

Assurance Framework

Victorian Disaster Recovery Funding Arrangements

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1 Executive Summary

1.1 Introduction

Victoria's Natural Disaster Financial Assistance (NDFA) scheme is available to local councils, Catchment Management Authorities (CMAs) and state agencies (Delivery Agencies), to relieve some of the financial burden that may be experienced following a natural disaster, in accordance with the Australian Government's Disaster Recovery Funding Arrangements (DRFA).

The DRFA is intended to support relief and recovery measures delivered by the states and territories. In Victoria and under the DRFA, eligible reconstruction works are to be jointly funded by the Australian and Victorian Governments.

1.2 Background

The Department of Treasury and Finance (DTF) provides a DRFA Management System (System) to estimate essential public asset reconstruction costs which involves providing the guidelines and tools to enable Delivery Agencies to successfully estimate costs.

There is a need to provide reasonable assurance to the Australian Government in order for the State of Victoria (the State) to obtain financial assistance for essential public asset reconstruction works. This Assurance Framework (the Framework) provides a starting point for the State to understand and execute their assurance requirements under the DRFA and make a successful claim containing estimated reconstruction costs.

This Framework, whilst developed for the purposes of the DRFA should be read in conjunction with the State's broader financial control requirements. The controls listed in the Framework are complementary to the existing financial control environment of the State, which include but are not limited to:

- The *Financial Management Act 1994*;
- The Standing Directions of the Minister for Finance 2016 (2016 Directions), which set the standard for financial management by Victorian Government agencies from 1 July 2016 onwards; and
- The legal basis for councils, which is established under the *Constitution Act 1975* and the *Local Government Act 1989*. Each local council is responsible for implementing many diverse programs, policies and regulations set by the Victoria and Australian governments. Under the *Local Government Act 1989*, councils are required to establish an audit committee as an advisory committee to the council. Audit committees are considered to be fundamental to good corporate governance and are responsible for:
 - Issues relevant to the integrity of the council's financial reporting;
 - Monitoring risk management systems, internal control framework, compliance and internal audit activities; and
 - Liaising between external auditors, internal auditors and management.

1.3 Objectives and Scope of the Framework

The objectives of the Framework are to:

- Provide a common understanding of the DRFA assurance requirements;
- Describe the State's approach to meeting the DRFA control objectives; and
- Guide the State in executing the necessary assurance activities.

This Framework applies to provide assurance under the Standard on Assurance Engagements (ASAE3150) over the estimated reconstruction costs established for reconstruction works undertaken on essential public assets following damage from an eligible disaster event activated under Category B of the DRFA. The State is required to conduct this annual assurance engagement, where estimated reconstruction costs have been established in any given financial year. This assurance engagement must be conducted by the state appointed auditor in accordance with ASAE3150.

This Framework does not apply to expenditure that is not an estimated reconstruction cost, such as:

- Emergency works for essential public assets;
- Immediate reconstruction works for essential public assets;
- Funding of counter disaster operations for the protection of the general public; and
- Expenditure on eligible measures.

Claims for State expenditure of this nature must be audited separately by a State appointed auditor. The claims must further be audited in accordance with the requirements of ASA 800 Special Consideration-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks. An ASA 800 report must be provided in the final claim pack for the Australian Government as per Section 10.3 of the DRFA.

1.4 Framework Principles

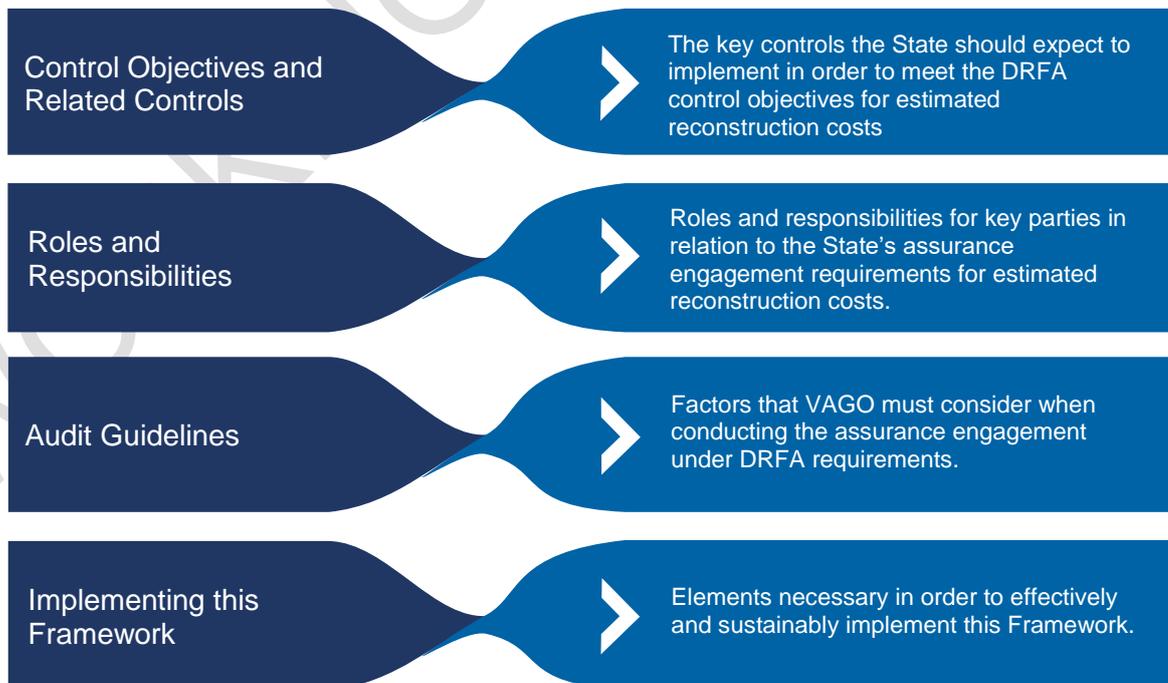
Whilst DTF has overall responsibility to manage the System, it is the collective responsibility of the Delivering Agencies and Assessing Authorities that are critical to the adequacy and effective functioning of the Framework. The principles underpinning the framework include:

- **Accountability and oversight** – All stakeholders are clear on their assurance **roles and responsibilities** (as articulated in section 3) and the part that they play in ensuring the State is able to make a valid claim to the Australian Government;
- **Transparency** – The way in which estimated costs are determined and how public money is being spent to effectively remediate damaged public assets is clear and appropriate; and
- **Consistency** – The process, requirements and expectations when determining estimated reconstruction costs are applied reliably and consistently.

DTF reserves the right at any stage to conduct checks and /or audits at Delivering Agencies or Assessing Authorities to increase the level of confidence over the application of the Framework.

1.5 Components of the Framework

The Framework contains the following sections:



2 Control Objectives and Related Controls

Under the DRFA, the State is required to develop and implement a DRFA Management System (the System). The System is the processes and controls in place in Victoria to meet the DRFA control objectives where estimated reconstruction costs have been established in a given financial year and applies for the entire period

Table below identifies the key controls the State should expect to implement in order to meet the DRFA control objectives.

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency			
DISASTER NOTIFICATION										
N1	The state determines eligibility of a <i>natural disaster</i> or <i>terrorist act</i> .	4.1	N1.1 Control Activity The State through Emergency Management Victoria (EMV) and the Department of Treasury and Finance (DTF) determines eligibility of a natural disaster or terrorist act when completing the DRFA Disaster Notification Form (provided by the Australian Government) by using the prescribed definitions in the DRFA guidelines relating to: <ul style="list-style-type: none"> • Anticipating that the small disaster criterion will be exceeded; and that • The disaster is an eligible event i.e. bushfire, flood and/or storm event. Key Document <ul style="list-style-type: none"> • DRFA Disaster Notification Form 	<ul style="list-style-type: none"> • DRFA Disaster Notification Form authorised by EMV Director Relief and Recovery. • The relevant Australian Government Minister's Letter regarding terrorist act. • Correspondence from Delivery Agency regarding notification. 	DTF / EMV	DTF	DTF			
			N1.2 Control Activity Claims & Eligibility Guidelines require DTF to retain completed evidence of the Minister determination of a terrorist act before submitting the DRFA Disaster Notification Form to EMV. Key Document <ul style="list-style-type: none"> • Letter from the Minister 					DTF	EMV	DTF
			N1.3 Control Activity The DRFA Disaster Notification Form must be reviewed and authorised by the Director Relief and Recovery, EMV prior to submitting to Emergency Management Australia (EMA). Key Document <ul style="list-style-type: none"> • DRFA Disaster Notification Form 					EMV	DTF	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
N2	The Australian Government is notified of an eligible disaster within three (3) months of the - <i>natural disaster</i> occurring or - from the date of the <i>Minister's</i> or <i>department's</i> letter to the state that an act has been determined to be a <i>terrorist act</i>	5.1.1 5.1.5	N2.1 Control Activity The Delivery Agency is responsible for notifying DTF of a disaster within one (1) month of the eligible disaster occurring. Key Document <ul style="list-style-type: none"> Correspondence from Delivery Agency 	<ul style="list-style-type: none"> DRFA Disaster Notification Form authorised by EMV Director Relief and Recovery. Correspondence from Delivery Agency regarding notification. Notification from EMA that includes AGRNs. Supplementary DRFA Disaster Notification Form authorised by EMV Director Relief and Recovery. 	Delivery Agency	DTF	DTF
			N2.2 Control Activity EMV is responsible for notifying EMA immediately of an eligible disaster upon receiving notification of the disaster from DTF. Key Document <ul style="list-style-type: none"> DRFA Disaster Notification Form 		EMV	EMV	DTF
			N2.3 Control Activity Additional impacted local government areas or measures activated under the DRFA are included in a supplementary Notification Form and submitted via EMV to EMA. Key Document <ul style="list-style-type: none"> A supplementary DRFA Disaster Notification Form, where applicable 		EMV	DTF	DTF
			N2.4 Control Activity All relevant documentation relating to the Disaster Notification Form including supplementary data and advice from EMA on the Australian Government Reference Number (AGRN) and media releases or exemptions waiving the right to a media release, are kept by DTF as part of the assurance process. Key Document <ul style="list-style-type: none"> A supplementary DRFA Disaster Notification Form, where applicable 		DTF	DTF	DTF

