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Audit Report No.31 2007-08
Performance Audit

Management of Recruitment in the Australian Public Service

Australian National Audit Office

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of Australia 2008

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Canberra ACT
29 April 2008

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit across agencies in accordance with the authority contained in the Auditor-General Act 1997. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled Management of Recruitment in the Australian Public Service.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee'.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

APS	Australian Public Service
APSC	Australian Public Service Commission
APSED	Australian Public Service Employment Database
ATO	Australian Taxation Office
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
DEEWR	Department Education, Employment and Workplace Relations
Finance	Department of Finance and Deregulation (formerly Department of Finance and Administration)
FMA Act	<i>Financial Management and Accountability Act 1997</i>
HRM	Human Resource Management
ICT	Information and Communications Technology
MAC	Management Advisory Committee
MAC 5	Management Advisory Committee Report No.5, <i>Managing and Sustaining the APS Workforce</i> , 2005
PS Act	<i>Public Service Act 1999</i>
SES	Senior Executive Service

Glossary

APS agencies	Organisations that are subject to the PS Act are often referred to as APS agencies.
APSjobs (the <i>Gazette</i>)	APSjobs, incorporating the electronic APS Employment Gazette, is a website providing a single entry point for Australian Public Service employment opportunities and recruitment decisions. See <apsjobs.gov.au>.
APS Values	A set of core values that underpin relationships and behaviours for all APS employees. The APS Values are set out in section 10(1) of the PS Act.
Baby boomer	Term used to describe people born between 1946 and 1963.
Delegate	The conferring of powers and functions under the PS Act and subordinate legislation to a position or a person.
Engagement	The appointment or arrangement of employment.
e-recruitment	An application or software package that is web-enabled. Electronic recruiting uses internet based software to attract, screen and recruit suitable job candidates.
Generation X	Term used to describe people born between 1964 and 1979.
Generation Y	Term used to describe people born between 1980 and 1995, although in some cases it is defined to include people born as late as 2000.
Movement	Refers to a move of an ongoing employee between agencies. The move will be associated with the assignment of duties at a similar or lower classification.
Non-ongoing employee	Non-ongoing employment refers to the engagement of APS employees for a specified term or the duration of a specified task, or for duties that are irregular or intermittent, as set out in sections 22(2)(b) and (c) of the PS Act.
Ongoing employee	Ongoing employment refers to the engagement of APS employees on an ongoing basis, as per section 22(2)(a) of the PS Act. This type of employment is not limited to a specified term or task, or for duties that are irregular or intermittent.

Promotion	The assignment to an ongoing APS employee (other than a trainee) of duties at a higher classification than the employee's previous classification.
Recruitment	This audit considers recruitment in a broad sense, to include: organisational structures and processes to support recruitment activities; strategic approaches to recruitment; recruitment processes (including defining recruitment requirements, attracting applicants, and selecting the person to fill the vacancy); and systematic monitoring and evaluation of recruitment strategies, policies and activities.
Recruitment rate	Agency recruitment rates are calculated as total recruitment (that is, engagements, promotions and movements) expressed as a proportion of staff levels as the beginning of the relevant year.
Workforce capability	Workforce capability describes the ability of individuals to perform activities to a prescribed standard within an occupation.
Workforce capability model	A workforce capability model establishes the capabilities desired in the workforce of an organisation, and determines the gap between workforce demand and supply.
Workforce planning	A continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives now and in the future.

Summary and Recommendations

Summary

Introduction

1. Public and private sectors throughout the developed world face considerable difficulties in sustaining their workforces. Issues such as the ageing of the workforce, fewer available skilled employees, and greater mobility of workers all significantly challenge the ways in which organisations recruit and manage their workforces. A robust and dynamic approach to recruitment is therefore critical to secure a skilled workforce able to deliver the diverse range of services provided by government.

2. In response to these challenges, the Australian Public Service (APS) recruitment framework has undergone significant reform over the past decade. There has been a move away from a centralised system of recruitment and training to a devolved recruitment framework which provides greater flexibility and responsiveness in recruitment. The *Public Service Act 1999* (PS Act) provides the legislative framework for employment in many Australian Government organisations.¹ Under the PS Act, agency heads are responsible for employment decisions in an agency.

3. To assist APS² agencies better manage recruitment in this devolved environment, the Australian Public Service Commission (APSC) has issued a range of recruitment guidance, provides training and advice, and responds to questions about recruitment issues. The APSC has a role to modernise APS employment, including by continuing 'to review the employment framework, with emphasis on streamlining recruitment processes'.³ The APSC also promotes innovative recruitment and retention strategies.

4. Recruitment is a central component of an APS agency's human resource management (HRM) framework directed towards achieving agency outcomes. Mature frameworks governing recruitment activities in the APS typically involve agencies developing strategic approaches to recruitment

¹ Non-SES recruitment in the APS is guided by minimum requirements and a set of principles which are specified in the PS Act and four core legislative instruments arising from it, namely: Public Service Regulations 1999; Public Service Commissioner's Directions 1999; Public Service Classification Rules 2000; and Prime Minister's Public Service Directions 2000.

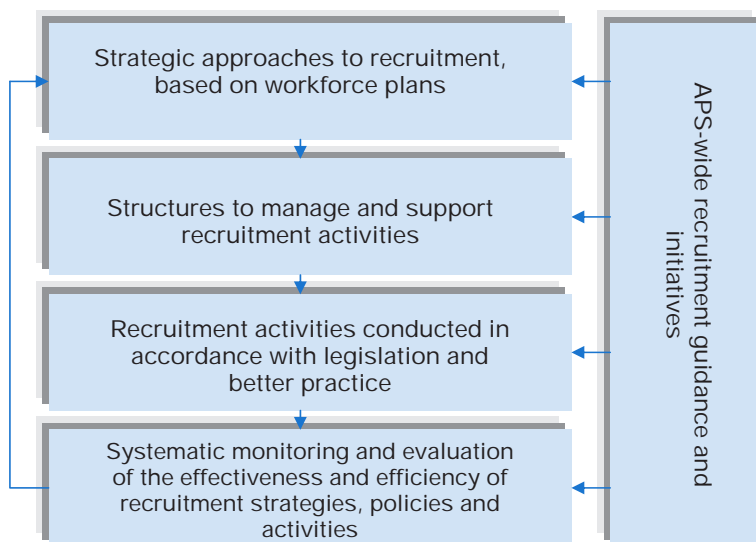
² Organisations that are subject to the PS Act are often referred to as Australian Public Service agencies.

³ APSC 2007, Corporate Plan 2007–08, p. 2.

based on workforce plans,⁴ implementing structures to manage and support recruitment activities, conducting recruitment processes in accordance with legislation and better practices, and systematically monitoring recruitment performance for continual improvement (see Figure 1).

Figure 1

The APS recruitment framework



Source: Australian National Audit Office (ANAO).

5. Underpinning strategic approaches are three distinct recruitment processes: defining and identifying employment requirements; attracting a pool of suitable applicants; and selecting the right person for the position.

6. Despite long experience in recruiting staff, well-established recruitment practices, and the assistance provided by the APSC and others, recruitment remains an ongoing challenge for APS agencies. At a strategic level, there is uncertainty about planning recruitment needs into the future, and the current tight labour market conditions make it difficult to attract sufficient skilled staff, especially in the areas of information technology, financial management, accounting, HRM and project management.⁵ Operationally, the most critical difficulties are: defining the role to be filled and the skills and capabilities required; attracting a quality field; and being able to collect sufficient robust

⁴ ANAO Audit Report No.55 2004–05, Workforce Planning defined workforce planning as ‘a continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives now and in the future’, p. 8.

⁵ APSC 2007, State of the Service Report 2006–07, p. 55.

information on each applicant to support a reliable recruitment decision. A continuing sensitivity for recruitment is that it involves people, their emotional responses to recruitment processes, and often their reactions to the disappointment of unsuccessfully applying for positions.

7. The importance of recruitment to the achievement of agency objectives and staff satisfaction requires recruitment activities to be undertaken effectively, efficiently, and in a fair and transparent manner, consistent with legislative requirements.

Trends in APS recruitment activity

8. There were 143 525 ongoing APS staff as at 30 June 2007.⁶ APS recruitment activity rose sharply between 2003–04 and 2006–07, from around 19 000 to 39 000 staff,⁷ reflecting the increased mobility of APS employees, strong employment growth, and an increasing number of retirees.

9. ANAO analysis indicates that employment growth accounted for 22 per cent of APS recruitment activity in 2006–07. Growth in the size of the APS placed increasing pressure on many agencies to recruit skilled staff in 2006–07. The ANAO notes the cyclical nature of growth in the APS and the possibility that reduced growth in coming years may alleviate some pressure on agencies to recruit skilled staff.

10. Individual APS agencies often face markedly different recruitment environments, especially in terms of the: availability of suitable candidates; pre-employment requirements (such as security checks); extent of staff turnover; and proportion of recruitment activities filled by employees of the agency. Reflecting these different environments, recruitment rates⁸ varied considerably across APS agencies in 2006–07, ranging from 12 per cent to 62 per cent.

Costs of staff turnover and recruitment

11. There are significant direct and indirect costs associated with recruitment activity and staff turnover in the APS. Direct recruitment costs can

⁶ APS Employment Database data compiled for the APSC State of the Service Report 2006–07. Ongoing staff include full-time and part-time staff.

⁷ Annual APS recruitment levels referred to throughout this report are defined to be the total number of APS engagements, promotions and movements as reported in the APSC Statistical Bulletin 2006–07. Movements refer to transfers from other agencies, not transfers to other agencies.

⁸ The 2006–07 agency recruitment rates are calculated as total recruitment (that is, engagements, promotions and movements) expressed as a proportion of staff levels as at 30 June 2006.

include advertising, hiring external recruitment agencies and time taken by selection committees. Indirect costs associated with staff turnover can include lower productivity before an employee leaves, vacancy costs until the role is filled, and loss of productivity associated with new employees.⁹

12. Based on the assumption that direct recruitment costs amount to an average 15 per cent of salary, direct APS recruitment costs were estimated to total around \$370 million in 2006–07.¹⁰ Indirect costs of staff turnover (for example, lost productivity and training costs) may have been of a similar magnitude.¹¹ Given the imprecise nature of the underlying assumptions and methodology, these estimates are indicative only. However, they demonstrate the significant cost of APS recruitment activities.

Key challenges for recruitment in the APS

13. The nature and extent of changes in the employment environment pose considerable challenges for the APS to attract, retain and develop skilled and talented staff. In the face of skill shortages and changing population demographics, APS agencies are competing with each other and other sectors to fill jobs. Their approach to recruiting staff can be a key factor in how successful they are in finding the right people.

14. Recruitment therefore can no longer be regarded as a 'soft' issue, as the APS positions itself 'to succeed in a war for talent'.¹² To succeed in this environment, three distinct challenges for the APS are: implementing more strategic approaches to recruitment; improving the quality of recruitment processes; and adopting APS-wide approaches to recruiting key occupations.

⁹ APSC 2003, *Get It Right – a recruitment kit for managers: Project planner*.

¹⁰ HRM literature has suggested that direct recruitment costs typically amount to around 15 to 25 per cent of the salary of the position being filled. Consistent with this, recruitment agencies typically charge APS agencies between 12 and 18 per cent of the advertised position's salary to provide a shortlist of candidates for interview. The average APS salary in 2006–07 was around \$63 000, yielding a direct recruitment cost estimate of \$9 450 per recruitment activity (based on the 15 per cent cost assumption). In 2006–07, there were 39 313 ongoing engagements, promotion and movements in the APS, yielding a total annual direct recruitment cost estimate of around \$370 million. However, some movements did not involve a competitive selection process, which would reduce the overall direct costs of APS recruitment.

¹¹ HRM literature has also suggested that new APS recruits typically perform at only 60 per cent of their productive potential when they are first appointed, reaching 100 per cent only after they have been in a position for a year (see ANAO Audit Report No.50 2002–2003, *Managing People for Business Outcomes, Year Two Benchmarking Study*, p. 19.)

¹² MAC Report No.5 2005, *Managing and Sustaining the APS Workforce*, p. vii.

Audit objective and scope

15. The objective of the audit was to assess whether APS agencies had sound approaches to recruitment, to assist in providing the workforce capability to deliver government programs effectively. Sound approaches to recruitment involve agencies:

- establishing and implementing strategic approaches to recruitment to address current and future workforce priorities and goals;
- managing and supporting recruitment activities through the provision of expert advice and support, legislative and procedural guidance material, and training for staff involved in recruitment activities;
- conducting recruitment activities effectively and in compliance with legislative and administrative requirements; and
- systematically monitoring and evaluating the effectiveness and efficiency of recruitment strategies, policies and activities.

16. In undertaking the audit, the ANAO analysed APSC recruitment and survey data covering all APS agencies, and conducted a detailed assessment of three agencies' recruitment strategies and practices against the four criteria outlined above. The three audited agencies were the Department of Finance and Deregulation (Finance),¹³ the Australian Taxation Office, and Comcare. These agencies faced quite different recruitment conditions and, as such, provided a cross-section of APS agencies.

17. The ANAO also assessed APS-wide policy and guidance and recruitment initiatives undertaken by the APSC, and whether Finance had established professional communities of practice in accordance with recommendations from the Management Advisory Committee (MAC) Report No.5, *Managing and Sustaining the APS Workforce*, 2005.

18. The audit examined recruitment activities for ongoing positions in APS agencies subject to the PS Act, except for graduate, cadet, Indigenous, disability and Senior Executive Service (SES) positions.

¹³ The Administrative Arrangements Order of 25 January 2008 established the Department of Finance and Deregulation. The audit examined the administration of the predecessor department, the Department of Finance and Administration. The department is referred to as Finance throughout the report.

Conclusion

19. Recruiting sufficient skilled staff was difficult for APS agencies in 2007: unemployment in Australia was at 30 year lows; there was strong demand nationally and internationally for skilled employees; and APS employees were increasingly mobile.¹⁴ While ongoing APS employment increased by over 8 700 (6.5 per cent)¹⁵ in 2006–07, many positions remained unfilled, and most agencies (88 per cent) reported having continued difficulty in recruiting people (other than for their graduate program) with the required skills.¹⁶

20. Over recent years, a number of reports from MAC, APSC and ANAO¹⁷ have advised agencies to implement strategic recruitment approaches based on workforce planning analysis (which seeks to identify current and anticipated gaps in workforce capabilities). APSC State of the Service Reports show a moderate increase over time in the proportion of agencies implementing workforce planning approaches. Nevertheless, nearly half of all responding APS agencies¹⁸ (47 per cent) reported that they did not have policies, strategies and/or frameworks in place to support them to meet workforce capability requirements over the next one to five years. The three audited agencies had not implemented workforce planning processes that were able to identify capability gaps, and had not tailored recruitment initiatives in response to clearly identified skill shortages. The lack of mature workforce planning processes impairs agencies' capacity to address challenges arising from the changing workforce environment. In addition, none of the three audited agencies had developed recruitment strategies that addressed both general and targeted recruitment.

21. The three audited agencies had structured their recruitment functions to broadly suit their circumstances. Managers in line areas who were responsible for recruiting staff were generally satisfied with the advice and support provided by HRM staff, although they often made only limited contact with HRM staff when managing recruitment activities. Greater interaction

¹⁴ The average agency retention rate fell from 92.7 per cent in 2003–04 to 90.3 per cent in 2006–07 (Table 12 of the APSC Statistical Bulletin 2006–07).

¹⁵ APSC Statistical Bulletin 2006–07, p. 4.

¹⁶ APSC 2007, State of the Service Report 2006–07, *op. cit.*, p. 54.

¹⁷ For example, MAC Report No.5, *op. cit.*, p. 64, APSC State of the Service Report 2005–06, p. 173, and ANAO Audit Report No.61 2001–02, *Managing People for Business Outcomes*, pp. 34, 38-40.

¹⁸ All responding APS agencies refers to the 88 APS agencies, or semi-autonomous parts of agencies (employing at least 20 staff under the PS Act), which completed the APSC State of the Service Agency Survey 2006–07.

between line managers and HRM staff is likely to assist agencies improve recruitment planning, selection of candidates, timeliness and recordkeeping. To better support recruitment processes, there would also be benefit in two of the agencies providing recruitment guidance material that was short, easy to understand and practical to implement. The provision of recruitment training varied significantly across agencies, and implementing training needs analysis mechanisms would help agencies ensure that staff involved in recruitment processes were adequately skilled, including in the application of merit-selection principles.

22. APS employees generally held fairly negative views about APS recruitment processes. Of those who applied for an APS position in 2006–07, only 36 per cent were left with a positive impression of the agency following the selection process.¹⁹ Although survey results varied considerably across agencies, key areas of applicant dissatisfaction related to: the opportunity to seek feedback; the perceived fairness of APS recruitment processes; and the timeliness of APS recruitment processes. To better support staff in undertaking recruitment processes, agencies should consider implementing quality control and/or quality assurance processes (such as sample-based compliance reviews by HRM staff) and developing recruitment planning templates for use by selection panels.

23. There is scope for the audited agencies to collect and utilise more comprehensive information about the effectiveness, timeliness and efficiency of recruitment activities. In particular, these agencies did not systematically monitor and assess whether they: attracted sufficient suitable candidates, recruited suitable people; undertook recruitment activities at an appropriate cost; or used external service providers effectively and efficiently. Given the high cost of staff turnover and recruitment, it is important that agencies monitor and report key elements of recruitment performance so they can continually improve recruitment strategies and processes.

24. The audited agencies considered APSC guidance material and direct assistance to be useful and had assisted them provide agency-specific policy and guidance, and support line staff involved in recruitment activities. To further support APS agencies, the APSC could expand the guidance it provides about recruitment performance measures for reporting and evaluation purposes. The APSC, and to an extent Finance, have made considerable

¹⁹ APSC 2007, State of the Service Report 2006–07, op. cit., p. 66.

progress to address seven relevant initiatives from MAC Report No.5,²⁰ although it was not yet possible to assess the impact of these initiatives on APS-wide recruitment.

Key findings by chapter

25. The audit found that many of the issues facing APS agencies in managing recruitment were similar to those outlined in earlier reports by the APSC, MAC and ANAO.²¹

26. Key findings for recruitment in the APS are outlined below in relation to agencies strategic approaches, management and support, processes, and monitoring and evaluation, as well as APS-wide recruitment guidance and initiatives. These findings are followed by an outline of six areas that agencies could usefully focus on to enhance their recruitment practices, and a discussion of sound and better practices identified in the audit.

Strategic approaches to recruitment (Chapter 2)

27. Over recent years, a number of studies²² have identified scope for APS agencies to adopt more strategic approaches to recruitment. Of prime importance is workforce planning, which is 'a continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives now and in the future'.²³ Amongst other things, workforce planning involves the identification of workforce requirements by assessing the demand (workforce required) and supply (workforce available) dimensions of the workforce to identify any capability gaps—that is, gaps between current workforce capability and current and future workforce capability requirements.

28. At the time of audit fieldwork, only one of the three audited agencies had assessed the gap between demand for and supply of labour. This agency had identified the current and future workforce requirements against broad

²⁰ MAC Report No.5 *op. cit.*, presents a high-level review of workforce challenges facing Australian Government agencies and suggests a range of actions to assist agencies respond to the challenges of attracting, retaining and developing the people they require.

²¹ For example, MAC Report No.5, *op.cit.*, APSC State of the Service Report 2005–06, ANAO Audit Report No.61 2001–02, *Managing People for Business Outcomes*, and ANAO Audit Report No.55 2004–05, *Workforce Planning*.

²² See paragraph 25 and the previous footnote.

²³ ANAO Audit Report No.55 2004–05, *op. cit.*, p. 8.

occupational categories,²⁴ which did not provide sufficient explanation of the skills required. To facilitate a more robust assessment of the gap between demand for and supply of labour, the agency planned to examine how it could implement a workforce capability model.²⁵ The other two audited agencies have rapidly advanced the completion or improvement of workforce planning and capability modelling approaches in recent months to support their implementation of workforce planning in 2007–08. These approaches have the potential to better support future recruitment strategies.

29. More broadly, nearly half of all APS agencies responding to an APSC survey²⁶ acknowledged they did not have policies, strategies and/or frameworks in place to support them to meet workforce capability requirements over the next one to five years. The main challenges to implementing workforce planning across the APS involved obtaining adequate information about workforce skill sets, demographics and characteristics, and the ability to plan for changes likely to impact an agency's business. Given the difficulties of implementing effective workforce planning approaches based on sound information about potential workforce requirements, it is desirable that agencies treat workforce planning as an iterative process. There are also advantages from drawing on resources such as the APSC and other APS agencies for advice in implementing effective workforce planning approaches.

30. As part of targeted recruitment strategies, 78 per cent of APS agencies reported²⁷ having measures to attract and retain people with critical skills (such as recruitment/retention bonuses or skill shortage allowances). These recruitment strategies targeted areas such as graduate and specialist skills (such as accounting). However, at the time of audit fieldwork, none of the three audited agencies had developed a recruitment strategy to address both targeted and general recruitment.

31. To develop more creative, innovative and targeted attraction and recruitment strategies, agencies can adopt employer branding strategies.

²⁴ The occupational categories did not necessarily describe and capture the precise skills required, including the classification, level of skills, experience and competency required for a particular role.

