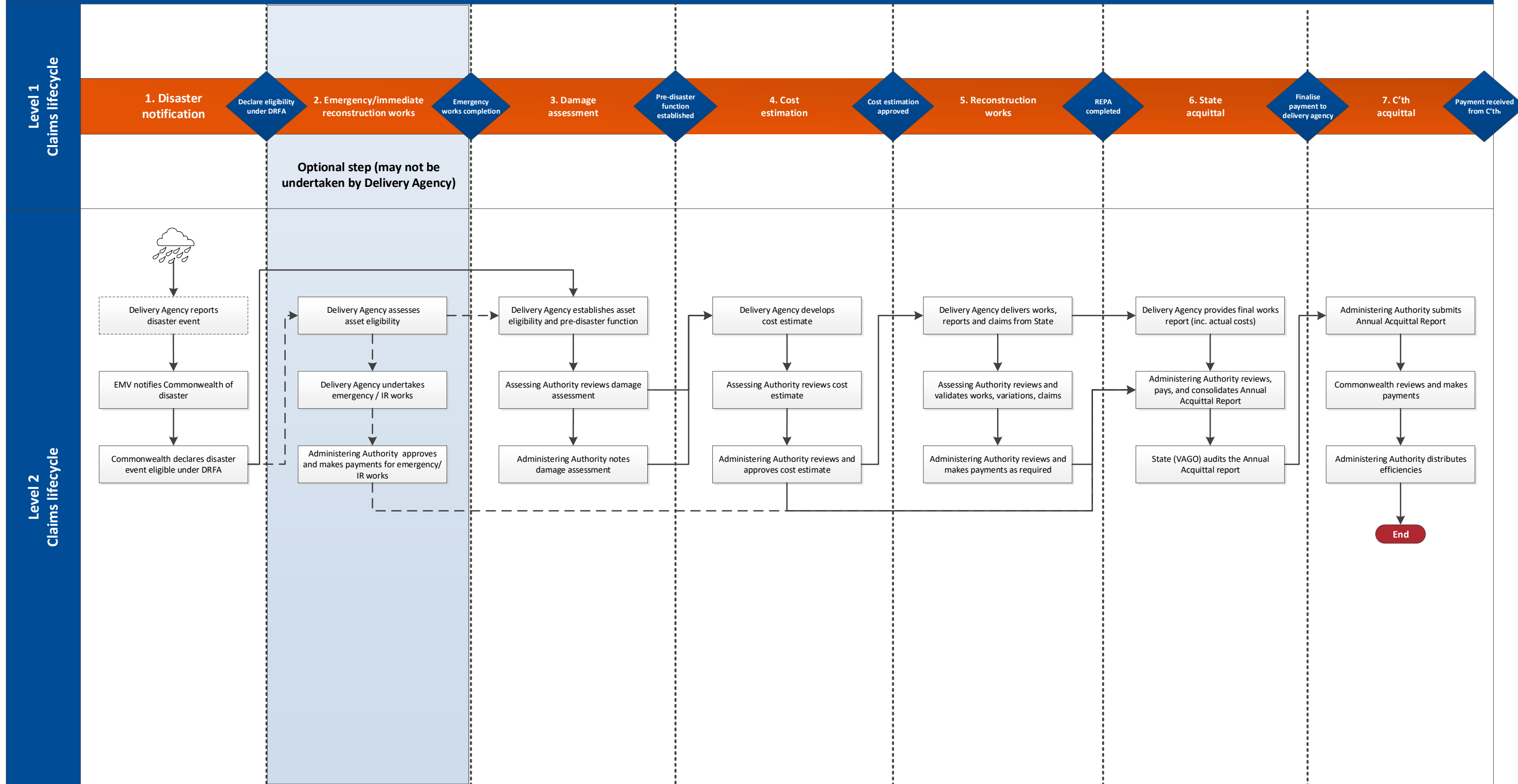


[PM-01] VIC DRFA claims management: level 1 and level 2 process maps

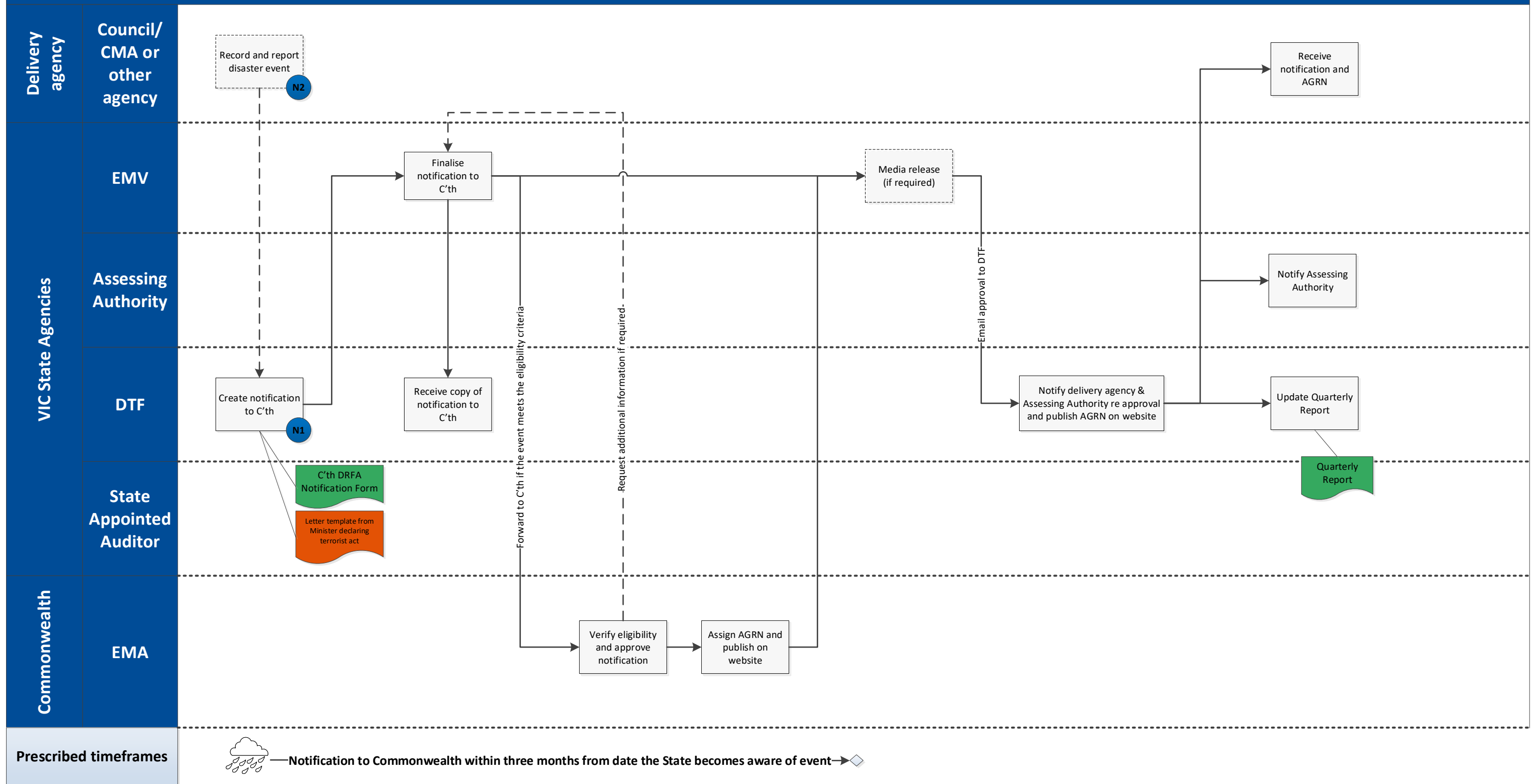


Note:

1. Quarterly reporting: Under the DRFA, states are required to provide quarterly estimates relating to eligible events. To assist DTF with this process, Delivery Agencies are required to provide updates to their estimates on a quarterly basis, 1 month prior to DTF submitting to Emergency Management Australia.

1. Disaster notification

Objective: a) verify eligibility of the event under the DRFA, and b) issue public announcement of the eligible event



- Notes:
1. Subject to severity and nature of an event, DTF/EMV may begin the process of its own accord, without advice from a Delivery Agency.
