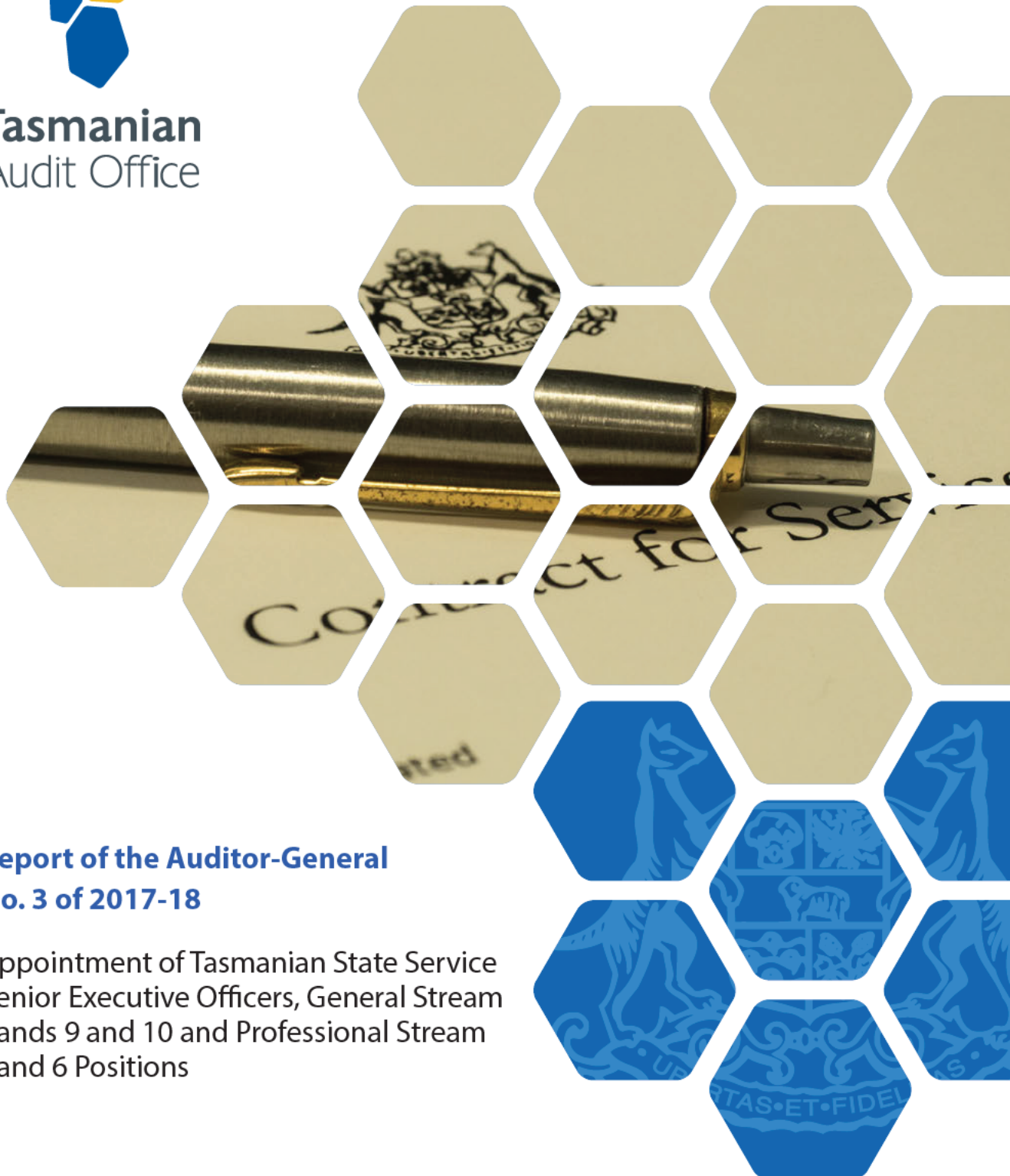




Tasmanian
Audit Office



**Report of the Auditor-General
No. 3 of 2017-18**

Appointment of Tasmanian State Service
Senior Executive Officers, General Stream
Bands 9 and 10 and Professional Stream
Band 6 Positions

November 2017

THE ROLE OF THE AUDITOR-GENERAL

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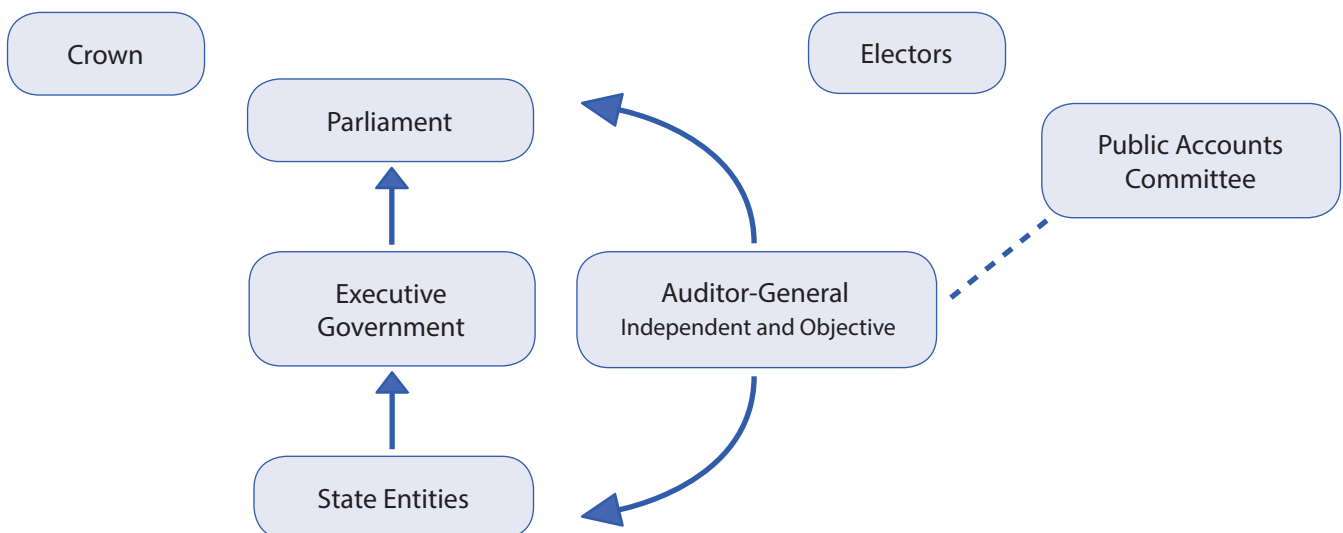
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Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year.

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The Auditor-General's role as Parliament's auditor is unique.





TASMANIA

**2017
PARLIAMENT OF TASMANIA**

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No. 3 of 2017-18**

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Bands 9 and 10 and Professional Stream Band 6 Positions**

November 2017

Presented to both Houses of Parliament in accordance with the requirements of Section 30 of the
Audit Act 2008

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21 November 2017

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Mr Speaker

REPORT OF THE AUDITOR-GENERAL

No. 3 of 2017–18: Appointment of Tasmanian State Service Senior Executive Officers, General Stream Bands 9 and 10 and Professional Stream Band 6 Positions

This report has been prepared to examine elements of the performance and exercise of the Employer's functions under the *State Service Act 2000* pursuant to section 23(g) of the *Audit Act 2008*.

The objectives of the review were to assess practices followed in recruiting people to fill Senior Executive offices and employees in General Stream Bands 9 and 10 and Professional Stream Band 6 positions.

Yours sincerely

Rod Whitehead
Auditor-General

TABLE OF CONTENTS

AUDITOR-GENERAL'S INDEPENDENT ASSURANCE REPORT	1
Audit Objective	1
Audit Scope	1
Audit Approach	1
Audit Cost	2
Management Responsibility	2
Auditor-General's Responsibility	2
Summary of Findings and Recommendations	2
Submissions and comments received	6
Auditor-General's Conclusion	6
CONTEXT	7
Introduction	7
Appointments to SES offices and Senior State Service positions in 2015-16	7
Pay scales in the State Service	8
Common principles of recruitment and selection activities	9
DETAILED FINDINGS	10
1. Were SES offices and Senior State Service positions appropriately managed?	10
1.1 Did agencies manage upcoming vacancies appropriately?	10
1.2 Were duties described in Statements of Duties?	12
1.3 Were SES offices and senior State Service positions appropriately created?	13
1.4 Were severance entitlements correctly administered?	14
2. Were recruitment and selection activities appropriate?	15
2.1 Were positions appropriately advertised?	15
2.2 Were appropriate selection criteria established?	16
2.3 Were suitable selection panels established?	16
2.4 Were conflicts of interests reported and managed?	17
2.5 Were candidates assessed against the merit criteria?	18
2.6 Were referee reports obtained?	19
2.7 Was it clear that the right person was selected?	20
3. Were successful candidates appropriately appointed?	21
3.1 Were pre-appointment checks completed?	21
3.2 Were appointments finalised in an appropriate manner?	22
3.3 Were Instruments of Appointment properly executed?	22
3.4 Were appointments placed in the Gazette?	23
4. Was the cost of filling SES offices and Senior State Service positions reasonable?	24
4.1 Was the time taken to fill positions appropriate?	24
4.2 Were the costs incurred to fill positions reasonable?	24
LIST OF ACRONYMS AND ABBREVIATIONS	26
APPENDIX 1: AUDIT CRITERIA	27
APPENDIX 2: SUBMISSIONS AND COMMENTS RECEIVED	28
APPENDIX 3: APPROACH TO RATING FINDINGS AGAINST THE SUB-CRITERION	33

AUDITOR-GENERAL'S INDEPENDENT ASSURANCE REPORT

This independent assurance report is addressed to the President of the Legislative Council and the Speaker of the House of Assembly. It relates to my performance audit (audit) on the recruitment of senior employees to the Tasmanian State Service.