²⁵ A workforce capability model establishes the key capabilities desired in the workforce of an organisation, and determines the gap between workforce demand and supply. For example, key capabilities of information and communications technology professionals often relate to analysis and design, and could identify skills such as: logical and physical data modelling; and object oriented design practices and techniques. In this regard, the workforce capability model would estimate the number of people required to be recruited with these capabilities.

²⁶ See paragraph 20.

²⁷ APSC 2007, State of the Service Report 2006–07, *op. cit.*, p. 57.

Employer branding is the practice of developing and marketing an organisation's reputation as an employer. The development of agency-wide branding material was a high priority for recruitment activities in two of the audited agencies. One of these agencies had developed a recruitment advertising manual and employment value propositions²⁸ to incorporate in recruitment advertising. The other agency developed employment value propositions after the conclusion of audit fieldwork in the agency. The third agency was planning to undertake an attraction and branding strategy.

32. Delivering on employment value propositions that are offered to job seekers is as important as identifying and promoting value propositions. In this regard, while the majority of employment value propositions developed by the two audited agencies were supported by the results of the APSC State of the Service Employee Survey and/or agency staff surveys, some branding material did not accurately reflect employee perceptions of the key positive attributes of working in their agency. More generally, none of the audited agencies had based the development of attraction and branding material on sound research or evaluated the impact of their branding strategies.

33. Factors that attract people to work at APS agencies vary considerably across agencies and, as a result, agency branding material should be designed to reflect those factors that best represent the key attractors to the specific agency rather than simply relying on key attractors to the APS. While such an approach allows APS agencies to distinguish themselves from one another, agency branding material should also deliver consistent messages to job seekers about the benefits of employment in the APS. In this regard, there is an opportunity for the APSC to provide more guidance on core employment value propositions of the APS.

Recruitment management and support (Chapter 3)

34. In most recruitment activities, a manager from the line area seeking to recruit staff is given overall responsibility for planning, managing and undertaking the recruitment process. However, managers are generally not recruitment experts, and their success will be greatly enhanced if they have more active support of recruitment staff from the agencies' HRM function, and recruitment experts.

²⁸ An employment value proposition aims to summarise key attributes of working for an organisation, to convince potential employees to seek employment at the organisation.

35. The APSC has provided considerable guidance to agencies about how to manage and support recruitment activities. All three audited agencies had structured their recruitment functions in a manner consistent with the APSC's *Working in Partnership*²⁹ model, as managers from agency business lines were responsible for managing general recruitment processes, with the support of agency HRM staff. While the three agencies had structured and coordinated their recruitment functions to suit their circumstances, one of the more decentralised administrative models had led to a situation where line areas were not always aware of specialist skills available to them. These findings reinforce the importance of effective coordination and communication mechanisms where agencies opt for more decentralised administrative approaches.

36. There was considerable variance in the quality of recruitment guidance material provided by audited agencies to assist with undertaking the process and decision-making. While one agency had provided recruitment guidance material that was short, easy to understand and practical to implement, this was not the case for another agency. The third agency did not have guidance that directly addressed recruitment processes. The absence of informative and current recruitment guidance material increases the risk that agencies' recruitment activities will not be effective, efficient, or comply with legislative requirements.

37. Effectively planning, managing and undertaking recruitment activities requires a broad range of skills. As selection committee members and delegates are generally not recruitment experts, they require training to effectively undertake recruitment activities. Delivery of recruitment training in the audited agencies ranged from formal programs and coaching provided at the outset and throughout the selection process to assistance and guidance being available on request. Similarly, the APSC found that the level of recruitment and selection training provided to panels varied across the agencies. Agencies would benefit from analysing training needs to help ensure that staff involved in recruitment processes are adequately skilled.

Recruitment processes (Chapter 4)

38. Recruitment processes in the APS are governed by a set of guiding principles and legislated minimum requirements which help ensure that recruitment processes are conducted fairly. These principles and the minimum

²⁹ APSC 2007, *Better, Faster: streamlining recruitment in the APS*, p. 11.

requirements form a recruitment framework that gives agencies considerable flexibility but do not prescribe a lengthy or complex process.³⁰ Non-compliance with the guiding principles and minimum requirements not only adversely impacts on recruitment objectives, but can impart a negative impression about agencies and the APS as a whole.

39. As mentioned in paragraph 22, an APSC survey found that only 36 per cent of respondents were left with a positive impression of the agency following participation in a selection process in 2006–07, with key areas of dissatisfaction relating to the: opportunity to seek feedback; perceived fairness of APS recruitment processes; and timeliness of APS recruitment processes.

40. The APSC *State of the Service Employee Survey 2006–07* found that there was considerable variance with the perceived adequacy of feedback across agencies. The proportion of internal applicants who agreed that they were given adequate opportunity to seek feedback ranged from 23 per cent to 81 per cent across APS agencies. ANAO analysis indicates that the opportunity to seek feedback is a key driver of applicant satisfaction with the recruitment process. These findings reinforce the importance of agencies providing applicants with adequate opportunity to seek feedback on their application and interview performance.

41. In relation to the perceived fairness of recruitment processes, examination of a sample of recruitment processes from the three audited agencies found no selection processes which patently did not adhere to the principle of merit-based selection. Nevertheless, there were aspects of a few of these recruitment processes that might give rise to perceptions of favouritism, which emphasises the importance of agency approaches being clearly underpinned by the merit principle.

42. With regard to recruitment timeliness, the APSC suggests a target of 21 days from date of advertising to when a verbal offer is made to the successful candidate. The APSC *State of the Service Survey 2006–07* found that this target was often not met, as only 22 per cent of APS employees who had applied for a job in the APS in 2006–07 had been informed of the outcome of the recruitment process in one month or less from when they submitted their job application. The ANAO found limited evidence of planning to support the timely completion of recruitment processes.

³⁰ MAC Report No.7, 2007, *Reducing Red Tape in the Australian Public Service*, p. 41.

43. The ANAO also examined the recordkeeping practices of audited agencies and found instances of poor recordkeeping practices in relation to recruitment and personnel files in all three audited agencies.

Monitoring and evaluation of APS recruitment performance (Chapter 5)

44. Given the importance of recruitment to achieving agency outcomes and the magnitude of APS recruitment costs, it is critical there is sufficient monitoring and evaluation to support agencies' efforts to continuously improve the effectiveness and efficiency of recruitment activities.

45. The three audited agencies had not implemented many of the key elements of a sound recruitment performance monitoring/improvement framework. In particular:

- agencies typically did not monitor or report on the effectiveness or cost of recruitment activities;
- recruitment evaluations tended to be ad hoc and adopted different evaluation methodologies and performance measures; and
- agencies did not always have mechanisms to monitor whether recruitment evaluation recommendations were implemented.

46. As a result, there was limited capacity for agencies to identify cost-effective recruitment processes or strategies. More generally, recruitment costs and outcomes were not reported transparently or consistently across APS agencies. Consequently, it was not possible to provide a robust estimate of the total direct cost of APS recruitment activities or identify the most cost-effective recruitment strategies. Consistent reporting of recruitment costs and outcomes would significantly enhance the capacity of APS agencies to improve their recruitment practices, which has the potential to yield significant savings.

47. The APSC publication *Better, Faster: streamlining recruitment in the APS (2007)* is the main publication that provides APS agencies with guidance about performance monitoring and evaluation of recruitment activities. This publication provides a methodology for reviewing recruitment processes through process mapping and the use of a diagnostic tool to assist with the design and application of an efficient recruitment process. While the publication discusses a number of performance measures, it does not define a core set of performance measures to assist agencies assess the effectiveness, timeliness and efficiency of agency recruitment processes. Agencies would

benefit from implementing recruitment performance evaluation and continuous improvement mechanisms in line with this publication.

APS-wide recruitment guidance and initiatives (Chapter 6)

48. The Australian Public Service Commissioner's role is to: develop, promote, review and evaluate APS employment policies and practices; and facilitate continuous improvement in people management throughout the APS. The APSC and Finance had responsibilities to implement a number of recommendations from MAC Report No.5 *Managing and Sustaining the APS Workforce* report.

49. The APSC provides APS agencies with access to a range of guidance materials, support and resources for APS recruitment.³¹ The audited agencies advised the ANAO that APSC guidance material and direct assistance was useful and had assisted them to provide agency-specific policy and guidance, and support line staff involved in recruitment activities. However, as discussed in paragraph 47, the APSC could provide further guidance to agencies about appropriate recruitment performance measures for reporting and evaluation purposes.

50. The ANAO found that APSC, and to an extent Finance, have made considerable progress to address seven relevant initiatives from MAC Report No.5, although it was not possible to assess the impact of these initiatives on APS-wide recruitment.

Opportunities for improvement

51. Based on the results of the audit, the following factors are likely to enhance agencies' approaches to recruitment, to better provide workforce capability required to deliver agency products and services:

- use a workforce capability model to determine the gap between demand and supply of key workforce capabilities;
- develop and implement recruitment strategies to address the gap between workforce demand and supply, especially for key skills that are in high demand and short supply. An important strategy involves the development and use of branding material that promotes key factors that attract people to the agency and contribute to staff and job

³¹ Key APSC guidance material regarding recruitment includes *Ongoing employment: Recruitment and related issues* (2005), *Get it right – a recruitment kit for managers: Project planner* (2003). *Better, Faster: streamlining recruitment in the APS* (2007).

satisfaction in the agency, and recognises and aligns with APS-wide approaches;

- develop recruitment policies and guidance that are comprehensive, informative, current and accessible, while being short and easy to understand. To assist staff understand the agency's recruitment approaches, policy or guidance material should articulate desired recruitment outcomes including key performance measures and targets, and the consequences of poor recruitment;
- make recruitment a priority. Effective recruitment processes require commitment from line managers and HRM practitioners. It is critical that Selection Advisory Committees run timely recruitment processes, follow merit principles and offer clear and meaningful feedback to applicants;
- at a minimum, deliver training on agency recruitment policy and guidance to selection panels and delegates; and
- establish measures for monitoring, evaluating, reporting and improving recruitment outcomes, processes and costs.

Sound and better practices

52. Table 1 outlines sound and better recruitment practices identified during the audit.

Table 1

Sound and better practices

Reference	Description
Strategic Approaches to Recruitment	<p>Targeted recruitment initiatives</p> <p>One audited agency undertook annual, agency-wide, entry-level bulk recruitment processes. These annual recruitment processes involved, among other things, identifying a range of skills that would be useful in entry level staff, developing specific attraction and branding material, using targeted approaches to market the positions which differed from the required standard approach, designing a unique selection method that tested a range of skills sets, and compulsory provision of feedback to candidates that had been shortlisted.</p> <p>The agency ensured that selection panel members for the entry-level bulk recruitment process received training in the selection method. In the second year of undertaking these recruitment processes, the agency piloted the selection method on the successful candidates from the previous year to identify problems with the proposed method and where necessary revise the selection method. The pilot also assisted with training selection panel members to understand how to interpret candidate responses and performance with respect to the various tests.</p> <p>In addition, rather than using an order of merit in the selection report, the agency developed a list of suitable candidates and included scores by skill (where the skill was assessed by a specific test as part of the overall selection method). This enabled business lines within the agency to select the strongest candidate from the list with a skill set combination most appropriate to position.</p>
Recruitment Management and Support	<p>Expert recruitment advice and support</p> <p>One audited agency actively involved the Merit Protection Commission (MPC) in the design of new and innovative recruitment processes. This agency also had the MPC communicate the design of the new recruitment processes to agency staff, including outlining the MPC's role in developing and endorsing these recruitment processes.</p> <p>Recruitment policies and guidance</p> <p>One audited agency had developed, refined and reviewed recruitment policies, procedures and forms since 2005. A review of policy and procedures in 2006 resulted in recruitment guidance material which was short, easy to understand and practical to implement. The guidance articulated the goal of recruitment, highlighted the cost of poor recruitment, outlined expected recruitment timeframes, and provided links to legislative requirements.</p> <p>Recruitment training</p> <p>One audited agency developed and delivered a recruitment training program for delegates in 2006, which was revised and offered on an ongoing basis to new delegates. Attendance at the training course was a mandatory pre-requisite for a delegate to be able to exercise their delegations.</p>

Reference	Description
Recruitment Processes	<p>Recruitment timeliness</p> <p>Two of the audited agencies had established recruitment time targets. One of these agencies reported on the intranet, by business line and recruitment process, whether the target timeframe had been met. Some of the business lines within this agency had developed timeframe templates to assist with planning and conducting the recruitment process within the target timeframe.</p> <p>Determine on the selection method</p> <p>One audited agency developed an Independent Selection Advisory Committee (ISAC) model for bulk recruitment that still operated in the standard three person panel arrangement (a Convenor nominated by the MPC; a person nominated by the relevant Agency Head; and an APS employee nominated by the MPC). Unlike the standard model, the ISAC panel members were not directly involved in conducting each stage of the selection process. External service providers or a panel convened by the agency were tasked with conducting the selection assessment method, such as short listing and interviewing. In a new arrangement, the ISAC panel operated more like project managers by co-designing and approving the selection design and conducting quality assurance processes to assure that the selection process has been conducted as planned and in accordance with legislative requirements. The quality assurance processes were determined as part of the selection design, but could involve reviewing stages in the selection process of application receipt, short listing, assessment, and reference checking.</p>
Monitoring and Evaluation of APS Recruitment Performance	<p>Agency reviews and evaluations of recruitment</p> <p>A business line in one of the audited agencies evaluated the outcome of each bulk recruitment process that it undertook and reported the results of the evaluation to the senior executive of the agency. While a single evaluation methodology was not used, the evaluations included, among other things, measures of success, time, cost and performance of external service providers. The measures of success covered attraction, selection, retention and the work performance of successful candidates.</p>

Source: ANAO.

Summary of agencies' responses

53. Each of the audited agencies, together with the APSC, agreed with the five recommendations. Where provided, agencies' additional responses to the recommendation are included in the body of the report, and agencies' general comments are included at Appendix 1.

Recommendations

The following recommendations are based on findings from fieldwork at the audited agencies and broader audit analysis, and are likely to be relevant to all APS agencies. Therefore, all APS agencies should assess the benefits of implementing the recommendations in light of their own circumstances, including the extent that each recommendation, or part thereof, is addressed by practices already in place.

Recommendation No.1
Paragraph 2.45 To assist in the development of effective strategic recruitment initiatives, the ANAO recommends that agencies:

- (a) identify key workforce capability gaps as an integral part of workforce planning processes; and
- (b) address both general and targeted recruitment in a comprehensive recruitment strategy.

Recommendation No.2
Paragraph 2.63 To better target employee attraction approaches, the ANAO recommends that agencies:

- (a) utilise a range of research tools to develop attraction and branding material that best promotes the agency, and recognises and aligns with APS-wide approaches;
- (b) periodically monitor performance in relation to those factors identified in attraction and branding material that best promote the agency, and revise this material accordingly.

Recommendation No.3
Paragraph 3.28 The ANAO recommends that agencies develop and implement training needs analysis mechanisms to help provide staff involved in recruitment activities with adequate skills.

Recommendation No.4 To improve recruitment processes, the ANAO recommends that agencies:

- Paragraph 4.54**
- (a) develop and implement quality control and/or quality assurance processes to support staff to comply with recruitment legislation, internal guidance and better practices; and
 - (b) establish target timeframes for completing recruitment processes, bearing in mind APSC guidance, and develop recruitment project plan templates to assist selection teams with planning recruitment processes and meeting timeframes.

Recommendation No.5 To support agencies' efforts to continuously improve the effectiveness and efficiency of recruitment activities, the ANAO recommends that:

Paragraph 5.30

- (a) the APSC draw out the performance measures broadly outlined in *Better, Faster: streamlining recruitment in the APS* (2007) and develop a separate performance measurement tool, to assist agencies benchmark, evaluate and report recruitment outcomes, processes and costs; and
- (b) APS agencies develop performance measures based on any such APSC guidance, or otherwise establish measures for monitoring, evaluating, reporting and improving recruitment outcomes, processes and costs.

Audit Findings and Conclusions

1. Introduction

This chapter provides background information about the audit, including an overview of recruitment in the Australian Public Service and explains the audit approach.

Overview of recruitment in the Australian Public Service

1.1 Public and private sectors throughout the developed world face considerable difficulties in sustaining their workforces. Issues such as the ageing of the workforce, reduction in the availability and supply of workers, increased competition for skilled employees, changing employee attitudes to work and life balance, and the different requirements of older and younger workers, all provide a significant challenge to the ways in which organisations recruit and manage their workforces. A robust and dynamic approach to recruitment is therefore critical to secure a skilled and competent workforce able to deliver the diverse range of services provided by government.

1.2 Recruiting sufficient skilled staff was particularly difficult for Australian Public Service (APS) agencies in 2007: unemployment in Australia was at 30 year lows; the public sector was expanding strongly;³² there was strong demand nationally and internationally for skilled employees; and APS employees were increasingly mobile.³³

1.3 In response to ongoing recruitment challenges, the APS recruitment framework has undergone significant reform over the past decade. There has been a move away from a centralised system of recruitment to a devolved recruitment framework which provides APS agencies with greater flexibility and responsiveness in recruitment.³⁴ To assist APS agencies to better manage recruitment in this devolved environment, the Australian Public Service Commission (APSC) has issued a range of recruitment guidance, provides

³² Total ongoing APS employment grew 6.5 per cent in 2006–07 to be 41 per cent higher than 1998–99 levels (Table 1 of APSC Statistical Bulletin 2006–07). Further, 36 per cent of APS employees were located in the ACT, where the (trend) unemployment rate fell to 2.5 per cent in October 2007, which was well below the national (trend) unemployment rate of 4.3 per cent (Table 11 of ABS 6020.0 Labour Force).

³³ The average agency retention rate fell from 92.7 per cent in 2003–04 to 90.3 per cent in 2006–07 (Table 12 of the APSC Statistical Bulletin 2006–07).

³⁴ Finance and Public Administration References Committee, September 2003, Recruitment and training the Australian Public Sector, pp. 2.3–2.13 summarises key reforms to the APS recruitment framework over recent decades.

training and advice, and responds to questions about recruitment issues.³⁵ The Australian Public Service Commissioner has a role to: develop, promote, review and evaluate APS employment policies and practices; and facilitate continuous improvement in people management throughout the APS.³⁶

APS recruitment framework

1.4 The *Public Service Act 1999* (PS Act) provides the legislative framework for employment in many Australian Government organisations.³⁷ Under the PS Act, agency heads are responsible for employment decisions in an agency.

1.5 Figure 1.1 illustrates a mature framework governing recruitment activity in individual APS agencies, and also provides the structure of this report.³⁸ Under this framework, agencies develop strategic approaches to recruitment based on workforce plans,³⁹ implement structures to manage and support recruitment activities, and conduct recruitment processes in accordance with legislation and better practices. The three distinct phases of recruitment processes are to:⁴⁰

- define: identify agency employment requirements (for example, the need for more qualified and experienced accountants) and plan the overall recruitment process;
- attract: generate a pool of suitable applicants, such as through advertising and employment branding; and

³⁵ The APSC also has a role to modernise APS employment, including by continuing 'to review the employment framework, with emphasis on streamlining recruitment processes. The Commission will also promote innovative recruitment and retention strategies' (APSC, Corporate Plan 2007–08, p. 2).

³⁶ Commonwealth of Australia, *Public Service Act 1999*, sections 41 (g) and (h).

³⁷ Non-SES recruitment in the APS is guided by minimum requirements and a set of principles which are specified in the PS Act and four core legislative instruments arising from it, namely: *Public Service Regulations 1999*; *Public Service Commissioner's Directions 1999*; *Public Service Classification Rules 2000*; and *Prime Minister's Public Service Directions 2000*.

Ten further pieces of legislation that can apply to employment actions and decisions are: *Administrative Decisions (Judicial Review) Act 1977*; *Age Discrimination Act 2004*; *Disability Discrimination Act 1992*; *Freedom of Information Act 1982*; *Human Rights and Equal Opportunity Act 1986*; *Privacy Act 1988*; *Racial Discrimination Act 1975*; *Sex Discrimination Act 1984*; *Spent Convictions Provisions in Part VIIC of the Crimes Act 1914*; and *Workplace Relations Act 1996*.

³⁸ Each of the key components of the APS recruitment framework is examined in a separate chapter of this report (see chapter numbers in Figure 1.1 and paragraph 1.41).

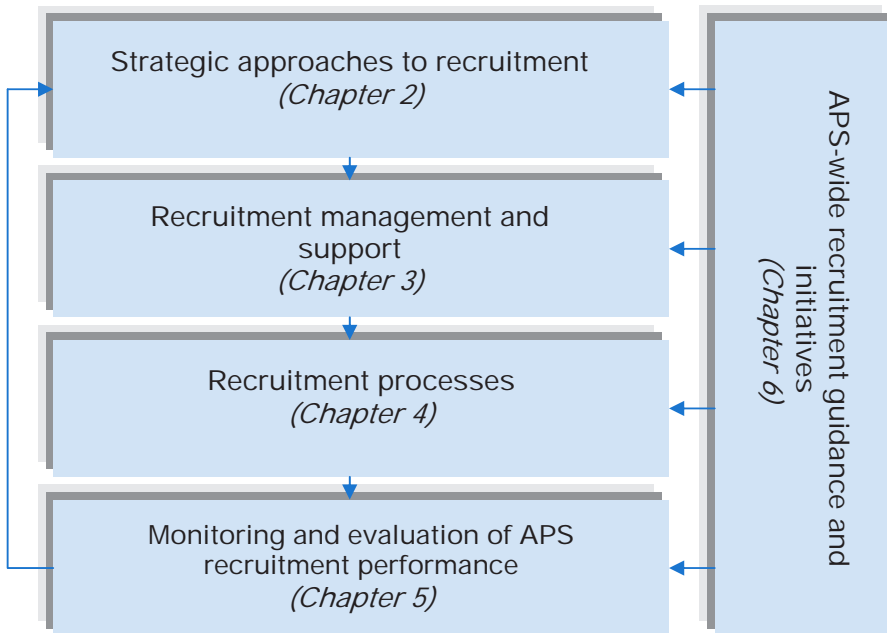
³⁹ ANAO Audit Report No.55 2004–05, *Workforce Planning* (p. 8) defined workforce planning as 'a continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives now and in the future'.

