



Government
of South Australia

Department for
Energy and Mining

Hon Heidi Girolamo MLC
Parliament House
ADELAIDE SA 5000
Via email: Girolamo.office@parliament.sa.gov.au

Dear the Hon Heidi Girolamo MLC

I am writing in relation to your application made under the *Freedom of Information Act 1991* (FOI Act) in which you requested access to the following documents:

Please provide copies of all Audit Management Letters and their corresponding audit reports from the 30 June 2022 Auditor-General's Department Audit period.

On 21 October 2022, the above scope was clarified by negotiation with your office to:

Please provide copies of all Audit Management Letters from the Auditor-General to the Department for Energy and Mining, and their corresponding responses from the Department for Energy and Mining, relating to the Auditor-General's audit period for the 2021-22 financial year.

In accordance with Premier and Cabinet Circular PC045, if you are given access to documents as a result of this FOI application, details of your application, and the documents to which access is given, may be published in the agency's disclosure log. A copy of PC045 can be found at <http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars>.

A search has been conducted and six (6) documents have been discovered that fall within the scope of your application. The documents are identified in the attached schedule. In respect of the documents, I have determined as follows:

Documents 1 - 2

I have determined that these documents should be released in part.

The parts to which I have not granted you access are the mobile telephone number, name and email address of third parties.

Under Clause 6(1) of Schedule 1 to the FOI Act, a document is an exempt document if its disclosure would involve the 'unreasonable disclosure of information concerning the personal affairs of any person'. This information falls within the definition of personal affairs under the FOI Act and is therefore exempt from release pursuant to Clause 6(1).

Document 3

I have determined that this document should be released in part.

The parts to which I have not granted you access are the name and email address of a third party.

Under Clause 6(1) of Schedule 1 to the FOI Act, a document is an exempt document if its disclosure would involve the 'unreasonable disclosure of information concerning the personal affairs of any person'. This information falls within the definition of personal affairs under the FOI Act and is therefore exempt from release pursuant to Clause 6(1).

Documents 4 - 6

I have determined that these documents should be released in full.

Exemptions

The following exemption applies from the FOI Act:

Clause 6 – Documents affecting personal affairs

(1) A document is an exempt document if it contains matter the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

Appeal Rights

If you are dissatisfied with this decision, you are entitled to exercise your rights of review and appeal as outlined in the attached documentation.

If you have any queries in relation to your application, please contact me via email DEM.FOI@sa.gov.au.

Yours sincerely



Julianne Cirson
Accredited FOI Officer

27 October 2022

SCHEDULE OF DOCUMENTS

Freedom of Information application by the Hon Heidi Girolamo MLC, seeking access to:

Copies of all Audit Management Letters from the Auditor-General to the Department for Energy and Mining, and their corresponding responses from the Department for Energy and Mining, relating to the Auditor-General's audit period for the 2021-22 financial year.

Doc No	Description	Exemption Clause(s)	Determination
1	Audit Management letter from Auditor-General to DEM, dated 27 July 2022	Clause 6(1) – Personal affairs	Document released in part
2	Audit Management letter from Auditor-General to DEM, dated 28 July 2022	Clause 6(1) – Personal affairs	Document released in part
3	DEM Response to Audit Management letter of 28 July 2022	Clause 6(1) – Personal affairs	Document released in part
4	DEM Response to Audit Management letter of 28 July 2022 - Attachment		Document released in full
5	DEM Response to Audit Management letter of 27 July 2022		Document released in full
6	DEM Response to Audit Management letter of 27 July 2022 - Attachment		Document released in full

OFFICIAL

**Government of South Australia**

Auditor-General's Department

Our ref: A22/023

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27 July 2022

Dr P Heithersay
Chief Executive
Department for Energy and Mining
email: Paul.Heithersay@sa.gov.au

Dear Dr Heithersay

Interim audit of the Department for Energy and Mining for 2021-22

We have completed our interim audit of the Department for Energy and Mining's (DEM's) accounts payable, payroll and use of deposit accounts. In addition, as advised in our audit strategy letter dated 7 March 2022, we also performed a review of DEM's implementation of the South Australian Public Sector Workforce Rejuvenation Scheme.

