

# Performance Improvement Framework Agency Formal Assessment

## **The Performance Improvement Framework in Detail**

**Information Booklet for Lead Assessors and Independent Tier Two Managers**

Developed by the State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet in conjunction with State Services agencies

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**December 2009**

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## INTRODUCTION

The Performance Improvement Framework (PIF) is an exciting initiative to help senior leaders drive performance improvement across the State Services.

A formal assessment provides a systematic assessment of an agency's performance and capability, to objectively identify priority areas for development. Each agency will be rated on a number of elements including its delivery of government priorities and core business, and its capability in leadership and strategy, external relationships, people development and financial and resource management.

The PIF model was tested in several applications during the pilot phase. The evaluation report recommended a number of improvements and the latest version of the PIF model reflects these improvements. There will always be debates about the inclusion (or exclusion) of certain dimensions that relate to performance, and their relative importance (as reflected by the number of elements and lead questions). Irrespective of this debate, the model is sound and, when used to assess performance of an agency, will provide a comprehensive picture of the agency's performance and capability.

As a Lead Assessor or Independent Tier 2 Manager you will be responsible for assessing an agency against this model. The expectation is that you will rate the agency on all elements of the model. To assist you with this, the model includes probing questions (referred to as 'Lines of Enquiry') as well as best practice indicators.

**This booklet has been designed to provide an in-depth look at the PIF model. It contains all of the lead questions and their associated lines of enquiry and best practice indicators.**

## PART ONE: Introduction to the PIF Model

Applying the PIF model to an assessment challenges the assessors to consider the following questions:

- Is the agency delivering on core business and government priorities?
- Is that delivery sustainable?

The PIF will assess whether or not the agency knows its business and is developing and deploying the capability needed to deliver on its business now and in the future.

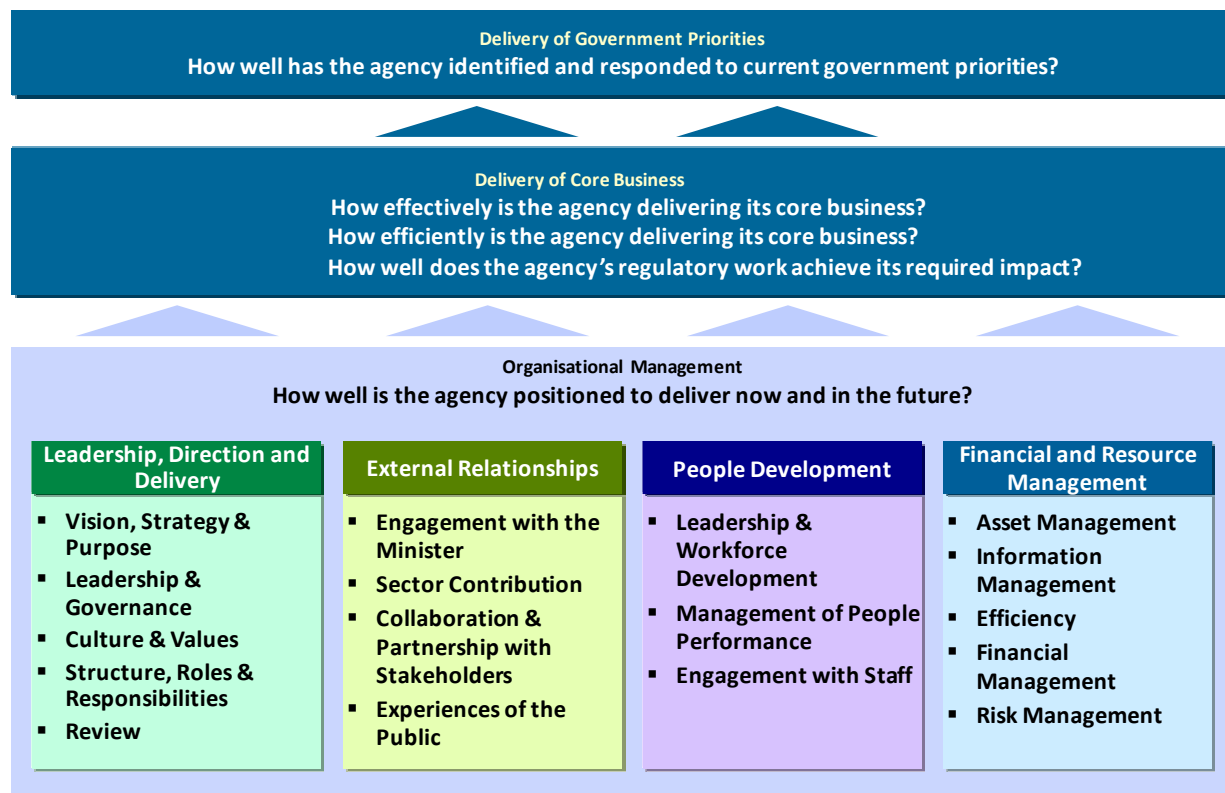
### The Structure of the Performance Improvement Framework

