

**REPLY BY THE MINISTER OF THE SOCIAL SECURITY DEPARTMENT
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE
RULES OF PROCEDURE BY DEPUTY P L 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 Social Security Department has only a very small function in the area of estates, limited to Edward T Wheadon House. The new SAP system has to date had no impact in that area.

As regards finance, the great majority of the Department's transactions involve the payment of benefit or the receipt of contributions. These are undertaken on bespoke systems which include a SunSystems financial package. There are complex connections between SunSystems and the benefit payment systems which will not be replaced by SAP because it would involve a substantial time and cost overhead. Instead, there is an interface between SunSystems and SAP in order to provide the required unified financial reporting and management. It was accepted during the blueprinting stage that this would result in a small additional overhead for the Department's Finance Section, not a saving. While the interface for daily postings of benefits and contributions payments into SAP is now working, the Department is awaiting the technological functionality to allow posting and allocation of income and expenditure relating to investments, contribution income, depreciation and administration within the separate funds that comprise the Department's business. Until such time as that functionality is received and operational, a senior finance officer is bearing an additional workload.

The Department's procurement function is low volume. The introduction of the new SAP system has, in its first six months of operation, caused some additional administrative overhead. This results from a combination of the central system still bedding in, a number of system issues, some of which have now been resolved or are due to be resolved and the unfamiliarity of staff with the new system and support arrangements. A member of the Department's staff, who is a systems analyst, has had to allocate approximately 50% of her time, from January to date, to assisting in these areas.

Between 1 January and 12 June 2013, the Department raised 359 purchase orders through the SAP procurement system. As of 16 June 2013, there were 37 invoices that were overdue for payment as follows:

Month of goods received	Number of unpaid invoices
January	2
February	9
March	14
April	12

The current position will not be representative of the longer term position, once the system is fully functional and operated by experienced users.

With regard to the HR management of staff and HR recruitment of staff, the Department is currently experiencing some difficulty as the new arrangements settle down. The E-recruitment module of SAP is not fully functional at present and the necessary manual workaround is an overhead. Furthermore, there is not currently a full and detailed understanding of the functions which are to be provided centrally and those to be undertaken by Departmental, non-HR, staff. These are mainly organisational and capacity issues rather than system issues and the expectation is that they will be resolved over time.

Question

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

Answer

As seen from the answer to the first question, while the full implementation of the system is still in progress, the Department has not attempted to measure the change in efficiency. No methodology, therefore, has been applied in this respect to date.

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

As a result of unpaid invoices, one supplier refused to supply a full order as the Department was approaching that supplier's credit limit. This was resolved and the full order supplied.

Question

- 4. Have at any time since January 2013 any suppliers of goods and services to your department 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

This has not occurred.

Date of Receipt of the Question: 6th June 2013

Date of Reply: 20th June 2013