
Appendix 3 – About the audit

Audit objective and criteria

This audit assessed the efficiency and effectiveness of NSW Health’s oversight and assurance of arrangements to engage and accurately remunerate Visiting Medical Officers (VMOs).

To address the audit objective, the following audit criteria and sub criteria were examined:

1. Is the design of NSW Health’s policy framework effective in providing oversight and assurance over VMO engagement and payments?
 - a) The framework establishes clear objectives, with defined roles, responsibilities and rules governing VMO engagement, entitlements, documentation and approvals, and is communicated effectively to staff.
 - b) The framework prescribes effective internal controls and promotes transparency through defined accountability mechanisms.
 - c) The framework sets requirements for routine monitoring, reporting and assurance activities to ensure compliance, provides timely insights and enables corrective action.
 - d) The framework supports an efficient resourcing model and effective planning for ensuring alignment with workforce needs and value for money.

2. Has the implementation and operationalisation of NSW Health’s policy framework provided effective oversight of VMO engagement and payments across LHDs?
 - a) The framework has been formally rolled out and applied across all LHDs, with variations in implementation monitored and addressed.
 - b) Key internal controls and accountability mechanisms required by the framework operate effectively across LHDs, with control gaps and breaches identified and corrected in a timely manner.
 - c) Relevant data is actively monitored and reported to management and governance committees and supported by assurance activities that provide reliable insights into the effectiveness of engagement and remuneration processes.
 - d) NSW Health has mechanisms to capture lessons learned from implementation, compliance issues and disputes, with insights fed back into policy updates, standard operating procedures and workforce planning.

Audit scope, focus and exclusions

This audit focused on assessing the efficiency and effectiveness of NSW Health’s oversight and assurance of arrangements to engage and accurately remunerate VMOs from a design and operating effectiveness perspective. This included examining remuneration related matters, such as workforce planning, resourcing models and recruitment strategies at statewide and LHD levels. The audit focused on VMO activity between 2022–23 to 2024–25.

This audit also included an assessment of practice within a sample of 3 LHDs. The consulted LHDs included one metropolitan location and 2 regional locations. The consulted LHDs were not audited and remain confidential.

This audit did not assess the quality or effectiveness of clinical service delivery and is focused instead on the oversight and assurance of VMO engagement and remuneration arrangements.

The audit did not question the merits of government policy objectives.

Audit approach

Our procedures included:

1. Interviewing:
 - staff from NSW Ministry of Health (the Ministry) and HealthShare staff with key roles and responsibilities for VMO engagement, claims policy and processing
 - senior Ministry of Health staff involved with workforce policy settings and financial oversight
 - NSW Health assurance, performance and data analytics staff
 - a sample of LHD officers involved in VMO engagement, and claims processing and workforce management
 - HealthShare staff involved in VMO engagement and claims processing.
2. Examining:
 - VMO engagement and claims-related guidance and policy administered by NSW Health
 - localised supporting documentation and processes established in LHDs to promote compliance with NSW Health policy directives
 - documentation outlining governance arrangements, contractual matters and payment processes established to support VMO remuneration
 - documentation and data related to workforce planning and how value for money is determined
 - previous audit and assurance activity undertaken with coverage over VMOs
 - monitoring and reporting over VMO activity.
3. Analysing data, including:
 - relevant extracts and reporting related to VMO claims across the NSW district from the VMoney system. This may include, but not limited to, analysis over:
 - timeliness of claims submission
 - billing rates
 - billed hours
 - approvals and segregation of duties
 - delegation levels
 - performance monitoring and trends data across LHDs in NSW
 - any relevant analysis work performed by NSW Health.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Auditing Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements, and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by staff at the Ministry, the consulted LHDs, and HealthShare.

Audit cost

The estimated cost of the audit, including staff costs and overheads, is approximately \$310,000.