⁴⁰ APSC 2003, *Get it Right: a recruitment kit for managers*.

- select: assess the suitability of applicants and select the preferred candidate for the position, such as by conducting interviews and calling referees.⁴¹

Figure 1.1

APS recruitment framework



Source: Australian National Audit Office (ANAO).

1.6 Mechanisms to monitor, review and evaluate recruitment processes and outcomes serve as an important input to agency workforce plans and recruitment strategies, helping to ensure recruitment activities are effective and efficient.

1.7 Despite long experience in recruiting staff, well-established recruitment practices, and the assistance provided by the APSC and others, recruitment remains an ongoing challenge for APS agencies. At a strategic level, there is uncertainty about planning recruitment needs into the future, and the current tight labour market conditions make it difficult to recruit sufficient skilled staff, especially in the areas of information technology, financial management,

⁴¹ Recruitment processes can also be defined to cover implementation, which includes induction of the successful candidate and retention. However, the audit scope involved limited examination of these factors.

accounting, human resource management (HRM) and project management.⁴² Operationally, the most critical difficulties are: defining the role to be filled and the skills and capabilities required; attracting a quality field; and being able to collect sufficient robust information on each applicant to enable a reliable assessment and therefore recruitment decision. A continuing sensitivity for recruitment is that it involves people, their emotional responses to recruitment processes, and particularly their reactions to the disappointment of unsuccessfully applying for positions.

1.8 The importance of recruitment to the achievement of agency objectives and staff satisfaction requires recruitment activities to be undertaken effectively, efficiently, and in a fair and transparent manner, consistent with legislative requirements.

Size and structure of the Australian Public Service

1.9 The APS refers to those Australian Government organisations that are subject to the PS Act. All Departments of State⁴³ and most agencies prescribed under the *Financial Management and Accountability Act 1997* (FMA Act) are subject to the PS Act. Authorities and companies governed by the *Commonwealth Authorities and Companies Act 1997* (CAC Act) are generally not subject to the PS Act.

1.10 In total, there were 143 525 ongoing APS staff as at 30 June 2007. Table 1.1 indicates that almost half (45 per cent) were employed by the 18 Departments of State, slightly over half (53 per cent) were employed by prescribed agencies and only two per cent were employed in Commonwealth authorities or companies.

⁴² APSC, 2006–07, State of the Service Report 2006–07, p. 55.

⁴³ Table 1.1 is based on Table 3 of the APSC Statistical Bulletin 2006-07, which provides total ongoing APS employees by agency as at 30 June 2007. This information has been compiled against Department of Finance and Deregulation charts of agencies under the FMA Act and bodies under the CAC Act as at 12 June 2007. These charts were available at <www.finance.gov.au/finframework/fma_agencies.html> and <www.finance.gov.au/finframework/cac_bodies.html>.

Table 1.1

Major types of Australian Government organisations and key legislation underpinning their administration

Type of organisation	No. of organisations subject to PS Act	Key legislation	No. of ongoing APS employees (30 June 2007)
Departments of State	18	FMA Act	64 465
Prescribed agencies	59	FMA Act Enabling Acts	76 016
Commonwealth authorities	12	CAC Act Enabling Acts	2 696
Commonwealth companies	1	Corporations Act CAC Act	348
Total	90 ^A		143 525

Note: (A) The APSC Statistical Bulletin 2006–07 (Table 3) Indicates that there were 91 agencies with ongoing APS staff. At 30 June 2007, Qwestacon was considered to be part of the Department of Education, Science and Training, rather than a prescribed agency.

Source: APSC Statistical Bulletin 2006–07, Table 3, and Department of Finance and Deregulation <www.finance.gov.au/finframework/fma_agencies.html> and <www.finance.gov.au/finframework/cac_bodies.html> as at 12 June 2007.

1.11 There have been significant changes in the composition of APS staff in recent years, which can affect recruitment approaches, including:⁴⁴

- a significant change in the APS classification profile over the ten years to 30 June 2007—the proportion of APS staff at junior APS levels (APS 1 through APS 3) fell from 40 per cent to 20 per cent over that decade, while the proportion of APS staff at more senior levels increased; and
- a significant ageing of the APS workforce over the ten years to 30 June 2007—the proportion of APS staff aged 45 years or over rose from 32 per cent to 41 per cent over that decade, while the proportion of APS staff in younger age brackets fell correspondingly.

⁴⁴ ANAO analysis of APSC Statistical Bulletin 2006–07.

Trends in APS recruitment activity

1.12 The level of APS recruitment activity varied significantly between 1991–92 and 2006–07, including rising sharply between 2003–04 and 2006–07 (from around 19 000 to 39 000 staff, respectively).⁴⁵ The increasing level of recruitment over recent years has reflected the increased mobility of APS staff, strong employment growth in the APS, and the increasing number of retirees.

1.13 ANAO analysis indicates that employment growth accounted for 22 per cent of APS recruitment activity in 2006–07.⁴⁶ Growth in the size of the APS placed increasing pressure on many agencies to recruit skilled staff in 2006–07. The ANAO notes the cyclical nature of growth in the APS and the possibility that reduced growth in coming years may alleviate some pressure on agencies to recruit skilled staff.

1.14 Individual APS agencies often face markedly different recruitment environments, especially in terms of the availability of suitable candidates, pre-employment requirements (such as security checks), the extent of staff turnover and the proportion of recruitment activities filled by employees of the agency. Important factors that make recruitment more difficult for an agency include the extent to which the agency requires professional staff that are in high demand (for example, accountants), whether the agency's offices are generally in capital cities rather than regional centres, and whether there is extensive change, particularly growth, in the agency.

1.15 Recruitment rates⁴⁷ varied considerably across APS agencies in 2006–07, ranging from 12 per cent to 62 per cent. Although agencies can face very different recruitment challenges, they have some degree of control over staff retention, promotion and, to a lesser extent, employment growth. For example, agencies can seek to increase staff retention by implementing flexible working arrangements aimed at addressing work-life balance issues. Staff retention, promotion and employment growth are inter-related and should not be viewed in isolation when considering the net impact of HRM policies on recruitment activity. For example, increased promotion activity within an

⁴⁵ Annual APS recruitment levels referred to throughout this report are defined to be the total number of APS engagements, promotions and movements as reported in the APSC Statistical Bulletin 2006–07. This measure of recruitment activity is adjusted to account for the impact of changes in PS Act coverage.

⁴⁶ The APSC Statistical Bulletin 2006–07 shows that ongoing APS employment increased by 8723 over 2006–07. This represented 22 per cent of the total of 39 313 recruitment activities in 2006–07.

⁴⁷ The 2006–07 agency recruitment rates equal 2006–07 agency recruitment levels (that is, total engagements, promotions and movements) expressed as a proportion staff levels as at 30 June 2006.

agency can reduce separation rates as employees perceive increased opportunities for career advancement.

1.16 The APSC *State of the Service Report 2006–07* reported that the most common workforce challenge faced by agencies in 2006–07 was recruiting people (other than for their graduate program) with the required skills. There is strong evidence of increasing skill shortages for agencies over the last three years, with the proportion of agencies reporting difficulty recruiting people with the required skills increasing from 62 per cent in 2003–04 to 88 per cent in both 2005–06 and 2006–07.⁴⁸

Costs of recruitment activity and staff turnover

1.17 There are significant direct and indirect costs associated with recruitment activity and staff turnover in the APS. Direct recruitment costs can include: advertising costs; external recruitment agency and scribing costs; the cost of the time taken by selection committees to interview candidates, contact referees, and reach a decision and finalise interview reports; and the administrative and security clearance costs associated with appointing staff. Indirect costs associated with staff turnover can include: a loss of productivity before an employee leaves; the vacancy costs until the role is filled; training costs and lesser productivity of the new employee; and a loss of corporate knowledge.

Direct recruitment costs

1.18 No data is currently available to reliably estimate the total direct recruitment costs in the APS. Although recruitment cost estimates produced by audited agencies suggest that recruitment costs vary considerably across agencies, it is not clear to what extent different agencies have incorporated the full costs associated with recruitment activity.

1.19 HRM literature suggests that direct recruitment costs typically amount to around 15 to 25 per cent of the salary of the position being filled.⁴⁹ Consistent with this, recruitment agencies typically charge APS agencies between 12 and 18 per cent of the advertised position's salary to provide a shortlist of candidates for interview. Based on the assumption that, on average,

⁴⁸ APSC 2007, *State of the Service Report 2006–07*, op. cit., p. 54.

⁴⁹ For example, Abbott, De Cieri & Iverson (1998) 'Costing Turnover: Implications of Work/Family Conflict at Management Level' in *Asia Pacific Journal of Human Resources*, 36(1), pp. 25-43, found that the direct recruitment costs associated with replacing managerial level staff in a large professional services business amounted to \$A18 000 which represented around 20 per cent of average private sector managerial wages at the time.

direct recruitment costs amount to 15 per cent of salary, direct APS recruitment costs were estimated to total around \$370 million in 2006–07.⁵⁰

Indirect costs of staff turnover

1.20 HRM literature has suggested that new APS recruits typically perform at only 60 per cent of their productive potential when they are first appointed, reaching 100 per cent only after they have been in a position for a year.⁵¹ On this basis, indirect costs of staff turnover (for example, reduced productivity and training costs) may have been of a similar order to direct costs of recruitment.

Monitoring and reporting of APS recruitment costs

1.21 Given the imprecise nature of the underlying assumptions and methodology, the above estimates are indicative only. However, they demonstrate that significant public money is expended on APS recruitment activities. Consequently, implementing measures to improve the effectiveness and efficiency of APS recruitment activities has the potential to yield significant savings and assist agencies achieve their business outcomes within the resources available to them.

Key challenges for recruitment in the APS

1.22 The nature and extent of changes in the employment environment pose considerable challenges for the APS to attract, retain and develop skilled and talented staff. In the face of skill shortages and changing population demographics, APS agencies are competing with each other and other sectors to fill jobs. Their approach to recruiting and selecting staff is a key factor in how successful they are in finding the right people. Recruitment therefore can no longer be regarded as a 'soft' issue, as the APS positions itself 'to succeed in a war for talent'.⁵²

⁵⁰ The average APS salary in 2006–07 was around \$63 000, yielding a direct recruitment cost estimate of \$9 450 per recruitment activity (based on the 15 per cent cost assumption). In 2006–07, there were 39 313 ongoing engagements, promotion and movements in the APS, yielding a total annual direct recruitment cost estimate of around \$370 million. However, some movements did not involve a competitive selection process, which would reduce the overall direct costs of APS recruitment.

⁵¹ ANAO Audit Report No.50 2002–2003, *Managing People for Business Outcomes, Year Two Benchmarking Study*, p. 19.

⁵² MAC Report No.5, *Managing and Sustaining the APS Workforce*, 2005, p. vii.

1.23 To succeed in this environment, three distinct challenges for the APS are:

- implementing more strategic approaches to recruitment;
- improving the quality of recruitment exercises; and
- adopting APS-wide approaches to recruiting occupations that are in strong demand but short supply.

A more strategic approach to recruitment

1.24 The Management Advisory Committee (MAC) and the APSC have identified scope for the APS to adopt more strategic recruitment approaches to better address challenges arising from the changing workforce environment.⁵³ In particular, MAC Report No.5 *Managing and Sustaining the APS Workforce* outlined a number of strategic responses to the challenges faced by agencies, including:

- systematic workforce planning to identify emerging issues and challenges in relation to recruitment, development, advancement and succession of their employees;
- effective processes for attracting and recruiting new staff, including new entrants to the labour force and experienced employees from other sectors;
- smarter approaches to graduate recruitment and development; and
- promotion of mobility and exchange opportunities for those employees who seek them.⁵⁴

1.25 It is important that recruitment strategies adopted by agencies are achievable within a reasonable timeframe, measurable, meet agency objectives and complement the culture of the agency.

Improving the quality of recruitment exercises

1.26 While there has been considerable recent focus on improving strategic approaches to recruitment, it is also important that APS agencies conduct recruitment exercises effectively, efficiently and ethically. The perceived

⁵³ For example through MAC Report No.5, op. cit., p. 64, APSC State of the Service Report 2005–06, p. 173 and APSC State of the Service Report 2006–07, op. cit., p. 7.

⁵⁴ MAC Report No.5, op. cit., p. 55.

fairness of recruitment processes is often a key determinant of staff perceptions of whether they are valued and their agency is a good place to work.

1.27 The APSC *State of the Service Employee Survey 2006–07* identified considerable scope for APS agencies to improve the perceived quality of recruitment exercises. For example, only 36 per cent of survey respondents reported being 'left with a positive impression of the agency' following a selection process in 2006–07.⁵⁵

APS-wide approaches to recruiting key occupations

1.28 MAC Report No.5 considered that in some cases it would be more effective if individual agency strategies were supported by coordinated APS-wide action. For example, to address the issue of recruiting and retaining employees with specialist skills in high demand, MAC suggested implementing an accountancy recruitment initiative which would involve a consortium of interested agencies, under the leadership of the APSC. This consortium would coordinate agency targets for recruiting accountants; conduct a marketing campaign targeting final year accountancy students; manage the recruitment process; and coordinate the placement of successful candidates.⁵⁶ Chapter 6 provides further examples of APS-wide initiatives.

Audit approach

Audit objective and criteria

1.29 The objective of the audit was to assess whether APS agencies had sound approaches to recruitment, to assist in providing the workforce capability to deliver government programs effectively.

1.30 Sound approaches to recruitment involve agencies:

- establishing and implementing strategic approaches to recruitment to address current and future workforce priorities and goals;
- managing and supporting recruitment activities through the provision of expert advice and support, legislative and procedural guidance material, and training for staff involved in recruitment activities;

⁵⁵ It should be noted that such impressions appear to be strongly influenced by whether employees got the job or not. The proportion left with a positive impression was 58 per cent of those who were offered the job compared to 18 per cent who were not offered the job.

⁵⁶ MAC Report No.5, op. cit., pp. 67-68.

- conducting recruitment activities effectively and in compliance with legislative and administrative requirements; and
- systematically monitoring and evaluating the effectiveness and efficiency of recruitment strategies, policies and activities.

1.31 In undertaking the audit, the ANAO analysed APSC recruitment and survey data covering all APS agencies, and conducted a detailed assessment of three agencies' recruitment strategies and practices against the four criteria outlined above. The ANAO also assessed APS-wide policy and guidance and recruitment initiatives undertaken by the APSC, and whether the Department of Finance and Deregulation (Finance)⁵⁷ had established professional communities of practice in accordance with recommendations from MAC Report No.5.

1.32 Detailed audit criteria were developed for each of these matters, based on relevant legislation, and APSC policy, guidance and better practice material. These criteria are provided throughout the report.

Audit scope

1.33 The audit examined APS recruitment activities in 2006–07 for ongoing engagements, promotions and movements.⁵⁸ The audit did not review graduate, cadet, disability and Indigenous recruitment or Senior Executive Service (SES) recruitment activities, as these involve distinct and separate processes.

Audit coverage and methodology

1.34 The three APS agencies involved in this audit were Finance, the Australian Taxation Office (ATO), and Comcare. These agencies faced significantly different recruitment conditions and, as such, represented a cross-section of the APS in 2007 (see Figure 1.2).

⁵⁷ The Administrative Arrangements Order of 25 January 2008 established the Department of Finance and Deregulation. The audit examined the administration of the predecessor department, the Department of Finance and Administration. The department is referred to as Finance throughout this report.

⁵⁸ The ANAO only examined movements that resulted from a competitive selection process for an ongoing position within the selected agencies.

Figure 1.2

Key characteristics of recruitment in the audited agencies

Finance is a medium-sized central agency with around 1 200 ongoing staff that largely recruits professional staff to work in Canberra. It has relatively high staff turnover (19 per cent in 2006–07). Finance recruits a relatively high proportion of staff externally and has recently faced a tight labour market, yet received sufficient applicants per recruitment process (16 per process in ANAO audit testing), and has nearly always filled at least one position per recruitment process.

Comcare is a small agency with around 380 ongoing staff that largely recruits clerical staff to work in Canberra. It generally has relatively high staff turnover (21 per cent in 2006–07). Comcare recruits externally and has access to a large supply of labour, typically receiving many applicants per recruitment process (50 per process in the ANAO testing) and has nearly always filled at least one position per recruitment process.

The ATO is a large agency with over 20 000 ongoing staff dispersed throughout Australia. While having a diverse range of positions, many staff are clerical/administrative. Due partly to its presence in regional centres, the ATO has low staff turnover (five per cent in 2006–07), promotes mainly from within and has access to a large supply of labour. For these reasons, the ATO has received many applicants per recruitment process (20 per process in ANAO testing) and has nearly always filled at least one position per recruitment process.

Source: ANAO.

1.35 The ANAO consulted the APSC during the audit, given its role to improve recruitment in the APS. The ANAO also utilised a range of data and information products provided by the APSC, including: the APSC Statistical Bulletin and State of the Service Reports and underlying data; APSC *State of the Service Employee Survey 2006–07* data; and APSC *State of the Service Agency Survey 2006–07* data. The APSC provided valuable assistance and advice in conducting analysis of these data sources.

1.36 The ANAO conducted fieldwork in audited agencies over the period January to July 2007. This included:

- reviewing relevant HRM strategies, policies and associated guidance material;
- interviewing human resource managers and other staff involved in selected recruitment processes; and
- examining files and other records relating to a sample of recruitment processes undertaken by the agencies.⁵⁹

1.37 Following the conduct of audit fieldwork, each of the audited agencies was provided with a management report detailing the audit findings, conclusions and specific recommendations for improvement.

⁵⁹ A sample of recruitment processes undertaken between February 2006 and June 2007 were selected for testing against the audit criteria.

Assistance to the audit

1.38 The ANAO engaged Allanson Consulting to undertake a range of statistical analysis for the audit and to assist with report drafting.

1.39 The audit was conducted in accordance with the ANAO's Auditing Standards and was completed at a cost of approximately \$865 000.

Audit reporting and structure

1.40 This audit is part of a program of cross-agency performance audits that examine business processes which support the delivery of services provided by Australian Government organisations. These audits are conducted at a selection of organisations, under the provisions of section 18 of the *Auditor-General Act 1997*, which provides for the examination of a particular aspect of the operations of the whole or part of the Australian Government sector. As any audit recommendations are framed to have general application, audit findings are reported to Parliament in generic terms, without being attributed to particular agencies. The report also includes references to sound and better practices identified during the audit.

1.41 The structure of the report reflects the APS recruitment framework (see Figure 1.1). In particular, it examines whether APS agencies have:

- established and implemented strategic approaches to recruitment, based on workforce planning (Chapter 2);
- managed and supported recruitment activities effectively, by providing advice, guidance, and training to relevant staff in accordance with APS legislative requirements and better practices (Chapter 3);
- conducted effective recruitment activities, in compliance with APS legislative requirements and better practices (Chapter 4);
- systematically monitored and evaluated the effectiveness and efficiency of recruitment strategies, policies and activities (Chapter 5); and
- participated in the development of APS-wide policy, guidance and recruitment initiatives and APS Communities of Professionals in line with recommendations of MAC Report No.5 (Chapter 6).

1.42 Appendix 1 includes any general comments on the draft audit report that were provided by the agencies.

2. Strategic Approaches to Recruitment

This chapter examines the extent to which agencies had established and implemented strategic approaches to recruitment to address current and future workforce priorities.

Introduction

2.1 MAC and the APSC have identified scope for most APS agencies to adopt more strategic approaches to recruitment.⁶⁰ Rather than relying on impromptu recruitment to fill short-term requirements, strategic recruitment approaches can enable agencies to better address challenges arising from changing workforce environments.

2.2 Strategic approaches to recruitment incorporate many elements of HRM. Of prime importance is workforce planning, which is 'a continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives now and in the future'.⁶¹ Successive MAC reports⁶² have recommended that agencies introduce systematic workforce planning, to identify current and future workforce requirements, and provide a sound basis for developing and implementing strategies to meet those requirements.

