



Legislative Assembly for the
Australian Capital Territory

Standing Committee on Public
Accounts and Administration

Submission Cover Sheet

Inquiry into Auditor-General Reports 10/2024: Safer Families Levy and 13/2024: Invoicing and Payment for Digital Health Record Hosting Services

Submission number: 005

Submitter: ACT Government

Date authorised for publication: 29 September 2025



ACT
Government

ACT Government Submission to the Standing Committee on Public Accounts and Administration Inquiry into Auditor-General Performance Audit Reports

13/2024: Invoicing and Payments for Digital Health Record
Hosting Services

Health and Community Services Directorate

Background

The Digital Health Record was implemented in November 2022. On 23 December 2020 ACT Health entered into a Deed with NTT Australia Pty Ltd for the purpose of providing the necessary environments for the Digital Health Record to operate.

The term of the Deed is for an initial period of five years, expiring on 22 December 2025. The Deed includes five optional extensions of 12 months each. If all option periods were exercised by the Territory, the Deed would expire on 22 December 2030. The initial price for the services was set at \$66 million (GST inclusive). The Deed has since been varied twice; once for extending the term of the Deed by 12 months at a cost of \$13 million; and once for adding contracted services including systems migration, data centre services and software licenses to establish the Digital Health Record for \$31 million. These variations have increased the total value of the deed to \$110 million (GST inclusive).

The ACT Auditor-General's Report No. 13/2024 – Invoicing and Payments for Digital Health Record Hosting Services (the Report) was tabled out of session in the Legislative Assembly on 13 December 2024. The audit assessed whether payments for services under the contract with NTT Australia were effectively managed and recorded in ACT Health's financial accounts, ensuring alignment with contract terms and appropriate evidence for payments. It also verified the accuracy and completeness of invoices, including calculations, account coding, and recognition in financial statements.

The audit report made six recommendations which highlight and aim to improve the management of invoicing and payments, ensuring transparency, compliance, and effective financial control.

The Government Response to the Report, agreed to all recommendations with five of the six recommendations completed at the time of tabling. The Government Response was tabled in the Legislative Assembly on 10 April 2025.

Implementation of Audit Report Recommendations

The ACT Government has progressed work to implement each of the six recommendations made in the Report.

Recommendation	Government response	Update / Additional supportive information	Status
<p>RECOMMENDATION 1: Evidence to Support Payment</p> <p>ACT Health should ensure appropriate records are captured and retained to demonstrate the analysis of services received prior to payments are made to NTT Australia.</p>	<p>AGREED.</p> <p>The ACT Health Directorate (ACTHD) record keeping practices regarding invoice reconciliation and payment concerned with the NTT contract have been improved since August 2024. Comprehensive information that evidences invoice reconciliation and payment are stored in ACTHD's Electronic Document Records Management System (EDRMS) and retained in accordance with ACTHD's record keeping plan which is aligned with the <i>Territory Records Act 2002</i>.</p>	<p>Comprehensive information that evidences invoice reconciliation and payment are stored in ACTHD's Electronic Document Records Management System (EDRMS) and retained in accordance with ACTHD's record keeping plan which is aligned with the <i>Territory Records Act 2002</i>.</p>	Completed
<p>RECOMMENDATION 2: Purchase Orders.</p> <p>ACT Health should establish a formal policy specifying the timeframe for entering approved Work Orders into the PurchaseOrder-2-Payment system and monitor compliance with the policy.</p>	<p>AGREED.</p> <p>ACTHD has developed and implemented procurement workflows that include requirements for Purchase Orders to be created with 21 days of contract execution. This is in line with the requirements for contract notification on Tenders ACT. A Purchase Order-2-Payment (P2P) System Policy and procedural document is being developed to provide further policy advice in relation to timeframes for entering approved contracts, including work orders, into the P2P system. Compliance with these requirements will be monitored by the Health Procurement Team.</p>	<p>ACTHD has developed and implemented procurement workflows that include requirements for Purchase Orders to be created with 21 days of contract execution. This is in line with the requirements for contract notification on Tenders ACT.</p> <p>A Purchase Order-2-Payment (P2P) System Policy and Procedural document has been developed to provide further policy advice in relation to timeframes for entering approved contracts, including work orders, into the P2P system.</p>	Completed
<p>RECOMMENDATION 3: Support for reconciliation and verification of invoices</p> <p>ACT Health should:</p>	<p>AGREED.</p> <p>ACTHD has reaffirmed with NTT the requirement to ensure that the number of Purchase Orders associated with each invoice complies with the terms of the Deed through formal contract management meetings held between July and</p>	<p>ACTHD has reaffirmed with NTT the requirement to ensure that the number of Purchase Orders associated with each invoice complies with the terms of the Deed through formal contract management meetings held between July and November 2024 and through other contractual interactions with NTT.</p>	Completed

