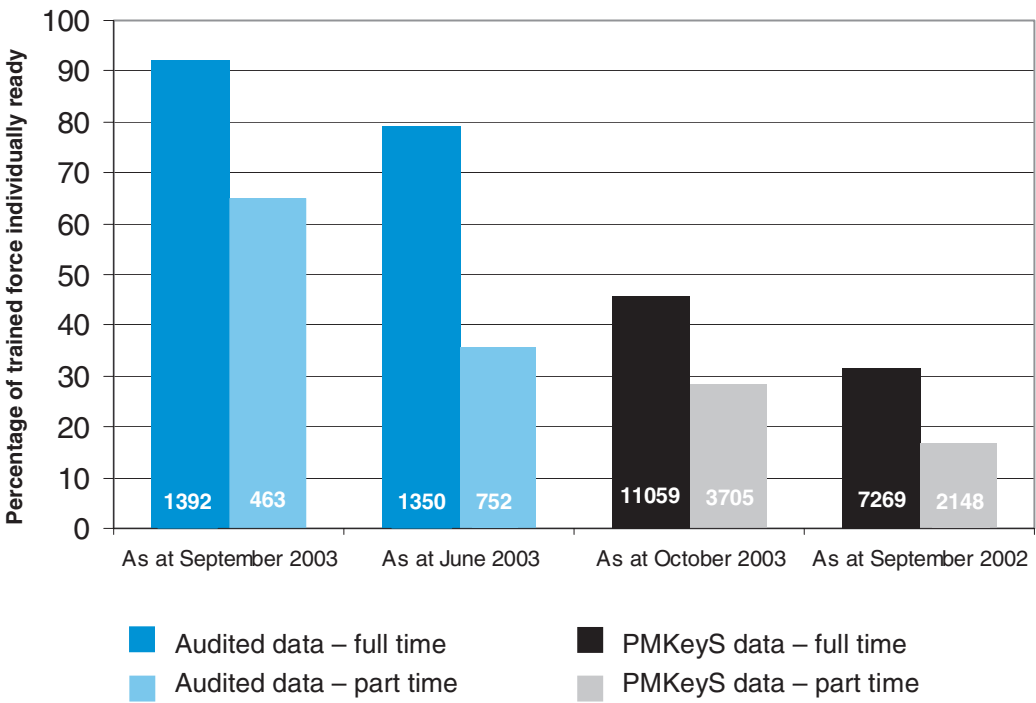


Source:   ANAO analysis based on Defence documentation.

**4.22** Inaccurate data is being reported for a number of reasons. As outlined above, an appropriate training program did not accompany the introduction of PMKeyS to Army, to meet the recording and reporting needs for AIRN. This led to users lacking appropriate knowledge of how to use PMKeyS, and resulted in data entry errors. Units are also maintaining separate databases to report to higher formations, which leads to units not updating corporate data on PMKeyS. This has occurred due to user frustration with PMKeyS, related to lack of knowledge on how to effectively utilise PMKeyS, as well as functional problems with the system. This has resulted in higher workloads for units and also inaccurate reporting of Army's IR.

**4.23** Functional problems with the system, such as difficulty in tracking members and their positions to the unit, and the inability to show restrictions against individual's health assessments, also caused data integrity problems. Double entry of members' details into PMKeyS potentially reduced the AIRN compliant percentage for the unit. This occurred as assessments for IR components were entered against a member's name in one entry, while the other entry was left blank. Another functional issue that was identified, was that PMKeyS only allows one entry per day for each member, leading to inefficient AIRN data processing. Dental examinations for part time members are to occur every five years. However, dental compliance expires annually on PMKeyS. This leads to distorted AIRN results, as PMKeyS may show part time members as not ready even though they have met the AIRN standards.[47] A change to business processes has now been communicated by 'APC E-News' to overcome this problem. However, this is an indicator of how misalignment between AIRN policy and PMKeyS functionality can impact on IR data integrity.