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#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
DAMAGE ASSESSMENT							
D1	The location of the essential public asset(s) is accurately recorded.	6.1 6.2	D1.1 Control Activity Delivery Agency completes Claim Form (VF-B-RW) which requires the asset location to be recorded (latitude and longitude details) and substantiated with geospatial or visual data. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 	<ul style="list-style-type: none"> Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. Completed and authorised DRFA Eligibility Enquiry Form. Authorisation from EMA regarding government's determination for asset eligibility (where appropriate). Pre-disaster photos. Pre-disaster Asset Condition Assessment Report completed by a qualified professional. Post-disaster photos. 	Delivery Agency	Assessing Authority	DTF
			D1.2 Control Activity Assessing Authority reviews Claim Form (VF-B-RW) for completion and adequacy of information provided. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 				
D2	Assets meet the definition of an Essential Public Asset (EPA)		D2.1 Control Activity Delivery Agency must nominate the asset type and name when completing the Claim Form (VF-B-RW). Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 	<ul style="list-style-type: none"> Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. Completed DRFA Eligibility Enquiry Form. Authorisation from EMA regarding government's determination for asset eligibility (where appropriate). Pre-disaster photos. 	Delivery Agency	Assessing Authority	DTF
			D2.2 Control Activity Where the damaged asset is not listed in the pre-defined list in Guideline 1 in the DRFA, Australian Government approval must be obtained and maintained by the Delivery Agency via the DRFA Eligibility Enquiry Form which must be submitted by DTF to EMA for Australian Government determination. Key Document <ul style="list-style-type: none"> DRFA Eligibility Enquiry Form. 				

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
		D2.3	<p>Control Activity Assessing Authority reviews the asset type and name provided in the Claim Form (VF-B-RW) to confirm on the form that it meets the definition of an essential public asset.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 	<ul style="list-style-type: none"> Pre-disaster Asset Condition Assessment Report completed by a qualified professional. Post-disaster photos. 	Assessing Authority	Assessing Authority	DTF
D3.	The connection between the damage to an Essential Public Asset and an eligible disaster is assessed and recorded.	D3.1	<p>Control Activity Claim Form (VF-B-RW) requires the Delivery Agency to justify and describe how the damage to the essential public asset was caused due to the eligible disaster. This must include:</p> <ul style="list-style-type: none"> Pre-disaster photo comparisons; or A Pre-Disaster Asset Condition Assessment Report completed by a qualified professional with appropriate level of expertise and experience. <p>In the event that the above artefacts are not available, then DTF will consider additional types of asset precondition evidences in Section 6.2.7 of the DRFA on a case by case basis.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. Pre-Disaster Asset Condition Assessment. 	<ul style="list-style-type: none"> Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. Completed DRFA Eligibility Enquiry Form. Authorisation from EMA regarding government's determination for asset eligibility (where appropriate). Pre-disaster photos. Pre-disaster Asset Condition Assessment Report completed by a qualified professional. Post-disaster photos. 	Delivery Agency	Assessing Authority	DTF
		D3.2	<p>Control Activity Sign off on the legitimate connection between the damage to an essential public asset and an eligible disaster is required on Claim Form by a qualified professional with appropriate level of expertise and experience.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 				

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#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
D4 .	Pre-disaster condition of essential public assets is assessed and recorded.		<p>D4.1 Control Activity Claim Form (VF-B-RW) requires the Delivery Agency to justify and describe how the damage to the essential public asset was caused due to the eligible disaster. This must include:</p> <ul style="list-style-type: none"> • Pre-disaster photo comparisons; or • A Pre-Disaster Asset Condition Assessment Report completed by a qualified professional with appropriate level of expertise and experience <p>In the event that the above artefacts are not available, then DTF will consider additional types of asset precondition evidences in Section 6.2.7 of the DRFA on a case by case basis.</p> <p>Key Document</p> <ul style="list-style-type: none"> • DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. • Pre-Disaster Asset Condition Assessment 	<ul style="list-style-type: none"> • Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. • Completed DRFA Eligibility Enquiry Form. • Authorisation from EMA regarding government's determination for asset eligibility (where appropriate). • Pre-disaster photos. • Pre-disaster Asset Condition Assessment Report completed by a qualified professional. • Post-disaster photos. 	Delivery Agency	Assessing Authority	DTF
			<p>D4.2 Control Activity Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience.</p> <p>Key Document</p> <ul style="list-style-type: none"> • DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 				
D5 .	Post-disaster condition of essential public assets is recorded.		<p>D5.1 Control Activity Damage Assessment Guidelines require the Delivery Agency to provide photos within 12 months following the eligible disaster to illustrate post-disaster damage from the event to the eligible asset.</p> <p>Key Document</p> <ul style="list-style-type: none"> • DRFA Victoria Claim Form VF-B-RW – Reconstruction Works and photo evidence of post-disaster damage. 	<ul style="list-style-type: none"> • Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. • Completed DRFA Eligibility Enquiry Form. • Authorisation from EMA regarding government's determination for asset eligibility (where appropriate). • Pre-disaster photos. • Pre-disaster Asset Condition Assessment Report completed by a qualified professional. • Post-disaster photos. 	Delivery Agency	Assessing Authority	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
		D5.2	<p>Control Activity Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works and photo evidence of post-disaster damage. 		Assessing Authority	Assessing Agency	DTF
D6	Damage assessments are reviewed by a suitably qualified professional with the appropriate level of expertise and experience.	D6.1	<p>Control Activity Damage Assessment Guidelines requires Delivery Agency to obtain, record and maintain evidence of the qualification, expertise and experience of the professionals engaged to conduct or review the damage assessment.</p> <p>Key Document</p> <ul style="list-style-type: none"> Document outlining details of professional used. 	<ul style="list-style-type: none"> Evidence of qualification, expertise and experience of professionals used to conduct or review the damage assessment. 	Delivery Agency	Delivery Agency	DTF
		D6.2	<p>Control Activity Claim Form (VF-B-RW) requires Delivery Agency to provide a short explanation of the qualification(s), expertise and experience of the suitably qualified professional engaged to conduct or review the damage assessment.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 		Delivery Agency	Delivery Agency	DTF

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#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency			
COST ESTIMATION & PROCUREMENT										
C1	Primary asset function is established using the Essential Public Asset Function Framework.	6.3 6.4	C1.1 Control Activity Damage Assessment Guidelines requires the Delivery Agency to identify and record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Delivery Agencies are not required to provide pre-disaster function of the asset for minor reconstruction works that result in no change to the pre-disaster function of the asset i.e. patching, grading, road infrastructure or drainage repair under s6.3.4 of DRFA. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 	<ul style="list-style-type: none"> Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. 	Delivery Agency	Delivery Agency	DTF			
			C1.2 Control Activity Claim Form (VF-B-RW) requires Delivery Agency to record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 					Delivery Agency	Assessing Authority	DTF
			C1.3 Control Activity Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW – Reconstruction Works. 					Delivery Agency	Assessing Authority	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency			
C2 .	Asset classification is established with reference to asset type, asset capacity, asset layout, and materials.	6.3 6.4	C2.1 Control Activity Damage Assessment Guidelines requires the Delivery Agency to identify and record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Delivery Agencies are not required to provide pre-disaster function of the asset for minor reconstruction works that result in no change to the pre-disaster function of the asset i.e. patching, grading, road infrastructure or drainage repair under s6.3.4 of DRFA. Key Document • DRFA Victoria Claim Form VF-B-RW - Reconstruction Works.		Delivery Agency	Assessing Authority	DTF			
			C2.2 Control Activity Claim Form (VF-B-RW) requires Delivery Agency to record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Key Document • DRFA Victoria Claim Form VF-B-RW - Reconstruction Works.					Delivery Agency	Assessing Authority	DTF
			C2.3 Control Activity Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. Key Document • DRFA Victoria Claim Form VF-B-RW - Reconstruction Works.							

