

APPENDIX A

Submissions and comments

We have consulted with DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and HSV, 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 were received as follows:

DELWP	55
DET	59
DFFH	62
DH	67
DJCS	70
DJPR	73
DoT	79
DPC	81
DTF	87
HSV	91



Department of Environment,
Land, Water and Planning

PO Box 500, East Melbourne,
Victoria 8002 Australia
delwp.vic.gov.au

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

Ref: SEC015320



Dear Auditor-General

PROPOSED PERFORMANCE AUDIT REPORT – MANAGEMENT OF SPENDING IN RESPONSE TO COVID-19

Thank you for your letter dated 8 October 2021 providing the Department of Environment, Land, Water and Planning (DELWP) with an opportunity to comment on the proposed performance audit report - *Management of spending in response to COVID-19*.

DELWP appreciates the work of your office in conducting this important performance audit.

As requested in the letter, I have attached DELWP's response to each of the recommendations directed to DELWP which includes the actions that will be undertaken to address the respective recommendations.

Should your staff wish to discuss any matters further, please contact Jack Kyriacou, Manager Portfolio Budget and Financial Management, Finance, DELWP on 0467 732 357 or Jack.Kyriacou@delwp.vic.gov.au.

Yours sincerely,



John Bradley
Secretary

20 / 10 / 2021

Encl.

Any personal information about you or a third party in your correspondence will be protected under the provisions of the *Privacy and Data Protection Act 2014*. It will only be used or disclosed to appropriate Ministerial, Statutory Authority, or departmental staff in regard to the purpose for which it was provided, unless required or authorized by law. Enquiries about access to information about you held by the Department should be directed to foi.unit@delwp.vic.gov.au or FOI Unit, Department of Environment, Land, Water and Planning, PO Box 500, East Melbourne, Victoria 8002.



OFFICIAL

Department of Environment, Land, Water and Planning (DELWP) action plan to address recommendations from Management of spending in response to COVID-19

No.	VAGO recommendation	Action	Completion date
1	All departments review and amend their procurement policies to ensure they: • require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process • require staff to complete a declaration form for conflicts of interest at the start of each procurement • clearly define secondments, contractors, and consultants, and clearly communicate the appropriate engagement process for each type of staff • include accompanying practical guidance that details how staff should use critical incident procurement processes (see Sections 2.1, 2.2 and 2.4).	Accepted: Action 1: DELWP will undertake a review of its procurement policies and make amendments where appropriate to: • ensure clarity in requirements for the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process and for staff to complete a declaration form for conflicts of interest at the start of each procurement • provide clear definitions of secondments, contractors and consultants, and the appropriate engagement process for each type of staff • provide more practical guidance for staff to use critical incident procurement processes	30 June 2022
2	All departments review their critical incident procurement forms to ensure they clearly document: • the reasons for using a critical incident procurement process • how they considered value for money • reasons for using a single quote • that staff have considered any relevant state purchase contract • that staff completed a conflict-of-interest declaration • the relevant financial approvals (see Section 2.3).	Accepted: Action 1: DELWP will undertake a review of its critical incident procurement form and make amendments where appropriate to ensure the form clearly documents: • the reasons for using a critical incident procurement process • how value for money was considered • the reasons for using a single quote • the consideration of existing contracts/arrangements such as relevant State Purchase Contracts or DELWP panels • the requirement for staff to complete a conflict-of-interest declaration • the relevant financial approvals.	30 June 2022

OFFICIAL-Sensitive

No.	VAGO recommendation	Action	Completion date
3	All departments regularly review and update their centralised procurement register to ensure it is as accurate and as up to date as possible (see Section 2.3).	Accepted: Action 1: DELWP will implement a policy to regularly review and update its Critical Incident Procurement (CIP) Register to ensure the accuracy and currency of information. Action 2: Staff will receive practical guidance about reporting requirements when they are informed that the CIP policy has been activated and the Procurement branch will regularly review the CIP register to provide assurance of accurate reporting of procurement expenditure.	30 June 2022
10	All departments review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in Better Grants by Design: a guide to best practice grant program investment, design, management, and administration for the Victorian public sector (Better Grants by Design) for: - departments to identify and manage the risks associated with implementing a grants program - staff involved in assessing grant applications to declare any conflicts of interest (see Sections 3.1 and 3.3).	Accepted: Action 1: Identifying and managing the risks associated with implementing a grants program. This action has been implemented. DELWP guidance has been updated to incorporate the Better Grants by Design guidelines requirement that all grant programs identify and manage the risks associated with implementing a grants program. The grants management system requirements are monitored monthly. Action 2: Staff involved in assessing grant applications declare any conflicts of interest. This action has been implemented. DELWP has updated managing Conflict of Interest guidelines to incorporate conflicts associated with grants programs and has also developed a quick reference guide on 'Managing conflict of interest in the assessment process'.	Implemented

OFFICIAL-Sensitive

Response provided by the Secretary, DELWP—continued

No.	VAGO recommendation	Action	Completion date
11	All departments conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption, or waste (see Sections 3.2, 3.3 and 3.4).	Accepted: Action 1: DELWP continues to conduct regular internal audit reviews on grants management in DELWP to assess for fraud, corruption or waste. This includes management of COVID-19 grants programs.	Implemented
15	All departments review ways to align financial systems, policies and business practices that improve consistency, accessibility, and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project (see Section 4.1)	Accepted: Action 1: DELWP reviews ways to align financial systems, policies and business practices that improve consistency, accessibility, and accuracy of whole-of-government data. This action has been implemented. DELWP is actively participating in the implementation of the Department of Premier and Cabinet's Common Corporate Platforms program, as the most efficient and effective way to achieve whole-of-government alignment.	Implemented
16	All departments regularly report and monitor their budgets and expenditure for COVID-19 initiatives (see Section 4.2).	Accepted: Action 1: DELWP accepts the recommendation to regularly report and monitor its expenditure for major COVID-19 initiatives. This action has been implemented. DELWP has implemented arrangements to regularly report and monitor all material COVID-19 initiatives.	Implemented

OFFICIAL-Sensitive



Department of
Education and Training

Office of the Secretary

2 Treasury Place
East Melbourne Victoria 3002
Telephone: 03 9637 2000
DX210083

BRI2187234

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

Dear Mr Greaves

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

Thank you for your letter of 8 October 2021 and the opportunity to comment on the proposed report for this performance audit.

