
Management of Spending in Response to COVID-19

Tabled 27 October 2021



Audit question

This audit looked at how government departments managed their spending in response to COVID-19.

Who we examined

We examined all eight Victorian Government departments, including the former Department of Health and Human Services (DHHS).

What we examined

We examined how the departments minimised the risk of waste, corruption and fraud in procurement, and for their grant programs. We also looked at how the Victorian Government monitored its COVID-19 spending.

What we concluded

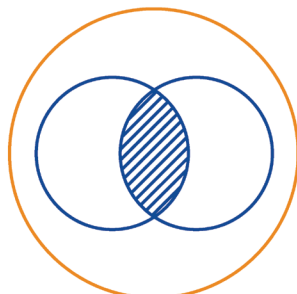
Departments made extraordinary efforts to respond to COVID-19 but not all of them effectively managed their spending.

Most departments had gaps in how they used critical incident procurements, which means they cannot be sure material fraud or corruption did not occur.

Four departments managed their COVID-19 grant programs effectively. However, two departments did not have effective fraud controls when they first set up their programs. Although they made improvements over time, one department still has risks of fraud and waste.

The Department of Treasury and Finance (DTF) had difficulty collecting COVID-19 spend data from departments, which limited its ability to gain an accurate picture of whole-of-government spending. It has since developed a new process to help it report on the state's COVID-19 spend.

Why this audit is important



Transparent



Accountable

Why this audit is important

During a crisis, government departments need to respond rapidly to unexpected events. However, they still need to be transparent and accountable for how they spend public money. This audit is an opportunity for departments to reflect on their preparedness for future crises.

Background

The Victorian Government introduced a range of COVID-19 initiatives, including business grants and extra funding for hospitals. Spending on these initiatives totalled \$4.4 billion in 2019–20, these initiatives totalled \$4.4 billion.

Procurements

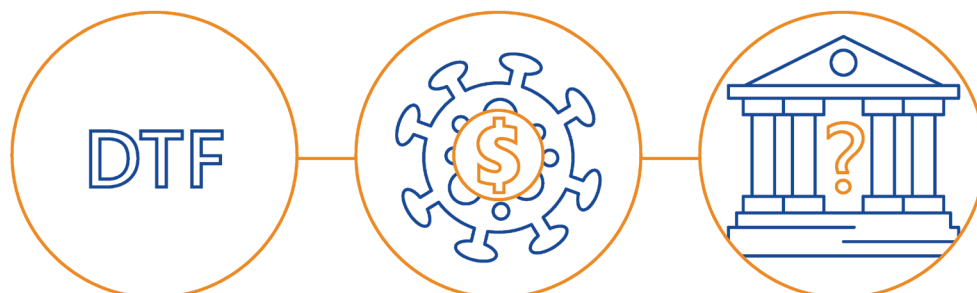
Most departments had weaknesses in their COVID-19 procurement, such as incomplete and missing documentation, using single quotes and inadequate consideration of conflicts of interests. This means departments cannot be sure that material fraud, corruption and waste did not occur.

Grants

The Department of Jobs, Precincts and Regions and DHHS did not implement effective fraud controls at the start of their grant programs. The Department of Transport and the Department of Premier and Cabinet minimised the risk of fraud and waste by building controls into grant application processes and monitoring how grants were used. Most departments could improve how they consider conflicts of interest in grants.

The departments of Environment, Land, Water and Planning, Education and Transport also effectively managed their financial viability grants and assured themselves that recipients used the grants as intended.

Conclusion



Financial reporting

Although all departments have processes to track their own COVID-19 spending, DTF set up a manual process to collect whole-of-government data. This was a slow process and DTF spent considerable time reviewing data accuracy. DTF has since improved its data collection process, which means it should be easier to report on whole-of-government expenditure in the future.

Recommendations

We made 16 recommendations to the audited departments, the Victorian Government Purchasing Board and the Victorian Public Sector Commission. These focused on improving critical incident procurement processes, reviewing risks in grant programs and financial reporting.

More information

To learn more, you can view the audit snapshot and full report on our website www.audit.vic.gov.au.