Department of Parliamentary Reporting Staff

Review of internal overheads

April 2002

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Executive summary

The Department of the Parliamentary Reporting Staff (DPRS) required an independent review of its internal overheads to identify areas that may offer possible savings and efficiencies

Background

The Department of Parliamentary Reporting Staff (DPRS) engaged PwC Consulting to undertake a review of its internal overheads and to make recommendations for improvements that could be made to ensure that as high a portion as possible of DPRS resources were directed to its client service and client service support areas.

The scope of the review covered the Corporate Support and Strategic Development Groups (including Finance and Personnel), Business Managers in the Technical Services and Client Services Groups and the Centenary of Parliament Group.

Approach

Our approach involved:

- analysing the workload of each of the areas in scope;

- talking to a wide cross section of DPRS staff, who are the 'customers' of these processes to understand perceptions of service levels and efficiency;

- undertaking some high level, indicative benchmarking; and finally

- making recommendations on savings opportunities.

Savings opportunities

We believe that there are opportunities to make savings by reducing staffing levels in some internal overhead areas

There are opportunities to reduce staffing levels in some internal overhead areas and thus ensure that a higher portion of DPRS resources are directed to client service and client service support areas. This can be achieved by redefining some roles, reassessing workloads and in some cases changing processes. There are also opportunities to redefine roles in the Strategic Development Group, resulting in a reduction in the number of Director level staff in that area.

In more detail the savings opportunities we identified can be summarised as follows:

- Business Managers: There is a case for a Business Manager role in each of the two major operational groups, CSG and TSG. However the role should focus on providing strategic business support to each group. The current roles appear to generally have a lower level focus and indeed involve some overlap with Finance and to a lesser extent, with Personnel. The roles need to be more tightly defined to avoid this overlap so that one person at a senior level (Director) in each group should be able to fulfil the role with the remainder of the work (including the collection of performance data) relocated to the appropriate corporate support area.

  This would result in a savings of 2 FTE's with potentially a little more work in Financial Services.

- Strategic Development Group: This group appears to offer significant opportunities for savings/improvement. Although we believe that there is a need for a small Strategic Development Group within DPRS, the majority of the work undertaken at present would be better done within CSG and TSG, with perhaps two lower level coordinating roles remaining within SDG.

  This would result in a savings of 3 Director positions offset by the creation of possibly one new positions at a lower classification.
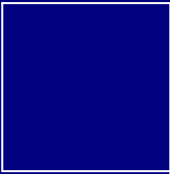
- Centenary of Parliament: As the Centenary of Parliament has now passed, the role and Group should be disbanded as soon as possible.

  This would result in savings of 2 FTE's.

- Corporate Support-Financial Services: In overall terms there appear to be only minimal immediate savings opportunities in the finance/office services area. In the longer term, process improvement may enable some savings. In this regard the areas of purchasing, payment processing and asset work offer the most potential for improvement. At most the saving potential in the medium term is 1-2 FTE's and if additional finance work currently undertaken by the business managers is transferred to finance, together with additional costing work required by CSG, then this potential saving would be substantially eliminated.

- Corporate Support-Personnel Services: Using generally accepted high level public sector benchmarks for HR related services (including payroll) the total staff of DPRS and DPL should require around 11 FTE's in Personnel. Given the nature of DPRS work (short sessions of intense work during Parliamentary sittings) there may be a greater emphasis on OH&S and compensation related issues so that figure may be 12 or 13.

  As there are currently 16.7 FTE's in Personnel there is a potential saving of 4-5 FTE's.

Contents

Introduction, scope and approach

Introduction

DPRS required an independent analysis of its internal overheads

The Department of the Parliamentary Reporting Staff (DPRS) required an independent analysis of its internal overheads to identify areas that may offer possible savings and efficiencies. In addition, the review should also incorporate an evaluation of the location for the provision of the Department's internal overheads to assess the most appropriate resource levels and structure.

PwC were engaged to review the Departments internal overheads and make recommendations for any improvements

DPRS engaged PwC Consulting to review its internal overheads and to make recommendations for improvements to ensure that as high a portion as possible of DPRS resources are directed to its client service and client service support areas.

The review was conducted during March and April 2002.

