

# Appendix A:

## Submissions and comments

We have consulted with all 10 Victorian Government departments 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

2 Treasury Place  
East Melbourne Victoria 3002  
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COR24139514

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

Dear Mr Greaves

**Proposed report: Assuring the integrity of the Victorian Government's procurement activities**

Thank you for your letter of 14 May 2024 and the opportunity to comment on the proposed report for this audit.

The department is committed to having strong controls for procurement processes and has implemented robust controls to prevent and detect fraud and corruption when procuring goods and services. It is pleasing to note that the report acknowledges the department's positive practices to minimise fraud and corruption risks. The department has reviewed the proposed report and has attached an action plan to address the relevant recommendations in the report.

Should your office wish to discuss the department's response, they can contact Shamiso Mtenje, A/Executive Director, Assurance, Knowledge and Executive Services on [REDACTED] or [REDACTED].

Yours sincerely



**Jenny Atta**  
Secretary  
28 / 05 / 2024

Encl: DE's final 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



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**DE action plan: Assuring the Integrity of the Victorian Government's Procurement Activities**

#	Recommendations: That DE:	Response	#	The Department will:	By:
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	Accept	1	continue to ensure fraud and corruption policies remain accurate and up to date and that the timeframes for review of effectiveness and currency are appropriate.	N/A - Implemented
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"> <li>• policies and procedures when there has been a significant change to the department or how it operates</li> <li>• conflicts of interest policies to include timeframes for approving conflict of interest declarations</li> <li>• conflicts of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	Accept	1	review and update the conflict of interest policy and procedures in line with the recommendations of this report, including: <ul style="list-style-type: none"> <li>• setting timeframes for approving conflict of interest declarations and updates to the conflict of interest declaration form to include the role of the declarer and approver</li> <li>• outlining that the conflict of interest policy will be reviewed for effectiveness every 3 years and when there is a significant change to the department or how it operates.</li> </ul>	30 September 2024
			2	update Procurement conflict of interest forms to include role of the approver and declarer in the procurement. Any declared conflicts are captured in eduPay and the form will be updated to state this explicitly. Procurement policy and procedure documents have been updated as at April 2024.	30 September 2024
			3	review and update the Vendor maintenance policy and procedures/guidelines as part of the ongoing Oracle Cloud implementation due to be completed by mid-2025. This will include reviewing roles and responsibilities of the supplier maintenance function and identifying which roles the procedures best align to enhance operational efficiency and data integrity.	30 June 2025

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	Accept	1	<p>continue to review fraud and corruption incidents and integrity investigations where appropriate, to improve controls to mitigate fraud and corruption risks.</p> <p>The department does have a process in place to consider that learnings from fraud and corruption incidents are identified and actioned, and as such, this action will be considered as implemented.</p>	N/A - Implemented
5	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	Accept	1	<p>assess if DJSIR and DTP best practice analytics can be adopted (noting the different operating and resourcing models); and will assess viability of any other potential to adopt advanced data analytics tools for proactive fraud and corruption detection of payments. Any viable tests identified from the assessment will be implemented.</p> <p>The department already has a central system for procurement and payment data.</p>	30 June 2025



## Department of Justice and Community Safety

Secretary

121 Exhibition Street  
Melbourne Victoria 3000  
Telephone: 0429 324 742  
[www.justice.vic.gov.au](http://www.justice.vic.gov.au)

Our ref: 24052968

Mr Andrew Greaves  
Auditor-General  
Victorian Auditor-General's Office  
Via email: [REDACTED]

### **Proposed report: Assuring the integrity of the Victorian Government's procurement activities**

Dear Mr Greaves

Thank you for your letter of 14 May 2024 providing the proposed report on Assuring the integrity of the Victorian Government's procurement activities.

The department is committed to upholding the highest standards of integrity, including actively managing each stage of its procurement activities to prevent corruption and fraud, and to complying with the relevant *Standing Directions 2018*. This commitment is evidenced in the department's vision, strategic direction and continuous work program to strengthen procurement, integrity and related financial processes and controls.