2.3 Figure 2.1 shows the continuous nature of workforce planning and its central elements.

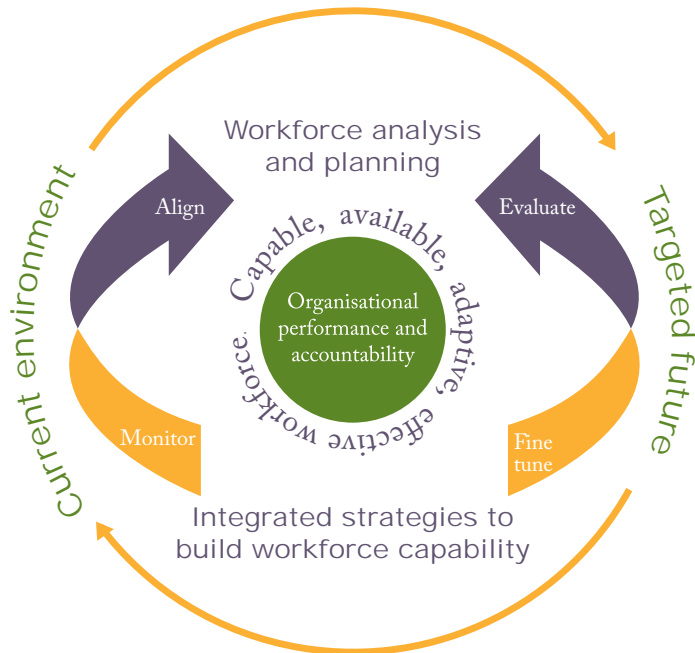
⁶⁰ MAC Report No.5 op. cit., p. 64 and APSC State of the Service Report 2005–06, op. cit., p. 173.

⁶¹ ANAO Audit Report No.55 2004–05, op. cit., p. 8.

⁶² MAC Report No.3, 2003, Organisational Renewal, p. 2. and MAC Report No.5 op. cit., p. 59.

Figure 2.1

Central elements of workforce planning



Source: <http://www.apsc.gov.au/publications06/workforceplanning.htm>

2.4 Workforce planning involves, amongst other things, the identification of workforce requirements by assessing the demand (workforce required) and supply (workforce available) dimensions of the workforce to support the achievement of an organisation's desired capability. Two key factors that underpin the ability to robustly assess demand and supply for workforce capability are:

- the use of capability models⁶³ which provide a framework for identifying key workforce capability requirements; and
- considering external labour market information, to keep abreast of the context in which agencies operate and developments in areas of skill shortages.

⁶³ Workforce capability describes the ability of individuals to perform activities to a prescribed standard within an occupation. Attributes such as knowledge, skills and attitudes underlie capability. For example, key capabilities of information and communications technology professionals often relate to analysis and design, and could identify skills such as: logical and physical data modelling; and object oriented design practices and techniques. A workforce capability model establishes the capabilities desired in the workforce of an organisation.

2.5 This analysis allows an agency to identify capability gaps—that is, gaps between current workforce capability and current and future workforce capability requirements. As a continuous process, agencies often estimate these capability gaps each year for two to five years before they are satisfied with the robustness of the estimates. As the next step in a workforce planning process, agencies can use assessments of capability gaps to develop strategic recruitment approaches, such as tailored recruitment and selection techniques, targeted recruitment, and attraction and branding approaches.⁶⁴

2.6 In this context, the audit sought to assess whether agencies had: identified workforce capability gaps; and used this gap analysis, and other information, to develop workforce planning approaches that underpinned strategic recruitment initiatives.

Identifying workforce capability gaps

2.7 The ANAO 2004–05 Workforce Planning audit outlined key factors for agencies to address as part of their assessment of workforce requirements.⁶⁵ These factors included developing and implementing workforce capability models and considering the external supply of labour (as discussed in paragraph 2.4), as well as other factors such as the contingent workforce;⁶⁶ integrating workforce planning with business planning; and understanding broad workforce characteristics.

2.8 Table 2.1 summarises the ANAO’s findings by agency in relation to these five factors, for the present audit. The three agencies recognised the importance of considering these factors when assessing workforce requirements, but as they had not implemented mature workforce planning processes, they were often in the process of developing approaches to address these factors.

⁶⁴ APSC 2006, *Building business capability through workforce planning*, p. 5.

⁶⁵ ANAO Audit Report No.55 2004–05, *op. cit.*, pp. 56, 57, 60, 66 and 69.

⁶⁶ *ibid.*, pp. 57-58 defined contingent staff as non-APS staff engaged on non-consultancy contracts.

Table 2.1

Extent to which audited agencies had addressed key parameters when assessing workforce requirements

Parameter	Agency 1	Agency 2	Agency 3
Developing and implementing workforce capability models	○	◉	◉
Considering the external supply of labour	◉	◉	●
Considering contingent staff ⁶⁷	◉	○	◉
Integrating workforce planning with business planning	○	◉	○
Understanding key workforce characteristics	◉	◉	●

Notes: ● indicates that the factor was addressed in the agency's workforce planning guidance and workforce plan. It does not indicate that the factor was adequately addressed.

◉ indicates that the factor was addressed in either the agency's workforce planning guidance or workforce plan. It does not indicate that the factor was adequately addressed.

○ indicates that the factor was not addressed in the agency's workforce planning guidance or in the workforce plan.

Source: ANAO.

Developing and implementing workforce capability models

2.9 A workforce capability model is a listing of the key capabilities desired in the workforce of an organisation. These can vary according to the classification level, but will have common elements throughout the model. An assessment of desired capabilities can be used to inform a range of people management interventions and strategies such as recruitment, training and performance management. Such a model underpins effective workforce planning.

2.10 In 2002–03, the ANAO reported that agencies had a poor understanding of capability requirements as they were not identifying these requirements through the workforce planning process, which was ultimately impeding recruitment outcomes.⁶⁸ In 2004–05 the ANAO re-emphasised the importance of agencies' identifying workforce capabilities when undertaking workforce planning processes.⁶⁹ At that time, the ANAO found that an assessment of the demand for, and supply of, labour was rare, and while agencies had a reasonable grasp of many of their workforce characteristics, this

⁶⁷ Contingent staff are non-APS staff engaged on non-consultancy contracts.

⁶⁸ ANAO Audit Report No.50 2002–03, op. cit., p. 46.

⁶⁹ ANAO Audit Report No.55 2004–05, op. cit., p. 16.

was not common in relation to capabilities.⁷⁰ The APSC *State of the Service Report 2006–07* reported that 42 per cent of agencies faced challenges during 2006–07 in identifying capabilities required to deliver future workforce needs.⁷¹

2.11 In the present audit, the ANAO found that each of the three audited agencies had developed a workforce planning framework or guidance that outlined the approach and general considerations that business areas needed to be aware of when assessing demand for and supply of workforce capabilities.

2.12 Under these workforce planning frameworks, HRM areas with responsibility for workforce planning were expected to facilitate discussions with business areas and provide necessary supporting information. HRM would then produce a whole-of-agency workforce plan based on results of facilitated discussions with business areas. These agency workforce plans would address agency-wide demand for, and supply of, labour.

2.13 At the time of audit fieldwork, the three agencies were in their first year of developing and/or implementing their workforce planning model and recognised that substantial further work was required to develop the workforce plan and refine their workforce planning model.

2.14 Each of the audited agencies advised the ANAO they would assess the demand for and supply of labour as part of their workforce planning model. At the time of the audit only one agency had assessed the gap between demand for and supply of labour. This agency had completed a gap analysis for a 12 month period and was planning to use the model for the 2007–08 workforce planning cycle. Since completion of audit fieldwork, this agency also completed a three year gap analysis.

2.15 This agency had not developed a capability model to assist with assessing the gap between demand for and supply of labour, but instead had adopted the occupational categories developed by the Department of Education, Employment and Workplace Relations (DEEWR).⁷² The ANAO considered that the use of the DEEWR occupational categories in workforce planning does not necessarily provide sufficient description of the skills

⁷⁰ *ibid.*, p. 19. That audit referred to ‘capabilities’ as ‘competencies’.

⁷¹ APSC 2007, *State of the Service Report 2006–07*, *op. cit.*, p. 56.

⁷² The workforce planning instructions of this agency contained a list of more than 40 occupational categories. However, the instructions did not define or explain these occupational categories to assist business areas understand the various occupations and the skill levels that may be attributed to different occupational categories.

required, including the classification, level of skills, experience and competency required for a particular role. Subsequent to the completion of fieldwork, this agency planned to consider the introduction of a capability framework and the acquisition of appropriate software to store and update workforce capability data, by identifying and engaging with best practice agencies and engaging a consultant.

2.16 The other two agencies planned to commence an assessment of the demand for and supply of labour, subsequent to the completion of audit fieldwork. Both agencies planned to use a capability model to assess the demand for and supply of labour. After the completion of audit fieldwork, both agencies advised they had developed these capability models.

2.17 The lack of robust capability models in the audited agencies at the time of audit fieldwork resulted in an absence of soundly-identified workforce capability requirements underpinning assessments of the demand for and supply of labour. To address this issue, two of the audited agencies have rapidly advanced the completion or improvement of capability modelling approaches in recent months. These approaches have the potential to improve future recruitment strategies.

Considering the external supply of labour

2.18 The ANAO 2004–05 Workforce Planning audit recommended, among other things, that the APSC assess the external supply of labour, focussing on potential skills shortages, and share this with agencies via the *State of the Service Report*.⁷³

2.19 The APSC currently compiles information about skills shortages through the *State of the Service Agency Survey* and reports this information annually in the *State of the Service Report*. The *APSC State of the Service Report 2006–07* reported that the most common workforce challenge was recruiting people with required skills.⁷⁴ It also reported the five areas of greatest skills shortage in terms of their impact on agency capability were in the areas of information technology, financial management, accounting, HRM and project management.⁷⁵

⁷³ ANAO Audit Report No.55 2004–05, op cit., p. 57.

⁷⁴ APSC 2007, *State of the Service Report 2006–07*, op cit., p. 54.

⁷⁵ *ibid.*, p. 55.

2.20 The three audited agencies had a general understanding of relevant external labour markets, and have drawn on the relevant work undertaken by the APSC. Nevertheless, in each agency there was insufficient information provided by capability or occupation to assist a robust assessment of the demand for and supply of labour.

Considering contingent staff

2.21 ANAO Report No.49 2006–07, *Non-APS Workers* emphasised the importance of considering the contingent (non-APS) workforce as part of workforce planning processes. The report noted that there were a significant number of these workers, many of whom were engaged due to increasing labour market shortages, and that many agencies were experiencing difficulties recruiting appropriately skilled contingent workers.⁷⁶

2.22 While two of the audited agencies addressed the need to consider the contingent workforce in their workforce planning guidance:

- one agency had not implemented its guidance when developing its draft workforce plan and as a result the plan provided limited if any information about the contingent workforce; and
- the other agency's workforce planning templates, which formed part of their guidance material, did not support business areas to document contingent workforce demand or supply. As a result, the gap analysis between the demand for and supply of labour did not consider the contingent workforce.

2.23 The two agencies, therefore, had not captured sufficient information on contingent staff to assist in developing relevant strategies to address gaps in the contingent workforce. The third agency's guidance did not require it to consider contingent staff.

2.24 Overall, the audited agencies had not identified capability gaps involving the contingent workforce, and so had not used any such information to address potential gaps.

⁷⁶ ANAO Audit Report No.49 2006–07, *Non-APS Workers*, pp. 15, 19–20. The audit found that there were 19 000 non-APS workers engaged by APS agencies as at 30 June 2006, representing more than 11 per cent of the total workforce supporting APS agencies.

Integrating workforce planning with business planning

2.25 The ANAO 2004–05 Workforce Planning audit emphasised the benefits of integrating workforce planning with the agency’s business planning processes, and found that agencies could do more to link workforce planning to organisational capability.⁷⁷

2.26 The workforce planning guidance of one of the three audited agencies stated that ‘embedding workforce planning into broader organisational planning processes achieves a higher success rate of workforce planning, that is, having the right people in the right place at the right time, all the time to achieve successful business outcomes.’ The agency was implementing the guidance at the time of the audit.

2.27 Workforce planning guidance of the other two agencies did not align workforce planning with the business planning cycle. However, after completing its first assessment of the gap between demand for and supply of labour, one of these two agencies planned to link future iterations of workforce planning to the business planning process.

Understanding key workforce characteristics

2.28 To develop workforce capability models, it is important that agencies understand the demographic profile of their existing workforce and relevant trends. The ANAO 2004–05 Workforce Planning audit found that basic information such as age and classification profiles, recruitment and separation rates is available to many agencies. That audit also found that most agencies could become more sophisticated in using such information to aid workforce planning.⁷⁸

2.29 Two of the audited agencies used a range of employee data in the workforce planning process, although only one of these agencies presented this data in its draft agency-wide workforce plan. The third agency proposed to develop a workforce planning information system to provide a single mechanism to capture and provide required workforce data in a timely manner. The system would access information from HRM systems as well as qualitative sources such as entry and exit surveys, workplace discussions, training analysis mentoring and coaching assessments.

⁷⁷ ANAO Audit Report No.55 2004–05, op. cit., pp. 60-61.

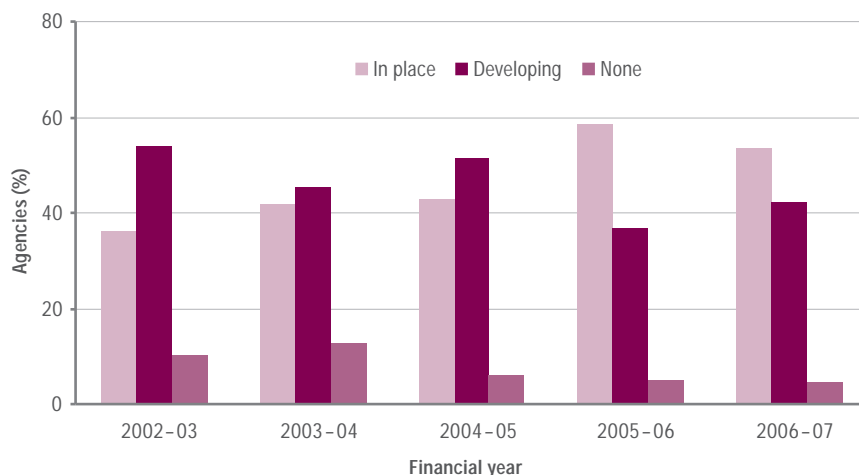
⁷⁸ *ibid.*, pp. 67–69.

Progress of APS agencies in implementing workforce planning approaches

2.30 APSC State of the Service Reports show a moderate increase over time in the proportion of agencies implementing workforce planning approaches. This finding was based on agencies' self-assessments over time of whether they had policies, strategies and/or frameworks in place to help ensure they have the skills and capabilities required for the next one to five years (see Figure 2.2).⁷⁹

Figure 2.2

Agencies' progress in developing and implementing workforce planning approaches, 2002–03 to 2006–07



Source: APSC, State of the Service Report 2006–07, p. 56.

2.31 Despite increases in the number of agencies that reported having established approaches to managing workforce capability, nearly half of all agencies (47 per cent) acknowledged they still did not have policies, strategies and/or frameworks in place to support them to meet workforce capability requirements over the next one to five years. This is likely to overstate the extent of progress, as respondents to an ANAO workforce planning survey in 2004–05 reported a substantially lower proportion of agencies with established workforce planning processes in place than the APSC for the same period.⁸⁰

⁷⁹ APSC 2007, State of the Service Report 2006–07, op. cit., p. 56.

⁸⁰ ANAO Audit Report No.55 2004–05, op. cit., p. 34, acknowledged that the differences could be partly attributed to the different questions asked.

2.32 The APSC *State of the Service Report 2006–07* also reported that 42 per cent of agencies were developing policies, strategies and/or frameworks to help ensure they have the skills and capabilities required for the next one to five years. While this suggests widespread adoption of workforce planning across the APS, workforce planning approaches generally require substantial time to implement, and it is likely that many agencies are not close to applying effective approaches. In this light, the ANAO reported in 2005 that it can take two to five years to embed an effective workforce planning process into an organisation, as a number of iterations of the process are generally required to improve the process.⁸¹

2.33 Responses to the APSC *State of the Service Agency Survey 2006–07* identified a number of challenges experienced by agencies undertaking workforce planning. These challenges are likely to have contributed to the delayed progress in implementing workforce planning across the APS. The key reported challenges were associated with:

- obtaining adequate information on the agency's workforce skills sets (faced by 50 per cent of APS agencies);
- the ability to plan for changes likely to impact the agency's business (46 per cent of agencies); and
- obtaining adequate information on the agency's workforce demographics and characteristics (23 per cent of agencies).

2.34 These findings highlight the difficulties of implementing effective workforce planning approaches, based on sound information about potential workforce requirements. It is important that agencies treat workforce planning as an iterative process, and draw on resources such as the APSC and other APS agencies for advice in implementing effective approaches.

Strategic recruitment initiatives

2.35 MAC Report No.5⁸² and successive APSC State of the Service reports found that most APS agencies would benefit from adopting more strategic and dynamic approaches to recruitment. In 2003, the Finance and Public Administration References Committee concluded:

⁸¹ *ibid.*, p. 14.

⁸² MAC Report No.5, *op. cit.*, p. 64.

Getting the most out of the new environment, however, requires strategic vision, workforce planning intimately linked to capability requirements which themselves derive from corporate and business goals, and a strong commitment from management to human resources management and the continual development of the APS workforce. The Committee finds that many APS agencies lack these fundamental requirements at present. As a consequence, devolution has resulted in ad hoc responses to recruitment and training rather than development of projected workforce profiles based on business requirements. Even less in evidence is seamless translation of these needs into well-targeted recruitment action.⁸³

2.36 The present audit sought to determine whether agencies had adopted strategic approaches to recruitment by implementing:

- a recruitment strategy;
- initiatives for general and targeted recruitment;
- e-recruitment systems; and
- attraction and employer branding strategies that accurately reflected the positive aspects of working for the agency.

Recruitment strategy

2.37 It is important for agencies to have comprehensive recruitment strategic approaches, as this allows agencies to manage key recruitment issues based on agency objectives, an assessment of risk, and an understanding of internal and external environmental considerations. Documenting broad recruitment approaches in recruitment strategies or plans provides a mechanism to resource and prioritise recruitment issues.

2.38 None of the audited agencies had developed and implemented a recruitment strategy to address recruitment across the agency. Two agencies had commenced development of recruitment strategies or plans at the time of the audit. A few of the business areas of the third agency had developed recruitment strategies based on the results of workforce planning undertaken in those areas.

2.39 Each of the audited agencies had recently implemented a range of initiatives to address recruitment challenges. The initiatives included, among other things: the implementation of e-recruitment systems; recruitment for

⁸³ Parliament of Australia, Finance and Public Administration References Committee, Recruitment and training in the Australian Public Service, September 2003, p. 97.

entry level positions; developing workforce planning approaches; developing attraction and branding approaches; and the use of bulk recruitment rounds for some positions. While these initiatives were important elements of the agencies' recruitment approaches, they did not form part of comprehensive strategies for recruitment based on a careful consideration of the agency's circumstances and objectives.

Initiatives for general and targeted recruitment

General recruitment initiatives

2.40 The APSC *State of the Service Report 2006–07* reported that there were relatively little if any recruitment strategies in place for general recruitment (that is, where there was no specific target group).⁸⁴

2.41 The majority of recruitment activity undertaken in the three agencies audited was general rather than targeted recruitment. This included individual and most bulk recruitment processes undertaken in 2006–07. For most of these recruitment processes, the agencies adopted their standard approaches to the various stages of the recruitment process (defining, attracting, and selecting).

Targeted recruitment initiatives

2.42 The APSC reported that 78 per cent of APS agencies⁸⁵ had measures to attract and retain people with critical skills in 2006–07. Agencies reported using a range of measures such as providing; higher base salary; recruitment/retention bonuses; skill shortage allowances; reunion fares; development opportunities; and work placements/rotations.⁸⁶ These recruitment initiatives targeted areas such as graduate and specialist skills (such as accounting).

2.43 Each of the three audited agencies had targeted recruitment in place for Indigenous, graduate and/or cadet recruitment (although these targeted recruitment activities were outside the scope of the audit). Beyond these activities, there was relatively few examples of targeted recruitment within the agencies audited. One exception was annual, agency-wide, entry-level bulk recruitment processes undertaken by one of the three agencies. These processes involved, among other things, identification of a range of skills that

⁸⁴ For example, the APSC *State of the Service Agency Survey 2006–07* results indicated that around 16 per cent of agencies used attraction and recruitment strategies for general recruitment.

⁸⁵ APSC 2007, *State of the Service Report 2006–07*, op. cit., p. 57.

⁸⁶ Agency responses to the APSC *State of the Service Agency Survey 2006–07*, question 56iimr.

would be useful in entry level staff, development of specific attraction and branding material, using targeted approaches to marketing the positions which differed from the required standard approach, designing a unique selection method that tested a range of skills sets, and compulsory provision of feedback to candidates that had been shortlisted.

2.44 This finding was consistent with the ANAO 2004–05 Workforce Planning audit, which reported that agencies had generally not developed targeted recruitment strategies to address specific risks identified for their workforce.⁸⁷

Recommendation No.1

2.45 To assist in the development of effective strategic recruitment initiatives, the ANAO recommends that agencies:

- (a) identify key workforce capability gaps as an integral part of workforce planning processes; and
- (b) address both general and targeted recruitment in a comprehensive recruitment strategy.

Agencies' responses to the recommendations

2.46 Each of the audited agencies and the APSC agreed with the recommendation.

ATO

2.47 The Tax Office will continue to refine and improve the workforce planning framework in order to effectively inform the development of a comprehensive recruitment strategy.

e-recruitment systems

2.48 MAC Report No.5 noted that although use of e-recruitment systems was increasing in both the public and private sectors, only some APS agencies had introduced these systems. The report highlighted the advantages of implementing an e-recruitment system to assist with the capture of information that could be used for workforce planning activities.⁸⁸ It also stated that e-recruitment could assist agencies to derive maximum benefit from

⁸⁷ ANAO Audit Report No.55 2004–05, op. cit., pp. 76 to 78.

