

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 review 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 Education

Secretary

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

COR-260911713

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

Dear Mr Greaves

Proposed report: Follow-up: Management of spending in response to COVID-19

Thank you for the letter from the Assistant Auditor-General on 22 September 2026 and the opportunity to comment on the proposed report for this limited assurance review.

The department has reviewed the proposed report and has no feedback.

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

Yours sincerely

Dr David Howes PSM
Secretary
6 October 2026

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*.





Department of Energy, Environment
and Climate Action

PO Box 500, East Melbourne,
Victoria 8002 Australia

SEC-260900823

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

Via email: [REDACTED]

Dear Andrew

Proposed Report – Follow up: Management of Spending in Response to COVID-19

Thank you for the opportunity for the Department of Energy, Environment and Climate Action (DEECA) to comment on the Victorian Auditor-General's Office's proposed report for the limited assurance review *Follow up: Management of Spending in Response to COVID-19*.

DEECA notes the findings outlined in the report and supports efforts to strengthen transparency, consistency and accountability in expenditure reporting and procurement governance across the Victorian public sector.

I thank your staff for their work on this review and look forward to DEECA's continued constructive engagement with your office.

Yours sincerely

Kate Houghton PSM
Secretary

7/10/2026



PROTECTED



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

EOB- 260900053
VAGO ref: 35129 27

Peter Graham
Assistant Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

By email: [REDACTED]

Dear Mr Graham

VAGO performance audit: *Follow up of Management of Spending in Response to COVID-19*

Thank you for your letter of 22 September 2026, 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 Follow up: Management of Spending in Response to COVID-19 performance audit.

The department notes the findings specified in the proposed report and has no further feedback.

Yours sincerely

Peta McCammon
Secretary

7/10/2026



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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

FOLLOW UP: MANAGEMENT OF SPENDING IN RESPONSE TO COVID-19 – PROPOSED REPORT

Thank you for your letter dated 22 September 2026, providing the department with the proposed report, *Follow up: Management of Spending in Response to COVID-19*.

I thank you for the opportunity to be engaged throughout this process.

The department has reviewed the proposed report and has no comments.

Yours sincerely,

Jo de Morton
Secretary
07/10/2026



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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
DX 210081

SCO-260900048

Peter Graham
Assistant Auditor-General
Victorian Auditor-General's Office



Dear Mr Graham

Thank you for your letter of 22 September 2026 providing the Department of Health with an opportunity to review and comment on the proposed report *Follow up: Management of Spending in Response to COVID-19*.

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

Yours sincerely

Jenny Atta PSM
Secretary
07/10/2026





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

Ref: CSEC-2-26-29352

File:

Mr Peter Graham
Assistant Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VICTORIA 3000

Dear Mr Graham

PROPOSED REPORT – FOLLOW-UP: MANAGEMENT OF SPENDING IN RESPONSE TO COVID-19

Thank you for your letter providing the Proposed Report for the Follow-up of Management of Spending in Response to COVID-19 performance audit.

I acknowledge the work undertaken by the Victorian Auditor-General's Office (VAGO) in examining the administration and oversight of COVID-19 grant programs over several years.

The department has undertaken substantial work since the COVID-19 response period and earlier reviews by VAGO to strengthen its grant frameworks, administration, oversight, and assurance, complete the evaluation of the Business Costs Assistance Program (BCAP) and Licensed Hospitality Venue Fund (LHVF), and review high-risk payments to identify incorrect payments and seek recovery. Much of this work has been completed with regular engagement with your Office.

Program evaluations

In accordance with the recommendation by VAGO in its 2022-23 Report on the Annual Financial Report of the State of Victoria, the department appointed an independent evaluator to assess the effectiveness of BCAP2 and LHVF, which collectively delivered \$6.29 billion in funding to over 175,000 Victorian small and medium sized businesses.

The key evaluation finding was that both programs played an important role in supporting economic stability and providing cashflow to both employing and non-employing businesses during the COVID-19 pandemic. Overall, business survival was supported by these grants and the evaluation found that the programs delivered a net economic benefit compared to the costs of delivering them.

The department continues to integrate key lessons from the evaluation, including improved data sharing arrangements, to enable efficient and effective controls in response to emergency circumstances.