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#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
C3	Estimated reconstruction costs are developed in accordance with these arrangements and verified by an engineer or quantity surveyor with the appropriate level of expertise and experience.	6.4.7	C3.1 Control Activity Estimation Cost Guideline requires Delivery Agency to obtain, record and maintain evidence of the qualification, expertise and experience of the engineer or quantity surveyor engaged to conduct or review the estimation costs in line with these arrangements. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 	<ul style="list-style-type: none"> Completed Claim Form (VF-B-RW) that is verified by a suitably qualified professional with relevant experience and expertise. Evidence that the Delivery Agency has recorded the estimated reconstruction costs for each project under the AGRN to track payments against estimates. Evidence of DTF recording estimated reconstruction costs against each project under the AGRN to track payments against estimates. Completed Claim Form (VF-D-DEC) with Delivery Agency's CEO, CFO or equivalent sign off. 	Delivery Agency	Assessing Authority	DTF
			C3.2 Control Activity Claim Form (VF-B-RW) requires Delivery Agency to record qualification, expertise and experience of the professionals engaged to conduct or review the estimated cost for reconstruction works. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 		Delivery Agency	Assessing Authority	DTF
			C3.3 Control Activity Delivery Agency is required to ensure that estimated reconstruction costs for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN. Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 		Delivery Agency	Assessing Authority	Assessing Authority
			C3.4 Control Activity Claim Form (VF-B-RW) must be completed by Delivery Agencies when building up estimated reconstruction costs. The Claim form is structured to include the build up of estimates in accordance with the DRFA (i.e. Direct Costs + Indirect Costs + Contingency + Escalation). Key Document <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 		Delivery Agency	Assessing Authority	Assessing Authority

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
			<p>C3.5 Control Activity Assessing Authority confirms on the Claim Form (VF-B-RW) that the estimated reconstruction costs for the proposed reconstruction works will restore the asset to the pre-disaster function. Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 		Assessing Authority	Assessing Authority	DTF
			<p>C3.6 Control Activity DTF is required to ensure that estimated reconstruction costs are accurately recorded and allocated to a project and each project is linked to an AGRN. Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 		DTF	DTF	DTF
C4	Applicable procurement processes are followed.	6.4.6	<p>C4.1 Control Activity The Delivery Agency is required to complete a Claim Form (VF-D-DEC) for each disaster event to attest that they have followed the necessary and relevant procurement policies and processes which ensure the application of probity principles. Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-D-DEC - Claim Lodgement Declaration. 	<ul style="list-style-type: none"> Completed Claim Form (VF-D-DEC) with Delivery Agency's CEO, CFO or equivalent sign off. Internal audit reports that provide DTF further assurance that applicable procurement processes were followed. 	Delivery Agency	Delivery Agency	DTF
			<p>C4.2 Control Activity The Delivery Agency's CEO, CFO or equivalent must approve the completed Claim Form (VF-D-DEC) and acknowledge that they are adhering to their procurement policies before being sent to the Assessing Authority for review. Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-D-DEC - Claim Lodgement Declaration. 		Delivery Agency	Assessing Authority	DTF
			<p>C4.3 Control Activity Where the reconstruction cost of the project exceeds the threshold that will be determined by DTF, the Delivery Agency is required to engage their Internal Audit function to provide an opinion on whether appropriate procurement policies have been applied. Key Document</p> <ul style="list-style-type: none"> Relevant and applicable internal audit reports. 		Delivery Agency	Delivery Agency	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
			<p>C4.4 Control Activity DTF has the authority to request an audit in order to gain additional assurance over the Delivery Agency's procurement processes and practices. Key Document</p> <ul style="list-style-type: none"> • Relevant and applicable internal audit reports 		DTF	DTF	DTF
C5	Actual costs for each project are recorded against the estimated reconstruction cost.	7.1.9	<p>C5.1 Control Activity The Delivery Agency is required to ensure actual costs for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN. Key Document</p> <ul style="list-style-type: none"> • Delivery Agency reporting and recording of actuals • Supporting documentation for actual costs. 	<ul style="list-style-type: none"> • Evidence that the Delivery Agency has recorded actual costs for each project against the estimated reconstruction costs for each project under the AGRN. • Evidence of DTF recording payments for each claim for each project against the estimated reconstruction costs against each project under the AGRN. 	Delivery Agency	Delivery Agency	Assessing Authority
			<p>C5.2 Control Activity Assessing Authority must verify the actual costs to supporting documentation before submission to DTF. Key Document</p> <ul style="list-style-type: none"> • Supporting documentation for actual costs. 		Assessing Authority	Assessing Authority	DTF
			<p>C5.3 Control Activity DTF ensures actual payments to Delivery Agencies for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN. Key Document</p> <ul style="list-style-type: none"> • DTF reporting and reporting of payments to Delivery Agencies under the DRFA. 		DTF	DTF	DTF
C6	The Independent Technical Review is applied as required and in accordance with the defined time limits.	8.1	<p>C6.1 Control Activity When the Assessing Authority is reviewing the Delivery Agency's cost estimation, they are required to check whether an Independent Technical Review is required under Section 8 of the DRFA. If triggered, the Assessing Authority must advise DTF as soon as practically possible. Key Document</p> <ul style="list-style-type: none"> • DRFA Victoria Claim Form VF-B-RW - Reconstruction Works. 	<ul style="list-style-type: none"> • An Independent Technical Review completed within prescribed timeframes and as required per the DRFA. • Evidence of qualification, expertise and experience of independent technical reviewer. 	Assessing Authority	Assessing Authority	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
			<p>C6.2 Control Activity When the Assessing Authority assesses works and variations during reconstruction works, they are required to check whether an Independent Technical Review is required under Section 8 of the DRFA. If triggered, the Assessing Authority must advise DTF.</p> <p>Key Document</p> <ul style="list-style-type: none"> DRFA Victoria Claim Form VF-B2-CW - Completed Works. 		Assessing Authority	Assessing Authority	DTF
			<p>C6.3 Control Activity DTF engages an independent technical reviewer that is suitably independent and is appropriately qualified for the role to undertake an Independent Review of an asset as per Applications 1-3 under clause 8.1 of the DRFA.</p> <p>Key Document</p> <ul style="list-style-type: none"> Document outlining details of technical reviewer. 		DTF	DTF	DTF
			<p>C6.4 Control Activity All appropriate documentation regarding the review is to be provided as part of the Claim and the State's Claim pack for that financial year, as per Schedule B of the DRFA.</p> <p>Key Document</p> <ul style="list-style-type: none"> Documentation submitted as part of the Claim and the State's Claim pack regarding the independent technical review. 		DTF	DTF	DTF
C7	Variations to an estimated reconstruction cost are made in accordance with the requirements of these arrangements.	7.1.13 - 7.1.19	<p>C7.1 Control Activity Assessing Authority required to review variations to an estimated reconstruction cost and validate that there is sufficient evidence and justification to demonstrate the special circumstances encountered, including why the special circumstances could not reasonably have been foreseen.</p> <p>Key Document</p> <ul style="list-style-type: none"> Evidence and justification provided by the Delivery Agency. 	<ul style="list-style-type: none"> An Independent Technical Review completed within prescribed timeframes and as required per the DRFA. Evidence of qualification, expertise and experience of independent technical reviewer. 	Assessing Authority	Assessing Authority	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
			<p>C7.2 Control Activity DTF's approval to an over-spend variations requires the following:</p> <ul style="list-style-type: none"> • Sufficient evidence and justification provided by the Delivery Agency to demonstrate the special circumstances encountered, including why the special circumstances could not reasonably have been foreseen. • Evidence to justify variation has been reviewed and approved by the Assessing Authority. • The variation fits within the definition of a "special circumstance" per the DRFA. <p>Key Document</p> <ul style="list-style-type: none"> • Evidence and justification provided by the Delivery Agency. • Evidence of Assessing Authority review. 		Delivery Agency	DTF	DTF
			<p>C7.3 Control Activity The Delivery Agency is required to report re-damaged assets due to a subsequent eligible disaster directly to DTF. DTF is then required to:</p> <ul style="list-style-type: none"> • Close-off and establish value of expenditure to date if reconstruction works had already begun for the asset; • Stop payments to the Delivery Agency for the re-damaged asset under the first eligible disaster event's AGRN; and • Only provide payments to the Delivery Agency for reconstruction costs when the reconstruction cost is re-estimated under a new AGRN. <p>Key Document</p> <ul style="list-style-type: none"> • Evidence that Delivery Agency reported re-damaged assets to DTF. • Evidence that no payments are made to the Delivery Agency under the first disaster's AGRN. 		DTF	DTF	DTF

