

Oversight of Visiting Medical Officers

Objective

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).

Key findings

NSW Health does not provide coordinated statewide governance of VMO engagement and remuneration

While there are established policies for VMO engagement and remuneration, these do not operate as an integrated governance framework across each stage. System stewardship elements including statewide oversight, monitoring, reporting and assurance are not in place.

NSW Health does not assess the long-term financial or workforce impacts of VMO use

There is an absence of statewide workforce planning or value for money criteria to guide Local Health Districts (LHDs) on when and how VMOs should be used. District decisions on VMO engagement are largely driven by short-term service needs.

LHDs do not have effective internal controls over VMO payments

There are significant and persistent weaknesses in NSW Health's payment controls. These include failures to segregate claims checking from claims payment duties, limited oversight of higher-risk arrangements and insufficient monitoring of excessive hours or potential double billing. These weaknesses increase the risk of error, inappropriate payments and fraud.

Weaknesses in IT systems and data controls undermine compliance with policy

NSW Health practices for processing VMO claims undermine the accuracy and integrity of payments, including extensive use of 'miscellaneous' claim categories, lack of validation against Medicare item codes and inconsistent application of aged-claim discounting.

NSW Health does not monitor or report on VMO arrangements

There is a lack of routine, system-wide monitoring of VMO arrangements, including expenditure, compliance and emerging risks. NSW Health has limited visibility over the effectiveness of controls operating within LHDs. Decision making is not informed by consistent, reliable or comprehensive information.

Assurance methods are reactive and fail to quickly identify and address system-wide risks

NSW Health relies on LHDs to undertake assurance activities at the district level and has not routinely analysed or aggregated results across the state. This limits the timely identification and resolution of system-wide risks. Governance reforms are at an early stage of implementation and have not yet delivered effective system-wide assurance.

NSW Health is strengthening its system-wide oversight of the use of VMOs

NSW Health has recently undertaken work to improve assurance, monitoring and reporting for VMO engagement and remuneration. This includes an internal audit and legal review which are in the early stages of completion.

Recommendations

The report makes 3 recommendations targeted at strengthening system-wide governance, assurance, value for money consideration and controls for VMO engagement and remuneration.

Fast facts

\$1.32b

spent on VMO expenses in 2024–25

\$3.5m

was the highest amount invoiced by a single VMO in 2024–25

9,250 hours

was the highest combined hours claimed by a single VMO in 2024–25 (roughly equal to 5 full-time roles)