The department's action plan to address your recommendations is attached. As you have acknowledged in your report, work is already under way to implement several of these actions including a review of the fraud and corruption policy and introducing mandated refresher training on fraud and corruption for all staff.

If you have any questions or require further information, please contact Julianne Brennan, Executive Director, Governance and Assurance on [REDACTED] or via email to [REDACTED]

Yours sincerely

**Kate Houghton, PSM**  
Secretary

30/05/2024

Encl. DJCS action plan



## DJCS action plan

Assuring the integrity of the Victorian Government's procurement activities

#	VAGO recommends that DJCS:	Response	#	The department will:	By:
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	Accept	1	The department is currently reviewing its Fraud, Corruption and Other Losses policy to ensure it is up to date and reflects enhanced processes. This review will be finalised in conjunction with the launch of the new digital form.	01/07/24
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating their: <ul style="list-style-type: none"> <li>policies and procedures when there has been a significant change to the department or how it operates</li> <li>conflicts of interest policies to include timeframes for approving conflict of interest declarations</li> <li>conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	Accept	2.1	Review and update its procurement policies and processes to strengthen fraud and corruption controls.	30/09/24
			2.2	Introduce a review process for procurement policies and procedures that triggers when significant changes to the department or how it operates occur, such as changes to organisational structure of machinery of government changes.	30/09/24
			2.3	The department has recently implemented actions to address elements of this recommendation that relate to the conflict of interest policy and process. At the next review, the policy will be updated to reference a review period of every 2 years, or when there has been a significant change to the department or how it operates.	31/03/25
			2.4	Review and update its process for maintaining vendor master files.	30/09/24



#	VAGO recommends that DJCS:	Response	#	The department will:	By:
3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	Accept	3	Develop parameters to assess control effectiveness and consider potential improvements.	31/12/24
4	Introduce a regular training refresher program for all staff that covers fraud and corruption.	Accept	4	The department has mandatory fraud and corruption training and will introduce the requirement for refresher training every 2 years.	31/12/24
5	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	Accept	5	Establish a process for the regular interrogation of procurement related data, including: <ul style="list-style-type: none"> <li>• establishing a central repository for relevant procurement related data (database)</li> <li>• developing procurement fraud and corruption related metrics</li> <li>• implementing a regular reporting regime for fraud and corruption risks.</li> </ul>	28/02/25

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Department of Jobs, Skills, Industry and Regions

GPO Box 4509  
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Telephone: +61 3 9651 9999

Ref: CSEC-2-24-24205

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

Dear Mr Greaves

**PROPOSED REPORT: ASSURING THE INTEGRITY OF THE VICTORIAN  
GOVERNMENT'S PROCUREMENT ACTIVITIES PERFORMANCE AUDIT  
ENGAGEMENT**

Thank you for your letter of 14 May 2024 regarding the proposed report on Assuring the Integrity of the Victorian Government's Procurement Activities performance engagement.

The Department of Jobs, Skills, Industry and Regions (the department) accepts VAGO's recommendations and will continue to foster best practices for strengthening its controls pertaining to integrity in the department's procurement activities.

Enclosed with this correspondence are actions the department will take in response to each relevant recommendation (including completion dates), and an amendment to the proposed report to reflect certain departmental monitoring activities more fulsomely, that I understand has been agreed with your engagement team.

If your team requires any further information, please contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED].

