



An Coimisiún  
um Cheapacháin  
Seirbhíse Poiblí  
Commission  
for Public Service  
Appointments

Audit of Office of the Revenue Commissioners in the conduct of an  
internal Appointment Process for promotion to the position of  
Executive Officer in 2014

**AUDIT REPORT**  
September 2014

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## **Chapter 1 - Introduction**

### **1.1 Introduction**

This report has been prepared under Section 43 (5) and Section 13 of the Public Service Management (Recruitment and Appointments) Act 2004.

The report provides an account of the audit of the management procedures employed by the Office of the Revenue Commissioners (Revenue) in the conduct of a confined internal competition for Executive Officer.

The Commission is committed to undertaking audits in a spirit of improvement and with the goal of sharing knowledge and best practice rather than focusing solely on compliance.

### **1.2 The Public Service Management (Recruitment and Appointments) Act 2004**

Appointment processes to all positions within the remit of the Public Service Management (Recruitment and Appointments) Act 2004 are subject to Codes of Practice published by the Commission. The Codes set out the regulatory framework for such appointment processes and centre on five recruitment principles. Through its audit function, the Commission safeguards the standards established in the Codes of Practice and ensures compliance by the Office Holder with these standards for the recruitment of staff to positions within the organisation.

### **1.3 Office of the Revenue Commissioners**

The mission of the Office of the Revenue Commissioners is to serve the community by fairly and efficiently collecting taxes and duties and implementing import and export controls.

The organisation has 5748 full time equivalent staff, deals with almost 2.8 million personal and business taxpayers and is responsible for collecting over €54 billion per annum in net taxes, duties, and for trade facilitation and frontier control. It is a highly decentralised organisation with offices in all parts of the country

Within the Corporate Services Division, the Manpower, Planning and Recruitment Unit (MPRU) manages, inter alia, recruitment campaigns and internal promotions and has overall responsibility for the appointment of staff within the organisation.

### **1.4 Purpose of the Audit**

The purpose of this audit is to confirm compliance by the Office Holder with the recruitment principles and to ensure that procedures in place for managing the appointment process are designed and operated in accordance with the Code of Practice. The audit focussed on reviewing the internal Executive Officer competition conducted during 2014.

The audit entailed an examination of the competition file for the process, meetings with key personnel in the Manpower Planning and Management in Revenue. The Commission also discussed best practice in the administration of psychometric tests with the Public Appointments Service (PAS).

## **1.5 Acknowledgements**

The Commission would like to thank the personnel in Manpower Planning and Recruitment Unit (MPRU) in the Office of the Revenue Commissioners who gave their time and cooperation to this audit process.

## Chapter 2 – Background

### (i) Audit

In March 2014 the Office Holder advertised an internal competition for promotion to Executive Officer (EO) in the organisation. The selection process consisted of on-line tests at Stage 1 to include a verbal reasoning and a numerical reasoning assessment. These tests were conducted by Cut-E an independent service provider on behalf of Revenue.

Following completion of the psychometric tests MPRU became aware of possible advance access to the test material as a result of a potential breach of security. Staff from the MPRU contacted the Commission in April 2014 to apprise it of the potential breach and to inform it of the steps it was taking to address its concerns. It wrote to the Commission on 26 May 2014 to formally bring this matter to the Commission's attention. The Commission was advised that Revenue had taken immediate steps to identify any unauthorised access to the test site in advance of the process with the assistance of the service provider. Having considered the matter Revenue decided to introduce additional verification measures after the interview stage to mitigate against possible advanced access to the initial selection tests and to protect the integrity of the process.

Revenue conducted an internal investigation into the allegations of attempted interference in the selection process and a report has been completed by the investigation team for consideration and appropriate action by senior management.

As an added assurance Revenue requested the Commission to carry out an audit of the entire competition process on completion of its own internal investigation into the matter.

### (ii) Complaints

Following notification of the results of the psychometric tests to candidates the Commission received a number of formal complaints and informal inquiries relating to the application and administration of the on-line tests. In particular the Complainants requested that the Commission examine the possible use of 'negative marking' when assessing candidates' performance in the psychometric tests, which had not been advised to participants in advance of the tests.