 2. Events where the stage aggregated estimate of financial impact is <\$240,000 are not eligible under the DRFA however, costs may be eligible under the NDFA for counter disaster operations, emergency, immediate and asset restoration works.
 3. The objective of this step is to: a) verify eligibility of the event under the DRFA, and b) make a public announcement regarding financial assistance where Dept. of Health and Human Services (DHHS) Emergency Relief and/or re-establishment grants are being provided.
 4. The Delivery Agency must provide an initial incident report to the Administering Authority (DTF) within **five working days** of the event occurrence.

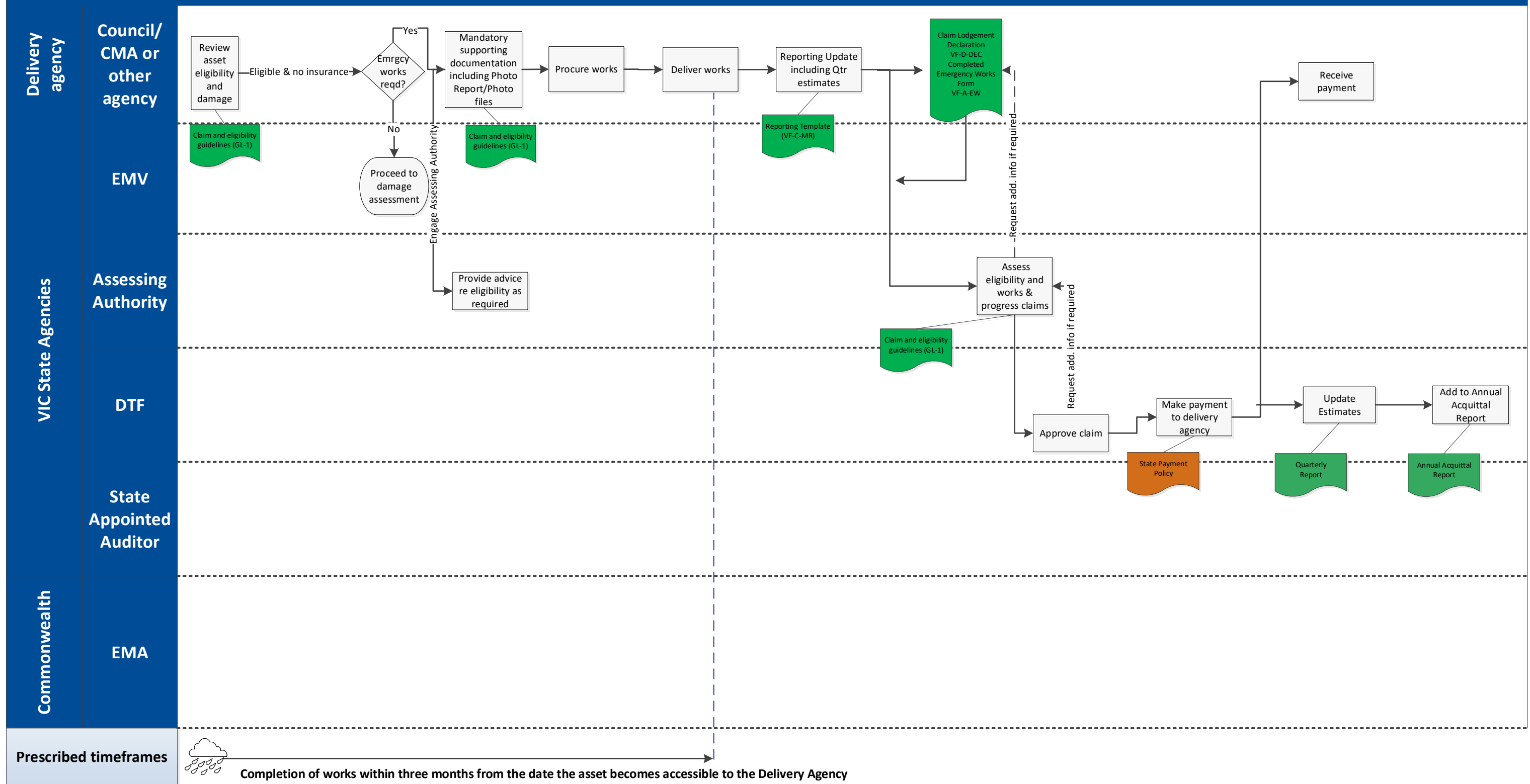
Designed controls to meet control objectives in section 10.2 of the DRFA