⁸⁸ MAC Report No.5, op. cit., p. 57, noted that 'these systems may be able to improve the capacity of agencies to collect, store and access critical information about successful new recruits.'

APS-wide efforts to attract more quality potential recruits, by assisting with creating recruitment processes that do not discourage non-APS staff from applying. Specifically, MAC Report No.5 considered that e-recruitment systems would assist with the attraction of younger recruits and help to guide these candidates in structuring the written information they provide in applications.⁸⁹

2.49 More generally, the implementation of an e-recruitment system is considered to offer a number of advantages to recruitment processing, including: reducing manual processing and the potential for errors; improving workflow, which can also improve timeframes; applicant tracking; the ability to automate parts of the recruitment process; and improved access to data for recruitment reporting.

2.50 The ANAO found that one audited agency had implemented an e-recruitment system at the time of the audit. This system was introduced for a relatively small cost, in a short timeframe and with little or no post implementation issues. The other two audited agencies were at various stages of selecting and preparing to implement an e-recruitment system.

2.51 The relatively recent implementation of an e-recruitment system in one agency made it difficult to judge whether the system would deliver all of the envisaged benefits, particularly in relation to improved recruitment reporting. Nevertheless, initial indications were that the system had improved the timeliness of aspects of the recruitment process that were previously subject to manual processing and had eliminated manual processing errors.

2.52 Depending on how well they are designed and used, e-recruitment can be useful tools for receiving and processing applications, and monitoring and reporting recruitment activities. While agencies acknowledge the potential benefits of e-recruitment systems, ANAO fieldwork revealed they have been slow to implement such systems.

Attraction and employer branding strategies

2.53 In 2001–02, the ANAO reported that traditional approaches to attraction and recruitment were the norm in the APS and that attraction and recruitment strategies needed to be more creative, innovative and targeted. This included agencies re-evaluating how they portray themselves through

⁸⁹ *ibid.*, p. 63.

jobs and other media advertising and approach non-traditional sources of job applicants.⁹⁰

2.54 To develop more creative, innovative and targeted attraction and recruitment strategies, agencies can adopt employer branding strategies. Employer branding is the practice of developing and marketing an organisation's reputation as an employer. An effective employer brand takes the qualities that make people want to work for an organisation, instils them throughout the organisation, and uses them as a marketable point of difference.

2.55 The ANAO found that the development of agency-wide branding material was a high priority for recruitment activities in two of the audited agencies. One of these agencies had developed a recruitment advertising manual and employment value propositions⁹¹ to incorporate in recruitment advertising. The second agency developed value propositions after the conclusion of audit fieldwork in the agency. The third agency was planning to undertake an attraction and branding project.

Basing attraction and employer branding strategies on sound research

2.56 To understand what motivates current and prospective employees, it is important that agency branding strategies are based on sound research. For example, the APSC *State of the Service Employee Survey 2006–07* found that 61 per cent of APS employees cited job security as an attribute that attracted them to work at their current agency (see Figure 2.3).⁹² However, the proportion of agency staff citing job security as an important attraction factor ranged from 21 per cent to 78 per cent across individual agencies.

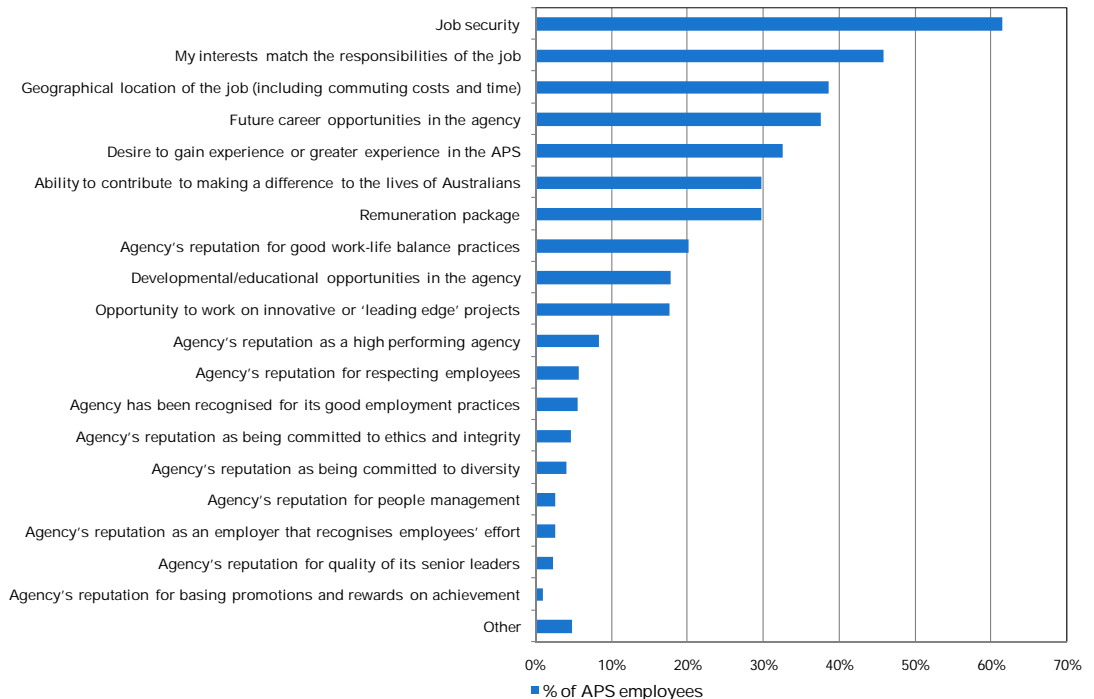
⁹⁰ ANAO Audit Report No.61 2001–02, *Managing People for Business Outcomes*, p. 34.

⁹¹ An employment value proposition aims to summarise key attributes of working for an organisation, to convince potential employees to seek employment at the organisation.

⁹² The APSC *State of the Service Employee Survey 2006–07* listed 19 agency attributes and asked APS employees which five were most important in terms of attracting them to their current job.

Figure 2.3

Agency attributes that attracted employees to current job



Source: ANAO analysis of APSC State of the Service Employee Survey 2006–07 data.

2.57 More generally, the factors that attract people to work at APS agencies vary considerably across agencies and, as a result, agency branding material should be designed to reflect those factors that best represent the key attractors to the specific agency rather than simply relying on key attractors to the APS. While such an approach allows APS agencies to distinguish themselves from one another, agency branding material should also deliver consistent messages to job seekers about the benefits of employment in the APS. In this regard, there is an opportunity for the APSC to provide more guidance on core employment value propositions⁹³ of the APS.

2.58 The factors that attract people to work at APS agencies also vary across demographic groups. For example, it is well documented that Generations X and Y (those under 45 years of age) have different work motivations and expectations to 'baby boomers' (those aged 45 years and over).⁹⁴ Consistent

⁹³ An employment value proposition aims to summarise key attributes of working for an organisation, to convince potential employees to seek employment at the organisation.

⁹⁴ See, for example, MAC Report No.3 2003, Organisational Renewal, pp. 6–7.

with this characteristic, the *APSC State of the Service Employee Survey 2006–07* found that career and development opportunities and an agency's reputation for good work-life balance practices were typically more important to younger workers, although job security was also important to younger employees. Consequently, agencies may need to refine their branding material when seeking to attract particular skills groups (for example, junior information and communications technology professionals).

2.59 Agencies can utilise a broad range of research tools (such as employee surveys, entry and exit surveys, external surveys, focus groups and interviews) to develop branding strategies and ensure that these remain accurate and well-targeted. While most agencies undertake annual staff surveys that ask questions about staff satisfaction, the *APSC State of the Service Agency Survey 2006–07* found that only 43 per cent of agencies collected information about what attracts people to work in their agency.⁹⁵

2.60 Each of the three audited agencies reported to the APSC that they collect information about what attracts people to work in their agency. However, the ANAO found that at the time of the audit these information sources were not systematically used to inform their branding material or assess whether this material accurately reflected the positive attributes of working at their agency.

2.61 Delivering on employment value propositions that are offered to job seekers is as important as identifying and promoting value propositions. In this regard, the ANAO found that while the majority of the value propositions developed by two of the three audited agencies were supported by the results of the *APSC State of the Service Employee Survey* and/or agency staff surveys, some branding material did not appear to accurately reflect employee perceptions of the key positive attributes of working in their agency. For example, one audited agency included a value proposition that it provided career development opportunities to its workers, although the *APSC State of the Service Employee Survey* found that a significant proportion of the agency's employees were dissatisfied with career development opportunities provided by the agency. In addition, survey results suggested that the agency's employees were extremely satisfied with other factors (such as job security and

⁹⁵ This information is collected from a number of sources, with relevant agencies reporting that they collected the information through the application process (57 per cent), a survey of new recruits (38 per cent), exit interviews (62 per cent) and other sources (38 per cent).

the ability to gain broader experience in the APS) which were not mentioned in the value propositions.

2.62 More generally, the ANAO found that none of the audited agencies had evaluated the impact of their branding strategies.⁹⁶

Recommendation No.2

2.63 To better target employee attraction approaches, the ANAO recommends that agencies:

- (a) utilise a range of research tools to develop attraction and branding material that best promotes the agency and recognises and aligns with APS-wide approaches;
- (b) periodically monitor performance in relation to those factors identified in attraction and branding material that best promote the agency, and revise this material accordingly.

Agencies' responses to the recommendations

2.64 Each of the audited agencies and the APSC agreed with the recommendation.

ATO

2.65 The Tax Office acknowledges that within the current employment market it is necessary to be recognised as an attractive employer and will continue our attraction and branding project.

⁹⁶ Chapter 5 provides a further comment on the evaluation and review of recruitment initiatives and strategies by APS agencies.

3. Recruitment Management and Support

This chapter assesses whether APS agencies have managed and supported recruitment activities effectively, by providing advice, guidance, and training to relevant staff in accordance with APS legislative requirements and better practices.

Introduction

3.1 In most recruitment activities, a manager from the line area seeking to recruit staff is given overall responsibility for planning, managing and undertaking the recruitment process. In light of this, the APSC notes that:

managers are critical to the success of all recruitment exercises—but they are not recruitment experts, nor should they be expected to be. Their success will be greatly enhanced if they have more active support of recruitment experts from HR.⁹⁷

3.2 Figure 3.1 shows the APSC's *Working in Partnership* model for agency recruitment functions. In this model: the agency's HRM function provides the structure and support; managers plan for, manage and undertake the process; and recruitment quality and performance standards are set and monitored at an organisational level.⁹⁸ Under this model, key questions that agencies need to address are:

- the extent of partnership, advice and support throughout the process provided to line managers by recruitment experts within HRM;
- the extent to which line managers plan for and manage the recruitment process; and
- the expectations and accountabilities of managers.

3.3 The answers to these questions will depend on a number of factors such as: agency size and location(s); the diversity of agency business and capability requirements; and the availability, quality and cost of external service providers. As these factors will vary across agencies, it is important that agencies carefully assess the relative cost, benefits and risks associated

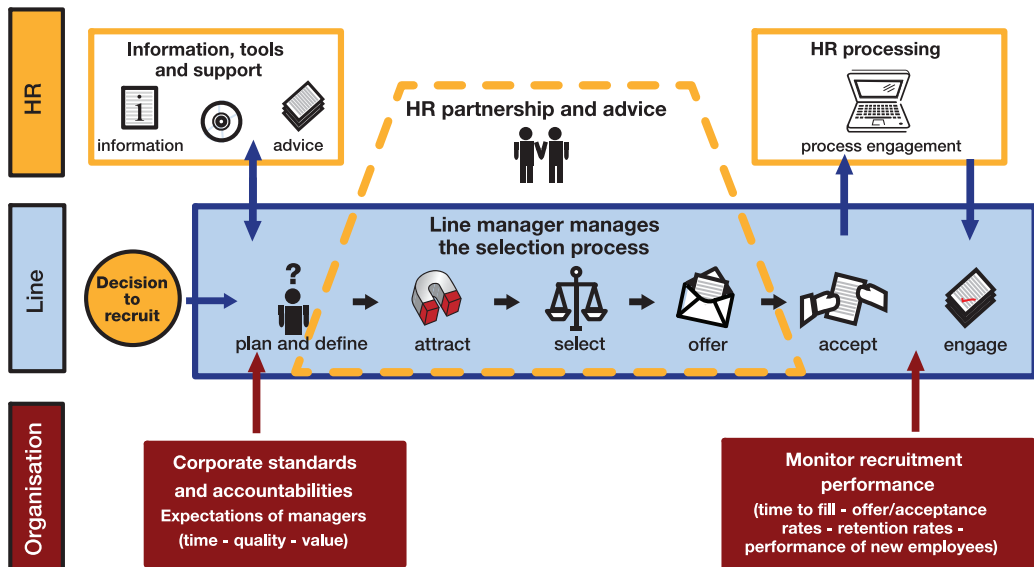
⁹⁷ APSC, *Better, Faster: streamlining recruitment in the APS*, Section 3: Tips and better practice resources, 2007, p. 11.

⁹⁸ *ibid.*, p. 11.

with the various options available to them. For smaller agencies, centralised⁹⁹ recruitment administration has the advantage of lower costs. For larger/more disperse agencies, decentralised¹⁰⁰ recruitment structures help ensure that advice and support is readily accessible to managers involved in recruitment.

Figure 3.1

APSC tips and better practice resources: Working in partnership



Source: APSC, Better, Faster: streamlining recruitment in the APS, p. 11.

3.4 At each of the audited agencies, the ANAO assessed the extent to which recruitment activities were effectively managed and supported by examining:

- whether agency recruitment functions were structured in a manner consistent with the APSC's better practice partnership model;
- the provision of expert recruitment advice and support, including via external service providers;
- the provision of recruitment policy and procedural guidance; and
- the provision of training to those involved in recruitment activities.

⁹⁹ In a centralised recruitment structure, recruitment is undertaken centrally by the corporate HR function.

¹⁰⁰ In a decentralised recruitment structure, recruitment is undertaken by business lines.

Structure of recruitment functions

3.5 All three audited agencies had structured their recruitment functions to suit their circumstances, in a manner consistent with the APSC's better practice partnership model: managers from agency business lines had responsibility for managing general recruitment processes, with the support of HRM staff.

3.6 Delegates and selection panels at all three audited agencies advised the ANAO that they were satisfied with the quality and accessibility of recruitment advice provided to them. The ANAO also found examples of well-coordinated bulk recruitment activities (within and, to a lesser extent, between different business lines) in all three agencies.

3.7 The extent to which agencies had a centralised or decentralised model largely reflected their size, structure and circumstances. At the time of audit fieldwork:

- one agency had adopted a centralised recruitment structure, with a dedicated recruitment area within the corporate HRM function having responsibility for: providing advice and guidance material; maintaining contact with managers involved in recruitment processes; providing some quality assurance in relation to recruitment activities; and implementing selection decisions and processing engagements;
- another agency had adopted a more decentralised recruitment structure, with HRM coordinators in each of their business lines providing some advice and assistance to managers involved in recruitment activities and some coordinators provided quality assurance on aspects of recruitment processes. The agency maintained a dedicated recruitment team in its corporate area to manage bulk recruitment activities¹⁰¹ and provide advice and assistance for general recruitment activities. Since the completion of audit fieldwork, this agency moved toward a more centralised recruitment structure by abolishing the HRM coordinators positions within business lines; and
- the other agency had adopted a decentralised recruitment structure, with HRM coordinators in each of their business lines. The roles of the HRM coordinators varied, but in most cases they provided advice on recruitment queries, and assistance or quality assurance on aspects of the recruitment process, in addition to fulfilling a range of other HRM

¹⁰¹ This included general bulk intakes at all levels and more specialised recruitment such as: graduate; cadet; Indigenous; and APS1 entry level recruitment programs.

related functions for their areas. The agency had assigned responsibility for various aspects of the recruitment process throughout the corporate HRM area. For example, a telephone helpline provided front-of-service advice on all HRM enquiries, another area developed recruitment policy guidance material and provided advice on more complex recruitment issues, and another area administered the implementation of the selection decision and processing of engagements.

3.8 Different administrative models involve different risks and it is important that agencies are attentive to these risks. The ANAO has previously discussed the disadvantages of a devolved HRM (and recruitment) function and how agencies can manage these issues.¹⁰² For example:

- where agencies adopt more centralised recruitment models, it is important that expertise remains accessible and managers are provided with adequate support throughout the recruitment process; and
- where agencies adopt decentralised recruitment structures, it is important that there is a shared understanding of each area's roles and responsibilities and effective communication to staff conducting recruitment and selection processes. Without this understanding there is a greater risk of overlap of roles, duplication of effort, and inconsistent and poorly integrated approaches that can unnecessarily prolong recruitment processes.

3.9 Under one of the more decentralised administrative models, the absence of a 'one-stop-shop' for recruitment support had led to situations where line areas within agencies were not always aware of specialist skills available to them. For example, the agency had established a dedicated bulk recruitment team that had developed new assessment and selection processes well-suited to bulk recruitment rounds. However, some line areas continued to conduct recruitment processes unaware of this resource.

3.10 This finding reinforces the importance of effective coordination and communication mechanisms where agencies opt for more decentralised administrative approaches.

¹⁰² ANAO Audit Report No.61 2001-02, op. cit., pp. 35-36.

Expert recruitment advice and support

3.11 Conducting recruitment activities involves a number of processes within three distinct phases of: defining and planning the recruitment and selection approach; attracting suitable candidates; and selecting the preferred candidate.

3.12 As noted in paragraph 3.1, responsibility for planning, managing and undertaking selection processes typically rests with managers who are not recruitment experts and have many competing demands upon their time. Moreover, recruitment processes are governed by a range of legislative and agency requirements. In this context, the APSC notes that effective and timely recruitment requires agencies to:

- 'adopt a planned approach', implemented through a project planning approach;¹⁰³
- provide managers with the active support of recruitment experts; and
- 'encourage managers to recognise that recruitment is a priority in its own right and not something that is 'fitted in' after finishing their regular work'.¹⁰⁴

3.13 As discussed in paragraph 3.6, within the three audited agencies, managers involved with recruitment were generally satisfied with the advice and support provided by HRM staff. These managers reported often having only made limited contact with these staff when undertaking recruitment activities. Greater interaction between line managers and HRM staff is likely to assist agencies improve recruitment planning, selection of candidates, timeliness and recordkeeping (see chapter 4). Consequently, the ANAO suggests that agencies consider the benefit of having HRM staff with recruitment expertise take a more active role in planning and managing recruitment activities.

External service providers

3.14 Many APS agencies outsource aspects of the selection process to recruitment agencies', with the nature of involvement ranging from routine administration to conducting the entire process.

¹⁰³ Refer to Appendix L of *Get it Right – a recruitment kit for managers* (2003). The Appendix provides an example of a project plan template that can be used to plan the recruitment process.

¹⁰⁴ APSC, *Better, Faster: streamlining recruitment in the APS*, 2007, op. cit., p. 3.

3.15 The ANAO found that each of the audited agencies engaged external service providers to assist with a range of recruitment activities. For example:

- one agency used a number of external service providers to assist with recruitment activities through a panel of preferred providers. In this agency, recruitment firms were typically used to conduct bulk recruitment exercises, and these firms were selected on the basis of their expertise in recruiting certain occupations. As a result, this agency was seeking to leverage the knowledge and expertise of its external service provider in attracting candidates from both the APS and the broader employment market;
- another agency engaged an external service provider to provide HRM payroll and processing services, including services related to recruitment processing and the engagement of staff. Further use of external service providers in recruitment processes was generally limited to providing scribing services to assist with improving the timeliness of the recruitment process. In one case, the agency also used an external provider to assist with the design and implementation of an assessment centre;¹⁰⁵ and
- the third agency made more limited use of external service providers—purchasing some scribing services and specialised assessments (such as psychometric testing¹⁰⁶).

3.16 Two agencies, therefore, had considered the value of using external service providers to improve particular recruitment activities. However, there were opportunities for agencies to obtain greater value from external recruitment experts, by identifying and prioritising recruitment activities that would best be provided externally.

3.17 None of the audited agencies had comprehensively evaluated the performance of all of their external service providers. Consequently, for most of the recruitment services provided, the agencies were unable to draw well-informed conclusions about contractor performance, identify any potential non-compliance issues and/or opportunities for improvement.

¹⁰⁵ Scribing services are used to assist with the timely completion of the selection process. Scribes were generally provided with selection report templates and referee report templates to assist them document the selection decision in accordance with the agency's requirements in a timely manner. Scribes were not involved in making selection decisions in the recruitment processes examined by the ANAO.

¹⁰⁶ Psychometric testing can measure personality, attitudes and beliefs for the purpose of profiling an applicant and gauging the probability of a good job or work place match.

3.18 Given the involvement of recruitment agencies in APS recruitment, the ANAO considers that agencies would benefit from developing performance measures to assess the effectiveness and efficiency of recruitment processes, including the quality and cost of external service providers.

Recruitment policy and procedural guidance

3.19 Non-SES recruitment in the APS is guided by minimum requirements and a set of principles which are set out in five core legislative instruments, while a further ten pieces of legislation can apply to employment actions and decisions (see paragraph 1.4 and footnote 37). In addition to these legal requirements, agencies may include specific internal recruitment practices and procedures or be bound by the provisions and terms that affect the recruitment and selection of ongoing employees, as set out in their collective agreement or workplace agreement.