The audit was undertaken to follow on from *Report of the Auditor-General No.1 of 2014–15 Recruitment practices in the State Service*, which evaluated the recruitment practices in relation to Tasmanian State Service employees. That report made recommendations relating to the consistency in recruitment and selection processes, diversity of selection panels and declaration and management of conflicts of interest.

AUDIT OBJECTIVE

The audit objective was to assess practices followed in recruiting people to fill senior executive¹ offices (SES offices) and employees in General Stream Bands 9 and 10 and Professional Stream Band 6 positions² (senior State Service positions).

In addition to evaluating recruitment practices, the audit assessed:

- the creation, determination and classification of offices and positions
- the recruitment and selection process, including advertising the position and candidate evaluation and selection
- appointment, determination of remuneration and other conditions of employment
- consecutive appointments, mobility and variation of duties
- costs to fill vacant positions.

The audit objective was addressed through the criteria and sub-criteria outlined in Appendix 1.

AUDIT SCOPE

The audit scope included a sample of four SES office and four senior State Service position appointments during the 2015–16 financial year by:

- Department of Primary Industries, Parks, Water and Environment (DPIPWE)
- Department of Police, Fire and Emergency Management (DPFEM)
- Department of Health and Human Services (DHHS)
- Department of Premier and Cabinet (DPAC).

These departments are collectively referred to as agencies within this Report.

While the sample reviewed represents 22 per cent of SES office and senior State Service position appointments in 2015–16, the SES office or senior State Service position to which the findings relate can be easily identified. As a result, we have made general, rather than specific, findings against the audit criteria.

AUDIT APPROACH

The audit was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements* issued by the Australian Auditing and Assurance Standards Board, for the purpose of expressing a reasonable assurance conclusion.

The audit assessed whether agencies complied with the requirements of the governance framework for employment by:

- obtaining policies and procedures relevant to the scope of the audit
- holding discussions with staff responsible for the recruitment and selection process
- analysing information, provided by each agency and the State Service Management Office (SSMO) within DPAC, relating to appointments in the 2015–16 financial year
- selecting a sample of SES office and senior State Service position appointments
- testing the selected appointments to determine whether the requirements of the governance framework were met.

1. As defined in the *State Service Act 2000*.

2. General Stream and Professional Stream as defined in the *Tasmanian State Service Award*.

AUDIT COST

The audit cost \$86 284.

MANAGEMENT RESPONSIBILITY

Heads of agencies, along with the Director, SSMO, are responsible for elements of recruitment and selection activities for SES offices classified at SES Level 1 or 2 and senior State Service positions.

Appointments and consecutive appointments to SES offices classified at SES Level 3 or 4 must be made by the Head of the State Service.

Employees within agencies and other persons or entities engaged to assist with recruitment are responsible for ensuring the recruitment process is conducted in compliance with agency policies and procedures and Tasmanian State Service employment legislation.

Cabinet is to be directly advised by heads of agencies of any appointment of a senior executive.

AUDITOR-GENERAL'S RESPONSIBILITY

In the context of this audit, my responsibility was to express a reasonable assurance conclusion on whether practices followed in recruiting for SES offices and senior State Service positions complied with the applicable governance framework.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The themes that came through in the findings of this audit included the:

- complexity of the governance framework for employment:
 - the Employment Directions (EDs)³ include mandatory requirements and better practice actions, but a comprehensive checklist to assist agencies in complying with the mandatory requirements did not exist
 - agencies sought to adopt mandatory requirements of the governance framework but had not made the same effort in respect to better practice actions
- earlier recommendations made by my Office⁴ and the Integrity Commission⁵ had not been implemented by agencies or incorporated into the framework by SSMO relating to:
 - selection panel members having sufficient knowledge of relevant legislation, policies and guidelines
 - declaration and management of conflicts of interest
 - consistency in recruitment and selection processes and procedures across agencies⁶
- quality assurance reviews by human resources functions had not been performed effectively.

In addition, a number of good practices, such as the declaration and management of conflicts of interest and the use of pre-appointment checks, were not built into the framework. As a result, agencies did not have procedures to ensure such good practices were adopted.

This audit identified a number of instances of non-compliance with the requirement, under the *State Service Act 2000* (the Act), to place a notice in the Gazette notifying that a change in employment had occurred. These instances related to:

- a cessation of appointment to an SES office
- the commencement of a recruitment and selection process to fill two senior State Service positions
- appointments to two SES offices and two senior State Service positions.

Several findings in this Report related to the adequacy of documentation supporting key decisions in the recruitment and selection process. In this respect, documentation did not always demonstrate recruitment and selection processes had integrity, were equitable and fair and involved an objective assessment of the merit of all eligible candidates against the selection criteria.

Findings and recommendations are provided by section in Table 1 and are identified as either relating to compliance with the governance framework or what we consider to be good practice.

3. Employment Directions are issued by the Minister administering the *State Service Act 2000*. EDs relate to the administration of the State Service and employment matters relevant to the State Service Act.

4. Report of the Auditor-General No. 1 of 2014–15 *Recruitment practices in the State Service*.

5. Report of the Integrity Commission No. 1 of 2014.

Table 1: Summary of findings and recommendations by section

Findings	Recommendations
<p>1 Were SES offices and senior State Service positions appropriately managed?</p>	
<p>1.1 Did agencies manage upcoming vacancies appropriately?</p>	
<p>Compliance</p> <p>One agency did not comply with the requirements of ED 17 <i>Senior Executive Service and Equivalent Specialist Officers Administrative Arrangements and Conditions of Service</i> as it:</p> <ul style="list-style-type: none"> • did not run an Expression of Interest process to assign SES office duties to a State Service employee for a period greater than six months • assigned SES duties to a State Service employee for a period greater than 12 months. <p>Good practice</p> <p>Agencies considered some of the options for vacancy management, but did not adequately document the advantages and disadvantages of each option and the reasons for selecting the ultimate option.</p>	<p>Agencies review their approach to workforce management to ensure positions are filled, when vacancies are created, through an equitable and transparent process.</p>
<p>1.2 Were duties described in statements of duties?</p>	
<p>Compliance</p> <p>Agencies complied with the requirements of ED 11 <i>Statements of Duties</i>.</p> <p>Good practice</p> <p>Records of the reassessment of duties performed by SES offices upon vacancy, as recommended in ED 17, were not adequate.</p> <p>Agencies did not include all of the suggested items contained in ED 11 in Statements of Duties.</p>	<p>Agencies evaluate Statements of Duties for SES offices and senior State Service positions, upon vacancy, to ensure the Statements contain all information relevant to the position.</p>
<p>1.3 Were SES offices and senior State Service positions appropriately created?</p>	
<p>Compliance</p> <p>Agencies received approval, from SSMO, relating to the creation, determination and classification of SES offices and senior State Service positions.</p> <p>Good practice</p> <p>While SSMO approved the creation and classification of senior State Service positions, we are of the opinion that the documentation provided by:</p> <ul style="list-style-type: none"> • agencies did not demonstrate consideration of the suitability of surplus employees • two agencies did not clearly support the classification level. 	<p>SSMO develop model templates to ensure agencies provide consistent information relating to the creation, determination and classification of SES offices and senior State Service positions.</p>

Findings	Recommendations
1.4 Were severance entitlements correctly administered?	
<p>Compliance</p> <p>The relevant agency did not publish a notice of termination in the Gazette as required under the Act or consult with the Director, SSMO as required by ED 17.</p>	<p>No recommendation required.</p> <p>Agencies are required to comply with the Act and relevant EDs.</p>
2 Were recruitment and selection activities appropriate?	
2.1 Were positions appropriately advertised?	
<p>Compliance</p> <p>Two agencies did not place a notice in the Gazette, as required under the Act, advertising senior State Service positions.</p> <p>Good practice</p> <p>Agencies had not adequately documented a recruitment strategy, including consideration of the opportunity for participation by all diversity groups.</p>	<p>No recommendation required.</p> <p>The approach to advertising, including consideration of participation by all diversity groups, has changed since 2015–16.</p>
2.2 Were appropriate selection criteria established?	
<p>Compliance</p> <p>Selection criteria had been established and included in all of the Statements of Duties reviewed.</p>	<p>No recommendation required.</p>
2.3 Were suitable selection panels established?	
<p>Compliance</p> <p>Due to a lack of documentation, we could not confirm that agencies complied with the requirements of ED 17, where relevant.</p> <p>Good practice</p> <p>Documentation to support establishment of selection panels, including the basis for the selection of panel members, was inadequate. In particular, there was no reference made as to whether the panel members had the necessary skills and experience to assess the applicants.</p>	<p>Agencies document the relevant skills and experience of panel members in the selection report.</p>
2.4 Were conflicts of interests reported and managed?	
<p>Compliance</p> <p>Conflicts of interest were not reported or managed by the selection panel for SES offices in two agencies and a senior State Service position in another agency.</p>	<p>Selection panel members reflect on and declare conflicts of interest during each stage of the recruitment and selection process and document actions to manage actual or perceived conflicts of interest.</p>
2.5 Were candidates assessed against the merit criteria?	
<p>Compliance</p> <p>Agencies did not adequately document the basis for shortlisting decisions and two agencies provided limited documentation of the comparison of candidates' performance during the interview stage.</p>	<p>Agencies consider and document, in selection panel reports, the performance of candidates in each stage of the recruitment process.</p>