We consider controls around deposit accounts to be relevant to the Auditor-General's collective controls opinion.

This management letter outlines our findings and requests your comments on any matters requiring action.

I would appreciate receiving your comments by 23 August 2022. Please also confirm the responsible officer for addressing each issue, and your proposed time frame for resolution.

1 Summary of findings

We identified some areas where DEM could improve its internal controls. The main finding is set out here, with full details in the attachment.

We identified a medium risk that DEM's use of a Special Deposit Account does not comply with the requirements of the *Public Finance and Audit Act 1987*.

Findings which may impact the collective opinion on financial controls exercised by public authorities

In our audit strategy letter, we highlighted that we would consider controls around DEM's use of deposit accounts in forming our collective opinion on the financial controls exercised by public authorities, required by the *Public Finance and Audit Act 1987*.

A matter highlighted in the Attachment, relating to deposit accounts, will be considered in forming our overall conclusion for the collective financial controls opinion, including the collective impact of this issue.

We do not consider this matter would impact our overall conclusion for the collective financial controls opinion.

We discussed the audit findings with the Director, Corporate Services and the Chief Financial Officer on 14 July 2022 and have reflected that feedback in this letter where appropriate.

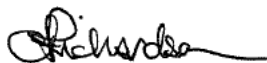
Any findings from our reviews of other areas of DEM's operations will be reported in a separate management letter.

2 Concluding comments

If your staff have any questions, please contact my Principal Audit Manager, Mr Robbie Gallommarino, on **Clause 6(1)**

I would like to thank the staff and management of DEM for their assistance during the audit.

Yours sincerely



Andrew Richardson
Auditor-General

enc

cc: Ms J Cirson, Director, Corporate Services, julianne.cirson@sa.gov.au
Mr B Adams, Chief Financial Officer, ben.adams2@sa.gov.au
Clause 6(1) Chair, Risk and Performance Committee, **Clause 6(1)**@au.ey.com

Attachment

Contents

	Page	Rating			
		E	H	M	L
1 Use of a Special Deposit Account which does not comply with the requirements of the <i>Public Finance and Audit Act 1987</i>	4			x	
2 Payroll	5				
2.1 Ineffective review of bona fide certificates and leave return certificates	5				x
2.2 Policies and procedures about detailed monthly analysis, monitoring and reporting of salary and wages variances against budget	6				x
3 DEM's implementation of the SA Public Sector Workforce Rejuvenation scheme (the Scheme)	8				x

The following issue is a repeat finding from prior years.

	Page	Rating			
		E	H	M	L
2.1 Ineffective review of bona fide certificates.....	5				x

Rating key:¹

- E Extreme
- H High
- M Medium
- L Low

¹ Refer appendix for explanation of risk ratings

Attachment

1 Use of a Special Deposit Account which does not comply with the requirements of the Public Finance and Audit Act 1987

Rating: Medium

Special deposit accounts (SDAs) are established for an approved purpose under section 8 of the *Public Finance and Audit Act 1987* by the Treasurer (or his delegate).

Treasurer's Instruction 6 *Statutory Accounts and Banking* (TI 6) requires all agencies to ensure that special deposit accounts and deposit accounts are only operated in accordance with each account's approved purpose, and any terms and conditions determined by the Treasurer.

DEM's operating account was approved by the Treasurer to record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.

Our review of DEM's use of its SDA found that expenditure of the Office of Hydrogen Power South Australia (the Office) was transacted through DEM's SDA.

Given that the Office is an entity separate from DEM, its activities should not be recorded in DEM's operating account. Therefore, DEM is not complying with the Treasurer's approved purpose.

