

Victorian Disaster Recovery Funding Arrangements

Fact Sheet 1: Claims and eligibility for essential public assets

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. The scheme mirrors the Australian Government's Disaster Recovery Funding Arrangements (DRFA). DRFA is a cost sharing arrangement with the states.

The Victorian Government provides reimbursements from the scheme as eligible claims are submitted. At the end of the financial year an acquittal is submitted to the Commonwealth Government seeking a cost sharing contribution reimbursement.

The purpose of the *Claims and Eligibility Guideline* is to assist Delivery Agencies with navigating the claims process associated with the reconstruction of essential public assets.

Claim types

The DRFA has three sub-categories of disaster assistance for the reconstruction of essential public assets.

- **Emergency works** – urgent activities necessary to restore an essential public asset temporarily, to enable it to operate at an acceptable level of efficiency to support the immediate recovery of a community.
- **Immediate reconstruction works** – immediate activities carried out to fully reconstruct an essential public asset and occur following a decision by the state that no essential public asset reconstruction works are required.
- **Essential public asset reconstruction works** – works to reconstruct an essential public asset damaged as a direct result of the occurrence of an eligible disaster event to its pre-disaster function.

Key time limits

The following table presents the time limits for works completion and claims lodgement for eligible works under the DRFA.

Table 1: Key time limits

Claim type	Works completed	Claims lodgement
Emergency works	Within 3 months from the date the essential public asset becomes accessible to the Delivery Agency	Regular claims are encouraged and not exceeding \$500 000. All claims including supporting documentation are to be submitted within the financial year in which the expenditure is incurred. However an allowance of one month after 30 June is available to submit final claims.
Immediate reconstruction works	Within 3 months from the date the essential public asset becomes accessible to the Delivery Agency	Regular claims are encouraged and not exceeding \$500 000. All claims including supporting documentation are to be submitted within the financial year in which the expenditure is incurred. However an allowance of one month after 30 June is available to submit final claims.
Essential public asset reconstruction works	Within 2 years following the end of the financial year in which the eligible disaster event occurred	<p><i>Certified cost estimate – within 9 months</i> following the end of the financial year in which the eligible disaster event occurred but prior to works commencing</p> <p><i>Claim</i> – Regular claims are encouraged and not exceeding \$500 000. All claims including supporting documentation are to be submitted within the financial year in which the expenditure is incurred. However an allowance of one month after 30 June is available to submit final claims.</p>

Please refer to the DTF website (<https://www.dtf.vic.gov.au/events-post-1-november-2018/natural-disaster-events-and-allowable-time-limits>) for detailed and current information of claim lodgement dates by expenditure category and by event.

The Australian Government has established specific reporting requirements, whereby states must submit updated estimates and actuals of eligible costs for each eligible event on a quarterly basis. This reporting is in addition to the annual acquittal report prepared by the State. In order to meet these reporting requirements, it is critical that each Delivery Agency provide updated estimates to the Administering Authority on a quarterly basis.

Extension of Time Requests

The Assessing Authority will consider the Extension of Time (EOT) requests and provide recommendations to the Administering Authority. The Administering Authority will review and submit the request to the Commonwealth for a determination.

The Commonwealth considers EOT requests for essential public asset reconstruction works at specified intervals in the financial year (December and June). Requests are to be made at least one month in advance of these months. **If the EOT request is not approved by the Commonwealth, any expenditure incurred beyond the required completion date will be ineligible.**

Requests for extension of time received by the Assessing Authority/Administering Authority after the allowable time limits have expired will not be considered. Expenditure incurred beyond the required completion date will be ineligible.

Eligibility

Under the DRFA, funding the State and the Australian Government will provide funds to reconstruct an essential public asset to its pre-disaster function. Asset pre-disaster function is established using the *Essential Public Asset Function Framework*, in which the primary asset function (purpose) and classification (level of service the asset provides) is considered. Evidence of the asset's pre-disaster condition¹ is also required to be provided to demonstrate that the asset has been properly maintained.

Insurance

Where a Delivery Agency has an existing insurance policy in place over an essential public asset or if there are works being undertaken on the essential public asset at the time of the disaster event, funding to repair damage resulting from an eligible disaster event must be claimed from these insurance policies.

For State agencies, where reimbursement for repairs to an asset or works are claimed under an insurance policy from VMIA or another insurer, and the damage was a result of an eligible disaster event, any excess payment or deductibles associated with the insurance policy must be reported to the Administering Authority.

