

VAGO

Victorian Auditor-General's Office

Building a Capable and High-performing Public Service Workforce

Independent assurance report to Parliament
2024–25:2



This report is printed on Monza Recycled paper. Monza Recycled is certified Carbon Neutral by The Carbon Reduction Institute (CRI) in accordance with the global Greenhouse Gas Protocol and ISO 14040 framework. The Lifecycle Analysis for Monza Recycled is cradle to grave including Scopes 1, 2 and 3. It has FSC Mix Certification combined with 99% recycled content.

ISBN 978-1-921060-90-8

Building a Capable and High-performing Public Service Workforce

Independent assurance report to Parliament

Published by order, or under the authority,
of the Parliament of Victoria

August 2024

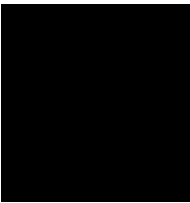
The Hon Shaun Leane MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Maree Edwards MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Building a Capable and High-performing Public Service Workforce*.

Yours faithfully



Andrew Greaves
Auditor-General
14 August 2024

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

Contents

Audit snapshot	1
Our recommendation	2
What we found	3
Key finding 1: The Commission does not have a systematic development and review process to ensure guidance consistently reflects better practice	4
Key finding 2: DFFH, DTP and the Commission have policies, plans, strategies and practices to support them to build capable and high-performing workforces.....	5
1. Policies and guidance to support capability and high performance	6
Context	6
The Commission does not have a systematic approach to guidance development	7
The Commission is missing an opportunity to ensure the currency of its guidance without a systematic review approach	8
Agencies' policies, strategies and frameworks reflect better practice key themes and include a focus on capability and high performance	9
There is limited Commission guidance supporting employees to take an active role in their own development, but agencies have filled this gap.....	10
2. Putting policies into practice to build capable and high-performing workforces	12
Context	12
Practices that help build capable and high-performing workforces	13
Appendices	17

Audit snapshot

What we examined

We examined whether public service bodies have policies, guidance materials and practices in place throughout the employee lifecycle to build a capable and high-performing workforce.

We examined the Department of Families, Fairness and Housing (DFFH), the Department of Transport and Planning (DTP) and the Victorian Public Sector Commission (the Commission).

Why this is important

The Victorian Public Service (VPS) is required to provide frank and impartial advice to support government decision-making. It implements the government's legislative and regulatory agendas, and delivers programs and services to the Victorian community.

The size and cost of the VPS is significant, so it is important that this investment is worthwhile.

Building and maintaining a capable and high-performing workforce is essential to providing high-quality services, avoiding waste and maintaining public confidence in the VPS.

What we concluded

DFFH, DTP and the Commission have policies, plans, strategies and practices in place throughout the employee lifecycle to support capable and high-performing workforces.

Most of their policies and supporting materials align to the guidance the Commission gives all agencies. These agencies have also established processes and practices that encourage managers to set clear job expectations and promote continuous learning and improvement.

The Commission does not have a systematic development or review process to ensure its guidance reflects better practice.

What we recommended

We made one recommendation to the Commission to establish a guidance development and review process to ensure its guidance reflects better practice.

[→ Full recommendations](#)

Key facts



10 departments
make up the bulk of the VPS



In June 2023, the
10 departments employed
41,277 VPS staff

Departments spent over **\$5.7 billion** on employee expenses for VPS staff in 2022–23



Source: VAGO, based on Commission workforce data (*State of the public sector*) and information in departments' 2022–23 annual reports.
Note: Employee expenses include superannuation and on-costs.

Our recommendation

We made one recommendation to address one issue. The relevant agency has accepted the recommendation.

Key issue and corresponding recommendation			Agency response
Issue: Supporting the Victorian Public Service through current and comprehensive better-practice guidance			
Victorian Public Sector Commission	1	Establish a process to make sure guidance reflects better practice, including by: <ul style="list-style-type: none">• embedding research and stakeholder consultation in the development process• introducing a process for the regular and ongoing review and update of guidance across the employee lifecycle (see Section 1).	Accepted

What we found

This section summarises our key findings. The numbered sections detail our complete findings, including supporting evidence.

When reaching our conclusions, we consulted with the audited agencies and considered their views. The agencies' full responses are in Appendix A.

Audit context In this audit, we examined workforce policies, guidance materials, strategies, plans and practices across the employee lifecycle from 3 agencies:

- Department of Families, Fairness and Housing (DFFH)
- Department of Transport and Planning (DTP)
- Victorian Public Sector Commission (the Commission).

When we refer to ...	We mean ...
policies	guidelines that employees must follow
guidance materials	explanatory materials and advice supporting employees to follow policies
strategies	documents outlining what an agency is trying to achieve
plans	documents outlining how the agency will achieve its objectives
practices	the way policies, plans and strategies are implemented

The employee lifecycle is a person's whole journey with an organisation they work for. It has 6 stages:

- attraction: attracting potential candidates for a vacant role
- recruitment: selecting a candidate for a vacant role
- onboarding: setting expectations when an employee starts a new role
- development: building employee capability
- retention: motivating and engaging employees to stay in their role
- departure: seeking feedback when an employee leaves their role.

