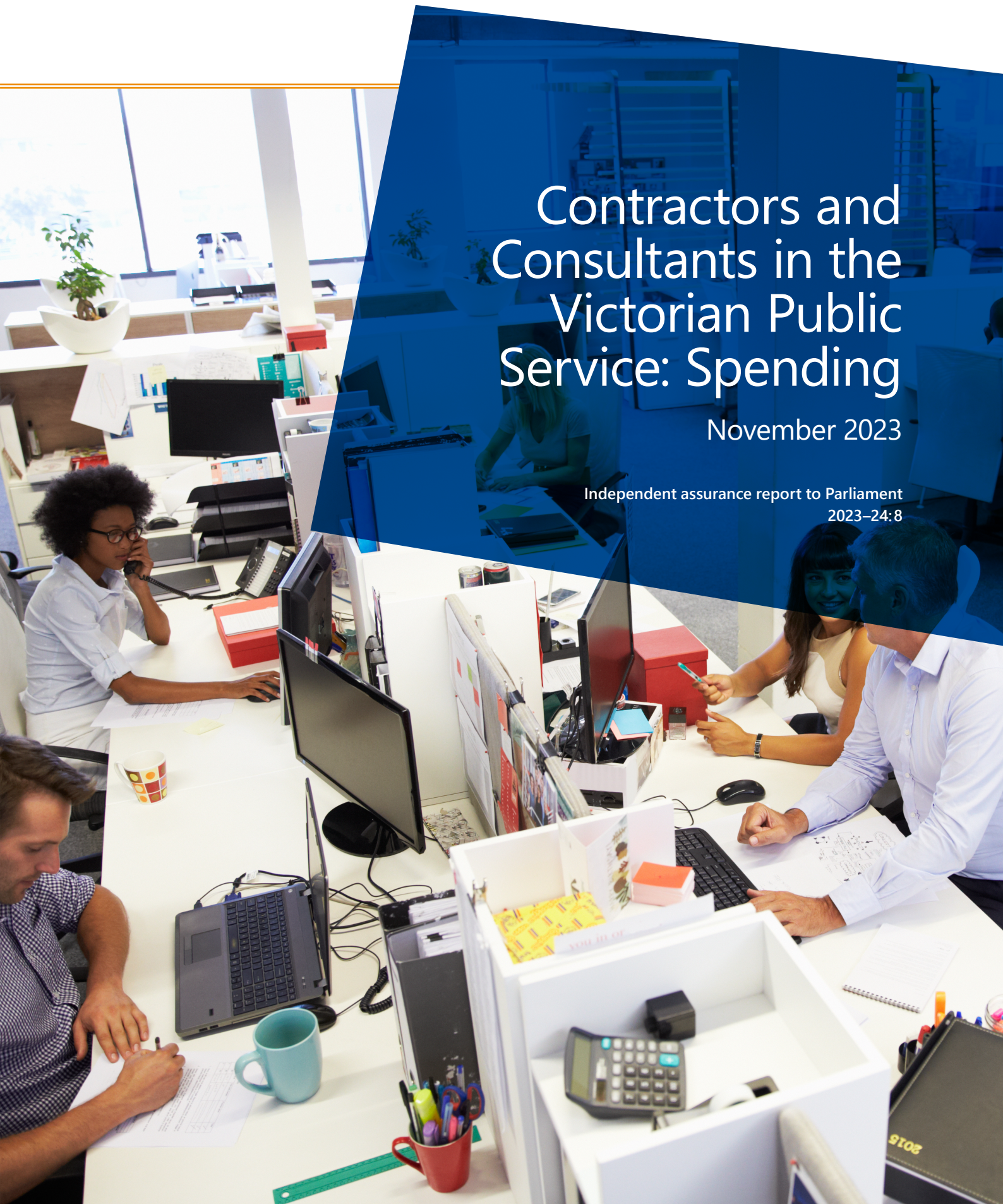


# Contractors and Consultants in the Victorian Public Service: Spending

November 2023

Independent assurance report to Parliament  
2023–24:8



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# Contractors and Consultants in the Victorian Public Service: Spending

Independent assurance report to Parliament  
Published by order, or under the authority,  
of the Parliament of Victoria  
November 2023

The Hon Shaun Leane MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon Maree Edwards MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Contractors and Consultants in the Victorian Public Service: Spending*.

Yours faithfully



Andrew Greaves  
Auditor-General  
29 November 2023

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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# Audit snapshot

## What we examined

We examined whether departments accurately record, properly monitor and transparently report their spending on contractors and consultants.

We focused our work on all 9 Victorian Government departments that were in place in 2021–22 and the Victorian Public Sector Commission. We looked further at 3 departments' classification processes for contractors and consultants against mandated guidelines. The 3 departments were the Department of Health (DH), the Department of Transport and Planning and the Department of Education.

## Why this is important

There is public interest in government expenditure on contractors and consultants. Consistently outsourcing work that has traditionally been done by the public sector can deskill the Victorian Public Service. Additionally, these services often come at a premium.

*Financial Reporting Direction 22: Standard disclosures in the Report of Operations* (Financial Reporting Direction 22) gives guidelines on how and where departments should report their contractor and consultant spending.

From 2018 to 2022, the Victorian Government set targets to reduce departmental spending on contractors and consultants, but the government did not publicly report progress against these targets.

## What we concluded

Government departments are not required to, and do not consistently, record, monitor or comprehensively report on their contractor and consultant expenditure. This results in a lack of transparency.

Departments' levels of compliance vary in their application of the requirements set out in Financial Reporting Direction 22, and some departments do not publish all the information they should.

Spending data for DH was not reliable due to a lack of rigour around record keeping and controls.

Public service spending on contractors and consultants increased between 2018–19 and 2021–22, despite the spending reduction targets.

## What we recommended

We made 3 recommendations to all departments about:

- monitoring their contractor and consultant spending
- reviewing how they record contractor and consultant spending to ensure they comply with Financial Reporting Direction 22
- reviewing how they categorise transactions to ensure they accurately report their spending.

We made one recommendation to DH about documenting procedures for recording spending. We also made one recommendation to the Department of Treasury and Finance about reviewing Financial Reporting Direction 22.

[→ Full recommendations](#)

## Key facts

### From 2018–19 to 2021–22 Victorian Government departments:



spent  
**\$561m**  
on consultants



reported spending  
**\$11.1b**  
on contractors



reported spending  
**\$320m**  
or **57%** of total reported consultancy spend, on consultancy engagements with the top 5 vendors

Note: Contractor spend from DH, the Department of Families, Fairness and Housing and the former Department of Health and Human Services includes some consultant data because this could not be separated.

Source: VAGO.

# What we found

This section summarises our key findings. The following sections detail our complete findings, including supporting evidence.

When reaching our conclusions, we consulted with the audited agencies and considered their views. The agencies' full responses are in Appendix A.

## Why we did this audit

There is significant public interest in how much the public service spends on contractors and consultants.

Consistently outsourcing work that has traditionally been done by the public sector can deskill the Victorian Public Service. Additionally, these external services can cost significantly more than using public service employees, and Victorians expect public spending to achieve value for money.

This is even more important given the current economic conditions and recent events, such as the COVID-19 pandemic.

### Contractors vs. consultants

Contractors provide work or services for departments.

Consultants provide services that help with decision-making through expert advice and analysis.

## Government targets to reduce external spending and retain skills in the public service

In recent years, Parliament and the public have expressed concern about the public service losing key skills and knowledge due to outsourcing work and services.

In particular, there has been concern about departments relying on external firms for services that are central to the running of the public service. These 'enduring public service functions' include activities such as developing policies, writing business cases and facilitating events.

In 2018, the government made an election commitment to reduce external spending on enduring public service functions, recognising that these services should be delivered by public service staff.

## Key background information

### Department responsibilities

Government departments are responsible for collecting and maintaining financial data, including data on their spending. They must keep proper accounts and records of financial transactions and ensure their accounting processes and systems comply with legislation.

Under *Financial Reporting Direction 22 Standard disclosures in the Report of Operations* (Financial Reporting Direction 22), departments are required to publish information about spending on some external services in their annual reports.

Figure 1 shows that the reporting requirements depend on whether the service relates to consultants or contractors.

### Financial Reporting Direction 22

Mandatory requirements outlining the information departments must publish in their annual reports

Figure 1: Reporting requirements for departments based on legislation and government policies/guidance

Legislation/policy/guidance	Spending information to be reported		How/where information must be reported
	On contractors	On consultants	
Financial Reporting Direction 22		Number of transactions valued at less than \$10,000 and total amount of this spend	Published each year in the department's annual report
		Number of transactions valued at over \$10,000 and details for each (vendor name, project summary, approved project amount and allocated future spend)	
	Details of contractor transactions, including vendor name, project summary, approved project amount and allocated future spend		Kept by the department and available to the public if a freedom of information (Fol) request is made
Government's spending reduction targets	All spending on contractors and consultants performing enduring public service functions between 2019 and 2022		Reported yearly in writing to: <ul style="list-style-type: none"> <li>Victorian Public Sector Commission (VPSC)</li> <li>Minister for Government Services</li> </ul>

Source: VAGO.