#	Control Objectives	DRFA Clause #	Control Activity	Final Auditable Control Output	Responsible Agency	Control Agency	Monitoring Agency
			<p>C7.4 Control Activity DTF engages an Independent Technical Reviewer that is suitably independent and is appropriately qualified for the role to undertake an Independent Review of an asset as per Applications 1-3 under clause 8.1 of the DRFA. Key Document</p> <ul style="list-style-type: none"> Evidence of qualification, expertise and experience of independent technical reviewer. 		DTF	DTF	DTF
			<p>C7.5 Control Activity All appropriate documentation regarding the review is to be provided as part of the Claim and the State's Claim pack for that financial year, as per Schedule B of the DRFA. Key Document</p> <ul style="list-style-type: none"> Documentation submitted as part of the Claim and the State's Claim pack regarding the independent technical review. 		DTF	DTF	DTF
C8	<i>Estimated reconstruction costs as determined in accordance with these arrangements for the reconstruction of essential public assets submitted in the claim pack are reconciled to each reconstruction project.</i>	10.4.4	<p>C8.1 Control Activity The basis of the reconstruction costs for each claim are to be supported by the estimates for each of the treatments applied with each project in the Claim Form. Key Document</p> <ul style="list-style-type: none"> A report or record of all reconstructions costs aligned to all estimated costs for each project under each AGRN. 	<ul style="list-style-type: none"> DTF report showing clear evidence of total estimated reconstruction costs for the state being reconciled to each AGRN and subsequently each reconstruction project. 	Delivery Agency	Delivery Agency	DTF
<p>C8.2 Control Activity DTF is required to maintain a record of:</p> <ul style="list-style-type: none"> Total summation of estimated reconstruction costs the claim pack (Part C) for the State. Total value of each estimated reconstruction cost per eligible disaster (AGRN). Total value of actuals for each reconstruction project under all AGRNs. <p>Key Document</p> <ul style="list-style-type: none"> A report or record of all reconstructions costs aligned to all estimated costs for each project under each AGRN. 			DTF				DTF

3 Roles and Responsibilities

Below is an overview of roles and responsibilities for key parties in relation to the State's assurance engagement requirements for estimated reconstruction costs:

Delivery Agencies & Assessing Authorities	Department of Treasury & Finance	Victorian Auditor-General's Office
<ul style="list-style-type: none"> Apply relevant controls as designed in the Framework throughout the cost estimation processes to achieve control objectives Maintain accurate audit evidence for seven years from the end of each financial year in which expenditure is claimed 	<ul style="list-style-type: none"> Prepare a description of the DRFA Management System for Victoria Apply relevant controls as designed in the Framework throughout the cost estimation processes to achieve control objectives Maintain accurate audit evidence for seven years from the end of each financial year in which expenditure is claimed Perform self-assessments to understand strength of current control environment and address weakness areas Implement the Framework and ensure it remains appropriate and relevant 	<ul style="list-style-type: none"> Perform annual assurance engagements in accordance with ASAE3150 in each financial year that estimated reconstruction costs have been established Communicate important matters, such as control design deficiencies or deviations in operating effectiveness, to DTF

4 Audit Guidelines

The objectives of the annual assurance engagement performed by VAGO in accordance with ASAE3150 are:

1. To obtain reasonable assurance about whether, in all material respects, based on the defined control objectives, throughout the period:
 - i. The State's controls within the System were suitably designed to achieve the identified control objectives;
 - ii. The State's description of the System controls fairly represents the System; and
 - iii. The controls operated effectively as designed.
2. To express a reasonable assurance conclusion through a written report on the matters above and a basis for the conclusion reached.

Below are the factors that VAGO needs to consider when conducting the annual assurance engagement under DRFA requirements.

4.1 Planning the Assurance Engagement

To ensure an assurance engagement of the Victoria DRFA Management System is conducted adequately and effectively, VAGO should consider the following aspects when planning the engagement.

4.1.1 Materiality

VAGO will be required to consider materiality when determining the nature, timing and extent of procedures to be performed. This will include:

- Identifying material controls that are fundamental to the achievement of the control objective;
- Reassessing the materiality of the controls if the basis on which the materiality was determined has changed; and
- Considering materiality and impact of accumulated deficiencies in the design, inaccuracies in the description of the System, deficiencies in implementation, or deviations in operating effectiveness of controls as designed.

VAGO will also be required to consider materiality when considering the effect on reporting.

4.1.2 Delivery Agencies

Although the assurance engagement is with DTF (as the agency on behalf of the State), it is acknowledged that a number of controls implemented to achieve the control objectives may be managed by other State or local government agencies (third party organisations). These third parties are deemed Delivery Agencies for the purposes of this Framework.

If DTF is able to satisfy the control objectives without reliance on Delivery Agencies then the '*carve-out method*' may be used as defined by ASAE3150. That is, the scope of VAGO's assurance engagement may exclude the controls of Delivery Agencies. However, the scope of the assurance engagement must include controls implemented by DTF to monitor the effectiveness of controls operating at Delivery Agencies, which form part of the System, where applicable.

Where DTF is reliant on Delivery Agencies to satisfy the control objectives then '*inclusive method*' must be used as defined by ASAE3150. That is, it is expected the controls identified against the control objectives include both DTF controls and the relevant controls of Delivery Agencies relied upon to achieve the control objectives.

4.1.3 Internal Audit Function

When planning the assurance engagement, VAGO will need to determine whether an internal audit function exists at the Delivery Agency or DTF level and assess:

- its impact on the controls and control objectives in scope within the System; and
- its effect on VAGO's audit procedures to be performed.

If the work of the internal audit function is going to be used, then VAGO should evaluate it as required by ASAE 3000.29.

The use of internal auditors to provide direct assistance to VAGO is prohibited but reliance can be placed on the work of the internal audit function to modify the nature or timing, or reduce the extent, of assurance procedures to be performed by VAGO.

4.2 Performing the Assurance Engagement

4.2.1 Assessing Design of Controls

VAGO should determine which of the controls are necessary to achieve the control objectives under the DRFA, whether those controls are presented in the System description and assess whether those controls were suitably designed. This determination should include:

- identifying the risks that may impact on the achievement of the control objectives;
- evaluating whether the controls as designed would be sufficient to mitigate those risks when operating effectively, in all material respects; and
- for engagements over a period, evaluating whether any changes to control design during the period would be sufficient to mitigate those risks, in all material respects.

In assessing the suitability of the design of controls, VAGO should:

- make enquiries of Delivery Agencies and DTF regarding how the controls are designed to operate;
- examine the design specifications or documentation; and
- obtain an understanding of the control environment and consider other components of control excluded in the scope of the assurance engagement, which may affect the design of controls included in the scope of the assurance engagement.

4.2.2 Assessing System Description

VAGO should obtain and read the System description provided by DTF and evaluate whether aspects of the description included in the scope of the engagement are fairly presented.

In addition, VAGO must determine whether the System has been described as designed and implemented through other procedures in combination with enquiries. Other procedures shall include inspection of records and other documentation evidencing the manner in which the System was designed and observation of the controls which have been implemented.

4.2.3 Assessing Implementation of Controls

VAGO must obtain sufficient and appropriate evidence that the controls identified as necessary to achieve the DRFA control objectives were implemented as designed.

The assurance procedures to test implementation of controls should include enquiry of Delivery Agencies and DTF, and observation and/or inspection of records and other documentation, regarding the manner in which the controls were implemented.

Procedures may include determining:

- how any new or changes to existing Systems were tested, installed and delivered to users;
- who was allocated responsibility for operation, maintenance and monitoring of controls;
- the adequacy of System documentation, such as policies, manuals and instructions;
- the adequacy of equipment, IT hardware, physical security and other infrastructure to enable the controls to operate effectively;
- the sufficiency and suitability of human, physical and IT resources to maintain, operate, support and monitor controls implemented; and
- the existence of backup and contingency plans for control exceptions or breakdown.

4.2.4 Assessing Operating Effectiveness of Controls

When reporting on operating effectiveness over the period, VAGO must test those controls that have been identified as necessary to achieve the DFRA control objectives, and assess their operating effectiveness throughout the period.

The nature, timing and extent of tests of operating effectiveness, should include:

- discussion with personnel and observation of the System in operation for deviations from the specified design;
- examination and follow up of the application of controls, on a sample basis to provide sufficient appropriate evidence on which to base an opinion; and
- evaluation of results from any exception reporting, monitoring or other management controls to reduce the extent of direct testing of the operation of the control.

VAGO will be required to apply professional judgement in determining the specific nature, timing and extent of procedures to be conducted. Specifically, when determining the extent of tests of controls, VAGO should consider the characteristics of the population to be tested, such as the nature of controls and the frequency of their application (i.e. monthly, daily, a number of times per day). Tests of operating effectiveness should be performed over a period of time that is adequate to determine that the control procedures are operating effectively.

4.2.5 Sampling

When VAGO uses sampling to select controls for testing operating effectiveness over a period, they should:

- consider the purpose of the test and the characteristics of the controls from which the sample will be selected from when designing the sample;
- determine a sample size sufficient to reduce sampling risk to an acceptably low level; and
- select items for the sample in such a way that the entire sample population has a chance of selection, and the sample is representative of the population.

4.3 Assurance Reporting

On completion of an assurance engagement, VAGO is required to issue a report under the requirements of ASAE3150, to provide context and a conclusion for the work undertaken.

The Assurance Report is required to be submitted to the Australian Government by DTF no later than 31 March from the end of the relevant financial year (that is, for the assurance engagement of controls for the period 1 July 2018 – 30 June 2019, the report is due no later than 31 March 2020).