Role of the VPS The Victorian Public Service (VPS) is part of the broader Victorian public sector. The role of the VPS is to support the government of the day to deliver its agenda.

In accordance with the *Public Administration Act 2004* (the Act) and the *Code of Conduct for Victorian Public Sector Employees*, the VPS:

- is professional and apolitical
- provides frank and impartial advice to support government decision-making
- implements government decisions.

Department staff – the bulk of the VPS – are the central advisers for ministers and the government in each portfolio. They support the government to create and implement policies, and they manage programs and services.

Each VPS agency is responsible for developing appropriate employment policies and practices to build employee capability and foster a high-performing workforce.

Poor management of the VPS workforce can lead to:

- waste
- loss of confidence in the VPS
- difficulty attracting and retaining high-performing staff
- poor outcomes for Victorians.

Better-practice approaches to building high-performing workforces

Better practice is a way of doing something that is seen as a good example of how it should be done. We reviewed academic research into what supports an organisation to build a capable and high-performing workforce. The most common themes of better practice we found are:

- organisational leadership
- opportunities for training, development and career growth
- regular feedback and performance appraisals
- organisational culture and reputation
- continuous learning culture
- clear performance goals and role expectations
- work environment, including autonomy and meaningful work
- work-life balance and flexibility.

We used these key themes to assess whether DFFH, DTP and the Commission's policies and guidance materials support capability and performance.

Our key findings Our findings fall into 2 key areas:

- | | |
|---|--|
| 1 | The Commission does not have a systematic development and review process to ensure guidance consistently reflects better practice. |
| 2 | DFFH, DTP and the Commission have policies, plans, strategies and practices to support them to build capable and high-performing workforces. |
-

Key finding 1: The Commission does not have a systematic development and review process to ensure guidance consistently reflects better practice

The Commission could not show that guidance is always informed by research and consultation

The Commission's guidance materials reflect the key themes that contribute to workforce capability and performance that we identified in our review of academic research.

They also consistently reflect the public sector values and public sector employment principles.

However, the Commission does not have an overarching policy or procedure that outlines its process for developing guidance.

The Commission told us it conducts research and engages with a variety of stakeholders as part of its standard approach to developing guidance. The Commission also has a plan to engage with stakeholders in updating guidance across the employee lifecycle.

While the Commission has evidence of some research and engagement, it could not show that it systematically undertook research and consulted stakeholders when it develops its guidance materials.

The Commission does not review its guidance systematically

The Commission does not systematically or regularly review its guidance materials to make sure they reflect better-practice approaches.

The Commission has a plan to review and update its guidance across the employee lifecycle. It plans to complete this work in the 2024–25 financial year.

This planned project will initially review the guidance at a single point in time. The plan indicates that the Commission may also review the guidance due to legislative or policy changes, or within 18 months of publication. However, there is no commitment to ongoing and regular review.

Key finding 2: DFFH, DTP and the Commission have policies, plans, strategies and practices to support them to build capable and high-performing workforces

Policies, plans and strategies address capability and performance

All 3 agencies' internal policies and guidance materials consistently address capability and performance. They also consistently reflect relevant Commission guidance and advice, where applicable.

All 3 agencies also have people-focused plans, strategies and frameworks that address capability and high performance. These materials recognise that it is important to make a dedicated effort to build capability and performance in all stages of the employee lifecycle.

Practices support agencies to build capability and performance

All 3 agencies' practices support them to build capable and high-performing workforces:

- They use capability frameworks and other guidance and communications to:
 - establish expected standards of employee performance and behaviour
 - support a shared understanding of what constitutes high employee performance.
- They ensure employees set performance goals that are clear and aligned to their roles. DFFH and DTP's processes also link performance goals to department objectives.
- They encourage regular, 2-way feedback to foster continuous improvement and learning. Most managers give feedback to their staff through the performance development plan (PDP) process.
- They support employees to identify learning needs and options, and they facilitate employees' continuous learning.
- They focus on organisational culture and employee engagement through various plans and strategies. They monitor staff engagement through the annual public sector People Matter Survey (PMS) and develop initiatives to address the survey results.

At each of the 3 agencies, senior leaders at different levels also monitor performance and progress against team priorities.

1.

Policies and guidance to support capability and high performance

The Commission's guidance for departments captures key themes of workforce better practice. But the Commission does not systematically develop and review this guidance. All 3 agencies' internal materials reflect better practice key themes and include a focus on capability and high performance.

Context

Role of the Commission

The Act establishes the Commission to advise and support the Victorian public sector, including on workforce management and development.

