



Tasmanian
Audit Office

Management of Underperformance in the Tasmanian State Service

Report of the Auditor-General
No.2 of 2020-21



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27 August 2020

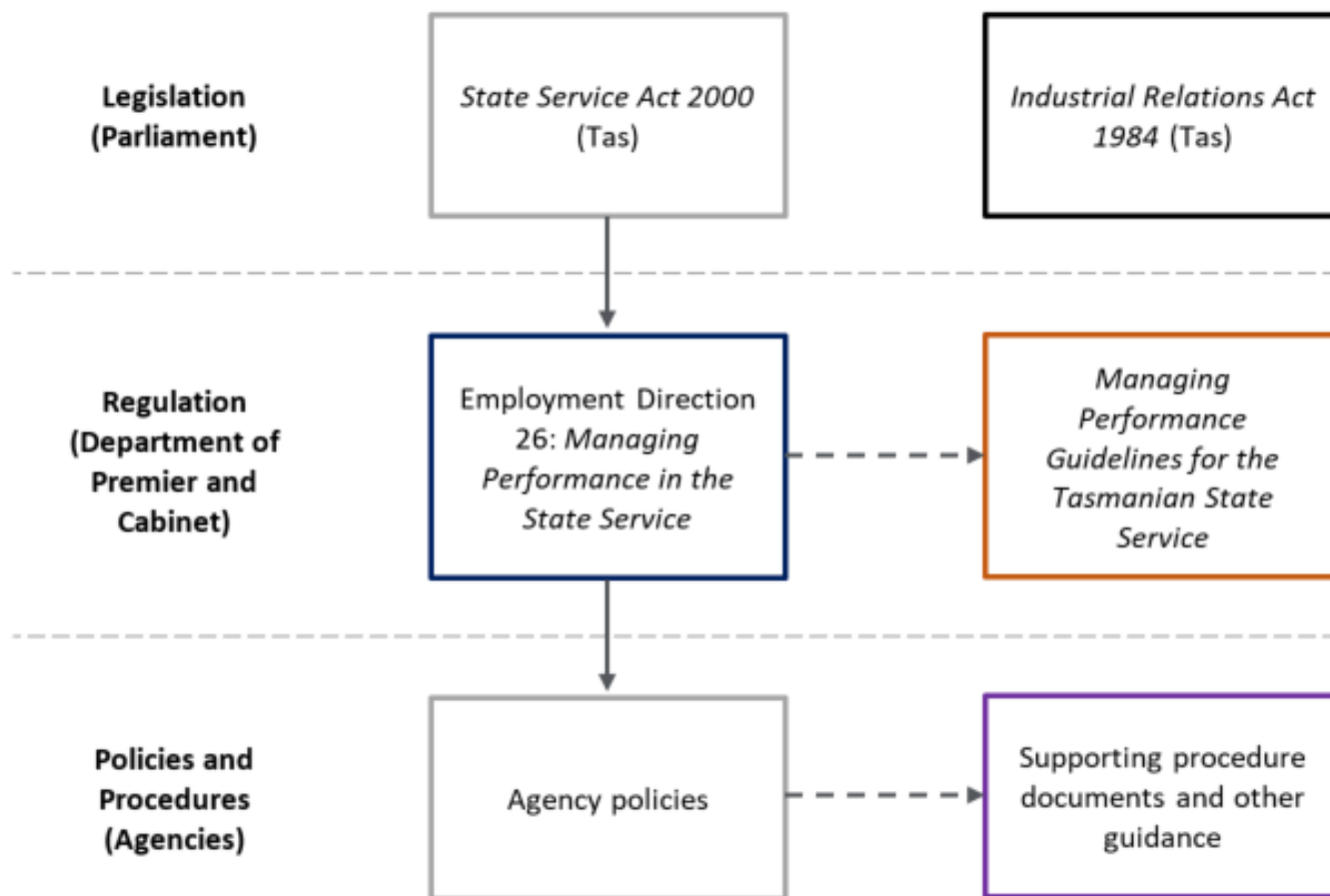
Objective and scope of the audit

Objective: To form a conclusion on whether underperformance is managed effectively in the Tasmanian State Service (TSS)