Yours sincerely

**Tim Ada**  
Secretary

28/05/2024





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Department of Jobs, Skills, Industry and Regions action plan to address recommendations from the 'Assuring the integrity of the Victorian Government's procurement activities' performance audit engagement

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DJSIR will update the Fraud Policy and Fraud Plan to ensure currency and accuracy. Consistent with the department's Fraud and Corruption Control Policy (Fraud Policy) the Fraud Policy and the Fraud and Corruption Control Plan (Fraud Plan) are reviewed and updated annually.	31 December 2024
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"> <li>a) policies and procedures when there has been a significant change to the department or how it operates</li> <li>b) conflict of interest policies to include timeframes for approving conflict of interest declarations</li> <li>c) conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	a) DJSIR will update the procurement, conflicts of interest and maintaining vendor master files policies and procedures to include a statement that it will be reviewed if/when there are significant changes to the department or how it operates.  b) DJSIR will update the Conflict of Interest policy to include timeframes for approving conflict of interest declarations.  c) DJSIR will update the declaration form to also require the role of the approver in relation to the declarer be captured. Noting that from February 2024, the role of the declarer is captured when the form is exported as a PDF document.	a) 31 July 2024  b) 31 July 2024  c) 31 October 2024

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No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<div><input checked="" type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div> <div><input type="checkbox"/> In part</div> <div><input type="checkbox"/> In principle</div>	<div>a) Terms of Reference and the purpose statement of the DJISIR Integrity in Procurement Forum, will be updated to include a standing item on learnings from procurement related fraud and corruption incidents and integrity investigations from the next meeting onwards. The forum meets biannually with the next meeting is scheduled for September 2024</div> <div>b) DJISIR will implement a regular monitoring program to review fraud and corruption incidents and integrity investigations, which will be documented in DJISIR's Fraud Plan.</div>	<div>a) 30 September 2024</div> <div>b) 31 December 2024</div>

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## Department of Jobs, Skills, Industry and Regions: Feedback – VAGO: Proposed Report

Assuring the integrity of the Victorian Government's procurement activities

No.	Page ref. 1	VAGO statement	DJSIR comment	VAGO Audit response	Proposed action	DJSIR comments
2	9	<p><b>Monitoring departing employees' emails</b></p> <p>DE told us it does not monitor departing employees' emails due to privacy considerations. DJSIR told us it does not monitor employees' emails unless there is a specific circumstance that requires it to, such as an investigation by a law enforcement agency. DJSIR told us it only monitors outbound emails from departing employees when it has identified integrity risks</p>	<p>The difference in wording for DJSIR ("does not monitor employees' emails") vs. DE and DJCS ("departing employees' emails"/"emails from departing employees") implies the scope of the statement is broader.</p> <p>Can we clarify the parameters i.e., whether this relates to monitoring all employee emails or departing employees only?</p>	Accepted. This relates to departing employees only. Amendments made to the Proposed report.	<p>Proposed report reads: DJSIR told us it does not monitor departing employees' emails unless there is a specific circumstance that requires it to, such as an investigation by a law enforcement agency.</p>	<p>DJSIR and VAGO agreed to re-word the sentence in the proposed action column to:</p> <p>DJSIR told us it does not monitor departing employees' emails unless there are circumstances that trigger it to access and review employee emails under the relevant policies, such as investigating suspected fraud, corruption or misconduct.</p>

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Department of Energy, Environment  
and Climate Action

PO Box 500, East Melbourne,  
Victoria 8002 Australia

SEC-240500326

Andrew Greaves  
Auditor-General  
VAGO  
Level 31 / 35 Collins Street Melbourne Victoria 3000  
[REDACTED]

Dear Auditor-General

**PROPOSED REPORT - ASSURING THE INTEGRITY OF THE VICTORIAN GOVERNMENT'S  
PROCUREMENT ACTIVITIES**

Thank you for your letter of 14 May 2024, providing the Department of Energy, Environment and Climate Action (DEECA) with an opportunity to comment on the proposed performance audit report - *Assuring the Integrity of the Victorian Government's Procurement Activities*.

I acknowledge and thank your office for the work in conducting this audit and for providing a response to DEECA's earlier request for clarification on some matters.

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

DEECA is well positioned to respond to the recommendations of this audit. In particular, DEECA has procedures in place to monitor fraud, corruption and integrity incidents and implement remedial actions and control improvements.

