

Appendix A:

Submissions and comments

We have consulted with all audited agencies, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses received

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Department of Education

Secretary

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BRI23128703

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office

Dear Mr Greaves

Proposed report on Contractors and consultants in the Victorian public service: Spending

Thank you for your letter of 19 October 2023 and the opportunity to comment on the proposed report for this audit. The department is committed to accurately record, properly monitor and transparently report the spend on contractors and consultants.

The department appreciates the collaboration from your team throughout the audit. The proposed report's findings and conclusions reflect positively on the department's regular monitoring and reporting on spend against the targets set by the Victorian Public Services Commission.

The department has reviewed the proposed report and has attached an action plan to address the recommendations in the report. Should you wish to discuss the department's response, please contact Shamiso Mtenje, Acting Executive Director, Integrity, Assurance and Executive Services Division on [REDACTED] or by email: [REDACTED].

Yours sincerely



Jenny Atta
Secretary
3/11/2023

Encl.: DE's action plan

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address



Response provided by the Secretary, DE – continued

DE action plan: Contractors and Consultants in VPS - Spending

#	Recommendations: That all departments:	Response	#	The department will:	By end of:
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets 	Accept	1.1	Continue its quarterly reporting to Executive Board highlighting the progress in meeting targets, as this practice has been in place prior to this audit, which has been acknowledged in this report.	N/A - implemented
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	3.1	Review the current reporting practices and controls to identify areas and actions for improvement.	March 2024
			3.2	Implement improvement opportunities identified in action 3.1.	June 2024
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept	4.1	Improve the communications and training on the correct use of account codes for contractor payments and consultants and clarify/create awareness of the definitions.	March 2024

Response provided by the Secretary, DEECA



Department of Energy, Environment and Climate Action

PO Box 500, East Melbourne,
Victoria 8002 Australia

SEC-231000540

Andrew Greaves
Auditor-General
Level 31 / 35 Collins Street
MELBOURNE VIC 3000
[REDACTED]

Dear Andrew

Thank you for your letter of 19 October 2023, providing the Department of Energy, Environment and Climate Action (DEECA) with an opportunity to comment on the proposed performance audit report *Contractors and Consultants in the Victoria Public Service: Spending*.

I acknowledge and thank your office for the work in conducting this audit and for incorporating the feedback raised by DEECA in response to the provisional draft of the report.

DEECA's management action plan for responding to the recommendations in the report is enclosed. The response includes acceptance of all recommendations, the actions the department proposes to take and expected completion dates to address these.

DEECA had an overall reduction in contractor spend over the four-year period to 2021-2022. While the Department has been focussed on minimising spending on contractors and consultants, its ability to achieve targets in specific categories of contractors and consultants spend was impacted by delivery of significant new initiatives and critical projects.

DEECA is well positioned to respond to the recommendations of this audit and the actions to address these have commenced. This includes the improvement DEECA has made to its compliance with Financial Reporting Direction 22 Standard Disclosures in the Report of Operations. DEECA previously reported relevant information in its annual report, but not to the level of detail required by the FRD. The required supplier information for individual consultancies over \$10,000 reported in the 2022-23 DEECA annual report will be published on DEECA's website.

Should you or your office wish to discuss anything further, please contact Allison Wetzels, A/Executive Director (Chief Finance Officer), DEECA on [REDACTED]

Yours sincerely

[REDACTED]

John Bradley
Secretary

2/11/2023

Encl.



Official - Sensitive

DEECA management actions - Performance audit - Contractors and consultants in the VPS Spending.docx

DEECA Management Actions

No	Recommendations	Acceptance	Agreed Action	Completion Date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DEECA will incorporate data and trend analysis on departmental consultancy and contractor spend into monthly department-wide reporting to DEECA's Finance and Procurement Committee (FPC) and its Executive Board to improve monitoring and oversight of these expenditure categories.</p> <p>DEECA will respond to any relevant government policies and targets and adjust reporting as soon as practical to align approach to the policy or target requirements.</p>	31 March 2024
3	Review and update their practices and controls for reporting spending data to comply with the Financial Reporting Direction 22.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>In 2022-23, DEECA improved its compliance with FRD22 <i>Standard disclosures in the Report of Operations</i> by publishing the details of individual consultancies over \$10,000 listed in the DEECA Annual Report 2022-23 – Additional Information document. The list of consultancies is available on DEECA's Annual Report website.</p> <p>DEECA will review its practices and controls for reporting spend data to ensure continued compliance with the requirements of Financial Reporting Direction 22.</p>	<p>Completed</p> <p>31 March 2024</p>
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	DEECA will review its existing internal guidance materials and processes and implement process improvements on categorisation of contractor and	30 June 2024

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Response provided by the Secretary, DEECA – continued



No	Recommendations	Acceptance	Agreed Action	Completion Date
	their spending per Financial Reporting Direction 22.	<input type="checkbox"/> In part <input type="checkbox"/> In principle	consultant transactions to ensure spend is accurately reported in accordance with Financial Reporting Direction 22.	