Risk exposure

DEM is not complying with TI 6 and is unlawfully using its SDA.

Where entities do not transact through their own special deposit account there is an increased risk of misappropriation of public funds and errors caused by failing to correctly identify each entity's relevant activities.

Recommendation

DEM ensures that deposit accounts and SDAs are only used for purposes approved by the Treasurer.

The Office should establish its own SDA or DEM should request a change in the conditions of use of its own SDA from the Treasurer.

Attachment

2 Payroll**2.1 Ineffective review of bona fide certificates and leave return certificates****Rating: Low**

One of the Department for Energy and Mining's (DEM's) controls to ensure payments to employees are correct is the review of bona fide certificates (BFCs) and leave return certificates (LRCs). BFCs and LRCs are generated automatically by Chris21 each fortnight and month respectively. These reports contain details for each DEM employee including:

- position classification and level
- full time equivalent details and appointment type
- assignment type (eg, substantive, additional duties)
- hours paid during the period
- type and hours of leave taken.

DEM's policy outlines that BFCs are generated automatically after each fortnightly pay and managers are required to authorise it within the following pay cycle (two weeks). LRCs are generated each month and are required to be authorised by line managers within the following calendar month.

We obtained a report from DEM on 26 April 2022 showing the status of all bona fide and leave reports generated between 1 July 2021 to 31 March 2022. There were 33 outstanding BFCs, with eight overdue for longer than two months.

Divisions	BFCs overdue greater than 2 months
Energy & Technical Regulation Executive	5
Business Services	2
Corporate Services	1
	8

There were 40 outstanding LRCs with 23 overdue for greater than two months.

Divisions	LRCs overdue greater than 2 months
Energy Services	5
Financial Services	4
Energy & Technical Regulation Executive	3
Corporate Services	2
Business Services	1
Energy Policy & Projects	1

Attachment

Divisions	LRCs overdue greater than 2 months
Energy Policy Development	1
Growth and Low Carbon	1
Major Projects	1
Mineral Exploration	1
Mineral Resources Executive	1
Mining Projects	1
Mining Regulation	1
	23

Risk exposure

An ineffective review of BFCs and LRCs increases the risk of incorrect payroll payments being processed when errors are not identified or not rectified promptly.

The longer the period between review and certification, the less likely that errors will be identified, and any recovery process may become more complex.

In addition, payroll related balances including employee benefits and leave liabilities in the financial statements may be inaccurate.

Recommendation

DEM continues reminding managers to review bona fide and leave return certificates promptly and, where errors are identified, they are immediately communicated to Human Resources.

DEM should also consider an escalation process for instances where reviews remain overdue.

2.2 Policies and procedures about detailed monthly analysis, monitoring and reporting of salary and wages variances against budget

Rating: Low

Treasurer's Instruction 2 *Financial Management* requires the Chief Executive to properly document policies, procedures and systems relating to their agency's financial management.

DEM advised us that its main control to ensure payments to employees are correct is the Principal Accountant's monitoring and reporting of salary and wages variances against budget.

Attachment

Although DEM officers were able to explain how the review is undertaken, they could not provide documented policies and procedures describing the methodology for the variance analysis.

Risk exposure

Lack of documented policies and procedures about the monthly analysis, monitoring and reporting of salary and wages variances against budget may result in incorrect payroll payments being processed when errors are not identified or not rectified promptly, particularly should key officers involved in these processes leave the Department or not be available for consultation.

Recommendation

DEM establishes formal policies and procedures which describe how its officers monitor and report salary and wages variances against budget.

DEM communicates these policies and procedures to relevant staff.

Attachment

3 DEM's implementation of the SA Public Sector Workforce Rejuvenation scheme (the Scheme)**Rating: Low**

The aim of the Scheme was to rejuvenate the SA public sector workforce by making available an incentive to employees to cease employment in the state public sector.