Should you or your office wish to discuss anything further, please contact Vish Pydiah, Chief Procurement Officer, Finance, Infrastructure and Procurement Services, DEECA on 0418 139 492 or email [REDACTED]

Yours sincerely

[REDACTED]

**John Bradley**  
Secretary



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# DEECA Management Action Plan

## DEECA Management Actions

No	VAGO recommendations	Acceptance	Agreed management action	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DEECA will continue to review its existing fraud and corruption control policies and plans as per established timeframes.	30 June 2025
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"> <li>policies and procedures when there has been a significant change to the department or how it operates</li> <li>conflict of interest policies to include timeframes for approving conflict of interest declarations</li> <li>conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DEECA will update policies and procedures for procurement and vendor master file process as per established timeframes.  DEECA will include relevant timeframes for conflict-of-interest declarations related to procurement activities in its guidance.  DEECA's Conflict of interest form already has a field to record the role of the declarer and approver.	31 March 2025

No	VAGO recommendations	Acceptance	Agreed management action	Target completion date
3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div> <div><input type="checkbox"/> In part</div> <div><input checked="" type="checkbox"/> In principle</div>	<p>DEECA has already set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify control improvements.</p> <p>DEECA will review its program to identify improvement opportunities in light of this audit as part of its scheduled integrity program evaluation in 2024-25.</p>	30 November 2024
4	NA to DEECA			
5	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div> <div><input type="checkbox"/> In part</div> <div><input checked="" type="checkbox"/> In principle</div>	<p>DEECA already uses data analytics reviews to assess risks.</p> <p>DEECA will review current process for analysing data in relation to procurement activities to identify improvements for early detection of unusual and suspicious activity.</p>	31 March 2025

2 Assuring the integrity of the Victorian Government's procurement activities  
DEECA Management Actions

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Secretary

Department of Families, Fairness and Housing

50 Lonsdale Street  
Melbourne Victoria 3000  
Telephone: 1300 475 170  
GPO Box 1774  
Melbourne Victoria 3001  
[www.dffh.vic.gov.au](http://www.dffh.vic.gov.au)

VAGO ref: 34850 24  
DFFH ref: BAC EOB-361

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

Via email:

cc:

and

Dear Mr Greaves

**VAGO audit provisional draft report: *Assuring the integrity of the Victorian Government's procurement activities***

Thank you for your letter dated 14 May 2024, 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 *Assuring the integrity of the Victorian Government's procurement activities* assurance audit.

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

Yours sincerely

**Peta McCammon**  
Secretary

27/05/2024



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Department of Families, Fairness and Housing action plan to address recommendations from Assuring the integrity of the Victorian Government's procurement activities

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The DFFH Fraud, and Corruption and Other Losses policy is reviewed and updated every 2 years. The 2024 review is underway.  DFFH will also ensure that any updates are in alignment with its Procurement Assurance Procedure.	31 October 2024
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"><li>• policies and procedures when there has been a significant change to the department or how it operates</li><li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li><li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li></ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DFFH will undertake periodic reviews (at least annually) of its procurement framework to ensure controls and practices are appropriate.  As of May 2024, the Victorian Public Sector Commission is working on a new conflict of interest (COI) model policy for the Victorian Public Sector. DFFH will review and update its COI policy and related COI form once the Commission has published its guidance. DFFH will implement VAGO's recommendations, in conjunction with the new model policy. Because the policy is practiced through technology (an online form), resourcing for technology updates will influence timing for implementing changes to policy and procedure.	31 December 2025

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DFFH reviews its internal controls at the conclusion of an investigation into fraud and corruption incidents, with a view to preventing future incidents.  A schedule is also in place to undertake 1-2 deep dives annually into areas of higher risk and to refresh the DFFH integrity risk profile at least once every two years.	Currently in place
4	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DFFH agree in-principle, subject to funding and resource availability. The department intends to conduct an assessment of options for a fraud and corruption risk analytics program.	30 June 2025