The insurance excess or shortfall may be captured by the State in its annual acquittal to the Commonwealth. However the insurance excess or shortfall is not able to be claimed from the scheme (by following these guidelines). In the event the agency requires financial support, it will need to seek financial assistance via the annual budget process.

¹ For further information, refer to *Victorian DRFA Guideline 3: Damage Assessment*.

Claims requirements

Delivery Agencies are required to provide the documents and items as specified in Table 2 in order to support their claims.

The required documents are to be submitted in the Department of Treasury and Finance, Automated Claims Management System (ACMS) and Sharefile. The final signed cost estimate for essential public asset reconstruction works is to be attached as supporting documentation in the Estimates module of the ACMS when the estimate and cashflow is updated. Other required documents outlined in Table 2 are to be uploaded in the Claims module of the ACMS / Sharefile when lodging a claim. **All supporting documents submitted are to be structured and cross referenced to allow third party verification. This will facilitate the timely processing of claims and the State and Commonwealth audit review process.**

Table 2: Documents to be lodged into the ACMS/Sharefile

Item	Emergency works	Immediate reconstruction works	Essential public asset reconstruction works – estimate	Essential public asset reconstruction works – claim
Relevant Claim form	X	X	X	X
Certified cost estimate (direct and indirect costs) & all supporting information			X	
Detailed general ledger/transaction report displaying all expenditure being claimed. Must reconcile to the claim unless a reconciliation statement is provided (if the evidence of expenditure differs from the amount claimed).	X	X		X
Invoices with appropriate descriptions of works. Source documents (e.g. contracts) supporting the invoice to be available for sampling upon request.	X	X		X
Payroll reports for extraordinary payroll costs (overtime) and evidence of the additional resources required. Timesheets to be available for sampling upon request.	X	X		X
Position descriptions for role/s created for eligible activities (approved by the Assessing Authority in consultation with the Administering Authority) supported by payroll reports	X	X		X
Delivery Agency Internal Audit certification that appropriate procurement practices were followed. This cost is not reimbursed.	Upon written request from Administering Authority	Upon written request from Administering Authority		Upon written request from Administering Authority
Pre-condition assessment report		X	X	X
Photo report – pre-disaster condition		X	X	

Photo report – damage	X	X	X	
Photo report – completed works		X		X
Photo files	X	X	X	X

Due to limited storage capacity in the ACMS, please save documents as referenced in Table colour coding scheme. X = ACMS, X = Sharefile (secure file sharing and transfer service).

Funding contributions

Funding assistance provided to Delivery Agencies for the reconstruction of essential public assets damaged as a direct result of an eligible disaster event are outlined in the table below.

Table 3: Funding contributions

Assistance type	State Government agencies and statutory bodies (with no insurance arrangements in place)	Local councils (with no insurance arrangements in place)
Emergency works	100% of approved works	100% of approved works For these amounts to apply the total state expenditure for the eligible event must be more than \$240,000
Immediate reconstruction works	100% of approved works	75% of approved reconstruction costs between \$10,000 and \$110,000 for each Delivery Agency 100% of the proportion of approved reconstruction costs greater than \$110,000 for each Delivery Agency For these amounts to apply the total state expenditure for the eligible event must be more than \$240,000.
Reconstruction of essential public assets	Actual eligible expenditure capped up to the approved certified estimate.	75% of approved reconstruction costs between \$10,000 and \$110,000 for each Delivery Agency 100% of the proportion of approved reconstruction costs greater than \$110,000 capped up to the approved certified estimate For these amounts to apply the total state expenditure for the eligible event must be more than \$240,000.

Assessor validation process and audit process

Assessor will review certified cost estimates for essential public asset reconstruction works and all claims submitted for reimbursement. The review steps undertaken by the assessor are detailed in the Assessing Authority validation process consistent with the Victorian Assurance Framework. The assessor will then make a recommendation to the administering authority. To ensure claims are processed in a timely manner, the correct forms/templates are to be used, supported by the required documentation which is structured and cross referenced.

The Administering Authority and State and Commonwealth appointed auditors will also undertake sample testing of claims.

Reimbursement and payment process

Full reimbursement for eligible emergency and immediate reconstruction works, based on actual costs, can be made following lodgement and approval of the emergency and immediate reconstruction claim(s) by the Assessing and Administering Authority.

