



AGENDA

**FOR PROGRAM REVIEW SUB COMMITTEE MEETING TO BE HELD ON
10 JULY 2017 AT THE CONCLUSION OF SPORT, RECREATION & GRANTS
COMMITTEE**

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Cr E Gill (Chairman)
Mayor G Aldridge
Cr S Bedford
Cr B Brug
Cr D Bryant
Cr G Caruso
Cr L Caruso (Deputy Chairman)
Cr D Proleta
Cr R Zahra

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Ms T Norman

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Program Review Sub Committee Meeting held on 13 June 2017.

REPORTS

PRSC1 Program Review Findings Financial Services Division..... 7

OTHER BUSINESS

CLOSE



**MINUTES OF PROGRAM REVIEW SUB COMMITTEE MEETING HELD IN
COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

13 JUNE 2017

MEMBERS PRESENT

Cr E Gill (Chairman)
Cr S Bedford
Cr B Brug
Cr D Bryant
Cr G Caruso
Cr L Caruso (Deputy Chairman)
Cr R Zahra

OBSERVERS

Cr S White
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager Community Development, Ms P Webb
Manager Governance, Ms T Norman

The meeting commenced at 6.39 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Apologies were received from Mayor G Aldridge and Cr D Proleta.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr R Zahra
Seconded Cr L Caruso

The Minutes of the Program Review Sub Committee Meeting held on 08 May 2017, be taken and read as confirmed.

CARRIED

Moved Cr L Caruso
Seconded Cr G Caruso

The Minutes of the Confidential Program Review Sub Committee Meeting held on 08 May 2017, be taken and read as confirmed.

CARRIED

REPORTS

Nil

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS**PRSC1 Community Planning and Vitality Review - Youth Strategy and Implementation Update**

Moved Cr R Zahra
 Seconded Cr S Bedford

1. *Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non disclosure of this matter would enable information that may have implications for resourcing/service levels to be considered in detail prior to a Council position in relation to the matter being determined.*

*On that basis the public's interest is best served by not disclosing the **Community Planning and Vitality Review - Youth Strategy and Implementation Update** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 6:40 pm.

The meeting moved out of confidence at 7.04 pm.

PRSC1 Community Planning and Vitality Review - Youth Strategy and Implementation Update

Moved Cr L Caruso
 Seconded Cr D Bryant

1. That the information be received.
2. That the proposed resourcing of youth policy development and program delivery remain unchanged.

CARRIED

The meeting closed at 7:04 pm.

CHAIRMAN.....

DATE.....

ITEM	PRSC1
	PROGRAM REVIEW SUB COMMITTEE
DATE	10 July 2017
HEADING	Program Review Findings Financial Services Division
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	The Financial Services Division program review brief and background paper were endorsed in September 2016. This report brings together different elements of the work undertaken to deliver the Financial Services Division (FSD) program review, and provides a recommendation to shape existing service provision to better meet current and future service needs of FSD customers.

RECOMMENDATION

1. That recommendations from the Financial Services Division Compliance Audit, Benchmarking Study and Customer Survey be noted and the implementation be monitored by the Chief Executive Officer and the General Manager Business Excellence.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Program Review Financial Services Background Paper
2. Memo "Financial Services Program Review – Assessment of Compliance with Legislative Obligations"
3. BDO Financial Services Division Benchmarking Study
4. Harrison Research Financial Services Division Internal Customer Service Evaluation

1. BACKGROUND

- 1.1 Financial Services Division (FSD) Program Review Brief and Background Paper were endorsed by Council in September 2016. The market approach for undertaking resulted in tenders significantly above the allocated budget of \$30k. To manage the program review to within budget, the review was broken down into discreet parcels of work being a Customer Survey, and a Benchmarking Study, with organisational resources used to undertake a compliance audit, and internal resources used to bring together this information into a Program Review Findings report.

1.2 To assist with understand of the context of this report, elements of the Background Paper are included in paragraphs 1.3-1.10 below (with the full Background Paper provided as Attachment 1), with additional information / context in italics.

Why is the Review being Conducted

1.3 A critical element towards improving Council’s performance is to ensure that programs are delivered through the best use of resources and provide value for money for the Salisbury community. Accordingly it is necessary for Council to review service delivery options and levels of service of our programs, and Financial Services Division (FSD) internal service provision.

