

# Appendix A:

## Submissions and comments

We have consulted with all 10 departments and the Victorian Managed Insurance Authority, 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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## Response provided by the Secretary, Department of Education



### Department of Education

Secretary

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COR24139993

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

Dear Mr Greaves

#### **Proposed report: Managing state significant risks**

Thank you for your letter of 22 May and the opportunity to comment on the proposed report for this audit.

The department is committed to working collaboratively to identify state significant risks and to implement strategies to manage these risks. The department has reviewed the proposed report and has no feedback.

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

Yours sincerely



**Jenny Atta**  
Secretary  
06 / 06 / 2024

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Department of Energy, Environment  
and Climate Action

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SEC-240500484

Andrew Greaves  
Auditor-General  
Victorian Auditor-General's Office  
Level 31 / 35 Collins Street  
MELBOURNE VIC 3000  
Via email: [REDACTED]

Dear Andrew

Thank you for your email of 22 May 2024 enclosing the proposed report for the Victorian Auditor-General's Office (VAGO) performance audit on *Managing state-significant risks*.

The Department of Energy, Environment and Climate Action (DEECA) appreciates the work of your office in conducting this audit and is committed to working with VAGO to address issues identified through your program of performance audits.

As you are aware, DEECA currently leads the management of four state significant risks that focus on the physical impacts of climate change, a critical loss of biodiversity, the transition to renewable energy, and the impacts of the transition to a low-carbon economy. In leading the management of these risks, DEECA collaborates and coordinates extensively with other agencies and key stakeholders. DEECA also makes a significant contribution to the management of state significant risks led by other departments, particularly the management of the statewide emergency risk (given the department's role in emergencies impacting the environment, agriculture water and energy sectors).

DEECA welcomes the opportunity to contribute to a review of the Victorian Government Risk Management Framework and will review and update the approach DEECA takes to the management of state significant risks as necessary following the implementation of actions to address recommendations arising from this audit.

Thank you for the opportunity to provide this submission. Should you require any further information, please contact Bronwyn Clarke, Acting Executive Director, Strategy and Performance, DEECA, at [REDACTED]

Yours sincerely

[REDACTED]  
**John Bradley**  
Secretary

5/06/2024



Official - Sensitive



Secretary

Department of Families, Fairness and Housing

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[www.dffh.vic.gov.au](http://www.dffh.vic.gov.au)

BAC-EOB-371

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

Dear Mr Greaves

Thank you for your letter of 22 May 2024, and for providing the Department of Families, Fairness and Housing an opportunity to respond to the proposed report for *Managing State Significant Risks*.

The department is pleased the report recognises DFFH's achievements and commitment to effectively managing State Significant Risks. DFFH remains committed to supporting the work of the Risk IDC and to working productively with all lead and contributing agencies on managing State Significant Risks.

I would like to take this opportunity to thank your staff who worked on this audit.

Yours sincerely



**Peta McCammon**  
Secretary

29 / 05 / 2024



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## Department of Government Services

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dgs.vic.gov.au

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

By email: [REDACTED]

Dear Auditor-General

Thank you for your letter dated 22 May 2024, providing the opportunity to make a submission to the *Managing State Significant Risks* Proposed Report.

Although there were no specific actions for the Department of Government Services (DGS), the report highlights opportunities for further guidance to enable departments to enhance their processes and procedures in identifying, managing, and reporting on State Significant Risks.

The establishment of DGS has supported a strong focus on managing and coordinating efforts to mitigate and respond to cyber and digital risks across government. As you will be aware, the department has a dedicated focus on accelerating digital transformation and plays a critical role in ensuring government is prepared for existing and emerging digital and cybersecurity challenges.

Since its establishment in January 2023, the department has undertaken work to enhance government's digital and cyber risk awareness and capability and to strengthen effective cross-government processes and guidance.

This includes convening cross-departmental and agency governance forums to share insights, learning and best practices related to digital and cyber opportunities and risks.

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Notable examples of these governance forums include the Chief Data Officer Leadership Group, Chief Information Officer Leadership Team, and Victorian Government Cyber Security Leadership Team as well as DGS' participation in the State Significant Risk Interdepartmental Committee, convened by the Department of Treasury and Finance.

