Accessing Emergency Funding to Meet Urgent Claims

Tabled 24 November 2020

VAGO
Victorian Auditor-General's Office

Objective

A Treasurer's Advance gives parliamentary and legal authority to the government to access funds to meet urgent expenditure claims.

This limited assurance review assessed if government departments met their legislative obligations when accessing emergency funding in 2019–20 through the Treasurer's Advance.

Conclusion

Nothing came to our attention to suggest that any Treasurer's Advances made between 1 July 2019 and 30 June 2020 were not approved by the Treasurer. We also believe that there were no advances made during this period that did not meet legislative requirements.
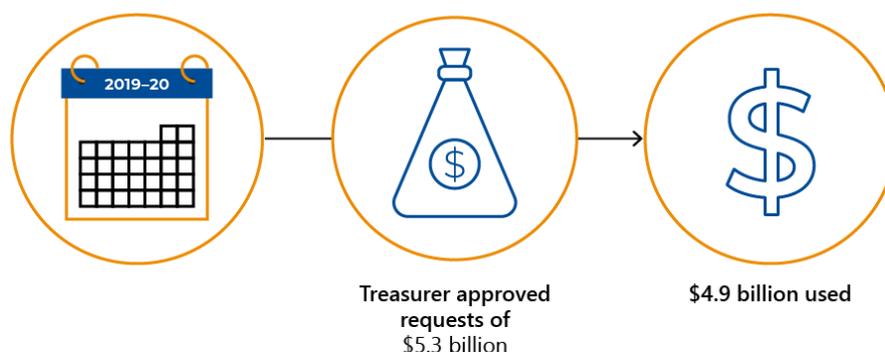
What we examined

We reviewed the process for requesting and approving Treasurer's Advances. We also assessed if selected Treasurer's Advances made in 2019–20 followed this process.

Context

The Treasurer's Advance gives the government flexibility to meet departments' urgent funding needs that the state Budget has not, or not fully, foreseen and covered. Requests for Treasurer's Advances are usually to fund a department's response to unforeseen events. For example, a natural disaster or a public health emergency.

Before COVID-19 was declared a pandemic in early 2020, the government had $2.8 billion in Treasurer's Advance funding available to meet departments' urgent claims in 2019–20.

Context

2019–20

Treasurer approved requests of $5.3 billion

$4.9 billion used

Parliament responded to the pandemic by approving the availability of $10 billion of additional Treasurer's Advance funding for 2019–20, to support the government's public health, social and economic responses if required.

In 2019–20, the Treasurer approved $5.3 billion of requested Treasurer's Advances from departments and agencies. Of this, $4.9 billion was used, including $2.4 billion for the government's response to COVID 19.

The Department of Treasury and Finance (or DTF's) Resource Management Framework (or RMF) outlines the process for submitting, assessing and approving a request for a Treasurer's Advance. This process requires a department's relevant minister to show that the request meets certain requirements, including that it is to fund urgent and unforeseen spending.

However, the RMF does not require all requests or approvals to be processed under its requirements. This is because ministers can submit general funding requests without identifying a funding source. The government often identifies the Treasurer's Advance as the funding source for these requests after they have been approved.

The Treasurer initially approves funding requests 'in principle'. DTF reviews each request's final funding source and confirms it with the Treasurer towards the end of the financial year.

Finding 1: Following documented processes and controls

Most requests funded by a Treasurer's Advance in 2019–20 were submitted as a general funding request—not as a specific request for a Treasurer's Advance. As a result, the RMF process was not required to be followed in many cases.

We also found that DTF did not always explicitly assess if a funding request was urgent before initially supporting it, even for some requests that followed the RMF process.

Government   DTF   COVID-19

Also, some funding requests did not meet the RMF's requirement of being 'unforeseen', as they were for ongoing supplementary funding—not one-off funding for an unforeseen event.

Finding 2: Transparency and accountability

The Treasurer's Advance disclosures in the state's Annual Financial Report were complete and accurate. DTF also provided transparency about the government's response to COVID-19 by separately disclosing if individual Treasurer's Advance items were for this purpose in the disclosures.

However, departments could enhance transparency by separately reporting their actual expenditure for each initiative funded by a Treasurer's Advance.

What we recommended

We made four recommendations to DTF:
- two about improving the RMF request and approval process, and
- two about increasing transparency around Treasurer's Advance approvals and spending.