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# New South Wales Auditor-General's Report

## Performance Audit

### Public Sector Management Reforms

Public Service Commission

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The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Public Sector Management Reforms: Public Service Commission**.

A handwritten signature in black ink, reading 'A. T. Whitfield'.

**A T Whitfield PSM**  
Acting Auditor-General  
28 January 2016

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# Executive summary

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This audit examines how well the NSW Public Service Commission (PSC) is implementing public sector management reforms. The audit focuses on the support and guidance the PSC has given to agencies, monitoring and reporting of the progress in implementing reforms, and the long term benefits of reforms.

Public sector management reforms target the work practices, employment structures and conduct of the NSW public service. These include changes to rules and guidelines for recruitment, job classification, the structure of the senior executive service, and ethical conduct. The reforms aim to provide the foundation for a modern, high performing government sector. The role of the Public Service Commissioner and the PSC is to drive these improvements across the public sector.

In early 2012, the NSW Commission of Audit Interim report identified a range of issues with workforce management in New South Wales. The PSC, which was established in late 2011, was tasked to address a number of these issues and build the capability of the public sector. The *Government Sector Employment Act 2013* (GSE Act), which provides the legislative basis for reforms, commenced in February 2014.

The public sector management reforms are ambitious, covering a substantial workforce and requiring a lot to be done in a short time. To achieve the outcomes sought, the reforms need to be supported by sound evidence, have clear objectives and performance indicators, and be evaluated at appropriate stages. Where success depends on the efforts of agencies, it is important that the PSC, as the lead agency for the reforms, gives agencies the support and guidance they need and monitors whether reforms are being implemented effectively.

## Conclusion

**The Public Service Commission is making good progress in implementing public sector management reforms, although there are some areas for improvement.**

The PSC provided agencies with adequate support and guidance to help them implement reforms. However, the PSC could have been more timely with guidance, better explained the rationale of the reforms, links between reforms and the best order in which to implement reforms.

The PSC is developing a performance measurement framework that will enable it to better monitor and report on the impact of reforms. While the PSC has done a mid-point assessment of the implementation of reforms, it has not established a method or plans for evaluating reforms when they have been fully implemented.

The PSC developed a robust case for action in response to the Commission of Audit Interim Report. It has set high level reform objectives, but did not quantify the scale of anticipated benefits and does not actively monitor or manage their realisation.

## Public sector management reforms are underpinned by a sound evidence base

The Commission of Audit Interim report provided a baseline assessment of the state of workforce management in New South Wales. While the direction of many reforms was set by the GSE Act, the details, particularly the implementation and timeframes, were still to be determined. We found the PSC developed a sound evidence base for implementing reforms. The PSC conducted internal, and commissioned external, research to supplement the Interim report. This research considered best practice approaches in other jurisdictions. The PSC involved the public sector in working groups to develop options and obtained endorsement from Agency Heads at the Secretaries Board and the former Senior Management Council.

### **Reforms address problems identified in the Commission of Audit Interim Report**

The reform program, if implemented well, will move the sector towards addressing the problems identified in the Commission of Audit Interim Report. For example, changes to rules around senior executive structures will help to address the problems of multiple layers of executives with narrow spans of control. More broadly, the reforms will put in place tools and settings to enable more strategic workforce management.

### **The PSC identified gaps in strategic human resource leadership capabilities**

In 2012, the PSC assessed the leadership capacity of the sector as a whole. It identified a need to develop capabilities in strategic human resource management for both human resource leaders and executives more broadly. The PSC initially proposed to run a pilot centre for human resource leaders to address the gaps identified. Instead, the PSC offered training to the broader executive cohort covering a range of subjects, including strategic human resource management. We found, however, that only a small number of human resource leaders took this training. In 2015, the PSC engaged a consultant to do a mid-point assessment of reform progress across six clusters. This assessment found that the capacity and capability of human resource units is still a major challenge in some agencies.

### **Guidance material was helpful for agencies, but could have been more timely**

The PSC produced a range of guidance material for agency human resource units. This material helped explain the intent of the reforms and provided practical resources to assist agencies in implementing the different elements. In some instances, guidance materials were provided just-in-time. For those agencies that chose to implement reforms ahead of the deadlines, this led to differing approaches across agencies and some rework was needed. The PSC advised that delays were due to limited resources and competing priorities.

### **The PSC used a range of methods to monitor reform implementation**

The PSC monitors how agencies are implementing reforms through a range of methods. Monitoring was more frequent for some reforms than others. For example, there was more active monitoring of the Senior Executive Structure reforms than recruitment reforms. The PSC asks agencies to annually self-report the maturity of workforce management in the Agency Survey, but does not verify responses. The PSC uses the People Matter Employee Survey to monitor whether reforms are leading to improved outcomes. This Survey, however, has a weaker connection to outcomes in some reform areas such as recruitment. The Survey results also come with higher margins of error for smaller agencies. In 2015, the PSC undertook a separate assessment of reform implementation in six Clusters.

### **A comprehensive performance measurement framework is being developed**

The PSC collected a range of potential performance indicators in the underlying analysis for each reform. Some performance information is reported in the annual State of the Sector report, for example, increases in capability levels of executives resulting from the executive development strategy. There has been less measurement or reporting of the benefits in other areas, for example, recruitment reforms. The PSC is currently developing a workforce measurement framework of approximately five headline indicators related to organisational effectiveness. The PSC proposes that a range of other indicators, more closely related to aspects of the reforms, will support the headline indicators.

### **Few reform benefits are tracked and there are no plans to evaluate outcomes**

While the PSC identified potential benefits of implementing reforms, it does not monitor or report on the progress towards realising these benefits. It does not have a benefits realisation strategy or advise agencies on how to monitor the benefits of reforms. The reform program is part-way through a three year implementation. The PSC, however, has not established a method or timeframe to evaluate whether the reforms, once fully implemented, achieved what they set out to. Evaluation is important for transparency of expenditure and will provide a better understanding of the outcomes delivered.

## Recommendations

### The Public Service Commission should by December 2016:

1. Develop a strategy, in partnership with agency heads, to strengthen the capabilities of human resource leaders to better embed workforce management reforms.
2. Clarify and communicate to the sector the objectives, outcomes and anticipated benefits of reforms, and links between different reforms.
3. Review the Agency Survey, including its purpose and objectives and better communicate to agencies how the PSC intends to use the results.
4. Examine ways, in partnership with agency heads, to improve participation in the People Matter Employee survey to increase the statistical quality of results.
5. Implement the proposed Workforce Measurement Framework, in consultation with agency heads, including:
  - performance indicators related to the efficiency and effectiveness of reforms
  - targets or benchmarks to encourage better agency performance
  - public reporting of results in the State of the Public Sector Report or equivalent.
6. Establish a methodology and set timeframes to evaluate the effectiveness of reforms post implementation, to build on the work of the 2015 mid-term evaluation.
7. Increase public reporting on reform benefits achieved to date and whether anticipated benefits of reforms are on track to be realised once fully implemented.

# Introduction

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## 1. Public sector management reforms in New South Wales

### 1.1 An ambitious set of reforms are underway

Public sector management reforms encompass a wide range of activities, including personnel management, public sector workplace relations, ethics and values, workforce planning, performance management and operational practices. The reforms aim to provide the foundation to develop a modern, high performing public sector. The 2011 Commission of Audit provided the impetus for reforms to public sector management in New South Wales (Exhibit 1).

#### Exhibit 1: The Commission of Audit Interim Report on Public Sector Management

In 2011, the NSW Commission of Audit (Secretariat led by Dr Kerry Schott) was tasked to:

- examine public sector management and service delivery issues through case studies which illuminate specific and systemic weaknesses in management and expenditure
- identify reform opportunities and appropriate performance objectives for public sector management and service delivery.

The *Commission of Audit Interim Report on Public Sector Management* (2012) found:

- inefficient and ineffective recruitment and selection practices
- focus on single, highly specific positions
- executive structures – too many layers, narrow spans of control, minimal mobility
- executive capability – financial and strategic human resource management gaps
- New South Wales capability framework (2008) – fragmented implementation
- workforce planning – virtually non-existent
- limited staff mobility within and between agencies
- publicly stated values of agencies not matching operating values
- agency cultures – inward looking and risk averse
- performance management – few agencies had effective systems.

The *Interim Report* made a number of recommendations to the Government to address these shortcomings.

Source: Commission of Audit Interim Report on Public Sector Management (2012).

The public sector management reforms in scope for this audit are:

**Ethical framework:** is a new legal requirement for all people employed in the government sector to act ethically and in the public interest. The Public Service Commission (PSC) produced the *Behaving Ethically* guide to assist employees to better understand their obligations, and a Code of Ethics and Conduct to outline mandatory requirements and best practice conduct.

**Capability framework:** describes the capabilities and associated behaviours that are expected of all NSW public sector employees. The Framework is a foundation for a range of workforce management and development activities: role design and description; recruitment; performance management; learning and development and strategic workforce planning.

**Executive development strategy:** assessed the current status then targeted development to strengthen strategic leadership capability. It targeted the former Senior Executive levels 4–6. It included executive coaching, exposure to best practice in key management areas, events focusing on key government priorities, and strategy workshops on sector-wide issues.

**Recruitment reforms:** a new principles-based approach to recruitment to support the application of the merit principle. The reforms include capability based job analysis and role descriptions, a simplified applications process, capability based assessment methods, and the use of internal and external talent pools.

**Performance development framework:** sets the approach for managing all aspects of employee performance in the NSW public sector. The Framework consists of six components that develop employee capabilities and link individual and team efforts and performance with the objectives and performance of their organisations.

**Senior executive structure reform:** replaces the Chief Executive Service, Senior Executive Service and award-based senior executives with a single executive structure with one set of employment arrangements, including a model contract. The new structure has the Secretary position and three Senior Executive Service bands. Executives are employed in a band and assigned to a role – not appointed to a position.