Scope

The focus was on the Corporate and Strategic Development Groups

DPRS directly supports the Parliament and reports to the Presiding Officers of the Parliament. It provides a range of reporting, information technology and communication services to Senators, Members, Ministers, Parliamentary Committees, the Parliamentary Service and external users.

DPRS is structured into the following groups:

Client Services Group(CSG) Areas include Client Liaison, Hansard, Broadcasting and Business Management.

Technical Services Group(TSG) Areas include Infrastructure, Projects, Standards and Security and Business Management.

Strategic Development Group(SDG) Areas include Emerging Technology, Corporate Improvement and Information Development.

Corporate Support Group(CS) Areas include Financial (and Office) Services and Personnel Services.

Centenary of Parliament (CP)

The review focused mainly on the Corporate Support, Strategic Development and Centenary of Parliament Groups but included reviewing the roles of the Business Managers in the Client and Technical Services Groups.
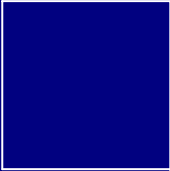
Our approach

The approach to the review consisted of three phases as follows:

Phase 1 - Planning and mobilisation. In this phase we confirmed the scope and approach to the review, assessed available background information and arranged interview schedules and workshops/focus groups etc.

Phase 2 – Analysis. In this phase we interviewed key stakeholders (including customers of the Corporate areas and the Business Managers), conducted focus groups with finance and personnel and interviewed key staff in SDG. We also collected activity analysis data from finance and personnel, compared processes with better practices and identified opportunities for savings and improvements.

Phase 3 – Finalise review. In this phase we prepared a draft report for discussion with the project sponsor and delivered the final report.

Findings and savings opportunities

Overview

Our findings in each for the Groups under review are analysed under the following headings:

- *Workload analysis.* An analysis of the work undertaken in the Group, including high level activity analysis for Finance and Personnel and comparisons with better practices, where appropriate.

- "*Customer" perceptions*. A summary of the views of 'customers' and stakeholders from various areas within DPRS ('customers' are individual staff members or groups of staff that use the services provided by the Groups under review). To protect anonymity we have not identified the source of each reported comment however a complete list of all DPRS staff interviewed is attached at Appendix A.

- *Savings opportunities.* Using both the workload analysis and the perception of 'customers' we have made an assessment of the savings potential in the area.

Findings and Savings Opportunities

CSG and TSG Business managers

Workload analysis

Both CSG and TSG have Business Managers

Both CSG and TSG have Business Managers, positions that were created in the organisational restructure of DPRS in 1999. These business managers are at Director level in each Group and each has an assistant at SOG B/C level The roles and activities vary between the two groups.

In TSG the Business Manager and his assistant estimated that nearly 40% of time is spent attending meetings, with financial management and process improvement / performance improvement initiatives the next most time consuming activity. The Business Managers provide a 'management accounting' role for TSG interpreting data from finance. Finance also provide one of their staff for two afternoons a week to help TSG understand their financial information. This indicates that there may be some overlap/duplication in this area. In terms of performance management TSG collect monthly and quarterly data for internal use and for the annual report.

CSG Business Managers also spend time in meetings (no percentage of time was given). They are also involved in financial management matters, including cost analysis, and produce reports on financial and performance measures. Again there seems to be some overlap / duplication with finance (though not to the same extent as in TSG). The Business Managers are also involved in the

strategic staffing plan and some general HR matters as well as ad hoc projects for the CSG Group Manager.

'Customer perceptions'

We canvassed a wide cross section of views on the role of Business Managers in DPRS. These included both the Secretary, TSG and CSG Groups Managers, focus groups of staff from each group as well as senior staff in Finance and Personnel. Most 'customers' / stakeholders thought that the Business Managers role was necessary. The Group Managers in both areas require good business / executive support for the groups to function effectively, but that some overlap with Finance and Personnel was identified.

Some of the comments from 'customers' and stakeholders were:

■ *'some overlap with Finance and Personnel'*

■ *'mainly statistics gatherers'*

■ *'workload varies over time'*

■ *'should be more involved with budgeting'*

■ *' roles need redefining'*

■ *'bottom line is that the Group Manager needs some business support'*

Savings/improvement opportunities

In general we believe that there is a case for a Business Manager role in each of the two major operational groups, CSG and TSG. The role should focus on strategic business support to each group. However the current roles appear to generally have a lower level focus and indeed involve some overlap with Finance and to a lesser extent with Personnel. The roles therefore need to be more tightly defined to avoid this overlap. If this is done then one person at a senior level in each group should be able to fulfil the role with the remainder of the work relocated to corporate areas. This includes the basic collection of statistical data for the annual report (which should be done in SDG and fed back to Business Managers on a regular basis for interpretation and use) and the reformatting of finance data and analysis of personnel related data.