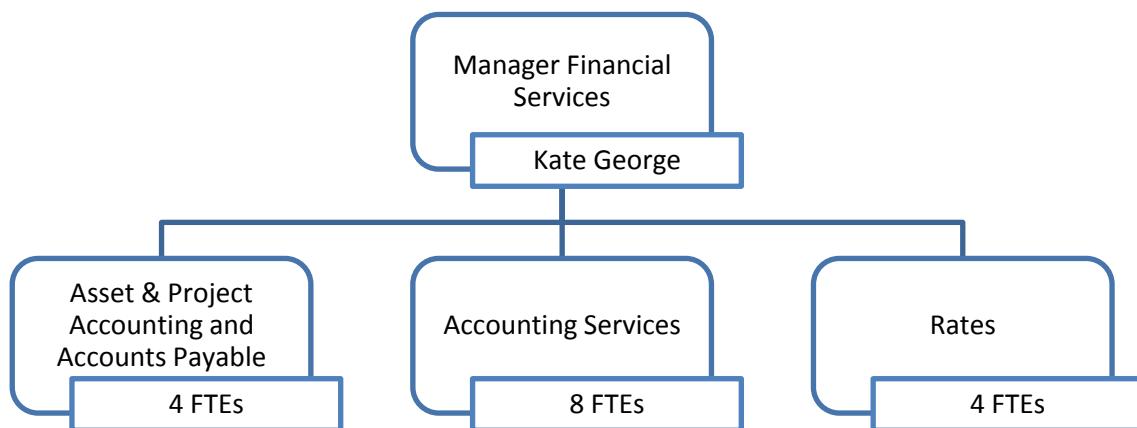
1.4 Program Review activity is generally related to ensuring the organisation is best positioned to respond to current and future operating environments and to assist in building a sustainable and responsive organisation.

1.5 The following have been identified as critical elements that must be addressed during each review:

- Strategic relevance of the service
- Customer expectations/needs
- Compliance with legislated requirements
- Efficiency and effectiveness of the delivery of services
- Alternative service provision options
- KPI / monitoring / measurement of performance

Structure of the FSD Team

1.6 The division is structured as detailed below, noting that Accounting Services consists of two teams that work in a matrix structure to deliver outcomes:



The Accounting Services function consists of two teams that work together to achieve outcomes which has improved efficiency and increased the flexibility of resources within the team. The focus of one team is financial accounting and tax, and the other management accounting and budgeting. However, both teams come together to deliver many key outcomes including the budget, end of financial year financial statements, business partnering and budget reviews. Through having this matrix approach we are able to move resources to achieve the various deliverables which smooths the peaks and troughs that would result from having two teams, one management accounting and budget, and the other financial accounting and tax. Further this has added to the interest in the work for team members which has resulted in greater engagement, assists in succession planning, and covering vacancies.

Services provided

1.7 The division’s more significant deliverables are detailed below:

Asset & Project Accounting & AP	Accounting Services	Rates
<ul style="list-style-type: none"> •Accounting for \$1.8bn Infrastructure Assets •Financial advice and support for the Salisbury Water Business •Processing and payment of 30,000+ Invoices and reconciliation of >100 Purchase Cards. •Finance System Support, Development & Administration 	<ul style="list-style-type: none"> •Business Partnering •Budget and Annual Plan •Quarterly Budget Reviews •Financial Statements & Statutory Reporting •Long Term Financial Plan •Facilitated Business Planning Processes •Grant acquittals •Tax Compliance •Treasury Management 	<ul style="list-style-type: none"> •Rate Generation for 59,000+ rateable properties •Maintaining property data for rates and electoral purposes •Rate collection processes •Raising and collection of other debtors

Governing this list of deliverables are the overarching principles of financial sustainability, transparency in financial reporting, and diligence in the provision of financial information that support decision making of the Executive and Council.

Improvement Projects in Progress

1.8 There are a number of projects identified within the FSD business plan that are at various stages of implementation, with the more significant detailed below.