2 Contractors and Consultants in the Victorian Public Service: Spending performance audit
DEECA Management Actions



Secretary

Department of Families, Fairness and Housing

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Melbourne Victoria 3001
www.dffh.vic.gov.au

BAC-BR-22866

Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Via e-mail:

cc: [REDACTED]

Dear Mr Greaves

Thank you for your letter of 19 October 2023, and for providing the Department of Families, Fairness and Housing (the department) with an opportunity to review and respond to the proposed report for the *Contractors and consultants in the Victorian public service: spending performance audit*.

The department notes the findings and recommendations specified in that proposed report and confirms acceptance of those recommendations applicable to the department. The details of the department's proposed actions in relation to each of the recommendations, and when those actions will be completed, is included in the Agency Action Plan.

In particular, the department notes that it has recently implemented a dedicated procurement analytics tool, which is expected to facilitate acquittal of the recommendations, and support the department's continued commitment to transparency through the consistent monitoring and reporting of its contractor and consultancy spending.

Yours sincerely

[REDACTED]

Peta McCammon
Secretary

3/ 11 /2023

Attachment: Agency Action Plan



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Response provided by the Secretary, DFFH – continued

Department of Families, Fairness and Housing action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Formalise the reporting framework for contractor and consultant expenditure.	31 December 2023
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Review the existing practices and controls for reporting spending data, <i>noting that the Department already complies with the Financial Reporting Direction 22</i>	29 February 2024

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Response provided by the Secretary, DFFH – continued

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department has already addressed this recommendation.	Not applicable.
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Department of Government Services

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Telephone: (03) 9651 5111
dgs.vic.gov.au

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31
35 Collins Street
MELBOURNE VIC 3000

BSEC-231000841

By email: [REDACTED]

Dear Auditor-General,

Thank you for your letter dated 19 October 2023, providing the Department of Government Services (DGS) with an opportunity to comment on the proposed performance audit report regarding *Contractors and Consultants in the Victorian Public Service: Spending*.

While DGS was not an audited agency for this review, I appreciate the findings of your office, and the opportunity to respond to the recommendations made in the report.

As your report notes, DGS' Government Procurement function continues to play its important role in supporting data driven procurement decisions by analysing spend patterns and trends of departments' aggregated spend and producing analytics dashboards to support departments to understand their own spend.

DGS was established in January 2023 and is working to establish an independent financial system. As an interim approach, DGS continues to utilise multiple existing financial systems. As such DGS accepts these recommendations related to its internal monitoring and reporting of contractors, consultants, and labour hire expenditure in principle until such a time that a single DGS' financial system is in place.

Please find responses to the recommendations that relate to DGS enclosed with this letter.

Should you require further information in relation to DGS's response, please contact Steven Wlazly, Chief Financial Officer, DGS via email at [REDACTED]

Yours sincerely,

[REDACTED]

Jo de Morton
Secretary
03 / 11 / 2023

Encl. Department of Government Services action plan to address recommendations from Contractors and Consultants in the Victorian Public Service: Spending

Your details will be dealt with in accordance with the Public Records Act 1973 and the Privacy and Data Protection Act 2014. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address.

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Response provided by the Secretary, DGS – continued

OFFICIAL: Sensitive

Department of Government Services action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DGS expenditure is currently managed within multiple financial systems.</p> <p>DGS will review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22).</p> <p>DGS will assess cost-effective ways of improving the ongoing capture and monitoring of the expenditure.</p>	2025/2026
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DGS will continue to be compliant with the reporting requirements of the Financial Reporting Directions, including Direction 22.</p> <p>DGS will review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22).</p>	2025/2026
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>There is merit in undertaking a review of the current data collection processes for reporting under FRD22, and to make an assessment on whether there is a cost-effective way of improving the collection of this information.</p> <p>The investment required for efficient systems and processes, may not be justified by the benefits of more efficient data collection.</p>	2025/2026

Response provided by the Secretary, DH



Secretary

Department of Health

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DX 210081

VAGO file no: 34773 23

DH file no: BAC-CO-40823

Andrew Greaves
Auditor-General
Victorian Auditor-General's Officer

Via e-mail: [REDACTED]

Copy [REDACTED]
[REDACTED]

Dear Mr Greaves

VAGO performance audit: Contractors and consultants in the Victorian public services: spending

Thank you for your letter of 19 October 2023, and for providing the Department of Health (the department) with an opportunity to review and respond to the proposed report for the *Contractors and consultants in the Victorian public service: spending* performance audit.

