

# Appendix A:

## Submissions and comments

We have consulted with all 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 relevant agency head.

### Responses received

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Department of Premier and Cabinet	A-12
Department of Transport and Planning	A-13
Department of Treasury and Finance	A-14



## Department of Education

Secretary

2 Treasury Place  
East Melbourne Victoria 3002  
Telephone +61 3 9637 2000

COR25161754

Mr Dave Barry  
Acting Auditor-General  
Victorian Auditor-General's Office  
[REDACTED]

Dear Mr Barry

### **Proposed report - Contractors and Consultants: Management**

Thank you for your letter of 12 May 2025 and the opportunity to comment on the proposed report for this audit. The Department of Education (the department) is committed to ensure it gets value for money when it uses contractors and consultants.

The department appreciates the collaboration from your team throughout the audit. The department has reviewed the proposed report and has no feedback. The proposed report's findings and conclusions reflect positively on the department's clear guidance provided to all staff who procure goods and services on applying labour hire guidelines, and the steps taken to validate the completeness and accuracy of annual report data.

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

Yours sincerely

[REDACTED]

**Tony Bates PSM**  
Acting Secretary  
26 / 5 / 2025

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





Department of Energy, Environment  
and Climate Action

PO Box 500, East Melbourne,  
Victoria 8002 Australia

SEC-250500075

Mr Dave Barry  
Acting Auditor-General  
Victorian Auditor-General's Office  
Level 31/35 Collins Street  
MELBOURNE VICTORIA 3000



Dear Mr Barry

**PROPOSED DRAFT REPORT – CONTRACTORS AND CONSULTANTS: MANAGEMENT**

Thank you for your invitation to comment on the Victorian Auditor-General's Office (VAGO) proposed draft report for the performance engagement *Contractors and Consultants: Management* received on 12 May 2025.

The Department of Energy, Environment and Climate Action (DEECA) acknowledges the importance of strengthening management of professional service engagements.

DEECA welcomes your findings and accepts the relevant recommendation detailed in the report. DEECA's action plan for addressing the recommendation is enclosed.

I thank you and your staff for this work and I look forward to a continued productive relationship with your office.

Yours sincerely



**John Bradley**  
Secretary

26/05/2025

Encl: DEECA's action plan for responding to VAGO's recommendation from *Contractors and Consultants: Management* report.



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Response provided by the Secretary, Department of Energy, Environment and Climate Action, *continued*

Department of Energy, Environment and Climate Action – action plan to address recommendations from VAGO's report: *Contractors and Consultants: Management*

No	Recommendation	Acceptance	Agreed Action	Completion Date
3	<p>All deep dive departments strengthen their review and documentation processes to make sure they can demonstrate their engagements with contractors and consultants get value for money in line with the <i>Standing Directions 2018</i>. To do this, make sure they have fit-for-purpose:</p> <ul style="list-style-type: none"> <li>contract management templates, guidance and procedures</li> <li>monitoring and oversight mechanisms to make sure contractors and consultants deliver work that can be used as intended</li> <li>contract review processes that enable the department to assess value for money at the end of their engagements.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DEECA will review its procurement policies, guidance and templates to make sure DEECA can demonstrate engagements with contractors and consultants get value for money (in line with the Standing Directions 2018), identify specific areas for improvement and implement required changes.	30 May 2026

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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: 34896 25  
DFFH ref: BAC-EOB-985

Dave Barry  
Acting Auditor-General  
Victorian Auditor-General's Office  
Level 31, 35 Collins Street  
MELBOURNE VIC 3000

Via email:

[Redacted]

cc: [Redacted]

Dear Mr Barry

**VAGO audit proposed report: *Contractors and consultants: management***

Thank you for your letter of 12 May 2025, 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: management* performance audit.