The Commission's review of this competition considered the allegations received by four Complainants made under Section 8 of the Code of Practice. The allegations refer to several breaches of the Code in relation to:-

- Negative Marking – It is alleged that 'negative marking' was used to determine the order of merit on the panel which adversely affected candidates. Candidates have alleged that they did not have prior knowledge that marks they received for answering correct answers would be removed in the event that they answered other questions incorrectly and that the failure to provide them with this key information had an adverse impact upon them. It is further alleged that Revenue failed to communicate the assessment mechanism in advance and there was a breach of the Code which states that *'the approach adopted in any appointment process should be clear and evident'*.
- Insufficient Feedback – It is alleged that the feedback provided to candidates on the psychometric tests was not *'clear, specific and meaningful'* as the service provider was not in a position to provide information in relation to the test scores awarded and how these were calculated. It has also been alleged that

candidates were not provided with information on individual performance and their specific positioning on the order of merit which is neither fair nor transparent.

- Delays in processing review request – It has been alleged that Revenue breached the Code by not adhering to the timeframes outlined in the Code review procedures.

## Chapter 3 – Audit Findings - Appointment Process

### Overview of the appointment process

In March 2014 Revenue advertised an internal competition for promotion to Executive Officer (EO) in the organisation. The selection process consisted of on-line tests at Stage 1 to include a verbal reasoning and a numerical reasoning assessment. These tests were conducted by an independent service provider (Cut-E, a professional company involved in the design and implementation of on-line tests and questionnaires for recruitment, selection and development) selected, following a competitive tender process by Revenue, to conduct a series of web-based aptitude tests as part of the assessment process for the purposes of shortlisting. 1407 candidates sat the Stage 1 on-line tests in 21 locations around the country which took place between 19 and 28 March 2014.

The top 340 candidates in order of merit who met the required standards in the online ability tests were invited to Stage 2 of the competition. 322 were interviewed. A panel of 202 candidates was formed and all successful candidates were invited to sit further psychometric tests to verify their performance at the first stage. All 202 candidates reached the qualifying standards in these tests.

#### Competition Circular

A competition circular inviting applications for internal promotion to EO issued to staff in Revenue on 5 March 2014. The circular advised that a panel would be established from this competition to fill posts in strict order of merit. The competencies required for the role were set out as well as details on the application process and general requirements.

#### Selection Process

The circular advised that the selection process would consist of two stages

- Stage 1 – On-line tests comprising of (i) verbal reasoning and (ii) numerical reasoning to be undertaken at a designated Testing Centre.
- Stage 2 – Competency based competitive interviews

Candidates were advised that the tests measure ability to draw logical conclusions from complex verbal and numerical information set in a finance context. The ability to retrieve relevant information from various sources was also measured. Each assessment would be timed for twelve minutes.

Candidates were also advised that there would be advance access to a practice test site from 5 – 18 March which would prepare them for completing the online assessments.

It was also stated in the circular that the number of applicants to be invited to Stage 2 would be determined by Revenue from time to time having regard to the number of vacancies to be filled.

#### Information on the Psychometric Tests

##### (i) Facilitators

There were 25 Facilitators – Higher Executive Officers nominated by local senior management - selected to oversee the sessions in each of the testing centres. They attended a briefing session on 28 February 2014 at which their roles and responsibilities were discussed. They were provided with written instructions on administration of the test sessions including practical advice about their role on the

day and how to deal with any issues arising. All facilitators were also provided with login passwords to the live test system which were to be treated as highly confidential.

Each Facilitator was instructed to read a standard text to all candidates before the testing commenced that included advice on logging in to the website and completing the two tests. The advice provided to candidates included an instruction to '*work quickly and accurately*'.

(ii) Candidates

Candidates who applied for the competition received an email on 6 March 2014 containing important information in relation to preparing for the next stage of the assessment process. The email provided details on how to access familiarisation material online for the psychometric tests and set out information regarding the real online tests.

