
Appendix 1 – Response from entity

Response from NSW Health

NSW Health



Ref: H26/26688

Mr Bola Oyetunji
Auditor-General for New South Wales

NSW Health response to the final performance audit report – Oversight of Visiting Medical Officers

Dear Mr Oyetunji,

Thank you for the opportunity to respond to your Oversight of Visiting Medical Officers performance audit report.

Visiting Medical Officers are an important part of the NSW Health workforce. I welcome the focus that this audit has given to the complexities of their engagement model, and I accept the recommendations made. The findings of your audit are consistent with those made by recent reviews led by the Ministry of Health and will be used to inform ongoing progress in this area.

In recent years the Ministry of Health has sought to identify ways to strengthen the framework which governs the engagement of Visiting Medical Officers at a system wide level. Significant progress has been made to date, including:

- The establishment of a Visiting Medical Officer Governance Committee to oversee and coordinate reforms, including the design of a new governance framework and alternative payment solutions to replace the current payment system.
- The introduction of a statewide compliance dashboard to provide central oversight of claiming patterns, work hours and delayed claims.
- Enhanced data analytics and system controls within the claims system.
- New processes to identify clinicians who hold both Staff Specialist and VMO appointments, supporting the management of fatigue risks and potential conflicts of interest.
- Strengthened guidance to Local Health Districts and Specialty Networks.

The Ministry of Health has also reinforced expectations on claim checking, and is progressing further improvements, including better integration between claims, workforce and clinical data.

The findings of your audit will be considered within context of this broader work, and I appreciate the support offered by the Audit Office of NSW during this audit program.

Yours sincerely

A handwritten signature in black ink, appearing to read "Susan Pearce".

Susan Pearce AM
Secretary, NSW Health

1/5/26

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NSW Health Response to the Audit Recommendations

Recommendation	Responsibility	Agency Position	Agency Response
By April 2027 the NSW Ministry of Health should:			
<p>1. Strengthen system-wide governance and assurance of VMO engagement and remuneration by:</p> <ul style="list-style-type: none"> a) clearly defining roles and responsibilities for the Ministry and LHDs b) setting minimum and mandatory accountability, monitoring, assurance and reporting requirements c) providing clarity on discretionary and non-discretionary decision-making, including on the use of non-standard contractual arrangements and departures from policy d) identifying and escalating emerging risks and persistent non-compliance with minimum or mandatory requirements e) reporting to executive governance forums, sharing better practice across LHDs, and evaluating the effectiveness of policy implementation and remediation actions. 	Ministry of Health	Accept	The Ministry of Health is currently leading an enhancement program to strengthen the governance of Visiting Medical Officer engagement and oversight arrangements. The recommendations made by this audit report will be incorporated into the program of work to be implemented in partnership with Local Health Districts, Specialty Networks and other involved NSW Health organisations.
<p>2. Strengthen system-wide oversight of value for money considerations in VMO engagement and remuneration by:</p> <ul style="list-style-type: none"> a) having centralised workforce planning capability that considers the role of VMOs and alternative workforce models b) defining value for money decision criteria for LHDs when deciding on the engagement and ongoing use of VMOs c) improving data collection, analytics and reporting to enable statewide and district monitoring of cost drivers, utilisation and longer-term financial sustainability. 	Ministry of Health	Accept	

Recommendation	Responsibility	Agency Position	Agency Response
<p>3. Establish and communicate minimum internal control requirements for LHDs in relation to VMO engagement and remuneration by:</p> <ul style="list-style-type: none"> a) defining minimum mandatory control standards across the VMO contract lifecycle to ensure decisions are appropriately authorised, evidenced and subject to periodic review b) setting clear expectations for governance and oversight of higher-risk or non-standard arrangements c) requiring the implementation of effective IT system-enabled controls to support compliance with policy requirements and transparent monitoring of claims and payments. 	Ministry of Health	Accept	