The Commission's roles under legislation are to:

- strengthen the efficiency, effectiveness and capability of the public sector in order to meet existing and emerging needs and deliver high-quality services
- maintain and advocate for public sector professionalism and integrity.

Its functions include to:

- assess and provide advice and support on issues relevant to public sector administration, governance, service delivery and workforce management and development
 - conduct research and disseminate better-practice guidance in relation to public sector administration, governance, service delivery and workforce management and development.
-

Public sector values and employment principles

The Act establishes 7 public sector values that apply to all public sector organisations and employees:

- responsiveness
- integrity
- impartiality
- accountability
- respect
- leadership
- human rights.

The Act also establishes employment principles that all public sector agencies' employment processes must be consistent with:

- Employment decisions are based on merit.
 - Public sector employees are treated fairly and reasonably.
 - Equal employment opportunity is provided.
 - Human rights are upheld.
 - Public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment.
 - In the case of the VPS, the development of a career public service is fostered.
-

The Commission does not have a systematic approach to guidance development

Guidance reflects the public sector values, employment principles and better practice themes

Almost all workforce capability guidance on the Commission's website reflected the public sector values and employment principles.

In 60 per cent of cases, the guidance reflected and directly referenced or linked to the values and/or principles.

The values and principles were implicit in the remaining materials (except for 2 resources, which we did not expect to reflect the values or principles).

This promotes consistent application of the values and principles across the public sector.

The Commission's guidance also consistently reflects the better practice key themes we identified in our review of academic research.

The breadth and depth of guidance is not consistent across the employee lifecycle

The Commission has developed guidance for all stages of the employee lifecycle. However, it has substantially more resources covering attraction, recruitment and development than onboarding, retention and departure.

For example, there are only 2 departure guides on the Commission website. Neither meets the level of detail and practical advice in guides for other stages of the employee lifecycle.

Some guidance materials overlap, and it can be unclear how different resources relate to one another.

For example, there are 14 guides that address recruitment. But the Commission does not always explain:

- which guide to use in which circumstances
- whether agencies should consider all guides together
- whether certain guides supersede or take precedence over others.

As discussed below, the Commission is currently reviewing its guidance across the employee lifecycle. This is an opportunity to improve consistency, comprehension and clarity on how each resource should be used, and to fill gaps in guidance for onboarding, retention and departure.

The Commission could not show that its guidance is always informed by research and consultation

The Commission has a function to conduct research, provide advice and support to the public sector, and to publish better-practice guidance in relation to workforce management and development.

To support the public sector to implement better-practice approaches across the employee lifecycle, and to fulfil its legislative obligations, the Commission's guidance and advice must itself

reflect better practice. This requires the Commission to have a consistent approach to developing guidance, including research and consultation.

The Commission does not have an overarching policy or procedure that outlines its guidance development process. As part of its standard approach to developing guidance, the Commission told us it conducts research and engages with a variety of stakeholders, including VPS agencies, unions, WorkSafe Victoria, and VPS employees and leaders. The Commission also has a plan to engage with all departments during 2024–25 as part of updating guidance across the employee lifecycle.

This gives the Commission an opportunity to test its guidance and receive practical feedback from the people and agencies who will ultimately be using it.

The Commission gave us examples of its consultation approach for its flexible working guidance. Forty per cent of the Commission's guidance also directly cites research, collaboration and engagement.

However, the Commission could not demonstrate a consistent and systematic approach to research and consultation when it developed the remaining guidance materials.

The Commission is missing an opportunity to ensure the currency of its guidance without a systematic review approach

The Commission does not review guidance systematically

It is important to regularly review guidance materials. Better practice changes over time, and guidance needs to be updated to reflect modern approaches to remain practical and useful.

The Commission does not have a systematic approach to reviewing its guidance. It could not show us when it last reviewed each of its resources across the employee lifecycle.

It was also clear that 5 (20 per cent) of the Commission's resources have not been updated for between 11 and 17 years.

These resources display the branding of the State Services Authority, which the Commission replaced on 1 April 2014.

The Commission plans to review and update guidance

The Commission has developed a plan to review and update its guidance across the employee lifecycle.

The project will update its guidance across each stage of the lifecycle in 4 tranches from the 2023–24 financial year to the end of the 2024–25 financial year. It aims to pull all guidance together into a single location called the Employee Lifecycle Toolkit for human resources teams across the public sector.

The toolkit will incorporate common policies from Industrial Relations Victoria. It will also incorporate whole-of-Victorian-Government decisions about better-practice human resources processes on people development.

The plan does not say if academic research or other jurisdictions' approaches have informed the Commission's decisions about better-practice processes.

The Commission has identified an opportunity to collaborate with DTP on new recruitment guidance. This is a good first step towards collaborating with other VPS agencies.

The Commission also plans to consult with other agencies via the Human Resources Director Committee, the Organisational Development Executive Group, and the Public Sector Administration Committee.