The Department is committed to managing the risks that arise from the urgent response to the COVID-19 emergency and to ensure all funding is used for its stated purpose in compliance with relevant laws and policies.

The Department has reviewed the proposed report and has no feedback. Please find the attached action plan that addresses the recommendations in the report.

Should your staff wish to discuss the Department's response, they can contact Ms Bella Stagoll, Executive Director, Integrity, Assurance and Executive Services on (03) 7022 0120 or Bella.Stagoll@education.vic.gov.au.

Yours sincerely



Jenny Atta
Secretary
22 / 10 / 2021

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.



DET action plan: Management of spending in response to COVID-19

#	Recommendations: That all departments:	Response	#	The Department will:	By:
1	Review and amend their procurement policies to ensure they: - require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process - require staff to complete a declaration form for conflicts of interest at the start of each procurement - clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff - include accompanying practical guidance that details how staff should use critical incident procurement processes.	Accept	1.1	Review and update the Corporate Procurement policies and other relevant documents to ensure they: - require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process - require staff to complete a declaration form for conflicts of interest at the start of each critical incident procurement regardless of value - clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff - include accompanying practical guidance that details how staff should use critical incident procurement processes.	31 March 2022
2	Review their critical incident procurement forms to ensure they clearly document: - the reasons for using a critical incident procurement process - how they considered value for money - reasons for using a single quote - that staff have considered any relevant state purchase contract - that staff completed a conflict-of-interest declaration - the relevant financial approvals.	Accept	2.1	Develop a Critical Incident Procurement form along with guidelines and provide them to staff via the Corporate Procurement Portal. The form will clearly document: - the reasons for using a critical incident procurement process - how they considered value for money - reasons for using a single quote - that staff have considered any relevant state purchase contract - that staff completed a conflict-of-interest declaration - the relevant financial approvals.	31 March 2022
3	Regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible.	Accept	3.1	The Department already addresses this recommendation. The current Arriba system provides the register of all DET goods and services procurements. The register is updated with each new procurement.	NA
10	Review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in <i>Better Grants by Design: a guide to best practice grant program investment</i> ,	Accept	10.1	Review DET guidance material regarding risk management in grants to ensure it aligns with <i>Better Grants by Design</i> , specifically in relation to identifying and managing the risks associated with implementing a grants program.	30 June 2022

	<i>design, management and administration for the Victorian public sector (Better Grants by Design) for:</i> • departments to identify and manage the risks associated with implementing a grants program • staff involved in assessing grant applications to declare any conflicts of interest.		10.2	Update the DET Grants Policy and guidance material to require staff assessing grant applications to declare conflicts of interest.	30 June 2022
11	Conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste.	Accept	11.1	Conduct an internal audit on COVID-19 related grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste.	31 Dec 2022
15	Review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project.	Accept in principle	15.1	Review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data and consider implementing central agency solutions if appropriate.	31 Dec 2023 ¹
16	Regularly report and monitor their budgets and expenditure for COVID-19 initiatives.	Accept	16.1	Provide a breakdown of COVID-19 related initiative expenditure monthly to the Executive Board and the Audit and Risk Committee via the Budget and Financial Management Committee.	31 Dec 2021

¹ Date is dependent on DPC project timelines which is unknown at this stage.



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

BAC-CO-19750

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

Dear Mr Greaves

Proposed Report - Management of spending in response to COVID-19

Thank you for providing my department with the proposed audit report *Management of spending in response to COVID-19*.

My department accepts the eight applicable recommendations and our proposed actions to address them are included in the attached table.

My department acknowledges VAGO's conclusions regarding DHHS' use of the Critical Incident Procurement (CIP) Policy to contract a senior executive using a single quotation. Continuous improvement in procurement policy and processes is an important aspect of our work.

Additional context regarding this matter is, however, important to a full and complete understanding of the circumstances, as the context for the procurement was central to the decisions taken. In June 2020, the Victorian Government was very focused on the economic crisis caused by the COVID-19 pandemic and the critical need for an economic recovery response to immediately follow the first wave of that pandemic, as well as a social recovery response to the significant dislocation caused by loss of employment.

The department was anticipating announcement within weeks of the biggest ever investment in social and affordable housing and the need to rapidly commence implementation, including through the identified need for the procurement of a highly skilled executive with specialised skills in this area. What is now known as the \$5.3 billion Big Housing Build was a significant increase in government expectations regarding delivery and capability for the DHHS Housing Division, with new skills and capability required in affordable housing, private partnerships, construction procurement and private sector development. Skills and talent in this area are often found outside of government, and with a government infrastructure program of the scale of recent years, there are acute shortages of experienced leaders. The procurement was urgent, directly linked to the COVID-19 crisis, assessed as value-for-money against like roles across government, and did in fact provide value-for-money for the department.



OFFICIAL

The department appreciates the audit findings and recommendations, which will be of value as we continue to manage the response to COVID-19.

Yours sincerely



Sandy Pitcher
Secretary

22 / 10 / 2021



OFFICIAL

VAGO Performance Audit: *Management of Spending in Response to COVID-19*

DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING ACTION TABLE

Rec No.	Recommendation	DFFH Response	Action(s)	Completion date
1	All departments review and amend their procurement policies to ensure they: require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process	Accept	The department has amended its critical incident procurement policy to enable the Chief Procurement Officer to activate and close off the critical incident procurement process.	Completed Sep 2021
	require staff to complete a declaration form for conflicts of interest at the start of each procurement	Accept	Ensure that communications regarding the new conflict of interest system reinforces the requirement that staff undertaking a procurement must complete a conflict of interest regardless of the central procurement team's involvement. The Chief Procurement Officer to write to current owner of the conflict-of-interest policy and formally to request that the policy reinforce that staff must complete a conflict-of-interest form for all procurements, regardless of central teams involvement	Feb 2022
	clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff	Accept	The Chief Procurement Officer to work with People and Culture to establish engagement rules re contracted secondees and related reporting The Chief Procurement Officer to ensure that a specific IntraNet Sharepoint page explains rules about engagement of contracted secondees	Jan 2022
	include accompanying practical guidance that details how staff should use critical incident procurement processes (see Sections 2.1, 2.2 and 2.4).	Accept	The Chief Procurement Officer to review the existing critical incident procurement policy (CIPP) to confirm that the use of CIPP, identifying the management of conflicts of interest and monitoring how staff use procurement policies are reflected in current policy.	Dec 2021

