



Appendix one – Response from agencies

Response from Department of Finance, Services and Innovation



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Office of the Secretary

Ms Margaret Crawford
Auditor-General of NSW
Audit Office of NSW
Level 15, 1 Margaret St
SYDNEY NSW 2001

Dear Ms Crawford

Assessment of the use of a training program

I refer to the Auditor-General's Special Report on "Assessment of the use of a training program" dated 12 June 2018. The Department welcomes the report as an opportunity to review and enhance our delivery and support for the development of public sector employees. I note the constructive suggestions made in the recommendations of the report and attach a formal response from the Department to be incorporated into the published report.

Economy - Recommendation 1 & Recommendation 3

Recommendation 1: Improve the guidance provided to NSW Government agencies engaging in direct procurement negotiations

Recommendation 3: Conduct post-completion reviews of the Program procurement processes in line with ICAC's "Guidelines for managing risk in direct negotiations"

In relation to comments on page 8 of the report under the heading "The procurement guidance for direct negotiations should be improved" we reiterate DFSI's approach to this procurement was robust and that the ICAC Guidelines, referred to on page 8, are "Guidelines" and as such are "general principles" not intended to specifically address the circumstances for every type of procurement.

The Department considers that DFSI procurement process was sound and we do not believe that all elements of the checklist were relevant in this circumstance.

The Department notes the procurement recommendation that "procurement guidance for direct negotiations should be improved", and will review and improve current procurement processes including ensuring staff involved in direct negotiations sign a conflict of interest declaration specific to each direct negotiation.

Efficiency - Recommendation 2 & Recommendation 4

Recommendation 2: Establish specific targets in its learning and development evaluation framework and measure how effectively the Program is assisting to achieve these targets

Recommendation 4: Assess the results of the 2018 People Matter Employment Surveys to evaluate whether the Program is achieving the intended business benefits, including culture change. This evaluation should inform decision on whether implementation should continue.

In relation to comments on Page 6 of the report which refers to targets for employee engagement the report states "Without specific target measures, the Department

cannot assess whether the Program has been fully effective.” DFSI would reiterate that there is a robust evaluation framework in place to measure the effectiveness of the program, based on a widely recognised evaluation methodology. This is being monitored on an ongoing basis to ensure the effectiveness of the program against the program objectives as more staff participant in the Program.

Employee engagement is a complex and multi-faceted measure and it is not possible to isolate the impact of a single learning program using this one measure. As such DFSI is monitoring the effectiveness of the program, and improvements in the Department's culture, using a broad range of data sources and metrics.

In addition, at the time of conducting the 2018 People Matter Survey only 450 staff (less than 10% of the total staff numbers) had completed the first phase of this program. DFSI intends to review the 2018 PMES data but this is not representative, in isolation, as a measure of the overall effect of the program and as such we consider it is too soon to determine whether “implementation should continue” (Recommendation 4) based solely on this.

DFSI has identified the parameters of how we intend to undertake the ongoing evaluation and will do so once a critical mass of participants has undertaken the Program. The evaluation framework in place will provide the critical comparative data necessary for a rigorous evaluation of business benefits and culture change.

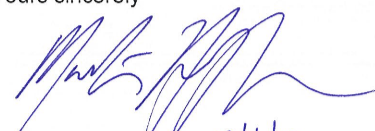
As the report notes, DFSI is collecting the necessary data for evaluation of effectiveness of the program on an ongoing basis. Should the evaluation not demonstrate the intended benefits we will reconsider our approach.

We would also note in regard to the comments in the conclusion of the report on page 2 as to whether “training all staff members was necessary to meet their business needs”, the Department's decision to provide training to all staff over a multi-year period is consistent with a fundamental obligation of a good employer to provide all staff with opportunities for learning and development.

The consistent feedback from the Department's staff over the last two PMES surveys identified staff development as the single most important thing our staff are looking for, and was shown in analysis of the PMES to be a key driver of engagement. Staff development impacts not only employee engagement, and productivity, but also contributes to reduced costs across the Department through lower staff turnover and a reduction in serious misconduct and grievance matters arising from staff behaviour. The economic case for such action in terms of avoided costs is also compelling.

The Department is fully supportive of the development of its staff and considers this Program to be pivotal to engagement, productivity and the provision of services to the citizens of NSW.

Yours sincerely



Martin Hoffman
Secretary

19/6/18.