Candidates were advised that there would be 12 minutes to complete the 49 questions in the **verbal reasoning** test and another 12 minutes to complete the 37 questions in the **numerical reasoning** test; a timer would be displayed on the screen to help them manage their time. They were also advised that there was only one correct answer to each question, i.e. True, False or Cannot Say based on the information given.

A further email to candidates in relation to the date, time and designated testing centre for the online tests advised that

*"Our best advice is to work quickly and accurately through the assessments remaining focused and avoiding any distraction. Please keep in mind there is a number of questions as part of each assessment and most candidates do not complete all the questions in the time allowed".*

At the commencement of the psychometric tests candidates received instructions online on how to proceed. Included in these instructions candidates were asked to note:

- Most people cannot complete all questions in each test within the allotted time
- The test requires you to work both quickly and accurately
- If you are not sure about a question, select your best choice or skip this question. Avoid guessing the answer.

**Assessment of the on-line psychometric tests**

The service provider was responsible for evaluating the on-line tests which had been developed to assess the key skills and attributes necessary to perform effectively at the grade of Executive Officer.

Revenue has advised that all candidates were ranked on the basis of their scores subject to achieving the qualifying standard in both tests. The minimum qualifying mark was only determined after the tests were completed based on the standard set by the norm group, i.e. the candidate pool, using a complex statistically based calculation (which cannot be released due to intellectual property rights of the service provider).

It has been confirmed by Revenue that candidates overall performance was based on the volume and accuracy of the answers given to the questions in comparison to the standard established by the norm group comprised of all candidates who sat the tests. This meant that the final score achieved by a candidate was based on a

number of factors including the number of questions answered correctly and the level of accuracy involved. It has also been confirmed that the test scores of candidates who reached the qualifying standard had no bearing on the outcome as all candidates who qualified at Stage 1 then had to participate in a competitive interview process which determined the final order of merit.

### **Feedback**

Candidates who requested feedback on their performance in the verbal and numerical ability tests were advised that statistics were used to calculate performance in order to understand how each individual performed relative to others, i.e. performance was compared with other applicants for the EO role. Candidates were told that in order to progress to the next stage of the process they were required to meet the minimum qualifying result in the verbal test, the numerical test, and also to meet the minimum qualifying combined result. Candidates were provided with a document that described their processing style in the tests in relation to the comparison group together with information on the number of questions answered and how many of these answers were correct.

Candidates who requested further feedback on their performance were advised by the service provider that further information in relation to the minimum qualifying result could not be provided. They were told that the feedback provided should help candidates to understand their own performance in the tests and different ways to develop capability in these areas.

### **Investigation into alleged breach of security**

Following completion of the psychometric tests MPRU received a phone call on 14 April 2014 from the Assistant General Secretary, Civil & Public Service Union (CPSU) advising it had been alleged that some Revenue staff had access to the test site in advance of the tests being available to all candidates. A subsequent letter from the CPSU requested clarification concerning the alleged access of some candidates in Dundalk to the psychometric tests for up to a week in advance of sitting the exam. The CPSU also sought clarification, on behalf of its members, on whether negative marking had been applied in the assessment of candidates' tests.

Revenue contacted the service provider immediately seeking an activity report from the test site to ascertain if there had been advance access to the tests. The report indicated activity beyond what would have been expected of system checking by those with authorised access, i.e. facilitators and IT personnel.

Having considered the matter Revenue decided to introduce an additional battery of psychometric tests for all those who passed the interview at stage 2 of the process to verify that those who achieved the requisite standard in the first test had numerical and verbal reasoning skills identified as necessary for the role and to minimise the chance of any candidate gaining an advantage as a result of the purported breach in security arrangements.

On 20 May 2014 an email issued to all staff in Revenue advising that it had been brought to the attention of Corporate Services Division (CSD) there was a potential isolated incident of advance access to the Stage 1 tests in the EO competition. Based on preliminary enquiries it had been decided to launch a full investigation into the matter. Furthermore CSD advised staff that, in order to ensure the integrity of the competition and fairness to all candidates, verification tests would be introduced at a later stage for those successful at interview.