The Framework has two major components:

1. RESULTS
2. ORGANISATIONAL MANAGEMENT

Each of these components has a number of **Critical Areas**. For example, the RESULTS component encompasses two critical areas: (1) Delivery of Government Priorities and (2) Delivery of Core Business.

The ORGANISATIONAL MANAGEMENT component encompasses four critical areas. Each critical area has a number of **Elements**. These are designed to provide a greater level of detail and focus for each of the critical areas. The following diagram summarises the **Critical Areas** and **Elements** of the Framework.



Each Critical Area in the RESULTS component and each Element in the ORGANISATIONAL MANAGEMENT component has a number of **Lead Questions**. These help define the Critical Area or Element.

**Results**

Critical Area	Lead Questions
Government Priorities	1. How well has the agency identified and responded to current government priorities?
Core Business	2. How <b>effectively</b> is the agency delivering this core business area? 3. How <b>efficiently</b> is the agency delivering this core business area? 4. How well does the agency's regulatory work achieve its required impact?

**Organisational Management**











Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown Entity? <i>(For Crown Entities only)</i>
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and / or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements? 26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
	Risk Management	28. How well does the agency manage agency risks and risks to the Crown?

## Making Assessment Ratings

The Results section of the PIF looks at how well the agency is delivering on its core business activities and government priorities. Therefore EVERY core business area and government priority for that agency should be assessed and rated. Each core business area is assessed on two dimensions: efficiency and effectiveness. Assessment ratings (see below for an example) are supported by evidence in the form of a narrative.

### SUMMARY OF ASSESSMENT

#### RESULTS





Government Priorities	Rating	Core Business	Rating (Efficiency)	Rating (Effectiveness)
Greater efficiency for governments ICT Procurement		ICT procurement		
Use syndicated suppliers to drive an efficient State Services		School lunches		
Best practice available through State Services		Policy advice		
			Rating	
		Regulatory Impact		

### ORGANISATIONAL MANAGEMENT

Leadership, Direction and Delivery	Rating
Vision, Strategy & Purpose	
Leadership & Governance	
Culture & Values	
Structure, Roles and Responsibilities	
Review	
External Relationships	Rating
Engagement with the Minister(s)	
Sector Contribution	
Collaboration & Partnerships with Stakeholders	
Experiences of the Public	

People Development	Rating
Leadership & Workforce Development	
Management of People Performance	
Engagement with Staff	
Financial and Resource Management	Rating
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

#### Anchor Statement

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## PART TWO: Government Priorities

The first part of the Results section looks at how well the agency is delivering on government priorities. The lines of enquiry cover four areas and allow for an assessment of how well the agency has understood and articulated the priority, how well they have put indicators in place, and how well they have deployed resources and managed risks associated with the priority.

EACH government priority needs to be identified, assessed using the lines of enquiry, and rated separately.

### 1. How well has the agency identified and responded to current government priorities?

#### Lines of Enquiry

**Definition/identification.** What are the critical government priorities that the agency is responsible for delivering? Are the critical priorities defined at an intermediate outcome level, impact level or output level?





