



National Defence

Défense nationale

Deputy Minister

Sous-ministre

National Defence Headquarters
Ottawa, Ontario
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Quartier général de la Défense nationale
Ottawa, (Ontario)
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The Honourable John Williamson
Chair, Standing Committee on Public Accounts
House of Commons
Ottawa, Ontario
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Dear Mr. Williamson,

As agreed upon in the Government Response to the 4th Report of the Standing Committee on Public Accounts entitled *Report 3, Supplying the Canadian Armed Forces – National Defence, of the 2020 Spring Reports of the Auditor General of Canada*, National Defence submits its update on Recommendation 2.

Sincerely,

Bill Matthews

Enclosures: 1

**Response to the Standing Committee on Public Accounts'
Report 4, Supplying the Canadian Armed Forces, of the Spring 2020 Reports of the
Auditor General of Canada**

Recommendation 2

That, by 31 December of each of the years 2021 to 2028, National Defence provide the House of Commons Standing Committee on Public Accounts with progress reports regarding the development of the next generation of Materiel Planning and Positioning tools and their integration with the next generation Enterprise Resource Planning System.

Background

In the spring 2020 report *Supplying the Canadian Armed Forces – National Defence*, the Auditor General recommended that National Defence review its materiel forecasting and positioning to ensure that sufficient stocks are maintained at the right locations, and that National Defence review its materiel availability measures at the warehouse and national levels and use these measures to monitor whether stock levels are met.

National Defence agreed with the recommendation, and in its 2020 Management Action Plan committed to improve its capability to forecast materiel requirements, position materiel, and measure materiel availability at the warehouse and national levels to better serve the Canadian Armed Forces (CAF). National Defence's Management Action Plan identified the specific actions and initiatives to deliver on these foundational aspects of a modern and effective Defence Supply Chain.

In National Defence's 2021 Government Response to the PACP report – which was submitted to the Committee on March 25, 2021 – National Defence committed to integrating the next generation of Materiel Planning and Positioning tools with the next Enterprise Resource Planning (ERP) system. This implementation is currently planned to occur in 2028.

National Defence committed to providing PACP with an update on the progress made regarding the development of the next generation of Materiel Planning and Positioning tools and its integration with the next generation Enterprise Resource Planning System by December 31, 2022.

Update on the next generation of Materiel Planning and Positioning tools and integration with the Enterprise Resource Planning System

The development of a replacement capability for Materiel Planning and Positioning continues to move forward. Since the last update to PACP on Recommendation 2, National Defence has completed the mapping of its business processes and conducted a thorough analysis of seven options in order to identify a preferred application for the next generation of Materiel Planning and Positioning tools. The preferred application meets National Defence's functional requirements and long-term integration capability with its next generation Enterprise Resource Planning system. This project has moved into the Planning and Scoping phase while other elements like the procurement strategy still need to be finalized.

The replacement Materiel Planning and Positioning tools will improve National Defence's ability to forecast materiel requirements, identify excess stock, incorporate procurement lead-times,

and pre-position materiel appropriately to better serve the Canadian Armed Forces. Over the next 12 months, National Defence plans to continue implementing the infrastructure needed to deliver this solution.

Future updates to the Committee

National Defence will next provide an update to the Committee outlining further details and progress on the next generation of Material Planning and Positioning software and its integration with the Enterprise Resource Planning System by December 31, 2023.