## 1.2 The Public Service Commission's role in delivering reforms

The PSC commenced in November 2011. The PSC has the lead role to design and implement workforce management strategies and reform to ensure the capability of the NSW public sector workforce to deliver high quality public services.

There are public service commissions or equivalents at the Commonwealth level and in all States and Territories that carry out similar functions to the NSW PSC.

The *Government Sector Employment Act 2013* (GSE Act) commenced in February 2014, replacing the *Public Sector Employment and Management Act 2002*. The GSE Act provides the legislative basis for government employment in New South Wales and the basis for many of the reforms. Provisions were made for transitional arrangements to the GSE Act.

The reforms seek to establish a contemporary best practice workforce management model. The reforms are intended to be principles-based rather than relying on prescriptive rules. The reform program aims to deliver a devolved and empowering model, with responsibility given to Secretaries and agency heads to make decisions consistent with the parameters set by the GSE Act and the PSC.

## 1.3 About the audit

This audit assessed how well the PSC has managed the implementation of public sector management reforms in a way that improves the capability and effectiveness of the NSW public service workforce. The audit answered the following questions:

- Does the PSC provide adequate support and guidance to agencies to implement and effectively embed the reforms into their workforce practices?
- Does the PSC effectively monitor, evaluate and report on the performance of reforms to demonstrate the achievement of intended objectives and outcomes?
- Can the PSC demonstrate the program of reforms is set up to maximise long term benefits and will address problems identified in the Commission of Audit Interim Report?

There has been significant effort expended by both the PSC and agencies on implementing reforms. While we focused on the activities of the PSC, we also reviewed how five case study agencies have experienced the reforms.

These agencies were:

- Department of Finance, Services and Innovation
- Department of Industry, Skills and Regional Development
- Department of Premier and Cabinet
- Legal Aid NSW
- Office of Environment and Heritage.

We focused on the period from the establishment of the PSC to mid-2015. At this point, some of the reforms we examined were due to be implemented, while others were not. As the reform process is ongoing, this represents a mid-point assessment in some areas. We did not examine PSC activities outside of the reform areas listed above.

The PSC's response to the audit report is at Appendix 1. Further information on the audit scope and criteria is at Appendix 2.

# Key findings

## 2. Support and guidance to agencies to help implement reforms

This section assesses whether the Public Service Commission (PSC) provided agencies with adequate support and guidance to effectively implement reforms.

**The PSC provided agencies with adequate support and guidance to help them implement reforms. However, the PSC could have been more timely with guidance, better explained the rationale of the reforms, links between reforms and the best order in which to implement reforms.**

The PSC provided support and guidance to assist agencies in implementing reforms. This was adequate to get agencies started. The support and guidance developed by the PSC was informed by regular consultations. Although the PSC communicated regularly with the sector, some agencies were not clear on the rationale of the workforce reforms and the link between the reform streams. One reason for this was that information was not always effectively communicated within Clusters. Agencies were also unclear on the logical order in which to implement reforms, causing delays and rework of internal timelines. Some additional guidance the PSC provided arrived just before the implementation deadline. This put further pressure on agencies' ability to meet deadlines.

The PSC has a number of methods to monitor implementation progress. The PSC actively monitors agency progress in implementing the Senior Executive Structure reform. For other reforms, methods rely on self-reporting and are not used to identify at-risk agencies. Relying on self-reported information in the Agency Survey, without verification, carries a risk that information provided will not be an accurate reflection of implementation progress. Without a process to identify at-risk agencies the PSC does not have adequate assurance that implementation will be of a high standard and that the benefits of the reforms will be realised.

In 2012, the NSW Commission of Audit Interim Report identified capability gaps in Human Resources (HR) leaders and units. In 2012 and 2013, the PSC assessed the strategic human resource leadership capabilities of executives and identified shortcomings. The PSC did not use this to identify whether any agencies were 'at risk' of not having the capabilities required to implement reforms. In 2015, a mid-point assessment of six clusters identified the capacity and capability of human resource units is still a major challenge in some agencies.

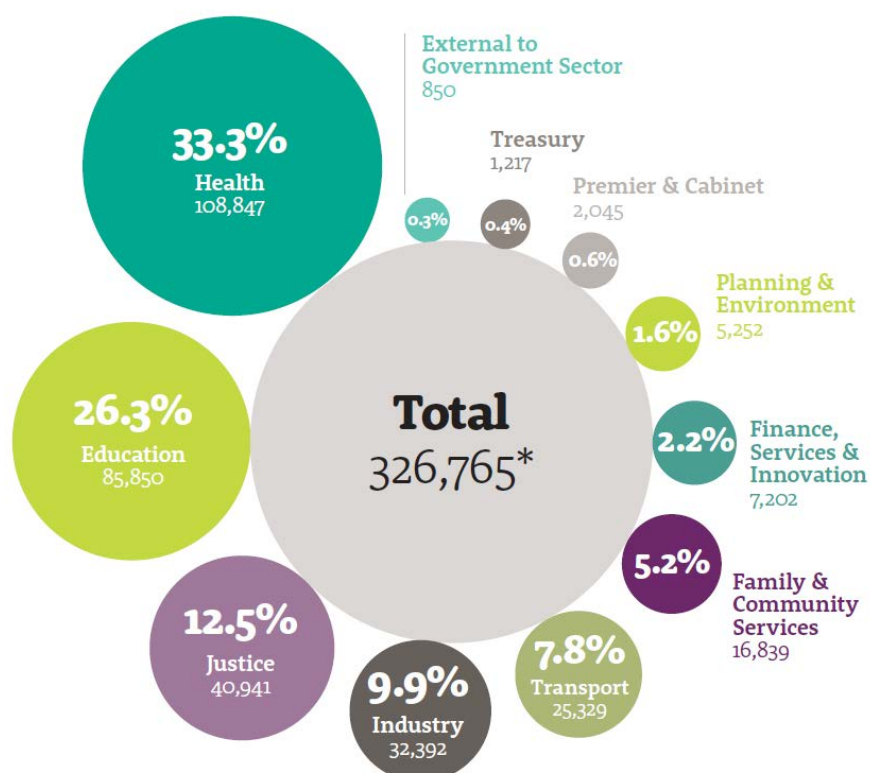
### Recommendations

The PSC should by December 2016:

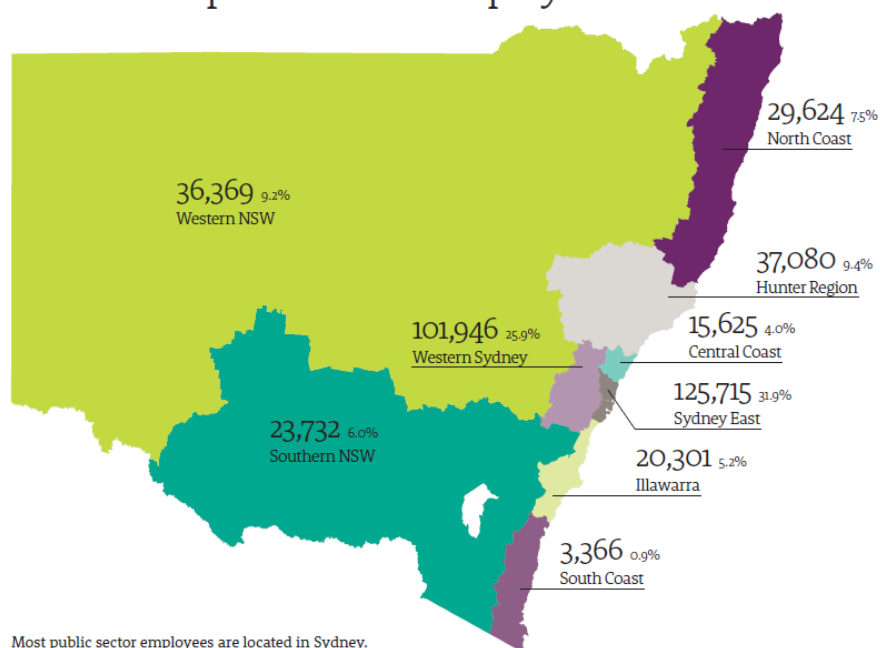
1. Develop a strategy, in partnership with agency heads, to strengthen the capabilities of human resource leaders to better embed workforce management reforms.
2. Clarify and communicate to the sector the objectives, outcomes and anticipated benefits of reforms and links between different reforms.
3. Review the Agency Survey, including its purpose and objectives and better communicate to agencies how the PSC intends to use the results.

The public sector management reforms encompass a wide range of activities designed to deliver a highly capable public sector workforce. Exhibit 2 presents the size and geographical spread of the NSW Public Sector.

**Exhibit 2: Size and geographical spread of the NSW public sector**



### Location of public sector employees in NSW



Most public sector employees are located in Sydney. Public sector employees make up 10.6% of all people employed in NSW.

Note: Percentage figures on map are the proportion of public sector employees in each region to total public sector employees.

Source: Public Service Commission – State of the NSW Public Sector Report, 2015.

## 2.1 Capability of agencies

### **The PSC identified gaps in the strategic capabilities of Human Resource leaders**

The Commission of Audit Interim Report (2012) recommended that the PSC formulate and implement a strategy to develop the capability of Human Resource (HR) leaders and units. The Government agreed that HR and agency capability are a vital enabler for many of the Commission of Audit's recommendations. The Government responded that the PSC would conduct capability assessments of HR units in 2012. This was not done. Instead, the PSC assessed the capability of all Senior Executives in the former levels 4 to 6 in 2012 and 2013. These assessments considered capabilities in strategic human resource management.

Results of the capability assessments showed only 65 per cent of senior executives were ranked competent or above in strategic human resource leadership. HR leaders themselves ranked slightly lower on average than other executives. The PSC proposed to conduct a HR Leaders Development Centre Pilot to address these findings. The Development Centre Pilot would define the characteristics and capabilities required of future HR leaders, assess the existing group's capabilities against the requirements, and take steps to address any critical gaps. The PSC proposed to conduct the Pilot by June 2013. This was not done. Instead, the PSC changed its strategy to develop an Occupation Specific Capability Set for HR.