Once the certified estimate is approved by Administering Authority for essential public asset reconstruction works, the estimate will need to be updated in the ACMS module and aligned to the approved certified estimate. **Essential public asset reconstruction work claims will be paid on an actual expenditure basis capped up to the certified amount. Eligible expenditure incurred during the financial year is required to be lodged by the 31 July of each year (within one month from the end of the financial year).**

Upon receiving approval of the Administering Authority, works are able to commence and claims are encouraged to be submitted on a regular basis. It is recommended that claims not exceed \$500 000 to facilitate timely claims processing. Where a claim has all the supporting documentation (as outlined in Table 2) and is complete, structured and cross referenced, the assessor will seek to review and recommend the claim for approval within a 4-week period. Following the assessor endorsement, the claim will be sought to be processed for payment within a 2-week period. These timelines will however be longer if the required claim templates/documentation has not been submitted, incomplete or is difficult to follow.

Claims will be processed for payment up to the approved certified estimate. Where claims exceed the approved certified estimate and is the result of a '*special circumstance*' as defined under DRFA, an updated re-certified approved estimate may be able to be resubmitted (subject to meeting the special circumstance condition and an independent review recommendation).

Where a cost overrun above the approved certified estimate does not meet the '*special circumstance*' as defined under DRFA, a 'limited' contingency may be available funded from the DRFA Efficiencies Framework (resulting from realised savings from DRFA funded projects across the State). It is 'limited' to such time that the likely outcome of the expenditure across all the DRFA State program of works is known. As such, no guarantee is provided as to Administering Authority funding cost overruns that does not meet the DRFA '*special circumstance*' criteria.

Advance payments

Taking into account of the Payment process policy and timelines for reimbursement, advances are supported for claimants that demonstrate a financial need and under exceptional circumstances.

The required information to be submitted for an advance request to be considered is a forecast cashflow statement, month-by-month for the projected period of the works. The forecast cashflow will need to capture all cash inflows and outflows from BAU activities overlaid by the projected essential public asset reconstructions works profile (outflows and reimbursement inflows based on the payment period times frames outlined in the Payment Policy section). This is then compared the councils/CMA's cash and cash equivalents balances (including term deposits) at the end of each month. Any shortfall, taking into account minimum monthly cash reserves required by councils/CMA's, is the basis of an advance request. Advances are be paid in the month that financial support is required.

Any cash and cash equivalents (including term deposits) captured in the councils/CMA's most recent completed Balance Sheet that are sought to be excluded from the cashflow forecast is required to be explained. Excluding a term deposit on the basis that the scheduled maturity date is outside the period that the cash is required is not a valid reason. Minimum monthly cash reserves or restricted investments need to be supported by appropriate analysis.

The required information to be submitted for an advance request includes a projected cashflow attached to the latest councils/CMA's Balance Sheet/Statement of Cashflow for the proceeding full month based on actuals. The forecast cashflow is required to be signed by the councils/CMA's Chief Financial Officer certifying the cashflow forecast as complete and accurate and detailing underlying key assumptions of the forecast and any exclusions.

Claims and eligibility standard forms and templates

Table 4: Standard forms

Item	Description	Form/Doc ID
1	Victorian DRFA Guideline 1 - Claims and eligibility for essential public assets	GL-1
2	Victorian DRFA Fact Sheet 1 - Claims and eligibility for essential public assets	FS-1
3	Victorian DRFA Claim form A - Emergency works	VF-A-EW
4	Victorian DRFA Claim form B - Reconstruction works	VF-B-RW
5	Victorian DRFA Claim form B2 - Completed works	VF-B2-CW
6	Victorian DRFA Claim form C - Reporting template	VF-C-MR
7	Victorian DRFA Claim form D - Claim lodgement declaration	VF-D-DEC
8	Victorian DRFA Claims management process maps	PM-1

Further information

For further information, refer to the *Victorian DRFA Guideline 1: Claims and eligibility for essential public assets*

Document details

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Version control

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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	07.01.19	Minor updates to working document	
V2.4	18.04.19	Edits to Tables	
V2.5	28.05.19	Required documentation in the ACMS, update on Table 2 and minor updates in Table 1	
V2.6	06.06.19	Update Table 1 and Table 2 with additional commentary. Inclusion of a section on the assessor validation process.	
V2.7	1.07.19	Inclusion of payment and advance policy for essential public asset reconstruction works. Update Table 2	
V2.8	31.07.19	Colour coding of Table 2 information requirements to be uploaded and inclusion of reference to Sharefile. Inclusion of a section on insurance (page 3)	