N1	<p>[N1.1] The State through Emergency Management Victoria (EMV) and the Department of Treasury & Finance (DTF) determines eligibility of a natural disaster or terrorist act when completing the Disaster Notification Form 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. [Existing control] <p>[N1.2] Claims & Eligibility Guidelines require DTF to retain completed evidence of the Minister's determination of a terrorist act before submitting the Disaster Notification Form to EMV.</p> <p>[New control to be established]</p> <p>[N1.3] The Notification Form must be reviewed and authorised by the Director Relief and Recovery, EMV prior to submitting to Emergency Management Australia (EMA). [Existing control]</p>
N2	<p>[N2.1] The Delivery Agency is responsible for notifying DTF of a disaster within 5 working days of the eligible disaster occurring. [Existing control]</p> <p>[N2.2] EMV is responsible for notifying EMA immediately of an eligible disaster upon receiving notification of the disaster from DTF. [New control to be established]</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> <p>[N2.4] All relevant documentation relating to the notification form including supplementaries and advice from EMA on the AGRN and media releases or exemptions waiving the right to a media release, are kept by DTF as part of the assurance process.</p>



2. Emergency works – Optional Step: may not be undertaken by the Delivery Agency

Objective: Deliver emergency works

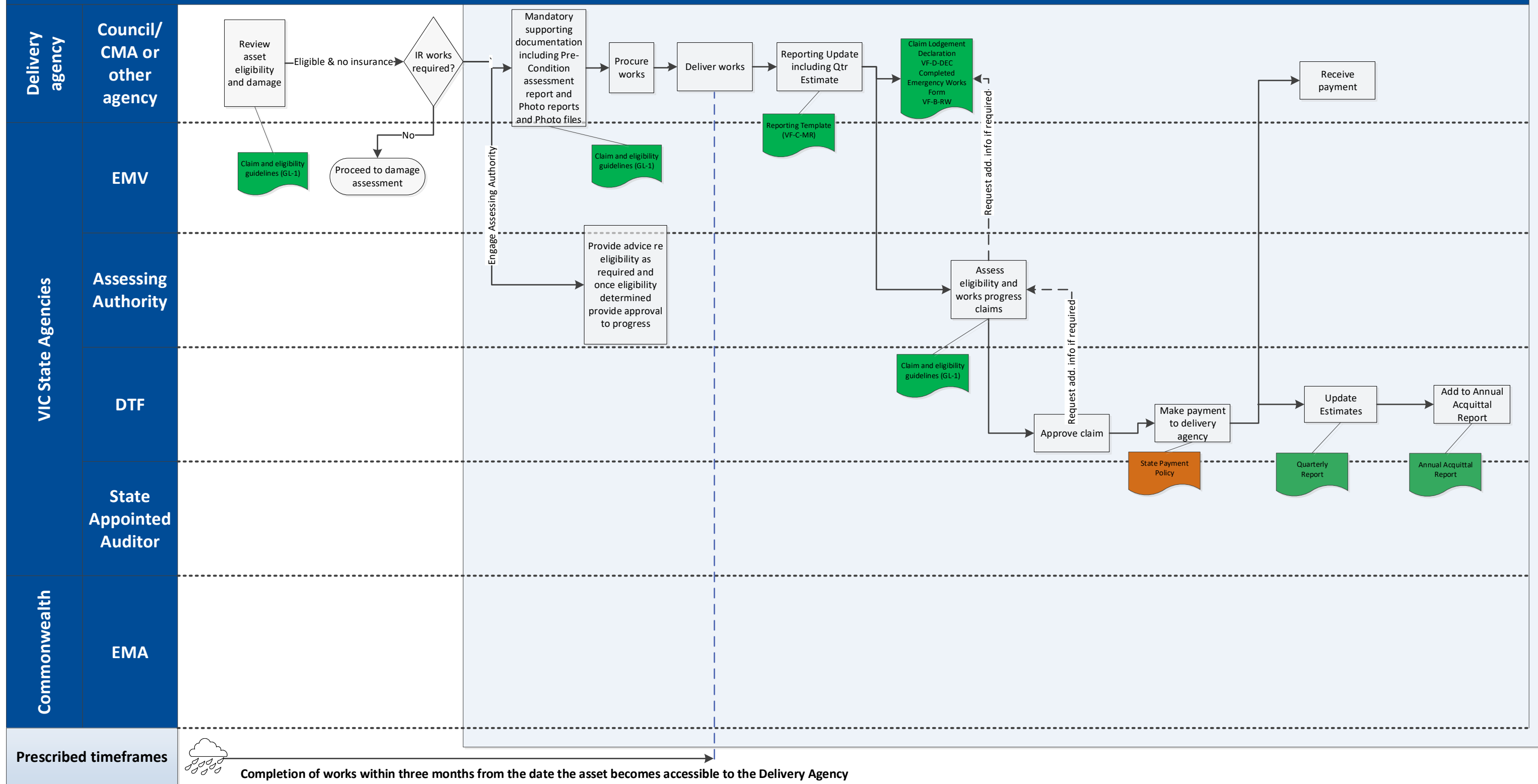


- Notes:**
- Emergency works may not be required / delivered by the Delivery Agency, hence this process has been represented as an optional step.
 - Payment to be made contingent upon Delivery Agency's declaration that they have met all the State DRFA requirements, and have followed the applicable procurement guidelines. This declaration will be part of the standard cover letter to be submitted together with their works report.
 - The Delivery Agency shall submit reports on a quarterly basis using the required reporting template, with adequate time for DTF to assess and include in the Quarterly Report to the Commonwealth.
 - Eligibility assessment should also consider whether any of the assets are insured, and hence ineligible for reimbursement under the DRFA.