Should your office require further information, please contact Simone Millen, Director, Governance on [REDACTED]

Yours sincerely

[REDACTED]  
**Jo de Morton**  
Secretary

05 / 06 /2024

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## Response provided by the Secretary, Department of Health



Secretary

Department of Health

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BAC-CO-46639

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

Via e-mail: [REDACTED]

Dear Mr Greaves

Thank you for providing the proposed report regarding the Victorian Auditor-General's Office (VAGO's) *Managing State-Significant Risks* performance audit.

My department acknowledges the findings and has no further submissions or comments to provide.

My department notes there are no recommendations directed to the Department of Health, and we are working to further develop internal processes to improve collaboration, coordination, and management of State-Significant Risks with other Victorian agencies.

Further queries relating to this audit can be directed to Leora Grey, Acting Chief Audit and Risk Officer at [REDACTED]

Your sincerely

[REDACTED]

**Professor Euan M Wallace AM**  
Secretary

30/05/2024





## Department of Justice and Community Safety

Secretary

121 Exhibition Street  
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Our ref: 24053000

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

### Proposed report: Managing state-significant risks

Dear Mr Greaves

Thank you for your letter of 22 May 2024 providing the proposed report on Managing state-significant risks.

The department is committed to implementing the requirements of the Victorian Government Risk Management Framework to identify and manage state-significant risks. We welcome the findings and recommendations in your report, which will guide the government and our department's ongoing efforts to continually improve management of the risks that could significantly disrupt Victoria's community and economy.

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

Yours sincerely

**Kate Houghton, PSM**  
Secretary

06/06/2024





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Department of Jobs, Skills, Industry and Regions

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Ref: BSEC-2-24-38687

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

Dear Mr Greaves

**MANAGING STATE SIGNIFICANT RISKS PERFORMANCE AUDIT PROPOSED  
REPORT**

Thank you for your letter dated 22 May 2024 about the Managing State Significant Risks Performance Audit Proposed Report.

The department notes the proposed report and has no further feedback. The department reiterates its commitment to continually improve capabilities and processes to manage state significant risks.

Thank you for the professional manner in which the audit was undertaken.

If you require further information, your team can contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED]

Yours sincerely



**Tim Ada**  
Secretary

4/6/2024





Department of  
Premier and Cabinet

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

BSEC-240500774

Dear Mr Greaves

Thank you for your letter of 22 May 2024 and the opportunity to comment on the proposed *Managing State Significant Risks* audit report.

The Department of Premier and Cabinet (DPC) appreciates the report's findings and the opportunity to build on the State's current management of state significant risks.

DPC will work with the Department of Treasury and Finance to review the Victorian Government Risk Management Framework to clarify responsibilities for state significant risks and to improve guidance to the sector.

Yours sincerely



**Jason Loos**  
Acting Secretary

..3../6../2024

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## Department of Treasury and Finance

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D24/80370

Andrew Greaves  
Auditor General  
Level 31, 35 Collins Street  
MELBOURNE VIC 3000

  
Dear Mr Greaves

### PROPOSED REPORT – MANAGING STATE-SIGNIFICANT RISKS

Thank you for the opportunity to respond to your proposed report, which examines whether agencies are working collaboratively to identify and manage state-significant risks (SSRs) and whether the Department of Treasury and Finance (DTF) provides confidence to the Assistant Treasurer and Treasurer on how well agencies manage them.

The DTF response to your report in the form of an Action Plan is attached, which outlines how the Department will seek to implement the recommendations. DTF supports in principle all of the recommendations.

DTF agrees with many elements of the report such as the opportunity to clarify elements of the Victorian Government Risk Management Framework (VGRMF), improving state significant risk management, and clarifying the roles and responsibilities of different parties. DTF considers this an important opportunity to review and potentially revise existing frameworks, the Risk IDC and SSR management principles.