The potential saving would be 2 SOGB and 1 SOCC. Although there would be some extra workload in Finance, Personnel and SDG. The impact in these areas is discussed later in this report.

The role of Business Manager is seen as necessary but requires some redefinition

Business managers should offer higher level strategic advice with the more routine work relocated to corporate areas

Strategic Development Group

Workload analysis

The SDG consists of four key sections:

- Group Manager (Strategic Development and Corporate Support) – 1 SES1 plus PA

- Emerging Technology – 1 Director

- Corporate Improvement – 1 Director plus 2 SOG Cs and an Editor IV

- Information Development –1 Director

We interviewed the Group Manager and all Directors to better understand workloads. Each sections' workload is summarised in the following paragraphs.

- *Group Manager* - The Group Manager gives advice on strategic matters to the Secretary, is involved in DPRS wide projects on behalf of the Secretary and is responsible for the Financial Services and Personnel Services sections.

- *Emerging Technology* - Workload consists of researching future emerging technology and assessing its potential impact and relevance to the Department. A significant annual retainer is paid to Meta Group to provide information to DPRS on new technologies.

- *Corporate Improvement* -Workload consists mainly of continuous improvement activities such as client and staff satisfaction survey, ethics and values, awards for staff, informing staff of updates and SMT 360 degree communication. His workload also includes corporate governance activities and assisting with the annual report.

- *Information Development* Director spends 60% of his time working on @PARLCOM (mainly coordinating content now as most development work has been done). Other roles include all hardware / software accreditation not completed in TSG, any 'e' technical information, some PR work, distributes information to areas and ad hoc requests.

'Customer perceptions'

The perception is that SDG roles are at too high a level and could, in many cases, be done elsewhere

Almost all 'customers' interviewed had a view on SDG. The most common comment about SDG was that the roles would, in many cases, be better undertaken in either CSG or TSG and that the roles were currently at too high a level (Director). Some comments:

- '*corporate improvement should be driven by business needs in CSG/TSG* '

- *'isolated from the real business, with no perception of customer service'*

- *'emerging technology produces lots of information that not too many people read. Search for new technology should be client driven. Meta group are paid a large retainer to provide information on emerging technologies which appears to be a duplication.'*

- *'most roles would be better undertaken in the core groups'*

- *'information development role is reduced now that @PARLCOM is operational. Updates and maintenance do not require the same level of input'*

Savings/improvement opportunities

There are opportunities to reorganise SDG, relocating some positions and reducing the grades of others

This group appears to offer significant opportunities for savings/improvement. Although we believe that there is a need for a small Strategic Development Group within DPRS, the majority of the work undertaken at present would be better done within CSG and TSG, with perhaps two lower level coordinating roles remaining within SDG. To achieve this:

- The emerging technology role should be much more business driven using the Service Development Strategy through the Client Services Group.. In SDG it should be a co-ordinating role with stronger reliance on Meta and be driven by business needs. We do not see this as a Director level role.

- The corporate improvement role should be the responsibility of the Business Managers in TSG and SCG. Where additional resources are required for individual projects they should be sourced internally, where possible or externally (contractors).

- The information development role should be coordinated by someone with editing skills and combined with the work done on the annual report, which is currently updated quarterly (including the collection of statistical data, which should be provided to the Business Managers on a regular basis for interpretation and use in TSG and CSG). It should not require Director level involvement.

In summary then the new SDG would consist of :

- A group Corporate Services Manager (with overall responsibility for SDG, Finance and Personnel) together with a PA. This role would include high level strategic planning and other DPRS wide ad hoc projects that might occur from time to time.

- An emerging technology coordinator who would liase closely with Client Services and Technical Services Groups but report to the Corporate Services Manager

- Two staff to coordinate the maintenance of @PARLCOM, the preparation of the annual report, including the collection of performance statistics from TSG and CSG (which should be fed back to the Business Managers on a regular basis for internal use) and other external publications as well as some administrative support to the Group Manager SDG.