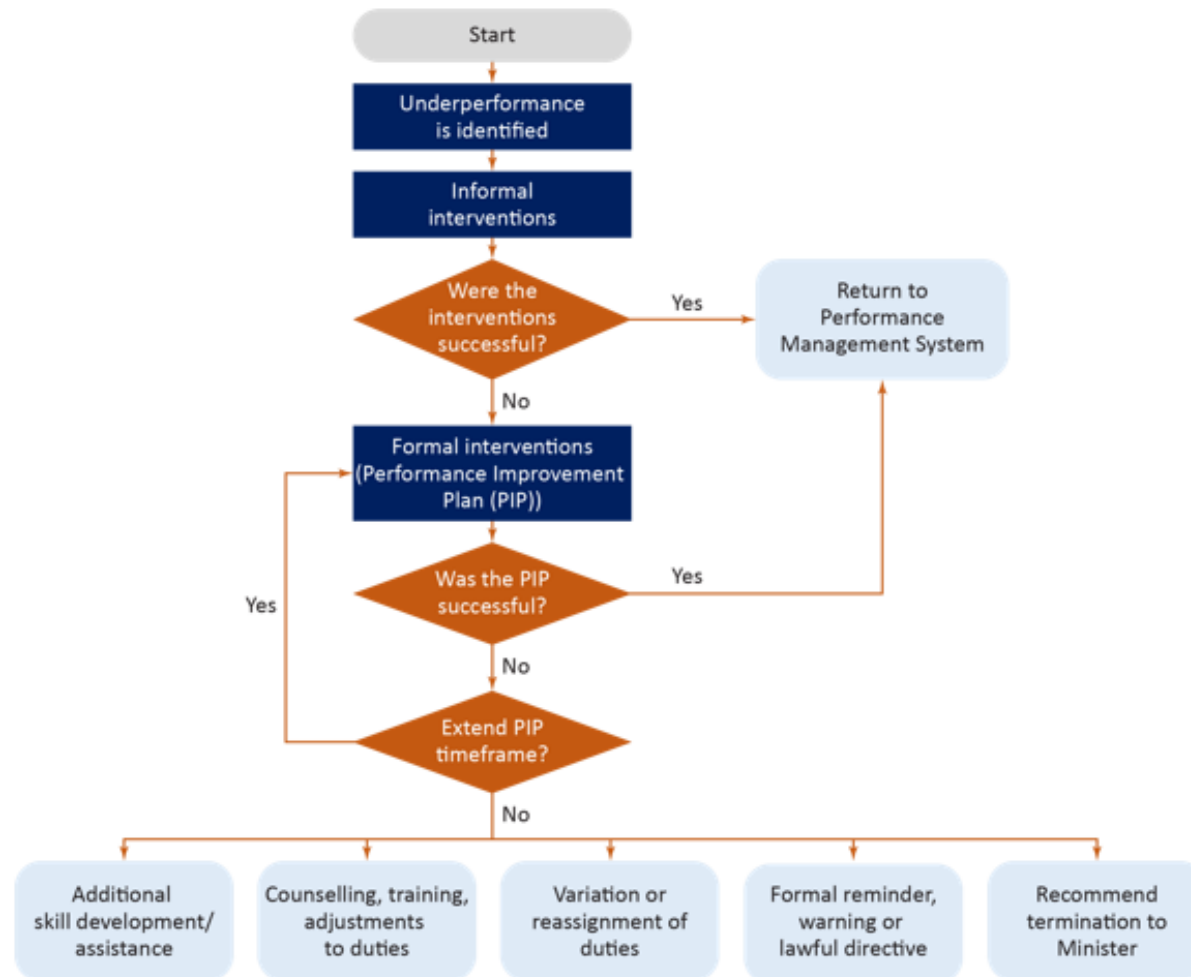
Scope: The audit examined and analysed information relating to the performance framework established and activities undertaken to manage underperformance of employees in the following departments:

- Police, Fire and Emergency Management
- Primary Industries, Parks, Water and Environment
- State Growth
- Treasury and Finance

Legal and regulatory framework for managing underperformance



Employment Direction 26 process to manage underperformance



Audit approach

- Survey of all in-scope staff
- Five separate focus groups of staff with supervisory/management responsibilities
- Interviews with human resources (HR) staff
- Document review of relevant policies, plans and formal Performance Improvement Plans

Fieldwork and analysis was undertaken October to December 2019.

