

**EXAMINATION OF SELECTED AUDITOR-GENERAL'S FINANCIAL AUDIT
REPORTS 2021**

Organisation: NSW Department of Planning and Environment

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Department of Planning and Environment

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Greg Piper MP
Chair of the Public Accounts Committee
Member for Lake Macquarie
Assistant Speaker
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Via email: pac@parliament.nsw.gov.au

Subject: Follow up on Auditor-General's Financial Audit Report on Planning, Industry and Environment 2021

Dear Mr Piper

Thank you for your letter dated 6 June 2022 requesting a submission on the findings and recommendations of the Auditor-General's report on Planning, Industry and Environment 2021 tabled on 17 December 2021.

The following responds to the questions raised in your letter.

Item 1 – Access to key SAP transactions

The Department has taken the following action to address HR and Payroll Management issues.

Relevant payroll controls:

- 100% of all manual changes or processing undertaken by the payroll team is checked and validated prior to running the live pay.
- Fortnightly suite of reports run centrally by the production and governance team and checked and validated prior to the live pay run. These reports are designed to monitor changes in pay, allowances, overtime, and other employee entitlements (i.e. leave loading).
- Prior to and immediately after running the live pay, a report is run to identify any employee with a net pay over \$15,000.
- A full payroll reconciliation process, including single touch payroll (income tax and superannuation), is undertaken following the live pay.
- Implementation of a system restriction preventing payroll staff from updating their own basic pay record. This was moved into production in MyHQ on 16 June 2021.

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Further mitigation strategies implemented:

- As a further mitigation, the payroll team retrospectively ran the above reviews from 1 July 2020 and obtained full results for the entire 20/21 FY. This analysis revealed that there were 2791 changes to bank files.
- 46% of all bank account changes related to a new hire by payroll. This is expected and as a control measure, every new hire is checked by a payroll officer who did not process the request. Checks are conducted against source documents in CS Connect.
- 51% of changes were initiated via Employee Self Service (ESS).
- 1% of bank details changes following bank rejections. Employees are encouraged to complete this task in ESS but infrequently this needs to be completed by payroll if the employee does not have access e.g. board member.
- 2% of changes undertaken by payroll staff relate to terminations or updating bank details for internal payroll staff. We have also undertaken a duplicate bank file report which identifies duplicate bank accounts across all staff.
- We identified that all duplicate bank accounts either belonged to employees with multiple personnel numbers and/or spousal arrangements with joint bank accounts in the employ of the department. Finally, the review covered both salary changes and any pay impacting info types to payroll staff. Confirming that no irregularities were detected.

Fortnightly reports run to mitigate risk

- Fortnightly reports are run for all company codes in relation to bank detail changes. This report compares changes to any bank details based on the userID and the personnel ID to identify any potential changes that require further investigation. This additional mitigation was introduced following payroll team's discussion with the Audit Office.

Further restriction

- To further restrict the access for payroll staff the Vendor (Accenture), has been working on a solution and this was tested in May 2022. This is now back with the Vendor as the test results failed.

The Department has taken the following action to address Vendor Data Management issues

- A review of access has been completed with the ERP systems administration team to investigate the changes required to implement the same controls and configuration available in the OEH SAP system into the DPE SAP system. The OEH SAP system process allows payment blocks only during the Vendor Master Data change process thus allowing the Vendor to continue to be used for other activities such as creating Purchase Orders etc. A vendor master data change request has been raised with the ERP System Administration team to make this change with a target date of 30 June 2022.

The Department has taken the following action to address the prevention of preparers from posting journals in the system

- A review of all journals within OEH SAP prior to posting is undertaken.

Item 2 – Crown Land records

What action has the Department taken to assess whether its current internal controls are adequately preventing and/or detecting deficiencies in the completeness and accuracy of Crown land records?

- The implementation of CrownTracker (a contemporary, spatially enabled workflow system), delivers benefits such as improved access to data for Reserve Management and the streamlining of Aboriginal Land Claim (ALC) administration, which contributes to data quality.
- Management arrangements are in place to ensure that transactional information (leasing, licencing, acquisitions, vesting, etc) is entered into Crown Lands systems in a timely manner and in line with approved policies and procedures.
- Business critical workflows require at least two levels of approval.
- Delegate approvals under the Crown Land Management Act 2016 are recorded in the Crown Lands Information Database and audited annually to ensure the appropriate level of approval has been applied.
- Crown Lands conducts monthly data quality checks, on random samples of spatial data to ensure updates to the NSW Digital Cadastral Data Base are accurate.

Since the Department last met with the Committee, what improvements has it achieved to ensure accuracy and completeness of the State's Crown land records?

Improvements were made to the original release of the new CrownTracker operating system which further enhanced data accessibility for Reserve Management and the streamlining of Aboriginal Land Claim (ALC) administration, which contributes to data quality.

Digitalisation of status records commenced last year and has improved accessibility of accurate data for status searches.

When a status search is carried out (usually at the start of any Crown land transaction), the status team conduct a quality check for any errors in Lot/DP.

In the past 12 months:

How many Crown land records has the Department corrected either the completeness or the accuracy of the existing record?

Across all areas of the Department, Crown Lands staff are required to correct data inaccuracies as part of regular business processes transactions, as and when needed.

At the end of any transaction, Crown Lands checks that the information received is complete and accurate prior to updating the spatial data in the NSW Government Digital Cadastral Data Base (DCDB). Of these, in the last 12 months an average of 8% of transactions were sent back to business owners for updating or correction.

Crown Lands also conducts monthly data quality checks on random samples of spatial data to ensure updates to the NSW Digital Cadastral Data Base are accurate. In the last 12 months

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approximately 97% of these updates were accurate. Any inaccuracies or data errors identified (3%) are tracked and corrected.

Has the Department discovered any Crown land parcels not recorded in its current land management systems?

No.

Crown Lands is not aware of any land parcels not recorded in the NSW Digital Cadastral Data Base (DCDB, the NSW Government spatial data base that is managed by the Department of Customer Service).

How does the Department track, monitor and report on:

- the average time between identifying a deficiency in Crown land records, confirming the error and then updating the related record?

Crown Lands staff correct data inaccuracies as part of regular business processes as and when needed.

- delays in updating Crown land master data once data inaccuracies are identified and confirmed?

In relation to spatial data, if an error is identified, Crown Lands action remediation within 5 days once the corresponding business areas have addressed any interdependencies.

For any further information please contact [REDACTED]

Yours sincerely,

[REDACTED]

Michael Cassel

Secretary
Department of Planning and Environment