**Resource allocation.** Has the agency committed the appropriate resources and effort to the priorities?

**Achievement.** Are there robust indicators for the critical priorities? Are the critical priorities being achieved?

**Risk.** How has the agency identified any significant delivery risks and does it have systems in place to mitigate these?

#### Best Practice Indicator

★ The agency is delivering on government's critical priorities.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## PART THREE: Core Business

The second part of the Results section looks at how well the agency is delivering on its core business areas. There are two aspects to this Critical Area of the PIF: the first looks at the effectiveness and efficiency of the core business areas, and the second looks at regulatory impact.

### The Effectiveness & Efficiency of the Agency’s Core Business

For this part of the assessment there are two lead questions: one looking specifically at efficiency and the other at effectiveness. The lines of enquiry in the effectiveness area covers five areas and the lines of enquiry in the efficiency section covers six areas.

EACH core business area needs to be identified, assessed using the two lead questions and their associated lines of enquiry. Each core business area therefore needs to be rated on both efficiency and effectiveness.

If the agency has Crown entity monitoring responsibilities, that MUST be included as a core business area.

#### 2. How effectively is the agency delivering its core business?

##### Lines of Enquiry

**Core business.** What are the core functions, business and operational services (core business) that the agency is responsible for delivering?

**Outputs and measures.** Has the agency identified the right outputs and impact measures for the desired outcomes?





**Achievement.** Does the agency deliver core business to the right people at the right time and in the right way?

**Review and alternatives.** Does the agency review delivery? Does the agency consider alternative delivery options to achieve the intended impact?

**Crown entities.** How well does the agency undertake its Crown entity monitoring responsibilities including assisting the Crown entity to improve performance?

##### Best Practice Indicators

- ★ The agency’s core business is delivering the intended results.
- ★ The agency’s targets and indicators show the links between inputs, outputs, impacts and outcomes.
- ★ Managers can articulate the appropriate balance between standards and cost.
- ★ The monitoring agency has clearly defined its expectations to the Crown entity.
- ★ The Minister is kept informed with good information.
- ★ The agency can demonstrate its Crown entity monitoring has helped the monitored agency improve performance.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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### 3. How efficiently is the agency delivering its core business?

#### Lines of Enquiry

**Indicators.** Does the agency set, monitor and report on efficiency indicators in its accountability documents?

**Expectations.** Should expectations for delivery of its core business be higher (quality, quantity, targeting, timeliness, location, cost and coverage)?

**Balance.** Is the core business being achieved in a way that balances cost, quality and quantity?





**Resources.** Has an increase in resources to the agency led to more core business being done, or the core business being delivered at a higher quality? Is more being achieved for less?

**Review and alternatives.** How does the agency review and consider alternative delivery options to achieve the efficiency gains?

**Benchmarking.** Does the agency compare its services against benchmarks (including international where appropriate and available)?

#### Best Practice Indicators

- ★ The agency can demonstrate it has improved efficiency.
- ★ The agency can describe the trade-offs it made when making delivery decisions (e.g. changes to policy settings, ICT, management of capital assets, use of people resources).
- ★ The agency can demonstrate it has considered efficiency gains from alternative delivery options.
- ★ The agency identifies measures and reports on the cost, quality and quantity of its delivered services.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## The Agency's Regulatory Impact

A PIF assessment considers the impact of the agency's regulatory work. The following lead question is used to provide an overall assessment of how well the agency manages its regulatory responsibilities.

Unlike the core business areas, this component does not ask you to rate every regulation administered by the agency. There is just one single rating looking at the agency's overall performance in this area.

### 4. How well does the agency's regulatory work achieve its required impact?

#### Lines of Enquiry





**Regulatory environment.** What are the key interventions (or types of interventions) made by legislation or regulation administered by the agency?

**Achievement.** What are the impacts and outcomes sought from key legislative interventions? What does the agency know about the achievement of impacts, outcomes and unintended consequences?