Findings	Recommendations
2.6 Were referee reports obtained?	
<p>Compliance</p> <p>There were no requirements relating to referee reports.</p> <p>Good practice</p> <p>Referee reports were not:</p> <ul style="list-style-type: none"> • adequately documented or provided to the entire selection panel for consideration for two SES offices • obtained for two senior State Service positions • provided to the entire selection panel for consideration for a third senior State Service position. 	<p>See recommendation in Section 2.6.</p>
2.7 Was it clear that the right person was selected?	
<p>Compliance</p> <p>There were no specific requirements relating to the factors that should be reflected in the selection decision.</p> <p>Good practice</p> <p>Agencies did not sufficiently document the shortlisting process and referee reports obtained. As a result, it was not clear how the assessment of the written application and, in some cases, the referee reports were used in making the selection decision.</p>	<p>See recommendation in Section 2.6.</p>
3 Were successful candidates appropriately appointed?	
3.1 Were pre-appointment checks completed?	
<p>Compliance</p> <p>The relevant agency complied with the requirements of ED 7 <i>Pre-Employment Checks</i>.</p> <p>Good practice</p> <p>Agencies had not conducted pre-employment checks for SES offices or senior State Service positions.</p>	<p>Agencies identify and conduct pre-employment checks relevant to SES offices and senior State Service positions.</p>
3.2 Were appointments finalised in an appropriate manner?	
<p>Compliance</p> <p>Agencies complied with the requirements of the Act, the EDs and the <i>Tasmanian State Service Award</i>.</p>	<p>No recommendation required.</p>

Findings	Recommendations
3.3 Were Instruments of Appointment properly executed?	
Compliance All Instruments of Appointment and Contracts of Offer were executed in an appropriate manner. However, the executed version of the Instrument of Appointment for an SES office in one agency could not be found.	No recommendation required.
3.4 Were appointments placed in the Gazette?	
Compliance Four of the eight appointments reviewed had not been placed in the Gazette.	No recommendation required. Agencies are required, under the Act, to place appointments in the Gazette.
4 Was the cost of filling SES offices and senior State Service positions reasonable?	
4.1 Was the time taken to fill positions appropriate?	
Compliance All SES office appointments were made within six months. Good practice The recruitment and selection process in five of the eight appointments reviewed took longer than the industry benchmark of 50 days.	Agencies adopt a project management approach to recruitments by establishing a timeline and budget at the start of a recruitment and selection process and, once an appointment has been made, review the effectiveness and efficiency of the process.
4.2 Were the costs incurred to fill positions reasonable?	
Compliance There were no specific requirements relating to the cost of filling positions. Good practice Agencies had not prepared budgets, or an overall recruitment strategy, for recruitment and selection activities. In addition, agencies had no means of capturing the actual cost of recruitment and selection activities.	See recommendation in Section 4.1.

SUBMISSIONS AND COMMENTS RECEIVED

Section 30(3) of the *Audit Act 2008* requires that this report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full in Appendix 2.

AUDITOR-GENERAL'S CONCLUSION

It is my conclusion that practices followed in recruiting for SES offices and senior State Service positions generally complied with the mandatory requirements of the applicable governance framework. However, it was concerning to find that:

- conflicts of interest were not reported or managed by the selection panel for three of the eight positions examined
- documentation supporting the shortlisting and interview process, the conduct of referee checks and the ultimate selection decision was, in some cases, not adequate.



Rod Whitehead

Auditor-General

21 November 2017

CONTEXT

INTRODUCTION

Recruitment processes that support appointment of the right people, with the right skills and knowledge, to deliver services that meet the needs of the community are paramount to the success of the Tasmanian State Service. At a high-level, recruitment and selection activities involve analysing the inherent requirements of a job, attracting and screening applicants and offering employment to, and on-boarding, the preferred candidate.

The governance framework that applies to the appointment of Tasmanian Senior Executive Service (SES) offices and senior State Service positions includes:

- the Act
- *State Service Regulations 2011* (the Regulations)
- EDs including:
 - ED 1 *Employment in the State Service – advertising, employment categories, employment status-conversions, promotion, secondment, probation*
 - ED 2 *State Service Principles* – provides for the State Service principles in application to the Code of Conduct
 - ED 7 *Pre-Employment Checks*
 - ED 11 *Statements of Duties*
 - ED 17 *Senior Executive Service and Equivalent Specialist Officers Administrative Arrangements and Conditions of Service*
 - ED 18 *Administrative Arrangements for Allocation of Duties to Positions at General Stream Bands 9 and 10 and Professional Stream Band 6 Classifications*
- industrial awards, including the Tasmanian State Service Award.

Policies and procedures have also been issued by the SSMO, which is a Division of DPAC, or issued by individual agencies. For example, the Tasmanian Government released the *Managing Positions in the State Service* (MPSS) strategy in 2014 to provide tools for agencies to increase the rate of natural attrition and manage vacant positions.

APPOINTMENTS TO SES OFFICES AND SENIOR STATE SERVICE POSITIONS IN 2015–16

SES offices are established for the Tasmanian State Service rather than a particular agency. People appointed to SES offices:

- are accountable for the achievement of agency and government goals reflected in their Statement of Duties, Instrument of Appointment and performance review documentation
- provide frank, impartial and timely policy advice and undertake high level responsibilities in and across agencies to achieve government objectives.

There are four classification levels for SES offices, referred to as SES 1 through to SES 4 with SES 4 being the highest level. The work value and level of an SES office is determined using the Mercer CED Job Evaluation System (originally known as the Cullen Egan Dell Job Evaluation System).

Senior State Service positions:

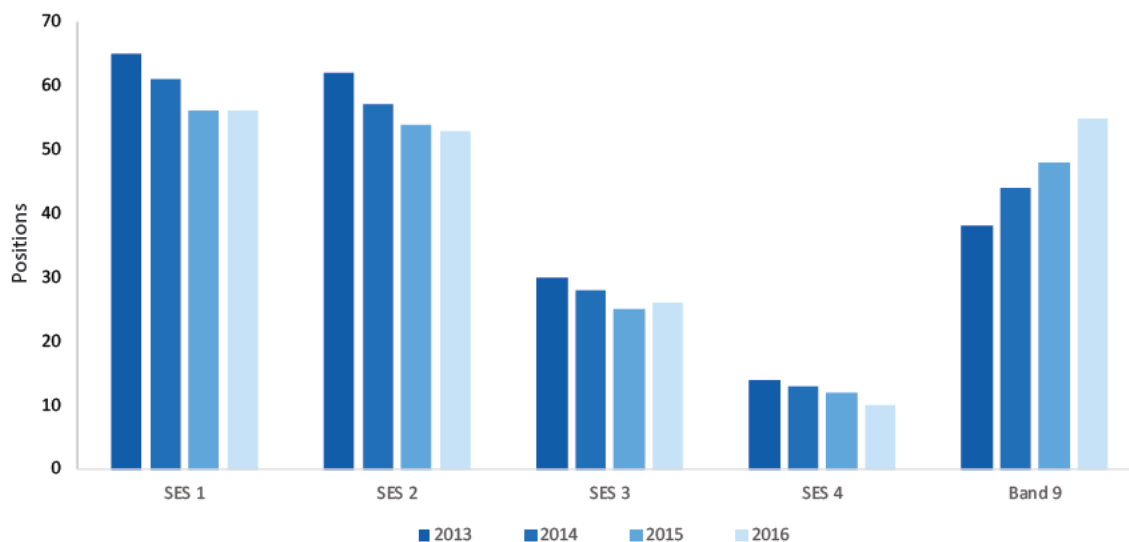
- provide specialist knowledge, skills and/or experiences
- have multi-functional or multi-disciplinary responsibilities
- contribute to government policy and strategic priorities
- report to a member of the agency's senior executive group.

Other reasons for classifying a position at this level include:

- the work value being beyond General Stream Band 8 or Professional Stream Band 5
- labour market factors—for example, a high level remuneration is required to attract and retain suitably skilled, experience and qualified employees
- demonstrated efforts, and associated difficulties experienced, in attracting and retaining employees in the area of specialty.

Strategies such as MPSS along with the changing needs of the Tasmanian community have impacted on the workforce profile. Over the four years from 2013–14 to 2015–16, the number of SES offices declined while the number of senior State Service positions increased, as shown in Figure 1.