Although the Commission's plan to review guidance and create the toolkit is a positive step, the plan does not commit to ongoing and regular reviews and only indicates that the Commission

may review guidance due to legislative or policy changes, or within 18 months of publication. The Commission also does not have an overarching policy or procedure relating to guidance review. Without committing to implementing a long-term, periodic and systematic review process, both for the toolkit and for the Commission's guidance more broadly, the Commission is missing an opportunity to ensure its guidance stays current into the future.

Agencies' policies, strategies and frameworks reflect better practice key themes and include a focus on capability and high performance

Policies and guidance address capability and performance

Agencies need effective policies and guidance materials to build capable and high-performing workforces that deliver high-quality programs and services to Victorians.

DFFH's and DTP's policies and guidance materials consistently address capability and high performance and reflect relevant Commission guidance.

Figure 1 shows the percentage of internal guidance materials that address the better practice key themes we identified in our research, and which reflect the Commission's guidance and advice.

This shows that, at the policy level, both departments have a consistent focus on approaches that can support them to build capable and high-performing workforces.

Figure 1: Guidance addressing capability and high performance and reflecting Commission advice

	DFFH	DTP
Percentage addressing capability and high performance	97 per cent	90 per cent
Percentage reflecting Commission guidance	100 per cent	93 per cent

Note: These numbers represent the percentages of documents that could be reasonably expected to address capability and high performance and be reflective of Commission guidance.

Source: VAGO analysis from information obtained from the Commission, DFFH and DTP.

Strategies, plans and frameworks include a focus on capability and high performance

As well as their policies and guidance materials, all 3 agencies have workforce strategies, plans and frameworks that include a focus on capability and high performance. Examples include:

- DFFH's leadership performance framework (outlined in the case study below), *People Strategy 2020* and the draft new *People Strategy*
- DTP's *Strategic Plan 2023–27* and *Enterprise Workforce Strategy 2021–24*
- the Commission's people and culture plan.

DFFH and DTP also have strategies and plans that include a focus on workforce planning and talent management.

Case study: DFFH leadership performance framework

DFFH's leadership performance framework outlines common performance goals for leaders. It encourages leaders, through various channels, to develop performance goals aligned to this framework.

DFFH also has a goal library, which includes suggested measures for each performance goal in the framework. The framework includes a focus on building capability and high performance, including through 10 goals focused on people and performance.

There is limited Commission guidance supporting employees to take an active role in their own development, but agencies have filled this gap

The Commission's development guidance focuses on managers and executives

There are 12 publicly available guides on the Commission website that include sections on the development stage of the employee lifecycle. Of these, 7 are specific to managers, while the remaining 5 apply to both employees and managers.

Development guidance for managers covers a broad range of topics and targets both new and established managers.

For example, the Commission has developed:

- a comprehensive 71-page guide for new managers
- a 44-page guide full of tools and templates to help with personal development planning
- a collection of 13 manager development guides covering topics ranging from understanding and developing yourself to advanced interpersonal skills and contributing to public policy.

Gap in VPS-wide employee development guidance

There is a gap in the Commission's guidance on how employees can embed learning and development practices in their work.

The main piece of development guidance for public sector employees is the *Victorian Public Service Capability Framework*. This framework defines the capabilities the VPS needs to achieve its objectives. There is a corresponding employee user guide, capability self-assessment tool and career development plan.

None of these reach the level of detail that is in the guidance for managers. Nor do they have as many practical tools, tips and templates.

Like their managers, employees need support to identify their learning needs, consider their career ambitions and proactively plan for their own development.

VPS agencies also need access to better-practice guidance on how to support employees to actively participate in their learning.

DFFH and DTP employee development guidance

DFFH and DTP have developed guidance that goes beyond matters the Commission covers.

This includes guidance to support employees to take an active role in their own development, which addresses the gap in Commission guidance.

Examples include:

- a DFFH fact sheet on blended learning and development options (see Section 2)
- DTP's capability toolkits (outlined in the case study below).

DTP has also developed a spreadsheet that maps relevant LinkedIn Learning courses to different capabilities under the *Victorian Public Service Capability Framework*. This supports employees to find training to develop specific capabilities.

These guidance materials are useful resources for DFFH and DTP employees. Although the guidance includes information that may be unique to the respective department, it could readily be adapted for use across the VPS.

Because the Commission has not published similar guidance, there is a missed opportunity to promote consistency across the VPS and create efficiencies. This includes leveraging existing work to make sure other agencies understand better practice.

**Case study: DTP
capability
toolkits**

DTP has developed a series of capability toolkits to support employees to identify learning options.

Each toolkit relates to a capability under the *Victorian Public Service Capability Framework* and covers a specific capability level (foundational, applied, accomplished or leading). The toolkits outline learning options to build the relevant capability under the 70/20/10 model of learning.

Under this model:

- 70 per cent of learning should occur through on-the-job experience
- 20 per cent should occur through exposure and learning from others
- 10 per cent should occur through education (such as training).