**Review of regulatory work:** Does the agency undertake periodic regulatory reviews? What have they found?

#### Best Practice Indicators

- ★ The agency manages key legislative interventions to deliver benefits that exceed total costs.
- ★ Analysis demonstrates current interventions deliver higher net benefits than alternatives.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## PART FOUR: Leadership, Direction & Delivery

The Leadership, Direction & Delivery section is large and involves five elements, several of which have two lead questions. The following tables outline the lead questions and their associated lines of enquiry and best practice indicators.

### ELEMENT: Vision, Strategy & Purpose

**5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders?**

#### Lines of Enquiry

**Setting strategy.** How does the agency set its long-term direction and articulate its vision?

**Alignment.** How does the agency identify and set short-term strategy in line with outcomes, government priorities and organisational strengths? What processes does the agency use to determine outcomes in line with government priorities?

**Impact and outcomes.** How does the agency identify and articulate the impacts it seeks to achieve, as well as the inter-linkages with other sector and agency's strategies?

#### Best Practice Indicators

- ★ The agency has clearly defined and well communicated outcomes, impacts and clear rationale for intervention selection (intervention logic).
- ★ The agency demonstrates clear linkages between strategy and implementation documents and individual action.
- ★ The agency's vision, strategy and impacts complement other sector agencies' direction.
- ★ Staff can articulate what the agency wants to achieve, its role and purpose.
- ★ Strategy is considered by the management team regularly throughout the year.
- ★ Strategy links organisational results in a way that informs organisational management.

**6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?**

#### Lines of Enquiry





**Future focus.** Does the agency consider its environment, and the implications for its role and function in the future?

**Core competency.** How does the agency align its organisational strengths and competencies so that it can remain agile?

**Innovation and risk.** How does the agency balance innovation, experimentation, risk taking while managing risk and maintaining quality?

#### Best Practice Indicators

- ★ The agency uses systems of review and evaluation to complete scanning, amend strategy and adjust direction when required.
- ★ The agency demonstrates forward planning to capitalise on agency strengths and further develop new competencies where required.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## ELEMENT: Leadership & Governance

### 7. How well does the senior team provide collective leadership and direction to the agency?

#### Lines of Enquiry

**Strategic focus.** How effectively does the leadership team look at strategically important issues and matters that affect the agency?

**Common purpose.** To what extent do members of the leadership team share a common and coherent vision for the future of the agency, and the critical issues facing the agency?

**Quality of interaction.** To what extent does the leadership team engage in effective discussion, debate, and agree actions on strategically important issues?

**Mutual support.** How much support do the leadership team give each other?

**Role modelling.** How successfully does the leadership team show it is 'walking the talk'? Does the leadership team assess its own performance?

#### Best Practice Indicators

- ★ The agency's leadership team consider, debate and agree on strategically important issues and subsequent actions.
- ★ The agency's leadership team shows collective responsibility for its decisions.
- ★ The agency's leadership team have a development plan in place.

### 8. How well does the board lead the Crown agent? (Crown Entities Only)

#### Lines of Enquiry





**Relationship.** How effectively does the Chair lead the Board? How does the Board (through the Chair) maintain relevant and timely communication with the leadership team through the chief executive?

**Strategic management.** How does the Board undertake strategy setting and performance monitoring?

**Self review.** How does the Board periodically assess its own performance and that of individual members? Are the required skills and perspectives identified when appointing board members?

#### Best Practice Indicators

- ★ The Board sets strategy and performance goals which are aligned to government priorities.
- ★ The performance of the Board as a whole, and its individual members, is assessed.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## ELEMENT: Culture & Values

### 9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?





#### Lines of Enquiry

*Defining values.* How does the agency define the values and culture needed to support policy, service delivery and effective regulation?

*Developing culture.* How does the agency promote the values and culture needed to support policy, service delivery and effective regulation?