Centenary of Parliament

Workload analysis

We were unable to interview the Group Manager (SES1) to ascertain the workload but understand that the role is being wound down as the Centenary year has now passed. The Manager has one executive assistant.

'Customer perceptions'

Most staff interviewed did not really understand what the area did (even during the centenary year) and were surprised that the role and area still existed.

Savings/improvement opportunities

The role and area should be discontinued as soon as possible. This would result in savings of 2 FTE's.

Corporate Support Group

The Corporate Support Group consists of two sections:

- Financial Services
- Personnel Services

Financial Services (Finance)

Workload analysis

The financial services section processes financial and office services transactions for both DPRS and DPL (The Department of the Parliamentary Library)

We conducted a focus group with key staff in the section to ascertain the main activities undertaken (DPRS undertake some processing of Department of the Parliamentary Library (DPL) data and the related activities are included in this analysis). We then asked each staff member to estimate the % of time spent on each identified activity and converted this to equivalent FTEs. There are currently 15 staff in the section, including the CFO. Their high level workload can be summarised as follows:

Process / Activity	% of time spent	Equivalent FTEs
Expenditure (including 1.4 FTE's for accounts processing)	18.3	2.75
Receivables	1.3	0.2
Finance	19.3	2.90
Assets	18.3	2.75
Office Services	18.7	2.8
Support	24.0	3.6
Total	100.0	15

- Expenditure activities mainly involves payment of invoices, purchasing / purchase order request and purchasing procedures.

- Receivables activities consists of debtors and collector of public monies.

- Finance activities mainly consists of financial reporting, financial management information system, budget / finance travel and BAS / FBT.

- Office Services activities involve stores / inventory, contracts, office accommodation / major building maintenance, registry, DPRS phone changes / moves and stationary.

- Support activities include supervision and meetings and other non core activities.

As well as the above activity analysis we collected some workload statistics for both DPRS and DPL. Some of statistics follow:

Using this information we were able to undertake some high level benchmarking.

	DPRS	DPL	Total
Expenditure			
- Purchase Orders	2,926	689	3,923
- Invoices	3,500	6,200	9,700
- Payments	2,422	1,433	4,105
Receivables			
- Invoices	586	35	621
Assets			
- New	329	321	650
- Disposal	323	541	864
- Records	3,500	3,775	7,275

In the finance area we compared DPRS performance with the results of the Australian National Audit Office (ANAO) finance function benchmark study carried out amongst Commonwealth Agencies late in 2000* (the comparisons made should be treated as indicative only as the ANAO questionnaire and definitions were not used in this high level analysis).

■ At an overall level the ANAO study showed a median of 3.5% of agency staff involved in finance activities. The DPRS equivalent is 2.45%. In terms of finance cost as a % of total operating cost (DPRS & DPL) the median is 1.3% compared to DPRS figure of 2.2%.

■ At a more detailed level for accounts processing the ANAO study showed a median of 3667 invoices per FTE for Commonwealth agencies whilst the equivalent figure for DPRS (including DPL) was 6900 (1.4 FTE's for 9,700 invoices).

■ There are currently 2.75 FTE's involved in asset work, tracking around 7,200 assets, which equals to 2,600 per FTE. The equivalent ANAO figure is 3,500 per FTE.

■ In terms of office services, the current staffing of 2.8 (for a total staff of around 340) seems reasonable, although we do not have any comparable benchmark data.

- For the support activities around 20% or less (of total time spent), is considered good practice. The DPRS equivalent is 24% which is a little high and may suggest a slight excess capacity.

'Customer perceptions'

The service provided by Finance was considered to be good but management reporting was not meeting all users' needs

Many staff appear to have difficulty in understanding the existing reports, and they indicated that they would prefer to receive more analysis rather than masses of financial information (our discussions with Finance indicate that summary financial reports are available if detail is not required). Some felt that Business Managers were duplicating finance work by reformatting finance data for TSG/CSG consumption. It was also suggested that Finance needs a costing analyst who could interpret and analyse figures for CSG and TSG. Some comments from 'customers' and stakeholders were:

- '*To much financial information – need summary or concise view of financial reporting rather then large amount of data.*'

- '*Large number of staff in Finance for Department staff of 300*'

- '*Need information regarding trends and how we can do it better*'

- 'Difficult to understand reports'

Savings/improvement opportunities

The savings potential is limited in Finance but there are some opportunities for process improvement

Based on our high level benchmarking and workload analysis there appear to be only minimal immediate savings opportunities in the finance/office services area. In the longer term, process improvement may enable some savings in the future. The areas of purchasing, payment processing and asset work offer the most potential for improvement.