The PSC aims to release the HR capability set by early 2016. The PSC has developed other occupation specific capability sets in the interim, including a capability set for information and communication technology, finance and procurement roles. The PSC advised that it could not develop a HR capability set before the concept for workforce management had been developed through implementation and use of the new reform settings. If the PSC had developed a HR capability set earlier, agencies could have used this to identifying the capabilities needed to make the most of the new reform settings.

The PSC advised that it did not believe it was appropriate to view HR capability in isolation of broader leadership capabilities. As part of its executive development strategy, the PSC developed the Delivering Business Results program (which included modules on strategic workforce management). Between 2012 and 2014, 64 senior executives attended the program. Only nine participants, however, were HR leaders. This does not sufficiently represent HR leaders in the sector and is not sufficient to address the identified capability gaps. Conducting the HR Leaders Development Centre Pilot, or delivering more targeted training, may have helped HR leaders better prepare to implement the reforms.

The PSC used consultations to gauge agency understanding and readiness to implement the reforms. This, however, was not a comprehensive assessment. There are other methods the PSC could have used, such as survey instruments. Without this information, the PSC and agencies did not have a complete understanding of the ability of the public sector to implement the ambitious reform agenda and whether the outcomes sought could be achieved.

### **Initially agencies did not have the capacity or capabilities to implement the reforms**

The PSC did not fully appreciate the resource implications of the reforms. Some agencies did not have the initial capacity or capabilities to effectively implement the reforms. The initially proposed capability assessment would have informed the PSC when developing its approaches and enabled agencies to take action early to address resource and skills gaps.

We found that a number of agency HR units were small and only funded for business as usual activities. Agencies reported that they either had to bid for extra resources or utilise existing resources, removing them from business as usual activities, to help implement the reforms in the required timeframes. The number of resources varied depending on the reform stream. For example, one case study agency took two additional resources from other areas to help with the Senior Executive Structure Reform, whereas another case study agency engaged seven recruitment consultants to assist with employment changes.

Agencies reported that they lacked the skills to implement some reforms. For example, one case study agency engaged consultants to develop role descriptions over a two year period. It also recruited an organisational psychologist to help interpret psychometric test results in response to the recruitment reforms. Smaller agencies were less likely to have the resources to do this. Some smaller agencies were able to leverage capability off other agencies, or use a panel of external recruitment providers the PSC had established for all agencies to use.

### Good consultation helped the PSC develop reform strategies and timeframes

For the public sector management reforms, principal departments had a key role in engaging with agencies in their cluster. Exhibit 3 below outlines cluster arrangements in New South Wales.

### Exhibit 3: Cluster arrangements for NSW Government departments and agencies

NSW Government departments are grouped into ten clusters. Agencies within clusters reflect similar government services, although some clusters have a number of diverse entities. The number of agencies, statutory bodies and state owned corporations in each cluster differs. Agencies in each cluster are led by a principal department, except for separate agencies and state owned corporations. This structure is intended to improve government services and outcomes for the community by pursuing common objectives across agencies, better integration of services and helping to allocate resources to high-priority areas.

Cluster	Principal department	Executive agencies	Other services	Separate agencies	Statutory bodies	State owned corporations
<b>Education</b>	Department of Education	--	1	1	11	--
<b>Family and Community Services</b>	Department of Family and Community Services	2	--	1	7	--
<b>Finance, Services and Innovation</b>	Department of Finance, Services and Innovation	1	--	--	21	--
<b>Health</b>	Ministry of Health	3	1	1	40	--
<b>Industry</b>	Department of Industry, Skills and Regional Development	1	--	1	9	9
<b>Justice</b>	Department of Justice	10	1	5	16	--
<b>Planning and Environment</b>	Department of Planning and Environment	3	--	1	11	1
<b>Premier and Cabinet</b>	Department of Premier and Cabinet	8	--	4	15	--
<b>Transport</b>	Department of Transport	--	1	1	10	2
<b>Treasury</b>	Treasury	--	--	--	6	1

Source: Department of Premier and Cabinet, NSW Government departments and agencies, 2015.

Each reform stream was underpinned by consultation primarily with principal departments. This helped the PSC develop strategies taking account of the current status of agencies. For example, the PSC used interviews and workshops with primarily principal departments to help develop recruitment reforms. These consultations helped the PSC understand recruitment challenges across the sector and develop an appropriate model.

Consultation opportunities encouraged collaboration between the PSC and agencies. The PSC used consultations to promote the benefits of the reforms, gain insight into the sector, test strategies and receive feedback. Agencies used the consultations to share their experiences, ideas and learnings with the PSC and other agencies. It also gave agencies an opportunity to raise concerns. Agencies were generally positive about the consultations.

However, a number of agencies we interviewed found the consultation process to be burdensome at times, given the number of consultations held and the limited availability of staff to attend. In July 2014, there were 16 different active inter-agency working groups. The groups met monthly, bimonthly, quarterly or on an ad hoc basis.

The PSC established business partner relationships between its reform teams and agencies to help consult on reforms. These partnerships were well received and ensured agencies had a dedicated reform team member available to address concerns.

The PSC used consultations to mitigate the risk of reform timeframes not being met. The PSC identified that the complex nature of reforms could cause delays. Consultation with agencies helped identify achievable timeframes. For example, the extended implementation dates for some aspects of recruitment reforms in response to sector feedback.

#### **Information did not always cascade down the cluster**

Initially, the PSC's consultation process was narrowly focused on principal departments. This was a reasonable approach as the PSC could not engage with all agencies covered by the reforms. Nonetheless, this approach carried the risk that implementation plans might not cater for the diverse needs of agencies, in particular, smaller agencies which did not have the same HR capabilities as principal departments.

Communication within clusters was not always effective. Although reform information was meant to cascade down from principal departments to cluster agencies, some agencies reported that this did not occur. Conversely, principal departments reported that agencies did not always respond to engagements by principal departments. We found that some agencies were unclear about the latest guidance or advice because of poor information flows.

The PSC responded well to agency concerns about ineffective communication flows. The PSC divided consultations into two groups, a HR Directors Forum and a Separate Public Service Agency Reference Group. Agencies were positive about this change. It allowed for a broader range of attendees and encouraged better discussions.

## 2.2 Support and guidance

It is important that agencies receive adequate support and guidance to help them implement the reforms. This assists agencies to implement the reforms in a way that is consistent with the reform intent.

### **Implementation tools and guidance were informed by regular consultation**

The PSC regularly consulted with agencies to develop tools and guidance for each reform stream. Consultation methods included pilot studies, self-assessments, surveys, focus groups, workshops and forums. These created a platform for the PSC and agencies to collaborate and develop appropriate tools and guidance. It also allowed the PSC to seek and address feedback on the tools and guidance. For example, cluster HR representatives were consulted to help establish the performance development framework as well as the tools and guidance to apply the framework.

Most tools and guidelines were publicly available through the PSC website. Agencies were offered tools and resources for each reform, including:

**Ethical framework** – a Decision Process Tool and Complex Decision Tool, to help make difficult decisions involving one or more stakeholders, advice and example scenarios.

**Capability framework** – role description development guideline and template, communications toolkit and a capability comparison guide.

**Executive development strategy** – the PSC assessed capability of Level 4 to 6 SES officers and coordinated development programs and workshops for them.

**Recruitment reforms** – examples of model recruitment processes, a panel of consultants to do capability assessments and fact sheets on capability assessment methods.

**Performance development framework** – reference guides for applying the framework.

**Senior executive structures** – reference guides for implementing the new structures.

Support from the Secretaries Board and former Senior Management Council (SMC), helped to strengthen the tools and guidance. The PSC regularly briefed the Secretaries Board and former SMC to obtain endorsement for the tools and guidance.

### **The PSC could have better explained the rationale for reforms, links between reforms and the best order in which to implement reforms**

The tools and guidance were a good starting point for implementing the reforms. The PSC provided agencies with a range of support mechanisms, including roadshows to introduce and explain the reforms. However, some agencies did not understand the rationale for the reforms and how they linked together. Many agencies had to 'fill in' these gaps. For example, one case study agency developed its own career map which connected the reforms to help embed them into their work practices. The career map guided staff on how recruitment, capability and performance development reforms affected them at different career phases.

Agencies had limited resources to implement reforms and did not know which reforms to prioritise. The PSC advised agencies of the timeframes but not on the logical order of implementation. These agencies then had to revise their implementation plans and reallocate resources. Guidance from the PSC on the logical order of implementation would have helped agencies avoid these pitfalls.

### **Some guidance material was delivered just before the implementation date**

Uncertainty around release dates for the PSC's additional guidance made it difficult for agencies to accurately plan. The PSC provided some guidance to agencies just before the target implementation date. Some agencies managed this by reworking or extending their implementation plans. This was especially the case for agencies that chose to implement reforms early, before any guidelines were released.

Some agencies reported that they took immediate action to implement the reforms that most affected their agency. Some of these agencies, those who were early adopters of the reforms, later found that their implementation was inconsistent with the PSC guidance, once released.

Case study agencies reported negative experiences with the timing of the guidance and amended rules on recruitment reforms. In February 2014, the PSC set out requirements for recruitment reforms and agencies were given 12 months to transition. In July 2014, the PSC asked agencies what issues they were facing with the reform. A number of agencies advised that they would not be able to comply with the timing, especially for temporary employees. While the PSC provided project updates, final guidance was not issued until 21 November 2014, three months before the implementation target date.

It is positive that the PSC changed rules and guidance in direct response to sector feedback. However, for agencies that had a large number of temporary employees the timing of the guidance put pressure on their resources and timeframes. One case study agency reported that it devoted a substantial number of resources to recruitment activities to ensure it met the target implementation date. This took focus away from implementing other reforms.

### **The PSC provided effective support systems to assist agencies**

In addition to tools and guidance, the PSC provided agencies with a number of support systems to help them implement and embed the reforms.