#### Best Practice Indicators

- ★ The agency has articulated the desired culture, and has leadership, systems and processes in place to support the required behaviours.
- ★ Managers and staff can articulate ‘what kind of place this is’ with some consistency.
- ★ The agency has integrated the desired culture and values into the way the business is managed and across all areas of work.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Structure, Roles & Responsibilities

**10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?**

### Lines of Enquiry

*Planning.* How does the agency ensure the strategic, business and action plans remain dynamic and serviceable?

*Systems and structure.* How do the agency's system and organisational structures support service delivery and its wider strategy?

*Policies and practices.* How do the agency's policies and practices support an effective and efficient service?

### Best Practice Indicators

- ★ The agency business unit structures and plans support the agency's purpose and delivery.
- ★ Planning effectively turns strategy into achievement of intended impacts.
- ★ The agency's policies and practices facilitate the delivery of an effective and efficient service.





**11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?**

### Lines of Enquiry

*Accountability requirements.* What processes does the agency use to ensure accountabilities and responsibilities are appropriate, transparent and well understood, internally and externally?

### Best Practice Indicator

- ★ Accountabilities and responsibilities are appropriately set, clearly documented and well understood throughout the agency and across the sector.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Measurement & Review

### 12. How well does the agency monitor, measure and review its policies, programmes and services to make sure that it is delivering its intended results?

#### Lines of Enquiry

**Setting performance measures.** What mechanisms does the agency use to identify and set the appropriate performance measures?





**Monitoring progress.** How does the agency check that it is managing performance? How does the agency monitor and measure its progress towards achieving its outcomes, results and impacts?

**Monitoring effectiveness.** What processes does the agency use to review and evaluate the effectiveness of its policies, programmes, administered regulations and services?

**Review performance assumptions.** Are the results of programmes reviewed against the expected impacts and outcomes in the original business case, rather than just against programme objectives?

#### Best Practice Indicators

- ★ The agency monitors and assesses its performance.
- ★ The agency's performance measures accurately reflect its performance.
- ★ Performance indicators and measures are specific, measurable, achievable, relevant and time-bound (SMART).
- ★ The agency uses performance information to improve policy, regulatory interventions and service delivery.
- ★ Measurement and review is 'live', not only a once a year event.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## PART FIVE: External Relationships

This section looks at four elements, each with one lead question. The following tables outline the lead questions and their associated lines of enquiry and best practice indicators.

### ELEMENT: Engagement with the Minister

#### 13. How well does the agency provide advice and services to their Minister(s)?





##### Lines of Enquiry

**Quality.** What mechanisms does the agency use to give relevant Ministers good advice in a timely manner? Does the agency maintain a culture of ‘no surprises’ with the Minister?

**Crown entities.** What processes does the agency use to monitor and report on Crown entities to assist Ministers?

##### Best Practice Indicators

- ★ The Ministers report that the advice is accurate, honest and timely.
- ★ The agency:
  - reviews the accuracy of assumptions
  - predicts risks and opportunities
  - manages unintended consequences
  - receives independent evaluation of the quality of policy advice.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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### ELEMENT: Sector Contribution

#### 14. How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?





##### Lines of Enquiry

**Relationships.** Does the agency maintain effective working relationships with others in the sector?

**Sector collaboration.** How does the agency identify and pursue opportunities for shared outcomes, joint initiatives, shared services and collaborative work programmes across the sector?

##### Best Practice Indicators

- ★ The agency has strong sector relationships.
- ★ The agency has knowledge and understanding of the needs and roles of other members of the sector.
- ★ The agency’s strategy and services complement those of the other sector agencies.
- ★ Where appropriate, sector agencies work jointly.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Collaboration & Partnerships with Stakeholders

**15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?**

**Lines of Enquiry**





**Stakeholder (including Māori and iwi) engagement.** How well does the agency collaborate with stakeholders when forming strategy, implementing policy or delivering services?

**Emerging issues.** What processes does the agency use to keep itself conversant with emerging policy issues for those most affected and interested?

**Impact assessment.** What processes does the agency use to review and evaluate outcomes and impacts in collaboration with those most affected and interested?