## What we assessed

We examined spending on contractors and consultants by all 9 Victorian Government departments that were in place in 2021–22 to assess whether they accurately record, properly monitor and transparently report spending.

We did this by assessing how departments:

- classify spending as either 'contractor' or 'consultant'
- comply with reporting requirements
- track their spending against the government's 2018–22 spending reduction targets.

We also examined how the VPSC collected and reported departments' data on their spending reduction targets.

### Public service

In this audit, we refer to the 9 Victorian Government departments collectively as the public service.



### Victorian Government departments

Machinery-of-government changes affected some department's names. In this report, we refer to the current department names (after 1 January 2023.)

#### Before 1 January 2023

#### After 1 January 2023

Department of Education and Training	Department of Education (DE)
Department of Environment, Land, Water and Planning	Department of Energy, Environment and Climate Action (DEECA)
Department of Jobs, Precincts and Regions	Department of Jobs, Skills, Industry and Regions (DJSIR)
Department of Transport	Department of Transport and Planning (DTP)
–	Department of Government Services (DGS) – newly formed

The Department of Families, Fairness and Housing (DFFH), Department of Health (DH), and Department of Justice and Community Safety (DJCS) did not change. The Department of Premier and Cabinet (DPC) and Department of Treasury and Finance (DTF) did not have a name change, however core functions were impacted.

## Key finding 1: Public service spending on contractors and consultants increased, despite the spending reduction targets

Across the Victorian Public Service, spending on contractors and consultants increased in the period we examined. We looked at this from a whole-of-government perspective and by department.

### Spending across the public service

Between 2018–19 and 2021–22, the total public service spend on contractors and consultants increased by 47 per cent.

Based on what departments published in their annual reports and other data they provided, the public service spend on contractors and consultants was:

- \$2.8 billion in 2018–19
- \$4.2 billion in 2021–22.

### Performance against the government's spending reduction targets

In 2018 the government made an election commitment to reduce spending on services that could have been performed by public service staff. These functions, called enduring public services functions, are broken into 2 main categories:

- professional services (which may be delivered by consultants or contractors)
- labour hire (which is delivered by contractors).

The government cited the need to promote employment opportunities for public service staff and retain key skills and knowledge in the public service. In 2019 the VPSC identified that the public service spent \$277 million on these services.

The government set spending reduction targets over 4 years (2018–19 to 2021–22). This commitment aimed to reduce spending by a total of \$114.5 million by the end of the period with:

- a \$90.1 million reduction on professional services
- a \$24.4 million reduction on labour hire.

The targets also identified specific role types that were aligned to core (or enduring) government services (see Figure 2).

Figure 2: Categories of external services that applied to the spending reduction targets

Spending category	External type		Identified role types	Reduction target
	Contractors	Consultants		
Professional services	✓	✓	<ul style="list-style-type: none"> <li>• Policy development</li> <li>• Evaluation</li> <li>• Business case development</li> <li>• Strategy and organisational development</li> <li>• Engagement and facilitation</li> </ul>	-50% (~\$90 million over 4 years)
Labour hire	✓		<ul style="list-style-type: none"> <li>• Project officers</li> <li>• Business/finance officers</li> <li>• Policy managers/officers</li> <li>• Project/program managers</li> <li>• Administrative/customer service roles</li> </ul>	-25% (~\$24 million over 4 years)

Source: VAGO, based on Victorian Labor fact sheet 'Ensuring an efficient, fair and high quality public service', 2018.

We collated the departments' reported data from 2019–22 and examined their performance against the government's spending reduction targets. Based on this data, public service spending on these specified roles of contractors and consultants increased overall, with expenditure on:

- labour hire decreasing
- professional services increasing.

Figure 3 shows how the public service and individual departments performed against the targets.

Individual department performance varied, with only DPC meeting the target for professional services. Five departments met the target for reduction of spending on labour hire.

Figure 3: Overall and individual departments' progress against the spending reduction targets (at end 2021–22)

Spending category	Overall	DE	DEECA	DFFH	DH	DJCS	DJSIR	DPC	DTF	DTP
Professional services	<b>Increased by 40% (~\$253m)</b>	X	X	X	X	X	X	✓	X	X
Labour hire	<b>Decreased by 17% (~\$81m)</b>	✓	X	X	X	✓	X	✓	✓	✓

✓ Met

X Not met

Note: In 2021, machinery-of-government changes meant that the former Department of Health and Human Services split into 2 departments – DH and DFFH.  
Source: VAGO, based on the VPSC's Labour hire and professional services second activity report.

Departments released their annual reports for 2022–23 in late October 2023. They showed that total spending on consultants for that year was \$150.1 million, which is a decrease of 10 per cent from the previous year. The spending reduction targets ended in 2021–22, so we have not included the 2022–23 data in our report.

### Factors impacting spending

VPSC activity reports for 2018–21 show that external factors affected departments' ability to meet their spending reduction targets. Departments needed additional help to respond to emergency events and meet existing public service priorities due to:

- the COVID-19 pandemic
- bushfire response and recovery.

## How departments tracked their spending against the spending reduction targets

Departments monitor spending on contractors and consultants yearly, comparing actual performance against their budgets. However, this timing limits their ability to respond quickly to spending trends.

Individual departments varied in how frequently they monitored spending on contractors and consultants and how they did this:

- DE, DJCS, DPC and DJSIR reviewed their progress against their spending reduction targets at monthly or quarterly meetings.
- DEECA, DFFH, DH, DTF and DTP's monitoring was not detailed enough to help them track progress against the spending reduction targets.

## What we recommended

We made one recommendation to all departments about monitoring contractor and consultant spending against any savings targets at least quarterly.

You can read our recommendations in full at the end of this section.

---

## Key finding 2: Reporting requirements do not lead to a complete picture of spending on contractors and consultants

Transparent reporting is key to giving the community confidence that public money is being used properly.

We would expect government departments to publish comprehensive information on their spending on contractors and consultants.

However, currently departments only publish data on consultants (not contractors) and there is no easy way to view total spending across the public service or to compare spending over time.

The *Financial Management Act 1994* and its directions sets out departments' responsibilities for financial reporting.

Specifically, Financial Reporting Direction 22 sets out what departments must include in their annual reports.

Under the direction, departments must publish data on consultants in their annual reports, but they are not required to publish data on contractors. DE publishes its contractor information to increase transparency.

The public can obtain information on contractors through an FoI request, but to gain a complete picture they would need to submit an individual request to every department. This is an inefficient way of comparing and understanding spending over time, and ultimately limits public transparency.

## Some departments are not publishing all required information

The departments have clear instructions on what to publish in their annual reports. However, we found that 4 departments did not publish all required information on their consultancy expenditure:

In 2021–22 ...	Did not comply with Financial Reporting Direction 22 because it did not report the ...
DEECA	details for individual consultants (over \$10,000), including: <ul style="list-style-type: none"><li>• supplier details</li><li>• a brief summary of each consultant service used</li><li>• the approved total project fee</li><li>• the amount spent in the financial year</li><li>• future spending it has committed to.</li></ul>
DE	total amount of spending on consultants (under \$10,000).
DJSIR	total number and total spend on consultants (over \$10,000), including a brief summary of each consultant service used.
DTP	<ul style="list-style-type: none"><li>• total number and total spend on consultants (over \$10,000), a brief summary of each consultant used (over \$10,000)</li><li>• total number and total spend on consultants (under \$10,000).</li></ul>

## Information on progress against spending reduction targets is not public

Departments were required to report what they spent on enduring public services to the VPSC annually between 2019 and 2022. The VPSC used this data to report how the departments were tracking against the government's spending reduction targets.

Since the spending reduction targets were an election commitment, we would have expected progress in achieving them to be made public. However, the VPSC only provided the progress report internally to the Minister for Government Services. This limited transparency about how departments were performing.

In the absence of public reporting, we developed an online [dashboard on public service spending on consultants from 2017–18 to 2022–23](#) using data published in the departments' annual reports.

## What we recommended

We made one recommendation to all departments to monitor their contractor and consultant spend more regularly.

We also made one recommendation for DTF to assess whether Financial Reporting Direction 22 should require departments to include both contractor and consultant spending in their annual reports and advise government accordingly.

You can read our recommendations in full at the end of this section.

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## Key finding 3: Public service data on contractor and consultant spending is not always reliable

To comply with Financial Reporting Direction 22, departments need to collect accurate and reliable data by:

- recording the details of all their purchases and noting whether they were for contractors or consultants
- keeping documentation, such as invoices, contracts and purchase orders, so that they can check or validate their overall reporting.

We found gaps in the way some departments collect and categorise their data, which makes it less reliable.

