



The Honourable Kevin Sorenson, P.C., M.P.  
Chair  
Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Mr. <sup>Kevin</sup>~~Sorenson~~:

Pursuant to Standing Order 109 of the House of Commons, please accept this as the Government Response to the Twenty-Eighth Report of the Standing Committee on Public Accounts entitled, "*Public Accounts of Canada 2016*."

We would like to take the opportunity to thank you and the members of the Standing Committee for your dedicated and cooperative work to improve the effectiveness of the financial practices and controls of the Government of Canada.

#### **Recommendation 1**

With respect to Recommendation 1, the Government agrees with the recommendation, and will publicly share the results of the project to update the methodology used to determine discount rates on or before the tabling of the *Public Accounts of Canada 2018*. In addition to sharing the results of the review and any adjustments to the methodology, the Government will share the supporting discussion paper. This document will include a summary of industry practices and meaningful trends in both the private sector and the public sector as well as highlighting any relevant trends in the accounting standard setting world.

We would like to inform the Committee that, to date, the Government has made significant progress on its review of the discount rate methodology. This includes benchmarking of industry practices in the public sector, engagement with a variety of experts to discuss the merits of various methodologies, and ongoing dialogue with standard setters. We look forward to sharing the results of this work with you.

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## **Recommendation 2**

With respect to Recommendation 2, the Government agrees to provide a yearly one-page progress report on the Department of National Defence's Inventory Management Action Plan. However, the Government proposes that the report be provided to the Committee within 60 days of fiscal year end, beginning in 2017-2018, as opposed to the 30 days requested in order to allow the Government to provide accurate and current information that would most benefit the Committee. National Defence end of year activities will still be underway until mid-May, including assessing information on progress in implementing the 2016 Action Plan. National Defence requires sufficient time to conclude these activities, prepare the report, and submit it for final approval.

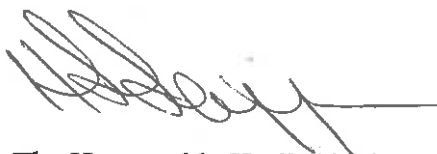
National Defence continues to expend considerable efforts to address its challenges with inventory management with a deliberate, integrated, and sustained approach. While there has been significant progress, as noted by the Office of the Auditor General, there remain challenges as a result of the size and complexity of National Defence materiel and associated systems. Nonetheless, the 2016 Action Plan represents a comprehensive and integrated approach to address legacy data errors in the enterprise system of record while modernizing National Defence's business processes moving forward.

We would like to take the opportunity to thank you and the members of the Standing Committee again for your important work.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Scott Brison', written in a cursive style.

The Honourable Scott Brison, P.C., M.P.  
President of the Treasury Board

A handwritten signature in black ink, appearing to read 'Harjit Singh Sajjan', written in a cursive style.

The Honourable Harjit Singh Sajjan, P.C., M.P.  
Minister of National Defence