 - The Delivery Agency may be able to request a time extension at any point during the process, citing exceptional circumstances in a request to the Commonwealth via the Administering Authority.
 - The Administering Authority will appoint an Assessing Authority upon receipt of a disaster notification from the Delivery Agency. However, the Assessing Authority is usually constant for each Delivery Agency, and the assignment happens automatically through the ACMS. Hence this assignment step is not shown separately in the process map.



2. Immediate reconstruction works- Optional Step: may not be undertaken by the Delivery Agency

Objective: Deliver immediate reconstruction works for eligible assets

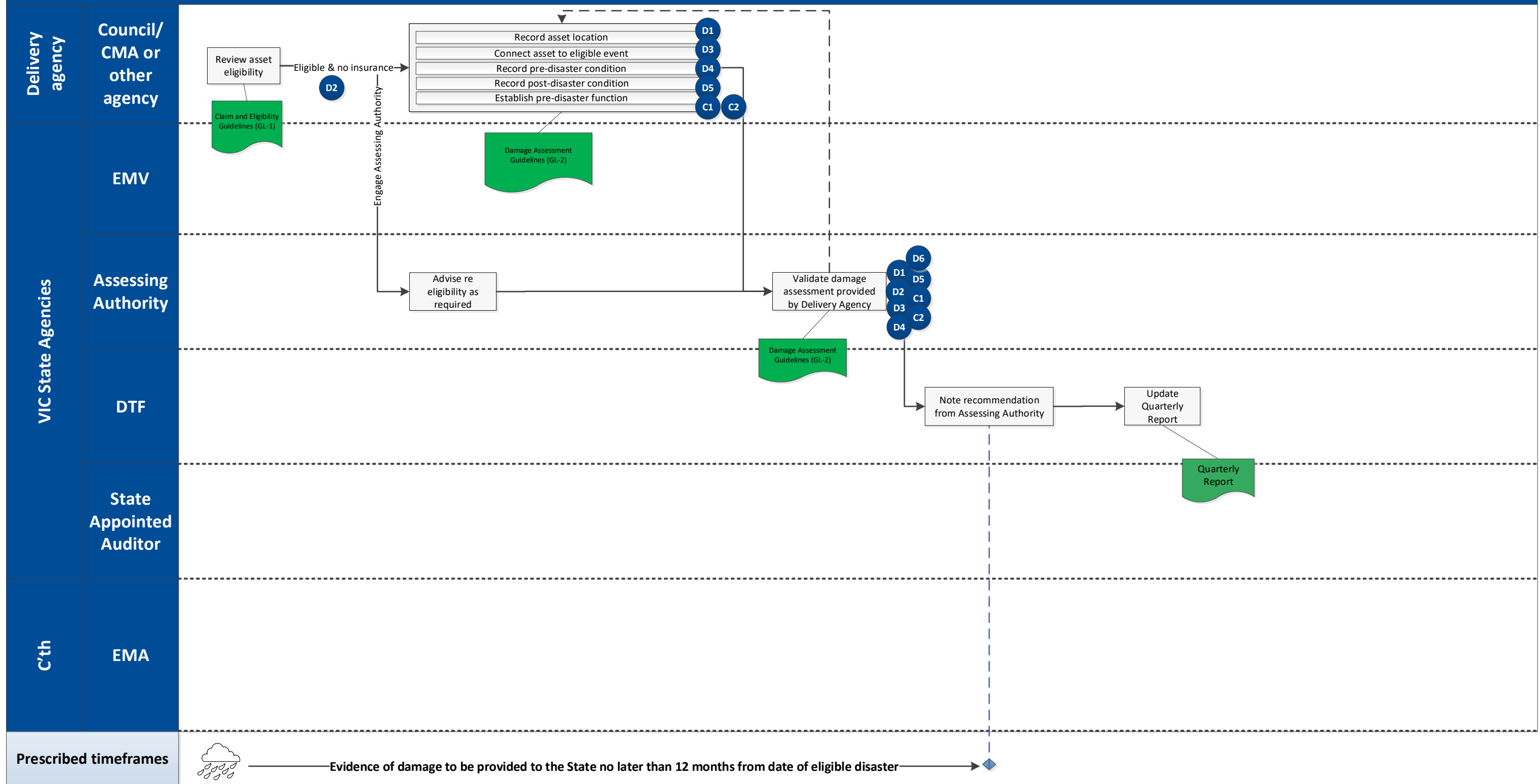


- Notes:**
1. Immediate restoration works may not be required / delivered by the Delivery Agency, hence this process has been represented as an optional step.
 2. Payment to be made contingent upon Delivery Agency's declaration that they have met all the State DRFA requirements, and have followed the applicable procurement guidelines. This declaration will be part of the standard cover letter to be submitted together with their works report.
 3. The Delivery Agency shall submit reports on a quarterly basis using the required reporting template, with adequate time for DTF to assess and include in the Quarterly Report to the Commonwealth.
 4. Eligibility assessment should also consider whether any of the assets are insured, and hence ineligible for reimbursement under the DRFA.
 5. The Delivery Agency may be able to request a time extension at any point during the process, citing exceptional circumstances in a request to the Commonwealth (via the Administering Authority).
 6. Immediate reconstruction works are to be undertaken only if the delivery agency determines that the asset requires reconstruction, but comprises of minor works, or is critical to the community's functioning and cannot be delayed to go through the essential public asset reconstruction process, and hence needs to be reconstructed immediately.
 7. The Administering Authority will appoint an Assessing Authority upon receipt of a disaster notification from the Delivery Agency. However, the Assessing Authority is usually constant for each Delivery Agency, and the assignment happens automatically through the ACMS. Hence this assignment step is not shown separately in the process map.