OFFICIAL: Sensitive

VAGO Performance Audit: *Management of Spending in Response to COVID-19*

DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING ACTION TABLE

Rec No.	Recommendation	DFFH Response	Action(s)	Completion date
2	Review their critical incident procurement forms to ensure they clearly document: - the reasons for using a critical incident procurement process; - how they considered value for money; - reasons for using a single quote; - that staff have considered any relevant state purchase contract; - that staff completed a conflict of interest declaration; and - the relevant financial approvals (see Section 2.3). Regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible (see Section 2.3).	Accept	The Chief Procurement Officer to review the existing critical incident procurement policy (CIPP) to confirm that the use of CIPP, identifying the management of conflicts of interest and monitoring how staff use procurement policies are reflected in current policy.	Dec 2021
3	Regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible (see Section 2.3).	Accept	The Chief Procurement Officer to be provided regular reports on the status of procurement under critical incident procurement policy, including identification of any procurements not submitted for inclusion in the central critical incident procurement register.	Dec 2021
9	Clarify the way they define consultants, contractors and secondees, including those hired as part of strategic alliance agreements, to ensure transparent reporting around the total expenditure of professional services.	Accept	The department will ensure that the distinction between consultants, contractors secondees is clarified and understood across all the relevant areas of the department.	Feb 2022
10	All departments review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in <i>Better Grants by Design: a guide to best practice grant program investment, design, management and administration for the Victorian public sector</i> (Better Grants by Design) for: - departments to identify and manage the risks associated with implementing a grants program - staff involved in assessing grant applications to declare any conflicts of interest (see Sections 3.1 and 3.3).	Accept	Department of Families, Fairness and Housing will develop and implement a departmental Grants Management Framework that is aligned with the requirements of Better Grants by Design and that incorporates improved guidance on identifying and managing grant program risk, and declaring and managing conflict of interest of grants assessors.	March 2022

OFFICIAL: Sensitive

VAGO Performance Audit: *Management of Spending in Response to COVID-19*

DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING ACTION TABLE

Rec No.	Recommendation	DFFH Response	Action(s)	Completion date
11	All departments conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste (see Sections 3.2, 3.3 and 3.4).	Accept	Department of Families, Fairness and Housing will identify and review the Department of Families, Fairness and Housing (DFFH)'s COVID-19 grants program/s to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste.	December 2021
15	All departments review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project (see Section 4.1)	Accept	The department will continue to review ways to align financial systems, policies and business practices that improve consistency, accessibility, and accuracy of whole of government data such as the Department of Premier and Cabinet's common corporate platforms project.	June 2022
16	All departments regularly report and monitor their budgets and expenditure for COVID-19 initiatives (see Section 4.2).	Accept	The department continues to regularly monitor and report budgets and expenditure for COVID-19 initiatives. There are established reporting processes in place, including dashboard reporting, to only track COVID-19 initiatives. Corrections and updates to tracking, including updates to program initiatives, will be completed as identified.	June 2022

OFFICIAL: Sensitive



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

BAC-CO-19782
File No: 34589 21

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

Dear Mr Greaves

Management of spending in response to COVID-19 – Proposed report

Thank you for providing the department with the proposed report for the *Management of spending in response to COVID-19* performance audit.

Congratulations on the completion of the report that sets clear directions and recommendations for the department's future approach to managing its COVID-19 spend. The department has accepted all eight recommendations and I am pleased to advise that we have already completed a number of actions while others will be finalised before the end of the year.

I look forward to strengthening our approach to COVID-19 spending measures as a result of the audit findings.

Yours sincerely



Professor Euan M Wallace AM
Secretary

22/10/2021



VAGO Performance Audit: *Management of Spending in Response to COVID-19*

Department of Health Action Table

Rec No.	Recommendation	DH Response	Action(s)	Completion date
Rec 1	Review and amend their procurement policies to ensure they: require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process	Accept	The department has amended its critical incident procurement policy to enable the Chief Procurement Officer to activate and close off the critical incident procurement process.	Completed 17 Sep 2021
	require staff to complete a declaration form for conflicts of interest at the start of each procurement	Accept	The department will update its Conflict of Interest policy to clarify that staff must complete a conflict-of-interest form for all procurements, regardless of central team involvement	28 Feb 2022
	clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff	Accept	The department will establish engagement rules regarding contracted secondees and related reporting and ensure that these rules are communicated and available on the department's intranet.	31 Jan 2022
	include accompanying practical guidance that details how staff should use critical incident procurement processes.	Accept	The Chief Procurement Officer will review the existing critical incident procurement policy (CIPP) to confirm that the current policy reflects the use of CIPP, identifying the management of conflicts of interest, and monitoring how staff use procurement policies.	31 Dec 2021
Rec 2	Review their critical incident procurement forms to ensure they clearly document: - the reasons for using a critical incident procurement process; - how they considered value for money; - reasons for using a single quote; - that staff have considered any relevant state purchase contract; - that staff completed a conflict of interest declaration; and - the relevant financial approvals.	Accept	The Chief Procurement Officer will review the existing critical incident procurement policy (CIPP) to confirm that the current policy reflects the use of CIPP, identifying the management of conflicts of interest, and monitoring how staff use procurement policies.	31 Dec 2021