Asset & Project Accounting & AP	Accounting Services	Rates
<ul style="list-style-type: none"> •Accounts Payable Invoice Scanning project •Asset Componentisation and Contributing to Asset Management Improvement Project 	<ul style="list-style-type: none"> •New Initiative Bid process redesign and software implementation •Business planning software replacement 	<ul style="list-style-type: none"> •Valuation review where Development Applications have been lodged •Implementation of direct debit for rates •Online Rate Account balance enquiries •Online Payment Arrangements for Rates

Corporate Budgets

1.9 The Financial Services Divisional Budget details the costs of the Financial Services Team. Additionally there are corporate budgets that the Financial Services Team are responsible for including:

	Budget 2015/16	Budget 2016/17
Rates Revenue	85,730,000	89,339,538
Interest Income	723,050	155,500
Depreciation Expense	24,516,970	25,454,846
Interest Expense	2,191,200	1,880,978

These significant budgets are managed by a relatively small team with a Divisional operating budget of \$2.5M (refer Attachment 1). The team is responsible for accounting for \$1.8bn of infrastructure with associated depreciation cost of \$25.4M (2016/17), which represents 23% of the operating budget, and are responsible for managing \$89M of rate revenue, which funds 80% of our operating expenditure.

Emerging Issues

1.10 In recent times there has been growth in some aspects of business partnering, and the service level expectation of FSD internal customers requires definition, including:

- Support for strategic projects and contract negotiations,
- Taxation advice,
- Assistance in Program Reviews
- Changes in business process and related systems from across the organisation

1.11 Further there are changes in the external environment which also impact on FS business service delivery such as:

- Infrastructure Levy
- Northern Economy and capacity of our ratepayers
- Rate Capping and rate structures
- Legislative and Australian Accounting Standards changes
- *Building finance scheme (recent change)*
- *Business friendly agenda*
- *Community expectations for higher levels of service, containment of rate increases, and capacity to respond to the future*

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 Project Team - Financial Services Team Leaders, Internal Stakeholders (Manager Communications and Customer Relations, Manager Strategic Development Projects, and Senior Coordinator Project Administration)

2.2 External

2.2.1 Harrison Research & BDO have undertaken elements that support the findings of the program review.

3. REPORT

3.1 FSD operates within the Business Excellence Department, and works in a partnering model to deliver services to within the organisation. The direction for the Department is to continue to work together to achieve outcomes to support our customers in their external service delivery. Through active partnering with each other and our customers we seek to understand their business and their needs, to enable value added services to be provided.

3.2 For FSD this is most evident through the strategic support provided to analyse and evaluate various change agendas including the outsourced Recreation Services business model, various Program Review outcomes, the insourcing of Little Para Par 3 golf course, cemetery business model, and preparation for the NDIS. Through effective partnerships within the business FSD are able to support the business as it continues to adapt and evolve, and support Council by ensuring the robustness of financial information relied upon for decision making.

3.3 This value added service provision will continue into the future as we continue to respond to external factors and emerging issues, and also internally driven change as the Council and the administration continues to refine our business, our service provision, and our processes.

3.4 FSD has high performance standards which are demonstrated through the inputs to this review which highlight rigor in process, quality of information to support decision making, and also through the external assessments that are made through the external audit process.

- 3.5 As required by the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* external auditors review the annual end of year financial statements and also certify the effectiveness of our internal controls. Consistently FSD has achieved unqualified opinions for the financial statements and the internal controls assessment.

Financial Sustainability

- 3.6 The City of Salisbury is in a strong financial position, resulting from the shared vision of Council, the Executive, and FSD. There is the need to maintain our assets and services, have capacity to respond to emerging issues, and to be able to deliver to meet the aspirations of the community. There is a desire and a need to respond but to do so in a considered way with sound financial information to enable effective decision making. This approach underpins the work that FSD undertake and the information and analysis that is provided to the Executive and Council.
- 3.7 Financial capacity is of key importance to the Council and Executive, and through the decisions taken by Council we have enhanced our approach to debt management. This approach will enable the funding of the community hub and provide the ability to respond to community needs without abnormal increase in rates.

Program Review Process and Outcomes

- 3.8 The FSD program review has been undertaken with the following resources:
- Compliance Audit undertaken by Manager Governance
 - Benchmarking Study undertaken by BDO
 - Customer Survey undertaken by Harrison Research

Compliance Audit

- 3.9 Using the LGA compliance Checklist, 42 obligations under the *Local Government Act 1999* were identified as being requirements applying to FSD. Of the 42 obligations, 37 were assessed as fully compliant, 4 partially compliant and 1 non-complaint as detailed in in Appendix 2 Memo “Financial Services Program Review – Assessment of Compliance with Legislative Obligations”. Recommendations as detailed in the Memo are in progress, with 3 being implemented at the time of writing this report.

