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:

Depending upon who I speak to, or which answers to the recent Rule 6 questions I read, I gain a different impression about the effectiveness of SAP and the level of improvements in the system since going live.

One aspect which is beyond doubt is the commitment and hard work of staff both within the Hub and within departments, I am certain if it had not been for the commitment shown the impact of the introduction of SAP would have been a lot more serious.

Probably the easiest way of evidencing improvement in the system is by way of measurable performance indicators, which as you are aware, can be a very useful demonstration not only of performance at a specific point in time, but to show trends in performance over time thus enabling an organization to identify where and how processes can be improved.

In asking these questions I am assuming that some appropriate performance data is being regularly captured and is being reported at various levels, be it to the Senior Responsible Officer, Chief Executive, Executive Leadership Team, Departments, Treasury & Resources Board or to the Policy Council, and as such the information is already available. Indeed much of the justification for implementing SAP is the improvement in business intelligence of which performance indicators are one part.

Would you provide a complete list of the performance indicators being monitored and/or collected, to what management/political level they are being reported, and at what frequency? To avoid any misunderstanding, this question is not asking for the provision of such data, just a list of the indicators being so monitored.

Answer:

We have seen the potential to greatly improve operational management information and performance reporting from use of the revised SAP system. A key first step is to underpin it with a robust financial management system, hence the wider adoption of SAP being the first step or 'building block'. This is because sound performance indicator reporting tends to combine both financial and operational (non-financial) performance reporting.

SAP can provide detailed Management Information reports as defined by the organisation to allow managers to monitor performance against indictors that they define 'locally'. A range of 'Business Intelligence' reports are available now for managers to use, with information across the HR, Finance and Procurement operational areas. Additionally, there are a number of SAP 'dashboards' in production that were defined by Chief Officers and by the functions (for example, HR). These are still under development by our own resources and of course require data over time before they are able to produce meaningful information. Therefore these dashboards are not being monitored for the simple reason that we need time to pass to supply the data so that they can be populated.

The full list of management information reports (SAP Business Intelligence) and dashboards is set out in the tables below:

Business Intelligence Report Descriptions

Report ID	Report Name	Report Description
DB001	ELT Finance Dashboard	ELT Finance dashboard is one of two dashboards identified for the Executive Leadership Team. This dashboard will provide easy to use monitoring for income & expenditure, change projects and project capital spend.
DB002	ELT HR Dashboard	ELT HR dashboard is one of two dashboards identified for the Executive Leadership Team. This dashboard will provide easy to use monitoring for sickness rate per department, appraisals completion percentages, FTEs budgeted & actual and cost of employing staff.
DB003	CoG Dashboard	COG dashboard has been defined by the Chief Officer Group of the States of Guernsey. This dashboard will provide an easy to use and interactive dashboard for budget monitoring, sickness analysis and trends, staff costs, FTE & headcounts and PO vs. Non PO spend.

FI001	Budget monitoring	This report will be used to monitor budgets. The report facilitates an analysis of actual costs against the revised budget.
FI003	Project monitoring	The States of Guernsey requires a report that will provide an overview of Plan, Budget, Actuals, Commitments and Forecast for Capital, Routine Capital and Revenue projects. The report must be able to be executed for any financial year and financial period and will calculate variances between plans, budgets and actuals. The report can be executed for all years for which the project Budgeting and Actual values are recorded in SAP.
FI006	Income and Expenditure	The Statement of Financial Performance (Income and Expenditure Accounts) report meets two distinct reporting requirements through the chart of accounts: • Statement of Financial Performance under Modified Accrual (FSRFI01) • Income and Expenditure under UKGAAP (FSRFI04) The report can be executed for current and previous years' actual values to allow for prior year comparisons.