- In purchasing/payment processing the more effective use of purchase cards, by eliminating the need to raise a purchase order for each transaction and encouraging their greater use for small purchases, should reduce transaction volumes and thus make accounts payable processing more efficient.

- In terms of purchase orders in general we understand (from the focus group) that PO's are raised in finance from a manual requisition form, for almost all payments (including utilities) even after an invoice has been received. Although better practice is to raise PO's for all goods / services over a predefined threshold (say $2,000), it is generally more cost effective to raise PO's only before a commitment is made. It is not common practice to raise PO's for utilities or small purchases.

- In asset work, although our benchmarking suggests there are opportunities for savings, we understand that the asset module of Oracle is not very 'user friendly' making processing quite time consuming. A closer examination of workload and procedures may identify savings opportunities.

If workloads are reassessed and the process changes suggested earlier in this analysis are made then there are potential savings in the medium term of 1-2 FTE's. If additional finance work currently undertaken by the business managers is transferred to finance, together with additional costing work required by CSG, then this potential saving would be substantially eliminated.

Personnel Services (Personnel)

Workload analysis

The Personnel section conducts policy related transaction processing for DPRS and DPL

We conducted a focus group with key staff in the section to ascertain the main activities undertaken. We then asked staff to estimate the % of time spent on each defined activity and converted this to equivalent FTEs. There are currently 17 staff in the section, including the Director. One of the staff members is currently part time and works 27 hours per week. Their high level workload can be summarised as follows:

Process / Activity	% of time spent	Equivalent FTEs
Payroll	22.5	3.74
Recruitment	8.3	1.39
OH&S	4.2	0.7
Compensation	3.0	0.5
Rehabilitation	3.6	0.6
Diversity	0.3	0.05
Security and Fraud	3.0	0.5
HR Reporting	4.2	0.7
HRD	12.9	2.15
HR Policy	7.5	1.25
Workplace Relations	2.1	0.35
System Administration	12.9	2.15
Other	4.4	0.74
Support	11.5	1.92
Total	100	16.73

- Payroll activities include processing, payroll project work, enquires and file maintenance.

- Recruitment activities include initiation, selection process, employment and temporary staff processing.

- HRD activities include arranging, running and developing training, one-on-one interviews, maintenance and updates of IDP, maintenance of individual training profiles, liaison with directors, group managers and external service providers, maintenance of Study Bank, policy guidelines and selection panels.

- HR policy activities include development of Certified Agreement, develop and update Guidelines, maintain Portal, development of employment framework, personal delegations and Ad hoc policy advice.

- Support activities include supervision, training and meetings.

As well as the above activity analysis we collected workload statistics for both DPRS and DPL. Some of these statistics follow:

	DPRS	DPL	Total
Employees as at 28 Feb 2002			
- Total (actual)	342	178	520
- Casual staff	23	nil	23
Salary variations for year ending 31 December 2001	4,576	2,879	7,455
Number of leave applications for year ending 31 December 2001	3,812	2,972	6,784
New Employees for year ending 31 December 2001			
- New starters	70	29	99
- Transfers (including temporary transfers)	256	76	332

Using this information we were able to undertake some high level benchmarking.

- In overall terms the generally accepted ratio of HR staff to total staff in the public sector is around 1:50 (median level). The equivalent figure for DPRS is 1:31 (total staff 520 in both Departments and 17 staff in Personnel). In terms of the total cost of HR as a % of total operating cost, between 1% and 1.5% is considered good. The DPRS (including Dupls. operating costs) figure is around 3% (it is probably a little higher because DPL HR policy activities are still undertaken within DPL).