**Workshops** – the PSC offered workshops to support agencies in implementing reforms. For example, the PSC offered four bespoke senior executive transition workshops for HR Directors (or equivalent). Feedback from the workshops was positive.

**Cluster champions** – supported the implementation of reforms at an agency level. For example, cluster champions were provided with briefing material to promote participation in the People Matter Survey. Cluster champions also helped address concerns from agency HR practitioners. Some cluster champions had a dedicated email to address questions.

**Business partner relationships** – were established between the PSC reform streams and clusters. This provided a single point of contact for clusters to inquire and raise concerns. Agencies were positive about this relationship. One case study agency utilised the business partner approach to keep the PSC well-informed of its early implementation of reforms.

**Briefing sessions** – the Public Service Commissioner held metropolitan and regional briefing sessions to support and help drive the reforms. The 32 briefing sessions were attended by over 7200 employees. A survey of attendees showed they had a better understanding of the reforms after the event compared to before.

## 2.3 Progress reports

Progress reports enable the PSC and agencies to monitor how well reforms are progressing, recognise good practice, identify and address gaps.

### **The PSC used a number of methods to monitor progress in implementing reforms**

Exhibit 4 describes the methods that the PSC uses to monitor agency progress.

#### **Exhibit 4: The PSC's methods to monitor agency progress**

##### **The State of Workforce Reform**

In 2015, the PSC engaged a consultant to conduct a mid-point review of the implementation of reforms. The review used interviews, focus groups and surveys with a cross-section of staff in six clusters. The review highlighted a number of challenges faced by agencies and will be used to better assist agencies to embed the reforms in their work practices.

##### **State of the NSW Public Sector Agency Survey (Agency survey)**

The PSC commenced annual monitoring of agency maturity of workforce practice in 2014. Agencies self-assess the degree to which various practices are implemented within their organisation. Topic areas include workforce planning, talent management, mobility, capability, change management and communication. This provides the PSC with an understanding of the level of maturity of workforce management across agencies.

##### **People Matter Employee Survey**

The PSC monitors employee perceptions on a range of workforce management topics through the biannual (annual after 2016) People Matter Survey. Reports are provided for each agency, enabling comparisons over time and against other agencies.

The People Matter Employee Survey provides a useful employee perspective against which to assess the Agency Survey findings. For example, an agency may have put a strategy in place but the employees may not be aware of it or think it ineffective. This is highly valuable information that can be used to identify issues and challenges, and guide future action.

##### **Performance Development Framework Assessment Tool**

The PSC monitors implementation of performance management reforms through the Performance Development Framework Assessment Tool. Agencies self-assess their current systems against essential elements of the Framework. The 2013 self-assessment established a baseline. An assessment was also done in January 2015, and it will now be an annual requirement. Results of the assessment are presented in a report to the sector.

##### **Senior Executive Implementation (SEI) Plans**

As part of the Senior Executive Structure Reform, agencies were required to submit a SEI Plan to the PSC by August 2014. The SEI Plan shows agencies' current and proposed executive structure and the final implementation timetable. The SEI Plan contains baseline data for comparison and assessment. SEI Plans help the PSC and agencies to assess the progress towards the design principles of the SES reform.

Source: Audit Office analysis of Public Service Commission reports.

In addition to these, the PSC also uses forums and business partner relationships as a way of monitoring agency progress. The PSC reported that PSC reform branches are encouraged to check in periodically with agencies on their progress.

Agencies were positive about the approaches and showed good compliance with completing surveys. Results from the PSC methods enabled agencies to compare their progress against a baseline and other similar sized agencies. It also helped them recognise and share good practice and identify and address gaps. For example, a number of agencies used results on bullying from the People Matter Survey to tailor their Ethical Framework and deliver training to address issues.

### **The suite of monitoring arrangements provided the PSC with an understanding of agency progress**

We found both strengths and limitations with the individual methods the PSC used to monitor agency progress in implementing reforms. However, considered as a suite, they provided the PSC with an adequate understanding.

‘The state of workforce reform’ report (2015) reviewed how agencies across six clusters were faring with the reform program and what would help to embed the reforms. While six clusters represents a large proportion of the public service, it is not comprehensive. It was also a once-off exercise, done at a point where a number of reforms had already been implemented, so it did not allow for timely action by agencies to address issues.

The Agency survey has a 100 per cent response rate and responses are signed off by the Agency CEO or Secretary of the Department. The survey asks agencies to self-assess the level of implementation – basic, developed or highly developed. Because it relies on self-reported information and as the information is publicly reported, there is a risk that responses may not be an accurate reflection of true workforce management practices. Its usefulness is gained from a time series analysis and comparison with results from the People Matter Employee Survey.

The People Matter Employee Survey provides valuable information on employee perspectives of their workplace. So far, the biennial survey has been too infrequent to provide an up-to-date assessment of progress. From 2016 onwards, the survey will be conducted annually. For some smaller agencies, the survey has a margin of error that needs to be taken into account when interpreting results.

In mid-2014, the PSC monitored agency progress in implementing recruitment reforms by checking the proportion of advertised jobs using role descriptions compared to the former position descriptions. Of the job listings checked, 26 per cent (39 job listings) used role descriptions. This was a once-off exercise and we did not find evidence that the PSC monitored progress up to the reform implementation date of 24 February 2015.

The PSC also uses forums, working groups and business partner relationships to gauge implementation progress. Forums and working groups are not always attended by a broad range of agencies. This method also relies on agencies self-reporting progress.

The PSC acknowledges some of these limitations and suggests survey results be examined alongside other performance measures. The approach of examining a number of sources of information concurrently helps to validate findings.

The PSC did not use results from these methods to identify agencies ‘at risk’ or target support to agencies having difficulty with implementing reforms. Without an approach to identify agencies requiring assistance, there is a risk that some agencies will not implement the reforms by the target date or implementation will be of poor quality and the benefits of the reforms will not be realised.

### 3. Monitoring, evaluating and reporting on reforms

This section assesses whether the Public Service Commission (PSC) effectively monitors, evaluates and reports on its reforms.

**The PSC is developing a performance measurement framework that will enable it to better monitor and report on the impact of reforms. While the PSC has done a mid-point assessment of the implementation of reforms, it has not established a method or plans for evaluating reforms when they have been fully implemented.**

The PSC collected baseline performance information to build the case for action for a number of reforms. The PSC has developed quantitative as well as qualitative data sources to measure the performance of reforms. Performance indicators, however, were not well defined in planning documents or consistently monitored across reforms. To address this, the PSC is currently developing a workforce measurement framework that will include indicators of organisational effectiveness, as well as a range of other performance indicators.

In 2015, the PSC conducted a mid-point assessment of implementation of reforms that identified the experience to date and opportunities for improvement. The PSC also reviewed recruitment reforms and programs under the Executive Development Strategy. The PSC has not yet established a method or timeframe for evaluating reforms once fully implemented.

The State of the Public Sector Report is the main method the PSC uses to report on reforms. To date, this has focused on the status of implementation with only limited performance information. The PSC publishes separate agency reports on the results of the People Matter Employee Survey, which is a key data source for many reforms. Results are robust for the sector and larger departments, but some smaller agencies carry a higher margin of error.

#### Recommendations

4. Examine ways, in partnership with agency heads, to improve participation in the People Matter Employee survey to increase the statistical quality of results.
5. Implement the proposed Workforce Measurement Framework, in consultation with agency heads, including:
  - performance indicators related to the efficiency and effectiveness of reforms
  - targets or benchmarks to encourage better agency performance
  - public reporting of results in the State of the Public Sector Report or equivalent.
6. Establish a methodology and set timeframes to evaluate the effectiveness of reforms post implementation, to build on the work of the 2015 mid-term evaluation.

#### 3.1 The performance measurement framework

An effective performance measurement framework is important to demonstrate the impact a policy change is having on targeted outcomes or objectives. This allows the PSC to monitor whether reforms are on track to achieve the outcomes sought. It also allows the PSC to compare the progress of agencies and adjust approaches if necessary.

#### **PSC collected baseline performance information, but this was not developed into performance indicators for all reform areas**

The PSC collected baseline performance information for most reform areas in 2012. This built the case for action. A range of sources provided the information (Exhibit 5). This information was not developed into performance indicators at the outset for all reforms.

## Exhibit 5: Baseline performance information collected for the reforms

Baseline performance information was collected for the following reforms:

**Ethical framework** – the PSC engaged the Ethics Centre to do an Ethics Stocktake, which set out a number of possible indicators relevant to the ethical health of an organisation. The PSC collected baseline information through the 2012 People Matter Survey.

**Capability framework** – data limitations have prevented accurate collection of baseline information on the capability framework in terms of the desired mobility outcome. The implementation of the Government Employee Number (GEN) during 2015 will enable more accurate monitoring and reporting of employee mobility in the sector in future years.

**Executive development strategy** – the PSC engaged a consulting firm in 2012 to assess capabilities of former Senior Executive levels 4 to 6. This created a baseline of executive capabilities and was used to measure progress once executives were re-tested in 2014.

**Recruitment reforms** – in 2013, the PSC researched recruitment practices, other jurisdictions' approaches and analysed data from the e-recruitment system. This provided baseline performance information on the efficiency of current recruitment practices.

**Performance management framework** – the PSC used the People Matter Survey to define a baseline of employee experiences with performance development. Inconsistent agency data prevented the collection of baseline information on the proportion of employees who have performance agreements and annual performance reviews.

**Senior executive structures** – the PSC engaged two consulting firms to assist with developing the evidence base and options for senior executive structure reform. These reports contained baseline information and potential performance indicators. The PSC also tracks the number of Senior Executives in each agency in the Workforce Profile report.

Source: Audit Office analysis of reform planning documents.

### Performance indicators were not defined up front and there are few targets

The PSC collected baseline performance information for some reform areas. We did not see evidence that the PSC used this information in project plans or tracked progress against the baseline for all reforms. The Senior Executive Structure reform had better monitoring and reporting of performance indicators against the baseline, although this was internal.