Revenue has conducted a full comprehensive internal investigation into the allegations of advance unauthorised access to the test site for the EO competition. The investigation has concluded that a small number of isolated instances of unauthorised access occurred in one location. This is being pursued further and in the event of misconduct being established, Revenue will take appropriate disciplinary action in accordance with the terms of the Civil Service Disciplinary Code.

### **Stage 2 Interviews**

Candidates placed in the top 340 places after the first stage psychometric tests were invited to interview. There were two boards each consisting of an Assistant Principal and two Higher Executive Officers who attended a training/briefing session and were provided with information on their responsibilities under the Codes together with interview scoring guides for each competency to assist in the assessment process. The structured interviews were based on the four competencies identified for the role and notified to candidates at the outset of the competition.

Candidates were asked to provide feedback comments on the interview process. A review of a random sample of these comments show that candidates were generally satisfied with the process.

202 candidates were deemed suitable for the position and were placed on a panel.

### **Verification tests**

Candidates who were invited to the Stage 2 interview were advised that all those successful at interview would be required to undertake, at a later date, parallel versions of the two on-line tests completed at Stage 1 as a verification measure. They were advised that it was expected that performance in these tests would be broadly comparable to performance in the Stage 1 test and that results must be validated in order to be considered for placement on the panel. The order of merit from the interviews would not be affected by the verification exercise.

The verbal reasoning and numerical reasoning tests took the same format as the Stage 1 tests however each test was timed for a shorter period of six minutes and included 18 questions. As before the verification tests were completed online in a supervised test centre.

All 202 candidates on the panel reached the qualifying standard in the verification tests.

### **Requests for review**

MPRU has advised that a large volume of both formal and informal complaints were received from candidates following the Stage 1 psychometric tests and the notification of results from the tests.

At this time MPRU also received notification of the alleged breach of security in relation to the tests and was considering its options on how to progress with the competition. As a result of this unexpected development and its serious implications Revenue has acknowledged that there were delays in processing and responding to complaints and requests for review. It has advised that it was not in a position to respond to complaints until it had consulted with the service provider and fully considered the issues that had been brought to its attention.

### Review and Evaluation

Revenue has advised the Commission that it will be reviewing its procedures in light of their experience in this instance. While it is satisfied that there were measures in place to protect the integrity of the process, it accepts that there are lessons to be learnt and steps will be taken to avoid any re-occurrence of this situation, including introducing additional security measures.

## Chapter 4 – Audit Conclusions under the Code Principles

### Probity

*The principles established by the Commission in the Code of Practice are underpinned by the core values that define probity such as integrity, impartiality, fairness, reliability and ethical conduct. The Commission is concerned to nurture a values-based culture of trust, fairness, transparency and respect for all (Code of Practice 2.1)*

The Principle of Probity encompasses all other principles and will be evidenced in every aspect of the process, through the Licence Holder's overall adherence and respect for the terms of the Code of Practice, and respect for confidentiality and all legislative requirements.

The Commission is satisfied, in the main, that the recruitment and selection process conducted by Revenue for promotion to Executive Officer (EO) was in compliance with the Code principles. The audit found that the appointment process was designed and managed in a fair and ethical manner and there was a genuine commitment to ensure the integrity of the process at all stages.

Based on the findings of the audit the Commission considers that the Licence Holder fully adhered to the terms and conditions of its recruitment licence throughout the selection process.

### Appointments made on merit

*Appointment on merit means the appointment of the best person for any given post through a transparent competitive recruitment process where the criteria for judging suitability of candidates can be related directly to the qualifications, attributes and skills required to undertake the duties and responsibilities to the required standard. It is essential to ensure that the selection process does not provide unjustifiable advantage or disadvantage to any particular candidate or group of candidates (Code of Practice 2.2).*

From the outset of the appointment process, candidates were provided with comprehensive and detailed information on the approach to be used and the manner in which candidates would be assessed. The psychometric tests were designed and developed specifically to reflect the requirements of the EO role in Revenue and to identify the most suitably qualified candidates.

The Commission is of the view that the use of online ability tests as an assessment mechanism provides a fair and equal opportunity for all candidates to be evaluated against the required qualities and skills for the job. Based on its review of this process the Commission is satisfied that the criteria and methodology adopted were designed to ensure the selection of candidates on the basis of merit.