Refer to Appendix 6.2 for an example of the assurance engagement report.

4.4 Management Reporting

In addition to the assurance engagement report, the VAGO is required to consider whether, pursuant to the terms of the assurance engagement and other engagement circumstances, any matter has come to its attention that is to be communicated with DTF as per the requirements of ASAE3150. This may include, but is not limited to:

- identified control design deficiencies;
- deficiencies in implementation or deviations in operating effectiveness;
- identified fraud or information that indicates that a fraud may exist; or
- any other matter deemed of such importance by VAGO that communication is required with DTF.

All reporting required under ASAE3150 and issued to the State must also be provided to the Australian Government by the State, subject to relevant State legislative provisions.

5 Implementation of the Framework

This Framework will be effective from 1 November 2018 and should be implemented progressively by:

- Establishing and executing a communication and implementation strategy for the Framework;
- Developing further guidance notes that provide further detail on specific elements of the Framework;
- Undertaking on-going monitoring activities and evaluations to ensure the Framework is fit for purpose, achievable and relevant;
- Develop a DTF self-assessment program that allows DTF to monitor the strength of the control environment and how well adopted the related controls have been to meet the DRFA assurance requirements.

6 Appendices

6.1 DRFA System Description Example

Department of Treasury and Finance's Assertion

The accompanying description has been prepared by the Department of Treasury and Finance (DTF) in relation to the Services that it provided in relation to the State's Disaster Recovery Funding Arrangements Management System (System). DTF confirms that:

- a) The accompanying Description fairly presents the Services throughout the period [insert the applicable period]. The criteria used in making this statement were that the accompanying Description:
 - (i) Presents how the system was designed and implemented, including:
 - The types of Services provided
 - The geographic, operational or functional boundaries of the System
 - The system of control objectives and related controls
 - Controls at third party organisations
 - Changes to the System or to controls during the period covered by the Description are described adequately
 - The period of operation.
 - (ii) Does not omit or distort information relevant to the scope of the System being described.
- b) The controls related to the control objectives stated in the accompanying Description were suitably designed and operated effectively throughout [insert the applicable period]. The criteria used in making this statement were that:
 - (i) The risks that threatened achievement of the control objectives stated in the Description were identified
 - (ii) The identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved
 - (iii) The controls were consistently applied as designed, including that manual controls were applied by individuals who have the appropriate competence and authority, throughout the period [insert the applicable period].

[Signed for on behalf of DTF]

Description of Disaster Recovery Funding Arrangements Management System Services

Services Provided

The Department of Treasury and Finance (DTF) provides a Disaster Recovery Funding Arrangements Management System (System) for estimated reconstruction costs which involves providing the guidelines and tools to enable Delivery Agencies to successfully estimate costs associated with the restoration of essential public assets. The System was introduced on 1 November 2018, the same date as when the Commonwealth Government's Disaster Recovery Funding Arrangements (DRFA) came into effect. Since the System has come into effect no further enhancements have been made to the control environment [this statement needs to be confirmed] and the System described below was in place for this specified period [any changes in the control environment from the prior period must be disclosed].

Disaster Recovery Funding Arrangements Management System

The System description detailed below fairly presents the services provided by DTF for the period [insert applicable period]. DTF has developed a suite of guidelines, process maps and a cost estimation tool that supports the System. The System is underpinned by an Assurance Framework that applies to all estimated reconstruction costs established for reconstruction works undertaken on essential public assets following damage from an eligible disaster event under measures activated under Category B of the DRFA.

The objectives of the Framework are to:

- Provide a common understanding of the DRFA assurance requirements
- Describe the State's approach to meeting the DRFA control objectives
- Guide the State in executing the necessary assurance activities.

The Framework is underpinned by the following principles:

- Accountability and oversight – All stakeholders are clear on their assurance roles and responsibilities and the part that they play in ensuring the State is able to make a valid claim to the Australian Government
- Transparency – The way in which estimated costs are determined and how public money is being spent to effectively remediate damaged essential public assets is clear and appropriate
- Consistency – The process, requirements and expectations when determining estimated reconstruction costs are applied reliably and consistently.

During the above mentioned period, DTF used the Automated Claims Management System (ACMS) [confirm the technology system in use] system to manage the claims submitted by Delivery Agencies. Delivery Agencies are defined as a State or Local Government agency responsible for delivering emergency or reconstruction works to restore an essential public asset post-disaster event. The roles of Delivery Agencies are described in more detail under the 'Controls at Third Party Organisation' section below.

During this period the following organisations were deemed to be Delivery Agencies as per the definition:

- [insert all Delivery Agencies]
- [insert all Delivery Agencies]

Part of DTF's control environment are the Assessing Authorities. The Assessing Authorities assess claims for the reconstruction of essential public assets on behalf of DTF.

During this period the following organisations were deemed to be Assessing Authorities as per the definition:

- [insert all Assessing Authorities]
- [insert all Assessing Authorities]

Controls at Third Party Organisations

DTF relies on third party organisations, defined as Delivery Agencies, for delivering emergency or reconstruction works to restore an essential public asset post-disaster event. The Delivery Agencies identified above had the following responsibilities as part of the Assurance Framework during this period:

- Applying relevant controls as designed in the Assurance Framework throughout the cost estimation processes to achieve control objectives
- Maintaining accurate audit evidence for seven years from the end of each financial year in which expenditure is claimed.

DTF is also supported by the mentioned Assessing Authorities in monitoring the operating effectiveness of controls at the mentioned Delivery Agencies. This applied to all control objective listed in the DRFA with the exception of:

- N1 - The state determines eligibility of a natural disaster or terrorist act
- N2 - The Commonwealth is notified of an eligible disaster within three (3) months of the
 - natural disaster occurring; or
 - from the date of the Minister's or department's letter to the state that an act has been determined to be a terrorist act.
- C8 - Estimated reconstruction costs as determined in accordance with these arrangements for the reconstruction of essential public assets submitted in the claim pack are reconciled to each reconstruction project.
- [also list other relevant controls as appropriate].

DTF also completed its own independent monitoring over the operating effectiveness of controls at the Delivery Agencies [the list below is suggestive only, and needs to reflect whether DTF required any additional assurance over the Delivery Agencies' activities]. This included:

- The reconstruction cost of the project for [list Delivery Agency] exceeded the DTF threshold, and the Delivery Agency was required to engage their Internal Audit function to provide an opinion on whether appropriate procurement policies have been applied. Copies of the applicable internal audit reports were reviewed by DTF and no material non-compliance matters were noted.
- DTF in the case of [list Delivery Agency] requested an independent audit by [list auditors] in order to gain additional assurance over the Delivery Agency's procurement processes and practices. Copies of the applicable audit reports were reviewed by DTF and no material non-compliance matters were noted.

Description of Control Objectives and Related Controls

DTF has outlined below the control objectives and related controls implemented by DTF. The specific controls set out in the remainder of the report have been designed to achieve each of the control objectives as required within the DRFA. The controls were in place as at [insert the correct and applicable date].

1.1 Disaster Notification

[example wording – this has been taken from the guidelines, and should be tailored in accordance with changes made to the guidelines]

DTF coordinates advice for each disaster event and provides this to Emergency Management Victoria (EMV), which submits this information as part of the notification process to the Australian Government. This process identifies which local council areas were impacted and the eligible measures to be activated. Where the event is deemed eligible under the DRFA, details of the event and available relief measures are listed on the DTF Natural Disaster Financial Assistance (NDFA) website: <http://www.ndfa.dtf.vic.gov.au/dtf/ndfa/ndfa.nsf>.

Upon successful activation of the eligible measures in relation to essential public asset reconstruction, the Delivery Agency is then responsible for entering information into the Assessing Authority's database which includes details about the assets damaged, location and initial estimates. The current system being used is DTF's ACMS. Further information in regard to Victoria's Natural Disaster Financial Assistance (NDFA) can be found at the website: <https://www.dtf.vic.gov.au/funds-programs-and-policies/natural-disaster-financial-assistance>.

The Disaster Notification process is described in detail in Victorian DRFA Claims Management Process Map (Appendix B of Guideline 1: Claims and Eligibility for Essential Public Assets) and represents the activities to be undertaken, and forms to be used by the different agencies in order to declare an event eligible under the DRFA.

