

Effectiveness of the Victorian Public Sector Commission

Tabled 8 June 2017

This presentation provides an overview of the Victorian Auditor-General's report *Effectiveness of the Victorian Public Sector Commission*.

The Victorian Public Sector Commission



3 388

Public sector entities



286 000

Public sector employees

The Victorian Public Sector Commission (VPSC) was established in 2014, replacing the State Services Authority (SSA).

Under the *Public Administration Act 2004* (the Act), VPSC's objectives are to strengthen the efficiency, effectiveness and capability of the public sector, and to maintain and advocate for public sector professionalism and integrity.

It undertakes activities aimed at maintaining and improving the skills of an effective public sector.

Governance and budget

Department of Premier and Cabinet (DPC)

- Responsible for supporting VPSC to:
- meet legislated obligations
 - advising the Premier and Special Minister of State on VPSC's performance.

VPSC's Advisory Board



In 2014, SSA's budget was reduced by 36%

BUT

VPSC was expected to continue to deliver same activities with less money and a new governance structure

As VPSC's portfolio department, the Department of Premier and Cabinet (DPC) is responsible for supporting VPSC to meet its legislated obligations, and advising the Premier and Special Minister of State on the performance of VPSC and the Act.

In 2013, SSA's budget was reduced by 36 per cent. SSA, and then VPSC from 2014, was expected to continue to deliver its activities within the reduced budget. VPSC also had a new governance structure with the introduction of an advisory board and the establishment of a single Commissioner.

What we looked at

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Is VPSC is effectively performing its functions?



Planning



Understanding
performance



Governance and
oversight



Achievement
of objectives

In this audit, we examined whether VPSC is effectively performing its functions. Specifically, we assessed whether:

- VPSC effectively plans and prioritises its resources to strengthen the performance, capability and professionalism of the public sector
- VPSC's governance and oversight arrangements—incorporating the advisory board and DPC—are effective and support the achievement of its objectives
- And whether VPSC is effectively and efficiently achieving its objectives.

Planning

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Planning is not adequate



Not complying with legislative requirements



Has made some improvements



Did not review activities until 2016, two years after establishment



Difficulty ensuring activities were financially sustainable and fulfilling obligations

VPSC's strategic planning and annual planning are not adequate, do not provide it with clear direction and do not help it to prioritise its efforts.

VPSC has not complied with all of the planning requirements in its legislation, including obtaining required inputs and approvals. VPSC has made recent improvements, but more work is necessary to ensure it is prioritising its resources appropriately.

VPSC continued to deliver the same activities as its predecessor agency, SSA. It did not undertake a thorough review of activities against its functions under the Act, which would have informed its plans and helped it to work more effectively and sustainably. Because of its reduced budget, VPSC considered this exercise to be too resource intensive, and chose to continue delivering existing activities due to similarities between it and SSA's functions.

Governance and oversight

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The advisory board has not operated as intended, and gaps in DPC's advice mean government does not have a complete picture

Advisory board



Advisory board not established until more than 12 months after establishment



Set up to provide advice on planning and strategic advice on relevant matters



VPSC must consult the advisory board on its plans

DPC and VPSC have a close working relationship, but gaps in DPC's advice to government about VPSC's legislative compliance mean that government has lacked a complete picture of VPSC's performance.

DPC did not establish VPSC's advisory board until more than 12 months after VPSC was established. Due to delays in appointing board members, it has only met twice in VPSC's three years of operation. As a result, the advisory board has not tangibly contributed to VPSC's operations, and has not fulfilled its original policy objective of facilitating a longer-term strategic outlook for VPSC.

However, recent changes to the advisory board's terms of reference, combined with a shift of the secretariat function to VPSC, should help VPSC benefit from the advisory board's expertise.

Limited understanding of performance

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Little insight into what its activities achieve

BUT

VPSC has recently taken action that will help to address key weaknesses

VPSC's performance measurement provides little insight into what its activities achieve. We found examples of VPSC's work leading to positive outcomes, but also inefficiencies and gaps that compromise VPSC's efficiency and effectiveness. Encouragingly, VPSC has recently taken action that will contribute to addressing key weaknesses we have identified.

Case studies of individual activities

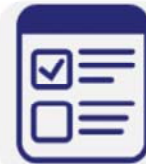
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Assessment of four of VPSC's key activities highlighted examples of good practice



Performing reviews at the request of the premier, ministers or public sector agency heads



Issuing and monitoring adherence to codes of conduct and standards



Graduate Recruitment Scheme on behalf of government departments



Data collection and management related to two major data sets

Our assessment of four of VPSC's key activities highlighted examples of good practice, where VPSC has effectively managed activities to achieve positive results. We also found examples of inefficiencies and gaps that compromise the efficiency and effectiveness of VPSC's work. VPSC has implemented some recent improvements across some of the areas that we examined and it is planning more.

Recommendations

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3 recommendations for VPSC

- Improve strategic planning and comply with statutory requirements
- Develop and implement a performance measurement system
- Implement planned improvements to data storage, management and use

1 recommendation for DPC

- Advise government on VPSC's compliance with its legislative planning obligations

We made three recommendations to VPSC to:

- improve strategic planning and comply with statutory requirements
- develop and implement a performance measurement system
- and, implement planned improvements to data storage, management and use.

We made one recommendation for DPC to advise government on VPSC's compliance with its legislative planning obligations.

Both agencies have accepted the recommendations.

For further information, please view the full report on
our website: www.audit.vic.gov.au

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