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## Department of Government Services

Level 5  
1 Macarthur Street  
East Melbourne Victoria 3002  
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

By email: [REDACTED]

Dear Auditor-General

### **PROPOSED REPORT – PERFORMANCE AUDIT: ASSURING THE INTEGRITY OF THE VICTORIAN GOVERNMENT'S PROCUREMENT ACTIVITIES**

Thank you for your letter dated 14 May 2024, providing the Department of Government Services (DGS) with an opportunity to comment on the proposed performance audit report regarding Assuring the Integrity of the Victorian Government's procurement activities.

DGS is committed to ensuring its fraud and corruption and control policies when procuring goods and services reflect best practice. Since the initial assessments by VAGO as part of this performance audit, I am pleased to advise that DGS has developed and implemented its own policies and procedures, which are up to date.

Part of this includes a shared corporate procurement model with an overarching Procurement Strategy that sets out the procurement objectives and activities of DGS and its role to provide corporate procurement services to client departments.

The DGS Action Plan outlining how the department will seek to implement the responses enclosed with this letter. DGS accepts, in full or in principle, all recommendations.

Should your office require further information in relation to DGS's response, they may contact Vasko Nastevski, Chief Procurement Officer, DGS via [REDACTED]

Yours sincerely

[REDACTED]

**Jo de Morton**  
Secretary

28 / 05 /2024  
Encl. DGS 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.



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**Department of Government Services action plan to address recommendations from Assuring the integrity of the Victorian Government's procurement activities**

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	As a newly established department in 2023 following machinery of government changes, the DGS fraud and corruption control policies and plans have been recently developed and are up to date. DGS has a process in place to review all of its fraud and corruption control policies regularly to make sure they are accurate and up to date.	30 June 2025
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"> <li>• policies and procedures when there has been a significant change to the department or how it operates</li> <li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li> <li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	As a newly established department in 2023 following machinery of government changes, DGS has recently developed its policies and procedures for procurement, conflicts of interest and maintaining vendor master files. DGS will regularly review all of its policies and procedures to reflect best practice.	30 June 2025

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The DGS fraud and corruption control policies and procedures are aligned with AS8001:2021 Fraud and Corruption Control Standards, which recommend an assessment is undertaken of controls after a fraud or corruption incident to consider if any updates are required. DGS will continue to be informed by these Standards.</p> <p>DGS People and Governance engages with business areas in circumstances where an integrity matter results in an employee misconduct investigation if misconduct arose from deficiencies in business processes or practices, to ensure policy and practice gaps are addressed.</p>	30 June 2025
4	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DGS has established a corporate shared service model for procurement where data from procurement activity undertaken by DGS, the Department of Treasury and Finance (DTF) and the Department of Premier and Cabinet (DPC) is already captured centrally. DGS analyses the data and uses it to inform a quarterly procurement assurance program that is reported to the Procurement Governance Committee. DGS will consider whether there is opportunity to augment its existing data collection processes that is cost-effective, efficient and benefits efforts to review procurement activities for fraud and corruption risks.</p>	30 June 2025

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Department of Health

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Melbourne Victoria 3001  
[www.health.vic.gov.au](http://www.health.vic.gov.au)  
DX 210081

VAGO file no: 34850 24  
DH file no: BAC-CO-46461

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

Via e-mail: [REDACTED]

Copy:

[REDACTED]

Dear Mr Greaves

**VAGO audit proposed report: *Assuring the integrity of the Victorian Government's procurement activities***

Thank you for your letter of 14 May 2024, and for providing the Department of Health (the department) with an opportunity to review and respond to the proposed report for the *Assuring the integrity of the Victorian Government's procurement activities* audit.

The department notes the report's findings and recommendations and accepts all recommendations applicable to the department. Details of the department's proposed actions in response to each of the recommendations and timeframes for completion are included in the enclosed 'Agency action plan'.

