



**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

# INTRODUCTION

This summary 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.

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 of the full report.

## AUDIT SCOPE

The audit scope included a sample of four Senior Executive Service (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 Summary 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.

## 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.

## SUMMARY OF FINDINGS AND RECOMMENDATIONS

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

- complexity of the governance framework for employment:
  - the Employment Directions (EDs) 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 Office and the Integrity Commission 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 agencies
- 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.

The 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 the Report relate 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 the following Table and are identified as either relating to compliance with the governance framework or what we consider to be good practice.

## Summary of findings and recommendations by section

### 1 Were SES offices and senior State Service positions appropriately managed?

#### 1.1 Did agencies manage upcoming vacancies appropriately?

##### **Findings**

##### **Compliance**

One agency did not comply with the requirements of ED 17 *Senior Executive Service and Equivalent Specialist Officers Administrative Arrangements and Conditions of Service* as it:

- 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.

##### **Good practice**

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.

##### **Recommendations**

Agencies review their approach to workforce management to ensure positions are filled, when vacancies are created, through an equitable and transparent process.

#### 1.2 Were duties described in statements of duties?

##### **Findings**

##### **Compliance**

Agencies complied with the requirements of ED 11 *Statements of Duties*.

##### **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.

##### **Recommendations**

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.

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

#### **Findings**

##### **Compliance**

Agencies received approval, from SSMO, relating to the creation, determination and classification of SES offices and senior State Service positions.

##### **Good practice**

While SSMO approved the creation and classification of senior State Service positions, we are of the opinion that the documentation provided by:

- agencies did not demonstrate consideration of the suitability of surplus employees
- two agencies did not clearly support the classification level.

#### **Recommendations**

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.

### 1.4 Were severance entitlements correctly administered?

#### **Findings**

##### **Compliance**

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.

#### **Recommendations**

No recommendation required. Agencies are required to comply with the Act and relevant EDs.

## **2 Were recruitment and selection activities appropriate?**

### 2.1 Were positions appropriately advertised?

#### **Findings**

##### **Compliance**

Two agencies did not place a notice in the Gazette, as required under the Act, advertising senior State Service positions.

##### **Good practice**

Agencies had not adequately documented a recruitment strategy, including consideration of the opportunity for participation by all diversity groups.

#### **Recommendations**

No recommendation required. The approach to advertising, including consideration of participation by all diversity groups, has changed since 2015–16.

## 2.2 Were appropriate selection criteria established?

### **Findings**

#### **Compliance**

Selection criteria had been established and included in all of the Statements of Duties reviewed.

#### **Recommendations**

No recommendation required.

## 2.3 Were suitable selection panels established?

### **Findings**

#### **Compliance**

Due to a lack of documentation, we could not confirm that agencies complied with the requirements of ED 17, where relevant.

#### **Good practice**

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.

#### **Recommendations**

Agencies document the relevant skills and experience of panel members in the selection report.

## 2.4 Were conflicts of interests reported and managed?

### **Findings**

#### **Compliance**

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.

#### **Recommendations**

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.

## 2.5 Were candidates assessed against the merit criteria?

### **Findings**

#### **Compliance**

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.

#### **Recommendations**

Agencies consider and document, in selection panel reports, the performance of candidates in each stage of the recruitment process.

## 2.6 Were referee reports obtained?

### **Findings**

#### **Compliance**

There were no requirements relating to referee reports.

#### **Good practice**

Referee reports were not:

- 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.

### **Recommendations**

See recommendation in Section 2.6.

## 2.7 Was it clear that the right person was selected?

### **Findings**

#### **Compliance**

There were no specific requirements relating to the factors that should be reflected in the selection decision.

#### **Good practice**

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.

### **Recommendations**

See recommendation in Section 2.6.

## 3 Were successful candidates appropriately appointed?

### 3.1 Were pre-appointment checks completed?

### **Findings**

#### **Compliance**

The relevant agency complied with the requirements of ED 7 *Pre-Employment Checks*.

#### **Good practice**

Agencies had not conducted pre-employment checks for SES offices or senior State Service positions.

### **Recommendations**

Agencies identify and conduct pre-employment checks relevant to SES offices and senior State Service positions.



### 3.2 Were appointments finalised in an appropriate manner?

#### **Findings**

##### **Compliance**

Agencies complied with the requirements of the Act, the EDs and the *Tasmanian State Service Award*.

##### **Recommendations**

No recommendation required.

### 3.3 Were Instruments of Appointment properly executed?

#### **Findings**

##### **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.

##### **Recommendations**

No recommendation required.

### 3.4 Were appointments placed in the Gazette?

#### **Findings**

##### **Compliance**

Four of the eight appointments reviewed had not been placed in the Gazette.

##### **Recommendations**

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?

#### **Findings**

##### **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.

##### **Recommendations**

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?

### **Findings**

#### **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.

### **Recommendations**

See recommendation in Section 4.1.

## **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

# NOTES

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**Tasmanian**  
Audit Office

**Phone** (03) 6173 0900  
**Fax** (03) 6173 0999  
**email** [admin@audit.tas.gov.au](mailto:admin@audit.tas.gov.au)  
**Web** [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

**Launceston Office**  
**Phone** (03) 6173 0971

**Address** Level 8  
144 Macquarie Street, Hobart  
**Postal Address** GPO Box 851, Hobart 7001  
**Office Hours** 9am to 5pm Monday to Friday

**Address** 2nd Floor, Henty House  
1 Civic Square, Launceston