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

Yours sincerely

[Redacted signature]

**Peta McCammon**  
Secretary

23/05/2025

Attachment: Agency Action Plan



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**Department of Families, Fairness, and Housing action plan to address recommendations from *Contractors and consultants: management***

No.	Finding	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
3	The deep-dive departments could not always show they got value for money in the engagements we reviewed.	Strengthen their review and documentation processes to make sure they can demonstrate their engagements with contractors and consultants get value for money in line with the Standing Directions 2018. To do this, make sure they have fit-for-purpose: <ul style="list-style-type: none"> <li>contract management templates, guidance and procedures</li> <li>monitoring and oversight mechanisms to make sure contractors and consultants deliver work that can be used as intended</li> <li>contract review processes that enable the department to assess value for money at the end of their engagements.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<u>Contract management templates, guidance and procedures (Professional Services and Labour Hire)</u>  DFFH will review existing templates, guidance and procedures and develop and update documents as necessary.  <u>Monitoring and oversight mechanisms to make sure contractors and consultants deliver work that can be used as intended</u>  <u>Professional Services</u> DFFH will review existing contract evaluation form and	31 December 2025

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				<p>make updates as necessary.</p> <p><b><i>Labour hire</i></b>          DFFH will investigate options for an oversight mechanism, with a view to update existing templates and develop additional guidance.</p> <p><b><i>Contract review</i></b>  <u>processes that enable the department to assess value for money at the end of their engagements.</u></p> <p><b><i>Professional Services</i></b>          DFFH will review existing contract review processes.</p> <p><b><i>Labour hire</i></b>          DFFH will develop a centralised mechanism for managers to provide performance details.</p>
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Secretary

Department of Health

50 Lonsdale Street  
Melbourne Victoria 3000  
Telephone: 1300 650 172  
GPO Box 4057  
Melbourne Victoria 3001  
[www.health.vic.gov.au](http://www.health.vic.gov.au)  
DX 210081

DH file no: BAC-CO-55470

VAGO file no: 34896 25

Dave Barry  
Acting Auditor-General  
Victorian Auditor-General's Office  
[REDACTED]

Dear Mr Barry

**VAGO proposed report: Contractors and consultants: management**

Thank you for your letter of 12 May 2025 providing the Department of Health with an opportunity to review and comment on the proposed *Contractors and consultants: management* report.

The department notes the findings and has no further comments on the proposed report.

The findings of the report are encouraging, affirming our commitment to achieving value for money while maintaining compliance with government directives.

We look forward to receiving a copy of the final report.

Yours sincerely

[REDACTED]

**Jeriny Atta PSM**  
Secretary  
22/05/2025

**Copy:**

Elisha Curcio – [REDACTED]



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## Department of Jobs, Skills, Industry and Regions

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

Ref: BSEC-2-25-45371

Mr Dave Barry  
Acting Auditor-General  
Victorian Auditor-General's Office  
Level 31, 35 Collins Street  
MELBOURNE VICTORIA 3000

Dear Mr Barry

### **VAGO PROPOSED REPORT - CONTRACTORS AND CONSULTANTS: MANAGEMENT**

Thank you for your letter of 12 May 2025 regarding the Contractors and Consultants: Management Performance Audit Proposed Report. The Department of Jobs, Skills, Industry and Regions (the department) acknowledges the proposed report and notes that no recommendations have been assigned to the department. Accordingly, no action plan has been developed.

The department reiterates its commitment to continually improve capabilities and processes to manage contractors and consultants.

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

A black rectangular box redacting the signature of Matt Carrick.

Matt Carrick  
Secretary

23/05/2025





## Department of Justice and Community Safety

Secretary

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

Our ref: 25053248

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

### Proposed report: Contractors and Consultants: Management

Dear Mr Greaves

Thank you for your letter of 12 May 2025 providing the proposed report on *Contractors and Consultants: Management*.

The Department of Justice and Community Safety (the department) is committed to implementing processes to procure, manage and report on its use of contractors and consultants to provide value for money and consistent with Victorian Government Purchasing Board policy framework and Financial Reporting Direction 22.