Recommendation	Government response	Update / Additional supportive information	Status
<p>a) require NTT Australia to ensure that the number of Purchase Orders associated with each invoice complies with the terms of the Deed; and</p> <p>b) include sufficiently detailed line items in Purchase Order and Work Orders with NTT Australia to ensure they correspond directly to the goods and services being procured.</p>	<p>November 2024 and through other contractual interactions with NTT. All Purchase Orders and Work Orders executed by ACTHD after August 2024 provide sufficiently detailed line items that correspond directly to goods and services procured and comprehensive information is stored in the EDRMS to evidence the receipt of these goods and services.</p>		
<p>RECOMMENDATION 4: Compliance with delegation limits</p> <p>ACT Health should:</p> <p>a) implement assurance processes to ensure invoices are validly paid in line with delegations;</p> <p>b) and work with Digital, Data and Technology Services to implement controls to ensure that invoices associated with a Purchase Order are approved for payment by an appropriate delegate.</p>	<p>AGREED.</p> <p>ACTHD will establish a policy/procedure for the processing of invoices and will review existing processes including the Director-General Financial Authorisations – Expenditure and Payment Authorisations. This will provide guidance to staff and delegates on appropriate goods receipting and approval processes to ensure valid payment of invoices in accordance with delegations. ACTHD will work with the appropriate Directorates that own the payment and purchase order systems to determine if system controls can be implemented to strengthen the approval processes between payment and purchase order systems.</p>	<p>The invoice processing procedure was presented to the Digital Policy Risk Assurance Committee (DPRAC) on 20 May 2025 and was supported for the Digital Solutions Division.</p> <p>The timeframe for implementing this action was 30 June 2025. This action is considered to have been delivered noting the above update. However, to be considered complete, delivery of the action must be endorsed by the Audit and Risk Management Committee. This matter is scheduled to be considered by the ARMC on 1 August 2025.</p>	<p>In Progress</p>
<p>RECOMMENDATION 5: Acceptance criteria for Work Orders</p> <p>ACT Health should ensure Work Orders agreed with NTT Australia include acceptance criteria, and that ACT Health</p>	<p>AGREED.</p> <p>ACTHD has included acceptance criteria in the Work Order Templates for all new work orders pertaining to new systems and technologies to be provided by NTT Australia. ACTHD will certify these criteria have been satisfied before making payment.</p>	<p>ACTHD has included acceptance criteria in the Work Order Templates for all new work orders pertaining to new systems and technologies to be provided by NTT Australia.</p>	<p>Completed</p>

Recommendation	Government response	Update / Additional supportive information	Status
<p>certify these criteria have been satisfied before making payment.</p>			
<p>RECOMMENDATION 6: Cost benchmarking</p> <p>ACT Health should:</p> <ul style="list-style-type: none"> a) benchmark the cost of NTT Australia services in line with its contractual rights; or b) document its decision to not benchmark the cost of NTT Australia services and evidence to support this decision as part of its contract management activities. 	<p>AGREED.</p> <p>The decision not to use the benchmarking clause in the current contract with NTT has been documented via a meeting paper for the ACT Health Digital Policy, Risk and Assurance Committee. ACTHD will instead conduct a cost benchmarking process of the NTT Australia services via an open tender process when the contract expires on 22 December 2026. This open tender process has commenced and been registered with Procurement ACT. NTT infrastructure and service costs will continue to be closely monitored for the life of the current contract.</p>	<p>ACTHD decided not to use the benchmarking clause in the current contract with NTT and it has been documented via a meeting paper for the ACTHD Digital Policy, Risk and Assurance Committee (DPRAC). ACTHD will instead conduct a cost benchmarking process of the NTT Australia services via an open tender process when the contract expires on 22 December 2026.</p> <p>This open tender process has commenced and been registered with Procurement ACT. NTT infrastructure and service costs will continue to be closely monitored for the life of the current contract.</p>	<p>Completed</p>