Figure 2 shows an example of experiential learning options for the 'applied' proficiency level of the flexibility and adaptability capability.

Figure 2: Extract from DTP capability toolkit

Experience: 70% on-the-job learning

- Be proactive when a task requires you to change priorities.
- Seek opportunities to work on less structured projects than those you are used to.
- Actively seek new ideas and consider their merit before proceeding.
- Seek opportunities to work on projects with teams or agencies outside of DTP and collaborate on a task that would otherwise be completed alone.
- After completing a task or project, reflect on how you worked with the team and the challenges you faced.
- Identify priorities when working on a task but leave them open to change if necessary.
- Consider the way you work and whether a flexible working arrangement may be right for you.
- Help create instruction notes or guidelines for tasks you have experience with.

Source: VAGO, based on information from DTP.

DTP told us that the inspiration for developing these toolkits stemmed from its organisational development team and their commitment to empowering employees to take charge of their own development.

The toolkits support this objective and are a resource to support employees to practise continuous learning.

2.

Putting policies into practice to build capable and high-performing workforces

DFFH, DTP and the Commission have practices in place to establish expected standards of performance and behaviour, foster continuous improvement and learning, and focus on employee engagement. Senior leaders also monitor performance. This supports the agencies in building capable and high-performing workforces.

Context

Performance development and review processes

Under the *Victorian Public Service Enterprise Agreement 2020*, all VPS employees must participate in a performance development and review process.

This involves:

- developing performance goals they will be assessed against
- setting learning goals to support their continuous development
- taking part in feedback conversations.

All 3 agencies' employees document their performance and learning goals in a PDP and record feedback they receive throughout the year.

The PDP process is an important mechanism to manage employee performance. It can support approaches we identified as contributing to a capable and high-performing workforce by:

- reinforcing role clarity and expectations
 - helping employees understand how their role contributes to the agency's objectives
 - providing a mechanism for formal, documented performance feedback.
-

People Matter Survey

Each year, the Commission runs the PMS across the Victorian public sector.

The survey captures employee opinions on their experiences at work. It includes questions on:

- outcomes
 - senior leadership
 - organisation and workgroup climate
 - job and manager factors
 - negative behaviours.
-

Practices that help build capable and high-performing workforces

Agencies support role clarity

It is vital that employees understand the expectations of their roles. In the literature we reviewed, this was one of the most cited themes that contribute to building capable and high-performing workforces.

All 3 agencies clearly establish performance expectations and make sure employees' performance goals align with their roles. They give clear guidance and communication about goal setting, roles and responsibilities through the performance management process.

DFFH and DTP's guidance and communications also encourage staff to align their goals with:

- organisational objectives
- strategic plans
- other team business plans, strategies and goals.

The Commission's PDP process and guidance do not link employee performance goals to organisational objectives. The Commission told us this is because many of its roles are inward-facing support roles that do not directly contribute to its vision for the entire public sector.

However, one of the 4 key outcomes in the Commission's *Strategic Plan 2023–2026* is 'a capable and credible Commission that supports the Victorian public sector to deliver'. Internally focused roles would support this objective.

This is a missed opportunity to help embed strategic direction at all levels of the organisation and ensure employees understand how their roles contribute to the Commission achieving its objectives.

Oversight of performance goal setting

Some agency leaders are expected to have more oversight of employee goal setting to make sure each employee's goals are fair, consistent and appropriate to their role.

At ...	Performance goals set by staff ...	Which ...	However ...
DTP	<p>should be subject to quality, fairness, and consistency checks by managers at the start of the PDP cycle to ensure they are:</p> <ul style="list-style-type: none"> • specific, measurable, achievable, relevant and time-bound • consistent with their VPS level • consistent with other staff in the same role 	helps mitigate the risk of inconsistent goal setting across the agency.	there is no monitoring of the completion of this process, so it is unclear whether it works as intended. DTP advised it intends to monitor this process in future cycles.
The Commission	at VPS grades 5 to 7 are reviewed by directors to confirm they reflect organisational values and the higher duties expected of staff at those levels		
DFFH	are not subject to monitoring or oversight processes beyond the review of individuals' line managers	means there is a risk that goal-setting practices are inconsistent across the department.	DFFH has prepared a PDP improvement plan that states that DFFH will implement a quality assurance framework during the 2024–25 PDP cycle.

Agencies promote regular feedback to support continuous improvement

All 3 agencies' PDP policies and guidance highlight the importance of, and encourage, using regular feedback and performance conversations to:

- discuss an employee's progress against their goals
- clarify expectations for performance and behaviour
- support employees to build their capabilities and celebrate achievements.

Although the Commission's guidance encourages regular feedback, it does not focus on 2-way feedback as much as DFFH and DTP.

Using performance goals to make people managers more accountable for giving feedback

The Commission and DTP have sought to make managers more accountable for providing feedback.