DTF notes that the legislated model of risk management under which the Victorian Government operates explains why many of the VGRMF and Risk IDC processes and documents are designed the way they are. The legislated model places responsibility on individual departments and agencies to determine best risk management approaches and how to implement them. The VGRMF does not provide detailed guidance on what agencies need to do in relation to any of their risks. This allows them to retain flexibility in their risk management approaches. Noting this, DTF will consider what additional guidance material may be appropriate to assist guiding agencies on their roles and responsibilities.

While there is no set schedule for reviewing the VGRMF, DTF periodically reviews and adjusts the VGRMF. It was updated in 2020 following an extensive review in 2019. More recently, a 'pulse check' was undertaken in 2022 to get feedback from agencies on their implementation of the changes. As outlined in the action plan, DTF will consider how to undertake future reviews and engage with departments on continuous improvement. A sunset review clause may be considered as part of any potential updates to the VGRMF.



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Risk management activity for SSRs occurs in departments, although it may not be explicitly labelled as such. The Risk Scan details mitigation activities with the most recent scan including current and planned controls. DTF notes that these activities are considered through budget and Cabinet processes. DTF provides relevant advice through these processes, rather than through the Risk IDC or centrally under the rubric of SSRs. DTF will consider whether there are ways in which these processes can more usefully interact to improve the effectiveness of these processes.

The VMIA is a key stakeholder in supporting the Risk IDC to undertake its work, in addition to providing advice and guidance to government departments on risk management. DTF will work with the VMIA as necessary to support its response to recommendation 4.

While any changes are being implemented, DTF sees value in the Risk IDC continuing to be a forum to help agencies acquit their coordination obligations, share information, and provide a mechanism to assist DTF to develop advice to the Assistant Treasurer about the VGRMF, and state significant risk management more broadly. DTF will consider whether this is a formal role under the VGRMF and look to uplift knowledge on risk management frameworks relevant to SSRs. DTF will also consider how to establish a process to assess the effectiveness of the Framework. This may include additional reviews, such as a review every five years to determine the effectiveness of the framework. DTF will closely engage with the Risk IDC to determine the best approach.

Through the Risk IDC Secretariat, DTF is supporting the IDC to review its current role and purpose and will facilitate the improvement of existing processes. It will consider how to implement potential changes to the IDC and VGRMF with a 1 July 2025 targeted completion date.

Yours sincerely



Chris Barrett  
Secretary

31 / 5 / 2024

Attachments encl.: DTF Action Plan

Department of Treasury and Finance action plan to address recommendations from *Managing State-Significant Risks*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Work with the Department of Premier and Cabinet to revise the Victorian Government Risk Management Framework and its associated guidance to clarify responsibilities for state-significant risks, including for:</p> <ul style="list-style-type: none"> <li>• lead and contributing agencies</li> <li>• central agencies and cross-agency committees</li> <li>• agencies and committees to coordinate reports and advice to government (see Section 2).</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF recognises opportunities for the continuous improvement of the VGRMF. DTF maintains that under the current legislated (devolved) model, more prescriptive risk management responsibilities in the VGRMF would be unsuitable and reduce the ability for agencies to self-determine best practice for individual complex risks.</p> <p>However, DTF notes that there is scope to provide more information on roles, responsibilities and processes in relation to the management of State-Significant Risks (SSRs).</p> <p>DTF will also consider how to provide additional advice and clarification through the appropriate channels which may include the VGRMF or other guidance material.</p> <p>DTF will consider if existing committees are appropriate as part of any review.</p> <p>DTF will consider updating the VGRMF to formalise the reporting frequency to the Assistant Treasurer on statewide risk management.</p>	1 July 2025
2	<p>Establish and implement a process to assess how effectively the Victorian Government Risk Management Framework addresses state-significant risks and advise the Assistant Treasurer (see Section 3).</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF will establish a process that assesses the effectiveness of the Framework for SSRs.</p> <p>DTF will continue to seek the views of Risk IDC members on the VGRMF and look to revise the VGRMF as appropriate.</p>	1 July 2025