Audit criteria

1. Do TSS and agency policies and procedures contribute to the effective management of underperformance?
2. Is the performance management framework consistently applied?
3. Do agencies know if underperformance is managed effectively?

Audit conclusion

Agencies did not perform, in terms of effectiveness, with respect to:

- consistent application of the performance management framework (criteria two)
- monitoring of informal underperformance (criteria three).

Major findings

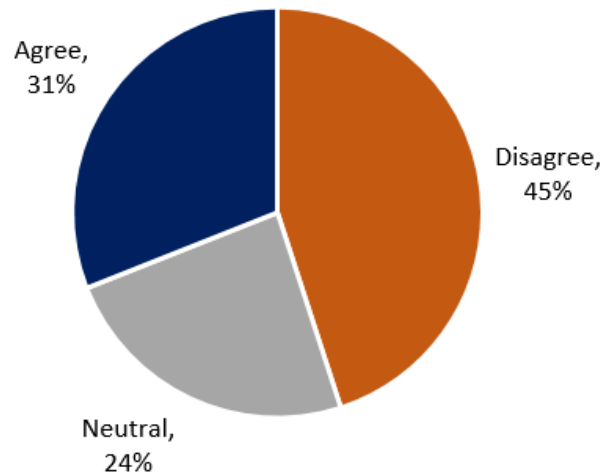
1. Do TSS and agency policies and procedures contribute to the effective management of underperformance?
 - Where they existed, agency policies and procedures were aligned with ED 26
 - Agencies provided varying levels of guidance on why and how to manage underperformance
 - Managers and staff did not have confidence underperformance was being managed effectively

1. Do TSS and agency policies and procedures contribute to the effective management of underperformance?

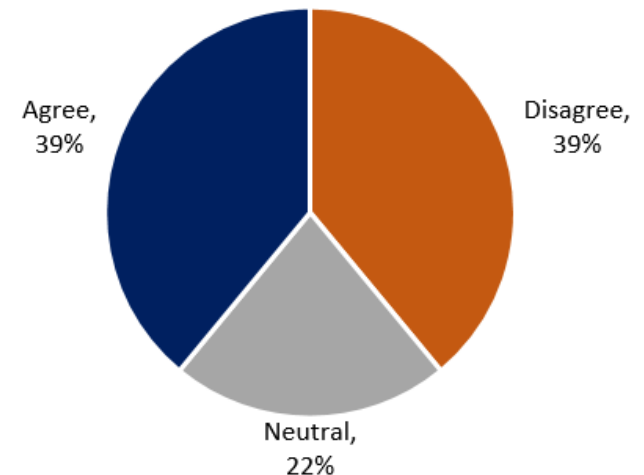
Less than 40% of managers understood how underperformance is managed in their agency. This has led to inconsistent application of policies and procedures and contributed to a culture where underperformance may be tolerated, or considered too difficult or time consuming to manage.

'I understand how performance is managed in my agency'