People managers at ...	Must have ...	This goal ...	This ...
the Commission	a specific team management performance goal in their PDP if they are at VPS grade 6.	includes a mandatory measure to provide regular feedback to staff and to support continuous learning and development.	helps people managers be held accountable for implementing regular feedback practices.
DTP	at least one performance goal about leadership in their PDP.	is chosen by the people manager. DTP told us this was to allow managers to tailor the goal to their development needs. DTP example goals include a measure about giving employees regular, constructive feedback through formal and informal conversations.	is a missed opportunity because the wording of the example goal is not mandatory. People managers do not have to include giving feedback in their PDP.

DFFH is introducing mandatory goals for people managers in the 2024–25 PDP cycle. Performance measures will include giving regular feedback and supporting staff to grow their capability.

Agencies support continuous learning for employees

All 3 agencies support staff to identify learning needs and apply the 70/20/10 model of continuous learning.

DFFH and DTP also offer or facilitate access to many learning opportunities for staff. These include their own learning offerings and opportunities through memberships and contracts with external organisations. Both agencies have a current focus on leadership-related learning.

The Commission supports staff to identify their learning needs and learn continuously through the PDP process. It has also supported staff to attend external training courses.

DFFH's blended learning fact sheet

DFFH developed a fact sheet about blended learning and development. It outlines contemporary learning theory, different learning options, and definitions, examples, benefits and considerations for each option.

Figure 3 is an extract from the fact sheet about learning through reflection.

Figure 3: Extract from DFFH fact sheet: Blended Learning and Development – Learning through reflection

Definition	Benefits of use	Considerations for use
<p>Can be thought of as the skill of 'thinking about thinking'.</p> <p>Adults learn best when they can reflect on their strengths or weaknesses in order to monitor and enhance their learning.</p> <p>Instead of concentrating on what skills to acquire, reflection is an attempt to think about how to acquire them. One method of putting reflection into practice is using a journal to record thoughts, observations, feelings, activities, questions or problems resolved.</p> <p>Source: VAGO, based on information provided by DFFH.</p>	<ul style="list-style-type: none"> Enhances observational skills Explores feelings and increases insight into emotional and behavioural responses Assesses progress Enhances communication skills 	<ul style="list-style-type: none"> Suitable for people who are comfortable with learning independently Requires support and sufficient time Might be useful to consider gaining an outside perspective

Agencies have a focus on organisational culture and engagement

High employee engagement is important to building high performance. Engagement can increase employee wellbeing and productivity. Engaged employees are more likely to stay in their roles.

All 3 agencies:

- use the PMS to monitor employee engagement each year, and they discuss and analyse survey results at different levels of the agency
- take steps to improve engagement, including through initiatives to address the PMS results
- reiterate senior leaders' responsibility for improvement actions
- have plans and strategies that focus on building engagement and good organisational cultures.

One DFFH division also runs additional quarterly staff opinion surveys to complement the PMS. This allows it to monitor employees' experiences throughout the year beyond the point-in-time PMS.

Initiatives responding to PMS results

Figure 4 shows some examples of the work DFFH and DTP have done to address PMS results and seek to improve organisational culture and engagement.

Figure 4: PMS initiatives

Agency	Initiative	Explanation	Features
DFFH	Culture Building Series	A 4-part series of sessions designed to address PMS results and raise awareness of what makes a good workplace culture	<p>Provides guides on how to:</p> <ul style="list-style-type: none"> understand what drives and determines workplace culture examine and discuss a team's culture, including assessing the current culture to plan for change choose relevant culture-change frameworks and plan and implement improvements design and write a plan to build team culture in response to matters raised in the PMS
DTP	PMS Action Planning Toolkit	DTP launched the toolkit in 2021 and refreshes it each year. It supports leaders to develop meaningful action plans for their groups, divisions or branches that respond to key issues the PMS identified. DTP has shared the toolkit with other VPS departments. The Innovation Network also featured the toolkit as a case study	<ul style="list-style-type: none"> Provides resources, guidance, tips, tools and training materials designed to improve engagement Identifies high-impact drivers of engagement and practical recommendations to action them Targets engagement drivers including role clarity, career management, performance, networking, recognitions and appreciation, connection to strategy, and values

Source: VAGO, based on information from DFFH and DTP.

Senior leaders monitor performance and progress against team priorities

In our review of academic research, organisational leadership was the most common theme that contributed to capable and high-performing workforces.

Senior leaders at all 3 agencies:

- monitor progress against team priorities, including through board- and division-level performance reporting, and other division-level leadership committees
- told us they regularly discuss their teams' performance and consider strategies to address performance issues.

We saw some examples from all 3 agencies of strategies implemented to address performance issues and build performance. Figure 5 shows an example from each agency.