<b>We looked at departments' high-value transactions and found ...</b>	<b>Which means that ...</b>
DE did not correctly categorise 6 of the 34 we examined	the amount DE publicly reported that it spent on consultants in 2021–22 is not accurate.
DTP correctly categorised all 25 of the transactions we examined. However, we found inconsistencies with how it categorised its lower-value transactions	DTP consistently categorised its high-value transactions but could improve the reliability of its data by correctly categorising lower-value transactions as well.
DH did not have sufficient records to show what it had categorised as contractor and consultant transactions because it does not keep all its invoices centrally filed.	DH cannot confirm that the amount it reported as its consultant spend is accurate.

### What we recommended

We made 2 recommendations:

- one to all departments to review their processes for categorising contractor and consultant transactions
- one to DH to document its procedures for recording and reporting contractor and consultant spending to ensure the process is repeatable.

You can read our recommendations in full at the end of this section.

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# What we recommended

We made 5 recommendations to address 3 key issues. The relevant agencies have accepted our recommendations in full or in principle.

Key issues and corresponding recommendations		Agency response(s)
<b>Issue: Public service spending on contractors and consultants increased, despite the spending reduction targets</b>		
All departments	<p><b>1</b> Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets (see Section 1).</li> </ul>	<p>Accepted in principle by Department of Government Services and Department of Transport and Planning</p> <p>Accepted by all other departments</p>
<b>Issue: Reporting requirements do not lead to a complete picture of spending on external services</b>		
Department of Treasury and Finance	<p><b>2</b> Assess whether changing <i>Financial Reporting Direction 22: Standard disclosures in the Report of Operations</i> to require departments to include both contractor and consultant spend in their annual report would increase transparency on government spending, and advise government accordingly (see Section 2).</p>	<p>Accepted</p>
All departments	<p><b>3</b> Review and update their practices and controls for reporting spending data to comply with <i>Financial Reporting Direction 22: Standard disclosures in the Report of Operations</i> (see Section 2).</p>	<p>Accepted in principle by Department of Government Services and Department of Transport and Planning</p> <p>Accepted by all other departments</p>

## Key issues and corresponding recommendations

## Agency response(s)

### Issue: Public service data on contractor and consultant spending is not always reliable

All departments	<b>4</b>	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22: Standard disclosures in the Report of Operations</i> (see Section 3).	Accepted in principle by Department of Government Services, Department of Treasury and Finance and Department of Transport and Planning Accepted by all other departments
Department of Health	<b>5</b>	Document key procedures for recording and reporting contractor and consultant spending to ensure the process is repeatable (see Section 3).	Accepted

# 1.

## Departments' spending on contractors and consultants

In 2018, the government made an election commitment to reduce spending on contractors and consultants. This was in response to its concerns about the Victorian Public Service relying too much on these services, and therefore losing internal skills and knowledge. Targets were introduced in 2 main categories – professional services and labour hire – to assist departments to reduce their spending.

Despite this commitment, overall public service spending on professional services increased between 2018 and 2022 while spending on labour hire decreased.

Departments needed to proactively track their spending on contractors and consultants to understand if they were meeting the targets. Only 3 departments have processes in place to monitor their spending on contractors and consultants.

### Spending on contractors and consultants increased

#### Use of contractor and consultants vs. staff growth

Public spending has increased across the Victorian Public Service over the last 4 years.

In the period from 2018–19 to 2021–22, spending on public service staff increased by 29 per cent, while contractors and consultants use increased by 47 per cent. This may lead to fewer opportunities for the public service to develop and maintain in-house skills and knowledge.

Figure 4 shows how growth in expenditure on staff has increased. Figure 5 shows the growth of the public service use of contractors and consultants.



Figure 4: Whole-of-government growth for spending on public service staff (between 2018–19 and 2021–22)

Department	2018–19 (\$m)	2021–22 (\$m)	% change
DE*	6,972	8,351	20%
DEECA	516	709	37%
DH/DFFH**	1,429	1,729	21%
DJCS	1,063	1,776	67%
DJSIR	358***	577	61%
DPC	223	257	15%
DTF	154	233	51%
DTP	321	594	85%
<b>Total</b>	<b>11,038</b>	<b>14,227</b>	<b>29%</b>

Note: Figures and percentages are rounded. Current department names are used. Figures include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. \*DE's figure is higher than other departments because it includes teaching and nursing staff. They account for approximately 95 per cent of the department's staff. \*\*DH and DFFH are consolidated for 2021–22 for consistency. \*\*\*DJSIR (as DJPR) was only operational for 6 months in 2018–19. This figure reflects an estimate for 2018–19, which was achieved by doubling DJSIR's spending from its 6 months of operation.

Source: VAGO based on departments annual report data from 2018–19 to 2021–22.

While overall spending on contractors and consultants increased between 2018–19 and 2021–22, each department's performance varied.

Five departments – DTP, DJSIR, DTF, DH/DFFH and DPC – increased their spending on contractors and consultants. Three – DEECA, DE and DJCS – reduced spending in these areas (see Figure 5).

Figure 5: Public service use of contractors and consultants between 2018–19 and 2021–22

Department	2018–19 (\$m)	2021–22 (\$m)	% change
DE	196	161	-18%
DEECA	337	303	-10%
DH/DFFH*	1,498	2,461	64%
DJCS	34	19	-45%
DJSIR	124**	148	19%
DPC	75	105	40%
DTF	48	87	81%
DTP	526	891	70%
<b>Total</b>	<b>2,838</b>	<b>4,175</b>	<b>47%</b>

Note: Figures and percentages are rounded. Includes all contractor spending, regardless of contract size. For consultant spending, only engagements valued over \$10,000 are counted. Figures and percentages are rounded. \*DH and DFFH are consolidated for 2021–22 for consistency. \*\*DJSIR (as DJPR) was only operational for 6 months in 2018–19. This figure reflects an estimate for 2018–19, which was achieved by doubling DJSIR's spending from its 6 months of operation.

Source: VAGO based on departments annual report data from 2018–19 to 2021–22 and additional information we requested from departments.

### Consultant spending 2022–23

Departments released their annual reports for 2022–23 in late October 2023. They showed that total spending on consultants for that year was \$150.1 million, which is a decrease of 10 per cent from the previous year. We have included public service spending on consultants from 2017-18 to 2022-23 in our online dashboard, using data published in the departments' annual reports.

The spending reduction targets ended in 2021-22 so we have not included 2022-23 consultancy expenditure data in this report.

Departments are not required to include contractor spending in their annual reports.

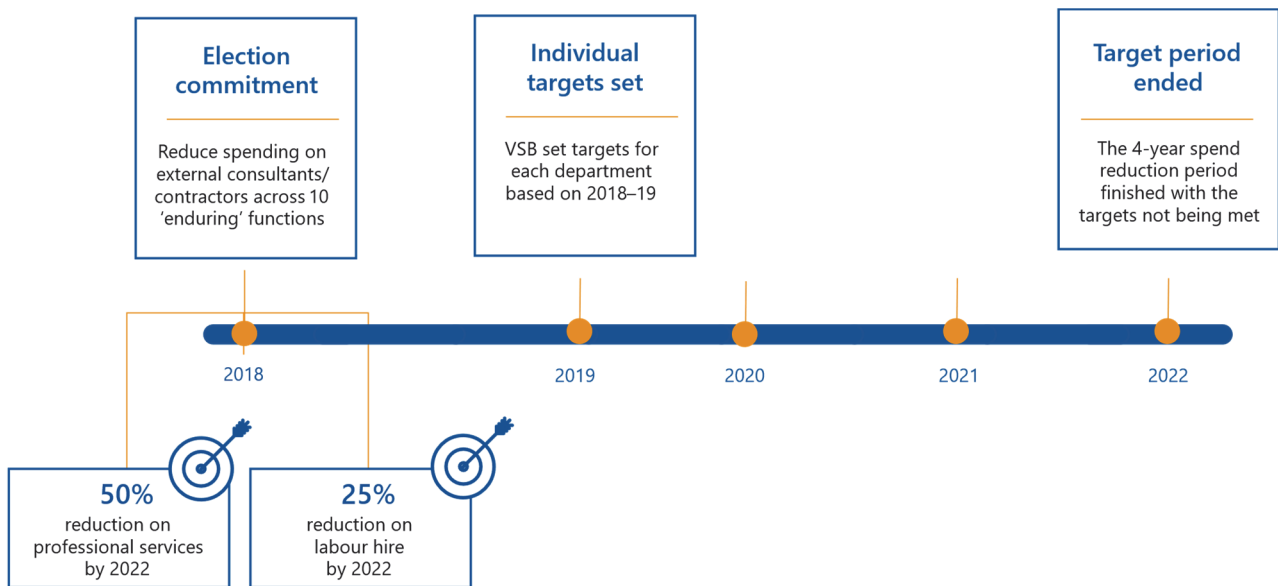
### The 2018 spending reduction targets

In 2018, the government made an election commitment to reduce spending on contractors and consultants in 10 specific categories.