### An appointments process in line with best practice

*Best practice extends to all aspects of the appointment process, including defining job and person specifications, marketing the vacancy and selecting appropriate assessment mechanisms. It also includes providing training and supporting management arrangements to ensure the creation and maintenance of appropriate records (Code of Practice 2.3).*

It is noted that there were almost 1500 applicants for this internal competition which required a significant allocation of resources in order to manage it effectively. The

use of online psychometric testing as an assessment mechanism is a well recognised and validated recruitment practice to shortlist candidates who are deemed most suitable to progress to the next stage. The Commission considers that the decision by Revenue to employ these online ability tests for shortlisting purposes was appropriate, cost effective and in line with best practice as required under the Code.

There was clear evidence of appropriate planning covering all aspects of the recruitment process with a focus on the job requirements and the skills needed, including pre-determined selection criteria and relevant documentation and guidance for candidates and others involved in the process.

The Commission is satisfied there were effective management systems in place to fully support each stage of the process. This was particularly evident in the swift action taken by Revenue to deal with the alleged breach of security and the introduction of a verification stage in order to protect the integrity of the process.

That said, the Commission has some concerns in relation to the numbers of staff given access to part of the “back-end” to the system which may have contributed to the difficulties experienced in the management of this stage of the process.

#### **A fair appointments process applied with consistency**

*A fair appointments process applied with consistency means the selection process adopted and the manner in which it is applied must be undertaken with real commitment to equality of opportunity. Office holders have an obligation to treat candidates fairly, to a consistent standard and in a consistent manner (Code of Practice 2.4).*

The Licence Holder identified five core competencies for the role that were notified to candidates at the outset of the competition. It was found that these selection criteria formed the basis for the design and development of the online psychometric tests and were applied consistently throughout the appointment process.

The Commission is satisfied that by employing standard assessment tools at all stages, i.e. online tests and competitive competency based interviews based on predetermined selection criteria, that all candidates were treated fairly and consistently.

With regard to the breach of security that occurred in this instance the Commission considers that advance access to the online test site was too widely available to a large number of people resulting in certain candidates gaining a possible advantage in the process thus compromising the principle of equality of opportunity. While the Commission accepts that the decision of the Licence Holder to introduce an additional verification test helped to ensure the integrity of the selection process it considers that the security arrangements for this type of situation need to be reviewed and strengthened to avoid any re-occurrence.

#### **Appointments made in an open, accountable and transparent manner**

*Transparency in the appointment process and the openness with which candidates are dealt with by office holders will enhance candidate confidence. Open and active communication on the process and the basis for assessment is essential. There should also be a real commitment to offering meaningful feedback to candidates who seek it (Code of Practice 2.5).*

The Commission is satisfied that candidates were provided with detailed and comprehensive information on the selection process at the outset particularly with regard to preparation for the online tests. It is noted that candidates were advised in advance of the psychometric tests to 'work quickly and accurately' and 'avoid guessing the answer'. In relation to the assessment mechanism used in evaluating performance at the tests, the Commission considers that it may have been useful to provide clearer and more meaningful information to candidates on the manner in which performance would be evaluated.

The Commission considers that candidates were provided with good feedback on how they performed at the tests. The feedback included the numbers of answers the candidate attempted (speed), the numbers of correct answers (accuracy) as well as useful information on steps the candidate might take to improve their performance in similar tests in the future. In this regard, the Commission is satisfied that the Licence Holder provided specific and meaningful feedback in line with its obligations under the Code.

However, candidates were not provided with a great deal of information on how their performance compared against the overall candidate pool. The Commission recommends that the Licence Holder reviews its feedback systems so that candidates can, on request, obtain information, even in broad terms, on how they performed relative to others. The Commission considers that this additional feedback would be helpful in terms of further enhancing the level of transparency involved in the evaluation of candidates.