The Scheme was designed to provide workforce opportunities for rejuvenation and reconfiguration, not downsizing. Rejuvenation and reconfiguration were to occur through the filling of resultant vacancies, either at the same level or lower level, by new recruits, graduates or current public sector employees from within the agency or another public sector agency.

We found that DEM did not have a documented strategy addressing how identified roles would be filled in a way that would address the objectives of the Scheme.

DEM communicated several options in a memorandum to the Chief Executive and the Executive Leadership team. One option noted in the memorandum was for DEM to abolish or leave vacant roles to contribute to DEM's savings target, although the memorandum noted that this would not be consistent with the Scheme's purpose.

At the time of our audit, not all roles had been filled and we are not aware of any internal reporting of how the positions of employees who received a payment from the Scheme had been replaced.

Risk exposure

Where DEM does not have a formal documented policy for schemes established by the State Government, this may lead to the objectives of the Scheme not being met.

Recommendation

For future schemes of this nature, DEM ensures that policies it has in place to achieve scheme outcomes are appropriately documented.

Appendix: Explanation of risk ratings

The rating of audit issues in this report reflects our assessment of both the likelihood and consequence of each identified issue in terms of its impacts on:

- the effectiveness and efficiency of operations, including probity and compliance with applicable laws
- the reliability, accuracy and timeliness of financial reporting.

The rating also assists management in its prioritisation of remedial action.

Rating	Definition	Management action recommended
Extreme	<p>This issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a material misstatement in the financial report has occurred. 	<p>Requires immediate management intervention with a detailed action plan to be implemented within one month.</p> <p>Requires executive management to correct the material misstatement in the financial report as a matter of urgency to avoid a modified audit opinion.</p>
High	<p>The issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could have or is having a major adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a material misstatement in the financial report that is likely to occur. 	<p>Requires prompt management intervention with a detailed action plan implemented within two months.</p> <p>Requires executive management to correct the material misstatement in the financial report to avoid a modified audit opinion.</p>
Medium	<p>The issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a misstatement in the financial report that is not material and has occurred. 	<p>Requires management intervention with a detailed action plan implemented within three to six months.</p>
Low	<p>The issue represents:</p> <ul style="list-style-type: none"> • a minor control weakness with minimal but reportable impact on the ability to achieve process objectives and comply with relevant legislation; or • a misstatement in the financial report that is likely to occur but is not expected to be material; or • an opportunity to improve an existing process or internal control. 	<p>Requires management intervention with a detailed action plan implemented within six to 12 months.</p>

OFFICIAL

**Government of South Australia**

Auditor-General's Department

Our ref: A22/023

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28 July 2022

Dr P Heithersay
Chief Executive
Department for Energy and Mining
email: Paul.Heithersay@sa.gov.au

Dear Dr Heithersay

Audit of the Department for Energy and Mining's implementation of the new government procurement framework

We have completed our audit of the Department for Energy and Mining's (DEM's) implementation of the new government procurement framework. This management letter outlines our findings and requests your comments on any matters requiring action.

We noted in our audit strategy letter dated 7 March 2022, that we would perform a number of across government extended reviews in 2021-22.

This included a review of DEM's procurement policies, their application for consistency with the requirements of Treasurer's Instruction 18 *Procurement* (TI 18) and the selection of a sample of significant procurements to evaluate that the processes have been appropriately implemented.

I would appreciate receiving your comments by 18 August 2022. Please also confirm the responsible officer for addressing each issue, and your proposed time frame for resolution.

Summary of findings

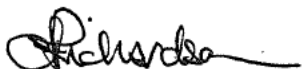
The audit identified that DEM is generally complying with the requirements of TI 18 however as per the attachment to this letter there are areas where DEM can improve its internal controls.

We provided the draft audit findings to the Director, Corporate Services and the Chief Financial Officer on 26 July 2022.

If your staff have any questions, please contact my Principal Audit Manager, Mr Robert Gallommarino, on **Clause 6(1)**

I would like to thank the staff and management of your agency for their assistance during the audit.