It identified 10 'enduring public service functions' that should be done by public service staff rather than external firms (see Figure 2). It then directed the public service to reduce spending on professional services by 50 per cent and spending on labour hire by 25 per cent by 2022.

To achieve this, in 2019 the Victorian Secretaries' Board (VSB) set individual targets for each department to reduce their spending by using the departments' 2018–19 spending data as a baseline.

Figure 6: Timeline and structure of the spending reduction targets



Source: VAGO based on Victorian Labor fact sheet 'Ensuring an efficient, fair and high quality public service', 2018.

## Performance against the spending reduction targets

### Spending on professional services

By the end of the 4-year spending reduction period, the public service had increased spending by 40 per cent in the specified professional services categories. This was despite having a target to reduce this spend by 50 per cent by the end of 2021–22.

Figure 7 shows that only DPC achieved its targets. The overall public service continued to rely on contractors and consultants and was not able to meet the spending reduction targets.

Figure 7: Departments' performance against the 50% spending reduction targets for professional services

Department	2018–19 (\$m)	2021–22 (\$m)	% change
DE	33	25	-25%
DEECA	36	45	23%
DH/DFFH*	57	82	44%
DJCS	8	22	183%
DJSIR	20**	60	196%
DPC	13	1	-92%
DTF	7	9	24%
DTP	5	9	88%
<b>Total</b>	<b>180</b>	<b>253</b>	<b>40%</b>

Note: Figures and percentages are rounded. \*DH and DFFH are consolidated for 2021–22 for consistency. \*\*DJSIR (as DJPR) was only operational for 6 months in 2018–19. This figure reflects an estimate for 2018–19, which was achieved by doubling DJSIR's spending from its 6 months of operation.

Source: VPSC activity reports data from 2018–19 to 2021–22 for labour hire and professional services.

### Spending on labour hire

In the case of labour hire, by the end of the 4-year target period, the departments had made an overall reduction of 17 per cent on the specified enduring services. However, the reduction was not enough to meet the committed target of 25 per cent over 4 years.

As shown in Figure 8, at the end of the 4-year period DE, DJCS, DPC, DTF and DTP had all achieved their individual spending reduction targets. But increased spending from DH/DFFH and DJSIR meant the public service did not meet the overall target.

Figure 8: Departments' performance against the 25% labour hire spending reduction targets

Department	2018–19 (\$m)	2021–22 (\$m)	% change
DE	26	17	-37%
DEECA	14	11	-19%
DH/DFFH*	13	20	49%
DJCS	7	4	-42%
DJSIR	5**	7	28%
DPC	2	2	-29%
DTF	3	2	-32%
DTP	27	19	-30%
<b>Total</b>	<b>98</b>	<b>81</b>	<b>-17%</b>

Note: Figures are rounded. \*DH and DFFH are consolidated for 2021–22 for consistency. \*\*This figure reflects the VPSC's estimate for 2018–19, which was achieved by doubling DJSIR's spending from its 6 months of operation.

Source: VPSC activity reports data from 2018–19 to 2021–22 for labour hire and professional services.

### Factors impacting spending

Departments did face challenges that affected their ability to meet their spending reduction targets.

VPSC activity reports for 2018–21 show that external factors were leading to increased spending on contractors and consultants at that time.

For example, departments needed additional help to respond to emergency events and meet existing public service priorities due to:

- the COVID-19 pandemic
  - bushfire response and recovery.
- 

## Only 4 departments have systems to regularly monitor their spend on contractors and consultants

### Why departments need to monitor their spending

Departments need to regularly and proactively monitor their spending on contractors and consultants.

The public expects to be informed about how departments use public money and whether election commitments have been met – in this case, the commitment to reduce spending on professional services and labour hire.

To understand if they were on track to meeting their spending reduction targets, departments needed to monitor their use of the 10 specific professional services and labour hire roles. This should have been done at regular intervals – at least quarterly throughout the year so the departments could adjust their spending if necessary.










Aside from tracking progress against specific targets, monitoring allows departments to understand their spending more broadly, including being able to analyse trends and identify areas that could be better serviced internally.

---

## Which departments monitor spending

Only DE, DJCS, DPC and DJSIR regularly monitor and analyse their spending on contractors and consultants across the department (see Figure 9). Other departments do some form of monitoring but this was not regular or detailed enough to help them track progress against the spending reduction targets.

Figure 9: Departments' monitoring their spending

Department	Status	What and when they monitor
DE		Reviews contractor and consultant spending quarterly at its executive board meetings
DEECA		Monthly reporting on spending against budget. While this can include contractor and consultant spend, there is no identified monitoring of just these categories
DFFH		Reviews professional services spending every 6 months
DH		Procurement template has year-to-date spending total that all users can see
DJCS		Reviews contractor and consultant spending quarterly at its executive board meetings
DJSIR		Regular committee updates with reports
DPC		Reviews contractor and consultant spending monthly at its executive board meetings
DTF		No evidence of monitoring spending outside of end-of-year reporting activities
DTP		No evidence of monitoring spending outside of end-of-year reporting activities

Note: Red means the department did not give us evidence that it reviews and monitors its spending. Amber means the department gave us some evidence that it reviews and monitors its spending but this is not regular or detailed enough. Green means the department gave us evidence that it adequately and regularly reviews and monitors its spending.  
Source: VAGO.

# 2.

## Transparency of spending

There is no complete picture of how much public money departments are spending on contractors and consultants. This is because departments only need to publicly report their spending on consultants, and not contractors.

Financial Reporting Direction 22 outlines what departments need to report. However, the public does not have an easy way of knowing and comparing how much departments and the public service spends on contractors and consultants.

### Variations in reporting requirements for spending on contractors and consultants

#### Reporting requirements under Financial Reporting Direction 22

Financial Reporting Direction 22 sets out what information departments need to publish on their use of contractors and consultants. It requires departments to publish information about consultants but not contractors.

Figure 10 outlines these requirements.

Figure 10: What and how departments must report their contractor and consultant information

#### Spending on consultants

Each department must publish the following information in their annual report:

- total number of consultants used:
  - under \$10,000
  - over \$10,000
- total spend on consultants:
  - under \$10,000
  - over \$10,000
- details of each consultant spend over \$10,000, including:
  - vendor
  - brief summary of project
  - total project fees
  - spend for the reporting period
  - future spend
- where this information is recorded.

Source: VAGO, based on Financial Reporting Direction 22.

#### Spending on contractors

Each department must keep the following information:

- contractor engaged
  - service provided
  - spending committed to for each engagement.
- They must make this information available upon request but there is no requirement to publish it.

#### Accessing data through Fol requests

The departments must keep records of spending on contractors, and a member of the public can ask for this information. However, this must be done through a formal Fol request.

This requirement limits public transparency. Some people may not know how, or want, to complete a formal FoI request. In some instances under the *Freedom of Information Act 1982* departments may not give out all information.

Also, to gain a full picture of spending on contractors, an interested person would have to repeat the FoI process for each department.

**Compliance with reporting requirements**

The departments have clear guidelines on what they must publish in their annual reports (see Figure 10).

However, we found varying levels of compliance for the 2021–22 period, with 4 departments not including all the required information. Figure 11 outlines what departments did and did not include.

Figure 11: Departments' compliance with publishing required information in their annual reports (2021–22)

	DE	DEECA	DFFH	DH	DJCS	DJSIR	DPC	DTF	DTP
<b>Consultancies over \$10,000</b>									
Total number	●	●	●	●	●	●	●	●	●
Total expenditure	●	●	●	●	●	●	●	●	●
Location of details recorded	●	●	●	●	●	●	●	●	●
Individual supplier details	●	●	●	●	●	●	●	●	●
Brief summary of each consultancy	●	●	●	●	●	●	●	●	●
Total project fee approved for each (ex GST)	●	●	●	●	●	●	●	●	●
Expenditure for reporting period of each consultancy	●	●	●	●	●	●	●	●	●
Future expenditure committed for each consultancy	●	●	●	●	●	●	●	●	●
<b>Consultancies under \$10,000</b>									
Total number	●	●	●	●	●	●	●	●	●
Total expenditure	●	●	●	●	●	●	●	●	●

Legend: green means included; red means not included

Note: DEECA included instructions for readers to obtain consultant data upon request, subject to the provisions of the *Freedom of Information Act 1982*.

Source: VAGO, based on departments' 2021–22 annual reports.

## Lack of collated public service spending data and impact on ability to analyse trends

### Importance of tracking spending over time

Being able to look at how spending changes over time, both at a department level and across the public service, is essential to planning. This includes identifying risks and opportunities.

<b>Analysing spending patterns and trends can highlight ...</b>	<b>Allowing departments to identify ...</b>
who the major vendors are	opportunities for savings by negotiating better rates through state purchase contracts.
what is being purchased	needs for additional state purchase contracts to streamline procurement of commonly used goods and services.
why spending is occurring	staff and skill gaps within the public service. For example, if departments need surge capacity to deal with an emergency situation.