Control Objective / Activity
N1 The state determines eligibility of a natural disaster or terrorist act.
<p>N1.1 The State through EMV and DTF determines eligibility of a natural disaster or terrorist act when completing the DRFA Disaster Notification Form (provided by the Commonwealth) by using the prescribed definitions in the DRFA guidelines relating to:</p> <ul style="list-style-type: none"> • Anticipating that the small disaster criterion will be exceeded; and that • The disaster is an eligible event i.e. bushfire, flood and/or storm event.
<p>N1.2 Claims & Eligibility Guidelines require DTF to retain completed evidence of the Minister's determination of a terrorist act before submitting the DRFA Disaster Notification Form to EMV.</p>
<p>N1.3 The DRFA Disaster Notification Form must be reviewed and authorised by the Director Relief and Recovery, EMV prior to submitting to EMA.</p>
N2 The Australian Government is notified of an eligible disaster within three (3) months of the - natural disaster occurring or - from the date of the Minister's or department's letter to the state that an act has been determined to be a terrorist act
<p>N2.1 The Delivery Agency is responsible for notifying DTF of a disaster within one (1) month of the eligible disaster occurring.</p>
<p>N2.2 EMV is responsible for notifying EMA immediately of an eligible disaster upon receiving notification of the disaster from DTF.</p>
<p>N2.3 Additional impacted local government areas or measures activated under the DRFA are included in a supplementary Notification Form and submitted via EMV to EMA.</p>

Control Objective / Activity

N2.4 All relevant documentation relating to the Disaster Notification Form including supplementary data and advice from EMA on the Australian Government Reference Number (AGRN) and media releases or exemptions waiving the right to a media release, are kept by DTF as part of the assurance process.

1.2 Damage Assessment

[example wording – this has been taken from the guidelines, and should be tailored in accordance with changes made to the guidelines]

In order to establish that the damage sustained was a direct result of an eligible disaster, the Delivery Agency submitting the claim must be able to provide evidence of the exact location, nature and extent of damage to an essential public asset through photographic evidence, including details of latitude, longitude and date taken. DTF recommends that this evidence is collected up to six (6) months, but not later than twelve (12) months following the eligible disaster. This evidence may also be supported by other imagery that may include satellite or aerial imagery image that depicts extent of damage sustained.

The Delivery Agencies have to engage with the relevant Assessing Authorities as soon as practically possible after the occurrence of an eligible disaster event, to establish the link between the damage and the eligible event, and to commence discussions on the scope, development and lodgement of claims associated with the damage. Inspections to verify damage and restoration works by the Assessing Authorities are also recommended to be undertaken on a progressive basis.

A summary of the key steps in the damage assessment process is provided in the Victorian DRFA Claims Management Process Map (Appendix B of the document Victorian DRFA Guideline 1: Claims and Eligibility for Essential Public Assets).

Control Objective / Activity

D1 The location of the essential public asset(s) is accurately recorded

D1.1 Delivery Agency completes Claim Form (VF-B-RW) which requires the asset location to be recorded (latitude and longitude details) and substantiated with geospatial or visual data.

D1.2 Assessing Authority reviews Claim Form (VF-B-RW) for completion and adequacy of information provided.

D2 Assets meet the definition of an Essential Public Asset (EPA)

D2.1 Delivery Agency must nominate the asset type and name when completing the Claim Form (VF-B-RW).

D2.2 Where the damaged asset is not listed in the pre-defined list in Guideline 1 in the DRFA, Australian Government approval must be obtained and maintained by the Delivery Agency via the DRFA Eligibility Enquiry Form which must be submitted by DTF to EMA for Australian Government determination.

D2.3 Assessing Authority reviews the asset type and name provided in the Claim Form (VF-B-RW) to confirm it meets the definition of an essential public asset.

Control Objective / Activity

D3 The connection between the damage to an Essential Public Asset and an eligible disaster is assessed and recorded.

D3.1 Claim Form (VF-B-RW) requires the Delivery Agency to justify and describe how the damage to the essential public asset was caused due to the eligible disaster. This must include:

- Pre-disaster photo comparisons; or
- A Pre-Disaster Asset Condition Assessment Report completed by a qualified professional with appropriate level of expertise and experience.

In the event that the above artefacts are not available, then DTF will consider additional types of asset precondition evidences in Section 6.2.7 of the DRFA on a case by case basis.

D3.2 Sign off on the legitimate connection between the damage to an essential public asset and an eligible disaster is required on Claim Form by a qualified professional with appropriate level of expertise and experience.

D4 Pre-disaster condition of essential public assets is assessed and recorded.

D4.1 Claim Form (VF-B-RW) requires the Delivery Agency to justify and describe how the damage to the essential public asset was caused due to the eligible disaster. This must include:

- Pre-disaster photo comparisons; or
- A Pre-Disaster Asset Condition Assessment Report completed by a qualified professional with appropriate level of expertise and experience

In the event that the above artefacts are not available, then DTF will consider additional types of asset precondition evidences in Section 6.2.7 of the DRFA on a case by case basis.

D4.2 Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience

D5 Post-disaster condition of essential public assets is recorded.

D5.1 Damage Assessment Guidelines require the Delivery Agency to provide photos within 12 months following the eligible disaster to illustrate post-disaster damage from the event to the eligible asset.

D5.2 Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience

D6 Damage assessments are reviewed by a suitably qualified professional with the appropriate level of expertise and experience.

D6.1 Damage Assessment Guidelines requires Delivery Agency to obtain, record and maintain evidence of the qualification, expertise and experience of the professionals engaged to conduct or review the damage assessment

D6.2 Claim Form (VF-B-RW) requires Delivery Agency to provide a short explanation of the qualification(s), expertise and experience of the suitably qualified professional engaged to conduct or review the damage assessment

1.3 Cost Estimation & Procurement

Under the DRFA, the Australian Government will reimburse the states under an estimates-based model for the reconstruction of essential public assets following an eligible disaster. The DRFA specifies that:

“States must establish the estimated reconstruction cost for the reconstruction of an essential public asset through:

- a) *market response, or*
- b) *cost estimation.*

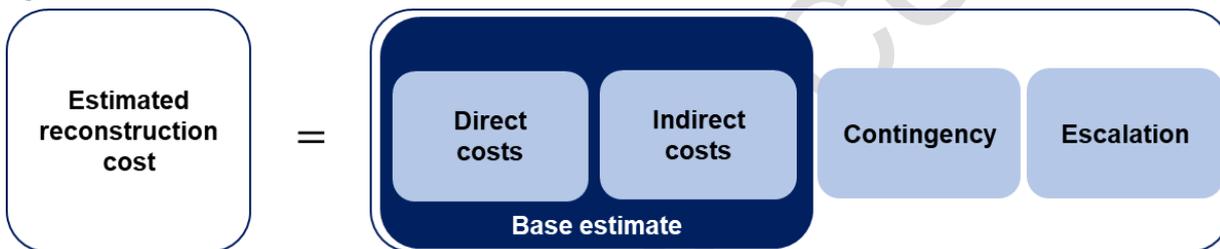
A critical step in this process is the estimation of the reconstruction cost of the essential public asset and identification of a total project cost. States must develop the estimated reconstruction cost for the reconstruction of an essential public asset comprising eligible state expenditure for construction, design and project management, contingency and cost escalation.” (DRFA 2018, Section 6.4.2–6.4.3)

Consistency in the application of overhead and indirect allowances is crucial across the program of works from both a controls perspective and to ensure auditability.

The estimated reconstruction cost should be established by determining the base estimate on which contingency and escalation is applied as a percentage. The base estimate should include:

- direct costs
- indirect costs (design and project management costs).

Figure 1: Breakdown of estimated reconstruction cost



A cost estimation tool has been developed for each of the standard treatments listed in Section 2.1.2 of Guideline 3: Cost Estimation for Essential Public Assets. With the adoption of this tool for the standard treatments, Delivery Agencies are able to input the resource (plant, labour and materials) and other input factors (productivities, travel times) to develop a first principles estimate.

Guideline 3: Cost Estimation for Essential Public Assets provides further detail regarding the activities required as part of the cost estimation process.

Control Objective / Activity
C1 Primary asset function is established using the Essential Public Asset Function Framework.
C1.1 Damage Assessment Guidelines requires the Delivery Agency to identify and record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Delivery Agencies are not required to provide pre-disaster function of the asset for minor reconstruction works that result in no change to the pre-disaster function of the asset i.e. patching, grading, road infrastructure or drainage repair under s6.3.4 of DRFA.
C1.2 Claim Form (VF-B-RW) requires Delivery Agency to record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA.
C1.3 Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience.

Control Objective / Activity

C2 Asset classification is established with reference to asset type, asset capacity, asset layout, and materials.

C2.1 Damage Assessment Guidelines requires the Delivery Agency to identify and record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA. Delivery Agencies are not required to provide pre-disaster function of the asset for minor reconstruction works that result in no change to the pre-disaster function of the asset i.e. patching, grading, road infrastructure or drainage repair under s6.3.4 of DRFA.

C2.2 Claim Form (VF-B-RW) requires Delivery Agency to record primary asset function and classification as per the Essential Public Asset Function Framework under Section 6.3 of the DRFA.

C2.3 Completed Claim Form (VF-B-RW) is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience.

C3 Estimated reconstruction costs are developed in accordance with these arrangements, and verified by an engineer or quantity surveyor with the appropriate level of expertise and experience.

C3.1 Estimation Cost Guideline requires Delivery Agency to obtain, record and maintain evidence of the qualification, expertise and experience of the engineer or quantity surveyor engaged to conduct or review the estimation costs in line with these arrangements.

C3.2 Claim Form (VF-B-RW) requires Delivery Agency to record qualification, expertise and experience of the professionals engaged to conduct or review the estimated cost for reconstruction works.

C3.3 Delivery Agency are required to ensure that estimated reconstruction costs for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN.