Figure 5: Example strategies to build performance

Agency	Strategy
DFFH	Undertook a capability building project that led to the development of resources including a capability framework and guidance materials. DFFH also increased its learning budget per employee from the 2021–22 to 2022–23 financial years.
DTP	Developed targeted training to address identified capability issues in 2 of DTP's divisions.
The Commission	Used an organisational restructure, people and culture plan, and updated PDP process to improve internal collaboration.

Source: VAGO, based on information provided by DFFH, DTP and the Commission.

We could not determine how regularly senior leaders discuss their teams' performance. Senior leaders do not always keep records of meetings. Discussions about performance may also vary across and within agencies based on individual teams' needs and circumstances.

Appendices

[Appendix A: Submissions and comments](#)

[Appendix B: Abbreviations, acronyms and glossary](#)

[Appendix C: Audit scope and method](#)

Appendix A:

Submissions and comments

We have consulted with DFFH, DTP and the Commission, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses received

Agency	Page
DFFH	A-2
DTP	A-3
The Commission	A-4

Response provided by the Secretary, DFFH



Secretary

Department of Families, Fairness and Housing

50 Lonsdale Street
Melbourne Victoria 3000
Telephone: 1300 475 170
GPO Box 1774
Melbourne Victoria 3001
www.dffh.vic.gov.au

BAC-EOB-452

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31 / 35 Collins Street
MELBOURNE VIC 3000

By email: [REDACTED]

Dear Mr Greaves

Thank you for your letter of 9 July 2024, and for providing the Department of Families, Fairness and Housing an opportunity to respond to the proposed report for *Building a capable and high-performing public service workforce*.

The department is pleased the report recognises the policies, plans, strategies, practices and guidance materials DFFH has in place to build and support workforce capability and high performance.

Further, the department remains committed to continuing its efforts to ensure capability and performance at all stages in the employee lifecycle and to working with the Victorian Public Sector Commission to ensure service-wide guidance reflects better practice.

I would like to take this opportunity to thank your staff who worked on this audit.

Yours sincerely

[REDACTED]

Peta McCammon
Secretary

18 / 07 / 2024

CC: Sophie Halewood, Senior Manager, Audit and Planning ([REDACTED])



OFFICIAL



Department of Transport and Planning

GPO Box 2392
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-24-3163

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

Victorian Auditor-General's Office - Building a capable and high-performing public service workforce - Proposed report

Thank you for your letter of 9 July 2024, enclosing the proposed report for the *Building a capable and high-performing public service workforce* performance audit (the Report).

The Department of Transport and Planning (the Department) has considered the findings and welcomes your conclusion that the Department has policies, plans, strategies and practices in place throughout the employee lifecycle to support a capable and high-performing workforce.

The Department is supportive of the opportunities for improvement identified in the Report and will continue to collaborate with the Victorian Public Sector Commission and other departments.

Thank you for the opportunity to comment on the Report.

Yours sincerely



Paul Younis
Secretary

24 July 2024



Response provided by the Commissioner, the Commission



3 Treasury Place
East Melbourne
Victoria 3002 Australia
03 9922 8600
ABN 28-854-390-770
vpsc.vic.gov.au

Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
enquiries@audit.vic.gov.au

Dear Andrew,

Proposed report - Building a capable and high performing public service workforce

Thank you for sending through the proposed report for the *Building a capable and high performing public service workforce* performance engagement.

The VPSC accepts the proposed recommendation regarding ensuring a process is established to make sure guidance issued reflects better practice. The VPSC action plan for this recommendation is attached.

It was also pleasing to note that all agencies audited have people-focused plans, strategies and frameworks in place that focus on capability and high performance.

I would like to take this opportunity to thank your staff who worked on this audit.

Yours sincerely,



Brigid Monagle

Commissioner

22/07/2024

We handle all your information in line with our privacy policy at
vpsc.vic.gov.au/privacy.

OFFICIAL



OFFICIAL: Sensitive

Victorian Public Sector Commission action plan to address recommendations from *Building a capable and high-performing public service workforce*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Establish a process to make sure guidance reflects better practice, including by: <ul style="list-style-type: none"> • embedding research and stakeholder consultation in the development process • introducing a process for the regular and ongoing review and update of guidance across the employee lifecycle 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	VPSA accepts this recommendation and will ensure the processes undertaken in developing guidance issued by the Commission is documented and includes: <ul style="list-style-type: none"> • research • stakeholder consultation • ongoing review 	December 2024

OFFICIAL: Sensitive

Appendix B: Abbreviations, acronyms and glossary

Abbreviations We use the following abbreviations in this report:

Abbreviation

The Act	<i>Public Administration Act 2004</i>
The Commission	Victorian Public Sector Commission

Acronyms We use the following acronyms in this report:

Acronym

DFFH	Department of Families, Fairness and Housing
DTP	Department of Transport and Planning
PDP	performance development plan
PMS	People Matter Survey
VAGO	Victorian Auditor-General's Office
VPS	Victorian Public Service

Glossary This glossary includes an explanation of the types of engagements we perform:

Term

Reasonable assurance	We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to express an opinion or draw a conclusion against an audit objective with a high level of assurance. We call these audit engagements. See our assurance services fact sheet for more information.
Limited assurance	We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, that nothing has come to our attention to indicate there is a problem. See our assurance services fact sheet for more information.