3. Damage assessment for REPA

Objective: Assess asset eligibility, provide evidence of the post-disaster condition of an essential public asset and prove damage is directly attributable to the eligible disaster



Prescribed timeframes



Evidence of damage to be provided to the State no later than 12 months from date of eligible disaster

Notes:

1. The delivery agency may request technical support from DTF to conduct the damage assessment or develop the cost estimate at any stage of the process
2. Costs associated with the preparation of the estimate can be claimed under the DRFA.
3. Indicative estimates need to be reported (and updated) to the Commonwealth via the quarterly reports
4. The Delivery Agency is assigned an Assessing Authority by the DTF.

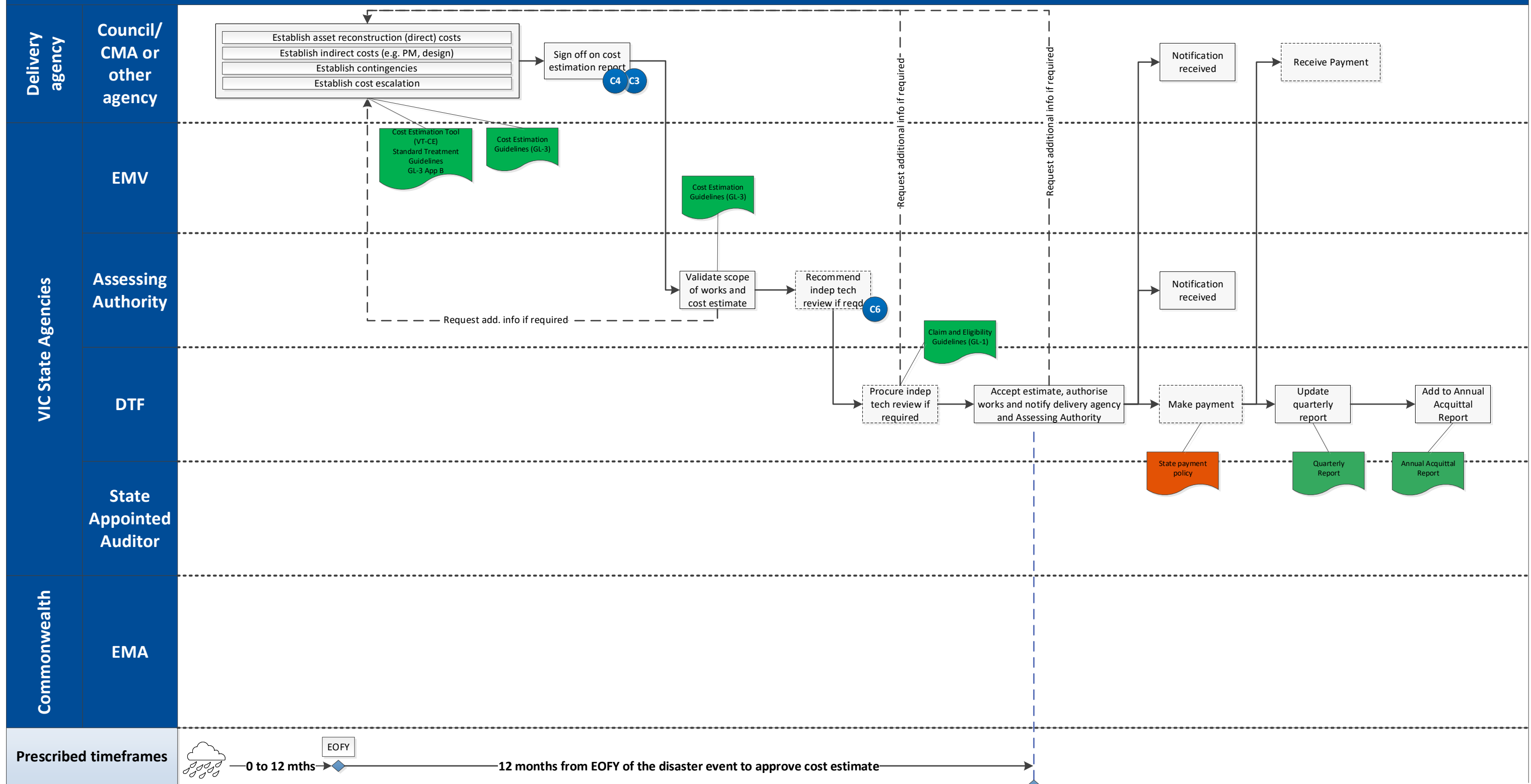
Designed Controls to meet control objectives in Section 10.2 of the DRFA