Post payment review and recovery activities

In August 2023, the department commenced a review of all 192,000 BCAP2, BCAP2e and Small Business COVID Hardship Fund (SBCHF) recipients to identify high-risk recipients. Comprehensive analysis of the 12,216 identified high-risk recipients was then conducted to determine whether grants were awarded to ineligible grant recipients. This review included a comprehensive level of data analysis and corroboration of relevant information with other State and Federal agencies and regulators, supplemented by a sample audit that sought to provide additional context and insight.

As an outcome of this review, the high-risk recipients were segmented into 6 groups; 3 groups where the department identified a potential point of ineligibility against program guidelines, and 3 groups where the department could not identify any points of ineligibility.

All grant recipients in the 3 groups where the department identified a potential point of ineligibility against program guidelines were included in a large-scale recovery activity which commenced in November 2024. Recipients were individually contacted, advised of the specific anomalies in their application, and requested to either repay their grant funding, submit evidence of eligibility for review by the department, or apply for financial hardship concessions. In some cases, recipients were referred to Victoria Police or other appropriate bodies for investigation.

On this basis the department does not agree with the statement in the report that it has not sought to recover all ineligible payments; all identified potentially ineligible applicants were included in this recovery activity.

The recovery actions have been conducted in accordance with the department's Standing Directions obligations and have sought to appropriately balance the department's responsibilities to seek refunds with the need to mitigate risks to the wellbeing of participants.

The department carefully weighed whether case-by-case audits could be justified for the 3 groups of high-risk recipients which did not have a demonstrable point of ineligibility. The department did not pursue the case-by-case audits as based on available information it expected a high proportion of these grant recipients would be able to demonstrate program eligibility; in which case the high costs of case-by-case auditing could not be justified. The department also did not include these recipients in its recovery activity as it would have been inappropriate to do so given it could not identify any points of ineligibility.

The department continues to manage repayment plans associated with ineligible recipients. Where the department has been unable to recover funding from ineligible recipients, ex gratia payments have been recorded and disclosed in its financial statements. The department is also maintaining records of ineligible recipients to monitor their involvement in any future grant programs and mitigate risks.

Improving how we design and delivery grants

The department has also taken a broader lens to program improvement, having learnt from the design and delivery of these COVID-19 business support programs. Since the closure of its COVID-19 business support grants, the department has:

- implemented a refreshed and more fit-for-purpose Grants Compliance Framework
- improved design of eligibility criteria to prevent low thresholds of eligibility
- improved digital integration which drastically decreases the probability of an ineligible grant recipient being able to proceed through to submitting an application
- implemented an Emergency Grants Management Framework.

The department also continues to work with key government agencies to obtain greater access to data so that the integrity of future grant programs can be more fulsomely protected.

The department acknowledges VAGO's assessment of and commentary on the review and recovery activities. As noted, we will continue to administer our recovery activity and repayment plans, report on any quantifiable losses and recovered funds, and continue our work to improve program design and delivery.

If you require further information, please contact [REDACTED], Chief Audit Officer – [REDACTED].

Yours sincerely



Matt Carrick
Secretary

Date: 05/10/2026



Department of
Premier and Cabinet

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

1 Treasury Place
East Melbourne, Victoria 3002 Australia
Telephone +61 3 9651 5111
dpc.vic.gov.au
BSEC-260900533

Dear Auditor-General

I refer to your letter dated 22 September 2026, providing the Department of Premier and Cabinet (DPC) with an opportunity to comment on the proposed report regarding the Follow up: Management of Spending in Response to COVID-19.

DPC appreciates the audit findings and acknowledges the work by your office in conducting this audit. I was pleased to see that departments have made progress responding to the recommendations made in your 2021 report Management of Spending in Response to COVID-19.

While there are no direct recommendations that require a response by DPC, I note your finding that there is no consolidated, whole-of-government reporting of COVID-19 expenditure and following a significant reduction in COVID-19 spending since 2021-22, such expenditure has been managed and reported by departments through established business-as-usual arrangements. Given that COVID-19 expenditure has declined rapidly since 2021-22 and considering the administrative costs of producing additional whole-of-government financial reporting, DPC considers these reporting arrangements to be appropriate. Furthermore, there is currently no newly commissioned COVID-19 expenditure.