3.20 The audit assessed whether each of the audited agencies had developed and promulgated sufficient policy and guidance material¹⁰⁷ to assist with undertaking the process and decision-making.

3.21 The ANAO found that there was considerable variance in the quality of recruitment guidance material provided by audited agencies. In particular:

- one audited agency had developed, refined and reviewed recruitment and selection policies, procedures and forms since 2005. A review of policy and procedures in 2006 resulted in recruitment guidance material which was short, easy to understand and practical to implement. The guidance articulated the goal of recruitment, highlighted the cost of poor recruitment, outlined expected recruitment timeframes, and provided links to legislative requirements;¹⁰⁸
- another audited agency had issued a considerable volume of information (from multiple sources) that formed its recruitment policy and procedure framework. However, the ANAO considers that this guidance material was not succinct, clear, or easy to use; and
- the third audited agency had issued a policy in 2003 outlining the conditions that may be applied to the engagement of an APS employee

¹⁰⁷ This guidance material should include templates to assist with identifying and justifying the vacancy, planning the process (including determining the selection method and assessment tools), advertising, documenting the process and decision, and employee commencement.

¹⁰⁸ This agency's policy also provides links to the APS Values, the APS Code of Conduct, APSC employment policy and related agency-specific policy and guidance.

under the *Public Service Act 1999*. However, this guidance did not directly address recruitment processes. In 2006–07, the agency had drafted a recruitment and selection guide. However, at the time of audit fieldwork, the manual had not been formally authorised or broadly distributed to staff, as the agency was planning to revise the content and structure of the document.

3.22 The absence of comprehensive, informative and up-to-date recruitment guidance material increases the risk that agencies' recruitment activities will not comply with legislative requirements or adequately assist in making quality recruitment decisions. It is important that agencies provide and maintain recruitment guidance material that is accessible, accurate, user-friendly and up-to-date.

Recruitment training

3.23 Effectively planning, managing and undertaking recruitment activities requires a broad range of skills. For example, it is important that staff involved in selection committees are able to design and use assessment tools that will allow them to collect reliable and valid information on which to base a recruitment decision, and have a good understanding of merit-based selection. Figure 3.2 provides some examples of possible training content for selection committee members.

Figure 3.2

Possible content areas for selection panel recruitment training

<p>Legislative framework for the APS</p> <ul style="list-style-type: none"> • Minimum requirements and principles guiding APS staff selection • Merit based selection • Administrative law aspects of decision making 	<p>Options and approaches to filling vacancies</p> <ul style="list-style-type: none"> • Categories of employment (ongoing and non-ongoing) • Engagement, promotion and movement • Classification structure and recruiting to level or across levels • Bulk and individual recruitment • Merit groups
<p>Agency specific context</p> <ul style="list-style-type: none"> • The labour market and what the agency is trying to achieve through workforce planning and strategic recruitment • Knowing your business, the agency brand and attributes that will attract employees and selling points of the role • The staffing investment (aim of recruitment and costs of getting it wrong) • Roles and responsibilities (delegates, chair, selection advisory committee panels, and external providers) • Agency policies, guides, templates and forms • Where to go to get assistance and advice 	<p>Selecting the right person</p> <ul style="list-style-type: none"> • Assessing the most appropriate selection option to use • Crafting effective selection documentation <ul style="list-style-type: none"> ◦ writing better job descriptions, selection criteria and application kits ◦ designing assessment tools and behavioural based interviews • Getting the best out of the applicant through building rapport <ul style="list-style-type: none"> ◦ cultural awareness ◦ reasonable adjustment principles • Managing judgements and conflicts of interest
<p>A three-staged project management approach</p> <ul style="list-style-type: none"> • Planning the phases of a recruitment project: <ol style="list-style-type: none"> 1. defining the need 2. attracting quality applicants 3. selecting the right person • Setting timeframes and meeting them • Providing good care of the candidate throughout the selection process 	<p>Implementing the selection decision</p> <ul style="list-style-type: none"> • Verifying candidates claims <ul style="list-style-type: none"> ◦ talking to referees or asking for further information • Reaching a decision and writing a report • Making offers and managing a merit list • Giving useful feedback to unsuccessful applicants • Measuring the success of the process • Documenting the recruitment processes and maintaining records

Source: ANAO.

3.24 Individual training needs will depend on a range of factors, including past experience/training in recruitment processes and the extent to which managers are provided with expert advice and support (through, for example, the use of external service providers).

3.25 The ANAO found that the delivery of recruitment training in the audited agencies varied from formal programs and coaching provided at the

outset and throughout the selection process to assistance and guidance being available on request. Of particular note:

- one audited agency developed and delivered a recruitment training program for delegates in 2006. Attendance at the training course was a mandatory pre-requisite for a delegate to be able to exercise their delegations. The agency proposed to develop and deliver recruitment training more broadly, and a few of its staff had attended selection committee training in June 2007;
- another agency engaged a consultant HRM specialist to present a recruitment and selection training session to the executive team and managers, although attendance at the session was not compulsory. As part of its learning and development framework, the agency planned to implement selection committee training, initially focusing on selection advisory committee chairs in 2008; and
- the third audited agency had not run training for delegates or selection panels.

3.26 The APSC found that the level of recruitment and selection training provided to panels varied across agencies. The APSC also found that the extent of merit training was related to the size of the agency, with large agencies typically providing more variety in training options than smaller agencies (see Figure 3.3).

Figure 3.3

Types of merit training provided by agencies, 2005–06 and 2006–07

Merit Training	Small (%)		Medium (%)		Large (%)		APS (%)	
	2005–06	2006–07	2005–06	2006–07	2005–06	2006–07	2005–06	2006–07
Compulsory training for selection panel members	6	8	12	14	22	30	12	16
Optional training for selection panel members	34	43	38	46	48	48	39	45
Included as part of induction training	11	11	15	21	26	30	17	19
Training for delegates and decision makers	14	14	15	18	26	26	18	18
General policies on the intranet	37	49	77	82	83	87	62	69
Other	9	8	42	39	39	52	27	30

Source: APSC, State of the Service Report 2006–07, p. 135.

3.27 As the provision of recruitment training varied significantly across agencies, there would be benefit in agencies analysing training needs to help ensure that staff involved in recruitment processes are adequately skilled. In addition, providing training on merit and agency recruitment processes more broadly within an agency, for example as part of staff induction programs, has the potential to improve understanding, and thereby employee perceptions, of agency recruitment processes.

Recommendation No.3

3.28 The ANAO recommends that agencies develop and implement training needs analysis mechanisms to help provide staff involved in recruitment activities with adequate skills.

Agencies' responses to the recommendations

3.29 Each of the audited agencies and the APSC agreed with the recommendation.

ATO

3.30 A project has been identified to build our internal ability in all aspects of recruitment. Since the audit we have begun the rollout of selection training we have co-designed with the APSC.

4. Recruitment Processes

This chapter considers the extent to which APS agencies conducted effective recruitment activities, in compliance with APS legislative requirements and better practices.

Introduction

4.1 Recruitment processes in the APS are governed by minimum requirements (see Table 4.1) and a set of guiding principles¹⁰⁹—in particular, that APS recruitment processes:

- are based on competitive merit-based assessments;
- provide reasonable opportunity for all eligible persons to apply;
- do not discriminate or show favouritism (on the basis of political or personal affiliations);
- recognise and utilise the diversity of the Australian community; and
- apply principles of natural justice and procedural fairness.

Table 4.1

Minimum requirements for APS recruitment processes^A

Determine the aim and purpose of the selection process upfront:

- identify the employment opportunity, its category and classification; and
- decide on the selection method for filling the vacancy.

Determine whether an open, competitive process is needed, and if so:

- advertise the vacancy on APSjobs;
- design and run a competitive selection process based on merit; and
- notify the outcome on APSjobs.

Note: (A) Minimum requirements are taken from the APS Values and other provisions of the Public Service Act 1999, Public Service Regulations 1999, and Public Service Commissioner's Directions 1999.

Source: ANAO.

4.2 These minimum requirements and guiding principles aim to help ensure that APS recruitment processes are conducted fairly. As noted in MAC Report No.7 *Reducing Red Tape in the APS*:¹¹⁰

¹⁰⁹ The guiding principles are described in more detail in Table 4.2.

The [guiding] principles and minimum requirements form a recruitment framework that gives agencies considerable flexibility and in no way prescribes a lengthy or complex process.

4.3 Non-compliance with the minimum requirements and guiding principles not only adversely impacts on recruitment objectives, but can impart a negative impression about agencies and the APS as a whole.

4.4 In order to assess the extent to which APS recruitment processes were conducted in a fair and timely manner, the ANAO:

- analysed the views of APS employees who applied for an APS job in 2006–07; and
- examined a sample of recruitment processes conducted between February 2006 and July 2007 in each of the three audited agencies.

Views of APS employees on recruitment processes

4.5 The APSC *State of the Service Employee Survey 2006–07* found that around one half of APS employees had applied for an APS job during 2006–07. These employees were asked a number of questions about the most recent recruitment processes they participated in. Based on this survey, Figure 4.1 shows that:¹¹¹

- less than half of those who applied for an APS job in 2006–07 agreed that APS recruitment processes were transparent or provided adequate feedback to applicants;
- 41 per cent agreed that APS recruitment processes were conducted in a timely manner;
- 39 per cent agreed they were conducted as efficiently as possible; and
- only 36 per cent were left with a positive impression of the agency following the selection process.

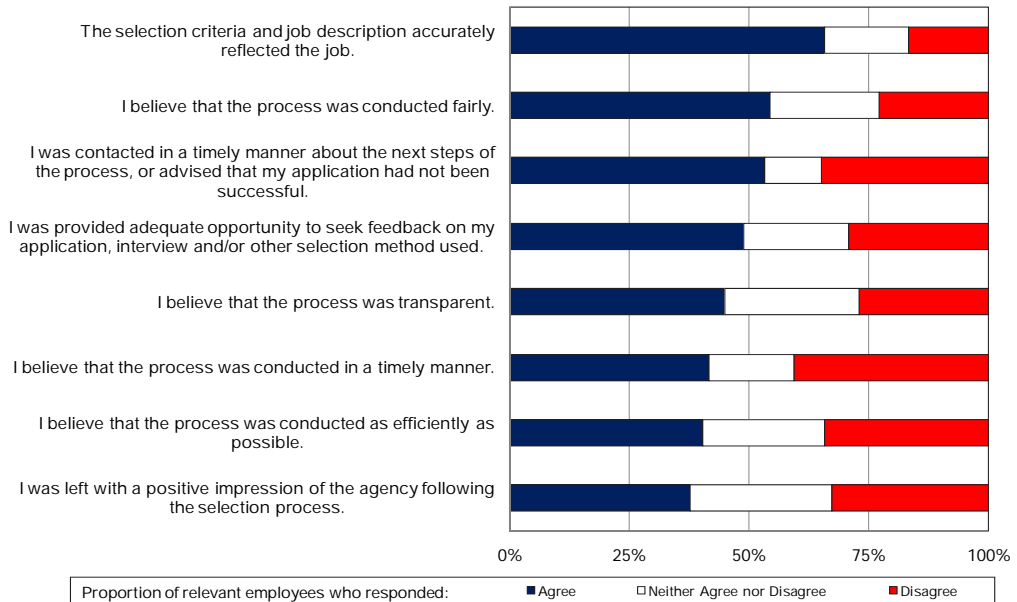
¹¹⁰ MAC Report No.7 2007, *Reducing Red Tape in the Australian Public Service*, p. 41.

¹¹¹ Figure 4.1 is based on the responses of over 2000 APS employees who applied for an APS job in 2006–07 and participated in the *State of the Service Employee Survey 2006–07*.

Figure 4.1

Satisfaction with aspects of agencies' recruitment processes

Based on your most recent experience of applying for a job in the APS, please rate your level of agreement with the following statements.



Source: ANAO analysis of APSC State of the Service Employee Survey 2006–07 data.

4.6 The survey revealed considerable variance in satisfaction with recruitment processes across agencies. For example, the proportion of internal applicants¹¹² reporting that they were left with a positive impression of their agency following the recruitment process ranged from 13 to 65 per cent. These findings suggest considerable scope for some agencies to improve the conduct of recruitment processes.

4.7 The ANAO undertook statistical analysis of the APSC *State of the Service Employee Survey 2006–07* data to identify the key drivers of satisfaction with the recruitment process.¹¹³ Not surprisingly, this analysis found that an important driver of satisfaction with the recruitment process was whether a person was

¹¹² These results are based on the responses of 2 217 APS staff who had applied for a position in their own agency in 2006–07 and who participated in the State of the Service Employee Survey 2006–07.

¹¹³ In particular, the ANAO conducted regression analysis to determine to what extent employee agreement with the statement 'I was left with a positive impression of the agency following the selection process' (a proxy measure of satisfaction with the recruitment process) was correlated with employee agreement with the statements listed in Figure 4.1 and a binary variable indicating whether the employee was/was not successful. All estimated coefficients were of expected sign and statistically significant at a 95 per cent confidence level.

successful in his or her application. Apart from this, the three key drivers of satisfaction with the recruitment process were the:

- adequacy of opportunities to seek feedback on their application, interview and/or other selection method used;
- perceived fairness of recruitment process; and
- timeliness of the selection process.

Post-selection feedback

4.8 People can feel frustrated when they are advised that their application for a position was unsuccessful, and inadequate post-selection feedback can contribute to perceptions that a process was not transparent or merit-based. Consequently, it is important that:

- post-selection feedback is timely and provides adequate information to applicants on the merits of their claims relative to those of the successful applicant;¹¹⁴
- applicants are provided with the opportunity for feedback; and
- the feedback is sensitively worded but honest and, where appropriate, encourage applicants to consider applying for positions in the future.

4.9 The APSC *State of the Service Employee Survey 2006–07* found considerable variance with the perceived adequacy of feedback across agencies. For example:

- the proportion of internal applicants¹¹⁵ who agreed that they were given adequate opportunity to seek feedback on their application, interview and/or other selection method ranged from 23 per cent to 81 per cent across APS agencies; and
- the proportion of internal applicants who agreed that they were contacted in a timely manner about the steps of the recruitment process ranged from 18 per cent to 92 per cent across agencies.

¹¹⁴ MAC Report No.7, op. cit., p. 48. Selection reports are required to, amongst other things, compare, discuss and rank competing strengths of applicants and so provide a useful resource when providing feedback to candidates. However, because the focus of the selection report is not specifically to facilitate feedback, it is suggested that the selection panel keep notes to assist with providing feedback to candidates.

¹¹⁵ Results based on the responses of APS staff who had applied for a position in their own agency in 2006–07.

4.10 All three of the audited agencies' guidance material required selection committees to provide post-selection feedback, which identified maximum timeframes for advising applicants of the selection decision and the information that can be provided to applicants seeking feedback. ANAO examination of a sample of recruitment processes suggests that although two audited agencies always offered unsuccessful short-listed applicants the opportunity to seek feedback, the other audited agency did not. These differences were reflected in the *APSC State of the Survey Employee Survey 2006–07* results:

- in the two audited agencies that routinely offered feedback, less than one quarter of internal applicants (16 per cent and 24 per cent) considered they were not given adequate opportunity to seek feedback on their application and interview; while
- in the other audited agency, 43 per cent of internal applicants considered they were not given adequate opportunity to seek feedback.

4.11 As noted above, the perceived adequacy of feedback is a key driver of applicant satisfaction with the recruitment process. Over half of internal applicants from the audited agency that did not routinely offer feedback stated that they were not left with a positive impression of their agency after the selection process (that is, 53 per cent were dissatisfied). This is a high level of dissatisfaction compared to the other two audited agencies (20 per cent and 17 per cent dissatisfied) and the APS-wide result (31 per cent dissatisfied).

4.12 These findings reinforce the importance of agencies providing applicants with adequate opportunity to seek feedback on their application and interview performance. Failure to do so can have significant adverse impacts on employee satisfaction with recruitment process and the overall perception of an agency by its employees and others.

Perceived fairness and the application of merit to recruitment processes

4.13 Table 4.2 outlines requirements that operationalise the guiding principles for APS recruitment processes. Non-compliance with any of these requirements is likely to result in perceptions that recruitment processes were unfair.

Table 4.2

Guiding principles for APS recruitment processes^A

A competitive merit based assessment relating to the engagement or promotion of an ongoing employee requires:

- an assessment of the relative suitability of the candidates for the duties using a competitive selection process;
- an assessment based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties;
- the assessment to focus on the relative capacity of the candidates to achieve outcomes related to the duties; and
- the assessment is the primary consideration in making the decision.

A reasonable opportunity to apply for APS employment:

- requires advertising in the Gazette for all ongoing 'engagement' opportunities, 'promotion' opportunities and 'non ongoing' opportunities of more than 12 months; and
- does not imply that national advertising must be undertaken for every vacancy.

No discrimination or favouritism requires:

- independence of staffing decisions from the political party system, political bias and political influence;
- the selection committee and delegate to disclose, and take reasonable steps to avoid, any real or apparent conflict of interest; and
- selection processes to be transparent and applied fairly in relation to each eligible applicant.

Recognition and utilisation of the diversity of the Australian community requires:

- respect and utilisation of diversity including balancing of work, family and caring responsibilities.

The application of natural justice and procedural fairness requires:

- that irrelevant considerations not be taken into account;
- any procedures required by law in connection with the decision to be observed; and
- maintaining appropriate confidentiality.

Note: (A) These requirements are taken from the APS Values and other provisions of the Public Service Act 1999, the Public Service Regulations 1999 and the Public Service Commissioner's Directions 1999.

Source: ANAO.

4.14 Based on the *State of the Service Employee Survey 2006–07*, the APSC reported that overall employee perceptions of fairness in agency selection processes was relatively low, with just over half of employees (52 per cent)

reporting that the process of selecting a person for a position in their work group was done fairly.¹¹⁶ Similarly, around half (52 per cent) of APS employees who applied for an APS job in 2006–07 considered that the selection process was conducted fairly, with almost one-quarter (22 per cent) considering that the process was not fair (see Figure 4.1).

4.15 The APSC noted that employees' perceptions of merit are likely to be influenced by a range of issues, including poor recruitment practices and disappointment at failing to win a job.¹¹⁷

4.16 The ANAO examination of a sample of 54 recruitment processes found no selection processes which patently did not adhere to the principle of merit-based selection. However, aspects of a few of these recruitment processes might give rise to perceptions of favouritism. For example, in a business case for advertising an ongoing position currently held by a non-ongoing contractor, the delegate reasoned that 'filling the position on a permanent basis will give certainty to the personnel currently held against the position and ensure the stability of the team'. The advertised position was for an APS 4 in a small team that comprised an APS 5, an APS 6 and an EL 1. The APS 5 team member served as a single-person selection committee. The non-ongoing contractor applied for the position, was ranked first and recommended for appointment in the selection report. The appointment was subsequently approved by the delegate.

4.17 This case may give rise to perceptions of favouritism because:

- favourable referee reports were provided for the successful candidate by the delegate and the direct manager; and
- the APS 5 serving as the selection committee was a subordinate to both referees and had an established working relationship with the successful candidate.

4.18 It could be argued that, in this instance, the requirement to take reasonable steps to avoid perceived conflict of interest¹¹⁸ would have required the appointment of selection committee members from outside the business line.

¹¹⁶ APSC State of the Service Report 2006–07, op. cit., p. 132.

¹¹⁷ *ibid.*, p. 132.

¹¹⁸ Under the guiding principle of 'No discrimination or favouritism' in Table 4.2.

4.19 The perceived fairness of recruitment processes varied considerably across agencies: the proportion of internal applicants¹¹⁹ that agreed that 'I believe that the process was conducted fairly' ranged from 25 per cent to 84 per cent across agencies. The APSC noted that 'the wide variation in perceptions of merit in different agencies suggests that how selection processes are managed within agencies does have an important impact on employees' views.'

4.20 Agencies can establish agency specific arrangements tailored to address the guiding principles and support selection committees to apply merit to selection processes. To support the application of merit in selection, the ANAO suggests that agencies establish procedures to address the guiding principles. For example, it was the policy in one of the audited agencies that:

- selection committee panels for non-SES positions comprise: two members at a substantive level higher than the classification of the vacant position; an appropriate gender mix of at least one male and one female; and at least one member from outside the immediate work area (preferably external to the business line);
- where a selection committee member had been asked to be a referee for one of the candidates, that they declare the conflict of interest to the other members of the panel and provide referee comments prior to receiving information on other applicants; and
- verbal referees are provided with a written report of their comments and requested to confirm in writing that it is an accurate record of the referee discussion.

4.21 The APSC *State of the Service Agency Survey 2006–07* found that the level of training on merit-based selection principles varied across agencies. Based on these findings, the ANAO has recommended that agencies implement training needs analysis mechanisms to help ensure that staff involved in recruitment processes are adequately skilled (see Recommendation No.3 in paragraph 3.28). This includes training in the application of the guiding principles to APS recruitment processes.

Recruitment timeliness

4.22 As noted in paragraph 4.7, the timeliness of recruitment processes is a key driver of applicant satisfaction with the process and the impression of the

¹¹⁹ Results are based on the responses of APS staff who had applied for a position in their own agency in 2006–07 and who participated in the State of the Service Employee Survey 2006–07.

agency that is conveyed to applicants. To maximise the prospects of recruiting the strongest applicants, it is important that selection decisions are made in a timely manner.