The PSC advised that measurement through the People Matter Employee Survey provides a more accurate reflection of workforce management reform outcomes across the sector than specific monitoring of individual settings which can often be more compliance focused.

The PSC has not set performance benchmarks or targets for most reforms. Performance benchmarks can send a clear signal to agencies and the public about the minimum level of performance and targets can help signal the scale and pace of change that is desired.

The Ethical Framework project brief sets out potential performance indicators. These were not defined beyond 'quantitative evidence from the 2014 People Matter survey about the impact of the Ethics Toolkit resources on actual agency and employee behaviour'. This survey asks questions on culture and behaviours. The survey results showed a decrease in the proportion of respondents that had been subject to bullying or had witnessed bullying. It is hard, however, to attribute changes in results to implementation of the Ethical Framework.

It can be difficult to set performance indicators to measure impact for some reform areas, particularly the Capability Framework and Ethical Framework. Intermediate output measures can help establish a link between reform and outcomes where there is a logical connection. For example, output measures on the proportion of agency staff undertaking training on ethical issues or incorporating values into performance agreements can expect to have a logical connection to more ethical conduct in agencies.

While reforms aim at a high level for a better performing public service, efficiency is also an important outcome. Cost savings, while not the main objective, were anticipated for most reforms. The PSC currently only monitors a limited number of efficiency indicators. For the Senior Executive Structure Reform, the PSC monitors agency implementation plans and tracks shifts in resource levels. The 2015 Workforce Profile Report reported a reduction of 152 senior executives between June 2014 and June 2015. This report also included an analysis of recruitment efficiency. For example, the average time to hire was estimated at 7.1 weeks across the sector, with the shortest time to hire in legal and justice jobs at 3.4 weeks.

### **The PSC is currently undertaking two projects to better define performance indicators**

In 2013, the PSC reported on recruitment in New South Wales. It researched recruitment practices, other jurisdictions' approaches and analysed data from the e-recruitment system. This report noted there were no mechanisms to evaluate efficiency, user satisfaction and quality of the recruitment process and outcomes, providing no basis for performance assessment.

In late 2015, the PSC reviewed implementation of recruitment reforms. The review identified that there is no information or insight into how well candidate and assessment method characteristics predict on-the-job fit and success. The review proposed development of a recruitment dashboard with measures on effectiveness, efficiency and predictive analysis.

The PSC has commenced a project to measure the outcomes of the new recruitment approach. This project aims to identify the candidate and assessment method characteristics that best predict good on-the-job performance, as measured by managers' performance assessments after six or 12 months' employment. This project has the potential to offer valuable information on the contribution of the new recruitment methods.

The PSC is also developing a workforce measurement framework that will monitor the effectiveness of the workforce as it relates to achieving outcomes, and track key reforms. The framework will define a set of high level key performance indicators (KPIs) to use at an agency, cluster and whole of sector level. The PSC will use the KPIs to show links between workforce management, organisational capabilities and business outcomes. This framework has the potential to be an effective method to report on the impact of the overall program of reforms as well as for individual reform streams.

## **3.2 Evaluation**

The NSW Government's Evaluation Framework sets out requirements and best practice approaches for evaluating new and ongoing programs. The framework identifies best practice as planning for evaluation during program design. This can strengthen the rationale for a program, improve its design and improve the evaluation. Early planning also helps to collect baseline data to demonstrate the program's impact on the desired outcomes. Programs can also be evaluated during implementation to adjust approaches.

### **Project plans identified the need to evaluate reforms, but not timeframes, methods or criteria**

The PSC's Project Management Office (PMO) supports teams within the agency that are responsible for delivering reforms. The PMO aims to bring consistency and rigour to project planning and monitoring. PSC teams used templates provided by the PMO for most of the reforms we examined. While these project plans identified the desirability of evaluation, they did not identify timeframes, methods or criteria for doing so (Exhibit 6). Good practice is to plan for evaluation during project planning and implementation.

## Exhibit 6: PSC project plans that note the importance of evaluation

A number of PSC project plans for reforms noted the desirability of evaluation.

**Ethical framework** – notes that the PSC has a role to evaluate the effectiveness of government sector ethics initiatives but does not mention specific mechanisms.

**Capability framework** – we did not find evidence of forward planning for evaluation in this reform area. The PSC business case for human capital management systems identified two evaluation periods (early 2014 and late 2016), but we did not find any evaluations done.

**Executive development strategy** – individual programs use participant feedback to refine content and delivery. Plans for the new Leadership Academy have detailed a more thorough proposed evaluation approach and methodology.

**Recruitment reforms** – notes that the PSC would promote evaluation of recruitment and selection techniques and would work on establishing suitable evaluation mechanisms.

**Performance development framework** – the PSC piloted the framework with five agencies in early 2013. It planned to evaluate the pilot before wider implementation, but we did not see evidence of this beyond considering agency feedback. The PSC has also noted that it will review the framework every 18 months to support ongoing improvements.

**Senior executive structures** – notes the project will be comprehensively evaluated as part of a broader evaluation of the Public Sector Reform Program at its completion.

Source: Audit Office analysis of reform planning documents.

### The PSC has done some early assessment to improve the implementation of reforms

At a whole of reform program level, the PSC engaged a consultant to review agencies' and individuals' experiences of the reform process in mid-2015 to identify any settings that needed adjustment. 'The state of workforce reform' report (2015) examined whether the reform intent is being realised in practice and made recommendations for both the PSC and Clusters to improve implementation. While this is a useful exercise to evaluate how reforms are being implemented, it did not set out criteria for further evaluation of outcomes.

The PSC has also done separate assessment of implementation in a few reform areas.

For the executive development strategy, individual programs under the strategy are evaluated using participant feedback. We found evidence of the PSC using participant feedback from a number of individual programs. More comprehensive feedback was obtained on the Executive Development Program and an assessment was done of the increase in capability levels of participants following the program.

For recruitment reforms, the PSC conducted a review in 2015 to find out what is working well, opportunities and areas for improvement. This review was not identified in project planning. The review proposed a number of solutions to improve the effectiveness of the new recruitment settings.

The PSC also uses its internal audit function to identify opportunities for improvement of program management and support provided to the sector. Internal audits have been conducted on the GSE Act Implementation, the Ethical Framework, Executive Services Model and Systems and the Evidence base. Collectively, these have made recommendations for the PSC to improve the support and guidance it provides to the sector in a number of areas.

### There is no forward plan for evaluating the reform program once fully implemented

The PSC reviews how it is implementing reforms and seeks feedback from the sector on issues that are arising. We saw evidence that the PSC adjusts the approach to implementing reforms based on this feedback. We did not find evidence of a forward plan for formally evaluating reforms. To do this, performance indicators and a definition of successful transformation need to be better defined.

Most of the reforms we examined have only recently been implemented or are still in the process of being implemented. The reform program is not due for finalisation until February 2017. Recruitment reform is the first area to have been fully implemented in February 2015. The PSC has reviewed this reform to examine what is working well and identify opportunities for improvement. In response to this review, the PSC expects to adjust principles, rules and support provided to realise the intent of the reform.

The PSC conducted a mid-point review of progress in implementing reforms in 2015. The review collected agencies' experiences with the reforms, looked at the extent to which the reform intent was being realised in practice, identify any settings needing adjustment, and develop an approach for the broader sector to complete a successful transformation.

Following this review, and given the advanced implementation of reforms, the PSC is now at a point to begin planning for evaluation post-2017. The PSC collected baseline information for some reforms and is currently developing a workforce measurement framework. The PSC will need to define the expected level of change in performance indicators to evaluate whether the public sector reform program is achieving the benefits it planned to achieve.

### 3.3 Public reporting

Public reporting on the progress and impact of reforms is important for public accountability. Agencies have expended much effort on reforms and rely on PSC reporting to benchmark performance with other agencies.

#### Progress reported publicly, but only limited information on impact

The annual State of the NSW Public Sector Reports provides the Public Service Commissioner's assessment of the progress in implementing the reforms. The reports are intended for the public sector and the broader community. The reports use the Agency survey and the People Matter Survey as well as other information sources to analyse workforce management. The PSC has released four reports so far (Exhibit 7).

#### Exhibit 7 – State of the NSW Public Sector Reports



Public Service Commission – State of the NSW Public Sector Report, 2012, 2013, 2014 and 2015.

*'How it is'* reported on the first *People Matter Employee Survey* and the *Ethics Stocktake* of perceptions and practices relating to ethical issues in the public sector in New South Wales.

*'Getting into shape'* reported on the enactment of the *Government Sector Employment Act 2013* and rollout of the performance and capability frameworks and new recruitment model.

*'A better picture'* reported survey results from employees, employers and customers. This report compared results to the 2012 employee survey and commented on movements.

*'To the next level'* reported survey results from employers and customers. It also reported on the *State of Workforce Reform Review* and new information from the *Workforce Profile*.

The reports have a limited amount of performance information for a few reforms (Exhibit 8).

## Exhibit 8: Performance information in the 2014 and 2015 State of the NSW Public Sector Reports

A limited amount of performance information for reforms was reported in the 2014 and 2015 State of the NSW Public Sector Report. This included:

- Employee responses about performance management showed some modest improvements between 2012 and 2014.
- In 2015, 94 per cent of responding agencies reported that at least some of their employees have performance agreements in place, but only 25 per cent of agencies have performance agreements in place for 95 per cent or more of their employees.
- The proportion of agencies using the capability framework to inform role descriptions increased from 73 per cent in 2014 to 80 per cent in 2015.
- The capability of New South Wales senior executives in Band 2 and the lower half of Band 3 were assessed in 2012-13 and 2014. Average results of the assessments are published.
- Employees reported an increase in how they perceive and adhere to the public sector's four core values between 2012 and 2014.
- In 2015, 44 per cent of agencies reported that they had aligned their workforce management practices with the four core values of integrity, trust, service and accountability.

Source: State of the NSW Public Sector Report 2014 and 2015.