I also note your finding that there is no clear whole-of-government guidance on reporting the use of professional services seconded through specific agreements, rather than engaged through a contract. The current guidance in relation to Financial Reporting Direction 22 outlining the definitions of consultants and contractors reflects the experience and input of various stakeholders over many years and provides detailed guidance for departments to be able to disclose consultancies.

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

Yours sincerely

Chris Barrett
Secretary
2 / 10 / 2026

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-1-26-4480

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 - Follow up: Management of spending in response to COVID-19 - Proposed report

Thank you for your letter of 22 September 2026 enclosing the proposed report (the Report) for the *Follow up: Management of spending in response to COVID-19* limited assurance review.

On behalf of the Department of Transport and Planning (the Department), I welcome the Report's recognition of the improvements the Department has made since the 2021 audit and note the Report's findings on the broader performance of the other audited agencies.

The Department has fully implemented the actions it committed to in response to the original recommendations. The absence of any findings regarding the Department's performance, together with the Report's recognition that the Department is one of only four audited agencies to have fully addressed the recommendation to provide clear definitions in procurement policies and guidance, reflect the Department's commitment to continuous improvement.

The Department will continue to transparently report spending, manage grants and procure professional services in compliance with the Department of Treasury and Finance's directions and guidance.

Thank you for the opportunity to comment on the Report.

Yours sincerely

Fiona Adamson
Department Secretary

06 October 2026





Department of Treasury and Finance

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

CSEC-260900288

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

Dear Auditor-General

PROPOSED REPORT – FOLLOW UP: MANAGEMENT OF SPENDING IN RESPONSE TO COVID-19 REVIEW

Thank you for your correspondence on 22 September 2026, providing the Victorian Auditor-General's Office (VAGO) proposed report – *Follow-up: Management of spending in response to COVID-19*, and VAGO's response to DTF's feedback on the provisional report.

DTF notes the three key findings outlined in the proposed report and is generally supportive of key findings 2 and 3. DTF is committed to whole-of-government reporting that supports transparency for the community and Parliament, and to the full implementation of agreed VAGO recommendations.

In relation to key finding 1, whilst DTF acknowledges VAGO's view that reporting should have extended beyond 2021–22, DTF's view remains that the 2021 recommendation relating to public reporting of whole-of-government COVID-19 expenditure was appropriately implemented. As the proposed report notes, DTF committed to reviewing the need for future reporting as conditions evolved and, as COVID-19 expenditure became significantly less material in the context of overall government operations and administrative costs remained, considered it more appropriate to address this reporting through usual departmental reporting processes.

DTF notes the amendments included in the proposed report acknowledging DTF's action relating to the recommendation to undertake a review of its sole COVID-19 grants program, which was an Australian Government program administered by the State Revenue Office.

Thank you for the opportunity to engage throughout this process.

Yours sincerely

Camille Kingston
Secretary
8 October 2026



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5 October 2026

Mr Andrew Greaves
Auditor-General
Level 31
35 Collins Street
Melbourne VIC 3000

Dear Auditor-General

Re: Proposed report – Follow up: Management of Spending in Response to COVID-19

Thank you for the opportunity to provide comments on the proposed report.

Your report notes (*Figure 2*) that VMIA spent \$85.0 million on COVID-19 insurance claims, of which \$71.4 million is listed as “legal costs”, which includes settlements.

VMIA paid these legal costs solely in relation to claims made by VMIA's clients under insurance policies issued by VMIA, and all payments were made in accordance with the terms and conditions of these policies.

I note that these costs are measured on a gross claims paid basis at your office's request. VMIA reports, each year in our Annual Report, on gross claims paid across all policies along with gross claims incurred and net claims incurred.

I note there are no findings in the report for VMIA and I thank your team for the engagement with the VMIA team throughout the work on this audit.

Yours sincerely

A handwritten signature in blue ink that reads 'Helen Silver'.

Helen Silver

Chairperson

CC: [REDACTED], Chief Executive Officer

CC: [REDACTED], Head of Corporate Affairs

CC: [REDACTED], Financial Controller.

VMIA is the Victorian
Government's insurer
and risk adviser

Level 10 South
161 Collins Street
Melbourne VIC 3000

P (03) 9270 6900
E contact@vmia.vic.gov.au
ABN 39 682 497 841

vmia.vic.gov.au
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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 and present. We acknowledge the important contribution that Aboriginal and Torres Strait Islander peoples make in creating a thriving Victoria.

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