C3.4 Claim Form (VF-B-RW) must be completed by Delivery Agencies when building up estimated reconstruction costs. The Claim form is structured to include the build up of estimates in accordance with the DRFA (i.e. Direct Costs + Indirect Costs + Contingency + Escalation).

C3.5 Assessing Authority confirms on the Claim Form (VF-B-RW) that the estimated reconstruction costs for the proposed reconstruction works will restore the asset to the pre-disaster function.

C3.6 DTF is required to ensure that estimated reconstruction costs are accurately recorded and allocated to a project and each project is linked to an AGRN.

C4 Applicable procurement processes are followed.

C4.1 The Delivery Agency is required to complete a Claim Form (VF-D-DEC) for each disaster event to attest that they have followed the necessary and relevant procurement policies and processes which ensure the application of probity principles.

C4.2 The Delivery Agency's CEO, CFO or equivalent must approve the completed Claim Form (VF-D-DEC) and acknowledge that they are adhering to their procurement policies before being sent to the Assessing Authority for review.

C4.3 Where the reconstruction cost of the project exceeds the threshold that will be determined by DTF, the Delivery Agency is required to engage their Internal Audit function to provide an opinion on whether appropriate procurement policies have been applied.

C4.4 DTF has the authority to request an audit in order to gain additional assurance over the Delivery Agency's procurement processes and practices.

Control Objective / Activity
C5 Actual costs for each project are recorded against the estimated reconstruction cost.
C5.1 The Delivery Agency is required to ensure actual costs for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN.
C5.2 Assessing Authority must verify the actual costs to supporting documentation before submission to DTF.
C5.3 DTF ensures actual payments to Delivery Agencies for reconstruction works are accurately recorded and allocated to a project and each project is linked to an AGRN.
C6 The Independent Technical Review is applied as required and in accordance with the defined time limits.
C6.1 When the Assessing Authority is reviewing the Delivery Agency's cost estimation, they are required to check whether an Independent Technical Review is required under Section 8 of the DRFA. If triggered, the Assessing Authority must advise DTF as soon as practically possible.
C6.2 When the Assessing Authority assesses works and variations during reconstruction works, they are required to check whether an Independent Technical Review is required under Section 8 of the DRFA. If triggered, the Assessing Authority must advise DTF.
C6.3 DTF engages an Independent Technical Reviewer that is suitably independent and is appropriately qualified for the role to undertake an Independent Review of an asset as per Applications 1-3 under clause 8.1 of the DRFA.
C6.4 All appropriate documentation regarding the review is to be provided as part of the Claim and the State's Claim pack for that financial year, as per Schedule B of the DRFA.
C7 Variations to an estimated reconstruction cost are made in accordance with the requirements of these arrangements.
C7.1 Assessing Authority required to review variations to an estimated reconstruction cost and validate that there is sufficient evidence and justification to demonstrate the special circumstances encountered, including why the special circumstances could not reasonably have been foreseen.
C7.2 DTF's approval to an over-spend variations requires the following: <ul style="list-style-type: none"> • Sufficient evidence and justification provided by the Delivery Agency to demonstrate the special circumstances encountered, including why the special circumstances could not reasonably have been foreseen. • Evidence to justify variation has been reviewed and approved by the Assessing Authority. • The variation fits within the definition of a "special circumstance" per the DRFA.
C7.3 The Delivery Agency is required to report re-damaged assets due to a subsequent eligible disaster directly to DTF. DTF is then required to: <ul style="list-style-type: none"> • Close-off and establish value of expenditure to date if reconstruction works had already begun for the asset. • Stop payments to the Delivery Agency for the re-damaged asset under the first eligible disaster event's AGRN. • Only provide payments to the Delivery Agency for reconstruction costs when the reconstruction cost is re-estimated under a new AGRN.
C7.4 DTF engages an Independent Technical Reviewer that is suitably independent and is appropriately qualified for the role to undertake an Independent Review of an asset as per Applications 1-3 under clause 8.1 of the DRFA.
C7.5 All appropriate documentation regarding the review is to be provided as part of the Claim and the State's Claim pack for that financial year, as per Schedule B of the DRFA.

Control Objective / Activity

C8 Estimated reconstruction costs as determined in accordance with these arrangements for the reconstruction of essential public assets submitted in the claim pack are reconciled to each reconstruction project.

C8.1 The basis of the reconstruction costs for each claim are to be supported by the estimates for each of the treatments applied with each project in the Claim Form.

C8.2 DTF is required to maintain a record of:

- Total summation of estimated reconstruction costs the Claim pack (Part C) for the State.
- Total value of each estimated reconstruction cost per eligible disaster (AGRN).
- Total value of actuals for each reconstruction project under all AGRNs.

6.2 Example ASAE3150 Assurance Engagement Report

Below is a draft template example of an ASAE3150 Assurance Engagement Report to be included in the claim pack to the Australian Government.

Scope

We, <independent assurance practitioner>, have undertaken a reasonable assurance engagement on the design of controls within <State agency>'s Disaster Recovery Funding Arrangements Management System (System) for estimated reconstruction costs (the controls), comprising <identify System by distinguishing features, boundaries and control components>, throughout the period <1 July 20xx> to <30 June 20xx> relevant to <list overall control objectives>/the following control objectives:

- <list or reference the control objectives>
- <State agency>'s description of its System at pages <bb-cc> (the description), and
- the operating effectiveness of those controls.

<State agency>'s Responsibilities

<State agency> is responsible for:

- a) the services within the Disaster Recovery Funding Arrangements Management System for estimated reconstruction costs
- b) identifying the relevant control objectives, as outlined in the Disaster Recovery Funding Arrangements
- c) identifying the risks that threaten achievement of the control objectives
- d) designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives
- e) preparing the description and Statement at page <aa>, including the completeness, accuracy and method of presentation of the description and Statement, and
- f) operating those controls effectively as designed throughout the period.

Our Independence and Quality Control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, <State appointed auditor> maintains a comprehensive System of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on <State agency>' Statement regarding the suitability of the design of controls to achieve the control objectives, the presentation of <State agency>'s description of the System and the operating effectiveness of <State agency>'s controls within the System, based on our procedures. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE3150 Assurance Engagements on Controls issued by the Auditing and Assurance Standards Board. That standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives, the description is fairly presented and the controls operated effectively throughout the period.

An assurance engagement to report on the design, description and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives, the completeness, accuracy and method of presentation of the description of the System and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed, the description is not fairly presented or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives stated in the description.

An assurance engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured are designed to operate, has not been assured and no opinion is expressed as to its design or operating effectiveness. An assurance engagement on the operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects:

- a) the controls were suitably designed to achieve the control objectives identified throughout the period <1 July 20xx> to <30 June 20xx>
- b) the description fairly presents the Disaster Recovery Funding Arrangements Management System for estimated reconstruction cost as designed, throughout the period <1 July 20xx> to <30 June 20xx>, and
- c) the controls, necessary to achieve the control objectives, operated effectively as designed, throughout the period from <1 July 20xx> to <30 June 20xx>.

<As a long-form report, include a separate section, under an appropriate heading, or reference to an attachment for any additional information agreed in the terms of engagement to be provided to users, for example:

- Terms of the engagement.
- Criteria being used, such as the specific control objectives and controls designed to achieve each objective.
- Descriptions of the tests of controls that were performed.
- Findings relating to the tests of controls that were performed or particular aspects of the engagement.
- Details of the qualifications and experience of the assurance practitioner and others involved with the engagement.
- Disclosure of materiality levels.
- Recommendations for improvements to controls.>

7 Document information

7.1 Document details

Criteria	Details
TRIM ID:	
Document title:	Victorian DRFA Assurance Framework
Document owner:	Department of Treasury and Finance

7.2 Version control

Version	Date	Description	Author
V1.0	12 10 18	Issued for IDC Review	
V2.0	24 10 18	Final Issue for approval	
V2.1	26.10.18	Minor updates to Final Issue	
V2.2	30.10.18	Working Document	
V2.3	14.11.18	Updated section 6 to include Systems Description	
V2.4	10.01.19	Updated for comments from Commonwealth and updated glossary	

7.3 Document approval

Name	Title	Organisation

7.4 Reference material

Referenced Forms and Guidelines	TRIM ID/Location
Victorian DRFA Guideline 1 - Claims and Eligibility for Essential Public Assets	
Victorian DRFA Claim Form VF-D-DEC - Claim Lodgement Declaration	
Victorian DRFA Claim Form VF-B-RW – Reconstruction Works	
Victorian DRFA Claim Form VF-B2-CW - Completed Works	
Victorian DRFA Guideline 2 - Damage Assessment for Essential Public Assets	
Victorian DRFA Guideline 3 - Cost Estimation for Essential Public Assets	

Bibliography	Author	TRIM ID/Location
Disaster Recovery Funding Arrangements 2018	The Australian Government	

7.5 Acronyms

Acronyms	Description
DRFA	Disaster Recovery Funding Arrangements
DTF	Department of Treasury and Finance
EPA	Essential Public Asset
ITR	Independent Technical Review
REPA	Reconstruction of Essential Public Assets
VAGO	Victorian Auditor-General's Office