My department notes the findings and recommendations specified in that proposed report and confirms acceptance of those recommendations applicable to the department. The details of the department's proposed actions in relation to each of the recommendations, and when those actions will be completed, is included in the Agency Action Plan.

In particular, my department notes that it is currently finalising the implementation of a dedicated procurement analytics tool, that is expected to facilitate acquittal of the recommendations, and support the department's continued commitment to transparency through the consistent monitoring and reporting of its contractor and consultancy spending.

Yours sincerely

Professor Euan M Wallace AM
Secretary

31/10/2023

Enc



Response provided by the Secretary, DH – continued

Department of Health action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. Contractor and consultant expenditure will be monitored quarterly, with consideration of: <ol style="list-style-type: none">trends in expenditure for contractors, and for consultantsmonitoring against any relevant government policies or targets	31 October 2024
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. This tool will be used for further reporting associated with the <i>Financial Reporting Direction 22</i> . Reporting will be subject to regular review and validation to ensure data is complete and accurate.	31 October 2024

OFFICIAL: Sensitive

Response provided by the Secretary, DH – continued

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. This tool will consistently manage the categorisation of contractor spend and support accurate contractor and consultancy expenditure reporting.	31 October 2024
5	Document key procedures for recording and reporting contractor and consultant spending to ensure the process is repeatable.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. Procedures for recording and reporting contract and consultant spending will leverage that tool, and will be documented to ensure the process is repeatable.	31 October 2024

OFFICIAL: Sensitive



Department of Justice and Community Safety

Secretary

Level 26
121 Exhibition Street
Melbourne Victoria 3000
Telephone: (03) 8684 0501
justice.vic.gov.au

Our ref: 23094086

Mr Andrew Greaves
Auditor-General

Via email: [REDACTED]

Proposed report: Contractors and consultants in the VPS: spending

Dear Mr Greaves

Thank you for your letter of 19 October inviting final comment on the proposed report for the performance audit: Contractors and consultants in the Victorian Public Service: spending.

The Department of Justice and Community Safety (the department) is committed to accurate, timely and transparent reporting of its spend on contractors and consultants in compliance with *Financial Reporting Direction 22a*, and to meeting its 2018 reduction targets.

The department accepts the three recommendations directed to all departments. The department's action plan to address these recommendations is attached.

If you have any questions or require further information, please contact Julianne Brennan Executive Director, Governance and Assurance at [REDACTED].

Yours sincerely

Kate Houghton PSM
Secretary

10/11/2023



DJCS action plan

Contractors and consultants in the VPS: spending

Rec #	VAGO recommends that DJCS:	Response	Action #	DJCS will:	By:
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand trends in expenditure in these categories and if they are on track to meet any relevant government policies or targets.	Accept	1.1	Completed. Continue to report on contractor and consultant spend on a quarterly basis.	30-Nov-23
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	3.1	Review existing practices and controls related to <i>Financial Reporting Direction 22</i> reporting.	30-Jun-24
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept	4.1	Review existing recording and reporting controls and processes to identify opportunities to automate and streamline, where possible, and reduce the risk of errors.	31-Oct-24



Department of Jobs, Skills, Industry and Regions

GPO Box 4509
Melbourne, Victoria 3001 Australia
Telephone: +61 3 9651 9999

Ref: CSEC-2-23-21946

Mr Andrew Greaves
Auditor General
Victorian Auditor General's Office
Level 31, 35 Collins Street
MELBOURNE VICTORIA 3000

Dear Mr Greaves

PROPOSED PERFORMANCE AUDIT REPORT CONTRACTORS AND CONSULTANTS IN THE VICTORIAN PUBLIC SERVICE: SPENDING

Thank you for your letter of 19 October 2023 on the Proposed Performance Audit Report Contractors and Consultants in the Victorian Public Service: Spending.

The Department of Jobs, Skills, Industry and Regions (the department) supports VAGO's recommendations and will continue to foster best practices for strengthening its controls regarding contractors and consultants. Enclosed with this correspondence is a document indicating the actions the department will take in relation to each of the relevant recommendations and target completion dates.