OFFICIAL

Rec No.	Recommendation	DH Response	Action(s)	Completion date
Rec 3	Regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible.	Accept	The Chief Procurement Officer will be provided regular reports on the status of procurement under critical incident procurement policy, including identification of any procurements not submitted for inclusion in the central critical incident procurement register.	31 Dec 2021
Rec 9	Clarify the way they define consultants, contractors and secondees, including those hired as part of strategic alliance agreements, to ensure transparent reporting around the total expenditure of professional services.	Accept	The department will ensure that the distinction between consultants, contractors and secondees is clarified and understood across all the relevant areas of the department.	28 Feb 2022
Rec 10	Review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in <i>Better Grants by Design: a guide to best practice grant program investment, design, management and administration for the Victorian public sector</i> (Better Grants by Design) for: - departments to identify and manage the risks associated with implementing a grants program - staff involved in assessing grant application to declare any conflicts of interest.	Accept	The department will complete the review into how grant programs align with the requirements of <i>Better Grants by Design</i> , for managing the risks associated with implementing these programs and declarations of conflict of interest.	30 Jun 2022
Rec 11	Conduct reviews of their COVID-19 grants program to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste.	Accept	The department will complete its review of COVID-19 grants programs to ensure that strong controls and administrative processes are in place.	31 Dec 2021
Rec 15	Review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project.	Accept	The department has completed a review of its financial systems, policies and practices to align with whole-of-government data and is partnering with the Department of Premier and Cabinet as part of the common corporate platforms projects.	31 December 2022
Rec 16	Regularly report and monitor their budgets and expenditure for COVID-19 initiatives.	Accept	The department now regularly reports and monitors its budget and expenditure for COVID-19 initiatives.	Completed 30 Apr 2020

OFFICIAL



Department of Justice and Community Safety

Secretary

Level 26
121 Exhibition Street
Melbourne Victoria 3000
Telephone: (03) 9915 3759
www.justice.vic.gov.au
DX: 210077

Our ref: 21103068

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

Dear Mr Greaves

Thank you for your letter of 8 October 2021 and the opportunity to provide a response to the proposed report on *Management of spending in response to COVID-19*.

The Department of Justice and Community Safety (the department) is committed to transparently and responsibly managing how it spends public money, and to ensuring it is prepared for crises such as the COVID-19 pandemic.

It is pleasing to note the report's many positive findings about the department's procurement and financial reporting practices.

The department has no further feedback on the report. I have attached the department's action plan in response to your recommendations.

If your office requires further information, please contact Scott Farquharson, Executive Director Assurance, 9136 2134 or via email at scott.farquharson@justice.vic.gov.au.

Yours sincerely

Rebecca Falkingham
Secretary

20/10/2021

Attachment – DJCS action plan – Management of spending in response to COVID-19



DJCS action plan for Management of spending in response to COVID-19

#	Recommendations - That all departments:		#	Action(s) that address the recommendation (DJCS will...)	By...
1	Review and amend their procurement policies to ensure they: - require the chief procurement officers or responsible office to formally activate and close off the critical incident procurement process - require staff to complete a declaration form for conflicts of interest at the start of each procurement - clearly define secondments, contractors and consultants, and the appropriate engagement process for each type of staff - include accompanying practical guidance that details how staff should use critical incident procurement processes.	Accept	1	Completed. DJCS procurement policies already: - require the chief procurement officers or responsible office to formally activate and close off the critical incident procurement process - require staff to complete a declaration form for conflicts of interest at the start of each procurement - clearly define secondments, contractors and consultants, and the appropriate engagement process for each type of staff - include accompanying practical guidance that details how staff should use critical incident procurement processes.	28 Oct 2021
2	Review their critical incident procurement forms to ensure they clearly document: - the reasons for using a critical incident procurement process - how they considered value for money - reasons for using a single quote - that staff have considered any relevant state purchase contract - that staff completed a conflict-of-interest declaration - the relevant financial approvals.	Accept	2	Completed. DJCS critical incident procurement forms already clearly document: - the reasons for using a critical incident procurement process - how they considered value for money - reasons for using a single quote - that staff have considered any relevant state purchase contract - that staff completed a conflict-of-interest declaration - the relevant financial approvals.	28 Oct 2021
3	Regularly review and update their centralised procurement register to ensure it is as accurate and as up to date as possible.	Accept	3	Completed. DJCS already regularly reviews and updates its centralised procurement register to ensure it is as accurate and as up to date as possible.	28 Oct 2021
Recommendation - That DPC works with EMV and DJPR to:			#	Action(s) that address the recommendation	By... (date)
8	Implement the recommendation from the Whole of Victorian Government Personal Protective Equipment Review to set up a working party to address surplus stock of personal protective equipment.	Accept	8	EMV and DJPR will establish a working group including DPC to resolve the transfer of the surplus stock of Combined Agencies Operations Group personal protective equipment from Emergency Management Victoria to the Department of Jobs, Precincts and Regions.	31 Mar 2022

DJCS action plan for Management of spending in response to COVID-19

#	Recommendations - That all departments:		#	Action(s) that address the recommendation	By... (date)
10	Review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirement in the <i>Better Grants by Design</i> (guide) for: • departments to identify and manage the risks associated with implementing a grants program • staff involved in assessing grant applications to declare any conflicts of interest.	Accept	10	Review its internal guidance material on grants to ensure it aligns with the requirement in the <i>Better Grants by Design</i> (guide) for: • departments to identify and manage the risks associated with implementing a grants program • staff involved in assessing grant applications to declare any conflicts of interest.	30 Jun 2022
11	Conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption, or waste.	Accept	11	Coordinate reviews of any COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption, or waste.	30 Jun 2022
15	Review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as DPC's common corporate platforms project.	Accept	16	Continue to participate in the Common Corporate Platforms project to consider solutions to improve accuracy of whole-of-government spend and procurement data and implement changes/align with whole-of-government practice where appropriate and practicable.	31 Dec 2022
16	Regularly report and monitor their budgets and expenditure for COVID-19 initiatives.	Accept	17	Completed. DJCS specifically monitors COVID-19 expenditure and maintains dashboards that report on budgets and expenditure for COVID-19 initiatives.	28 Oct 2021



Department of Jobs, Precincts and Regions

Ref: BSEC-2-21-16392

GPO Box 4509
Melbourne,
Victoria 3001 Australia
Telephone: +61 3 9651 9999
DX 210074

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

Dear Mr Greaves

VAGO's Proposed report – Management of spending in response to COVID-19

Thank you for your letter of 8 October 2021, providing the department with a copy of the proposed report for VAGO's Management of spending in response to COVID-19 performance audit.