7.6 Glossary of Terms

Terms	Description
Administering Authority	The Administering Authority for the DRFA in Victoria is the Department of Treasury and Finance (DTF). DTF serves as the single point of contact with the Australian Government and oversees the implementation of the DRFA across state agencies and local council.
Allowable time limits	Prescribed timeframes under the DRFA including, but not limited to, the following activities: <ul style="list-style-type: none"> • Notification of the Australian Government of a disaster event • Completion of emergency works and non-REPA reconstruction works • Provision of evidence of damage to the State for an eligible disaster event • Approval of cost estimates related to a disaster event Period to incur REPA expenses
ASAE3150	ASAE3150 Assurance Engagements on Controls, issued by the Auditing and Assurance Standards Board
ASA 800	Auditing Standard ASA 800 Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks, issued by the Auditing and Assurance Standards Board.
Assessing Authority	The Assessing Authority assesses claims for the reconstruction of essential public assets on behalf of DTF. The Assessing Authority will depend on the Delivery Agency that has undertaken the works.
Borrow pit	A borrow pit is an area where material (usually soil, gravel or sand) has been excavated for use at another location
Claim pack	The financial reporting pack provided by the Australian Government to the State each year.
Contingency	The allowance reflecting the reconstruction project risk profile, complexity, investment lifecycle, benchmarks and past performance for similar projects.

Terms	Description
Control agency	The agency who is responsible to undertaking the control activity to mitigate the risk to ensure that the control objective(s) can be met.
Control objectives	The control objectives established within these arrangements, as required under ASAE3150.
Cost estimation	<p>The process of developing the <i>estimated reconstruction cost</i> for the <i>reconstruction of essential public assets</i> by building up the component elements including:</p> <ul style="list-style-type: none"> scoping and defining the works required for <i>reconstruction of the essential public asset</i> applying relevant assumptions and exclusions, and using available historical data of actual costs (that is, benchmark pricing) and/or supplier quotes to estimate the cost of <i>reconstruction works</i>.
Counter disaster operations	Activities undertaken by the state in response to the occurrence of a disaster event to protect a community from the impacts of the disaster event
Day Labour	The use of a Delivery Agency's own plant, equipment or resources to reconstruct an asset. The key components of day labour are plant, labour and materials.
Disaster event activation	<p>Under the DRFA, for an event to be activated, the following conditions must be satisfied:</p> <ul style="list-style-type: none"> Meets the definition of a natural disaster or terrorist event and eligible disaster; and <p>Has impacted an eligible undertaking.</p>
Disaster Recovery Funding Arrangements Management System	The processes and controls implemented by <i>state agency</i> and third party organisations (where applicable) in relation to an <i>estimated reconstruction cost</i> , as defined by these <i>arrangements</i> .
Delivery agency	A State of Local Government agency responsible for delivering emergency or reconstruction works to restore an asset post-disaster event
Direct costs	Costs directly associated with the reconstruction of an eligible essential public asset, commonly referred to as construction costs.
Eligible disaster	<p>A <i>natural disaster</i> or <i>terrorist act</i> for which:</p> <ul style="list-style-type: none"> a coordinated multi-agency response was required, and <i>state expenditure</i> exceeds the <i>small disaster criterion</i>.
Eligible measure	A relief or recovery assistance measure specified in these arrangements, or a cost to the state under clause 8.1 of these arrangements.
Eligible undertaking	<p>A body that:</p> <ul style="list-style-type: none"> is one of the following: <ul style="list-style-type: none"> a department or other agency of a <i>state</i> government, or established by or under <i>state</i> legislation for public purposes (for example, a local government), and in the operation of the asset provides services free of charge or at a rate that is 50 per cent or less of the cost to provide those services.
Emergency works	<p>Urgent activities necessary following an <i>eligible disaster</i> to temporarily restore an <i>essential public asset</i> to enable it to operate/be operated at an acceptable level of efficiency to support the immediate recovery of a community, and take place:</p> <ul style="list-style-type: none"> prior to the <i>state</i> commencing <i>essential public asset reconstruction works</i> in accordance with these <i>arrangements</i>, or prior to or at the same time as <i>immediate reconstruction works</i> and where no <i>essential public asset reconstruction works</i> are required.
Escalation	The allowance for expected changes in capital costs throughout the project lifecycle.

Terms	Description
Essential public asset	An asset which <i>must</i> be a <i>transport or public infrastructure</i> asset of an <i>eligible undertaking</i> which, the <i>state</i> considers and the <i>department</i> agrees, is an integral part of a <i>state's</i> infrastructure and normal functioning of a community.
Essential public asset function framework	The <i>Essential Public Asset Function Framework</i> as defined by these <i>arrangements</i> (refer to clause 6.3).
Essential public asset reconstruction works	<i>Reconstruction</i> works on an <i>essential public asset</i> directly damaged by an <i>eligible disaster</i> for which an <i>estimated reconstruction cost</i> has been developed.
Estimated reconstruction costs	The estimated cost of <i>reconstruction</i> of an <i>essential public asset</i> damaged by an <i>eligible disaster</i> and calculated in accordance with these <i>arrangements</i> .
Extensions to allowable time limits	Extensions to prescribed timeframes under special/ extenuating circumstances to maintain eligibility of a claim under the DRFA
First principles estimation	The process of assigning plant, labour and material rates to a given work activity or standard treatment.
Immediate reconstruction works	Immediate <i>reconstruction</i> activities following an <i>eligible disaster</i> to fully <i>reconstruct</i> an <i>essential public asset</i> , and where no <i>essential public asset reconstruction works</i> are required.
Ineligible works	Works that are not eligible for claiming under the DRFA arrangements
Indirect costs	Costs indirectly related to the reconstruction of an eligible essential public asset, including overheads, project management, procurement and engineering assessment costs.
Independent Technical Review	A review of estimated reconstruction costs in accordance with the DRFA
Market response	The process of developing estimated reconstruction cost for reconstruction of essential public assets by tender or competitive bidding.
Monitoring agency	The agency who is responsible for monitoring that the control activity has been undertaken to successfully meet the control objective(s).
Natural disasters	According to the DRFA, a natural disaster is one, or a combination of the following rapid onset events: Bushfire, earthquake, flood, storm, cyclone, storm surge, landslide, tsunamis, meteorite strike or tornado.
Pre-disaster condition	Condition of an eligible asset prior to the occurrence of the disaster event
Post-disaster condition	Condition of an eligible asset in the aftermath of a disaster event occurring
Pre-disaster asset function	Under the DRFA, the Australian Government will provide funding equivalent to reconstruct an essential public asset to its pre-disaster function. Therefore, the pre-disaster function must be determined to establish the proposed treatment and subsequent estimated reconstruction cost. It is important to note that pre-disaster condition of the asset is still an important factor, and evidence of the assets condition prior to the disaster event is required as part of the funding claims process.
Project	For the purpose of defining a project, a project shall be considered one of the following: <ul style="list-style-type: none"> a single asset up to 10 individual assets with estimated costs of ≤\$50,000 each (totalling no more than \$500,000).
Public infrastructure	An asset that is an integral part of a <i>state's</i> infrastructure and is associated with health, education, justice or welfare.
Reconstruction	The restoration or replacement of an <i>essential public asset</i> .

Terms	Description
Re-damaged essential public asset	An essential public asset is re-damaged if it suffers additional damage from a subsequent eligible disaster which occurs after the development of an estimated reconstruction cost for the preceding eligible disaster.
Reasonable assurance engagement	An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria
Responsible agency	The agency who is responsible for undertaking the activity as prescribed under the DRFA.
Small disaster criterion	For the purposes of these arrangements, the amount of \$240,000 or an amount as published by the department.
Special Circumstances	Where the estimated reconstruction cost is lower than the actual cost of a project as a result of special circumstances, and the variance does not meet the criteria for an Independent Technical Review, delivery agencies can adjust the estimated reconstruction cost to reflect the variance. The Delivery Agency must provide evidence to the Assessing Authority to demonstrate the special circumstances encountered, including why the special circumstances could not reasonably have been foreseen.
Standard treatment(s)	Common or typical reconstruction/ repair procedures undertaken in response to damage sustained from natural disasters
The System (Disaster Recovery Funding Arrangements Management System)	The processes and controls implemented by a <i>state agency</i> and third party organisations (i.e. delivery agencies where applicable) in relation to an estimated reconstruction cost, as defined by the DRFA.
Terrorist act	<p>An action or a series of actions committed in Australia which the relevant Australian Government Minister has determined is a terrorist act for the purposes of an eligible disaster under these arrangements.</p> <p>Without limiting the matters to which the Minister may have regard in determining whether the action or series of actions is a terrorist act, the Minister may have regard to:</p> <ul style="list-style-type: none"> the definition of a terrorist act under section 100.1 of the Criminal Code Act 1995, and <p>if available, the advice of other Australian Government agencies.</p> <p>In the event of one or more acts, the Minister may determine two or more related acts to be a single terrorist act.</p>