I appreciate the professional way this review has been conducted.

If you require further information, please contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED].

Yours sincerely

Tim Ada
Secretary

Date: 31/10/2023



Response provided by the Secretary, DJSIR – continued

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Department of Jobs, Skills, Industry and Regions action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The department currently monitors and reports contractor and consultant spend and will continue to do so by providing quarterly updates to the Procurement Committee which will include trends on contractor and consultant expenditure.</p> <p>The Procurement Committee is a sub-committee of the department's Executive Board. It provides strategic oversight and direction for the department's major procurement and oversees the department's compliance with department and government requirements.</p> <p>The department will include in its report whether it is on track to meet relevant policies or targets in relation to contractor and consultant spend.</p>	June 2024
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DJSIR's Annual Report 2022-23 includes all required information in compliance with <i>Financial Reporting Direction 22</i>.</p> <p>This includes reporting the total number and total expenditure on consultancies in the body of the annual report. In prior years, this information was made publicly available on the department's website.</p>	Completed in October 2023

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Response provided by the Secretary, DJSIR – continued

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			The updated practice also includes a summary of each consultancy that was engaged instead of a generic description that was provided in prior years. This information will be available on the department's website.	
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The department has existing processes for categorising contractor and consultant transactions to accurately report spend in compliance with <i>Financial Reporting Direction 22</i>. This includes:</p> <ul style="list-style-type: none">• information available for staff;• systems for capturing and reporting on contractor and consultant spend information such as contract records, purchase orders and tax invoices; and• internal review processes. <p>To enhance reporting accuracy, the department will review current processes for categorising contractor and consultant transactions to look for further improvement opportunities.</p>	June 2024

OFFICIAL



Department of
Premier and Cabinet

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Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

BSEC-231000679

Dear Mr Greaves

Thank you for your letter dated 19 October 2023, providing the Department of Premier and Cabinet (DPC) with an opportunity to comment on the proposed performance audit report regarding the *Contractors and Consultants in the Victorian Public Service: Spending performance audit*.

DPC appreciates the audit findings and has developed an action plan to respond to the recommendations made in the report. Please find responses to the recommendations that relate to DPC enclosed with this letter.

Should you require further information in relation to DPC's response, please contact Anthony Bale, Chief Financial Officer, DPC via email at [REDACTED]

Yours sincerely

Emma Cassar
Acting Secretary

3/11/2023

Response provided by the Acting Secretary, DPC – continued

OFFICIAL: Sensitive

Department of Premier and Cabinet action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DPC will continue to monitor the Department's spend on Consultants and Contractors through its Board of Management. A section of the Finance Board Report reports spend against:</p> <ul style="list-style-type: none"> Consultants Contractors Labour Hire <p>The DPC Finance report is produced monthly, except during year end for the July and August reporting periods. DPC will include any Government targets in this reporting as they are approved.</p>	December 2023
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DPC will continue to be compliant with the reporting requirements of the Financial Reporting Directions, including Direction 22.</p>	September 2023

Response provided by the Acting Secretary, DPC – continued

OFFICIAL: Sensitive

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DPC will review the current processes for capturing and recording transactions related to contractors, consultants, and labour hire, and make any necessary improvements to ensure transactions continue to be accurately reflected in reporting the categories as required by Financial Reporting Direction 22.	30 June 2024
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Department of Treasury and Finance

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Melbourne Victoria 3002 Australia
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D23/173388

Mr Andrew Greaves
Auditor-General
Level 31/35 Collins Street
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[Redacted]

Dear Mr Greaves

PROPOSED REPORT – PERFORMANCE AUDIT: CONTRACTORS AND CONSULTANTS IN THE VICTORIAN PUBLIC SERVICE: SPENDING

Thank you for the opportunity to respond to the proposed report for the performance audit *Contractors and Consultants in the Victorian Public Service: Spending*.

The DTF response to your recommendations is attached, along with an action plan outlining how the department will seek to implement the responses. DTF accepts, in full or in principle, all recommendations.

DTF complies with the reporting requirements of Financial Reporting Direction 22 and has existing processes to categorise contractors and consultants for publication in its annual report. Notwithstanding this, DTF acknowledges there are opportunities to improve the efficiency of the data collection practices.

Thank you again for the opportunity to respond to the proposed report.