Appendix C: Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
DFFH	Child protection, prevention of family violence, housing, disability, multicultural affairs, LGBTIQ+ equality, veterans, and the offices for women and youth
DTP	Planning, building, operating and maintaining Victoria's transport and planning system
The Commission	Strengthening the efficiency, effectiveness and capability of the public sector in order to meet existing and emerging needs and deliver high-quality services, and maintaining and advocating for public sector professionalism and integrity

Our audit objective

Our objective was to determine whether public service bodies have policies, guidance materials and practices in place throughout the employee lifecycle to build a capable and high-performing workforce.

We changed this objective from what we published in our annual plan because we expanded the audit scope to focus on capability and high performance rather than focusing on the assessment of workers' performance and managing their annual incremental progression.

This reflects the fact that a capable and high-performing workforce supports the delivery of high-quality programs and services to the Victorian community and helps the government achieve its agenda.

What we examined

This audit focused on policies and guidance materials on all aspects of the employee lifecycle, with a detailed focus on agency practices in key areas that can support the development of a capable and high-performing VPS workforce.

We also looked at the quality and comprehensiveness of the Commission's guidance materials across the employee lifecycle.

Conducting this audit

Assessing performance

To form our conclusion against our objective we used the following lines of inquiry and associated evaluation criteria:

Line of inquiry	Criteria
1. The Commission supports public service bodies to build a capable and high-performing workforce.	1.1 The Commission has developed guidance materials on the following aspects of the employee lifecycle: attraction, recruitment, onboarding, development, retention and departure.
	1.2 The Commission's guidance materials: <ul style="list-style-type: none"> • reflect the public sector values and public sector employment principles • are evidence-based and reflect better-practice approaches having been developed following a review of academic research, consideration of guidance and frameworks used in other Australian and international jurisdiction public sectors, and consultation with Victorian public sector organisations.
	1.3 The Commission regularly reviews the guidance materials referred to in Criteria 1.1 to ensure they reflect better-practice approaches.
2. Public service bodies' policies, guidance materials and practices support the building of a capable and high-performing workforce.	2.1 Public service bodies' policies and guidance materials: <ul style="list-style-type: none"> • address capability and high performance for all aspects of the employee lifecycle • reflect Commission guidance materials.
	2.2 Public service bodies' practices support the building of a capable and high-performing workforce by ensuring that: <ul style="list-style-type: none"> • employees' performance goals are clear and aligned with the employee's role and the public service body's objectives • there is a shared understanding of what constitutes high performance in an employee's role and of respective roles and responsibilities for performance management • there is 2-way feedback to foster continuous improvement and learning • employees practise continuous learning • employees are engaged.
	2.3 Public service bodies' senior leadership: <ul style="list-style-type: none"> • monitors workgroup performance and takes steps to build high performance • have plans and strategies to build and maintain a high-performing workforce.

Our methods

As part of the audit we:

- reviewed publicly available guidance from the Commission's website and other Australian and international jurisdictions' public sector commission websites
 - reviewed academic research on building capable and high-performing workforces and better-practice approaches across each stage of the employee lifecycle
 - assessed DFFH, DTP and the Commission's internal policies and guidance across the employee lifecycle to determine the extent to which they address capability and high performance and reflect relevant Commission guidance
 - considered information from DFFH, DTP and the Commission about their current practices for:
 - establishing expected standards of performance and behaviour
 - continuous improvement and learning
 - employee engagement
 - senior leadership's involvement in monitoring performance
 - interviewed senior leaders from DFFH, DTP and the Commission
 - analysed staff performance development and review data, including to determine:
 - the number of performance and development goals
 - how feedback and performance ratings are provided
 - analysed PMS results to compare results for DFFH, DTP and the Commission, including against the VPS average results.
-

Compliance

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

Cost and time

The full cost of the audit and preparation of this report was \$535,000.

The duration of the audit was 9 months from initiation to tabling.

Auditor-General's reports tabled during 2024–25

Report title	Tabled
<i>Results of 2023 Audits: Technical and Further Education Institutes (2024–25: 1)</i>	July 2024
<i>Building a Capable and High-performing Public Service Workforce (2024–25: 2)</i>	August 2024

All reports are available for download in PDF and HTML format on our website at <https://www.audit.vic.gov.au>

Our role and contact details

The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet [About VAGO](#).

Our assurance services

Our online fact sheet [Our assurance services](#) details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

Contact details

Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne Vic 3000
AUSTRALIA
Phone +61 3 8601 7000
Email enquiries@audit.vic.gov.au