The amount of information published could improve as reforms are fully implemented and greater information is collected through the Government Employee Number, human capital management systems and recruitment data. For example, the 2015 Workforce Profile reported on time to hire—establishing a baseline for this aspect of recruitment reform. Similarly, the PSC could report information from agencies that have adopted human capital management systems to demonstrate the benefits those systems are delivering over time.

The Public Service Commissioner is required to report on agencies' implementation of the executive structure reform to the Premier. This performance information could also be publicly reported to demonstrate benefits and efficiencies. The PSC already collects this information from agencies from implementation plans for Senior Executive Structure Reform.

The PSC is currently developing a Workforce Measurement Framework. This will have approximately five high-level indicators related to organisational effectiveness, as well as a range of indicators more particularly related to aspects of reform implementation. This Framework offers the potential for further public reporting on the impact of reforms.

### The PSC compares employee and employer views on reform progress

The PSC uses a number of data sources to report on the performance and impact of reforms. The main sources are the People Matter Employee Survey, Agency Survey, capability assessments of executives and workforce profile report. The PSC is able to use these sources to compare information and draw inferences about the correlations between workforce management activities and employee perceptions.

In 2014, the PSC compared results between the People Matter and Agency surveys to identify discrepancies between agency and employee views of the quality of implementation. For example, the PSC reported on improvements in the quality of communication between senior managers and employees using results from the People Matter survey. It was able to compare results to the Agency survey and show that agencies that invested in development programs to improve senior managers' communication skills tended to be rated more highly by employees in the People Matter survey in a number of areas.

### People Matter Survey results have higher margins of error for smaller agencies

The People Matter Survey is an employee survey that is used to measure employees' wellbeing, engagement, adoption of organisational values and perception of workplace practices. It was implemented in response to a recommendation from the Commission of Audit Interim Report. It has been run twice so far, in 2012 and 2014. The next survey is planned for 2016 and it will be run annually thereafter.

In 2014, 73,550 employees in the NSW Public Sector responded to the survey (19.4 per cent). This was an increase from the 2012 survey (60,779 responses or 15.7 per cent of the workforce). The response rate varied across clusters (Exhibit 9).

**Exhibit 9: People Matter Employee Survey 2014 – response rates**

	No. of responses	Response rate
Education and Communities	22,137	19.7%
Family and Community Services	6,033	29.2%
Health	17,189	13.0%
Justice	6,365	15.2%
Planning and Environment	2,357	40.4%
Premier and Cabinet	649	47.4%
Trade and Investment, Regional Infrastructure and Services	2,826	37.7%
Transport	7,517	27.3%
Treasury and Finance	4,907	64.7%
Separate Agencies	1,678	49.4%
State-owned corporations	1,610	9.0%
Other Entities	282	39.4%
<b>Overall</b>	<b>73,550</b>	<b>19.4%</b>

Source: NSW PSC, People Matter Employee Survey – Main Findings Report, 2014.

The PSC provided separate reports for 136 agencies. Each report showed the margin of error to support the interpretation of results. A margin of error that is within plus or minus five per cent is considered to indicate a statistically reliable sample. The margin of error for the total sector was 0.4 per cent in 2012 and 0.3 per cent in 2014. Higher response rates reduce the margin of error of results.

In 2014, 60 agencies had a margin of error above five per cent, 23 had a margin of error above ten per cent and three had a margin of error above 20 per cent. These agencies need to take into account the margin of error when interpreting results, identifying broader issues from the survey and benchmarking performance against other agencies.

## 4. Addressing the problems identified by the Commission of Audit

This section assesses whether the Public Service Commission (PSC) can demonstrate that its reforms are set up to maximise long term benefits and will address problems identified in the Commission of Audit Interim Report.

**The PSC developed a robust case for action in response to the Commission of Audit Interim Report. It has set high level reform objectives, but did not quantify the scale of anticipated benefits and does not actively monitor or manage their realisation.**

The Commission of Audit Interim Report on Public Sector Management identified a range of problems with workforce management practices. The PSC put together an evidence base and developed a reform program in consultation with agencies to address these problems.

The objectives of the reforms the PSC developed all contribute to improved sector performance. The PSC did not quantify the anticipated benefits of reforms, apart from Senior Executive Structure reform and for implementing human capital management systems. There is mixed understanding amongst agencies of the objectives and links between reforms within the sector.

Reform project plans identify the need for continuous support for agencies in order to realise benefits. The PSC does not have a formal framework for benefits realisation or actively monitor achievement of benefits, apart from the Senior Executive Structure reform.

### Recommendation

7. Increase public reporting on reform benefits achieved to date and whether anticipated benefits of reforms are on track to be realised once fully implemented.

### 4.1 The evidence base

The NSW Commission of Audit Interim Report identified a range of problems with workforce management in New South Wales. The Interim report made a number of recommendations for the PSC to implement, which the Government accepted. The PSC also used the experience of other jurisdictions to inform the evidence base for reforms and strategies for implementation.

#### Reforms target problems identified in the Commission of Audit report

The public sector management reforms are linked to problems identified in the Commission of Audit Interim Report. This report gives a strong evidence base and provides the case for action in this area. The Interim Report identified a series of problems with the way the NSW public sector workforce was being managed. These problems included:

- inefficient and ineffective recruitment and selection practices
- a focus on single, highly specific positions
- executive structures with too many layers, narrow spans of control, minimal mobility
- financial and strategic HR management gaps in executive capability
- fragmented implementation of the NSW capability framework (2008)
- virtually non-existent workforce planning
- limited staff mobility within and between agencies
- publicly stated values of agencies did not match operating values
- agency cultures that are inward looking and risk averse
- few agencies with effective performance management systems.

The Commission of Audit made a series of recommendations for the PSC to implement that gave a basis for many of the workforce reforms (Exhibit 10).

## Exhibit 10: Commission of Audit Report Recommendations for the PSC to implement

The Commission of Audit Interim Report on Public Sector Management made a number of recommendations, some of which were assigned to the PSC to implement. The Report recommended that the PSC should:

- present reform proposals to the Government regarding the executive structure of the NSW public service (Senior Executive Service, Senior Officers and other executives) (Recommendation 45)
- provide further guidance to agencies in rolling out the Capability Framework (Recommendation 49)
- develop a program to promote the importance of performance management (Recommendation 50)
- review clusters' recruitment processes, with a view to assisting them to maximise efficiencies (Recommendation 51).

Source: Commission of Audit Interim Report on Public Sector Management (2012).

While not subject to an explicit recommendation from the Commission of Audit Interim Report, the two other reforms we examined address identified problems. The executive development strategy aims to address the identified gaps in executive capability while the ethical framework aims to address identified problems with agency values and cultures.

### **The PSC commissioned external research to build the evidence base for reforms**

External research provided additional analysis of issues identified in the Commission of Audit Report and options for reform implementation. The external research for the Ethical Framework, Executive Leadership Strategy and Senior Executive Structure Reform was thorough and considered best practice in the public and private sectors.

The Ethics Stocktake (2012) informed development of the Ethical Framework. This report was based on interviews and focus groups with over 200 public servants from 30 agencies. The report identified a range of ethical issues faced by public servants and made recommendations for change. Suggested roles for the PSC included facilitating the exchange of information about experiences; promoting dialogue about shared challenges; creating model codes; and developing of learning and training resources.

In 2012, 337 senior executives level 4-6 were objectively assessed to measure relative strengths and development needs against thirteen capabilities. The assessment found that further development was required in Strategic Financial Management, High Level Contract Management, Strategic Human Resource Leadership and High Level ICT Management. This helped determine areas of focus for the Executive Development Strategy.

The PSC engaged a consultant in 2012 to provide advice on Senior Executive classification and remuneration practices. The consultant also considered options for the number of Senior Executive bands. The PSC engaged another consultant in 2013 to analyse layers of executives and spans of control in New South Wales and advise on layers and spans in effective organisations. This also estimated the financial impact of implementing reforms.

### **The PSC used working groups and considered approaches of other jurisdictions**

Where external research was not commissioned, the PSC conducted internal research and involved the broader sector in working groups to develop reform options.

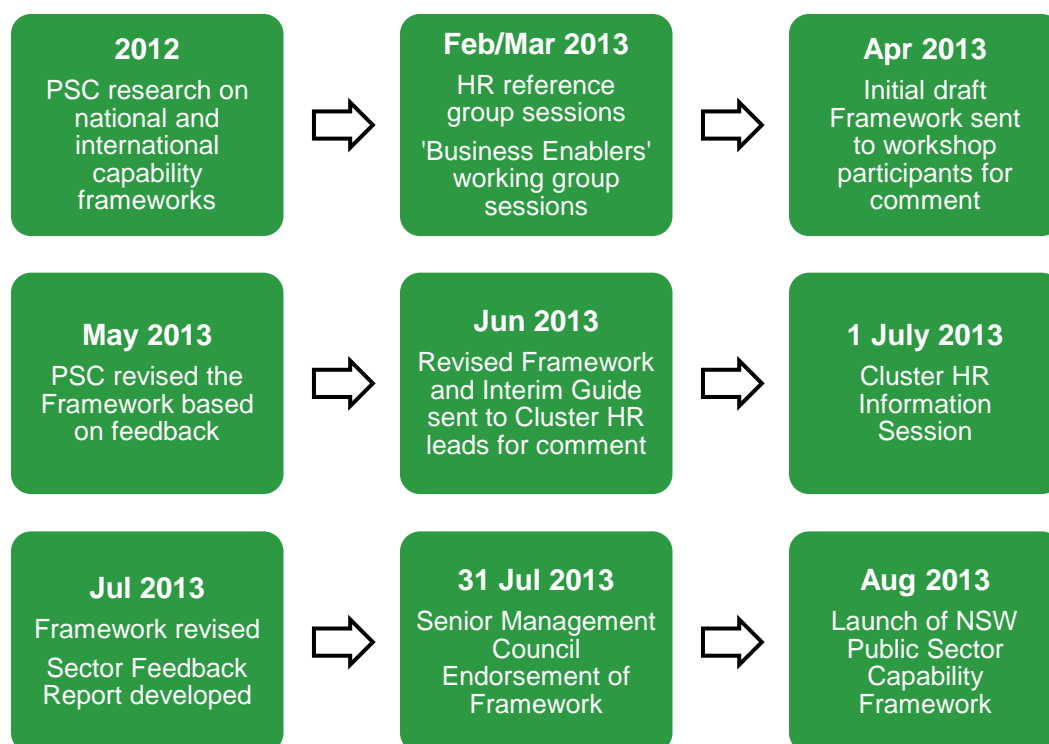
The Recruitment Review project (2013) examined e-Recruitment data, reviewed literature and compared approaches across jurisdictions. Representatives from across the sector also participated in reference groups and subject matter expert workshops. These activities provided the basis for recommending improvements to recruitment practices. The findings of this research were publicly released by the PSC in late 2013. The new recruitment reforms aim to address the findings in this report.