<p>D1</p> <p>[D1.1] Delivery Agency completes claim form which requires the asset location to be recorded (latitude and longitude details) and substantiated with geospatial or visual data. [Existing control] [D1.2] Assessing Authority reviews claim form for completion and adequacy of information provided. [Existing control]</p>	<p>D4</p> <p>[D4.1] The claim form requires the Delivery Agency to provide substantiating evidence, per Section 6.2.7 of the DRFA, to demonstrate the pre-disaster condition of the eligible asset. [New control to be established] [D4.2] Completed claim form is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. [New control to be established]</p>	<p>C1</p> <p>[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 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. [New control to be established] [C1.3] Completed claim form is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. [Existing control]</p>
<p>D2</p> <p>[D2.1] Delivery Agency must nominate the asset type and name when completing the claim form. [New control to be established] [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 Eligibility Enquiry Form which must be submitted by DTF to EMA for Australian Government determination. [New control to be established] [D2.3] Assessing Authority reviews the asset type and name provided in the claim form to confirm it meets the definition of an essential public asset. [New control to be established]</p>	<p>D5</p> <p>[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. [Existing control] [D5.2] Claim Form requires 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. [Existing control] [D5.3] Completed claim form is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. [Existing control]</p>	<p>C2</p> <p>[C2.1] Guidelines requires 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. [New control to be established] [C2.2] Claim Form 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. [New control to be established] [C2.3] Completed claim form is reviewed for adequacy and accuracy by a suitably qualified professional with appropriate level of expertise and experience. [Existing control]</p>
<p>D3</p> <p>[D3.1] Claim Form 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 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. [New control to be established]</p>	<p>D6</p> <p>[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 [New control to be established] [D6.2] Claim form 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>	

Existing artefact (green icon) Proposed Artefact / Policy to be developed (orange icon)

4. Cost estimation

Objective: Quantify the reconstruction cost for the essential public asset.



Notes:

- The delivery agency may request advance payment or technical support from DTF to conduct the damage assessment or develop the cost estimate at any stage of the process.
- During the cost estimate assessment, the Assessing Authority may recommend, and DTF will ascertain the need for an independent technical review in accordance with the DRFA guidelines (Sec 8) and procure the services from a panel (TBC - existing VicRoads / VMIA technical panels could be used until the State establishes a dedicated technical review panel).
- Payment policy under development. In the interim, the State will only reimburse councils for eligible actual expenditure until end of FY 2017-18.
- The delivery agency must certify that they will follow due procurement guidelines developed by the State or respective authority, in order to be considered eligible.
- The delivery agency can also submit market responses instead of cost estimates to the Assessing Authority / DTF for approval.
- The State is required to comply with the FMA.
- The Administering Authority will appoint an Assessing Authority upon receipt of a disaster notification from the Delivery Agency. However, the Assessing Authority is usually constant for each Delivery Agency, and the assignment happens through the ACMS.
- Although the quarterly reporting has only been presented at the end of the cost estimation process, the cost estimation may stretch over several months, and DTF is required to provide an updated estimate to the Commonwealth within each quarterly report.

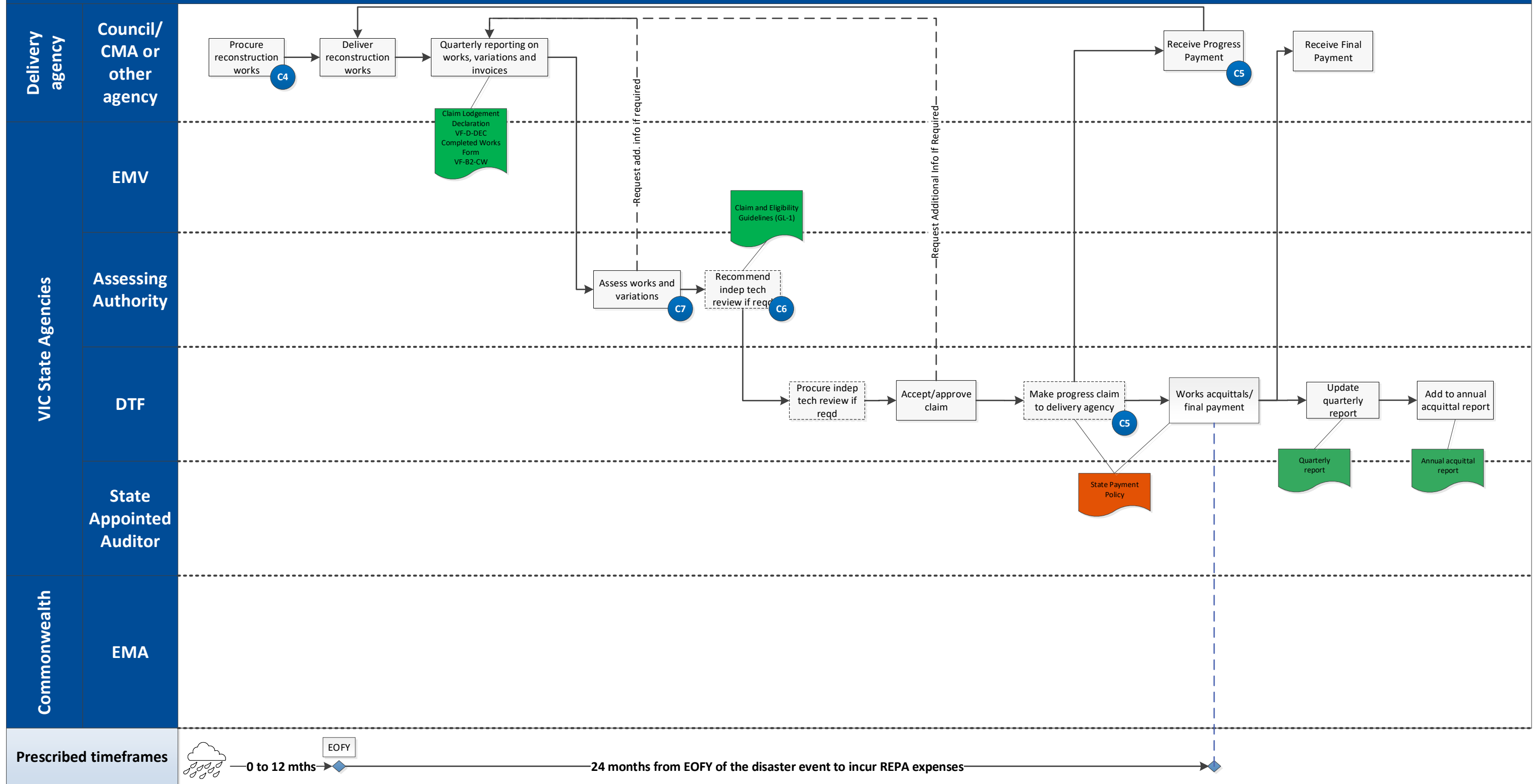
Designed controls to meet control objectives in Section 10.2 of the DRFA