The Department of Jobs, Precincts and Regions has appreciated the opportunity to work with VAGO to identify areas for improvement in our procurement policy and process, grants management and reporting.

As the report highlights, Victorian Government departments made extraordinary efforts to effectively respond to the widespread and significant challenges presented by COVID-19. In particular, the exceptional circumstances created by the pandemic required the Department of Jobs, Precincts and Regions to provide rapid and appropriate support to protect businesses and jobs across the State.

As the public health situation has evolved, the department has continued to review and adjust its systems and processes so that we can continue the important work of supporting Victoria's economy, jobs and businesses.

I welcome the draft recommendations in your report that help us further improve our procurement policy and process, grants management and reporting. I note that a number of activities are already underway in response to these recommendations and refer you to our enclosed Action Plan for further detail.

I appreciate the professional manner demonstrated by VAGO's team throughout the conduct of the audit. If you require further information, please contact Justin Perkov, Director Audit & Assurance on 0491 614 371 or justin.x.perkov@ecodev.vic.gov.au.

Yours sincerely

Simon Phemister
Secretary

21 / 10 / 2021



DJPR action plan to address recommendations from the *Management of Spending in Response to COVID19* VAGO performance audit (received October 2021)

No	VAGO recommendation	Action	Completion date
1	All departments review and amend their procurement policies to ensure they: - Require the Chief Procurement Officer or responsible officer to formally activate and close off the critical incident procurement process - Require staff to complete a declaration form for conflicts of interest at the start of each procurement - Clearly define secondments, contractors and consultants and clearly communicate the appropriate engagement process for each type of staff - Include accompanying practical guidance that details how staff should use critical incident procurement processes (see sections 2.1, 2.2 and 2.4)	Partially Accept DJPR notes that Government Policy, and therefore DJPR Policy, is that critical incident protocols and processes are invoked when a relevant Minister, accountable officer or chief procurement officer (CPO) declares a critical incident to exist in relation to the operation of procurement processes. DJPR will review its policy in line with Government requirements to ensure critical incident procurement is formally closed off as required. DJPR will update its Conflict of Interest Policy to require staff to complete a declaration form for conflicts of interest at the start of each procurement where practical. DJPR clearly defines secondments, contractors and consultants as well as the appropriate engagement processes in the DJPR Procurement Policy. DJPR will develop further guidance on critical incident procurement processes.	30 November 2021
2	All departments review their critical incident procurement forms to ensure they clearly document: - The reasons for using a critical incident procurement process - How they considered value for money - Reasons for using a single quote - That staff have considered any relevant state purchase contract - That staff completed a conflict of interest declaration - The relevant financial approvals. (see section 2.3)	Accept DJPR will review and update its Critical Incident Procurement forms accordingly.	31 October 2021

VAGO Management of spending in response to COVID-19— Responses to recommendations – Final @ 19 Oct 2021

1

No	VAGO recommendation	Action	Completion date
3	All departments regularly review and update their centralised procurement register to ensure it is as accurate and as up to date as possible. (see section 2.3)	Accept DJPR will review its centralised procurement register bi-annually to ensure it is accurate and up to date.	Ongoing
8	Department of Premier and Cabinet works with Emergency Management Victoria and the Department of Jobs Precincts and Regions to set up a working party to address surplus stock of personal protective equipment to implement the recommendation from the Whole of Victorian Government Personal Protective Equipment Review. (see section 2.5)	Accept in principle There are 19 substantive recommendations of the Whole of Victorian Government Personal and Protective Equipment Review (the McCann Review). A formal Government response to the McCann review is yet to be formalised. DJPR is currently the secretariat for the Whole of Victorian Government (WoVG) (non-health) Personal and Protective Equipment (PPE) Taskforce and Working Group. Monthly PPE (non-health) reporting provides a snapshot of PPE stock on hand, usage and open orders for WoVG (non-health). The reporting, together with the meetings, identify any significant issues or challenges which relate to PPE stocks, usage and supply chains. DJPR would be supportive of the establishment of a working party to address surplus stock.	N/A
10	All Departments review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in <i>Better Grants by Design: a guide to best practice grant program investment, design, management and administration for the Victorian public sector</i> (Better Grants by Design) for: - Departments to identify and manage the risks associated with implementing a grants program - Staff involved in assessing grant applications to declare any conflicts of interest. (see sections 3.1 and 3.3)	Accept The Department is developing a revised Grants Framework which provides comprehensive detail on the operational mechanisms within DJPR for administering grants, including designing fit-for-purpose fraud controls. The guide aligns with DTF's <i>Better Grants by Design</i> and focuses on enhanced risk management and conflict of interest practices to build on existing functionality in these areas.	15 November 2021

No	VAGO recommendation	Action	Completion date
11	All Departments to conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste. (see sections 3.2, 3.3 and 3.4)	Accept DJPR undertook a comprehensive program health check in 2020. The Department will continue to review its grant program administration with a view to consolidating good practice and identifying enhancement opportunities – including in relation to risk management and integrity practices. DJPR is actively managing its risk of fraud across the Covid-19 program delivery life cycle. The Department has an <i>Integrity Services Unit</i> that partners strongly with program delivery areas to actively monitor and act on integrity and fraud risks and issues.	Ongoing
12.	Department of Jobs Precincts and Regions develop a governance framework for administering large scale grant programs, including guidance on how to implement effective fraud controls. (see sections 3.1, 3.2, 3.4 and 3.5)	Accept The Department is developing a revised Grants Framework which provides comprehensive detail on the operational mechanisms within DJPR for administering grants, including designing fit-for-purpose fraud controls. The guide aligns with DTP's <i>Better Grants by Design</i> and focuses on enhanced risk management and conflict of interest practices to build on existing functionality in these areas.	15 November 2021
15	All departments to reviews ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole of government data, such as the Department of Premier and Cabinet's common corporate platforms project. (see section 4.1)	Accept DJPR will continue to engage with DPC in relation to considering solutions to improve whole of government data through common platform initiatives.	Ongoing and as per timelines of the DPC corporate platforms project
16	All departments regularly report and monitor their budgets and expenditure for COVID-19 initiatives. (see section 4.2)	Accept DJPR will continue to regularly report and monitor the budget and expenditure for COVID-19 initiatives.	Ongoing



Department of Transport

GPO Box 2392
Melbourne, VIC 3001 Australia
Telephone: +61 3 9651 9999
www.transport.vic.gov.au
DX 210074

Ref: BSEC-1-21-9117R

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

Thank you for your letter of 8 October 2021 relating to the '*Management of Spending during COVID-19*' performance audit and for the opportunity to provide comments on the proposed report.