Yours sincerely



Andrew Richardson
Auditor-General

enc

cc: Ms J Cirson, Director, Corporate Services, julianne.cirson@sa.gov.au
Mr B Adams, Chief Financial Officer, ben.adams2@sa.gov.au
Clause 6(1) Chair, Risk and Performance Committee, **Clause 6(1)**@au.ey.com

Attachment

Contents

	Page	Rating			
		E	H	M	L
1 Procurement	4				
1.1 Departure not recorded	4				x

Rating key:¹

E Extreme
H High
M Medium
L Low

¹ Refer appendix for explanation of risk ratings

Attachment

1 Procurement

1.1 Departure from the Sourcing Policy or the Procurement Planning Policy not recorded

Rating: Low

Treasurer's Instructions 18 *Procurement* (TI 18) requires:

A departure register that sets out all procurements above \$55,000 where there has been a departure from the Sourcing Policy or the Procurement Planning Policy, and the particulars of and reasons for those departures.

DEM uses the departure register in the Procurement Activity Reporting System (PARS). We noted a medium risk departure from a direct-market approach procurement (PAR1630) where the contract term and estimated value were increased.

At the time of our review, DEM had not recorded the departure in PARS. We were advised informal discussions and approval was sought from the Chief Executive and supplier during the tender process.

The departure was only recorded in PARS on 21 June 2022, after we had enquired with DEM.

Risk exposure

DEM may be in breach of TI 18 where it does not appropriately maintain the departure register.

Recommendation

DEM ensures that where there has been a departure from the Sourcing Policy or the Procurement Planning Policy for all procurements above \$55,000, the departure is recorded on the register.

Appendix: Explanation of risk ratings

The rating of audit issues in this report reflects our assessment of both the likelihood and consequence of each identified issue in terms of its impacts on:

- the effectiveness and efficiency of operations, including probity and compliance with applicable laws
- the reliability, accuracy and timeliness of financial reporting.

The rating also assists management in its prioritisation of remedial action.

Rating	Definition	Management action recommended
Extreme	<p>This issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a material misstatement in the financial report has occurred. 	<p>Requires immediate management intervention with a detailed action plan to be implemented within one month.</p> <p>Requires executive management to correct the material misstatement in the financial report as a matter of urgency to avoid a modified audit opinion.</p>
High	<p>The issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could have or is having a major adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a material misstatement in the financial report that is likely to occur. 	<p>Requires prompt management intervention with a detailed action plan implemented within two months.</p> <p>Requires executive management to correct the material misstatement in the financial report to avoid a modified audit opinion.</p>
Medium	<p>The issue represents:</p> <ul style="list-style-type: none"> • a control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and comply with relevant legislation; or • a misstatement in the financial report that is not material and has occurred. 	<p>Requires management intervention with a detailed action plan implemented within three to six months.</p>
Low	<p>The issue represents:</p> <ul style="list-style-type: none"> • a minor control weakness with minimal but reportable impact on the ability to achieve process objectives and comply with relevant legislation; or • a misstatement in the financial report that is likely to occur but is not expected to be material; or • an opportunity to improve an existing process or internal control. 	<p>Requires management intervention with a detailed action plan implemented within six to 12 months.</p>



**Government
of South Australia**

Department for
Energy and Mining

Our Ref: 2022D086879

Mr A Richardson
Auditor-General
Auditor-General's Department
200 Victoria Square
ADELAIDE SA 5000

Dear Mr Richardson

**Government Procurement Framework Audit of the Department for Energy and Mining
2021-2022**

Thank you for your letter of 28 July 2022 outlining your findings for the audit of the Department for Energy and Mining's (DEM) implementation of the new government procurement framework.

I am pleased to report that Officers of DEM have reviewed the findings and our response to the recommendation, including the responsible officer and proposed resolution timeframe is attached.

I would like to thank your officers for their co-operative and open approach throughout the audit.