**Best Practice Indicators**

- ★ Stakeholders voluntarily support and comply with strategies and policies.
- ★ The agency understands and is responsive to stakeholders.
- ★ The agency adapts its direction and delivery to improve its impact on those most affected and interested.
- ★ Stakeholders are informed of changes to government priorities and services.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Experiences of the Public

**16. How well does the agency meet the public's expectations of service delivery quality and trust?**

**Lines of Enquiry**





**Monitoring.** Does the agency understand and monitor public expectations of service quality and trust?

**Expectations.** Does the agency use this information to set clear service standards and expectations?

**Service improvement.** Does the agency use information on public expectations of service quality and trust to improve service delivery?

**Best Practice Indicators**

- ★ The public trusts the agency and has high regard for its service delivery.
- ★ The Minister is aware of any discrepancies between public expectations and current service delivery.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## PART SIX: People Development

This section looks at three elements, each with two lead questions. The following tables outline the lead questions and their associated lines of enquiry and best practice indicators.

### ELEMENT: Leadership & Workforce Development

#### 17. How well does the agency develop its workforce (including its leadership)?

##### Lines of Enquiry

**Alignment with strategy.** How does the agency align its people development strategy and practices with its business strategy?

**Leadership capability.** What approaches does the agency take to build its overall management and leadership capability? How effective are these approaches?

**Targeting development.** What approaches does the agency take to enhance the capability of its general workforce and how effective are these? How well does the agency prioritise and manage its people development spend?

##### Best Practice Indicators

- ★ The people development strategy (including leadership development) is aligned with wider business strategy and agency priorities.
- ★ The agency has individual development plans for all staff, explicit managerial responsibility for development, and priority and importance given to meaningful development activities.

#### 18. How well does the agency anticipate and respond to future capability requirements?





##### Lines of Enquiry

**Planning.** How does the agency anticipate and plan for future capability requirements and workforce risks?

**Implementation.** What approaches does the agency take to ensure that future capability requirements are implemented, and workforce risks are mitigated?

##### Best Practice Indicator

- ★ The agency has plans in place to either attract or develop the necessary future capability and minimise future workforce risks.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## ELEMENT: Management of People Performance

### 19. How well does the agency encourage high performance and continuous improvement among its workforce?

#### Lines of Enquiry

**Supporting processes.** How does the agency set expectations, track progress and provide feedback to individual staff members? How does the agency ensure that its performance management processes are consistent, timely, fair and relevant?

**Alignment.** How does the agency ensure that individual objectives are aligned with team, business unit and agency objectives?

**High performance.** How does the agency encourage and support high performance and continuous improvement in both individuals and teams?

#### Best Practice Indicators

- ★ The agency demonstrates that formal performance management processes are clearly understood, consistently applied and deemed by all staff to be a valuable activity.
- ★ The agency demonstrates that individual performance targets are clearly aligned with the team, business unit and agency's overall performance targets.
- ★ The agency is able to demonstrate how it rewards / recognises high performance and how effectively this approach either maintains or encourages higher levels of performance among teams or individuals.

### 20. How well does the agency deal with poor or inadequate performance?





#### Lines of Enquiry

**Identification.** What systems does the agency have in place to identify inadequate or unacceptable performance?

**Managerial capability.** How capable and willing are managers to address poor performance within their teams? What support does the agency provide to managers to help them address poor performance within their teams?

#### Best Practice Indicators

- ★ The agency is able to demonstrate that all staff understand what constitutes inadequate or unacceptable performance.
- ★ The agency is able to demonstrate that managers effectively address poor performance.
- ★ Staff acknowledge that poor performance is effectively managed.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## ELEMENT: Engagement with Staff

### 21. How well does the agency manage its employee relations?

#### Lines of Enquiry

**Relationships.** How well does the employee relations strategy align with the wider human resources and business strategy? How effectively does the agency engage with the union(s), other employee representative groups and individuals?

**Sector view.** How does the agency ensure that its bargaining parameters and strategies reflect wider sector priorities?