The Department of Transport (DoT) appreciates the opportunity to participate in this audit and acknowledges the 16 recommendations outlined in the report, of which seven (7) are relevant to DoT.

As acknowledged by the audit, the COVID crisis required Departments to react quickly and implement important initiatives to support business and the community while ensuring transparency and accountability.

DoT accepts the recommendations and will implement actions to address the issues raised to improve systems and processes which will also assist DoT in addressing any similar future crisis.

The Department's action plan on the proposed report is attached for your consideration.

Yours sincerely

Paul Younis
Secretary
Department of Transport

18 October 2021



Management of Spending in Response to COVID-19

Proposed Action Plan

No.	VAGO recommendations	Action	Completion date
1.	We recommend that all Departments review and amend their procurement policies to ensure they: - Require the Chief Procurement Officer or responsible officer to formally activate and close off the critical incident procurement process - Require staff to complete a declaration form for conflicts of interest at the start of each procurement - Clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff - Include accompanying practical guidance that details how staff should use critical incident procurement processes	Recommendation accepted: DoT Procurement will lead a review to establish the processes and develop the supporting material including updating the DoT Procurement Policy, to address the recommendations noted.	28 February 2022

Management of Spending in Response to COVID-19 – Proposed Action Plan

No.	VAGO recommendations	Action	Completion date
2.	We recommend that all Departments review their critical incident procurement forms to ensure they clearly document: • The reason for using a critical incident procurement process • How they considered value for money • Reasons for using a single quote • That staff have considered any relevant state purchase contract • That staff completed a conflict of interest declaration • The relevant financial approvals	Recommendation accepted: DoT Procurement will lead a review of the processes and update the supporting material including the Critical Incident Procurement Form, to address the recommendations of the review.	30 November 2021
3.	We recommend that all Departments regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible.	Recommendation accepted: DoT will lead a review to develop appropriate systems to accurately identify critical incident engagements to address the audit finding of providing up to date and accurate data.	30 December 2021
10.	We recommend that all Departments review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in <i>Better Grants by Design: a guide to best practice grant program investment, design, management and administration for the Victorian public sector</i> (Better Grants by Design) for: • Departments to identify and manage the risks associated with implementing a grants program • Staff involved in assessing grant applications to declare any conflicts of interest	Recommendation accepted: DoT has an established a Working group to develop a Grants Management Framework. The findings of the audit will be addressed as part of this project.	30 December 2021
11.	We recommend that all Departments conduct reviews of their COVID-19 grants program to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste.	Recommendation accepted: DoT has an established a Working group to develop a Grants Management Framework. The findings of the audit will be addressed as part of this project.	30 December 2021

Management of Spending in Response to COVID-19 – Proposed Action Plan

No.	VAGO recommendations	Action	Completion date
15.	We recommend that all Departments reviews ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project.	Recommendation accepted: The Department is participating and contributing to the Department of Premier and Cabinet's common corporate platform project and will review systems to ensure the accuracy of data being submitted for whole of government reporting.	31 January 2022
16.	We recommend that all Departments regularly report and monitor their budgets and expenditure for COVID-19 initiatives.	Recommendation accepted: Specific codes and processes are being established to support the reporting and monitoring of the budgets and expenditure for COVID-19 initiatives.	31 January 2022



Department of
Premier and Cabinet

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

D21/136192

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

Dear Auditor-General,

Thank you for the opportunity to review and respond to the recommendations of the VAGO Performance Audit Report – Management of spending in response to COVID-19.

The findings provide the Department of Premier and Cabinet (DPC) with a valuable opportunity to improve our processes and systems, to ensure adequate oversight and controls over the management of COVID-19 spending in Victoria, and to be better prepared for any similar events in the future.

Please find our responses to the recommendations that relate to DPC and our proposed action plan in the attachment to this letter.

DPC is committed to ensuring that the Victorian Government spending in response to events of this nature is transparent, accountable and represents the best outcomes for all Victorians.

Thank you again for the opportunity to respond to the findings of the performance Audit, and I would like to acknowledge the positive and cooperative manner in which your team conducted this audit.

If you have any questions in relation to this matter, please contact Andrew Davis, Chief Financial Officer, DPC on 0448 808 258.

Yours sincerely



Jeremi Moule
Secretary

..21 / ..10 / ..2021

Encl.

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.



DPC action plan to address recommendations from VAGO Performance Audit – Management of spending in response to COVID-19

No	VAGO recommendation	Action	Completion date
1	All departments review and amend their procurement policies to ensure they: • require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process • require staff to complete a declaration form for conflicts of interest at the start of each procurement • clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff • include accompanying practical guidance that details how staff should use critical incident procurement processes.	Recommendation accepted: • Update Critical Incident information on intranet so each incident has a clear start and end date • Utilise communication means available to inform business areas of the extension of closure of the critical incident protocols (email, Teams, DPC news articles) • Update Corporate Procurement Team Operations Manual to include compliance checklist for Critical Incident requests, including the checking of completed Conflict of Interest forms • Update Critical Incident Procurement Outcome Document (CI-POD) form to capture engagements that are staffing related (secondments, contractors, consultants) and the engagement process for each type Review Critical Incident information on the DPC intranet and in the Procurement Guide to ensure it provides the necessary guidance. Implement a step-by-step workflow for critical incidents on the intranet	29/11/2021
2	All departments review their critical incident procurement forms to ensure they clearly document: • the reasons for using a critical incident procurement process • how they considered value for money • reasons for using a single quote • that staff have considered any relevant state purchase contract	Recommendation accepted: CI-POD form to be reviewed and amended to incorporate recommendations	29/11/2021