Figure 1: SES offices and senior State Service positions, 2012–13 to 2015–16



Source: SSMO

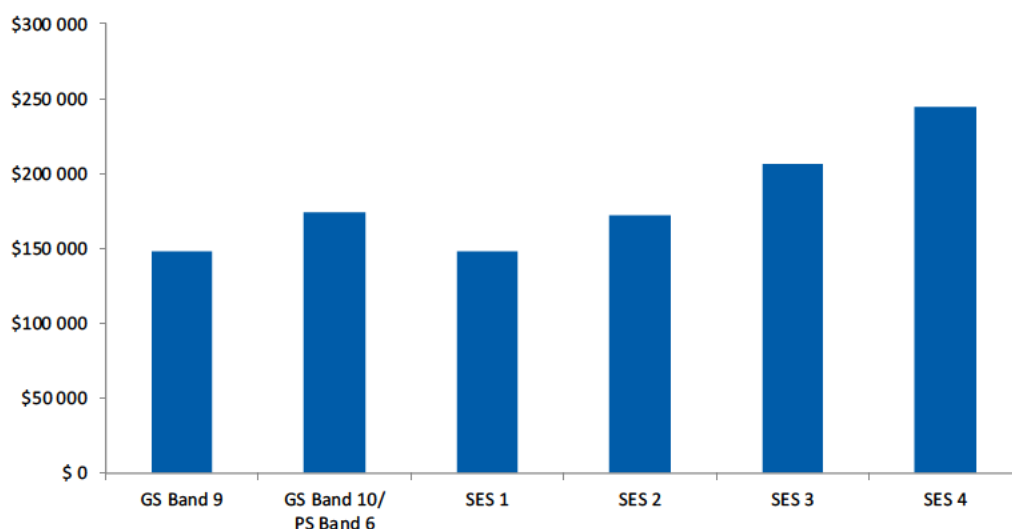
All of the senior State Service positions in Figure 1 were General Stream Band 9 positions. There were no General Stream Band 10 positions between 2013–14 and 2015–16 and only two Professional Stream Band 6 positions. The Professional Stream Band 6 positions were for positions within the Tasmanian Audit Office and have not been included within the scope of this audit.

While there were 145 SES offices, in 2015-16 there were only 18 appointments to SES office. There were also 19 appointments to senior State Service positions. The agencies selected for review were responsible for 61 per cent of appointments to SES office and 53 per cent of appointments to senior State Service positions.

PAY SCALES IN THE STATE SERVICE

The salary packages for SES offices, which includes a vehicle or vehicle allowance, and senior State Service positions that are within the scope of this review are provided in Figure 2.

Figure 2: SES office and senior State Service position salary packages, 2015–16



Source: SSMO

Note: The use of GS and PS in Figure 2 refers to the Tasmanian State Service Award General Stream and Professional Stream respectively.

As shown in Figure 2, the salary package for State Service employees at General Stream Band 10 or Professional Stream Band 6 were higher than the salary package that applies at SES 1 and SES 2. This difference was a result of:

- pay freezes for SES offices in 2009–10, 2010–11 and 2014–15
- the salary for senior State Service positions increasing by 3.5 per cent in 2009–10 and 2010–11 and two per cent in 2014–15.

COMMON PRINCIPLES OF RECRUITMENT AND SELECTION ACTIVITIES

Common principles of recruitment and selection activities that we considered as part of this review include merit, equity and fairness, transparency and integrity.

Merit

ED 1 states that decisions relating to appointment or promotion are based on merit if the primary consideration, in making the decision, is an assessment of the relative:

- suitability of candidates' work-related qualities compared to the work-related qualities genuinely required for the duties
- capacity of candidates to achieve outcomes related to the duties.

Equity and fairness

Employment decisions should be impartial and free from bias, nepotism and patronage. Specifically, applicants should be assessed without:

- being subjected to discrimination
- receiving an advantage a result of a family relationship
- receiving a favour from a person because of their position or an existing relationship.

Transparency

Decisions in respect to recruitment and selection activities ought to be recorded in a manner that enables independent review.

Integrity

Integrity within the recruitment and selection process means that:

- the documentation supports the selection decision
- activities are completed in a consistent manner for each application received.

As recruitment is often performed by managers in the public service, it is important that agencies publish clear and practical guidance on recruitment and selection activities on their intranet or another readily accessible place.

DETAILED FINDINGS

1 WERE SES OFFICES AND SENIOR STATE SERVICE POSITIONS APPROPRIATELY MANAGED?

In this section, we evaluate whether agencies met the requirements set out in the Act, ED 1, ED 11, ED 17, ED 18 and the Guidelines for the management of SES offices and senior State Service positions, including:

- the determination, classification and creation of SES offices and senior State Service positions
- consecutive appointment, mobility and variation of duties of SES offices.

A risk rating has been applied to each finding to indicate the consequence or impact of actions that were not in compliance with the governance framework for employment or consistent with good practice. See Appendix 3 for information on the ratings allocated to each sub-section of the report.

1.1 Did agencies manage upcoming vacancies appropriately?

The governance framework requires agencies to consider and document the full range of options, provided in Table 2, available to agencies to fill upcoming SES office vacancies (due to an expiring term of office, resignation or termination) or existing or upcoming vacancies relating to a senior State Service position.

Table 2: Options for SES office or senior State Service position vacancies

Option	SES office The Act and ED 17	State Service position The Act, ED 1 and MPSS
Reappoint incumbent	✓	Not applicable
Vary duties	✓	✓
Reappoint to equivalent position in same or other agency	Not applicable	✓
Transfer or appoint to a higher position in the same agency or other agency	✓	✓
Assign duties to State Service employee for a maximum period of 12 months	✓	✓
Appoint surplus employee	✓	✓

ED 17 also requires that SES office incumbents receive notification in writing, at least three months before the expiry of the term of office:

- whether they will be offered a consecutive appointment to the same office or another office at the same or similar level
- if consecutive appointment was being offered, the terms of the offer.

If an existing office was no longer required, the Head of Agency should advise the Head of the State Service within two months of the SES office being vacated so it can be formally abolished by the Premier.

Planning for vacancies at least six months before the expiry of a term of office provides agencies with sufficient time to:

- review the need for the position
- assess the options for filling the vacancy
- evaluate the appropriateness of the Statement of Duties.

Three agencies followed the consecutive appointment process. However, we noted agencies considered some of the available options when an office or position became vacant, but did not adequately document the advantages and disadvantages of each option and the reasons for selecting the ultimate option.

In addition, we noted one agency had a known SES office vacancy approaching, but had not put suitable arrangements in place to fill the office upon vacancy. The details of the arrangements that were used are provided in Example 1 below.

Example 1

An SES office was vacant for three months and then filled by a permanent State Service employee using acting arrangements for 18 months:


- without documentation to support payment of a More Responsible Duties Allowance
- before a formal Expression of Interest process was undertaken.

This approach did not comply with the requirements of ED 17. Specifically, ED 17 allows duties to be assigned to a State Service employee for a maximum period of 12 months provided that for any period beyond six months, the minimum requirement was circulation of an Expression of Interest within the agency.

The Expression of Interest process undertaken was open for three working days and resulted in one application from the person who was acting in the position. No interview took place as the person had been acting in the position for over 12 months to a suitable standard.

A recruitment process ran 24 months after the position became vacant. The process resulted in the candidate who had acted in the SES Office for 18 months being appointed.

As all of the senior State Service positions reviewed were newly created positions, there was no requirement to plan for known vacancies in respect to these positions.

Findings	Rating	Recommendation
<p>Compliance</p> <p>One agency did not comply with the requirements of ED 17 as it:</p> <ul style="list-style-type: none"> • did not run an Expression of Interest process to assign SES office duties to a State Service employee for a period greater than six months • assigned SES duties to a State Service employee for a period greater than 12 months. <p>Good practice</p> <p>Agencies considered some of the options for vacancy management, but did not adequately document the advantages and disadvantages of each option and the reasons for selecting the ultimate option.</p>		<p>Agencies review their approach to workforce management to ensure positions are filled, when vacancies are created, through an equitable and transparent process.</p>

1.2 Were duties described in Statements of Duties?

ED 11 requires Statements of Duties to contain:


- the duties to be performed
- the criteria for selection of a person to perform those duties
- the level of responsibility associated with those duties
- any essential requirements for the performance of those duties.

We reviewed relevant Statements of Duties in respect to the mandatory requirements and found that agencies had complied with the requirements of ED 11.

However, we noted some of the guidance relating to Statements of Duties in ED 11 and ED 17 had not been followed by agencies. Specifically:

- records of the reassessment, by Heads of Agencies, of the duties performed by SES offices upon vacancy were not adequate
- Statements of Duties for SES offices did not always convey:
 - essential or expected requirements such as the completion of a relevant undergraduate degree
 - the budget expenditure for which the successful candidate would be responsible
- one agency had not provided the number of ordinary hours worked for a senior State Service position.

Agencies may also embed the contemporary leadership framework⁶ into Statements of Duties for SES roles. We noted only one agency had documented consideration of the contemporary leadership framework when reassessing the Statement of Duties for an SES office.