In particular, the department notes the recent implementation of its forensic data analytics function which strengthens our monitoring capability and signals our commitment to and investment in proactively working to prevent, detect and investigate fraud and corruption when procuring goods and services.

Yours sincerely

[REDACTED]

Secretary  
24/05/2024

Encl.



**Department of Health action plan to address recommendations from Assuring the integrity of the Victorian Government's procurement activities**

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DH will review its Fraud, Corruption and Other Losses Policy and associated guidance to ensure it is up to date. Reviews will occur every two years, or after a major change to the department's operations or a significant fraud / corruption event.	31 December 2024
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"> <li>• policies and procedures when there has been a significant change to the department or how it operates</li> <li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li> <li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DH regularly reviews its procurement policies and procedures, these are reflected in the DH Procurement Strategy. The DH Procurement Strategy will be reviewed and updated to reflect the recent change to the department's structure, then reviewed annually. Elements of the procurement policies and procedures are also reviewed and updated periodically, in response to major changes to the department's operations and / or any significant fraud/corruption events that may occur or to address recommendations from internal / external reviews.  DH will review its conflict of interest policy to include timeframes for approving conflict of interest declarations.  DH will confirm the role of approver and requestor are clear in the existing conflict of interest tool.  DH maintains a vendor master file, that is managed by its Common Corporate Support Branch who will review the associated procedure.	31 December 2024

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DH monitors and reviews relating to fraud and corruption incidents each quarter with the Audit, Risk and Resilience team and with control owners to identify improvements to the control environment. DH will formalise this monitoring program through inclusion in its Fraud, Corruption and Other Losses Policy (this will be undertaken as part of the review committed against Recommendation 1).	31 December 2024
4	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DH has developed and is implementing a Forensic Data Analytics (FDA) function, that includes an analytics-based review process, focused on conflicts of interest between the DH vendor master file and DH employee master file. DH anticipates FDA outcomes will be reported to the Audit and Risk Management Committee and Executive Board bi-annually.	30 June 2024

**OFFICIAL: Sensitive**



Department of  
Premier and Cabinet

1 Treasury Place  
Melbourne, Victoria 3002 Australia  
Telephone: 03 9651 5111  
dpc.vic.gov.au

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

BSEC-240500430

By email: [enquiries@audit.vic.gov.au](mailto:enquiries@audit.vic.gov.au)

Dear Mr Greaves

Thank you for your letter dated 14 May 2024, providing the Department of Premier and Cabinet (DPC) with an opportunity to comment on the proposed performance audit report regarding Assuring the Integrity of the Victorian Government's procurement activities.

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 Vasko Nastevski, Chief Procurement Officer, via [REDACTED]

Yours sincerely

[REDACTED]

**Jeremi Moule**  
Secretary

... 30 / 5 / 2024

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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Department of Premier and Cabinet action plan to address recommendations from *Assuring the integrity of the Victorian Government's procurement activities*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DPC periodically reviews all of its policies, including the fraud and corruption control policies and plans and DPC will continue to make sure they are accurate and up to date.	30 June 2025
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"><li>• policies and procedures when there has been a significant change to the department or how it operates</li><li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li><li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li></ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DPC periodically reviews all of its policies and as part of the new corporate shared service model will work with Department of Government Services (DGS) to ensure that policies and procedures for procurement, conflicts of interest and maintaining vendor master files reflects best practice.	30 June 2025

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The DPC fraud and corruption control policies and procedures are aligned with AS8001:2021 Fraud and Corruption Control Standards, which recommend an assessment is undertaken of controls after a fraud or corruption incident to consider if any updates are required. DPC will continue to be informed by these Standards.</p> <p>People and Culture engage with business areas in circumstances where an integrity matter results in an employee misconduct investigation if misconduct arose from deficiencies in business processes or practices, to ensure policy and practice gaps are addressed.</p>	30 June 2025
4	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DPC procurement activities form part of the newly established DGS corporate shared service model for procurement where data from procurement activity undertaken by DPC is already captured centrally in DGS. DGS analyses the data and uses it to inform a quarterly procurement assurance program that is reported to the Procurement Governance Committee, which includes senior executive representatives from DPC. DPC will work with DGS and consider whether there is opportunity to augment the existing data collection processes that is cost-effective, efficient and benefits efforts to review procurement activities for fraud and corruption risks.</p>	30 June 2025