The PSC examined academic literature on effective Performance Management systems. The research emphasised developmental meetings between supervisors and employees were more important than ratings or rankings. The research also highlighted the importance of goal setting, employees' understanding of performance standards and providing informal feedback. These elements are reflected in the performance development framework.

The Capability Framework Utilisation Survey (2012) examined implementation of existing capability frameworks across agencies and reasons for poor take up. Use of the former NSW capability framework was strongly encouraged but not mandated. It was commonly used for job design and recruitment, but there was limited use in other areas of workforce planning. Results from the survey were used to change the design of the new framework.

The PSC used working groups to involve subject matter experts in agencies in the development of reforms. This approach improved the feasibility of reform proposals before they were finalised. For example, the PSC used reference and working groups on the capability framework and draft behavioural indicators across levels (Exhibit 11). Feedback was used to rationalise the number of levels and behavioural indicators.

#### **Exhibit 11: The process the PSC used to development the Capability Framework**



Source: Public Service Commission – Capability Framework Sector Feedback Report – 2013.

## 4.2 Objectives, outcomes and anticipated benefits

Clearly defining objectives, outcomes and anticipated benefits of reforms is important to inform the planning and delivery of reforms. Clearly defined objectives help to show the reform intent and avoid getting stuck in the 'how'. Quantifying the potential benefits of the reforms can help show agency heads why the reforms are worthwhile.

### Reform objectives aim to improve overall sector performance

The PSC reports reform objectives through project plans, its website, Secretaries Board and former Senior Management Council meetings, HR forums and working groups. These objectives are clear in identifying the desired end state for the reforms. Most objectives, however, do not identify the scale or timeframe to achieve the desired change. This could prevent effective evaluation. Exhibit 12 lists objectives for the reforms.

### Exhibit 12: Reform objectives

<b>Ethical framework</b>	A government sector that demonstrates the Ethical Framework in agency cultures, systems and work practices and in the conduct of employees.
<b>Capability framework</b>	Enabling system to allow strategic workforce management and contribute to mobility across the sector
<b>Executive development strategy</b>	Strengthen leadership capability and create a strong sense of a leadership group responsible for stewardship of the public sector in New South Wales.
<b>Recruitment reforms</b>	Recruitment and selection is fair, rigorous, efficient and effective, and upholds the principle of employment on merit.
<b>Performance development framework</b>	Improve overall sector performance through enhanced performance management practices.
<b>Senior executive structures</b>	Create a single, leaner, flatter and more mobile executive structure that supports a highly capable executive group to lead the delivery of NSW Government services efficiently and effectively.

Source: Audit Office analysis of reform planning documents.

### Only one reform attempted to quantify the level of benefits

In early 2013, the PSC engaged a consultant to provide analysis of current and proposed Senior Executive Service structures. The consultant estimated an indicative savings range resulting from implementing senior executive structure reform under different scenarios. The savings mostly resulted from reduced numbers of executives through the process of delayering. These estimates, however, included transitioning of Police, Transport and Health executives, which has not occurred. The PSC has not yet updated estimates based on the final guidelines, agency implementation plans and workforce data collections.

The PSC also quantified the level of potential benefits from implementing human capital management (HCM) systems to support agencies in better utilising the reforms (Exhibit 13). Three years after the business case, some agencies have now started to implement HCM systems. Once sufficiently implemented in these early adopting agencies, the PSC could test original business case assumptions and update anticipated benefits from the systems.

### Exhibit 13: Business case for Human Capital Management Systems (2012)

The PSC developed a business case for adoption of human capital management (HCM) systems in December 2012. The business case notes the importance of the use of HCM systems to realise the full benefits of a number of the reforms.

Based on abundant evidence from paper based systems, neither the new streamlined capability framework or performance management can be expected to achieve comprehensive implementation or use across the NSW Public Sector without the support of the [HCM] systems the Program proposes to provide.

The business case listed a range of anticipated benefits, including:

- savings in recruitment costs resulting from decreased workforce turnover
- reduced levels of grievance complaints and workers compensation claims, particularly those associated with bullying and stress
- reduced use of contingent labour and better contract management.

The business case quantified anticipated benefits from adoption of the systems at around \$30.0 million over four years from 2014-15 with a net present value of around \$40.0 million over seven years (after accounting for implementation costs).

The business case notes that the extent of benefits will depend on the level of take-up by agencies, on how well HCM is applied and on cultural change across the sector.

Source: Business Case - HCM Information Systems Program (2012).

Other areas identified benefits but did not attempt to quantify the level. For example, the project brief for introducing the Performance Development Framework identifies potential benefits as 'substantial as effective performance management practices across the sector will significantly contribute to developing a high performing workforce'. The recruitment reforms identified that the cost per hire could reduce from \$6,500 for advertising a single vacancy to \$3,000 per hire for a bulk intake with use of assessment tools. This analysis is not extended to potential benefits at an agency, cluster or sector level.

#### **The potential benefits of reforms are not widely understood in the sector**

The PSC has worked with the Secretaries Board, former Senior Management Council, and agency HR units to communicate the benefits of reforms. These are also detailed on the PSC website and in the State of the Public Sector Reports. Despite this, the experience of some agencies is that the reforms are viewed only as a new requirement with uncertainty about the benefits to be gained. If benefits are not properly understood, this creates a risk that agencies and employees only view the reforms as a new procedural requirement.

'The state of workforce reform' report (2015) surveyed agencies on their experiences with reform. It found that awareness and understanding of the various elements of the reform program is uneven and a lack of understanding of the potential benefits of reform (Exhibit 14). Stakeholders reported a desire for an overarching narrative about the reform and its benefits. The PSC is currently planning a strategy to communicate an overarching narrative so that agencies and employees can better understand the broad aim of the reform effort.

## Exhibit 14: Understanding of public sector management reforms

'The state of workforce reform' report (2015) found that some reforms are not widely understood or being applied in the way intended by the PSC. It also found that benefits are not yet being realised in some areas.

**Ethical framework** – there is unanimous agreement and commitment to the ethical framework and core values, but greater use of case studies and practical examples would help to translate somewhat abstract values into application.

**Capability framework** – need to continue to raise awareness and sell benefits of framework, some misinterpretations and misconceptions, managers looking for more training and guidance on how to embed the framework into the employee lifecycle.

**Recruitment reforms** – new settings have been misinterpreted in some instances, agencies have created local rules, leading to more work than necessary and potentially worse decisions, and the sector has reported mixed benefits of the new settings.

**Performance development framework** – there is not yet a common understanding, it is still approached as a procedural requirement, it is not currently seen to be creating value and benefits are still to be realised.

**Senior executive structures** – while some clusters have recognised the potential, others describe the reforms as frustrating, costly and time consuming with limited positive value.

Source: PSC – The State of Workforce Reform – Detailed Findings (2015).

### 4.3 Approach to realising benefits

Ultimately it is the realisation of benefits which helps achieve program objectives. Identifying and understanding benefits provides insights into how they can be measured, when they are likely to be realised, and what risks are associated with them. The NSW Department of Finance, Services and Innovation's Benefits Realisation Management Framework offers 16 best practice principles for benefits realisation as well as guides and other resources.

#### The PSC does not actively monitor achievement of benefits for most reforms

The PSC has not adopted the Department of Finance, Services and Innovation best practice principles for benefits realisation. The PSC has taken a strategy of devolution, principles based guidance and agency accountability for reforms. Under this strategy, realisation of benefits will depend on the quality of implementation by agencies.

The reform program is only part way into a three year program of implementation. The realisation of benefits arising from key aspects of the reform program will be difficult to quantify given the relatively early stage of implementation. Throughout implementation, the PSC is also improving data collections (for example, recruitment information) and introducing new systems (for example, human capital management systems). These systems will help identify the achievement of reform benefits once reforms have been fully implemented.

While the PSC showed a good understanding of the desired impact of reforms, it has not formally defined post-implementation benefits for all reforms. The PSC noted the difficulty of connecting benefits (for example, a more mobile and capable workforce) directly to reforms and putting a value on them. The PSC currently monitors movements in some performance indicators and is developing a Workforce Measurement Framework to better monitor the benefits the reform program is having in terms of organisational effectiveness.

Only one reform attempted to quantify the level of benefits before implementation. In early 2013, the PSC engaged a consulting firm to estimate the level of savings resulting from implementing senior executive structure reform. The reform project plan noted six-monthly reporting on key metrics defined in implementation plans. The PSC reported internally on key metrics for this reform, but did not report on financial savings.

The PSC's risk register details a number of risks to reform outcomes being achieved. Many of the risks point to reduced benefits realisation as a potential outcome. The register shows some mitigation actions to reduce the likelihood of benefits not being achieved.

An internal audit on the Ethical Framework in January 2015 found shortcomings in risk management. It found that the risk register contained only one strategic risk that had been added 18 months ago. For a complex project affecting numerous stakeholders and with many interdependencies, this appears insufficient. The PSC advised that it has since implemented actions to improve risk management in response to the audit.

### **Agencies require ongoing support to realise the benefits of reforms**

The PSC is the custodian of the reform program. It has been charged with transforming the public sector as a whole and is driving and coordinating efforts. The success of the reforms, however, depends on the combined efforts of both the PSC and agencies.