Page 1

OFFICIAL

DPC action plan to address recommendations from VAGO Performance Audit – Management of spending in response to COVID-19

	- that staff completed a conflict-of-interest declaration - the relevant financial approvals		
3	All departments regularly review and update their centralised procurement register to ensure it is as accurate and as up to date as possible (see Section 2.3).	Recommendation accepted: This is an ongoing responsibility of the Corporate Procurement Team (CPT) to maintain and ensure accuracy in the data inputted. CPT to ensure all relevant Critical Incident documentation is to be stored in Content Manager.	Completed
5	DPC works with the Victorian Public Sector Commission (VPSC) to revise its whole-of-government guidelines on using professional services to include guidance on how the policy should be applied when a critical incident is declared under the Victorian Government Purchasing Board's Market approach: goods and services policy (see Section 2.1).	Recommendation accepted: DPC will work with VPSC to review and revise the whole-of-government Administrative Guidelines on Engaging Professional Services in the Victorian Public Service to include guidance on alignment to the revised Market approach: goods and services policy guidance on critical incident procurement policies. Timing will be subject to the implementation timeframes of the associated Victorian Government Purchasing Board's recommendation to revise the Market approach: goods and services policy guidance on critical incidents.	30/6/2022

DPC action plan to address recommendations from VAGO Performance Audit – Management of spending in response to COVID-19

6	DPC work with all departments to implement recommendations from the Whole of Victorian Government Personal Protective Equipment Review to define the roles and responsibilities of each agency in relation to purchasing and distributing personal protective equipment for future needs (see Section 2.5).	Recommendation accepted: DPC is working with departments to establish clear leads on the implementation of the Whole of Victorian Government (WoVG) Personal Protective Equipment (PPE) Review conducted by Warren McCann. This will strengthen the Victorian Government's management arrangements for PPE and support an enhanced state of readiness for future public health emergencies. While individual departments remain best placed to determine their PPE needs, DPC will support improved efficiency, oversight and coordination by: • playing a coordination and support role for implementation of the WoVG PPE Review's recommendations, including by facilitating cross-departmental discussions and advice to Government at key junctures • the Department of Treasury and Finance's (DTF) establishment of a State Purchasing Contract (SPC) for PPE in non-health settings to leverage economies of scale, create a consistent model for procurement, establish a reliable pool of quality suppliers and stabilise pricing • assisting as appropriate the WoVG Non-Health PPE Taskforce and Health PPE Taskforce to provide oversight of PPE use across government users and leading WoVG consideration of future PPE needs; and • working with departments to provide reporting to the Victorian Government on the implementation of the McCann Review.	October / November 2021 (Clarification of departmental responsibilities) December 2021 (DTF to conclude preparations for engaging the market on the SPC for PPE in non-health settings) Individual recommendations of the WoVG PPE Review agreed by Government will progressively implemented
8	DPC works with Emergency Management Victoria to set up a working party to address surplus stock of personal protective equipment to implement the recommendation from the Whole of Victorian Government Personal Protective Equipment Review (see Section 2.5).	DPC accepts this recommendation in principle. DPC supports the effective, efficient use of surplus PPE by the Victorian Government. The WoVG Non-Health PPE Taskforce provides oversight of, and facilitates cooperation across government on, PPE use in non-health settings. Through this Taskforce, the Department of Jobs, Precincts and Regions (DJPR) – which currently manages a non-health Emergency Stockpile of PPE on behalf of the Victorian Government – is working with departments to appropriately dispose existing stocks of surplus items. This will include engaging with Emergency Management Victoria (EMV) to identify and	Oct 2021 – Oct 2022 (DJPR working with departments to progressively dispose extant, surplus stock) Q1 2022

Page 3

OFFICIAL

DPC action plan to address recommendations from VAGO Performance Audit – Management of spending in response to COVID-19

		distribute excess items from the Combined Agencies Operations Group (CAOG) stockpile referenced in the WoVG PPE Review. It is not, however, proposed that the CAOG stockpile be formally transferred from EMV to DJPR. In early 2022, the Non-Health PPE Taskforce will oversee a review of forward stockpile requirements.	(Review of forward stockpile requirements)
10	All departments review, and as necessary revise, their internal guidance material on grants to ensure it aligns with the requirements in Better Grants by Design: a guide to best practice grant program investment, design, management and administration for the Victorian public sector (Better Grants by Design) for: • departments to identify and manage the risks associated with implementing a grants program • staff involved in assessing grant applications to declare any conflicts of interest (see Sections 3.1 and 3.3).	Recommendation accepted: Noting that the majority of grant payments made in response to COVID-19 in 2020-21 were made by parts of DPC that subsequently transferred to the Department of Families, Fairness and Housing (DFFH) on 1 February 2021, DPC has updated DPC's Grant Management Framework to apply a risk-based assessment when developing, administering, and evaluating grant programs.	Completed
11	All departments conduct reviews of their COVID-19 grants programs to identify any gaps in their controls or administrative processes that lead to risks of fraud, corruption or waste (see Sections 3.2, 3.3 and 3.4).	Recommendation accepted: DPC has updated DPC's Grant Management Framework to apply a risk-based assessment when developing, administering, and evaluating grant programmes and included further guidance to mitigate against fraud.	Completed

Page 4

OFFICIAL

DPC action plan to address recommendations from VAGO Performance Audit – Management of spending in response to COVID-19

15	All departments to review ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project (see Section 4.1)	Recommendation accepted: DPC will consider ways in which the Common Corporate Platforms project, in consultation with all departments can be specified and developed to improve the accuracy and consistency of whole of government data.	31/03/2022
16	All departments regularly report and monitor their budgets and expenditure for COVID-19 initiatives (see Section 4.2).	Recommendation accepted: DPC has created specific chart of account segments (Authority, Cost Centre, and Project codes) to be used for COVID-19 specific budget and expenditure. COVID-19 specific reports are included in DPC internal management reports and in DTF COVID-19 quarterly expenditure and forecasting returns.	Completed



Department of Treasury and Finance

1 Treasury Place
Melbourne Victoria 3002 Australia
Telephone: +61 3 9651 5111
dtf.vic.gov.au
DX210759

D21/218195

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

Dear Mr Greaves

REPORT INTO THE MANAGEMENT OF SPENDING IN RESPONSE TO COVID-19

Thank you for the opportunity to respond to the final report.