C3	<p>[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. [New control to be established]</p> <p>[C3.2] Claim form requires Delivery Agency to record qualification, expertise and experience of the professionals engaged to conduct or review the estimated cost for reconstruction works. [New control to be established]</p> <p>[C3.3] Delivery Agencies 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. [New control to be established]</p> <p>[C3.4] Claim form 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). [New control to be established]</p> <p>[C3.5] Assessing Authority confirms on the claim form that the estimated reconstruction costs for the proposed reconstruction works will restore the asset to the pre-disaster function. [New control to be established]</p> <p>[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.</p>	C4	<p>[C4.1] The Delivery Agency is required to complete a Claim Lodgement Declaration Form D 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. [New control to be established]</p> <p>[C4.2] The Delivery Agency's CEO, CFO or equivalent must approve the completed Claim Lodgement Declaration Form and acknowledge that they are adhering to their procurement policies before being sent to the Assessing Authority for review. [New control to be established]</p> <p>[C4.3] Where the reconstruction cost of the project exceeds the threshold 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. [New control to be established]</p> <p>[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. [New control to be established]</p> <p>[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. [New control to be established]</p> <p>[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. [New control to be established]</p> <p>[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.</p> <p>[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.</p>
C6			



5. Reconstruction works

Objective: Oversee the reconstruction works, make payments and report as required.



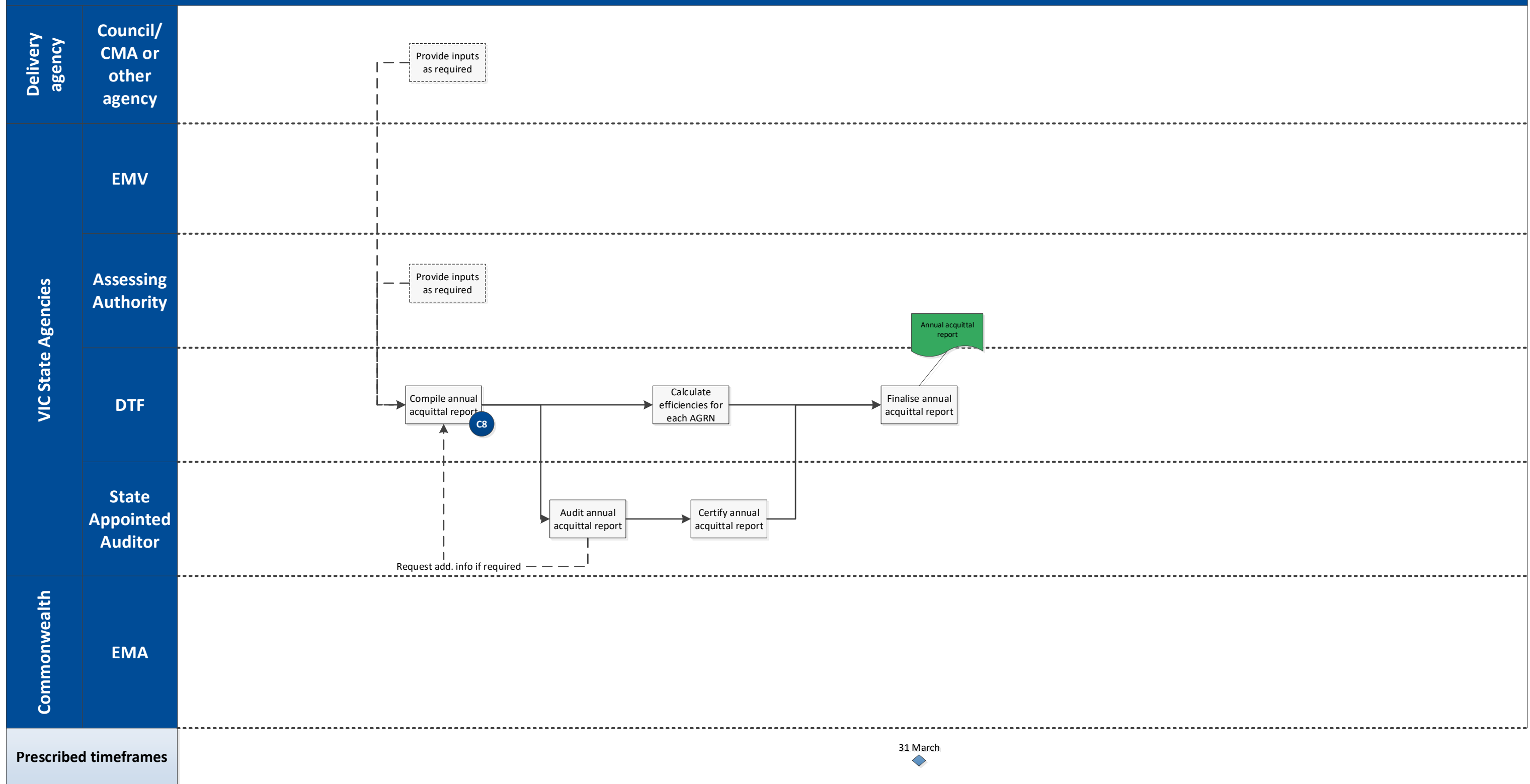
- Notes:**
- The Delivery Agency will report any variations during reconstruction works through the quarterly report. Significant variations may trigger the need for a further independent technical review (ITR) as per the conditions defined in the ITR guidelines.
 - Until June 2019, the State will continue to pay on actuals as per the current arrangements.
 - Any claim submission will have to be accompanied by a declaration stating that the claim meets the Victorian DRFA guidelines.