Yours sincerely

[Redacted Signature]

David Martine
Secretary

6 / 11 / 2023



Response provided by the Secretary, DTF – continued

Attachment 1 - Letter from DTF Secretary to Auditor-General - Contractors and Consultants in the Victorian Public Service: Spending performance audit

DTF action plan to address recommendations from Contractors and Consultants in the Victorian Public Service: Spending

Number	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets 	Accept	<ul style="list-style-type: none"> Review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22). Implement revised and more regular monitoring arrangements. 	June 2024 <ul style="list-style-type: none"> With the aim to implement monitoring arrangements in the following financial years
2 (DTF specific)	Assess whether changing <i>Financial Reporting Direction 22</i> to require departments to include both contractor and consultant spend in their annual report would increase transparency on government spending, and advise government accordingly.	Accept	<ul style="list-style-type: none"> DTF agrees to coordinate, together with other relevant departments, an assessment of a potential change in the current reporting requirements for contractors and consultants with the view to improving public transparency. 	June 2024
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	<ul style="list-style-type: none"> As outlined in the report, DTF currently complies with the reporting requirements under FRD22. DTF will continue to review, on a regular basis, the practices and controls to ensure compliance with reporting requirements under FRD22. 	Not applicable <ul style="list-style-type: none"> Given existing practices and controls are compliant, no immediate action is required DTF will continue to monitor its compliance with FRD22 as part of BAU
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept in principle	<ul style="list-style-type: none"> There is merit in undertaking a review of the current data collection processes for reporting under FRD22, and to make an assessment on whether there is a cost-effective way of improving the collection of this information. Additional investment may be required for more efficient systems and processes. 	June 2024 <ul style="list-style-type: none"> Improvements, if any, will be dependent on the cost effectiveness of any proposed system or process improvement solutions



Department of Transport and Planning

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Melbourne, Victoria 3001 Australia

Ref: BSEC-1-23-4752

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

**Victorian Auditor-General's Office - Contractors and Consultants in the VPS:
Spending - Proposed Report**

Thank you for your letter of 19 October 2023 enclosing the proposed report *Contractors and Consultants in the Victorian public service: spending*.

The Department of Transport and Planning (DTP) has reviewed the proposed report and acknowledges the report's findings and observations, including DTP's favourable performance in relation to the other deep-dive departments.

DTP notes the three recommendations raised for all agencies and advises that it has completed one recommendation. As DTP is already investigating solutions to automate and improve reporting on contractor and consultant spend, the remaining two recommendations are accepted in principle. DTP's action plan is enclosed with this letter.

DTP is committed to building a capable, connected and diverse workforce and will continue to comply with directions and guidance provided by the Department of Treasury and Finance.

Thank you for the opportunity to comment on the report.

Yours sincerely



Paul Younis
Secretary
Department of Transport and Planning

3 November 2023

Enc: DTP Action Management Plan - Contractors and consultants in the Victorian public service: spending



Contractors and Consultants in the Victorian Public Service: Spending

Department of Transport and Planning – Action plan

No.	VAGO Recommendation	DTP Action	Due date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> trends in expenditure in these categories if they are on track to meet any relevant government policies or targets. 	<p>Accepted in principle</p> <p>DTP will continue to meet its annual reporting obligations.</p> <p>DTP will investigate automating the process to enable quarterly reporting.</p>	1 Dec 2024
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<p>Accepted</p> <p>DTP has reviewed and updated its reporting practices for reporting contractor and consultant spending data to comply with the Financial Reporting Direction 22.</p> <p>The DTP FY 22-23 annual report includes:</p> <ul style="list-style-type: none"> Total number of consultants used under \$10,000 and over \$10,000. Total spend on consultants used under \$10,000 and over \$10,000. Details of each consultant spend over \$10,000 including a list of: vendor, project summary, total project fees, spend for the reporting period and future spend. Information on where this information is recorded. 	Complete
4	<p>Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i>.</p>	<p>Accepted in principle</p> <p>DTP will update the process and procedure for categorising contractor and consultant transactions to add an additional layer of review, where the assessment of category is 'not specified'.</p>	28 Feb 2024



**Victorian
Public Sector
Commission**

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Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
[Redacted]

Dear Andrew,

Proposed Performance Audit Report Contractors and Consultants in the Victorian Public Service: Spending

Thank you for sending through the proposed *Contractors and Consultants in the Victorian Public Service: Spending* performance audit.

We acknowledge and thank you for incorporating the feedback raised by the VPSC in response to the provisional draft of the report.

While the report does not make any recommendations for the VPSC, and although VPSC's reporting function in this space has ceased, we will of course continue to work closely with all departments to improve the public service's capability and capacity to deliver functions that may otherwise have been outsourced.

Yours sincerely,



Brigid Monagle

Commissioner

30/10/2023

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