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No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
			DTF considers five-yearly reviews to be appropriate. DTF will also consider how to advise the Assistant Treasurer between reviews on the effectiveness of the framework.	
3	Establish and implement a process to identify the implications of all state-significant risks for the state Budget and advise the Treasurer and Assistant Treasurer (see Section 3).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF notes this already occurs through budget and Cabinet processes. DTF will consider how else state-significant risks could usefully be considered as part of these processes.</p> <p>DTF will consider how financial implications can be better considered as part of the state significant risk management. This may include:</p> <ul style="list-style-type: none"> <li>• Reviewing current processes.</li> <li>• Reviewing appropriateness of links between SSRs and budget considerations.</li> <li>• Considering alternative approaches.</li> </ul>	1 July 2025
4	Establish and implement a process to monitor risk management maturity at statewide level for state-significant risks and advise the Assistant Treasurer (see Section 3).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF will support the VMIA in exploring options to improve reporting and other relevant processes as appropriate.</p>	N/A
5	Revise the process to identify state-significant risks to include: <ul style="list-style-type: none"> <li>• criteria to assess and describe risks</li> <li>• whole-of-government objectives</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>DTF acknowledges there are opportunities for improving the state significant risk process.</p> <p>DTF will revise the existing process for identification of state significant risks. This will include development of</p>	1 July 2025

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No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
	<ul style="list-style-type: none"><li>a risk appetite statement (see Section 4).</li></ul>		<p>criteria to describe and assess risks as being of potential state significance.</p> <p>DTF will consider how whole of government objectives and risk appetite in relation to state significant risks can be most usefully determined under the current legislated model for risk management in the Victorian government.</p>	

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Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-24-2116

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 - Managing State-Significant Risks - Proposed report**

Thank you for your letter of 22 May 2024 enclosing the proposed report for the *Managing State-Significant Risks* performance audit (the Report).

The Department of Transport and Planning (the Department) has considered the findings and is supportive of the opportunities for improvement raised in the Report. The Department is reviewing its Risk Management Framework to build on its current approach to shared and state-significant risk management.

Thank you for the opportunity to comment on the Report.

Yours sincerely



Secretary  
Department of Transport and Planning

30 May 2024





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5 June 2024

Mr Andrew Greaves  
Auditor-General

Email: [REDACTED]

Dear Mr Greaves,

**Re: Proposed Performance Audit Report: Managing State-Significant Risk**

Thank you for your letter dated 22 May 2024, enclosing VAGO's proposed performance audit report into Managing State-Significant Risks.

The VMIA acknowledges the report findings and recommendations. However, we are of the view that we meet all our obligations under the *Victorian Managed Insurance Authority Act 1996*, by advising government on risk management and providing advice to the Assistant Treasurer, as the proposed report acknowledges.

We note, as identified in recommendation 4, that there is an opportunity to improve monitoring of the risk maturity of State-Significant Risks and advising the Assistant Treasurer. We will work with the Secretariat for the State-Significant Risk IDC and the Department of Treasury and Finance on this recommendation.

Our response, and action plan to address the recommendation is provided in Appendix A.

If you require further clarification, please contact Andrew Davies, Chief Executive Officer, at [REDACTED]

Yours sincerely



**Elana Rubin**  
Chair, VMIA Board

CC: Catherine Sandercock  
Lydia Burg

[REDACTED]  
Andrew Davies, Chief Executive Officer, VMIA.

VMIA is the Victorian  
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and risk adviser

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Insurance Authority



Victorian Managed Insurance Authority (VMIA) acknowledges the Traditional Custodians of the land on which we do business and we pay our respects to Elders past, present and emerging. We acknowledge the important contribution that Aboriginal and Torres Strait Islander peoples make in creating a thriving Victoria.

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## APPENDIX A

## The Victorian Managed Insurance Authority's action plan to address recommendations from Managing State-Significant Risks

No.	VAGO Recommendation	Acceptance	Agreed Management Actions	Target Completion Date
1	Recommendation 4 Establish and implement a process to monitor risk management maturity at statewide level for state-significant risks and advise the Assistant Treasurer (see section 3).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	VMI will work with the secretariat for the State Significant Risk IDC and the Department of Treasury and Finance to improve reporting to the Assistant Treasurer on the maturity of State Significant risks, where required.	Ongoing

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