Designed controls to meet control objectives in Section 10.2 of the DRFA

C5	<p>[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.</p>	C7	<p>[C7.1] Assessing Authority is 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: • 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; and • The variation fits within the definition of a "special circumstance" per the DRFA. [New control to be established] [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: • 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 disaster's AGRN; and • 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.</p>
C6	<p>[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. [New control to be established] [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. [New control to be established] [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.</p>	C4	<p>[C4.1] The Delivery Agency is required to complete a Claim Lodgement Declaration Form D 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. [New control to be established] [C4.2] The Delivery Agency's CEO, CFO or equivalent must approve the completed Claim Lodgement Declaration Form and acknowledge that they are adhering to their procurement policies before being sent to the Assessing Authority for review. [New control to be established] [C4.3] Where the reconstruction cost of the project exceeds the threshold 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. [New control to be established] [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. [New control to be established]</p>

6. State acquittal

Objective: Finalise annual claims report, audit and submit to the Commonwealth



Notes:

- Efficiency distribution guidelines development should be conducted in consultation with EMV, and align to the DRFA.
- States can retain efficiencies realised across a program of works for a period of 36 months from the end of the financial year that is applicable to that program of works (36 months period).
- Efficiencies will only be a consideration post 2020.
- It may be beneficial for VAGO or the DTF internal audit teams to conduct sample audits of DRFA eligible works delivered by the Delivery Agency, in order to reduce the State's risk.
- Outputs from VAGO when auditing the annual acquittal report are a ASA800 on State Expenditure and ASAE3150 on Estimated Reconstruction Costs.

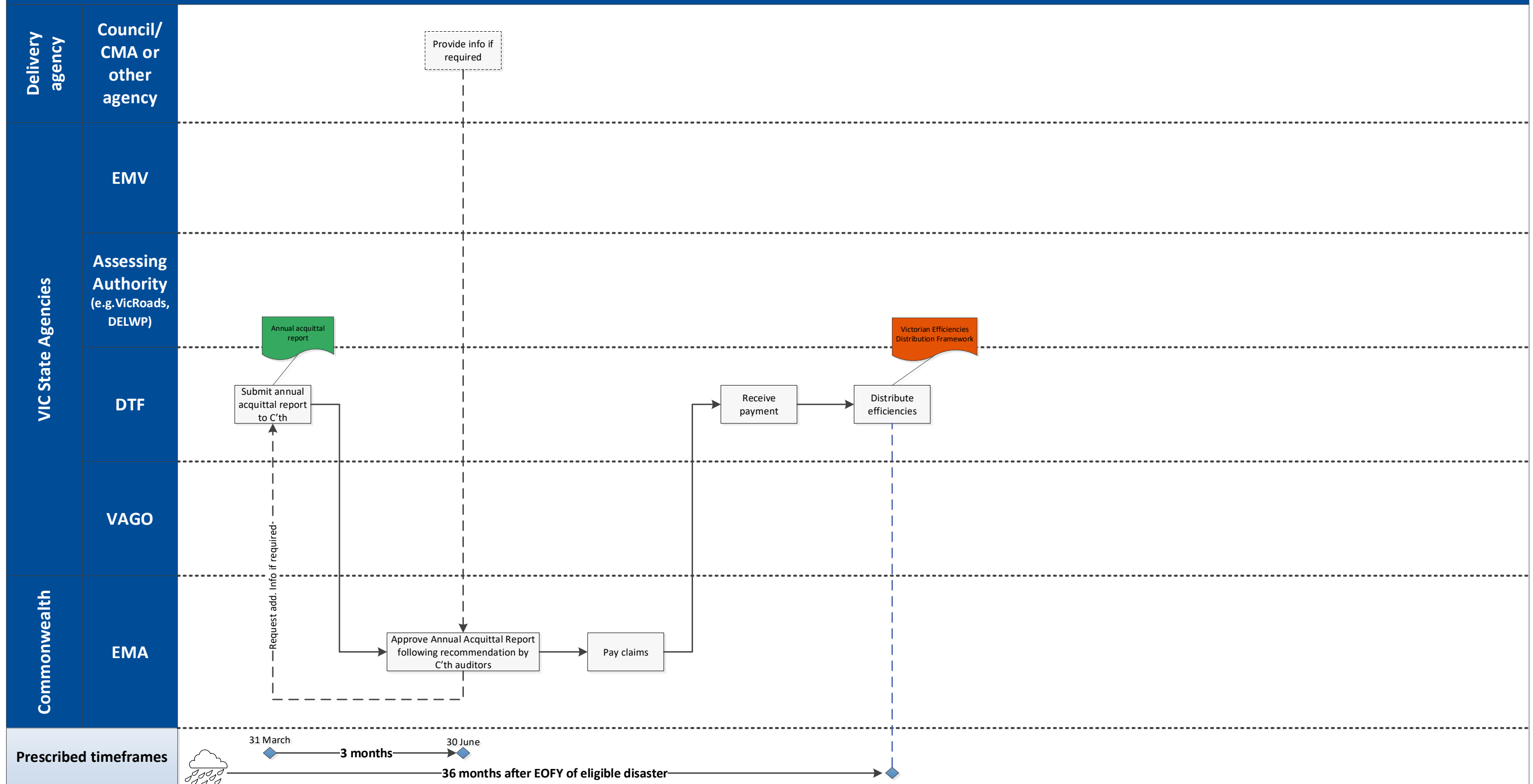
Designed controls to meet control objectives in Section 10.2 of the DFRA

C8	<p>[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.</p> <p>[C8.2] DTF are 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); and Total value of actuals for each reconstruction project under all AGRNs. [New control to be established]
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7. Commonwealth acquittal

Objective: Successfully claim reconstruction costs from the Commonwealth



Note:
1. The Commonwealth may request an independent technical review upon receipt of the claim as per Application 4 of section 8.1.2 of the DRFA.

Existing artefact

Proposed artefact/
policy to be
developed