Should you or your team have any further queries, please contact Julianne Cirson, Director Corporate Services on 8429 2489.

Yours sincerely



Paul Heithersay PSM
CHIEF EXECUTIVE

16/8/2022

Attachment 1: Response to Audit Findings

cc: Mr R Gallommarino, Principal Audit Manager
Clause 6(1) Chair, Risk and Performance Committee

Chief Executive

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Tel (+61) 08 8429 3216 | Email DEM.OCE@sa.gov.au | www.energymining.sa.gov.au | ABN 83 768 683 934



DEM Response to Recommendations – Implementation of Procurement Framework Audit 2021-22

Audit Recommendation	DEM Response	Responsible Officer	Timeframe
<p>Departure from the Sourcing Policy or the Procurement Planning Policy not recorded</p> <p>Rating: Low</p> <p>AUDIT RECOMMENDATION</p> <p>DEM ensures that where there has been a departure from the Sourcing Policy or the Procurement Planning Policy for all procurements above \$55,000, the departure is recorded on the register.</p>	<p>DEM agrees with the audit recommendation.</p> <p>The department has a service level agreement with the Department for Industry, Innovation and Science (DIIS) for the provision of procurement services. DEM will work with DIIS to reinforce and re-educate procurement officers on their obligations to both identify and record procurement departures in a timely manner.</p> <p>The department is satisfied that despite the one instance of non-compliance identified by audit, the procurement processes and templates established, combined with the capability building of procurement officers, provides adequate assurance that all procurement departures are being identified.</p>	<p>Chief Financial Officer</p>	<p>30 September 2022</p>



**Government
of South Australia**

Department for
Energy and Mining

Our Ref: 2022D087718

Mr Andrew Richardson
Auditor-General
Auditor-General's Department
200 Victoria Square
ADELAIDE SA 5000

Dear Mr Richardson

Interim Audit of the Department for Energy and Mining 2021-2022

Thank you for your letter of 27 July 2022 outlining your findings for the Department for Energy and Mining (DEM) Interim Audit 2021-2022.

I am pleased to report that Officers of DEM have reviewed the findings and our response to the recommendation, including the responsible officer and proposed resolution timeframe is attached.

I would like to thank your officers for their co-operative and open approach throughout the audit.

Should you or your team have any further queries, please contact Julianne Cirson, Director Corporate Services on 8429 2489.

Yours sincerely


Paul Heithersay PSM
CHIEF EXECUTIVE

28/8/2022

Attachments or cc (9pt font)

cc: Mr W Dorn, Principal Audit Manager

Chief Executive

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DEM Response to Recommendations - Interim Audit 2021-22