**Safety.** How does the agency ensure that it creates and maintains a safe working environment for all staff? How does the agency promote a 'culture of safety' among its staff?

#### Best Practice Indicators

- ★ The agency's employee relations strategy is clearly aligned to the overall business strategy.
- ★ The agency effectively and constructively engages with unions, other employee representative groups and individuals.
- ★ The agency's bargaining parameters and strategies reflect wider sector priorities and precedents.
- ★ The agency has well-understood and consistently applied workplace safety practices that demonstrably facilitate a safe working environment.

### 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?





#### Lines of Enquiry

**Employee engagement.** What processes does the agency have in place to understand the views and monitor the commitment and engagement levels of its workforce? What approach does the agency take to enhance the commitment and engagement levels of its workforce?

**Diversity.** How well does the agency encourage diverse ideas, cultures and thinking throughout the organisation?

#### Best Practice Indicators

- ★ The agency is able to demonstrate how it has built or maintained high levels of commitment and engagement among its staff.
- ★ The agency is able to demonstrate how it has effectively incorporated diverse ideas, culture and thinking into its day-to-day activities.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## PART SEVEN: Financial & Resource Management

This section looks at five elements, each with one or two lead questions. The following tables outline the lead questions and their associated lines of enquiry and best practice indicators.

### ELEMENT: Asset Management

#### 23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?

##### Lines of Enquiry

**Planning.** How does the agency identify the assets it needs now and in the future? Do plans reflect future needs? Does asset planning consider a full range of options including better use of the existing asset portfolio and non-asset based solutions? Is the asset plan consistent with the financial baseline?

**Utilisation.** What processes does the agency use to monitor asset usage, condition, availability, functionality and operational effectiveness? Does the agency identify and dispose of surplus assets?





**Control.** How does the agency protect and enhance its fixed assets? Are there routine inventory checks and maintenance?

**Financing.** Does the agency's asset planning take into account depreciation funding, asset utilisation, capital charges and revaluation policy?

**Intangibles.** How does the agency identify and manage intangible assets like goodwill, brands and trademarks?

##### Best Practice Indicators

- ★ The agency has an agency wide asset plan that describes current and future asset needs, asset maintenance, acquisitions and financing including the use of depreciation funding.
- ★ The agency provides reports on asset performance to key stakeholders accurately and in a timely manner.
- ★ The agency's asset policies are transparent in external reporting so stakeholders, including responsible Ministers, understand the true value and opportunity cost of asset ownership.
- ★ Asset acquisition is suitably contestable.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Information Management

### 24. How well does the agency utilise information and communications technologies to improve service delivery?

#### Lines of Enquiry

**ICT planning and management.** How does the agency actively plan for and manage its current and future ICT needs?





**Service delivery channels.** Do the agency's service delivery channels reflect current service needs and future delivery opportunities? Are they actively managed, user-friendly and suitably linked to cross-government services?

**Monitor, review and adapt.** How does the agency project manage, monitor, review and adapt its ICT services to optimise government investment and continuously improve systems?

**Data integrity.** How does the agency identify and protect crucial data? Are privacy policies in place? How does the agency ensure the integrity and quality of data?

#### Best Practice Indicators

- ★ The agency has an ICT plan based on business needs, and the strengths and weaknesses of available ICT options.
- ★ The agency's technology systems cost-effectively support current and predicted service delivery.
- ★ The business case clearly articulates the link between the technology chosen and the impact required.
- ★ The investment is appropriate to the business requirement and the gaps or deficiencies are clearly understood.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Efficiency

### 25. How robust are the processes in place to test for efficiency and make efficiency improvements?

#### Lines of Enquiry

**Evidence.** Do reports on performance use appropriate evidence that demonstrates achievement of results and value for money?

**Specification.** Are outputs clearly specified in terms of both quantity and standards?

**Funding.** Do funding changes relate to changes in volumes or standards?

**Documentation.** Are the business models documented?

**Value.** How does the agency ensure it gets the best value for money for inputs it purchases, from both the agency and whole of government perspective? Are inputs acquired through contestable processes?