All staff



Managers



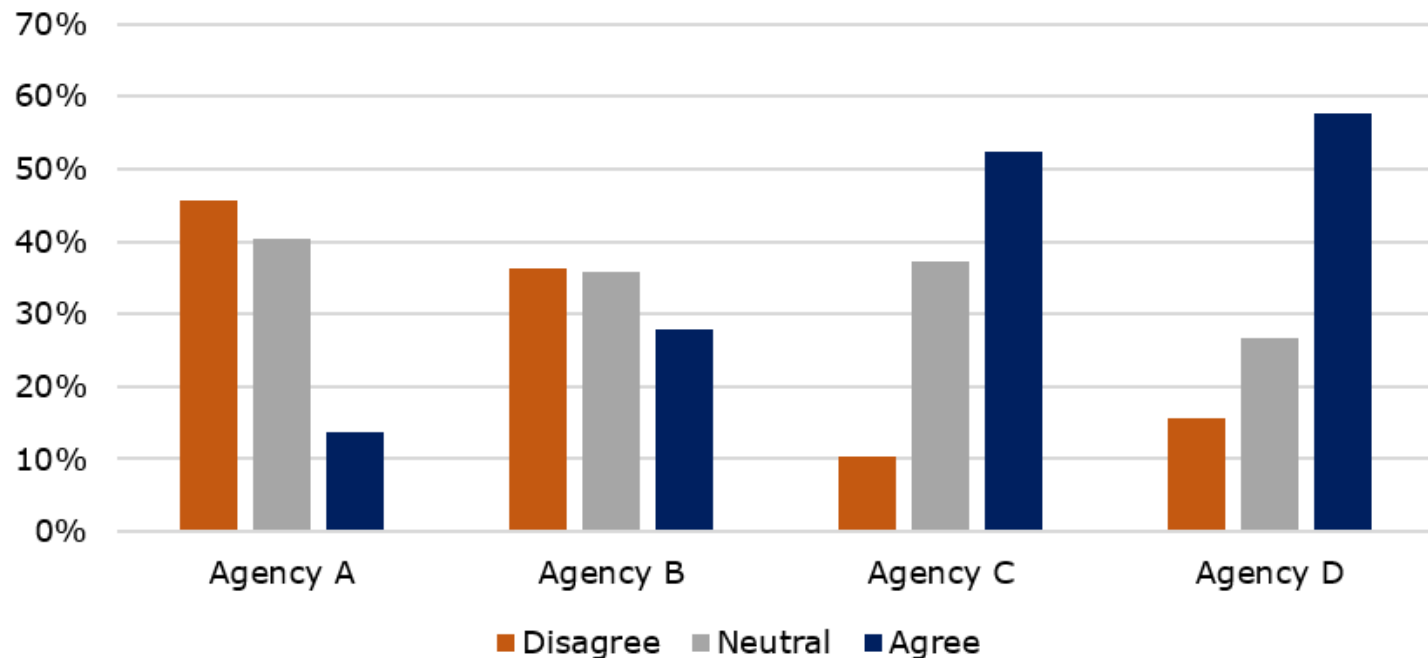
2. Is the performance management framework consistently applied?

- Each agency having responsibility for managing performance has led to inconsistent outcomes
- With some exceptions, training provided to managers was not adequate
- Agency HR was able to provide personalised support to managers, however this advice could be inconsistent
- Effective management of underperformance was time intensive
- Investing time in managing underperformance often led to positive outcomes

2. Is the performance management framework consistently applied?

Inconsistent application of underperformance has led to inconsistent outcomes and a low level of confidence in and understanding of underperformance processes among managers and staff.

'Documented policies, procedures and other guidance are clear and useful'