FI007	Balance Sheet	The Balance sheet report meets two distinct reporting requirements through the chart of accounts: • Balance sheet under modified accruals (FSRFI01) • Balance Sheet under UKGAAP (FSRFI05) The report can be executed for current and previous years' actual values to allow for prior year comparisons.
FI010	Aged Debt (By Sales Office)	This report shows aged debt broken down by sales office. It will be used to analyse the amount of outstanding debt by different sales offices.
FI049	FTE vs. Staff Costs (Actual & Budget)	This report provides Budgeted & Actual FTEs versus Salary Costs per department (Cost Centre).
FI054	Sales Order	This report displays sales order, planned and actual income by sales organisation structure and material master record (MMR), where the sales organisation structure is configured to represent company codes, departments and business units and the MMRs represent the individual goods or services billed to a customer. The report helps to identify income that has been billed and the proposed income which is outstanding (yet to be billed) based on the total value of sales orders.
FI066	Bottom-Up Comment	This report will be available to the Department Budget Owner for reference when the final Bottom-Up budget is being collated and reviewed.
FI069	Forecast Exception	An exception forecast report is created to alert the Finance Centre when forecasts are not being completed by budget holder and are automatically copied by the system from the previous month.
FI071	Top-Down Budget	This report will be used to summarise all departmental approved Top-Down Budgets with status "T&R approved for planning" so that the Finance Centre can assess the combined effect of all approvals. Report is part of the annual process of budget creation.
FI072	Bottom-Up Budget	All approved Bottom-Up budgets are reviewed in summary by the Departmental Budget Owner. The report is part of the annual process of budget creation.
FI073	Budget monitoring comparison	This report will be used to compare historical and actual budgets and costs on a monthly and yearly basis. The report facilitates an analysis of historical and actual, original or revised budgets on a yearly basis, historical and actual, original or revised budgets on a monthly basis, historical and actual costs on a monthly basis and current actual against the original or revised budget on a monthly basis.

FI101	Budget Profile Monitoring	This report enables users to view the budget profiles allocated to their budget. The values are presented per month and can be split by individual Cost Centres, Cost Elements and Profile Codes.
FI135	Budget Transfer Monitor	Budget transfers allow for movements of in-year budget from Cost Element 1 of Cost Centre A to Cost Element 2 of Cost Centre B. A reason for budget transfer must be added on each side of transfer by selecting from the prescribed list.

HR001	Establishment Report	This report will provide a summary of the vacancies and establishment within the organisation.
HR002	FTE Reporting with Budget and Actuals	This report provides budgeted and actual FTEs and Headcount per department (Organisational Unit).
HR003	Turnover Including reasons for leaving	This report provides staff turnover and turnover trends for those leaving the States of Guernsey. The report will provide the users with the ability to view the joiners and leavers and compare this to the average headcount and turnover percentage for department(s) or the whole organisation.
HR005	Salary Cost Analysis	This report provides users an overview of the true cost of employing staff members.
HR007	Sickness Reason & Cost	This report will help managers to manage sickness and associated costs across the organisation and to achieve consistency on sickness and sickness cost reporting.
HR008	Absence Reason Analysis & Cost	This report will help managers to manage absences and associated costs across the organisation.
HR103	Appraisals	This report provides details of appraisals completed and appraisals remaining and can be run for Org Units and Employees
HR010	Candidates Analysis	This report shows an analysis of candidates by the job advertisement media. This report will be used to analyse the most effective medium for job vacancy advertisement.
HR012	Short Term Vs. Long Term Sickness	This report provides management with a tool to analyse the number of days lost to long term absence against those lost to short term absence.
HR087	FTE Absence Days Lost Per employee - Bradford Factor	This report will provide management with an analysis of FTE sickness absence reasons including a calculation of the Bradford Factor.

PM001	Simulated Maintenance Costs	This report displays maintenance costs for internal labour, materials, services and total costs broken down by functional location and maintenance item. The report helps identifying costs incurred in different categories (Cost Elements) compared with the total costs of maintenance.
PM003	Property Cost vs. Revenue	This report will be used to monitor budgets and costs against properties owned by the States. The report facilitates an analysis of actual costs against revised budget. This report can be run for a single month or a range of months.

PR001	Global Spend Analysis	The key value of this report is to detail actual total spend made by the organisation within a given period of time. This report not only looks at SAP PO spend but also SAP non-PO. This information can be summarised at the highest level and then analysed by dissecting the information in numerous ways going all the way down to document level. Hence, this report supports senior managers and purchasing professionals to evaluate actual expenditure, assess trends and develop procurement strategies.
PR002	Purchasing Overview	The key value of this report is to provide an overview of committed values at purchase order line item level to assist with budget management. It includes information on spend category, document type, quantities, supplier, Cost/Profit Centre and time period.
PR003	Requisitions and Approvals	This report can be used to monitor the volume and value of Shopping Carts created, on a monthly basis. It can be analysed by Vendor, Material Group, Purchase Order, Plant, Approver and Cost Centre. The report will be used to monitor progress of the shopping carts and ensure they are approved in a timely fashion.
PR004	Sourcing Compliance	This report will provide an analysis of compliant / non-compliant shopping carts. This information can be analysed by Vendor, Product Category (based on Material Groups), Purchase Order, Approver and Cost Centre.
PR006	Document Status	This report will allow users to view the procurement to pay process. Document dates from SRM, PO, GR, IR and clearing documents will be included and therefore allow users to analyse the procurement process being utilised and also highlight any workload backlog.