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## Department of Treasury and Finance

1 Treasury Place  
Melbourne Victoria 3002 Australia  
Telephone: +61 3 9651 5111  
dtf.vic.gov.au

D24/66294

Mr Andrew Greaves  
Victorian Auditor-General  
Level 31, 35 Collins Street  
Melbourne VIC 3000  
[Redacted]

Dear Mr Greaves

### PROPOSED REPORT – PERFORMANCE AUDIT: ASSURING THE INTEGRITY OF THE VICTORIAN GOVERNMENT'S PROCUREMENT ACTIVITIES

Thank you for the opportunity to respond to the proposed report for the performance audit *Assuring the Integrity of the Victorian Government's Procurement Activities*.

The Department of Treasury and Finance's (DTF) action plan outlining how the department will seek to implement the recommendations is attached. DTF accepts, in full or in principle, all recommendations.

DTF is currently updating its Integrity Framework to ensure it is up to date and accurate and reflects best practice. DTF's fraud and corruption control policies and procedures are aligned with AS8001:2021 Fraud and Corruption Control Standards and, as part of the action plan, DTF will continue to be informed by these Standards.

Should you require further information in relation to DTF's response, please contact Vasko Nastevski, Chief Procurement Officer, via email at [vasko.nastevski@dtf.vic.gov.au](mailto:vasko.nastevski@dtf.vic.gov.au).

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

Yours sincerely



Chris Barrett  
Secretary

24 / 5 / 2024



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Department of Treasury and Finance action plan to address recommendations from *Assuring the integrity of the Victorian Government's procurement activities*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DTF is currently updating its Integrity Framework and will make sure its fraud and corruption control policies and plans are accurate and up to date.	2024/2025
2	Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating: <ul style="list-style-type: none"><li>• policies and procedures when there has been a significant change to the department or how it operates</li><li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li><li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li></ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DTF is currently updating its Integrity Framework and will make sure its policies and procedures for procurement, conflicts of interest and maintaining vendor master files reflect best practice.	2024/2025

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3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The DTF fraud and corruption control policies and procedures are aligned with AS8001:2021 Fraud and Corruption Control Standards, which recommend an assessment is undertaken of controls after a fraud or corruption incident to consider if any updates are required. DTF will continue to be informed by these Standards.</p> <p>People and Culture engage with business areas in circumstances where an integrity matter results in an employee misconduct investigation if misconduct arose from deficiencies in business processes or practices, to ensure policy and practice gaps are addressed.</p>	2024/2025
4	Set up regular data analytics reviews to assess their procurement activities for fraud and corruption risks. At a minimum, this involves collating and centralising data so they can export and review it.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF procurement activities form part of the newly established DGS corporate shared service model for procurement where data from procurement activity undertaken by DTF is already captured centrally in DGS. DGS analyses the data and uses it to inform a quarterly procurement assurance program that is reported to the Procurement Governance Committee, which includes senior executive representatives from DTF. DTF will work with DGS and consider whether there is an opportunity to augment the existing data collection processes that is cost-effective, efficient and benefits efforts to review procurement activities for fraud and corruption risks.</p>	2024/2025

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## Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-24-2118

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 - Assuring the integrity of the Victorian Government's procurement activities - Proposed report**

Thank you for your letter of 14 May 2024 enclosing the proposed report (the Report) for the *Assuring the integrity of the Victorian Government's procurement activities* performance audit.