Benchmarking Study

- 3.10 A benchmarking study was conducted by BDO, with FSD compared with similar divisions in 3 other SA local councils and 1 private sector organisation. More useful observations were drawn from the comparison councils. BDO’s Benchmarking Study is attached as Appendix 3, and summarised in the paragraphs below (Current State and Future Opportunities), with management response also provided.

Structure

- 3.10.1 Current state – FSD structure is consistent with others in the benchmarking group, it demonstrates sound business practice. Three of the 5 organisations (including CoS) use an outpost model to some extent, with resources placed internal customer departments. FSD demonstrates better practice by aligning FSD resources with internal customers through its business partnering approach. The Cadet position provides some flexibility to match resources to busier times of the year.
- 3.10.2 Future opportunity:
- Investigate alternative employment options including individual contracts or casual employment to flex resources around peak times of the year.
- 3.10.3 Management Response:
- The opportunity identified to flex resources around peak times is subject to constraints of the local government environment, and can be considered further in future HR strategies.
 - The current business partnering model is valued by our customers as demonstrated in the customer survey results discussed in the customer survey section of the report.
 - Having a matrix approach to the accounting services team enables matching resources to work loads. Essentially we move from the End of Financial Year process and statements (late June to mid October), to supporting the development of business plans (October to January), to the development of the budget (December to June), and redirect resources into these processes.
 - The cadet role acts to backfill vacancies within the team, and can be directed to support areas of higher demand to assist in managing peaks of work.

Process

- 3.10.4 Current state – FSD undertake 30 key financial and business processes which are consistent with others in the industry. Additionally FSD undertake unique functions of facilitating operational business planning, supporting the Salisbury Water Business Unit, and property development projects. Processes have been assessed as operational which comprises transactional and lower level tasks, and strategic which are processes that add value and support decision making. The current split of operational activity to strategic activity is 48% to 52% based on FTE.
- 3.10.5 Future opportunities:
- Utilise technology to further automate operational processes, in consultation with internal customers.
 - Consider the balance of operational and strategic process undertaken by roles to ensure higher-level resources are directed towards strategic, value adding processes.

3.10.6 Management Response:

- We have moved along the continuum of higher level work being directed towards strategic value added work which is demonstrated in the split of operational activity to strategic activity when based on employment cost, being 43% to 57%.
- There are a number of process improvement projects in progress (New Initiative Bid Project, AP scanning project, Business Planning Project), which will reduce transactional effort, and move us further along the value added continuum, which is discussed further below in paragraph 3.10.10.
- The customer survey results show that our services are seen as important and are performed well, so as we continue to deploy technology the partnering model and a customer centric approach will be critical to maintain customer satisfaction.

People

3.10.7 Current state – The team has deep knowledge across the organisation and local government, with relevant qualifications. Additionally the team has employed a Cadet position for over 20 years providing opportunities to the community and ongoing development of staff. The City of Salisbury has some unique aspects in its operating environment, being Salisbury Water and Strategic Property Development which require additional support from FSD or complex accounting treatments.

3.10.8 Additional Context

Additionally FSD facilitate operational business planning, which in the comparison group does not sit within Financial Services. Council considered the resourcing requirements in 2010. Given the connection between new initiative bids, corporate budgeting and the development of business plans, Council supported a new initiative bid for Financial Services to be able to undertake this function. This has driven accountability as it has provided visibility of the operational outcomes being pursued by each Division, and enabled alignment across the organisation.

When adjusted for the unique aspects of the City of Salisbury operating environment (Salisbury Water Business Unit, Strategic Property Development), and the team delivery (facilitation of operational business planning), and the ongoing commitment to the Cadet position, the resourcing levels are consistent with the comparison group.

3.10.9 Future opportunity:

- Use of subject matter experts as needed to support initiatives.

3.10.10 Management Response

- Being an organisation with breadth and depth of skill, generally there are skills available for FSD to draw upon from within City of Salisbury. For example, with respect to asset management and asset accounting FSD work closely with the Strategic Asset Management Team within City Infrastructure.
- The cadet position is of value to FSD as it assists in backfilling vacancies. Also, we have been able to develop resources to fill ongoing vacancies and provide maternity leave coverage. Within the team currently we have 2 permanent staff that were previous cadets, another cadet has been with the team for four years, initially as a cadet, and then backfilling a maternity leave vacancy. Our current cadet is backfilling an Accounting Support Officer vacancy (which is discussed further below). Whilst the cadet position does aid the deliverables of the team, has proven to be an excellent HR strategy for attraction and retention of resources, and meets broader organisational objectives and provides a benefit to the local community, it is a discretionary resource.
- To enable the implementation of various performance improvement projects the current resourcing complement is required in the short term / medium term. However, through improvement in business processes primarily in relation to new business planning software and the new initiative bid software, there is future potential to revisit the staffing complement. To provide for future flexibility it is proposed to replace the existing level 2 permanent vacancy with a 3 year fixed term contract position (classification level to be determined), with the ongoing requirement for this role to be determined post program review implementation.