**Benchmarking.** Does the agency use meaningful benchmarks for improving efficiency?

**Review.** Does the agency have a process for reviewing and improving efficiency?

**Innovation.** Does the agency actively self-test and innovate?

#### Best Practice Indicators

- ★ The agency demonstrates improved quality, price and quantity tradeoffs.
- ★ The agency uses benchmarks to improve efficiency and describes these in accountability documents.
- ★ The agency has clear documentation that shows the logical progression from inputs to outputs and then to impacts.

### 26. How well does the agency balance cost and quality when considering service delivery options?

#### Lines of Enquiry

**Trade-offs.** When policy or service delivery options are considered, are cost, quality and price trade-offs identified?

**Capacity.** What is the capacity of the agency to analyse cost, quantity and quality trade-offs (e.g. the people with the appropriate skills and time to use them or other suitable resources that undertake this analysis)?





**Improvement.** How does the agency identify the cost of additional quality improvements?

**Cost-benefit analysis.** Does the agency appropriately include cost-benefit analysis in decision making? How well does the agency undertake cost-benefit analysis?

**Ministers.** Does the agency provide high quality advice to Ministers on these issues?

#### Best Practice Indicators

- ★ Tradeoffs are explicitly documented and inform decision making.
- ★ The agency demonstrates rigour of discussion on quality, price and quantity tradeoffs during planning.
- ★ The agency conducts regular funding reviews to continuously improve performance.
- ★ Inefficient programs are identified, and improved or discontinued.

Strong		Well placed		Needing development		Weak		Not assessed	?
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## ELEMENT: Financial Management

**27. How well does the agency manage its financial information and ensure financial probity across the business?**

### Lines of Enquiry

**External reporting.** Are external reports timely, accurate and fairly represent the financial performance of the agency?

**Probity.** Are limits on spending adhered to? Are all financial obligations met in a timely fashion?

**Output costing.** Are outputs clearly specified and properly costed?

**Cost recovery.** How does the agency analyse and set cost recovery levels?





**Managing expenditure.** How well does the agency plan its resource requirements? Does the agency manage its expenditure throughout the year as planned?

**Internal control.** Are internal controls documented, understood and adhered to? Are systems and controls appropriate to the underlying risk?

**Fraud.** How well does the agency deal with fraud when it is detected?

### Best Practice Indicators

- ★ The agency monitors and reports financial information accurately and on time.
- ★ The agency stays within its annual allocated budgets and does not need additional funding.
- ★ The agency has appropriate costing mechanisms in place and uses this information to improve the management of the business.
- ★ The agency manages cost and recovery levels to properly meet its obligations.
- ★ The agency demonstrates a culture of self-awareness and appropriate systems for internal control.
- ★ Managers know their financial obligations, meet them and understand the implications of their decisions.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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## ELEMENT: Risk Management

### 28. How well does the agency manage agency risks and risks to the Crown?

#### Lines of Enquiry

**Identification and assessment.** How does the agency identify and assess risk? Are risks communicated through the agency?

**Management.** How does the agency manage and mitigate risk? Does learning inform future risk management?

**Audit and Risk Committee.** Is there an audit and risk committee to oversee the risk framework?





**Stakeholders.** Are the perspectives of other stakeholders including the Minister taken into account in risk management?

**Engagement.** Does the agency actively engage with stakeholders and the wider community in understanding the risks and consequences of its interventions?

**Balance.** Does the agency identify appropriate levels of risk taking and properly balance this with other objectives?

#### Best Practice Indicators

- ★ The agency can articulate the main risks it faces; outline its mitigation strategies and demonstrate improvement derived from learnings.
- ★ The agency follows appropriate processes, including documentation and active risk oversight.
- ★ There is a high level of stakeholders' understanding of, and engagement in, the identification and management of risk.
- ★ Agency staff participate in the identification and mitigation of risk.

Strong 	Well placed 	Needing development 	Weak 	Not assessed ?
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