Our response to the report is attached, set out as an action plan outlining how the Department will implement the recommendations. DTF accepts all of the recommendations, including 3 and 14 where DTF already follows the recommended practices.

In relation to the assessment that DTF is not using data it has collected to monitor whole-of-government spending related to COVID-19 (outlined in the Overview and Section 4.1 of the report), DTF does in fact monitor whole-of-government and portfolio spending. We continue to work with departments on the delivery of priority initiatives and associated expenditure, noting that systemised, central financial reporting is not the only mechanism used to monitor expenditure with cross-portfolio implications or strategic risks. Various processes for oversight of implementation, including departmental and ministerial review, form part of the overall accountability and governance processes. These processes are applied with regard to the priority of particular initiatives or strategies, including for the COVID-19 response and recovery, to provide insights into the impact and effectiveness of expenditures.

Thank you again for this important report. I look forward to implementing the recommendations in due course.

Yours sincerely



David Martine
Secretary

21 / 10 / 2021



Department of Treasury and Finance action plan to address recommendations from performance audit - Management of spending in response to COVID-19

Recommendations about rapid procurement

Department	Recommendation	Action	Completion date
All departments	1. review and amend their procurement policies to ensure they: - require the chief procurement officer or responsible officer to formally activate and close off the critical incident procurement process - require staff to complete a declaration form for conflicts of interest at the start of each procurement - clearly define secondments, contractors and consultants, and clearly communicate the appropriate engagement process for each type of staff - include accompanying practical guidance that details how staff should use critical incident procurement processes (see Sections 2.1, 2.2 and 2.4).	Accept DTF will review and amend policies as recommended by VAGO and publish advice and practical guidance for staff.	31 December 2021
All departments	2. review their critical incident procurement forms to ensure they clearly document: - the reasons for using a critical incident procurement process - how they considered value for money - reasons for using a single quote - that staff have considered any relevant state purchase contract - that staff completed a conflict of interest declaration - the relevant financial approvals (see Section 2.3).	Accept DTF will review its procurement forms to ensure that critical incidents clearly document information recommended by VAGO.	31 December 2021

Department	Recommendation	Action	Completion date
All departments	3. regularly review and update their centralised procurement register to ensure it is as accurate and as up-to-date as possible (see Section 2.3).	Accept DTF will continue its current practice of maintaining its centralised procurement register to ensure that it is as accurate and up to date as possible.	Complete
Victorian Government Purchasing Board	4. revise its <i>Market approach, goods and services policy</i> to include further guidance on: • when and how departments should activate their critical incident procurement policies • how the policy should be applied when departments are procuring professional services (see Section 2.1).	Accept The VGPB will revise the policy guidance as recommended.	June 2022
Department of Treasury and Finance	7. set up a state purchase contract for personal protective equipment to implement the recommendation from the <i>Whole of Victorian Government Personal Protective Equipment Review</i> (see Section 2.5).	Accept DTF has developed a business case for a State Purchase Contract panel arrangement following extensive stakeholder consultation.	Anticipated for completion in FY2021-22.

Recommendations about financial reporting

Department	Recommendation	Action	Completion date
Department of Treasury and Finance	13. publicly reports on the costs directly attributable to the COVID-19 pandemic for 2021–22 and for any future years that may apply (see Section 4.1).	Accept DTF will publicly report on costs directly attributable to the COVID-19 pandemic for 2021–22. DTF will review the relevance of reporting for future years as public health conditions evolve and service delivery returns to business-as-usual settings.	Quarter 2 2022–23
Department of Treasury and Finance	14. reviews its process for collecting data on whole-of-government COVID-19 costs and identify ways to ensure that spending for any future significant events is accurately reported to the public in a timely way (Section 4.1)	Accept DTF will continue to review its processes for collecting data on whole-of-government COVID-19 costs, noting these processes may be refined as public health conditions evolve, and the nature of associated public expenditure changes. DTF will continue to work closely with departments on delivery of high priority expenditure, including appropriate reporting arrangements for future significant events as they arise.	Ongoing
All departments	15. reviews ways to align financial systems, policies and business practices that improve consistency, accessibility and accuracy of whole-of-government data, such as the Department of Premier and Cabinet's common corporate platforms project (see Section 4.1)	Accept DTF is a member of the WoVG Common Corporate Platforms (CCP) Governance Board – with representatives covering the HCM, Finance and Procurement platforms. A strategy and roadmap has been agreed which proposes the development of common processes and design of a common platform by Quarter 1 2022–23 (Horizon 1 design phase for WoVG). Note that the current Road map suggests DTF could be part of Wave 2 implementation commencing Quarter 1 2023–24 subject to successful delivery of Horizon 1.	Quarter 1 2022–23 (Horizon 1 design phase based on draft WoVG CCP Roadmap)
All departments	16. regularly report and monitor their budgets and expenditure for COVID-19 initiatives (see Section 4.2)	Accept DTF will review the existing finance reports which are presented to the DTF board and include a regular update on spend and associated budget in relation to COVID-19 initiatives.	Quarter 3 2021–22

OFFICIAL: Sensitive



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

HealthShare Victoria
ABN 28 087 208 309

Level 34, Casselden
2 Lonsdale Street
Melbourne VIC 3000

T 03 9947 3700

healthsharevic.org.au

21 October 2021

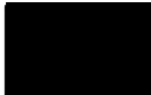
Re: Performance Audit Report—Management of spending in response to COVID-19

Thank you for providing HealthShare Victoria (HSV) with the proposed draft report on the *Performance Audit Report—Management of spending in response to COVID-19*.

Although the report does not direct any recommendations to HSV, we appreciate the opportunity provided to review this report and your team's consideration of our feedback to the provisional draft report.

We recognise the importance of this audit and the efforts of your team in undertaking this work. HSV will work closely with the Department of Health to enable quality and safety improvements in response to this report.

Yours sincerely,



Neil Rodaway
Chief Executive

Official

1