Findings	Rating	Recommendation
<p>Compliance Agencies complied with the requirements of ED 11.</p> <p>Good practice Records of the reassessment of duties performed by SES offices upon vacancy, as recommended in ED 17, were not adequate. Agencies did not include all of the suggested items contained in ED 11 in Statements of Duties.</p>		<p>Agencies evaluate Statements of Duties for SES offices and senior State Service positions, upon vacancy, to ensure the statements contain all information relevant to the position.</p>

6. Currently the *Senior Executive Leadership Capability Framework*.

1.3 Were SES offices and senior State Service positions appropriately created?

ED 17 states SES offices should be routinely evaluated on vacancy to ensure the duties performed by the SES office remain senior executive in nature and the SES office had been appropriately classified. If the duties performed in an SES office have changed as a result of significant job redesign, ED 17 requires the Head of Agency to formally request the Head of the State Service evaluate whether the duties remain senior executive in nature.

We found approval from the Head of the State Service, following the reassessment of the SES office duties and classification level, was contained in:

- formal documentation for three agencies
- an email for an SES office in one agency that did not clearly identify the office to which the approval related.


All senior State Service positions reviewed were new positions. ED 18 provides the Head of Agency may only assign a classification to duties at General Stream Band 9/10 or Professional Stream Band 6 with approval from the Director, SSMO.

The process for assigning such classifications is:

- the proposed duties are to be specified in an approved Statement of Duties
- a detailed submission endorsed by the Head of Agency is to be forwarded to the Director, SSMO addressing the evaluation criteria listed in ED 18 together with a copy of the proposed Statement of Duties and a detailed organisational chart
- the Director, SSMO will assess the submission for the purpose of approving or not approving the proposed assignment of the classification.

While the creation, determination and classification of the senior State Service positions reviewed were approved by SSMO, we are of the opinion that:

- two agencies provided documentation that did not clearly support the classification of senior State Service positions
- the records relating to the establishment of senior State Service positions did not demonstrate the suitability of surplus employees had been considered, as required by MPSS.

Findings	Rating	Recommendation
<p>Compliance</p> <p>Agencies received approval, from SSMO, relating to the creation, determination and classification of SES offices and senior State Service positions.</p> <p>Good practice</p> <p>While SSMO approved the creation and classification of senior State Service positions, we are of the opinion that the documentation provided by:</p> <ul style="list-style-type: none"> • agencies did not demonstrate consideration of the suitability of surplus employees • two agencies did not clearly support the classification level. 		<p>SSMO develop model templates to ensure agencies provide consistent information relating to the creation, determination and classification of SES offices and senior State Service positions.</p>

1.4 Were severance entitlements correctly administered?

ED 17 provides for severance benefits, in accordance with the Instrument of Appointment, to be payable if the following conditions are present:


- (a) The SES Officer has been notified in writing whether they will or will not be offered a consecutive appointment at the same or similar level.
- (b) The offer of consecutive appointment comprises no less salary or a term less than 60 per cent of the previous term of appointment.
- (c) The Officer does not accept the offer.
- (d) The Head of Agency has consulted with the Director, SSMO prior to terminating the appointment of the Officer which would result in that Officer being eligible for a severance benefit under ED 17. The consultation is for the purpose of determining whether the termination is appropriate or whether the Officer's services may be required in another agency.

ED 17 also requires that the termination processes and severance benefits are documented. In particular, the Head of Agency must retain the basis of the calculation of payments arising from the termination, the original deed of release and for a copy to be provided to Director, SSMO.

In addition, the Act requires Heads of Agencies to publish a notice in the Gazette relating to the termination or cessation of appointments to SES office.

We found one outgoing SES Officer was entitled to and paid severance benefits of \$120 000. However, the agency did not comply with:

- the requirement under the Act to publish a notice of termination in the Gazette
- ED 17 as the Director, SSMO was not consulted with on the proposed termination, nor was a copy of the Deed of Release provided.

Findings	Rating	Recommendation
<p>Compliance</p> <p>The relevant agency did not publish a notice of termination in the Gazette as required under the Act or consult with the Director, SSMO as required by ED 17.</p>		<p>No recommendation required.</p> <p>Agencies are required to comply with the Act and relevant EDs.</p>

2 WERE RECRUITMENT AND SELECTION ACTIVITIES APPROPRIATE?

In this section, we evaluated whether agencies met the requirements of the Act, ED 2, ED 17 and ED 18 relating to recruitment and selection activities for SES offices and senior State Service positions.

2.1 Were positions appropriately advertised?

Heads of agencies are required, under the Act, to publish a notice in the Gazette when a position is advertised.

In addition, ED 2 sets out the general requirements for advertising positions in the public sector. In particular, advertising must provide 'a reasonable opportunity to all eligible members of the community to apply for the position' and be advertised for a minimum of nine days on *jobs.tas.gov.au*

Since April 2016, agencies were able to advertise positions on SEEK under a Whole-of-Government contract.

While all agencies advertised jobs for nine days on *jobs.tas.gov.au*, we found a notice had not been published in the Gazette for two senior State Service positions.

A good practice approach would also involve agencies:

- considering the opportunity for participation by all diversity groups⁷
- commencing advertising as soon as possible to minimise advantage to the person acting in the position.⁸

We found agencies had not adequately documented their strategy for recruitment, including:

- the number and types of candidates who may be suitable
- the size and breadth of the existing operating environment, including external competition for talent
- opportunity for participation by all diversity groups.

In addition, we noted one agency had:

- released the internal advertisement for an SES office 62 calendar days before the external advertisement—this approach was not equitable as it gave internal candidates an advantage over external candidates
- received approval for the creation of a senior State Service position in August 2015 and filled the position using acting arrangements—advertising for the position did not commence until December 2015, with the successful candidate being the person acting in the position.

Table 3 provides the number of applications received for each positions and outlines the advertising approach adopted by each agency.

Table 3: Applications received and advertising approach adopted by agencies

	DHHS	DPIPWE	DPAC	DPFEM
Applications received for the SES office reviewed	3	5	19	16
Applications received for the senior State Service positions reviewed	3	17	7	10
Gazette	✓ ^(a)	✓	✓	✓ ^(a)
<i>jobs.tas.gov.au</i>	✓	✓	✓	✓
Local newspapers		✓	✓ ^(a)	✓
National newspapers			✓ ^(a)	✓
<i>seek.com.au</i>		✓ ^(b)		


Notes: (a) Relates to the SES office only.

(b) Relates to the senior State Service position only.

7. The *State Service Diversity and Inclusion Framework* was released in May 2017 and includes strategies to increase participation by all diversity groups.

8. Auditor-General Special Report No. 49, *Staff Selection in Government Agencies*, 8 December 2003.

As noted in Table 3, agencies that advertised positions in national newspapers and on *seek.com.au* received significantly more applications than those agencies that only advertised on *jobs.tas.gov.au* and in local newspapers.


Findings	Rating	Recommendation
<p>Compliance</p> <p>Two agencies did not place a notice in the Gazette, as required under the Act, advertising senior State Service positions.</p> <p>Good practice</p> <p>Agencies had not adequately documented a recruitment strategy, including consideration of the opportunity for participation by all diversity groups.</p>		<p>No recommendation required.</p> <p>The approach to advertising, including consideration of participation by diversity groups, has changed since 2015–16.</p>

2.2 Were appropriate selection criteria established?

ED 2 must be applied by agencies when establishing selection and evaluation criteria. In particular, the selection criteria:

- need to reflect the ‘work-related qualities genuinely required for the performance of duties’
- provide a way in which a candidate’s work-related qualities can be assessed against the work-related qualities required for the performance of the duties.

We found that selection criteria had been established and included in all of the Statements of Duties reviewed.

Findings	Rating	Recommendation
<p>Compliance</p> <p>Selection criteria had been established and included in all of the Statements of Duties reviewed.</p>		<p>No recommendation required.</p>

2.3 Were suitable selection panels established?


ED 17 requires the selection panel to be appropriately representative having regard to relevant community, peer, specialist input and senior executive level, as appropriate.

In 2014, the Integrity Commission also recommended that panel members should have sufficient knowledge of relevant legislation, policies and guidelines and maintain a degree of independence from candidates.⁹

There was no documentation to support the assembly of the selection panel for any of the appointments reviewed. While it appeared panels comprised of members with appropriate senior executive level expertise, we were unable to verify that the panel comprised of members who could provide specialist input or had knowledge of relevant legislation, policies and guidelines.

In respect to the selection panel for one agency, we also identified a selection panel that did not contain an independent external representative even though one of the candidates was acting in the position at the time of the interview and was a direct report of the selection panel chair.

9. Integrity Commission, Report 1 of 2014: *An investigation into allegations of nepotism and conflict of interest by senior health managers.*

Findings	Rating	Recommendation
<p>Compliance</p> <p>Due to a lack of documentation, we could not confirm that agencies had complied with the requirements of ED 17, where relevant.</p> <p>Good practice</p> <p>Documentation to support establishment of selection panels, including the basis for the selection of panel members, was inadequate. In particular, there was no reference made as to whether the panel members had the necessary skills and experience to assess the applicants.</p>		<p>Agencies document the relevant skills and experience of panel members in the selection report.</p>

2.4 Were conflicts of interests reported and managed?


The Act requires conflicts of interest to be disclosed. In addition, reasonable steps should be taken to avoid the conflict or manage the conflict in such a way that the conflict does not appear to influence the decision.