## Chapter 5 – Commission’s Response to the Allegations

The Commission received four requests for review from candidates following the notification of their results of the online tests. The allegations of breaches of the Code can be summarised as follows;

- (i) Negative Marking – It is alleged that ‘negative marking’ was used to determine the order of merit on the panel which adversely affected candidates, i.e. candidates did not have prior knowledge that marks they received for answering correct answers would be removed in the event that they answered other questions incorrectly and that the failure to provide them with this key information had an adverse impact upon them. It is further alleged that Revenue failed to communicate the assessment mechanism in advance and there was a breach of the Code which states that *‘the approach adopted in any appointment process should be clear and evident’*.
- (ii) Insufficient Feedback – It is alleged that the feedback provided to candidates on the psychometric tests was not *‘clear, specific and meaningful’* as the service provider was not in a position to provide information in relation to the test scores awarded and how these were calculated. It has also been alleged that candidates were not provided with information on individual performance and their specific positioning on the order of merit which is neither fair nor transparent.
- (iii) Delays in processing review request – It has been alleged that Revenue breached the Code by not adhering to the timeframes outlined in the Code review procedures.

### Commission’s Response

- (i) The Commission understands that the Licence Holder outsourced the evaluation of candidates’ performance in the online tests and that Cut-E, the service provider, had been contracted to carry out the assessment process. It also appreciates that the Licence Holder acted on the advice of the service provider, which has vast experience in this field of online testing, in relation to the information and instructions that were provided to candidates before completing the tests.

While it notes that candidates were advised to work quickly and accurately, the Commission is of the view that the instructions to candidates could have been clearer. The Commission appreciates that the assessment mechanism employed by the service provider was complex thus making it difficult to provide more detailed information on the evaluation process. That said the Commission considers that best practice is to provide clear and meaningful information to candidates to assist them in preparing for the psychometric tests and recommends that, in cases where similar tests are deployed again in the future, the instructions to candidates make it clear that their performance will be assessed based on a number of factors such as the number of correct answers and the level of accuracy involved.

The Commission believes that the provision of more explicit information may have allowed for a better understanding of the scores candidates achieved and may have helped to avoid some of the confusion among candidates in the relation to their scores.

- (ii) The Commission is satisfied that the feedback information made available to candidates was meaningful. The feedback not only set out what the tests were designed to measure, it provided candidates with an understanding of their performance at the tests. The Commission has reviewed the basis for the calculation of the minimum qualifying score and accepts that the service provider cannot provide further meaningful information to candidates without compromising its intellectual property rights.

While candidates were provided with their scores on the number of completed questions and the number answered correctly the feedback did not indicate how candidates performed in comparison to the overall candidate group. In this regard the Commission recommends that consideration is given to providing additional information to candidates on their performance relative to others which would be helpful in terms of further enhancing the level of transparency involved in the evaluation of candidates.

- (iii) The Commission notes that following notification of the online test results Revenue received a large volume of both informal and formal complaints. It is noted that this coincided with the alleged breach of security that required immediate action.

In light of the extenuating circumstances involved that required urgent attention to resolve the matter the Commission accepts that there were unavoidable delays by the Licence Holder in processing the complaints received. The Commission has received assurances that the Licence Holder will endeavour to adhere to the time timeframes outlined in the Code review procedures in the future.

## Chapter 6 – Conclusions

The role of the Commission is to ensure that all appointments are made following a competitive merit-based selection process and that the principles in the Code of Practice are underpinned by the core values of probity such as integrity, fairness and ethical conduct.

The Commission would like to acknowledge the commitment of the Licence Holder to take immediate action to deal with the alleged breach of security in order to protect the integrity of the process first and foremost and to ensure that all candidates were afforded the opportunity of a fair and transparent competitive process.

Following the Licence Holder's own internal investigation as well as the Commission's review of this incident it has been established that the breach of security in this instance had no adverse impact on the final outcome of the selection process. Furthermore the Commission is satisfied that the Licence Holder is examining whether the breach in security warrants attention under its internal disciplinary procedures.

Based on the findings of its review the Commission concludes that, while there were no breaches of the Code as alleged, there are areas for improvement to be considered by the Licence Holder in conducting a similar process, e.g. reviewing and strengthening security arrangements when providing advance access to a live test site, providing additional meaningful information in advance of the tests on how candidates will be assessed and improved feedback on performance relative to other candidates.