4.23 To achieve timely recruitment processes, the APSC emphasises the importance of effective planning, which includes the identification and scheduling of key milestones and dates, and commitment by management to achieving these key parameters.¹²⁰

4.24 In *Better, Faster – streamlining recruitment in the APS*, the APSC recommends that agencies consider a total time target of 45 days from identification of recruitment requirement to a new starter commencing. Within this timeframe target, the APSC suggests a timeliness target of 21 days from date of advertising to when a verbal offer is made to the successful candidate.¹²¹ Given that applications typically are accepted over a two week period from the date of gazetting the employment opportunity, this leaves one week for the selection committee to assess applications, interview suitable candidates, make a selection decision and make a verbal offer to the preferred candidate.

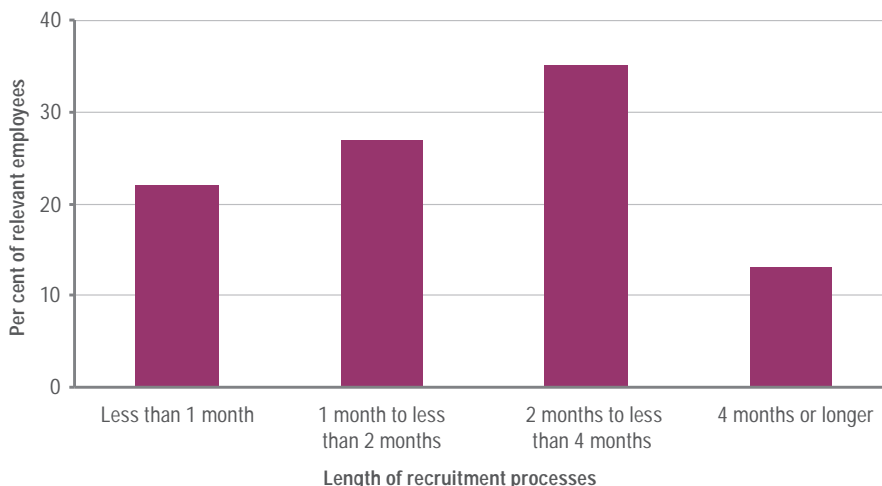
4.25 Most agencies did not routinely meet this 21 day target in 2007. The *APSC State of the Service Survey 2006–07* found that only 22 per cent of APS employees who had applied for a job in the APS in 2006–07 had been informed of the outcome of the recruitment process in one month or less from when they submitted their job application (see Figure 4.2).

¹²⁰ APSC 2007, *Better, Faster: streamlining recruitment in the APS*, pp. 13 and 3.

¹²¹ *ibid.*, p. 2.

Figure 4.2

Time between submitting job application and being informed of outcome



Source: APSC State of the Service Report 2006–07, p. 64.

4.26 Two of the three audited agencies had established recruitment time targets. These targets exceeded the timeframes recommended by the APSC as best practice: in one agency the target was six weeks (42 elapsed days) from the time applications close to the delegate approval of the selection report; and in the other agency the target was 65 days or less from the date of advertising to the gazettal of the appointment. One of these two agencies was consistently not meeting its target timeframe, and the other agency was meeting its target timeframe on average.

4.27 According to MAC Report No.7, *Reducing Red Tape in the Australian Public Service*,¹²² the cause of protracted recruitment processes is most likely to be poor planning and preparation by managers, or unnecessary internal processes. Consistent with this observation, the ANAO found there was limited evidence of planning prior to the commencement of recruitment processes in audited agencies to help ensure that the key stages of recruitment processes were completed within a particular timeframe.

4.28 As discussed in paragraph 3.13, shortcomings in recruitment timeliness suggest that managers would benefit from additional support, particularly in relation to planning and managing recruitment activities. The ANAO suggests that all agencies establish a planning template for managers to use that helps them set, and meet, recruitment timeliness targets.

¹²² MAC 2007, Report No.7, op. cit.

Audit testing of recruitment processes

4.29 In *Get it Right – a recruitment kit for managers (2003)*, the APSC outlines the following key steps required to plan an efficient and effective recruitment process:

- define ('you won't find the right person until you know what you're looking for');
- attract ('you won't find the right person until you know where to look'); and
- select ('you won't find the right person until you know how to use the selection process').¹²³

4.30 To determine whether audited agencies complied with legislative minimum requirements/guiding principles and APSC better practice guidance at each of these steps in the recruitment process, the ANAO reviewed a sample of 54 recruitment exercises conducted by the three audited agencies between February 2006 and July 2007.¹²⁴ It also considered the adequacy of record keeping in relation to recruitment processes.

Define the employment opportunity and determine the selection method

4.31 Table 4.1 shows that the first minimum requirement governing APS recruitment processes is to 'determine the aim and purpose of the selection process upfront', which requires those planning the recruitment process to:

- identify the employment opportunity, its category and classification; and
- decide on the selection method for filling the vacancy.

Identify the employment opportunity, category and classification

4.32 APSC better practice guidance¹²⁵ notes that where an employment opportunity arises, steps should be taken at the outset to determine:

¹²³ APSC, *Get it right, a recruitment kit for managers: Project planner (2003)*, pp. 1–3.

¹²⁴ In each of the three agencies, the sample included: recruitment for specialist roles and general administrative roles; individual and bulk recruitment activities; and recruitment for all non-SES APS classification levels. Of the 54 recruitment exercises examined by the ANAO, 47 resulted in one or more appointments, four were completed but did not result in any appointments, and three were cancelled.

¹²⁵ APSC 2005, *Ongoing Employment, Recruitment and related Issues*, p. 12.

- if there is a continuing need for the duties to be performed;
- whether the job could be redesigned to better meet the needs of the area;
- the scope of the position's duties; and
- the appropriate APS classification level for the position.

4.33 Consistent with these better practice principles, the ANAO found that one audited agency required all vacated positions to be assessed through a moderating process known as 'job-sizing'. This process requires staff undertaking recruitment activities to provide the proposed classification level, duty statement and selection criteria of the position to a recruitment expert to ensure that classification level was appropriate. However, the ANAO found that less than half of the recruitment process selected from this agency for audit examination demonstrably¹²⁶ fulfilled this requirement.

4.34 ANAO interviews with representatives of selection panels from the other two audited agencies suggested that they generally did not consider options other than 're-filling' the vacancy at the same level. That said, around two thirds of recruitment processes examined in one of these agencies were newly created positions and, for these cases, the approach was not just to 're-fill' a vacancy at level.

Determine the selection method

4.35 Once a decision is made to fill a vacancy, a number of options are available that do not require agencies to provide: a reasonable opportunity for all eligible members of the community to apply; and conduct a competitive assessment selection process. The alternative filling options are:

- (a) move an ongoing APS employee at level, within or between agencies;
- (b) temporarily assign duties at level or at a higher level (higher duties);¹²⁷
- (c) engage a non-ongoing employee for a specified term, the duration of specified tasks or for duties that are irregular or intermittent for up to 12 months; and

¹²⁶ It was unclear to what extent the apparent non-compliance with the job-sizing requirement simply reflected a failure to maintain a record of the job-sizing decision on file. Record-keeping issues are discussed at paragraphs 4.57 through 4.62.

¹²⁷ The decision to fill a position through this method must be based on an assessment of a person's work-related qualities and the work-related qualities required for efficient and effective operational performance as well as being fair, transparent and unbiased.

- (d) utilise an existing order of merit, provided that the opportunity is for the same or a very similar opportunity and was advertised within 12 months of the decision to engage or promote.

4.36 Although the audit only examined ongoing engagements, promotions and movements that resulted from a competitive selection process to fill an ongoing position within the selected agencies, it is important that agencies are aware of the alternatives and consider their full range of options. In its *State of the Service Report 2006–07*, the APSC noted that:

Despite the flexibility available under the Act where direct appointment is possible, many agencies still choose to conduct competitive selection processes for movements at level and temporary assignment of higher duties... (T)here is potential for agencies to take a more flexible and less risk-averse approach to both movements at level and temporary assignments.¹²⁸

4.37 In the process of identifying vacancies and new ongoing positions, a job will be defined in terms of the knowledge, skills, capabilities and personal qualities (attitudes and values) required to determine successful job performance. The selection method must balance these requirements and test the level at which potential candidates possess these requirements. This is why it is critical to be clear about what is needed when designing the role.

4.38 A number of selection techniques are available to selection committees other than the standard written application/interview approach, including: behavioural interviews; cognitive ability tests; work sample tests; aptitude tests; and personality tests. None of these selection techniques are completely reliable in identifying whether or not an applicant will perform well in a particular role. However, research suggests that the application of a number of selection techniques tends to improve the reliability of an assessment. When choosing a selection technique(s), it is important to consider the relevance and validity¹²⁹ of each technique as well as its cost and expertise available to conduct them.

4.39 The ANAO found that the extent to which alternative selection techniques were considered in the design stage of the recruitment process varied across the three audited agencies:

¹²⁸ APSC 2007, *State of the Service Report, 2006–07*, op. cit., p. 132.

¹²⁹ APSC 2003 *Get it right – a recruitment kit for managers* provides more information on the validity of different selection options.

- in one audited agency, some areas required a full consideration of the cost and expected benefits of recruitment (including the selection method) to be prepared in a business case, while other areas had more simplistic templates which were designed to seek advertising approval from the delegate;
- in the second audited agency, the selection method was interpreted by selection panels to be based on applications, interviews, and referee reports at a minimum. This appears to have restricted the consideration of alternative assessment techniques in most of the recruitment processes examined; and
- the selection method used by the third audited agency, in the case of individual recruitment exercises, was not documented during the planning stage.

4.40 The ANAO found that in most cases agencies opted to base assessments on the standard written application/ interview/ referee report approach. However, without a consistent and well-specified set of recruitment performance measures, agencies are not well placed to evaluate the relative merits of the alternative recruitment techniques available to them. The ANAO considers that there is an opportunity for agencies to develop or improve their recruitment performance measures in order to improve their capacity to evaluate and improve recruitment approaches (see Recommendation No.5 at paragraph 5.30). That said, performance information will need to be considered in conjunction with the judgement of HRM staff and selection panel members on a case by case basis of panel ability, budget, timeframe, availability of experts and the relative appropriateness of tests for the position being filled.

Attract sufficient suitable candidates

4.41 The *Public Service Commissioners Directions 1999* require that the opportunity to apply for ongoing employment be open to all eligible members of the community, whether or not they were APS employees, subject to considerations of cost and operational efficiency. Ongoing employment vacancies must, at a minimum, be advertised in the Public Service Gazette.¹³⁰

4.42 The attraction phase of the recruitment process involves assessing: potential sources of candidates; which advertising channels will be the most

¹³⁰ Public Service Commissioner's Directions 1999, Clause 4.2 Engagement of ongoing APS employees.

effective; and how best to convert the agencies' employer branding'¹³¹ and the selling points of the position into quality applicants. It is important that the potential applicant is provided with enough information to help them decide whether to participate in the process.

4.43 The ANAO found that all three audited agencies had complied with the minimum requirement to advertise vacant positions in the Public Service Gazette. In addition, all three had supplemented this with advertising in other locations (typically in local major press, but also through online advertisers). However, none of the three agencies had evaluated the effectiveness of non-gazette advertising of positions.

4.44 From the sample of recruitment process examined by the ANAO, the agencies generated between 16 and 50 applicants per recruitment process, which could be considered to be relatively large fields of applicants. However, a number of recruitment processes sought to fill more than one vacancy. For one agency this meant that it had a relatively low response rate of four applications per advertised position. Although it is difficult to ascertain the direct impact of advertising approach on response rates, given the increasing amount of APS advertising expenditure, there would appear to be value in agencies' addressing this issue.

4.45 All three agencies used application kits to provide applicants with: information about the employment opportunity; background information on the agency; as well as outlining the application requirements, selection and assessment process, conditions that will be applied, and anticipated timeframe for the selection process. However, not all of the information provided in the application kits was accurate for the three agencies. For example, the kits at one agency specified requirements (for example, for a health check) that the agency had reviewed, considered not effective and removed from its policy. Retaining these requirements in the application kits may have deterred potential applicants.

4.46 The ANAO considers that application kits are useful means of promoting employment opportunities, but it is important that agencies regularly review their application kits to ensure that they are up-to-date and consistent with current recruitment policies.

¹³¹ Agency employer branding initiatives are discussed in paragraphs 2.53 through 2.62.

Select the right person for the position

4.47 Having determined that there is a need to engage or promote an ongoing employee, advertised this position in the Public Service Gazette, and accepted applications from candidates, the selection committee then determines who is the most suitable candidate for the position. As discussed in paragraphs 4.35 through 4.40, a number of selection techniques are available to selection committees to assist them make the selection decision.

4.48 Around three-quarters the recruitment processes examined by the ANAO across the three agencies adopted the standard approach of accepting written applications and referee reports and conducting interviews. Around one-quarter of recruitment processes supplemented this with alternative techniques, such as the use of cognitive, verbal and numerical skills testing.

4.49 The key requirement for the selection process (regardless of the selection technique used) is that it is competitive and based on merit—in other words, the selection process should be fair.¹³²

4.50 As discussed in paragraphs 4.13 through 4.20, the APSC *State of the Service Employee Survey 2006–07* found that overall employee perceptions of fairness and the application of merit in agency selection processes were generally low across the APS, there was variance across agencies.

4.51 The ANAO examination of a sample of recruitment processes from the three audited agencies found that aspects of a few of these processes might give rise to perceptions of favouritism, such as the example discussed in paragraphs 4.16 to 4.18. In addition, the ANAO found cases where agency specific requirements of the recruitment process were not met (as discussed in paragraph 4.20). For example, there were instances where the chair of the panel was a referee for one or more of the candidates and did not declare the conflict of interest or provide referee comments prior to receiving all of the applications for the recruitment process.

4.52 The APSC *State of the Service Agency Survey 2006–07* found that 80 per cent of agencies provided training on merit-based selection principles. The ANAO found that agencies did not routinely assess the training needs of staff involved in recruitment processes.

4.53 Based on these findings, the ANAO has recommended that agencies implement training needs analysis mechanisms to help ensure that staff

¹³² See Table 4.1 for minimum requirements and Table 4.2 for the guiding principles that underpin them.

involved in recruitment processes are adequately skilled (see Recommendation No.3 in paragraph 3.28). This includes training in the application of merit-selection principles to APS recruitment processes. There would also be benefit in agencies establishing quality control and/or quality assurance mechanisms (such as process checklists for selection committees and/or sample-based compliance reviews by HRM experts) to help ensure that recruitment activities comply with the minimum requirements, guiding principles and internal recruitment policies and procedures.

Recommendation No.4

4.54 To improve recruitment processes, the ANAO recommends that agencies:

- (a) develop and implement quality control and/or quality assurance processes to support staff to comply with recruitment legislation, internal guidance and better practices; and
- (b) establish target timeframes for completing recruitment processes, bearing in mind APSC guidance, and develop recruitment project plan templates to assist selection teams with planning recruitment processes and meeting timeframes.

Agencies' responses to the recommendations

4.55 Each of the audited agencies and the APSC agreed with the recommendation.

ATO

4.56 The Tax Office is developing a recruitment quality assurance framework to ensure national consistency in the conduct of recruitment. The Tax Office is currently implementing an e-recruitment system that will assist in the reporting of recruitment metrics, such as time to fill, against our benchmarks. We have established target timeframes for recruitment processes and are working to inform and educate selection panels to assist them in streamlining selections.

Recordkeeping

4.57 It is important that all stages of a recruitment process are adequately documented. Sound documentation is a fundamental aspect of corporate accountability and transparency in public administration. The documentation should provide assurance that the process of decision making and the reasons

for decisions made were consistent with mandated requirements and sound practice in public sector recruitment. The documentation should also represent the order in which a sequence of events occurred.

4.58 The *Administrative Functions Disposal Authority (2000)* issued by the National Archives of Australia, sets out the types of records and minimum retention periods for recruitment records (see Table 4.3).

Table 4.3

Recruitment recordkeeping requirements

Document type	Disposal action
Records document the consolidated employment history of all ongoing employees, from initial engagement to subsequent promotions and details of higher duties undertaken, including: <ul style="list-style-type: none"> • letters of engagement and conditions of engagement; • letter of acceptance; • details of assigned duties (initial and subsequent variations); • probation reports; • evidence of educational qualifications; and • medical examinations/health declarations. 	Destroy 75 years after date of birth of the employee or seven years after last action whichever is later
Records document the filling of vacancies in an agency, including: <ul style="list-style-type: none"> • advertisements; • applications; • referee reports; • interview reports; • gazette notices; and • notification to unsuccessful applicants. 	Destroy one year after recruitment has been finalised ^A
Records documenting reviews of promotion decisions	Destroy one year after recruitment has been finalised.

Notes: (A) The APSC considers that recruitment is only finalised one year after the original Gazette notification as an order of merit can be used at any time during that period if it is not superseded by a new selection exercise.

Source: APSC, *Ongoing Employment, Recruitment and related issues*, 2005, p. 50.

4.59 In all three of the audited agencies, all selection committee reports documented the recruitment process and included a recommendation to the delegate. The APSC recommends that the minimum requirements for recording decisions in a selection report involving a promotion or engagement are:

- describe how the employment opportunity was notified (and advertised if relevant);

- refer to, and provide copies of, selection documentation used;
- include a list of the applicants (to determine any future review rights);
- describe the process used for selection including any criteria used for shortlisting;
- describe and include, if appropriate, the evidence used in making the decision (for example, work based test, application, presentation, referee comment);
- demonstrate consideration of any relevant procedural fairness issues; and
- provide a rationale for the decision (for example, comparisons of competitive candidates, or those included in an order of merit).¹³³

4.60 The ANAO found instances of poor quality recruitment and selection records in all three agencies. In particular:

- some recruitment files could not be located;
- not all selection committee reports were signed or dated (therefore the appropriate exercise of powers under the PS Act by delegates could not be established), nor could a report be located in all cases;
- some selection committee reports did not describe and include all of the evidence used in making the selection decision by failing to correctly document: all applicants; the assessment of applicants against the levels they applied for (where one recruitment exercise was to fill multiple positions across different levels); and assessment outcomes of all candidates at each stage of the selection process;
- some selection files held pre-employment documentation (such as, proof of identity and authorisation forms for integrity check screening) for applicants who were not offered employment;
- not all selection committee reports provided a complete rationale for the decision as they omitted: adequate explanation for why applicants were unsuccessful in stages of the selection process; and inconsistent rating of applicants (one example rated applicants as 'suitable but not suitable for the position advertised'); and

¹³³ APSC 2005, Ongoing Employment, Recruitment and related issues, p. 26.

- the destruction of applications that were held in recruitment files prior to authorised destruction timeframes in accordance with the Administrative Functions Disposal Authority.

4.61 Similarly, the ANAO found instances of poor recordkeeping practice in relation to personnel files, including:

- an absence of required pre-employment information on the personnel file;
- personal information such as proof of identification and security clearance information that was kept on selection records and had not been transferred to personnel files (where the employee had been appointed many months beforehand);
- documents that were not folioed (in a number of cases, personnel files contained loose information and there were practices of placing documents on files so that they did not appear in date order); and
- personnel files which contained information relating to other personnel (that had been filed in the wrong location).

4.62 The risks associated with poor recordkeeping are that files can be altered without leaving a trail that they have been altered and documents that are not filed in a timely manner are less likely to be placed on file. The appropriate identification and maintenance of records that relate to the selection exercise, as compared to personal information (which should be retained on personnel files) is essential given the different disposal requirements and separate purposes of the records.

4.63 The ANAO considered that recordkeeping practices in relation to recruitment and personnel files could be improved in all three agencies.

4.64 To provide assurance that recruitment processes and selection decisions were undertaken in accordance with mandated requirements and sound practice in public sector recruitment, agencies should maintain recruitment and personnel files in accordance with recordkeeping requirements set out in the *Administrative Functions Disposal Authority (2000)* and agency recordkeeping guidance, including requirements for:

- minimum documentation; and
- timeframes for authorised destruction and disposal action.

5. Monitoring and Evaluation of APS Recruitment Performance

This chapter assesses whether agencies systematically monitored and evaluated the effectiveness and efficiency of recruitment strategies, policies and activities.

5.1 Effective recruitment is essential to providing a skilled and competent workforce able to deliver agency products and services. However, undertaking recruitment activities can be very expensive, particularly given the significant difficulties faced by many APS agencies to sustain their workforces. As discussed in paragraphs 1.17 to 1.19, the ANAO estimated that the direct costs of APS recruitment activities were around \$370 million in 2006–07.

5.2 Given the importance of recruitment to achieving agency outcomes and the magnitude of APS recruitment costs, it is critical there is sufficient monitoring and evaluation to support agencies' efforts to continuously improve the effectiveness and efficiency of recruitment activities. It is important that such monitoring and evaluation is undertaken by all agencies and supported at an APS-wide level.

5.3 In this context, the audit assessed the adequacy of:

- APS-wide monitoring and evaluation of recruitment;
- better practice guidance material provided by the APSC to support agencies monitor and evaluate recruitment; and
- APS agencies' recruitment performance measures and evaluation mechanisms.

APS-wide monitoring and evaluation of recruitment

5.4 As noted in paragraph 1.3, the APSC has a role to: review, evaluate, develop and promote APS employment policies and practices; and facilitate continuous improvement in people management throughout the APS.