#### **State purchase contracts**

Also known as SPCs, state purchase contracts are government contracts set up for commonly used goods and services. They have pre-agreed values, terms and conditions and make it easy for the public service to buy goods and services.

### DGS procurement analysis

DGS's government procurement team, which was previously part of DTF, collates and analyses procurement data from all departments to identify:

- commonly used vendors
- opportunities for potential new state purchase contracts
- where departments do not use appropriate state purchase contracts.

DGS has also developed dashboards to enable departments to analyse their own data.

However, this procurement data does not include all contractor and consultant spending and is not publicly available. This means departments and the public cannot easily use it to monitor spending on contractors and consultants.

### Challenges to tracking spending over time

Although the departments publish spending data on consultants, there is no collated information for whole-of-government spending. This makes it difficult to analyse total spending or spending over time.

Each year, departments report their consultant spending in their annual reports. But this is data for one year only. There is no comparison to previous years.

To see how departments' spending has changed over time, users need to collate the relevant data from each department's annual report across multiple years. This is time-consuming and limits the transparency of the whole picture of public service spending.

### VAGO dashboard: spending on consultants

In the absence of a multi-year comparison across departments, we developed an online [dashboard on public service spending on consultants from 2017–18 to 2022–23](#) using data published in the departments' annual reports.

The dashboard shows data relating to the spending of the 9 Victorian Government departments that were in place in 2021–22 (noting that the Department of Transport includes spending by the Major Transport Infrastructure Authority and Suburban Rail Loop Authority). It also shows the departments' spending on individual vendors across this period.



In building this dashboard, we faced some challenges.

<b>The departments' data was challenging to collate and compare because ...</b>	<b>Meaning ...</b>
some departments went through machinery-of-government changes	data is not comparable across all financial years.
different departments publish data in different formats	we had to do extra analysis and work to make the data consistent.
not all departments published all the required consultant information	we had to request extra information from departments.

While we were able to use our auditing powers and resources to manage these challenges, this illustrates the extent of barriers to public transparency around this information.

---

## Lack of public reporting on spending against the reduction targets

### Annual reporting to the Minister for Government Services

While the spending reduction targets were made as part of an election commitment, reporting on progress in achieving them is not publicly available.

The VPSC collected departments' data on the spending reduction targets. At the end of each financial year it prepared an activity report showing what departments spent on contractors and consultants in each of the identified enduring public service categories. This report showed progress against the spending reduction targets, which were tied specifically to those categories.

However, this report only went to the Minister for Government Services (as the responsible minister). It was not available to the public.

---

### Lack of analysis on department performance

While the VPSC collected data each year, the annual summaries it provided to the Minister for Government Services did not analyse or enquire further about departments' performance against their professional services and labour hire spending targets.

We found that the VPSC had limited assurance the data it received from departments was accurate because:

- there were no clear guidelines on how much detail departments needed to give about their spending performance
- the VPSC does not validate what departments report, such as comparing it to other whole-of-government datasets.

The VPSC's final report outlined factors that resulted in increased public service spending. These were:

- unprecedented external events, such as the COVID-19 pandemic and bushfires
  - major projects
  - economic recovery.
-

# 3.

## Reliability of spending data

Data on how much the public service spends on contractors and consultants is not always reliable. We sampled data from 3 departments and found one – DE – does not always correctly classify its spending; and another – DH – did not hold enough documentation to confirm the reliability of its data for the period we examined.

As a result, there is a risk that these departments' annual reports do not disclose the full amount they spent on consultants as required by Financial Reporting Direction 22.

### Departments need reliable data on their contractor and consultant spending

**Need for reliable data** Financial Reporting Direction 22 requires departments to:

- report how much they spend on consultants each year in their annual report
- make information on contractor spending available upon request.

To comply with this, departments need to collect accurate and reliable data on what they spend on contractors and consultants.

---

**Collecting reliable data**

For reliable data, departments need to:

- record the details of all of their purchases and note if they were for contractors or consultants
  - collate this information across the department and ensure they have consistently applied the definitions of 'contractor' and 'consultant' from Financial Reporting Direction 22
  - keep documentation, such as invoices, contracts and purchase orders, so they can check or validate their overall reporting.
- 

### Not all departments have reliable data on their spending

**Data on spending**

We looked at invoices from 2021–22 for DE, DH and DTP to understand the reliability of their contractor and consultant spending data. We looked at these 3 departments because they spent more than other departments that year on contractors and consultants. We looked at the top 50 per cent (by monetary value) of their invoices from 2021–22 for the 5 largest consultancy firms.

<b>We looked at ...</b>	<b>And found ...</b>	<b>Which means that ...</b>
34 DE transactions	DE did not correctly categorise 6 of them. It categorised: <ul style="list-style-type: none"> <li>• 3 consultant transactions, worth approximately \$400,000, as contractor transactions</li> <li>• 3 contractor transactions as 'other'</li> </ul>	The amount that DE publicly reported it spent on consultants in 2021–22 is not accurate.
25 DTP transactions	DTP correctly categorised all 25 transactions	DTP consistently categorised its high-value transactions. However, when we reviewed some lower-value transactions we found not all had been correctly categorised. Correcting this could improve overall data accuracy.
64 DH transactions	DH could not provide sufficient records to show which of these 64 transactions it had categorised as contractor and consultant spending. This is because system capacity issues mean DH does not keep all its invoices centrally filed in its procurement or finance system	DH cannot confirm that the amount it reported as its consultant spend is accurate.

**Limitation in guidance for Financial Reporting Direction 22**

Our testing showed that the guidance in Financial Reporting Direction 22 allows room for users to make a judgement between classifying a transaction as 'consultant' or 'contractor'. We saw this in complex contracts that covered a range of functions for both contractor and consultant work.

Financial Reporting Direction 22 only requires consultant spending to be published in departments' annual reports. If departments incorrectly record consultant spending as contractor spending, this spending may not be captured in their annual report.

As discussed in Section 2, transparency of contractor and consultancy expenditure will improve if Financial Reporting Direction 22 requires departments to publicly report contractor spending in their annual reports.

# Appendices

[Appendix A: Submissions and comments](#)

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[Appendix B: Abbreviations, acronyms and glossary](#)

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[Appendix C: Audit scope and method](#)

# Appendix A:

## Submissions and comments

We have consulted with all audited agencies, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

### Responses received

Agency	Page
DE	A-2
DEECA	A-4
DFFH	A-7
DGS	A-10
DH	A-12
DJCS	A-15
DJSIR	A-17
DPC	A-20
DTF	A-23
DTP	A-25
VPSC	A-27



## Department of Education

Secretary

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

BRI23128703

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

Dear Mr Greaves

### **Proposed report on Contractors and consultants in the Victorian public service: Spending**

Thank you for your letter of 19 October 2023 and the opportunity to comment on the proposed report for this audit. The department is committed to accurately record, properly monitor and transparently report the spend on contractors and consultants.

The department appreciates the collaboration from your team throughout the audit. The proposed report's findings and conclusions reflect positively on the department's regular monitoring and reporting on spend against the targets set by the Victorian Public Services Commission.

The department has reviewed the proposed report and has attached an action plan to address the recommendations in the report. Should you wish to discuss the department's response, please contact Shamiso Mtenje, Acting Executive Director, Integrity, Assurance and Executive Services Division on [REDACTED] or by email: [REDACTED].

Yours sincerely



**Jenny Atta**  
Secretary  
3/11/2023

*Encl.:* DE's action plan

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address



**Response provided by the Secretary, DE – continued**

**DE action plan: Contractors and Consultants in VPS - Spending**

#	Recommendations: That all departments:	Response	#	The department will:	By end of:
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: <ul style="list-style-type: none"> <li>○ trends in expenditure in these categories</li> <li>○ if they are on track to meet any relevant government policies or targets</li> </ul>	Accept	1.1	Continue its quarterly reporting to Executive Board highlighting the progress in meeting targets, as this practice has been in place prior to this audit, which has been acknowledged in this report.	N/A - implemented
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	3.1	Review the current reporting practices and controls to identify areas and actions for improvement.	March 2024
			3.2	Implement improvement opportunities identified in action 3.1.	June 2024
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept	4.1	Improve the communications and training on the correct use of account codes for contractor payments and consultants and clarify/create awareness of the definitions.	March 2024

Response provided by the Secretary, DEECA



Department of Energy, Environment  
and Climate Action

PO Box 500, East Melbourne,  
Victoria 8002 Australia

SEC-231000540

Andrew Greaves  
Auditor-General  
Level 31 / 35 Collins Street  
MELBOURNE VIC 3000  
[REDACTED]

Dear Andrew

Thank you for your letter of 19 October 2023, providing the Department of Energy, Environment and Climate Action (DEECA) with an opportunity to comment on the proposed performance audit report *Contractors and Consultants in the Victoria Public Service: Spending*.