Response from Service NSW



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Our ref: D18/7897
Your ref: D1810994

Ms Margaret Crawford
Auditor-General of NSW
Audit Office of NSW
via email: Margaret.crawford@audit.nsw.gov.au

Dear Ms Crawford

Final report – Assessment of the use of a training program

Thank you for providing an opportunity to provide comments on the final performance audit report, "Assessment of the use of a training program", dated 12 June 2018, prepared by the Audit Office of NSW.

The Department of Finance, Services and Innovation ("DFS") and Service NSW (an executive agency of DFS) were examined as part of the audit. The report identifies 11 key findings: eight are related to both DFS and Service NSW; two are specific to DFS and one is specific to Service NSW. The report outlines four recommendations, two of which are addressed to Service NSW to consider.

The findings of the report will further inform Service NSW's strategy and action plan to support the organisation in achieving our strategic priorities including our mission to transform transactional services through excellent customer service and effective partnerships.

Attached is a table containing specific comments to the findings in the report for your consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read "Damon Rees".

Damon Rees
Chief Executive Officer

18 June 2018

Performance audit - Assessment of the use of a training program
Service NSW's Comments on the Audit Report – June 2018

Page Reference	Service NSW Comment
3	<p>Recommendation 1: The report recommends that DFSI improve the guidance to NSW Government agencies engaging in direct procurement negotiations.</p> <p>While this recommendation does not directly apply to Service NSW, the recommendation is noted and Service NSW will:</p> <ul style="list-style-type: none"> Implement any improvements recommended by DFSI.
3	<p>Recommendation 2: The report recommends that DFSI establish specific targets in its learning and development evaluation framework and measure how effectively the Program is assisting it to achieve these targets.</p> <p>While this recommendation does not directly apply to Service NSW, the recommendation is noted and Service NSW will:</p> <ul style="list-style-type: none"> Continue to use Service NSW established targets to assess whether the program is successful.
3	<p>Recommendation 3: The report recommends that DFSI and Service NSW conduct post-completion reviews of the Program procurement processes in line with ICAC's 'Guidelines for managing risk in direct negotiations'.</p> <p>Service NSW supports the recommendation and will:</p> <ul style="list-style-type: none"> Conduct a post-completion review of the program procurement processes. Responsibility of Delegate involved in the procurement, by end August 2018.
7	<p>Recommendation 4: The report recommends that DFSI and Service NSW assess the results of their 2018 People Matter Employment Surveys to evaluate whether the Program is achieving intended business benefits, including culture change. This evaluation should inform a decision on whether implementation should continue.</p> <p>Service NSW supports the recommendation and will:</p> <ul style="list-style-type: none"> Analyse the results of the 2018 People Matter Employee Engagement Survey when they become available in early September 2018. Responsibility of ED People and Culture by end September 2018. Utilise the analysis of the 2018 People Matter Employee Engagement Survey results to inform a wider Executive discussion on the Program's delivery of the intended business benefits for Service NSW including culture change. Should the results not deliver the intended benefit, we will reconsider our approach. Responsibility of Executive Leadership Team by end October 2018.

	Service NSW notes that the report finds that initial evaluation data indicates that the Program is effective.
2 & 5	<p>The report finds that the agencies did not document evidence to show that training all staff members was necessary to meet their business needs, as compared with training fewer staff members at a lower overall cost.</p> <p>However, the report concludes that the agency heads subsequently provided information supporting their decisions to train all staff members and these were based on evidence that this would meet the goals of their workforce strategies, including improving employee engagement scores and organisational culture change.</p> <p>Service NSW notes this finding and conclusion and will consider it in light of Recommendation 4. Refer to Service NSW's comments on Recommendation 4 above.</p>
7	<p>The report finds that the agencies generally complied with the NSW Procurement Policy Framework and their internal procurement frameworks and financial delegations however, there are some areas within Service NSW's procurement approach that could be more robust specifically, the timing of the market analysis and the quality of the risk assessment.</p> <p>Service NSW notes this finding and will:</p> <ul style="list-style-type: none"> • Ensure that all staff involved with future procurement, provide procurement specific conflict of interest declarations for each negotiation. Responsibility of Delegate involved in the procurement, on-going. • Consider the ICAC "Guidelines for managing risks in direct negotiations" while recognising that they are general principals and are not intended to inform every type of direct negotiation procurement. Responsibility of Delegate involved in the procurement, on-going.