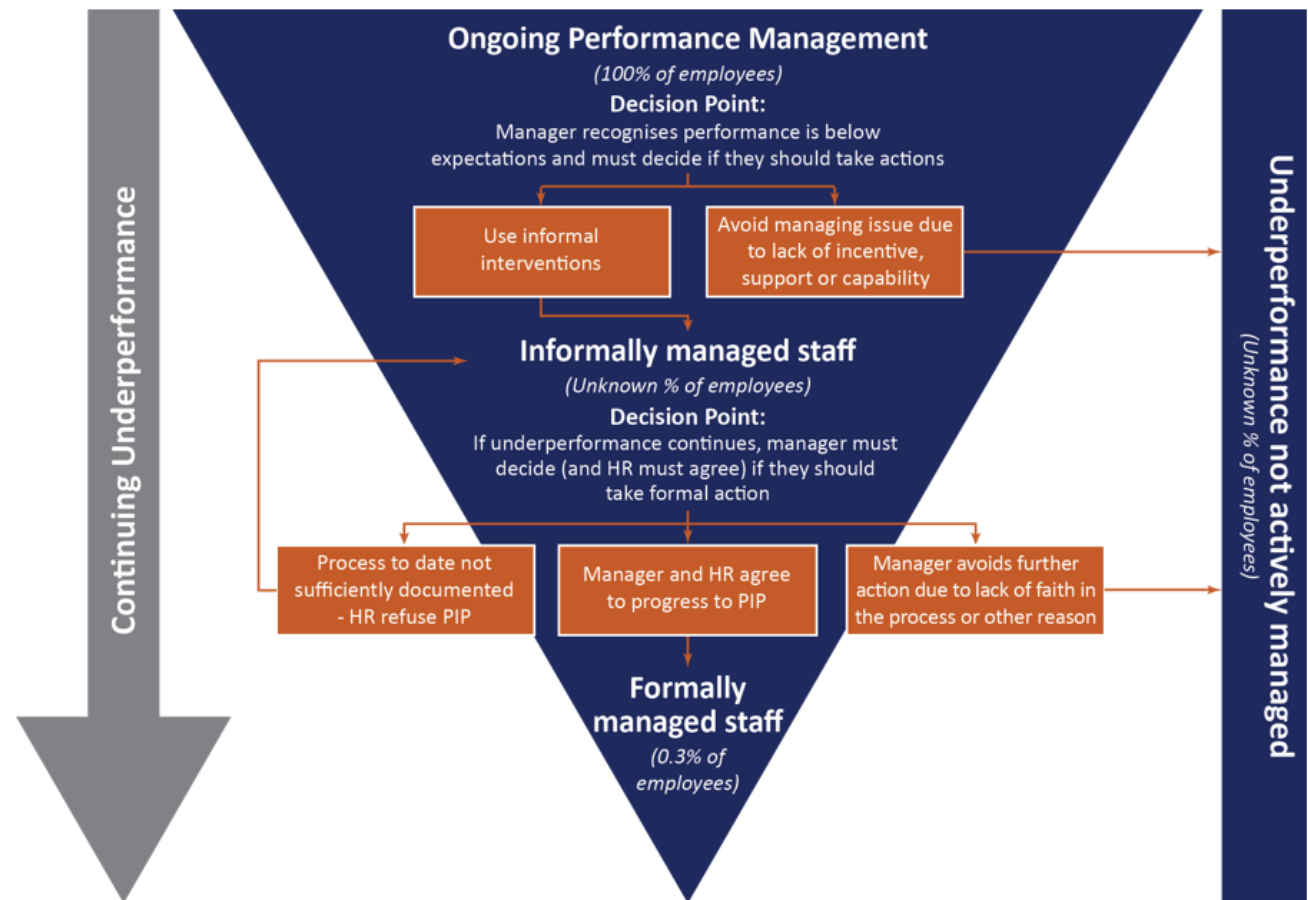


3. Do agencies know if underperformance is managed effectively?

- All agencies maintained centralised records relating to employee performance
- Agencies maintained documents relating to formal underperformance processes
- Ability of agencies to monitor:
 - the number of underperforming employees in their agency
 - the impact of underperformance on the agency
 - the effectiveness of underperformance managementwas significantly constrained by system, capability, resourcing and information limitations

3. Do agencies know if underperformance is managed effectively?

Agencies did not have visibility of the extent of informally managed underperformance beyond ad-hoc reporting or anecdotal comments from managers



Recommendations

1. The State Service Management Office (SSMO) and agencies work together to improve process guidance, including:
 - a. a review of ED 26 and the supporting guidelines
 - b. development of a suite of standardised policies, procedures and template documents to improve consistency of practice across the TSS
 - c. development of tailored resources by each agency
 - d. development of initiatives to give managers an opportunity to discuss with their peers how they manage underperformance within their teams to encourage collaborative learning among managers

Recommendations

2. SSMO and agencies work together to improve manager capability, including:
 - a. mandatory training for all new managers on the fundamentals of managing people
 - b. implementation of consistent training for all managers, regardless of their agency
 - c. development of supplementary training resources (e.g. online learning) for managers to 'self-select' for additional support
 - d. development of initiatives to give managers an opportunity to discuss with their peers how they manage underperformance within their teams to encourage collaborative learning among managers

Recommendations

3. Agencies improve monitoring of the occurrence and impact of informal and formal underperformance to understand the extent of, and key drivers for, underperformance within their workforce, including:
 - a. determining the types of underperformance that need to be monitored
 - b. modifying existing tools and systems to better capture this information

Recommendations

4. Agencies pursue initiatives to enhance managers' capacity and preparedness, to deal with employee underperformance.
Initiatives may include:
 - a. an increased focus by executive leadership on reinforcing the importance of managing underperformance
 - b. reiterating that managing performance is the primary responsibility of managers and emphasising the importance of addressing underperformance at an early stage and documenting outcomes
 - c. providing support to managers in recognition of the additional effort required and pressures when managing underperformance

Recommendations

- d. encouraging managers to seek out the guidance and support they need to become confident in managing underperformance
- e. assessing managers' people management skills and responding with appropriate development actions
- f. recognising and rewarding managers who manage underperformance, and holding accountable those who do not
- g. interventions by higher level managers to support or reinforce the need to deal with underperformance when required