I acknowledge and thank your office for the work in conducting this audit and for incorporating the feedback raised by DEECA in response to the provisional draft of the report.

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

DEECA had an overall reduction in contractor spend over the four-year period to 2021-2022. While the Department has been focussed on minimising spending on contractors and consultants, its ability to achieve targets in specific categories of contractors and consultants spend was impacted by delivery of significant new initiatives and critical projects.

DEECA is well positioned to respond to the recommendations of this audit and the actions to address these have commenced. This includes the improvement DEECA has made to its compliance with Financial Reporting Direction 22 Standard Disclosures in the Report of Operations. DEECA previously reported relevant information in its annual report, but not to the level of detail required by the FRD. The required supplier information for individual consultancies over \$10,000 reported in the 2022-23 DEECA annual report will be published on DEECA's website.

Should you or your office wish to discuss anything further, please contact Allison Wetzels, A/Executive Director (Chief Finance Officer), DEECA on [REDACTED]

Yours sincerely

[REDACTED]

**John Bradley**  
Secretary

2/11/2023

Encl.



Official - Sensitive



## DEECA management actions - Performance audit - Contractors and consultants in the VPS Spending.docx

DEECA Management Actions

No	Recommendations	Acceptance	Agreed Action	Completion Date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DEECA will incorporate data and trend analysis on departmental consultancy and contractor spend into monthly department-wide reporting to DEECA's Finance and Procurement Committee (FPC) and its Executive Board to improve monitoring and oversight of these expenditure categories.</p> <p>DEECA will respond to any relevant government policies and targets and adjust reporting as soon as practical to align approach to the policy or target requirements.</p>	31 March 2024
3	<p>Review and update their practices and controls for reporting spending data to comply with the Financial Reporting Direction 22.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>In 2022-23, DEECA improved its compliance with FRD22 <i>Standard disclosures in the Report of Operations</i> by publishing the details of individual consultancies over \$10,000 listed in the DEECA Annual Report 2022-23 – Additional Information document. The list of consultancies is available on DEECA's Annual Report website.</p> <p>DEECA will review its practices and controls for reporting spend data to ensure continued compliance with the requirements of Financial Reporting Direction 22.</p>	<p>Completed</p> <p>31 March 2024</p>
4	<p>Review processes for categorising contractor and consultant transactions to ensure they accurately report</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>DEECA will review its existing internal guidance materials and processes and implement process improvements on categorisation of contractor and</p>	30 June 2024



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**Response provided by the Secretary, DEECA – continued**



No	Recommendations	Acceptance	Agreed Action	Completion Date
----	-----------------	------------	---------------	-----------------

their spending per Financial Reporting Direction 22.

- In part**
- In principle**

consultant transactions to ensure spend is accurately reported in accordance with Financial Reporting Direction 22.

2 Contractors and Consultants in the Victorian Public Service: Spending performance audit  
DEECA Management Actions

Response provided by the Secretary, DFFH



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)

BAC-BR-22866

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

Via e-mail:

cc: [REDACTED]

Dear Mr Greaves

Thank you for your letter of 19 October 2023, 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 in the Victorian public service: spending performance audit*.

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

In particular, the department notes that it has recently implemented a dedicated procurement analytics tool, which is expected to facilitate acquittal of the recommendations, and support the department's continued commitment to transparency through the consistent monitoring and reporting of its contractor and consultancy spending.

Yours sincerely

[REDACTED]

**Peta McCammon**  
Secretary

3/ 11 /2023

Attachment: Agency Action Plan



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**Response provided by the Secretary, DFFH – continued**

**Department of Families, Fairness and Housing action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending***

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Formalise the reporting framework for contractor and consultant expenditure.	31 December 2023
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	Review the existing practices and controls for reporting spending data, <i>noting that the Department already complies with the Financial Reporting Direction 22</i>	29 February 2024

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**Response provided by the Secretary, DFFH – continued**

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department has already addressed this recommendation.	Not applicable.
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**OFFICIAL**



## 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

BSEC-231000841

By email: [REDACTED]

Dear Auditor-General,

Thank you for your letter dated 19 October 2023, providing the Department of Government Services (DGS) with an opportunity to comment on the proposed performance audit report regarding *Contractors and Consultants in the Victorian Public Service: Spending*.

While DGS was not an audited agency for this review, I appreciate the findings of your office, and the opportunity to respond to the recommendations made in the report.

As your report notes, DGS' Government Procurement function continues to play its important role in supporting data driven procurement decisions by analysing spend patterns and trends of departments' aggregated spend and producing analytics dashboards to support departments to understand their own spend.

DGS was established in January 2023 and is working to establish an independent financial system. As an interim approach, DGS continues to utilise multiple existing financial systems. As such DGS accepts these recommendations related to its internal monitoring and reporting of contractors, consultants, and labour hire expenditure in principle until such a time that a single DGS' financial system is in place.

Please find responses to the recommendations that relate to DGS enclosed with this letter.

Should you require further information in relation to DGS's response, please contact Steven Wlazly, Chief Financial Officer, DGS via email at [REDACTED]

Yours sincerely,

[REDACTED]

**Jo de Morton**  
Secretary  
03 / 11 / 2023

Encl. Department of Government Services action plan to address recommendations from Contractors and Consultants in the Victorian Public Service: Spending

*Your details will be dealt with in accordance with the Public Records Act 1973 and the Privacy and Data Protection Act 2014. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address.*

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## Response provided by the Secretary, DGS – continued

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### Department of Government Services action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DGS expenditure is currently managed within multiple financial systems. DGS will review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22). DGS will assess cost-effective ways of improving the ongoing capture and monitoring of the expenditure.	2025/2026
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	DGS will continue to be compliant with the reporting requirements of the Financial Reporting Directions, including Direction 22. DGS will review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22).	2025/2026
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle	There is merit in undertaking a review of the current data collection processes for reporting under FRD22, and to make an assessment on whether there is a cost-effective way of improving the collection of this information. The investment required for efficient systems and processes, may not be justified by the benefits of more efficient data collection.	2025/2026

Response provided by the Secretary, DH



Secretary

Department of Health

50 Lonsdale Street  
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Melbourne Victoria 3001  
www.health.vic.gov.au  
DX 210081

VAGO file no: 34773 23

DH file no: BAC-CO-40823

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

Via e-mail: [REDACTED]

Copy [REDACTED]  
[REDACTED]

Dear Mr Greaves

**VAGO performance audit: Contractors and consultants in the Victorian public services: spending**

Thank you for your letter of 19 October 2023, and for providing the Department of Health (the department) with an opportunity to review and respond to the proposed report for the *Contractors and consultants in the Victorian public service: spending* performance audit.

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

In particular, my department notes that it is currently finalising the implementation of a dedicated procurement analytics tool, that is expected to facilitate acquittal of the recommendations, and support the department's continued commitment to transparency through the consistent monitoring and reporting of its contractor and consultancy spending.

Yours sincerely

[REDACTED]

**Professor Euan M Wallace AM**  
Secretary  
31/10/2023

Enc





Response provided by the Secretary, DH – continued

Department of Health action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: trends in expenditure in these categories if they are on track to meet any relevant government policies or targets.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. Contractor and consultant expenditure will be monitored quarterly, with consideration of: <ol style="list-style-type: none"> <li>1. trends in expenditure for contractors, and for consultants</li> <li>2. monitoring against any relevant government policies or targets</li> </ol>	31 October 2024
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories. This tool will be used for further reporting associated with the <i>Financial Reporting Direction 22</i> . Reporting will be subject to regular review and validation to ensure data is complete and accurate.	31 October 2024

**OFFICIAL: Sensitive**

**Response provided by the Secretary, DH – continued**

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories.</p> <p>This tool will consistently manage the categorisation of contractor spend and support accurate contractor and consultancy expenditure reporting.</p>	31 October 2024
5	Document key procedures for recording and reporting contractor and consultant spending to ensure the process is repeatable.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The Department of Health is finalising implementation of its procurement analytics dashboards, which will enable repeatable, regular monitoring of key procurement spend categories.</p> <p>Procedures for recording and reporting contract and consultant spending will leverage that tool, and will be documented to ensure the process is repeatable.</p>	31 October 2024

**OFFICIAL: Sensitive**



## Department of Justice and Community Safety

Secretary

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

Our ref: 23094086

Mr Andrew Greaves  
Auditor-General

Via email: [REDACTED]

### Proposed report: Contractors and consultants in the VPS: spending

Dear Mr Greaves

Thank you for your letter of 19 October inviting final comment on the proposed report for the performance audit: Contractors and consultants in the Victorian Public Service: spending.

The Department of Justice and Community Safety (the department) is committed to accurate, timely and transparent reporting of its spend on contractors and consultants in compliance with *Financial Reporting Direction 22a*, and to meeting its 2018 reduction targets.

The department accepts the three recommendations directed to all departments. The department's action plan to address these recommendations is attached.