It should be noted that these reports are incredibly powerful and can be manipulated as required by the individual manager. We also have in house capability for developing further reports. As previously stated, the more information in the SAP system, the better – hence it's 'corporate' importance and also the factor that time will play.

In addition to these Management Information reports available through SAP Business Intelligence there are hundreds of reports that can be accessed by certain defined users. All previously available reports from 'old' SAP are also available to certain defined users.

Question 2:

Would you provide a list of the performance indicators T&R feel would be appropriate to provide on a regular basis to Deputies, including the frequency T&R will be willing to provide such performance indicator data?

Answer:

It is a matter for Departmental Boards to best judge the appropriate operational performance indicators for their departments. However, T&R is keen to see in place and facilitate a robust system of operational performance reporting as part of good governance and management of public assets. We are aware that, at present, there is significant scope for improvements to be made in terms of enhanced operational performance reporting for departmental Boards including our own, Deputies and officers. SAP Business Intelligence will be able to provide considerable amounts of information to facilitate operational performance monitoring by Boards, far more than was previously available, and certainly more quickly than is now the case.

The time to address this more thoroughly would be when the current implementation of the SAP system is operating as intended, with a complete suite of underlying data to draw upon, and there is greater familiarity with its potential across a wider group.

Question 3:

Would you provide the performance indicator data for the indicators identified in "2" since January, 2013?

Answer:

See answer to questions 1& 2 as to why we are unable to produce this information.

Question 4:

To avoid any misunderstanding, I am asking the performance indicator data and not any opinions nor comments or conclusions which may have accompanied the data when reported. I appreciate that under the access to information code, reports produced for internal use can be withheld - the reasoning for that exception to the presumption to publish is so that staff are free to express opinions and make suggestions. I feel that this request falls outside of that exception because the request is only for the data and not any staff or political opinion, suggestion, or interpretation of the data.

Cash flow management is of particular importance to any organization, hence the following specific request for performance data:

The total early payment discounts received by the States of Guernsey between 1 January and 31 August 2013?

Answer:

This data is not available. Please see comments under question 8, below.

Question 5:

The total early payment or other discounts which would have been available to the States of Guernsey had invoices been paid on time but were not obtained, again for the period between 1 January and 31 August 2013?

Answer:

This data is not available. Please see comments under question 8, below.

Question 6:

The total late payment fees or charges paid by the States of Guernsey between 1 January 2013 and 31 August 2013?

Answer:

From the specific General Ledger code that is used to record late payment fees within SAP, we can record that £1,680 has been paid in the time period stated.   Late payment charges are ultimately a department decision as regards their payment. They may have arisen for a considerable range of reasons which include: a genuine late States payment, late invoicing, faulty or incorrect goods, invoices retained by departments rather than sent to the HUB as required for payment, potentially fraudulent, or at least opportunistic claims that have required further checking etc.

Question 7:

 If easy and not time consuming to produce, the answers to questions 4, 5, and 6 also analysed by month?

Answer:

Data is not available for Questions 4 and 5.

For Question 6, the £1,680.95 is made up as follows: January; February; March; April; May: No fees. June: £142.20; July: £574.52; August: £964.23.

Question 8:

If SAP cannot easily provide the above requested data, in 4, 5, and 6 above then I do not expect staff to manually trawl through records to obtain the data, but could you clarify whether SAP could be configured to include this functionality, why such functionality has not included in the SAP specification, and how the Hub monitors payments to ensure such discounts are collected?

Answer:

SAP can report the data requested under Question 6 (please see above).

In terms of Questions 4 and 5, the Vendor Services team report that, from their experience this financial year, settlement discounts are actually quite rare (as opposed to product discounts which are quite common and are 'taken' by staff at the point they raise the order). Where settlement discounts exist and are contracted and ongoing, they can already be built into the master data of a specific vendor as contained within the SAP system. This automates the collection of the discount at the point of payment, assuming the payment conditions imposed can be made by the States of Guernsey.

We would have to investigate any further configuration of the system that could be introduced for the specific reporting you request, but it may not be practicable as the HUB team pay net amounts, against specific orders and invoices as raised by the organisation. They are not necessarily aware of the gross amounts that departments have 'negotiated down' with suppliers before they raise their orders to them. To summarize, the team 'match' payments against the expenditure expected and contained in the Purchase Order and query variances (up and down) with departments as and when they arise via invoices.

Date of Receipt of the Question: 5 September 2013

Date of Reply: 19 September 2013