- At a slightly more detailed level there are 3.73 staff involved in payroll, which equates to around 1:139 employees (DPRS & DPL). Good public sector practice is considered to be around 1:120. Therefore Personnel's performance is good considering the high number of manual leave applications processed each pay period (260 for a total combined staff of around 520). This is a very high level despite the nature of DPRS work (13 different types of leave and high overtime during Parliamentary sitting periods).The PeopleSoft upgrade should enable more self services and thus reduce the volume of manual forms to be processed, which may ultimately lead to the potential for a reduction in payroll processing staff.

- Although there are not any reliable benchmark statistics on recruitment, 1.4 FTE's for more than 400 new starts and transfers seems to be reasonable.

- There are 2.15 FTEs involved in systems administration. Again this is a difficult area to benchmark, and we did not examine lower level activity, but in general 2.15 FTEs seems perhaps a little high, given total staff in both Departments of around 520 and the fact that both systems are fairly mature.

- The areas of OH&S, compensation/rehabilitation, diversity, security and fraud, HR reporting, HR policy and workplace relations involve more than 4.6 FTEs. Benchmarking is again difficult in theses areas.

'Customer perceptions'

On the positive side there was also strong support for the HRD function that operates in CSG and TSG and one or 2 senior staff stressed the importance of OH&S in a Department like DPRS. In relation to payroll processing most believed that processing was timely and effective. The negative comments relating to Personnel from staff interviewed centred mainly around recruitment and the fact that there seemed to be a focus on process rather than outcome.

Some of the comments made by 'customers' and stakeholders were:

- *'HRD staff know our people and add real value'*

- *'OH&S is a big issue for DPRS'*

- *'Recruitment process is over bureaucratic and focuses on the process rather than the outcome'*

- *'Personnel implemented new PeopleSoft system to produce efficiencies but we haven't seen any yet and service is no better'*

- *'Large number of staff in Personnel for a department with 300 staff'*

- *'Too many manual forms' Payroll process is too paper based'*

Savings/improvement opportunities

The overall public sector benchmark quoted in the workload analysis section suggests that for a total staff of 520 (both Departments) around 11 HR staff would be required. Given the nature of DPRS work (short sessions of intense work during Parliamentary sittings) there may be a greater emphasis on OH&S and compensation/rehabilitation issues so that figure may be 12 or 13. Current staffing in DPRS is 17 plus some policy staff in DPL. Therefore there may be potential for a saving of 4 or 5 staff over time. These would be mainly in the compensation / policy areas

- Our benchmarking suggests that the payroll area, given the current manual processing that is involved, has around the right level of staffing. Although with the coming upgrade of PeopleSoft and the resultant increase in self service, it may be possible to reduce staff a little in the future.

The views expressed on Personnel were mixed with positive comments on payroll, HRD and OH&S and negative comments on recruitment and overall size of the Group

There is potential for some savings in the personnel section

- Customers indicated that the recruitment processes was a little bureaucratic and could perhaps benefit from some reengineering. As there are only 1.4 Personnel FTEs involved, the potential for savings in Personnel is not great, however the process is largely devolved so that savings may be possible in the employing Groups.

- The area of greatest potential for saving is in the policy/compensation areas (HRD, OH&S, compensation, rehabilitation, diversity, security and fraud, HR reporting, HR policy and workplace relations) where there are currently 6.6 FTEs and perhaps systems administration (2.15 FTEs). Savings may be realised by undertaking more detailed activity analysis to identify non value adding work (the activity analysis that is included in this report was at too high a level to achieve this), reassessing workloads and perhaps combining some roles.

Appendices

Appendix A - List of interviewees

Secretary

John Templeton   Secretary

Corporate Support & Strategic Development Group

John Walsh   Group Manager

Finance Services

Judith Konig   Director

Helen Jauncey   Assistant Director

Focus Group with majority of staff

Personnel Services

Chris Duffy   Director

Focus Group with majority of staff

Corporate Improvement

Brian Cheetham   Director

Information Development

Jim Gilliland   Director

Emerging Technology

Nigel Sharp   Director

Technical Service Group

Peter Ward   Group Manager

Luis Codina   Acting Business Manager

Brian Carr   Assistant Business Manager

Client Services Group

Val Barrett   Group Manager

Russell Lutton   Director, staffing

Gary Lilley   Acting Business Manager

Kim Prosser   Assistant Business Manager

Focus group were held with staff from Client Services Group and Technical Services Groups.