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

Yours sincerely

**Kate Houghton PSM**  
Secretary

10/11/2023



Response provided by the Secretary, DJCS – continued

## DJCS action plan

Contractors and consultants in the VPS: spending

Rec #	VAGO recommends that DJCS:	Response	Action #	DJCS will:	By:
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand trends in expenditure in these categories and if they are on track to meet any relevant government policies or targets.	Accept	1.1	Completed. Continue to report on contractor and consultant spend on a quarterly basis.	30-Nov-23
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	3.1	Review existing practices and controls related to <i>Financial Reporting Direction 22</i> reporting.	30-Jun-24
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept	4.1	Review existing recording and reporting controls and processes to identify opportunities to automate and streamline, where possible, and reduce the risk of errors.	31-Oct-24



Department of Jobs, Skills, Industry and Regions

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

Ref: CSEC-2-23-21946

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

Dear Mr Greaves

**PROPOSED PERFORMANCE AUDIT REPORT CONTRACTORS AND CONSULTANTS  
IN THE VICTORIAN PUBLIC SERVICE: SPENDING**

Thank you for your letter of 19 October 2023 on the Proposed Performance Audit Report Contractors and Consultants in the Victorian Public Service: Spending.

The Department of Jobs, Skills, Industry and Regions (the department) supports VAGO's recommendations and will continue to foster best practices for strengthening its controls regarding contractors and consultants. Enclosed with this correspondence is a document indicating the actions the department will take in relation to each of the relevant recommendations and target completion dates.

I appreciate the professional way this review has been conducted.

If you require further information, please contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED].

Yours sincerely

**Tim Ada**  
Secretary

Date: 31/10/2023



Response provided by the Secretary, DJSIR – continued

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Department of Jobs, Skills, Industry and Regions action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The department currently monitors and reports contractor and consultant spend and will continue to do so by providing quarterly updates to the Procurement Committee which will include trends on contractor and consultant expenditure.</p> <p>The Procurement Committee is a sub-committee of the department's Executive Board. It provides strategic oversight and direction for the department's major procurement and oversees the department's compliance with department and government requirements.</p> <p>The department will include in its report whether it is on track to meet relevant policies or targets in relation to contractor and consultant spend.</p>	June 2024
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DJSIR's Annual Report 2022-23 includes all required information in compliance with <i>Financial Reporting Direction 22</i>.</p> <p>This includes reporting the total number and total expenditure on consultancies in the body of the annual report. In prior years, this information was made publicly available on the department's website.</p>	Completed in October 2023

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Response provided by the Secretary, DJSIR – continued

OFFICIAL

			The updated practice also includes a summary of each consultancy that was engaged instead of a generic description that was provided in prior years. This information will be available on the department's website.	
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>The department has existing processes for categorising contractor and consultant transactions to accurately report spend in compliance with <i>Financial Reporting Direction 22</i>. This includes:</p> <ul style="list-style-type: none"> <li>• information available for staff;</li> <li>• systems for capturing and reporting on contractor and consultant spend information such as contract records, purchase orders and tax invoices; and</li> <li>• internal review processes.</li> </ul> <p>To enhance reporting accuracy, the department will review current processes for categorising contractor and consultant transactions to look for further improvement opportunities.</p>	June 2024

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Response provided by the Acting Secretary, DPC



Department of  
Premier and Cabinet

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

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

BSEC-231000679

Dear Mr Greaves

Thank you for your letter dated 19 October 2023, providing the Department of Premier and Cabinet (DPC) with an opportunity to comment on the proposed performance audit report regarding the *Contractors and Consultants in the Victorian Public Service: Spending performance audit*.

DPC appreciates the audit findings and has developed an action plan to respond to the recommendations made in the report. Please find responses to the recommendations that relate to DPC enclosed with this letter.

Should you require further information in relation to DPC's response, please contact Anthony Bale, Chief Financial Officer, DPC via email at [REDACTED]

Yours sincerely

[REDACTED]

**Emma Cassar**  
Acting Secretary

3/11/2023

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.





Response provided by the Acting Secretary, DPC – *continued*

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Department of Premier and Cabinet action plan to address recommendations from *Contractors and Consultants in the Victorian Public Service: Spending*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DPC will continue to monitor the Department’s spend on Consultants and Contractors through its Board of Management. A section of the Finance Board Report reports spend against:</p> <ul style="list-style-type: none"> <li>Consultants</li> <li>Contractors</li> <li>Labour Hire</li> </ul> <p>The DPC Finance report is produced monthly, except during year end for the July and August reporting periods. DPC will include any Government targets in this reporting as they are approved.</p>	December 2023
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DPC will continue to be compliant with the reporting requirements of the Financial Reporting Directions, including Direction 22.</p>	September 2023

**Response provided by the Acting Secretary, DPC – continued**

OFFICIAL: Sensitive

4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	DPC will review the current processes for capturing and recording transactions related to contractors, consultants, and labour hire, and make any necessary improvements to ensure transactions continue to be accurately reflected in reporting the categories as required by Financial Reporting Direction 22.	30 June 2024
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## Department of Treasury and Finance

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

D23/173388

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

[Redacted]

Dear Mr Greaves

### **PROPOSED REPORT – PERFORMANCE AUDIT: CONTRACTORS AND CONSULTANTS IN THE VICTORIAN PUBLIC SERVICE: SPENDING**

Thank you for the opportunity to respond to the proposed report for the performance audit *Contractors and Consultants in the Victorian Public Service: Spending*.

The DTF response to your recommendations is attached, along with an action plan outlining how the department will seek to implement the responses. DTF accepts, in full or in principle, all recommendations.

DTF complies with the reporting requirements of Financial Reporting Direction 22 and has existing processes to categorise contractors and consultants for publication in its annual report. Notwithstanding this, DTF acknowledges there are opportunities to improve the efficiency of the data collection practices.

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

Yours sincerely

[Redacted signature]

David Martine

**Secretary**

6/11/2023



## Response provided by the Secretary, DTF – continued

Attachment 1 - Letter from DTF Secretary to Auditor-General - Contractors and Consultants in the Victorian Public Service: Spending performance audit

### DTF action plan to address recommendations from Contractors and Consultants in the Victorian Public Service: Spending

Number	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand: <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets</li> </ul>	Accept	<ul style="list-style-type: none"> <li>Review the current data collection systems and processes for reporting under <i>Financial Reporting Direction 22</i> (FRD22).</li> <li>Implement revised and more regular monitoring arrangements.</li> </ul>	June 2024 <ul style="list-style-type: none"> <li>With the aim to implement monitoring arrangements in the following financial years</li> </ul>
2 (DTF specific)	Assess whether changing <i>Financial Reporting Direction 22</i> to require departments to include both contractor and consultant spend in their annual report would increase transparency on government spending, and advise government accordingly.	Accept	<ul style="list-style-type: none"> <li>DTF agrees to coordinate, together with other relevant departments, an assessment of a potential change in the current reporting requirements for contractors and consultants with the view to improving public transparency.</li> </ul>	June 2024
3	Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i> .	Accept	<ul style="list-style-type: none"> <li>As outlined in the report, DTF currently complies with the reporting requirements under FRD22.</li> <li>DTF will continue to review, on a regular basis, the practices and controls to ensure compliance with reporting requirements under FRD22.</li> </ul>	Not applicable <ul style="list-style-type: none"> <li>Given existing practices and controls are compliant, no immediate action is required</li> <li>DTF will continue to monitor its compliance with FRD22 as part of BAU</li> </ul>
4	Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i> .	Accept in principle	<ul style="list-style-type: none"> <li>There is merit in undertaking a review of the current data collection processes for reporting under FRD22, and to make an assessment on whether there is a cost-effective way of improving the collection of this information.</li> <li>Additional investment may be required for more efficient systems and processes.</li> </ul>	June 2024 <ul style="list-style-type: none"> <li>Improvements, if any, will be dependent on the cost effectiveness of any proposed system or process improvement solutions</li> </ul>



## Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-23-4752

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 in the VPS:  
Spending - Proposed Report**

Thank you for your letter of 19 October 2023 enclosing the proposed report *Contractors and Consultants in the Victorian public service: spending*.

The Department of Transport and Planning (DTP) has reviewed the proposed report and acknowledges the report's findings and observations, including DTP's favourable performance in relation to the other deep-dive departments.

DTP notes the three recommendations raised for all agencies and advises that it has completed one recommendation. As DTP is already investigating solutions to automate and improve reporting on contractor and consultant spend, the remaining two recommendations are accepted in principle. DTP's action plan is enclosed with this letter.

DTP is committed to building a capable, connected and diverse workforce and will continue to comply with directions and guidance provided by the Department of Treasury and Finance.

Thank you for the opportunity to comment on the report.