The department has reviewed the report and has no issues with your conclusions and findings. I have attached the department's action plan to address recommendation 3.

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

Yours sincerely

**Kate Houghton PSM**  
Secretary

26/05/2025



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## DJCS action plan

Contractors and Consultants: Management

#	VAGO recommends that DJCS, DEECA, DFFH:	Response	#	By:	By:
3	<p>Strengthen their review and documentation processes to make sure they can demonstrate their engagements with contractors and consultants get value for money in line with the <i>Standing Directions 2018</i>. To do this, make sure they have fit-for-purpose:</p> <ul style="list-style-type: none"> <li>contract management templates, guidance and procedures</li> <li>monitoring and oversight mechanisms to make sure contractors and consultants deliver work that can be used as intended</li> <li>contract review processes that enable the department to assess value for money at the end of their engagements.</li> </ul>	Accept	3.1	Review and update finance and procurement policies and procedures for greater clarity on record keeping and evidentiary requirements to demonstrate that value for money has been obtained through professional services and labour hire engagements.	30-Nov-25
			3.2	Develop guidance or training materials to support staff engaging professional services and labour hire services to understand value-for-money considerations in the context of engaging professional services and labour hire.	30-Nov-25
			3.3	Develop processes and build in system controls to monitor and manage spend and value for money obtained against professional services and labour hire for the full lifecycle of the engagement.	30-Nov-25
			3.4	Review and update Secretary pre-approval (pre-procurement) templates and resources to ensure valid engagement circumstances and core public service function assessments are applied and articulated appropriately when seeking authorisation to engage professional services and labour hire.	30-Nov-25
			3.5	Establish a regular system and data interrogation process for monitoring policy compliance and data integrity for reporting.	30-Nov-25



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-250500145

By email: [REDACTED]

Dear Auditor-General

I refer to the letter from Mr Dave Barry, Acting Auditor-General, dated 12 May 2025, providing the Department of Premier and Cabinet (DPC) with an opportunity to comment on the proposed performance audit report regarding the management of contractors and consultants.

DPC appreciates the audit findings and acknowledges the work by your office in conducting this audit. I was pleased to see that DPC and all departments' processes to procure and report on contractors and consultants comply with requirements.

While there are no direct recommendations that require a response by DPC, I note that at the direction of government, in mid-2024, DPC reviewed the arrangements for approval and internal-to-government reporting of professional services and labour hire. The consequent DPC-led reforms prioritised strengthening internal reporting to government and monitoring arrangements as the most appropriate priorities for government in the first place. This was in the context of the existing Financial Reporting Directions 22 requirements already providing sufficient public transparency by mandating the reporting of consultants in annual reports, with departments also required to keep records of contractor spend and make them available to the public upon request, which further reinforces transparency over contractor spend.

Should you require further information in relation to DPC's response, please contact Vasko Nasteovski, Chief Procurement Officer, via [REDACTED]

Yours sincerely

**Jeremi Moule**  
Secretary

30 / 05 / 2025

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.





## Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-25-1975

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: management -  
Proposed report**

Thank you for your letter of 12 May 2025 enclosing the proposed report (**the Report**) for the *Contractors and consultants: management* performance audit and inviting the Department of Transport and Planning (the Department) to respond.

On behalf of the Department, I note the Report's conclusion that we are complying with the requirements set by the Department of Treasury and Finance (DTF), and I welcome the Report's recognition of the Department's better practices such as providing clear guidance to staff on procurement processes and closure of audit actions.

The Department acknowledges the recommendations raised for DTF and looks forward to future improvements that this can bring to public reporting. The Department also acknowledges the recommendation for deep-dived departments to strengthen processes to demonstrate value for money in line with the *Standing Directions 2018*, and the Department will continue to comply with directions and guidance provided by DTF.

The Department is committed to supporting our experts in progressing the important transport and planning projects for Victoria by engaging consultants to provide specialist and technical advice, when there is a sound business case and it delivers overall value for money.