In the development of the public sector management reforms, the PSC identified the ongoing effort needed to maintain reforms and achieve benefits post-implementation. For example, the Performance Management Strategy project brief sets out the project as one that requires ongoing effort on communicating the benefits and on building the capability of managers.

The PSC advised that one of the main drivers for conducting the Strategic Workforce Management project was to maximise the benefits of the reforms. Based on the recommendations of the report, the PSC is currently developing a detailed plan in consultation with agencies to further embed the reforms and achieve the desired benefits. Part of this work includes defining 'what good looks like' in behavioural terms, at all levels of the organisation. This will be used as a measure of effectiveness.

The PSC identified the importance of agencies driving reform to achieve the intended benefits in a number of project planning documents, for example:

- A sector feedback report on the capability framework notes the success of the framework relies on cluster/agency ownership and the degree to which capabilities are integrated and embedded across workforce management and development practices.
- The project plan for Performance Development strategy identifies risks to successful implementation of the program and mitigation strategies that focus on the PSC getting support from agencies to drive the reform within their agency.

An internal audit of the GSE Act Implementation noted the importance of defining how the PSC would assist agencies post-implementation. It recommended formally defining post-implementation benefits and outcomes, and developing project plans to support the PSC in achieving these. The internal audit noted that failure to implement an effective transition plan on project closure could result in anticipated benefits not being realised.

A related internal audit of the Executive Services Model and Systems recommended that the PSC formally define how it intends to support agencies post-implementation to adequately assess whether the intended benefits are realised. Without processes, roles and responsibilities formally defined, there is a risk that anticipated project benefits are not realised and the public sector management reforms do not have the desired impact.

# Appendices

## Appendix 1: Agency response



Ref: A3193545

Mr Tony Whitfield  
Acting Auditor General  
Audit Office of NSW  
GPO Box 12  
Sydney NSW 2001

Dear Mr Whitfield

### **Performance Audit - Public Sector Management Reforms**

Thank you for your letter of 21 December 2015 inviting the Public Service Commission to provide a formal response to the final performance audit report on *Public Sector Management Reforms* prepared by the Audit Office.

The Public Service Commission welcomes the Audit Office's finding that the Public Service Commission is making good progress in implementing public sector management reforms while noting that there are some areas for improvement.

I note the Audit Report recognises that the public sector management reforms are ambitious, covering a substantial workforce and requiring a lot to be done. This recognition is particularly important when considering the Public Service Commission has a workforce of approximately 110 employees, and is managing a sector wide program applying to a Government Sector of nearly 400,000 employees.

I support the seven recommendations of your report, subject to the specific comments on each recommendation outlined below.

- 1. The Public Service Commission should by December 2016 develop a strategy, in partnership with agency heads, to strengthen the capabilities of human resource leaders to better embed workforce management reforms.**

#### Public Service Commission Response

The PSC agrees with the recommendation that the capabilities of human resource leaders should be strengthened while noting the significant improvement that has already occurred since the Schott report was published. The PSC reiterates that successful embedding of workforce management reforms is ultimately dependent on strengthening the human resource management capabilities of leaders and managers, rather than only focusing on human resource leaders.

- 2. The Public Service Commission should by December 2016 clarify and communicate to the sector the objectives, outcomes and anticipated benefits of reforms, and links between different reforms.**

#### Public Service Commission Response

The PSC agrees with this recommendation. Now that the key regulatory and policy elements are in place, the PSC will work with the sector to encourage an integrated

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approach, linking the various elements with improved workforce performance and organisational outcomes, in line with the findings and recommendations of the December 2015 report on the State of Workforce Reform, commissioned by the PSC.

**3. The PSC should by December 2016 review the Agency Survey, including its purpose and objectives and better communicate to agencies how the PSC intends to use the results.**

Public Service Commission Response

The PSC agrees with this recommendation.

**4. The PSC should by December 2016 examine ways, in partnership with agency heads, to improve participation in the People Matter Employee survey to increase the statistical quality of results**

Public Service Commission Response

The Public Service Commission agrees with the recommendation to increase participation in the People Matter Survey. In fact, as you are aware, the Public Service Commission already puts significant effort into increasing participation. Our efforts saw participation substantially increased from 60,779 in the survey undertaken in 2012 to 73,550 for the survey undertaken in 2014. In the Public Service participation in the last survey was an estimated 24,452 (33.5%). It is only in a very small number of agencies where any issues might exist and the Commissioner is working directly with them to improve their response rate.

As previously advised, the Public Service Commission takes issue with the comments contained in various parts of the Audit Office report regarding the PMES' statistical reliability. In particular, the Commission does not agree with the comments suggesting the response rate from small agencies is too low to produce statistically reliable data. The PMES sector-wide results have a very small margin of error of 0.3 % at a 95% confidence level. A large number of agencies, including many small agencies, have results that have a margin of error of 5% or less. However, for some very small agencies the response rate would need to exceed 80-90% to meet the same standard. On the other hand, smaller agencies typically have a more immediate understanding of their workforce climate and the factors that affect it, enabling them to contextualise their PMES results and decide on future actions taking account of all inputs.

**5. The PSC should by December 2016 implement the proposed Workforce Measurement Framework, in consultation with Agency Heads, including:**

- **performance indicators related to the efficiency and effectiveness of reforms**
- **targets or benchmarks to encourage better agency performance**
- **public reporting of results in the State of the Public Sector Report or equivalent**

Public Service Commission Response

The Public Service Commission agrees in principle with the recommendation and will proceed with the Framework after consultation with the Secretaries' Board. The PSC reiterates its earlier advice that it intends to recommend high level indicators related to organisational effectiveness, and a small number of indicators related to priority aspects of reform implementation such as diversity. Metrics that report the degree of

implementation of various reform elements are not proxies for the reform program as a whole, which can only be judged successful or otherwise in terms of its impact on organisational effectiveness.

6. **The PSC should by December 2016 establish a methodology and set timeframes to evaluate the effectiveness of reforms post implementation, to build on the work of the 2015 mid-term evaluation.**

Public Service Commission Response

The PSC agrees in principle with this recommendation noting, as above, that the emphasis will be on the impact of the integrated reform package on organisational effectiveness in achieving outcomes.

7. **The PSC should by December 2016 increase public reporting on reform benefits achieved to date and whether anticipated benefits of reforms are on track to be realised once full realised.**

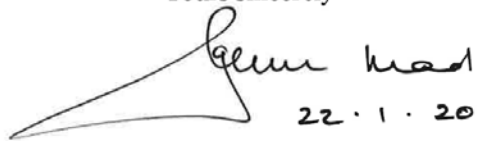
Public Service Commission Response

The PSC agrees in principle with this recommendation noting, as above, that the emphasis will be on the impact of the integrated reform package on organisational effectiveness in achieving outcomes.

The Public Service Commission will progress appropriate action on the seven recommendations of the Audit Office report as part of its ongoing program of work.

I would like to thank you and the Audit Office review team for working with the Public Service Commission and other Public Service agencies to make this audit a worthwhile and constructive exercise.

Yours sincerely



22.1.2016

Graeme Head  
**Public Service Commissioner**

## Appendix 2: About the Audit

### Audit objective

This audit assessed how well the Public Service Commission (PSC) has managed the implementation of public sector management reforms in a way that improves the capability and effectiveness of the NSW public service workforce.

### Audit scope and focus

The audit sought to answer the following questions:

- Does the PSC provide adequate support and guidance to agencies to implement and effectively embed the reforms into their workforce practices?
- Does the PSC effectively monitor, evaluate and report on the performance of reforms to demonstrate the achievement of intended objectives and outcomes?
- Can the PSC demonstrate the program of reforms is set up to maximise long term benefits and will address problems identified in the Commission of Audit Interim Report?

We focused on the period from the establishment of the PSC to mid-2015. At this point, some of the reforms we examined were due to be implemented while others were not. As the reform process is ongoing, this represents a mid-point assessment in some areas.

The reforms we examined were:

- Ethical Framework
- Capability Framework
- Executive Development Strategy
- Recruitment Reforms
- Performance Development Framework
- Senior Executive Structure Reform

### Audit exclusions

We did not specifically assess:

- the size or structure of the PSC or the role of the PSC advisory board
- the *Government Sector Employment Act 2013* (except where relevant to reform selected)
- implementation of reforms outside of those listed in the scope.

### Audit approach

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing. The Standard requires the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

We acquired subject matter expertise by:

- interviewing departmental staff responsible for public sector management reforms
- interviewing other key stakeholders
- reviewing policies, procedures and other documents
- analysing relevant data
- examining approaches in other jurisdictions.

### **Fieldwork visits**

There has been significant effort expended by both the PSC and agencies on implementing reforms. While we focused on the activities of the PSC, we also reviewed how five case study agencies have experienced the reforms.

We spoke to five agencies that were in the course of implementing reforms. They were:

- Department of Finance, Services and Innovation
- Department of Industry, Skills and Regional Development
- Department of Premier and Cabinet
- Legal Aid NSW
- Office of Environment and Heritage.

### **Acknowledgements**

We gratefully acknowledge the co-operation and assistance provided by the PSC and the agencies we selected as case studies. In particular we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

We would also like to thank other stakeholders that spoke to us during the audit.

### **Audit team**

Chris Allen, Kevin Hughes and Marie Virueda conducted the performance audit. Tiffany Blackett acted as Engagement Reviewer.

### **Audit cost**

Including staff costs and overheads, the estimated cost of the audit was \$244,215.

# Performance auditing

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## **What are performance audits?**

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in the *Public Finance and Audit Act 1983*.

## **Why do we conduct performance audits?**

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

## **What happens during the phases of a performance audit?**

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in parliament includes a response from the CEO on the report's conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

## **Do we check to see if recommendations have been implemented?**

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

## **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

## **Who pays for performance audits?**

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

## **Further information and copies of reports**

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au) or contact us on 9275 7100.