The potential for significant conflicts of interest to arise in connection with recruitment, selection and retention to SES offices and senior State Service positions is clearly illustrated by several examples in the recent report by the Tasmanian Integrity Commission.¹⁰

Selection panel members were current or former line managers of candidates but did not report conflicts of interest for appointments to SES offices in two agencies and a State Service position in another agency. The importance of implementing strategies to address conflicts of interest is highlighted in Example 2 in Section 2.8.

In November 2017, SSMO advised:

- most agencies had included the declaration of conflicts of interest in selection report templates
- work had been done on redrafting ED 17 so that it supports contemporary practices—the revised version will include a section on declaration and management of conflicts of interests
- it is working with the Integrity Commission to have practices and policies in place which best support the declaration and management of conflicts of interests and anticipate the new approach will be implemented in early to mid-2018.

Findings	Rating	Recommendation
<p>Compliance</p> <p>Conflicts of interest were not reported or managed by the selection panel for SES offices in two agencies and a senior State Service position in another agency.</p>		<p>Selection panel members reflect on and declare conflicts of interest during each stage of the recruitment and selection process and document actions to manage actual or perceived conflicts of interest.</p>

10. Integrity Commission, Report No 2 of 2017: *An investigation into a complaint of an alleged conflict of interest against senior executive officers of TasTafe.*

2.5 Were candidates assessed against the merit criteria?

ED 2 requires agencies to implement a selection process that are transparent, equitable and fairly applied in relation to each eligible applicant. This is achieved through documenting an assessment of the candidate’s work-related qualities against the selection criteria.

While there is no guidance issued by the Tasmanian Government on achieving transparency in selection processes, the Australia Public Service Commission noted in its 2003 publication *APS Values and Code of Conduct in Practice: A Guide to Official Conduct for APS Employees and Agency Heads* that:

- good record keeping is essential to accountability
- all significant decisions need to be documented to a standard that would withstand independent scrutiny.

In selection activities, the assessment of candidates against the merit criteria is conducted in two stages—the shortlisting of candidates and assessment of shortlisted candidates.

Shortlisting of candidates


We found agencies only retained documentation to support the assessment of written applications against the selection criteria for an SES position in one agency and a senior State Service position in another agency. There was no documentation to support the shortlisting of candidates for the other six recruitment and selection processes reviewed.

Interviewing short-listed candidates

We identified that:

- interviews were carried out to assess all shortlisted candidates
- the performance of candidates for two SES offices had been ranked using the selection criteria outlined in Statements of Duties.

However, documentation supporting comparison of candidate’s performance against selection criteria and basis for selection of the successful candidate was limited for an SES office and a senior State Service position in one agency and a senior State Service position in another agency.

Findings	Rating	Recommendation
<p>Compliance</p> <p>Agencies did not adequately document the basis for shortlisting decisions and two agencies provided limited documentation of the comparison of candidates’ performance during the interview stage.</p>		<p>Agencies consider and document, in selection panel reports, the performance of candidates in each stage of the recruitment process.</p>


2.6 Were referee reports obtained?

We reviewed whether referee reports were obtained and documented in relation to the preferred candidate(s) and considered by all selection panel members prior to the selection decision.

We found referee reports for all suitable candidates had been obtained in relation to the SES offices reviewed. However, two agencies did not adequately document referee reports or provide reports to the entire selection panel.

In relation to the senior State Service positions, we noted two agencies did not obtain referee reports and the referee report relating to the successful candidate in another agency was not considered by all selection panel members.

The importance of obtaining referee reports is demonstrated in Example 2 in Section 2.8.

Findings	Rating	Recommendation
<p>Compliance</p> <p>There were no requirements relating to referee reports.</p> <p>Good practice</p> <p>Referee reports were not:</p> <ul style="list-style-type: none"> • adequately documented or provided to the entire selection panel for consideration for two SES offices • obtained for two senior State Service positions • provided to the entire selection panel for consideration for a third senior State Service position. 		<p>See recommendation in Section 2.6.</p>

2.7 Was it clear that the right person was selected?

Recruitment under the merit principle requires consideration of all evidence obtained throughout the recruitment process relating to an eligible candidate. This includes consideration of the candidate's resume, response to the selection criteria, shortlisting, interview scores and referee reports.

In seven of the eight selection decisions reviewed, the interview was the primary basis for concluding on the suitability of a candidate. This was due to:

- the lack of documentation to support the shortlisting process
- insufficient documentation of referee reports for preferred candidate(s).

The establishment of a clear line of sight from the receipt of applications through to the selection decision will ensure the process was fair and equitable and a good recruitment outcome is achieved.

Example 2

Two candidates for an SES office received the same score against the selection criteria during the interview process. One of these candidates, who was eventually successful, was acting in the role at the time of the interview.


The successful candidate's referee was contacted by the Selection Panel Chair, but the Chair did not adequately document the referee's name, position title, relationship to the candidate, questions asked, or answers provided.

Following the referee report, it was determined by the Chair that the successful candidate was more suitable than the other candidate due to their 'leadership capabilities in complex situations' that were noted by the referee. However, it appeared that the successful candidate ranked lower than the other candidate for the leadership criteria during the interview.

In this example, it is not clear whether the right person was selected as:

- a panel member was a former line manager of the successful candidate, but the conflict of interest was not declared or managed
- the shortlisting report was not available
- the referee report was not adequately documented.

In addition, the agency advised the independent member of the panel provided verbal agreement to the selection report but this was not documented.

Findings	Rating	Recommendation
<p>Compliance</p> <p>There were no specific requirements relating to the factors that should be reflected in the selection decision.</p> <p>Good practice</p> <p>Agencies did not sufficiently document the shortlisting process and referee reports obtained. As a result, it was not clear how the assessment of the written application and, in some cases, the referee reports were used in making the selection decision.</p>		<p>See recommendation in Section 2.6.</p>

3 WERE SUCCESSFUL CANDIDATES APPROPRIATELY APPOINTED?

In this section, we evaluated whether agencies met the requirements relating to the appointment, including the determination of employment conditions, of successful candidates to SES offices and senior State Service positions of the Act, ED 1, ED 2, ED 7 and ED 17.

3.1 Were pre-appointment checks completed?

ED 7 requires pre-appointment checks, such as conviction checks and verification of qualifications, are:

- approved by the Director, SSMO prior to advertising the position
- not to be carried out prior to selection of the preferred candidate.

The selection panel must also provide candidates with the reasons why the pre-employment checks are being conducted.


The checks are then carried out with the written approval of the candidate.

Once the checks are completed, the candidate is informed of the outcome and provided with documentation relevant to the pre-appointment checks.

In relation to SES offices, we found there was no delegation below the Premier to require essential requirements, which includes pre-employment checks, to be met. In November 2017, SSMO advised a draft revised ED 17 had been prepared and will address this issue. The revised ED 17 is anticipated to be released in mid-2018.

We also identified only one agency had included pre-employment checks as part of the recruitment process for a senior State Service position. However, this pre-employment check was not completed.

We are of the opinion that relevant pre-employment checks should be conducted prior to appointment as failure to perform these checks means the risk of hiring an unsuitable candidate is not mitigated. For example, in a recent review by the South Australian Government, a case was identified in which a former business engineering manager was fired during his probation period due to 'unsatisfactory performance and incorrect statements made in connection with his application for employment'. A certified copy of his qualifications had been accepted on face value during the recruitment process. When later scrutinised, these qualifications and the copy submitted were proven to be false.¹¹

Findings	Rating	Recommendation
<p>Compliance</p> <p>The relevant agency complied with the requirements of ED 7.</p> <p>Good practice</p> <p>Agencies had not conducted pre-employment checks for SES offices or senior State Service positions.</p>		<p>Agencies identify and conduct pre-employment checks relevant to SES offices and senior State Service positions.</p>

11. ABC News Online, Fake qualifications uncovered in Premier and Cabinet's Department following urgent inquiry, 26 September 2017. <http://www.abc.net.au/>.

3.2 Were appointments finalised in an appropriate manner?


In regard to the appointment of SES Officers, ED 17 requires:

- the Head of Agency to prepare advice to Cabinet on the proposed appointment of a candidate, which includes certification the proposed appointment is in line with requirements and a statement supporting the selection decision
- the terms of the appointment to be included in the Instrument of Appointment
- all initial appointments to be at the base salary point for the relevant SES Level unless the Head of the State Service has approved otherwise
- consecutive appointments to be made at the salary point at the time of re-appointment.

The terms and conditions for appointments to senior State Service positions are set by the Tasmanian State Service Award, other applicable award or determined by the employer.

We found agencies had:

- provided advice to Cabinet on the proposed appointment to the SES offices
- used an approved Instrument of Appointment, for SES offices, that reflected the advertised terms and conditions
- complied with the requirements of the Tasmanian State Service Award for senior State Service positions
- made appointments at the base salary point for SES offices and senior State Service positions.

Findings	Rating	Recommendation
<p>Compliance</p> <p>Agencies complied with the requirements of the Act, the EDs and the <i>Tasmanian State Service Award</i>.</p>		No recommendation required.

3.3 Were Instruments of Appointment properly executed?

ED 17 requires Instruments of Appointment for offices at:

- SES Level 1 and 2 to be executed by the Head of Agency
- SES Level 3 and 4 to be executed by the Head of State Service.