Thank you for the opportunity to comment on the Report.

Yours sincerely



**Jeroen Weimar**  
Secretary

Date: 22 May 2025





## Department of Treasury and Finance

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

D24/50806

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

Dear Auditor-General

### **PROPOSED REPORT – PERFORMANCE AUDIT: CONTRACTORS AND CONSULTANTS: MANAGEMENT**

Thank you for the opportunity to respond to the proposed report for the performance audit *Contractors and Consultants: Management*.

The Department of Treasury and Finance's (DTF) action plan outlining the department's response to the two recommendations directed to it is attached. DTF accepts the two recommendations in principle.

I note both recommendations relate to Financial Reporting Direction 22 (FRD 22), including to assess reporting requirements in relation to spending on contractors and to amend the definitions of contractors and consultants to be mutually exclusive.

At the direction of government, in mid-2024 the Department of Premier and Cabinet (DPC) reviewed the arrangements for approval and internal-to-government reporting of professional services and labour hire. The consequent DPC-led reforms prioritised strengthening internal reporting to government and monitoring arrangements as the most appropriate priorities for government in the first place. This was in the context of the existing FRD 22 requirements already providing sufficient public transparency by mandating the reporting of consultants in annual reports, with departments also required to keep records of contractor spend and make them available to the public upon request.

I further make note of the comment on page 8 in your proposed report:

*While DTF originally advised that it would address this recommendation by June 2024, as of April 2025 it has not completed its assessment.*

It is important this is contextualised with my reply to you of 10 April 2025, informing you of the above-mentioned review by DPC, and that DTF would be relying on this review to acquit its assessment. The current guidance outlining the definitions of consultants and contractors reflects the experience and input of various stakeholders over many years. Further work in this area is not considered a priority at this time, especially given the existing full public disclosure and availability of information in this area.

Should you require further information in relation to DTF's response, please contact Vasko Nastevski, Chief Procurement Officer, via email at [REDACTED].



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

Yours sincerely



Chris Barrett  
Secretary

26 / 5 / 2025

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**Department of Treasury and Finance action plan to address recommendations from *Contractors and consultants: management***

No.	Finding	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1 Department of Treasury and Finance	Departments' procurement and reporting processes comply with requirements. But public transparency about spending could be improved.	Assess whether requiring entities subject to the <i>Financial Reporting Direction</i> 22 to report their spending on contractors in their annual reports would improve public transparency and advise government accordingly.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	<p>In mid-2024, the Department of Premier and Cabinet (DPC), at the direction of government, reviewed the arrangements for professional services and labour hire.</p> <p>The DPC-led reforms prioritised strengthening internal reporting to government and monitoring arrangements as the most appropriate priorities for government in the first place. This was in the context of the existing FRD 22 requirements already providing sufficient public transparency by mandating the reporting of consultants in annual reports, with departments also required to keep records of contractor spend and make them available to the public upon request.</p> <p>In light of this, it is not considered necessary for DTF to undertake a review of FRD 22 at this time. However, in the spirit of the audit recommendation, to re-enforce transparency over this spend, DTF will update the Model Report to include a cross-reference to FRD 22 annual report</p>	DTF Model Report update by June 2026

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2 Department of Treasury and Finance	Departments' procurement and reporting processes comply with requirements. But public transparency about spending could be improved.	Amend the Guidance Note to Financial Reporting Direction (FRD) 22 to ensure that the definitions of contractors and consultants are mutually exclusive and clear to enable consistent and comparable reporting across the public sector.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	consultancy disclosures to highlight that contractor spend information is available upon request.	N/A
				The current guidance outlining the definitions of consultants and contractors reflects the experience and input of various stakeholders over the years and reflects that it is practically challenging to develop a mutually exclusive definition.  While we will continue to look for opportunities to improve the related guidance, further work in this area is not considered a priority at this time for DPC and DTF, given competing priorities and also noting the existing full public disclosure and availability of information in this area.	

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