The Department of Transport and Planning (the Department) is committed to conducting its procurement activities with an effective management of procurement risks, maximising value for money, aligning with best practice probity and governance processes, and in accordance with the Victorian Government Purchasing Board's policies and guidelines.

I note that your Report identifies the Department as one of only two departments that are proactively detecting fraud and corruption risks through the use of data analytics. This reflects the Department's zero tolerance for any level of fraud or corruption.

The Department accepts the three recommendations that have been directed at all departments. A response to each recommendation is enclosed for your consideration, noting that two recommendations have been addressed as completed.

Thank you for the opportunity to comment on the final report.

Yours sincerely



Paul Younis  
Secretary  
Department of Transport and Planning

24 May 2024

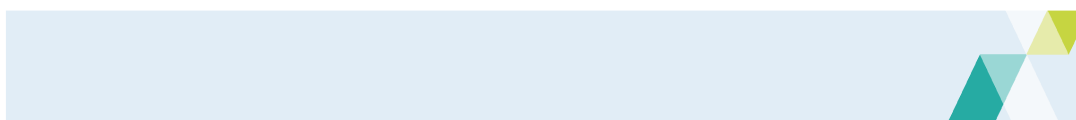
Enc: *DTP Action Plan - Assuring the integrity of the Victorian Government's procurement activities*



## Assuring the integrity of the Victorian Government's procurement activities

### Department of Transport and Planning – Action plan

No.	VAGO Recommendation	DTP Action	Due date
1	Review their fraud and corruption control policies and plans to make sure they are accurate and up to date. At a minimum, this involves setting timeframes to review and update policies and plans.	<p><b>Accepted</b></p> <p>DTP will continue to review its suite of fraud and corruption policies and plans to make sure they are accurate and up to date. This review occurs annually. DTP's policies require that policies and procedures are updated when there has been a significant change to the department or its operations.</p> <p>DTP's Fraud and Corruption Control Framework and policies are aligned with AS 8001:2021 Fraud and Corruption Control and have recently been updated to reflect machinery of government changes.</p>	Complete
2	<p>Review and update their policies and procedures for procurement, conflicts of interest and maintaining vendor master files. This should involve reviewing and updating:</p> <ul style="list-style-type: none"> <li>• policies and procedures when there has been a significant change to the department or how it operates</li> <li>• conflict of interest policies to include timeframes for approving conflict of interest declarations</li> <li>• conflict of interest forms to include a field to record the role of the declarer and approver.</li> </ul>	<p><b>Accepted</b></p> <p>DTP will continue to annually review and update policies and procedures for procurement and conflicts of interest. DTP's policies require that policies and procedures are updated when there has been a significant change to the department or its operations.</p> <p>DTP requires that conflict of interest declarations must be approved prior to participation in a procurement process.</p> <p>DTP utilises electronic forms for conflict of interest declarations. The form includes mandatory fields for the name and position title of both the declarer and the approver.</p> <p>DTP is currently undertaking a major review of the vendor master file and supporting procedures. As part of this activity DTP is developing an overarching policy for maintaining the vendor master file which will include a fixed review cycle of 18 months, and the requirement to update when there has been a significant change to the department or its operations.</p>	31 December 2024



No.	VAGO Recommendation	DTP Action	Due date
3	Set up a regular monitoring program to review fraud and corruption incidents and integrity investigations to identify how they can improve their controls.	<p><b>Accepted</b></p> <p>DTP will continue its existing practice to undertake post transactional reviews following a fraud or corruption incident to strengthen internal controls and to understand any red flags associated with non-compliance or maladministration to inform policy and/or process improvements.</p> <p>DTP continuously works to identify fraud and corruption risks through the following:</p> <ul style="list-style-type: none"> <li>• an established enterprise risk assessment process,</li> <li>• findings from reviews and investigations,</li> <li>• employee feedback,</li> <li>• external feedback and</li> <li>• proactive monitoring of procurement actions and activities, including an ongoing program of data analytics to identify anomalies for further investigation.</li> </ul>	Complete