Yours sincerely

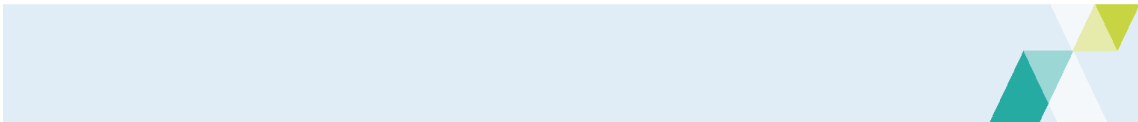


**Paul Younis**  
Secretary  
Department of Transport and Planning

3 November 2023

Enc: DTP Action Management Plan - Contractors and consultants in the Victorian public service: spending





## Contractors and Consultants in the Victorian Public Service: Spending

Department of Transport and Planning – Action plan

No.	VAGO Recommendation	DTP Action	Due date
1	<p>Monitor their contractor and consultant spending on a quarterly basis, as a minimum, to understand:</p> <ul style="list-style-type: none"> <li>trends in expenditure in these categories</li> <li>if they are on track to meet any relevant government policies or targets.</li> </ul>	<p><b>Accepted in principle</b></p> <p>DTP will continue to meet its annual reporting obligations.</p> <p>DTP will investigate automating the process to enable quarterly reporting.</p>	1 Dec 2024
3	<p>Review and update their practices and controls for reporting spending data to comply with the <i>Financial Reporting Direction 22</i>.</p>	<p><b>Accepted</b></p> <p>DTP has reviewed and updated its reporting practices for reporting contractor and consultant spending data to comply with the Financial Reporting Direction 22.</p> <p>The DTP FY 22-23 annual report includes:</p> <ul style="list-style-type: none"> <li>Total number of consultants used under \$10,000 and over \$10,000.</li> <li>Total spend on consultants used under \$10,000 and over \$10,000.</li> <li>Details of each consultant spend over \$10,000 including a list of: vendor, project summary, total project fees, spend for the reporting period and future spend.</li> <li>Information on where this information is recorded.</li> </ul>	Complete
4	<p>Review processes for categorising contractor and consultant transactions to ensure they accurately report their spending per <i>Financial Reporting Direction 22</i>.</p>	<p><b>Accepted in principle</b></p> <p>DTP will update the process and procedure for categorising contractor and consultant transactions to add an additional layer of review, where the assessment of category is 'not specified'.</p>	28 Feb 2024

Response provided by the Commissioner, VPSC



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East Melbourne  
Victoria 3002 Australia  
03 9922 8600  
ABN 28-854-390-770  
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Andrew Greaves  
Auditor-General  
Victorian Auditor-General's Office



Dear Andrew,

**Proposed Performance Audit Report Contractors and Consultants in the Victorian Public Service: Spending**

Thank you for sending through the proposed *Contractors and Consultants in the Victorian Public Service: Spending* performance audit.

We acknowledge and thank you for incorporating the feedback raised by the VPSC in response to the provisional draft of the report.

While the report does not make any recommendations for the VPSC, and although VPSC's reporting function in this space has ceased, we will of course continue to work closely with all departments to improve the public service's capability and capacity to deliver functions that may otherwise have been outsourced.

Yours sincerely,



**Brigid Monagle**

Commissioner

30/10/2023

We handle your information in line with our privacy policy at [vpsc.vic.gov.au/privacy](http://vpsc.vic.gov.au/privacy).

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# Appendix B: Abbreviations, acronyms and glossary

**Abbreviations** We use the following abbreviation in this report:

## Abbreviation

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Financial Reporting Direction 22	<i>Financial Reporting Direction 22: Standard disclosures in the Report of Operations</i>
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**Acronyms** We use the following acronyms in this report:

## Acronym

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DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJSIR	Department of Jobs, Skills, Industry and Regions
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
FoI	freedom of information
VAGO	Victorian Auditor-General's Office
VPSC	Victorian Public Sector Commission
VSBS	Victorian Secretaries' Board

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## Glossary

This glossary includes an explanation of the types of engagements we perform:

### Term

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**Reasonable assurance** We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to express an opinion or draw a conclusion against an audit objective with a high level of assurance. We call these audit engagements.

See our [assurance services fact sheet](#) for more information.

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**Limited assurance** We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, that nothing has come to our attention to indicate there is a problem.

See our [assurance services fact sheet](#) for more information.

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# Appendix C: Audit scope and method

## Scope of this audit

### Who we examined

We examined the following agencies:

Agency	Their key responsibilities
<ul style="list-style-type: none"><li>• DEECA</li><li>• DE</li><li>• DH</li><li>• DFFH</li><li>• DJCS</li><li>• DJSIR</li><li>• DTP</li><li>• DPC</li></ul>	<ul style="list-style-type: none"><li>• Manage their own financial data, which includes collecting, classifying, monitoring and reporting spend on contractors and consultants</li><li>• Comply with financial reporting directions and frameworks</li></ul>
DTF	<ul style="list-style-type: none"><li>• Support the government to budget and financially manage the delivery of its services</li><li>• Provide economic and financial leadership to the public service</li><li>• Issue <i>Financial Reporting Direction 22</i>, which defines contractor and consultant and details the reporting requirements for department spend on these services in their annual reports</li></ul>
VPSC	<ul style="list-style-type: none"><li>• Collect, analyse and report department data against government spending reduction targets between 2019 and 2022 for professional services and labour hire to the responsible minister</li></ul>

### Our audit objective

To determine whether departments accurately record, properly monitor and transparently report their spending on contractors and consultants.

### What we examined

We examined if departments reliably collect, classify and report their transactions on contractors and consultants.

We included DTF for its whole-of-government role and the VPSC for its role in coordinating responses about departments spending reduction target progress.

## Conducting this audit

### Assessing performance

To form our conclusion against our objective we used the used the following lines of inquiry and associated evaluation criteria:

Line of inquiry	Criteria
1. Do departments collect and accurately record data on non-construction contractor and consultant spend?	1.1 Do departments collect and record data on contractor and consultant spend in line with legislative obligations?
	1.2 Do departments consistently classify their contractor and consultant spend to assist with reporting obligations?
	1.3 What is the total spend by departments on contractors and consultants?
2. Is agency and whole-of-government reporting on non-construction contractor and consultant spend transparent and accessible?	2.1 Are department reports easily understood in terms of how much has been spent on contractors and consultants annually, and are these readily available to Parliament and the community?
3. Are departments effectively monitoring spend against government targets relating to eligible categories for labour hire and professional services?	3.1 Do departments track and monitor spend against government targets to reduce spending on contractors and consultants?
	3.2 Does the VPSC monitor and verify agency progress against government targets to reduce their spending on contractors and consultants?

### Our methods

As part of the audit we:

- reviewed departments' policies and procedures
- reviewed the financial management reporting framework and guidance material
- analysed datasets from departments' annual reports and the accounts payable general ledger.

### Transaction testing

To determine the reliability of department data, we reviewed 3 departments' invoice data to see if they were classifying 'contractor' or 'consultant' as required by Financial Reporting Direction 22. We chose DE, DH and DTP to review because they spent the most on contractors and consultants in the year we looked at.

We looked at the top 50 per cent of invoices from 2021–22 for Deloitte, PwC, KPMG, EY and the Boston Consulting Group. These firms account for about 60 per cent of departmental spending on contractors and consultants. Not all departments had contracts for each consultancy firm in the relevant period.

We chose 2021–22 because it is a recent year and one that was unaffected by machinery-of-government changes for the departments. This means it was simpler to assess the accuracy of what departments' transactions belonged to.

Some departments, particularly DH, were still affected by the impact of the COVID-19 pandemic. This resulted in higher-than-usual use of contractors and consultants because DH needed to respond to the pandemic alongside its existing priorities.

### Compliance

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion.

We also provided a copy of the report to DPC and DTF. We complied with the independence and other relevant ethical requirements related to assurance engagements.

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**Cost and time**

The full cost of the audit and preparation of this report was \$860,000.

The duration of the audit was 14 months from initiation to tabling.

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# Auditor-General's reports tabled during 2023–24

<b>Report title</b>	<b>Tabled</b>
<i>Cybersecurity: Cloud Computing Products (2023–24: 1)</i>	August 2023
<i>Responses to Performance Engagement Recommendations: Annual Status Update 2023 (2023–24: 2)</i>	August 2023
<i>Eloque: the Joint Venture Between DoT and Xerox (2023–24: 3)</i>	October 2023
<i>Domestic Building Oversight Part 1: Regulation (2023–24: 4)</i>	November 2023
<i>Employee Health and Wellbeing in Victorian Public Hospitals (2023–24: 5)</i>	November 2023
<i>Reducing the Illegal Disposal of Asbestos (2023–24: 6)</i>	November 2023
<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2022–23 (2023–24: 7)</i>	November 2023
<i>Contractors and Consultants in the Victorian Public Service: Spending (2023–24: 8)</i>	November 2023

All reports are available for download in PDF and HTML format on our website at <https://www.audit.vic.gov.au>

# Our role and contact details

## The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet [About VAGO](#).

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## Our assurance services

Our online fact sheet [Our assurance services](#) details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

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## Contact details

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AUSTRALIA

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