ED 17 also required that Cabinet is directly advised by heads of agencies of any appointment of a senior executive.

We found the Instruments of Appointment for SES offices in all agencies were authorised by a person with appropriate delegation and contained terms and conditions consistent with applicable legislation and the Employment Directions. However, the executed version of the Instrument of Appointment for the SES office in one agency could not be found.

The contracts of offer for all of the senior State Service positions reviewed were authorised by a person with appropriate delegation.

Findings	Rating	Recommendation
<p>Compliance</p> <p>All Instruments of Appointment and contracts of offer were executed in an appropriate manner. However, the executed version of the Instrument of Appointment for an SES office in one agency could not be found.</p>		No recommendation required.

3.4 Were appointments placed in the Gazette?

The Act, the Regulations and ED 17 requires appointments, transfers and promotions to be placed in the Gazette if they relate to an SES office, a permanent employee or a fixed-term appointment greater than 12 months.

Failure to comply with this requirement represents a lack of transparency in public sector recruitment and selection activities.

We noted appointments to SES offices in two agencies and senior State Service positions in two agencies had not been placed in the Gazette as required under the Act.

Findings	Rating	Recommendation
Compliance Four of the eight appointments reviewed had not been placed in the Gazette.		No recommendation required. Agencies are required, under the Act, to place appointments in the Gazette.

4 WAS THE COST OF FILLING SES OFFICES AND SENIOR STATE SERVICE POSITIONS REASONABLE?

In this section, we evaluate the cost of filling vacant SES offices and senior State Service positions in the context of the length of the recruitment and selection process and expenditure on recruitment and selection activities.

4.1 Was the time taken to fill positions appropriate?


ED 17 requires appointments to be made within six months from the date of advertisement.

In 2015, the Australian Public Service Commission released a review into enhanced workforce management in the Australian Public Service. This review stated:

- a lengthy recruitment process may result in the loss of good people who do not wait for the process to be concluded
- there are demonstrable, immediate and permanent productivity improvements to be found by reducing the median start for external candidates
- the Australian Public Service median time to start (from job advertisement to commencement) was 60 working days, compared with the industry standard benchmark of 50 working days.¹²

We found, while all appointments to SES offices were made within six months from the date of advertisement, the recruitment and selection process were completed:

- within 50 working days on three occasions
- between 50 and 100 days on four occasions
- over 100 days (103 days) on one occasion.

Findings	Rating	Recommendation
<p>Compliance</p> <p>All SES office appointments were made within six months.</p> <p>Good practice</p> <p>The recruitment and selection process in five of the eight appointments reviewed took longer than the industry benchmark of 50 days.</p>		<p>Agencies adopt a project management approach to recruitments by establishing a timeline and budget at the start of a recruitment and selection process and, once an appointment has been made, review the effectiveness and efficiency of the process.</p>

4.2 Were the costs incurred to fill positions reasonable?

There were no legislative requirements relating to the cost of filling positions. As a result, we compared the actual cost of recruitment and selection activities to the Australian Public Service Commission's estimate recruitment costs are between 15 per cent and 25 per cent of a position's annual salary.¹³ For context, the minimum salary for the positions within the scope of this review was \$135 200 as at 3 December 2015 so a recruitment cost of less than \$20 300 would be considered reasonable.

We also expected agencies had developed a budget when planning for a recruitment and selection process that covered expenditure on advertising and personnel hours.


We found agencies had:

- advertised all positions on jobs.tas.gov.au
- not prepared budgets for advertising expenditure and other costs related to the recruitment and selection process.

12. Australian Public Service Commission, *Unlocking Potential — If not us, who? If not now, when?*, p. 45.

13. Australian Public Service Commission, *State of the Service 2010–11*, 3 May 2012.

Agencies estimated the cost of recruitment, including the cost of advertising the position and staff time on recruitment and selection activities, was between \$1 300 and \$10 600. However, agencies had no means of accurately capturing the actual cost of staff time on recruitment and selection activities. As a result, it is likely the estimated costs were understated.

Findings	Rating	Recommendation
<p>Compliance</p> <p>There were no specific requirements relating to the cost of filling positions.</p> <p>Good practice</p> <p>Agencies had not prepared budgets, or an overall recruitment strategy, for recruitment and selection activities. In addition, agencies had no means of capturing the actual cost of recruitment and selection activities.</p>		<p>See recommendation in Section 4.1.</p>

LIST OF ACRONYMS AND ABBREVIATIONS

DHHS	Department of Health and Human Services
DPAC	Department of Premier and Cabinet
DPFEM	Department of Police, Fire and Emergency Management
DPIPWE	Department of Primary Industries, Parks, Water and Environment
ED	Employment Direction
ED 1	<i>Employment in the State Service - advertising, employment categories, employment status-conversions, promotion, secondment, probation</i>
ED 11	<i>Statements of Duties</i>
ED 17	<i>Senior Executive Service and Equivalent Specialist Officers Administrative Arrangements and Conditions of Service</i>
ED 18	<i>Administrative Arrangements for Allocation of Duties to Positions at General Stream Bands 9 and 10 and Professional Stream Band 6 Classifications</i>
ED 2	<i>State Service Principles – provides for the SS principles in application to the Code of Conduct</i>
ED 7	<i>Pre-Employment Checks</i>
MPSS	<i>Managing Positions in the State Service</i>
Senior State Service positions	General Stream Bands 9 and 10 and Professional Stream Band 6 positions
SES	Senior Executive Service
SES offices	<i>General Stream Bands 9 and 10 and Professional Stream Band 6</i>
SSMO	<i>State Service Management Office</i>
The Act	<i>State Service Act 2000</i>
The Regulations	<i>State Service Regulations 2011</i>

APPENDIX 1: AUDIT CRITERIA

The audit objective was addressed through the criteria and sub-criteria provided in the table below. It is normal practice to report against the criteria and sub-criteria using the approach outlined in the Audit Planning Memorandum. A different approach to reporting has been used for this audit to enhance the clarity of the messages contained in the Report.

The table below demonstrates how the sections in the Report align with the audit criteria and sub-criteria.

Criteria	Sub-criteria	Section of report			
		1	2	3	4
Offices and positions are appropriately created, determined and classified.	Compliance with requirements of ED 17 and ED 18, including Senior Executive Leadership Capability Framework.	✓			
Consecutive appointments, mobility and variation of duties.	Compliance with requirements of ED 17 and ED 18.	✓			
The recruitment and selection process, including advertising of the position and evaluation and selection.	Compliance with requirements of ED 17 and ED 18.		✓	✓	
	Appropriate selection and evaluation criteria established.	✓	✓		
	Appropriately skilled selection panel established.		✓		
	Potential conflicts of interest declared.		✓		
	The merit principle was applied.		✓		
	Selection decision appropriately documented.		✓		
	Pre-appointment checks completed.			✓	
Appointment, determination of remuneration and other conditions of employment.	Compliance with requirements of ED 17 and ED 18.	✓		✓	
Cost to fill vacant positions.	Time taken to fill positions Costs incurred to fill positions.				✓

APPENDIX 2: SUBMISSIONS AND COMMENTS RECEIVED

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views expressed by the designated entities were considered in reaching review conclusions.

Section 30(3) of the Act requires that this report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full below.

State Service Management Office

This reply focuses on whole-of-State Service considerations and the role and responsibilities of the State Service Management Office (SSMO) for and on behalf of the Head of the State Service.

I note that the audit did not find any major breaches or concerns that the appointment process of senior officers and employees is flawed, inappropriate or lacking in merit, or that there has been poor selection outcomes. However, it is agreed that this audit is beneficial to gauge our overall performance from an effectiveness and compliance perspective, as well as to identify opportunities for improvement. This audit makes a number of recommendations that SSMO will work with Agencies over the next twelve months to address.

The audit examined appointments made over 18 months ago and since then there has been significant work undertaken to support effective senior recruitment and appointment. These improvements include:

- A trial of one-page pitch application for SES recruitment was undertaken between April 2016 and July 2017. The trial has been reviewed and guidelines for panels and applicants are being prepared for release in December 2017.
- There are components throughout the Report in relation to 'Good Practice' which are open to challenge because of the nature of recruitment and selection, including alternative practices that suit particular types of offices/positions. Alternatives have been used by Agencies in the last twelve months to test and assess the claims of applicants. Discussion have also occurred through inter-jurisdictional networks on how best to achieve the balance between streamlining effective processes and ensuring appointment of the best person for the position under the 'merit' criteria. This is the focus of the Examination of the Employment Framework, including reviewing Employment Direction No 1 that is a significant undertaking being pursued by SSMO in consultation with all stakeholders.
- All SES level 3 and 4 reports have been examined by SSMO since July 2016 for compliance and appropriateness, prior to being considered by the Head of the State Service. An evaluation report is being prepared by the Director, SSMO on the effectiveness of this quality assurance regime.
- Work undertaken in this office has resulted in many Agencies implementing declaration of interest policies and procedures. In every case examined in this office for SES level 3 and 4, specific attention is paid to the existence of the declaration of interest and the management that occurred to avoid any conflicts. SSMO is continue to work with the CEO, Integrity Commission to have practices and policies in place which best support the declaration and management of conflicts of interests across all aspects of employment and business management.