Audit Recommendation	DEM Response	Responsible Officer	Timeframe
<p>Deposit Accounts – Use of special Deposit Accounts (SDAs) which does not comply with the requirements of the Public finance and Audit Act 1987</p> <p>Rating: Medium</p> <p>AUDIT RECOMMENDATION</p> <p>DEM ensures that deposit accounts and SDAs are only used for purposes approved by the Treasurer.</p> <p>The Office should establish its own SDA or DEM should request a change in the conditions of use of its own SDA from Treasurer</p>	<p>DEM agrees with the audit recommendation.</p> <p>Whilst DEM agrees with the audit finding and recommendation, the use of DEM's deposit account in this instance was unavoidable given the timing of the proclamation of the Office of Hydrogen Power South Australia (OHPSA) and implementation of Cabinet recommendations.</p> <p>OHPSA was urgently established as an attached Office to DEM on 19 May 2022. In line with the Cabinet direction, a Chief Executive was immediately appointed, and DEM was directed to support the operations of OHPSA, including expenditure transactions, until established.</p> <p>OHPSA began incurring salary expenditure almost immediately following its creation. To ensure segregation of transactions, DEM immediately established a separate OHPSA cost centre in the general ledger. However given the establishment timeframes, it was unavoidable that any expenditure transect through the DEM deposit account.</p> <p>A new special deposit account is currently being established for OHPSA by DTF. DEM will also review the 'approved purpose' for its own deposit account and consider expanding and adding attached offices to the purpose to ensure a similar issue does not reoccur going forward.</p>	Chief Financial Officer	30 September 2022
<p>Payroll – Ineffective review of bona fide certificates and leave return certificates</p> <p>Rating: Low</p> <p>AUDIT RECOMMENDATION</p> <p>DEM continues reminding managers to review bona fide and leave return certificates promptly and, where errors are identified, they are immediately communicated to Human Resources.</p> <p>DEM should also consider an escalation process for instances where reviews remain overdue.</p>	<p>DEM agrees with the audit recommendation.</p> <p>Whilst DEM agrees with the finding, it should be noted that following on from the previous year's audit finding, the department implemented a robust salary monitoring and reporting tool that has provided significant additional control over salary and wages expenditure for the 2021-22 financial year.</p> <p>It is anticipated that going forward, this additional control will be incorporated into future audit of salary and wages expenditure.</p> <p>On the basis of the last report and acknowledging the risk exposure, DEM instituted an internal audit to identify improvement opportunities. This audit was completed in May 2022 and based on this audit the below actions have already been implemented.</p> <p>1. HR provides a monthly communication to leaders with outstanding reports for approval (this was being conducted bi-monthly previously)</p>	Leader, People and Culture	Completed

DEM Response to Recommendations - Interim Audit 2021-22

	<p>2. The P&C Scorecard has been improved to identify leaders with outstanding reports for approval and following the issue of the scorecard it is tabled at the following ELT meeting.</p> <p>3. Intranet content has been updated and consolidated to be clear about expectations.</p> <p>4. The department's definition of a responsible line manager has been reviewed ensuring it both meets and is aligned to the department's procedures and instructions.</p> <p>As of 30 June 2022, DEM had 2 bonafide reports that were overdue more than 2 months and 5 leave return certificates that were overdue more than 2 months. A continued focussed effort will be made to improve the approval rating of these reports.</p>		
<p>Policies and procedures – monitoring and reporting of salary and wages variances against budget</p> <p>Rating: Low</p> <p>AUDIT RECOMMENDATION</p> <p>DEM establishes formal policies and procedures which describe how its officers monitor and report salary and wages variances against budget.</p> <p>DEM communicates these policies and procedures to relevant staff.</p>	<p>DEM agrees with the audit recommendation.</p> <p>In response to the payroll audit findings from 2020-21, the department designed and implemented a robust salaries and wages monitoring and reporting tool for the 2021-22 financial year.</p> <p>This new monitoring tool allows the department to reconcile actual salaries and wages each month against budgets right down to the individual employee level. This additional process provides significant additional controls over salary and wages expenditure and complements the bona-fide process.</p> <p>DEM's focus had been the design and implementation of this important internal control for salaries and wages.</p> <p>With this now established, the department will ensure the finance policies and procedures are appropriately updated with this additional process and communicated to the department for the 2022-23 financial year.</p>	Chief Financial Officer	30 September 2022
<p>DEM's Rejuvenation scheme – Implementation of the SA Public Sector Workforce Rejuvenation scheme</p> <p>Rating: Low</p> <p>AUDIT RECOMMENDATION</p> <p>For future schemes of this nature, DEM ensures that policies it has in place to achieve scheme outcomes are appropriately documented</p>	<p>DEM notes this audit recommendation.</p> <p>In the absence of any guidance from DTF, DEM established a strategy that was in our view, operating within the intent of the scheme. This was endorsed by the Executive Leadership Team.</p> <p>Whilst DEM have not filled all roles vacated through this Scheme, this is due to operational matters rather than as a targeted savings strategy.</p> <p>DEM acknowledges that for any future schemes of this nature, documented policies will be established once the departmental strategy has been agreed.</p>	Leader, People and Culture	When future scheme arises