**4.24** The original business processes for PMKeyS adversely impacted on IR data integrity. Health staff were to enter information on PMKeyS after assessing the medical and dental IR components. Documentary and anecdotal evidence indicated that confusion existed in medical centres as to who was responsible for IR data updating in PMKeyS. Medical staff were often too busy and not appropriately resourced to enter information into PMKeyS in a timely manner. As a work-around measure, one particular unit directed health personnel to provide a monthly report on health assessments to enable the unit to enter the information into PMKeyS, with this function to return to health personnel, once HealthKEYS is introduced.[48]

**4.25** Other units relied on Army members receiving the medical/dental assessment to provide the assessment slip to unit clerks for entry in PMKeyS. This approach potentially impacted on data integrity, as members may forget to provide the slip to unit clerks. These approaches also result in time lags due to delays between assessment of IR components and entry into PMKeyS, contradicting the

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[47]  LHQ Minute, 'Land Command AIRN Reporting', 25 June 2003, p. 2.

[48]  HealthKEYS is an ADF-wide health information system that, once introduced, will record and report the medical, dental and physical fitness components of AIRN and will interface with PMKeyS to share this data.

AIRN compliant 'all the time' approach. A brief from the APC to LHQ further supports this view, stating 'the lack of clear guidance on administration of IR does not remove the standing belief of a 1 Sept focus'.

## Improvements in IR reporting

**4.26**    Aspects of PMKeyS business processes have been improved, and should help reduce the administrative burden on units. For example, the IR components of individual availability and employment proficiency on PMKeyS have been default set to 'ready' due to the fact that these do not change often.[49] The move to on-occurrence reporting for these IR components has placed the onus on units to update PMKeyS when changes occur. This should be well received by units, as some mentioned that on-occurrence IR reporting would be considerably less administratively demanding.

**4.27**    Since receiving the current training, units have found that IR reports can be generated fairly quickly and have greater capability, business processes are more user-friendly, and informing unit COs of IR status is simpler; whereas previously the operation of PMKeyS to generate IR reports was time-consuming and unwieldy. Users are now able to interrogate PMKeyS by IR component, to identify members who are non-compliant. Units also expressed the view that APC is listening to users, that user support provided by the PMKeyS Helpdesk and APC is good, and that the system is heading in the right direction.

**4.28**    Despite the improvements in PMKeyS that are now being achieved through more suitable training programs, functional updates, and better business processes, there is still a need to continually upgrade and enhance these aspects supporting accurate IR reporting. Army's two audits of AIRN compliance in 2003 concluded that:

> PMKeyS cannot provide an accurate snapshot of IR for Army. The audit confirmed that a requirement exists to manually cross-check across source documents, such as Routine orders or medical and dental records, to confirm a member's compliance.[50]

**4.29**    IR reports are requested by unit COs every few months to ensure members are IR compliant. Where issues are identified these are taken up with sub-unit COs. Currently unit COs are concerned there is a lack of value from AIRN, as time is spent on data entry without any useable information being generated for the unit. IR information is perceived as very important at the senior levels of Army and Defence in providing a snapshot of IR.

**4.30**    When first introduced, the development and implementation of PMKeyS was not undertaken in accordance with the recommendation. This is because Army did

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[49]    'APC E-News', Edition 18, 11 March 2003, p. 9.

[50]    LHQ Minute, 'Land Command AIRN Reporting', 25 June 2003 and September 2003.

not generate a formal user requirement. The ANAO notes that, initially, Army experienced problems with PMKeyS due to poor training, business processes, and functional issues. In 2003, Army implemented a number of strategies to address these problems, which reduced the administrative burden on units in recording and reporting IR data. Despite significant implementation on this recommendation, the ANAO considers that PMKeyS performance should be regularly monitored to identify further improvements to ensure that accurate AIRN data can be generated to populate IR reporting and meet user needs.

## Recommendation No.1

**4.31**    The ANAO recommends that Defence undertake appropriate system and business process upgrades and provide regular training to ensure that PMKeyS can accurately report individual readiness.

*Defence response*

**4.32**    Agreed.

Canberra   ACT

29 April 2004

Oliver Winder

Acting Auditor-General

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