In addition, Employment Direction No 17 – Senior Executive Service and Equivalent Specialists Officers – Administrative Arrangements and Conditions of Service is being reviewed to support contemporary people practices as part of the Examination of the Employment Framework. The revised draft ED is structured to make it easier for Agencies to use, including guidelines to support compliance, manage any conflicts and/or biases and using contemporary assessment practices.

In March this year the Secretaries of Departments and their Deputies completed unconscious bias training, which included consideration of unconscious bias and methods to support diversity in recruitment, to further ensure that selection processes are effective and merit based.

For your information, the issue of pre-employment checks and essential requirements for relevant positions and offices has been the subject of ongoing consultation with stakeholders (Agencies, Unions, Department of Justice and Department of Police, Fire and Emergency Management (DPFEM)). This covers not just police checks, but extends to proof of identities, disciplinary actions in previous employment, essential requirements, licencing and registration, immunisation status (regulatory requirements) and working with children checks (vulnerable persons). This was an initiative of the Head of the State Service and the Secretary, DPFEM. The outcome from this process will be incorporated into EDs or guidelines, however, significant industrial relations implications need to be addressed as part of any policy change and implementation.

Specific comments in relation to the Report Findings and Recommendations follow.

1.1 Did agencies manage upcoming vacancies appropriately?

Support the recommendation and will incorporate in ED Review or guidelines.

1.2 Were duties described in statements of duties?

ED 11 will be reviewed as part of the Examination of the Employment Framework. Critical to this review will be Statement of Duties and appointment letters.

Support the recommendation that SODs to be reviewed on vacancy.

1.3 Were SES offices and senior State Service positions appropriately created?

This recommendation will be considered as part of the review of ED 17. Noting that Mercer assessment requirements are documented which covers information required.

1.4 Were severance entitlements correctly administered?

Agencies will be reminded of mandatory gazettal requirements and consultation requirements established in present ED 17.

2.1 Were positions appropriately advertised?

Agencies will be reminded of these mandatory requirements.

Action Plan under Diversity and Inclusion Framework will include changes to remove barriers and address inequality.

2.2 Were appropriate selection criteria established?

Ongoing examination of criteria for SES Officers, including the Leadership Capability Framework and changes to reflect the One Page Pitch, is occurring.

2.3 Were suitable selection panels established?

Recommendation noted. The findings do not reflect normal practice and SES Level 3 and 4 quality assurance checks that are documented.

2.4 Were conflicts of interests reported and managed?

Noted the findings in 3 cases. This does not reflect normal practice and SES Level 3 and 4 quality assurance checks that are documented.

2.5 Were candidates assessed against the merit criteria?

Support documentation of shortlisting decisions.

Noted that two agencies only provided limited comparisons, however, this occurs for SES Level 3 and 4 as part of the quality assurance checks that are documented.

As part of reviewing contemporary selection and recruitment, the weight given to various components of the assessment approach is being reviewed.

2.6 Were referee reports obtained?

Observations noted. Refer to comment 2.6 with reference reporting a component of this review.

2.7 Was it clear that the right person was selected?

Noted. Refer to response at 2.6. Quality assurance process for SES Level 3 and 4 appointment evaluates the reasons for decisions.

3.1 Were pre-appointment checks completed?

Refer to comments in covering letter. An initiative has been taken to examine the range of pre-employment checks.

3.2 Were appointments finalised in an appropriate manner?

Noted that compliance occurred.

3.3 Were Instruments of Appointment properly executed?

Standard IoA used. Any variations must be cleared by Solicitor-General through SSMO.

3.4 Were appointments placed in the Gazette?

Agencies will be reminded of mandatory notification requirements.

4.1 Was the time taken to fill positions appropriate?

Recommendation noted. Revised ED will examine appropriate evaluation and performance reporting.

4.2 Were the costs incurred to fill positions reasonable?

As above.

Frank Ogle

Director

Department of Health and Human Services

I welcome the overall finding of the review that recruitment processes for senior employees are broadly compliant with established procedures and note the areas of improvement that have been highlighted.

I am pleased to advise that the Department of Health and Human Services (DHHS) has implemented and is working to implement a number of measures relevant to the Report's Recommendations. These measure include:

- clearer policies and procedures for recruitment of senior employees and identifying conflict of interest
- closer working relationships between the Department's Human Resource Management Services (HRMS), the Secretary and Business Areas to identify and appropriately manage vacancies
- additional training and support provided by HRMS to Chairs of Selection Panels for senior employee positions and
- closer working relationships between DHHS, the Head of the State Service, other agencies and the State Service Management Office to ensure DHHS SES recruitment processes reflect best practice approaches.

Michael Pervan

Secretary

Department of Police, Fire and Emergency Management

I welcome the approach that separates compliance from applicable governance frameworks and the achievement of best practice in the recruitment and selection processes. The Department of Police, Fire and Emergency Management (DPFEM) has noted matters raised in your report. I can further advise that there have been changes implemented within DPFEM in response to recognised process deficiencies across the State Service; particularly in relation to real or perceived conflict of interest and the documenting of the shortlisting process.

D L Hine

Secretary

Department of Premier and Cabinet

I welcome this investigation and I am committed to acting on your findings and to continually improving the Department of Premier and Cabinet (DPAC)'s approach to recruitment.

I note that the investigation has focused on recruitment processes undertaken between almost 1 ½ and 2 ½ years ago, and has sought to identify areas of both compliance and good practice. I also note that the findings show that agencies generally complied with the mandatory requirements of the applicable framework, and that there is an opportunity to enhance and revise our processes to better align with good practice.

Since the recruitment process in question, DPAC has continued to review and strengthen its recruitment activities, with the inclusion of the following improvements:

- a conflict of interest declaration and documentation of mitigation activities within the selection report template;
- mandatory shortlisting report templates;
- Independent Quality Assurance of SES recruitment processes by a suitably qualified, independent and senior State Servant, or alternatively the use of an independent chairperson from outside DPAC; and
- since early 2016, using the whole-of-government electronic recruitment system to receive, sort and date applications.

In addition to these actions, I am working with the Director of the State Service Management Office and the Commissioner for Police to ensure that all future SES appointments will be subject to a Police check before being finalised.

DPAC has also focussed on cultural improvement activities that align with the recommendations for good practice in the report. Some of these initiatives include unconscious bias training for the Head of Agency and Deputy Secretaries (to be rolled out throughout the rest of DPAC in 2018) and a focus on values-based recruitment and selection.

DPAC is currently finalising a checklist and internal guidelines for SES recruitment, and will introduce more formal planning and documenting of the decisions taken around advertising and the make-up of selection panels. An end-to-end review of DPAC's recruitment process is currently underway, which will also include a focus on the makeup of selection panels and mandated training for all panel members.

As Head of Agency, I reiterate my commitment to continuously improving DPAC's processes for senior appointments and to ensuring that our recruitment is fair, equitable and meritorious. The recommendations in the audit report will continue to inform our focus in this area.

Greg Johannes

Secretary

Department of Primary Industries, Parks, Water and Environment

I am pleased to advise that a number of the findings and/or subsequent recommendations made in your report are practices that DPIPWE are now implementing. Such actions include:

- The requirement for all fixed-term vacancies greater than three months to be subject to a Whole of Agency Expression of Interest process as a means of promoting and ensuring transparent and equitable opportunities across the Agency;
- A requirement that all panel members declare and record conflicts of interest during the selection process;
- A change to our application process whereby applicants are no longer required to provide a full response to selection criteria and instead are invited to submit a two-page pitch in addition to their CV.





Additionally, and in line with our focus on continuous improvement, we have recently contracted Deloitte to undertake a comprehensive (end-to-end) review of our recruitment practices. It is intended the review will consider best practice in the Tasmanian State Service, in other State Services as well as the private sector whilst ensuring that all recommendations are consistent with the provisions outlined in the existing Tasmanian State Service employment framework.

John Whittington

Secretary

APPENDIX 3: APPROACH TO RATING FINDINGS AGAINST THE SUB-CRITERION

We have rated the findings against the sub-criterion. The ratings are described in the following table.

Risk Rating	Description
<p style="text-align: center;">High</p> <p style="text-align: center;"></p>	<p>We noted:</p> <ul style="list-style-type: none"> • an instance of non-compliance that has major consequences • a breach which requires immediate action • an issue that could have, or is having, a major adverse impact on recruitment and selection activities.
<p style="text-align: center;">Medium</p> <p style="text-align: center;"></p>	<p>We noted an:</p> <ul style="list-style-type: none"> • instance of non-compliance that has moderate consequences • issue that could have, or is having, an adverse impact on recruitment and selection activities.
<p style="text-align: center;">Low</p> <p style="text-align: center;"></p>	<p>We noted an:</p> <ul style="list-style-type: none"> • instance of non-compliance that has minor consequences • issue that could have, or is having, a minor impact on recruitment and selection activities.
<p style="text-align: center;">No findings</p> <p style="text-align: center;"></p>	<p>Agencies complied with the requirements of the governance framework for employment and good practice.</p>

AUDIT MANDATE AND STANDARDS APPLIED

Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

‘(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

‘(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards

(2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



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