5.5 As part of its annual State of the Service Reports, the APSC reports the results of its extensive review and evaluation of APS recruitment activities. Much of the information in these reports relating to recruitment is drawn from surveys of APS employees and employers. The APSC also provided APS agencies with over 400 employees with results for their employees in 2006–07 and how these compare with APS-wide results.

5.6 Other organisations have also evaluated aspects of APS recruitment in recent years, including the Senate Finance and Public Administration References Committee,¹³⁴ MAC¹³⁵ and the ANAO.¹³⁶ These reports have particularly focussed on improving strategic approaches to recruitment in the APS.

5.7 The ANAO considers that these organisations have provided extensive APS-wide evaluation of recruitment in recent years.

APSC better practice guidance for monitoring and evaluating APS recruitment

5.8 The APSC provides a range of guidance materials and resources to agencies to promote better recruitment practices, which are briefly outlined in paragraphs 6.4 to 6.7.

5.9 *Better, Faster: streamlining recruitment in the APS (2007)* is the main APSC publication that addresses performance monitoring and evaluation of recruitment activities. This publication provides a methodology for reviewing recruitment processes through process mapping and the use of a diagnostic tool to assist with the design and application of an efficient recruitment process.

5.10 As part of the review process, the APSC recommended that agencies compare their processes to competitors, including performance measures. The final stage of the review should include the development of an action plan to implement a more streamlined approach to recruitment and to regularly monitor progress against the plan and performance measures. *Better, Faster: streamlining recruitment in the APS* suggests that expected timeframes/benchmarks should be set for each stage in the process, including performance measures.¹³⁷ The publication refers to a range of performance

¹³⁴ Parliament of Australia, op. cit.

¹³⁵ Recent reports by MAC addressing APS recruitment issues have included *Managing and Sustaining the APS Workforce, 2005* (Report No.5), *Connecting Government: Whole of Government responses to Australia's priority challenges, 2004* (Report No.4), and *Organisational Renewal 2003* (Report No.3).

¹³⁶ Recent reports by the ANAO addressing APS recruitment issues have included *Audit Report No.55 2004–05, Workforce Planning and Audit Report No.50 2002–03, Managing People for Business Outcomes, Year Two Benchmarking Study*.

¹³⁷ APSC 2007, *Better, Faster: streamlining recruitment in the APS*, p. 18.

measures¹³⁸ (similar to those outlined in Figure 5.1 below) and encourages agencies to diagnose those that would be most useful to them. However, it does not define a core set of performance measures or provide a tool that agencies can use to assess the effectiveness, timeliness and efficiency of agency recruitment processes.

Possible recruitment performance measures

5.11 To supplement available guidance for APS agencies, Figure 5.1 provides some possible performance measures that could be used to assess the effectiveness and efficiency of agency recruitment processes.

Figure 5.1

Possible recruitment performance measures

Possible measures for assessing recruitment processes include:

- number of suitable candidates applying for position(s);
- time taken to conduct recruitment processes;
- total cost of recruitment processes;
- candidate satisfaction with key elements of the recruitment processes (for example, perceived fairness of interview processes and satisfaction with feedback provided);
- retention rates for new employees;
- performance of new employees; and
- performance (quality and efficiency) of external service providers (for example, scribes and recruitment agencies).

Source: ANAO.

5.12 The ANAO considers that better practice performance monitoring and evaluation of recruitment processes would require agencies to establish performance measures based on:

- information from selection committees, recruitment databases and/or e-recruitment systems (such as the number of suitable candidates applying for the advertised position(s), and time taken to complete these activities);
- information from the financial management information system (such as total cost of recruitment activities);

¹³⁸ APSC 2007, *Better, Faster: streamlining recruitment in the APS*, pp. 18 and 22. This guide makes reference to a range of performance measures and encourages agencies to diagnose those that would be most useful to them. Examples of performance measures include: recruitment cost, time to recruit, cost per recruit, offer-acceptance rates, turnover rates, retention rates, performance levels, promotion rates timeframes/benchmarks and views of candidates.

- feedback from successful and unsuccessful candidates (such as applicant views on the fairness of the interview process and the adequacy of feedback);
- information from agency HRM systems for example, performance management databases (such as retention rates and performance levels of new employees);
- results from staff surveys and exit interviews (such as reasons for attraction to the agency and perceived strengths and weaknesses of employment with the agency); and
- external advice (for example audit and marketing consultants).

5.13 Periodic evaluation and review of recruitment strategies and practices based on this information will not only assist improve recruitment processes but will typically be of relevance to HRM strategies more generally. It would benefit agencies if mechanisms are established to help ensure that recruitment recommendations are effectively implemented. Progress by APS agencies in establishing recruitment performance measures and evaluation mechanisms would assist periodic evaluation and review of recruitment strategies and practices.

5.14 Given the devolved nature of APS recruitment and the agency-specific factors that are central to planning an effective recruitment strategy, individual APS agencies have the responsibility for monitoring, evaluating, reviewing and continuously improving their recruitment practices. In this light, the ANAO considered the extent to which audited agencies had:

- established performance measures with which to monitor, evaluate, review and report on recruitment activities; and
- conducted periodic evaluations of recruitment strategies and outcomes.

Agency recruitment performance measures

5.15 The ANAO found that the range of recruitment performance measures used by audited agencies and the extent of internal and external reporting on recruitment performance varied considerably across the three audited agencies.

5.16 Subsequent to the completion of fieldwork, one audited agency had established a reasonably comprehensive range of recruitment performance measures that it could use to assess performance of recruitment processes at an

agency, branch or individual process level. The agency was working to capture recruitment data through HRM reporting systems and had been collecting a range of recruitment performance data since mid-to-late 2007. However, at the end of 2007, the agency had not yet compiled or reported on most of the proposed recruitment performance measures.¹³⁹

5.17 In addition, this agency proposed to collect data on innovative recruitment approaches used (and how successful they were) and any obstacles faced in achieving positive recruitment outcomes. In September 2007, the agency commenced quarterly reporting on a subset of the proposed recruitment performance measures. For this subset of measures, the quarterly reporting included performance against agency targets and an APS benchmark group.¹⁴⁰

5.18 Another audited agency had a more limited range of recruitment performance measures and targets, which it had been compiling and reporting against for a number of years. This agency also had access to a comprehensive set of performance measures and benchmark data through a contractual relationship with a HRM consultancy firm. This benchmark data enabled the agency to compare its results to public sector and private sector benchmarks. However, over the past few years the agency did not actively use the majority of these measures to report on performance because of concerns about the quality of agency data. Since the beginning of 2007, the agency had in place systems to capture quality data, and planned to establish a core set of performance measures when sufficient data was available.

5.19 The third audited agency did not collect or report agency-wide recruitment data, although it had developed some templates and evaluated some bulk recruitment processes. It expected that implementation of an e-recruitment system would enable recruitment performance reporting across the agency. As part of a review conducted several years ago the agency had undertaken a one-off benchmarking exercise using a comprehensive range of recruitment performance measures. The benchmark exercise was undertaken with the assistance of a HRM consultancy firm.

¹³⁹ The agency had not compiled or reported on the majority of the following recruitment performance data: recruitment volumes; advertising success and cost; recruitment response rates; profiles of successful candidates, including whether they are internal or external; time to fill; the success of advertising firms versus internal recruitment processes; the proportion of new employees retained after six months, one year, and three years.

¹⁴⁰ The APS benchmark group measures and data was accessed through a HRM consultancy firm.

Monitoring recruitment costs

5.20 Although one audited agency periodically captured and reported costs associated with elements of recruitment such as advertising, none of the audited agencies measured the full cost of recruitment activities. None of the three agencies, therefore, could assess the efficiency and value for money of different approaches to recruitment.

5.21 More generally, recruitment costs were not reported transparently or consistently across APS agencies. For example, although Section 311A of the *Commonwealth Electoral Act 1918* requires the annual report of each APS agency to include a statement setting out particulars of all amounts paid to advertising agencies and/or media advertising organisations, some agencies separately identified recruitment advertising costs while others only reported total advertising costs (which included campaign, events and tender advertising costs). Similarly, agencies typically adopted different approaches to costing the input of selection committees. Consequently, it was not possible to provide a robust estimate of the total direct cost of APS recruitment activities or identify the most cost-effective recruitment strategies.

5.22 Consistent reporting of recruitment costs and outcomes would significantly enhance the capacity of APS agencies to improve their recruitment practices, which has the potential to yield significant savings. Given that the Australian Public Service Commissioner has a role to develop, promote, review and evaluate APS employment policies and practices and facilitate continuous improvement in people management throughout the APS, there is an opportunity for APSC to draw out the performance measures broadly outlined in *Better, Faster: streamlining recruitment in the APS (2007)* and develop a separate performance measurement tool for agencies.

5.23 There is also an opportunity for agencies to develop or improve recruitment performance measures at both a strategic and operational level. While it may take some time to implement, there would be benefits to all agencies from developing a set of performance measures that could be used to assess the effectiveness (success) and efficiency (cost and time) of recruitment processes. The adoption of a consistent set of recruitment performance measures across the APS would significantly enhance the capacity for APS agencies to evaluate, review and improve their recruitment initiatives and strategies.

Agency reviews and evaluations of recruitment

5.24 The three audited agencies adopted very different approaches to evaluating individual recruitment processes, both in terms of evaluation methodology and the extent to which recruitment processes were subject to review. In each of the three audited agencies, the ANAO randomly sampled a selection of recruitment processes and found:

- one agency had evaluated two of the 19 selected recruitment processes;
- another agency partially evaluated one of 26 selected recruitment processes; and
- the third audited agency had not evaluated any of the nine selected recruitment processes.

5.25 Since 2001, each of the audited agencies had undertaken between two and four evaluations of the disparate recruitment strategies, initiatives, policies and/or practices existing at the time. These evaluations ranged from comprehensive evaluations of recruitment strategy, initiatives, policy and practice to evaluations of specific elements of recruitment.

5.26 Each of these evaluations made a number of significant recommendations to improve recruitment strategy, initiatives, policy and/or practice. However, in each of the audited agencies, some of these recommendations had not been addressed at the time of audit fieldwork. For two of the audited agencies, a significant amount of time had passed since recommendations had been made. As a result, the problems that led to the recommendations have persisted in these agencies.

5.27 These agencies indicated that the implementation delays were due to inadequacy of resourcing, competing priorities and/or problems associated with allocation of roles and responsibilities. However, the ANAO notes that in some cases there was insufficient information available to determine whether the agency had accepted recommendations. The absence of such information makes it difficult for an agency to prioritise, schedule and resource the implementation of recommendations. The ANAO considers agencies would benefit from establishing mechanisms to record management's response and monitor progress against the implementation of recommendations from an evaluation of recruitment. Only one agency had implemented such mechanisms since 2001, and was able to track progress against a majority of evaluations of recruitment.

5.28 Most recruitment initiatives that were recently implemented by the audited agencies did not include a plan to review or evaluate recruitment strategies on a regular and systematic basis. However, the draft recruitment strategy of one agency recognised the importance of evaluation as part of the workforce planning, including identifying a core set of information and performance measures that would be used to evaluate recruitment processes. The ANAO considers that agencies should include an evaluation and review mechanism for recruitment initiatives and recruitment strategies, when they are developed.

5.29 Better practice materials point to the benefit to agencies of evaluating and reviewing their recruitment initiatives and strategies based on a broad range of information sources, including staff surveys and entry and exit interviews.¹⁴¹ Each of the three audited agencies conducted staff surveys and exit interviews, and two agencies had also commenced conducting entry interviews for specific bulk recruitment exercises. However, at the time of the audit, only one agency was using information from these sources to evaluate aspects of their recruitment activities. This suggests that APS agencies could be making more use of staff surveys to review and improve recruitment strategies and practices.

Recommendation No.5

5.30 To support agencies' efforts to continuously improve the effectiveness and efficiency of recruitment activities, the ANAO recommends that:

- (a) the APSC draw out the performance measures broadly outlined in *Better, Faster: streamlining recruitment in the APS (2007)* and develop a separate performance measurement tool, to assist agencies benchmark, evaluate and report recruitment outcomes, processes and costs; and
- (b) APS agencies develop performance measures based on any such APSC guidance, or otherwise establish measures for monitoring, evaluating, reporting and improving recruitment outcomes, processes and costs.

Agencies' responses to the recommendations

5.31 Each of the audited agencies and the APSC agreed with the recommendation.

¹⁴¹ APSC 2007, State of the Service Report 2006–07, op. cit., p. 60.

APSC

5.32 With regard to recommendation 5(a), the Commission supports this recommendation and will include the development of a performance measurement tool in future work plans.

ATO

5.33 The Tax Office would welcome the opportunity to benchmark recruitment performance measures across the APS and supports the role of the APSC in achieving this aim. The Tax Office is progressing projects aimed at improving recruitment reporting.

6. APS-wide Recruitment Guidance and Initiatives

*This chapter assesses the extent to which the APSC has provided APS-wide policy and guidance, and developed recruitment initiatives consistent with recommendations from MAC Report No.5 *Managing and Sustaining the APS Workforce*. The chapter also considers the extent to which Finance established professional communities of practice in accordance with recommendations from that report.*

Introduction

6.1 To assist APS agencies better manage recruitment, the APSC has issued a range of recruitment guidance, provides training and advice, and responds to questions about recruitment issues. The APSC also had a role to implement a number of recommendations from MAC Report No.5 *Managing and Sustaining the APS Workforce* that relate to APS-wide recruitment initiatives.

6.2 MAC Report No.5 represented a high-level review of workforce challenges facing Australian Government agencies and suggested a range of actions to assist agencies respond to the challenges of attracting, retaining and developing the people they require. The report also suggested that specific agencies other than the APSC take responsibility for managing APS-wide initiatives. For example, it suggested that Finance establish an APS community of accountants, and an information and communications technology (ICT) professional and skills development group.

6.3 The audit assessed: whether the APSC provided adequate guidance and support to agencies on recruitment issues, to assist them meet their goals, comply with relevant legislation¹⁴² and address workforce challenges; and the extent to which the APSC and Finance had been successful in implementing recruitment initiatives recommended in MAC Report No.5.

¹⁴² See paragraph 1.4 and footnote 37.

APSC better practice guidance material and support for APS recruitment

6.4 The APSC provides APS agencies with access to a range of guidance materials, support and resources for APS recruitment. These materials are available on the Internet at <www.apsc.gov.au>, which also hosts MAC publications, some of which provide recruitment guidance to the APS.

6.5 The audited agencies provided positive feedback on the quality and usefulness of the guidance and support offered by the APSC. The APSC guidance material assisted each of the agencies to develop agency-specific policy and guidance, particularly assisting them to comply with legislative requirements.

6.6 Two of the audited agencies had recently contacted the APSC with specific issues relating to recruitment processes. In each of these instances, the agencies found the direct assistance provided by the APSC to be useful.

6.7 Overall, the ANAO considered that published guidance material and support provided by the APSC provided a sound basis for APS agencies to use when designing and undertaking recruitment activities. However, as discussed in paragraph 5.22, the APSC could provide further guidance to agencies about appropriate recruitment performance measures for reporting and evaluation purposes.

APS-wide recruitment initiatives

6.8 MAC Report No.5 identified a number of instances where it would be effective for individual agency strategies to be supported by coordinated APS-wide action. For a number of recommended action items, the APSC was given either sole responsibility for developing an initiative or a role in coordinating the efforts of other APS agencies. In other cases, agencies such as Finance were given a lead role in coordinating an initiative.

6.9 Table 6.1 discusses the status of seven major recruitment initiatives recommended in MAC Report No.5. These initiatives were selected because they involved agencies involved in this audit (either the APSC or Finance) related to ongoing recruitment activities.

Table 6.1

APS-wide recruitment initiatives arising from MAC Report No.5

Recommended action	APS agencies involved	Status of initiative
Accountancy Recruitment Initiative	APSC and a consortium of interested agencies	<p>In late 2007 the APSC commenced a pilot of the 'Finance Jobs' recruitment initiative which resulted in an unexpectedly large volume of applicants. As a result further rounds were postponed to give agencies time to assess the first round of applicants. A second round is expected in early-to-mid 2008.</p> <p>In addition, in 2007 the APSC published Make It Count: Strategies to recruit accountants into the APS.</p>
Best practice workforce planning	APSC in consultation with agencies	<p>In 2006 the APSC published building business capability through workforce planning. This guide aims to support agencies make critical decisions and identify key strategies to attract, retain and develop the people they require.</p>
Guide for applicants regarding APS selection processes	APSC	<p>In 2007 the APSC published Cracking the Code: How to apply for jobs in the Australian Public Service.</p>
Guidelines for streamlined recruitment processes	APSC in consultation with agencies	<p>In 2007 APSC published Better, Faster: streamlining recruitment in the APS.</p>
Employment and recruitment portal	APSC in consultation with agencies	<p>In 2007 the APSC launched the APSjobs employment website [www.apsjobs.gov.au]. APSjobs replaces the paper Public Service Gazette, providing a single entry point for APS employment opportunities.</p>
APS Community of Accountants	Finance, working with ANAO and relevant professional associations	<p>The APSC reported:</p> <p>'the APS Community of Accountants network was established in June 2006. The Community provides topical information and networking opportunities for those in the APS holding accounting and finance roles and, through visits to universities, is strongly encouraging graduates to consider the APS as a viable career path. Informative webpages to attract accountants to the APS are being developed by the Finance [www.finance.gov.au] and are expected to be available around mid-2007.'¹⁴³</p> <p>In early 2008 the webpages were not available.</p>

¹⁴³ APSC 2007, Make it Count, Section 5 – The APS Community of Accountants, p. 6.

Recommended action	APS agencies involved	Status of initiative
ICT Professional and Skills Development Group	Finance, working with existing inter-departmental processes and relevant professional associations	<p>On 21 October 2005 Finance convened the ICT Professional and Skills Development Taskforce. The primary focus of the Taskforce was to address the imbalance between demand and supply of ICT professionals.</p> <p>In April 2007 the Taskforce prepared a report ultimately for consideration by MAC and then MAC Secretary's Committee on ICT regarding an implementation decision. A key recommendation was that a new ICT skills group, replacing the Taskforce, should be formed to steer current and future work on ICT skills in the APS. The report was approved by mid-2007.</p> <p>Through initiatives that have been put in place by the Taskforce or through recommendations from the Taskforce's report, all of MAC objectives for professional communities are being addressed at some level.</p>

Source: ANAO.

6.10 Overall, some action has been taken by the relevant agency (APSC or Finance) to address these seven recruitment initiatives from MAC Report No.5. In the majority of cases the action has been completed. Given the relatively recent completion of these initiatives it was not possible to assess their impact on APS-wide recruitment. However, individually they have the potential to offer valuable assistance to the APS in undertaking recruitment.

6.11 MAC Report No.5 also made a number of other recommendations to improve recruitment that were directed at all APS agencies.¹⁴⁴ For example, the report recommended APS agencies explore base level recruitment pathways such as apprenticeships, traineeships and/or other recruitment strategies targeted at potential employees without post-school qualifications. Other recommendations included workforce planning, strategies to make recruitment processes more accessible and attractive to potential recruits, as well as strategies for recruiting, attracting and retaining graduate, Indigenous and people with disabilities.

6.12 The ANAO did not examine the extent to which APS agencies addressed all of these recommendations, as recommendations relating to graduate, Indigenous, and people with disabilities were outside the scope of the audit. Recommendations relating to recruitment strategies and workforce planning are addressed in Chapter 2. During fieldwork in one of the agencies the ANAO observed there was significant work undertaken focusing on base-

¹⁴⁴ MAC Report No.5, op. cit., pp. 59, 60, 64, 71 and 80.

level recruitment. The ANAO was also aware of other examples of base-level recruitment activity in a number of other APS agencies.

6.13 Overall, the APSC, and to an extent Finance, have made considerable progress on the implementation of a number of APS-wide recruitment initiatives recommended in MAC Report No.5.



Ian McPhee
Auditor-General

Canberra ACT
29 April 2008

Appendix

Appendix 1: Comments From the Audited Agencies

This Appendix contains general comments received on the audit report that are not shown in the body of the report.

Each of the agencies selected for the audit and the APSC were provided with the opportunity to comment on the proposed audit report in accordance with the provisions of section 19 of the *Auditor-General Act 1997*.

Agencies' responses to the recommendation have been included in the main body of the report under the subheading 'Agencies' responses' directly following the recommendation.

General responses are reproduced below.

Comcare advised as follows:

Comcare has been enhancing its strategic and advisory roles in regards to corporate service delivery; in particular strategic planning, strengthening partnerships with business areas and ensuring policy and advice is administered effectively. This is an evolving process that will need to continue to support Comcare's business delivery now and into the future.

The report findings and discussions with the ANAO have provided insights into the Comcare recruitment process. This has assisted in ensuring the new systems, processes and strategies employed over the past seven months have been developed effectively in line with best practice approach to strategic recruitment.

The report will continue to offer guidance in further developments and improvements to our recruitment practices; and I will strongly encourage the application of the audit report findings to our recruitment activity as part of the continuous improvement methodology employed across all aspects of our service delivery.

The Australian Public Service Commission advised as follows:

This report is an opportunity to progress and further add value to the current recruitment discussion taking place across the Australian Public Service.

From the perspective of a small agency, the Commission will implement relevant recommendations as they become priority issues and where the identified change will lead to tangible benefit for the agency.

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