

**REPLY BY THE MINISTER OF THE  
TREASURY AND RESOURCES DEPARTMENT  
TO QUESTIONS ASKED PURSUANT TO RULE 6 OF THE RULES OF  
PROCEDURE BY DEPUTY P GILLSON**

**Question 1**

*Please provide a statement in relation to your Department detailing whether as a result of the new SAP system efficiency and management of processes have improved, stayed the same or reduced for each of the functional areas of: estates, finance, procurement, HR management of staff and HR recruitment of staff?*

**Answer**

The Department believes that a realistic assessment of the impact of the new SAP/STSC operation on efficiency and the management of processes across its functional areas can only be made once the new system has fully bedded in and a number of practical issues have been ironed out and both staff and suppliers have become familiar with how the system operates.

As I clearly acknowledged in my comprehensive statement to the States in May, there has been some upheaval as staff and suppliers learn new ways of working and controls are introduced but nevertheless we are beginning to see improvements across a range of services but recognise there is a long way to go to reap the full benefits of restructuring.

Given the decision of the T&R Board and the SAP Project Board to extend the lifetime of the project to the end of 2013 it is unlikely that the Department can make a fair assessment of the impact of the system as sought by your question until early in 2014.

**Question 2**

*Would you also explain the methodology used to measure any such change in efficiency?*

**Answer**

Given the response to Question 1, you will appreciate that as the organisation is clearly at a critical stage embedding the new system we are not in a position to measure changes in efficiency with clarity. That said, there has been a reduction in staff and other costs due to reorganisation and the safeguarding of public funds through appropriate financial controls can be measured by the use of purchase orders which is gradually increasing. However, the project will deliver far more than simple efficiency as it will, and is, delivering better financial controls and management information and is supporting the standardisation of working practices.

**Question 3**

*As a result of non-payment or late payment of invoices have any suppliers:*

*Refused to supply, or  
threatened to refuse to supply, or  
delayed the supply of goods or services?*

*If so how many suppliers?*

**Answer**

Overall, the States of Guernsey receives and processes around 100,000 invoices per annum, from a supply base of 13,000 different vendors. The change of processes that have been introduced to ensure we raise purchase orders and we receipt our goods and services, together with the centralisation of invoice processing, have resulted in a significant number of invoices taking longer to process than our targeted turnaround time. Occasionally, this has resulted in some suppliers threatening to refuse to supply or delay those supplies. Often, those payments have either been delayed or not made because staff or in some cases, suppliers, failed to meet the requirements of the revised system. Whether this was the failure to use purchase orders, numbering invoices, discrepancies in costs or units or other actions that had been accepted historically but are no longer acceptable as part of this system, the fact remains that all such issues are being addressed and the instances of such circumstances are declining.

In terms of numbers of incidents of specific threats or action to place accounts on stop, the Vendor Services Team have dealt with an estimated 15 to 20 such incidents directly since January. This is from a supply base of 13,000 and may probably represent the historical instances of such threats, though by way of comparison, no data exists for previous calendar years. Please note that in each of these cases, a call has been made to the supplier to resolve the issue, and such account stops have therefore been temporary in nature.

**Question 4**

*Have at any time since January 2013 any suppliers of goods and services to the States of Guernsey withdrawn credit facilities from the States of Guernsey so goods or services have to be bought on a "cash only" basis? If so, how many suppliers?*

**Answer**

Under the "procure to pay" process, it is not acceptable for the States to pay in cash only.

**Date of Receipt of the Question:** 6<sup>th</sup> June 2013

**Date of Reply:** 21<sup>st</sup> June 2013