Performance

3.10.11 Current state – FSD has a customer-centric approach which is evident from the customer survey results discussed under the heading “Customer Survey”, and the business partnering model adopted by FSD is regarded as better practice, and “may be a factor to contributing to the slightly higher number of FTEs in comparison to other councils”.

3.10.12 Future opportunities:

- Establishing additional KPIs to monitor ongoing performance such as the number of adhoc customer requests received, number of business initiatives supported.

3.10.13 Management Response:

- The tracking of ad hoc requests received, and business initiatives supported will add low level task work to the team. We believe that our customer centric approach which is evident from the survey results discussed later in the report means that we are focused on the right things, and tracking task based KPIs will not add value.

- Understanding from our customers what they value, and what needs they have which are not met is very valuable, and we propose that a Customer Satisfaction survey be conducted at a regular frequency, every one to two years, and may fit within a broader Business Excellence Customer Survey.
- We do not believe that the customer centric approach has added resources, as discussed in 3.10.8, our resourcing is higher due to unique business functions undertaken by FSD compared with those organisations in the comparison group, and also that we have a cadet position. When adjusted for these elements the resourcing is consistent with comparison organisations.

Technology

3.10.14 *Current State* – FSD use of technology demonstrates sound business practice by continually striving to improve efficiency of processes.

3.10.15 *Future opportunities:*

- Progress the Accounts Payable automation and focus on end to end procure to pay processes.
- Consider enterprise wide technology to better support efficient end to end processes across the organisation.

3.10.16 *Management Response:*

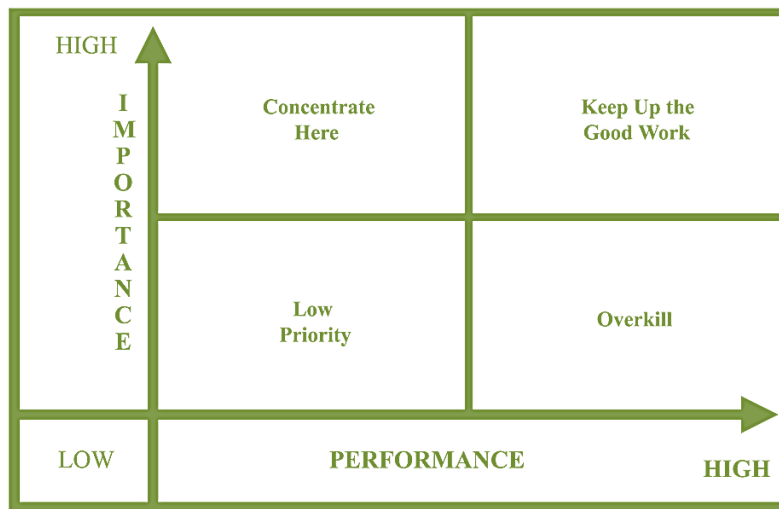
- The Accounts Payable scanning project once finalised will enable users to approve invoices online, and with the deployment of the next update of our finance system there is the opportunity to improve the customer experience of the procure to process.
- Other improvement projects already discussed above under Process and People will reduce the systems that are utilized to support FSD service delivery and consolidate these functions into our finance system.
- Enterprise wide technology to better support efficient end to end processes will be incorporated into the next IT Strategy.

3.11 Further consideration of these future opportunities identified in the Benchmarking study is provided in the section 4 Conclusion / Proposal.

Customer Survey

3.12 A Customer Survey was undertaken by Harrison Research in March 2017, with a pool of 55 potential respondents comprising all Elected Members, the CEO, all General Managers, all Divisional Managers, and other high users of FSD services established. The survey was responded to by 38 people, which is 69% of the pool, and had a very high internal response rate of 87%. The resulting report is attached as Appendix 4, with key findings included below.

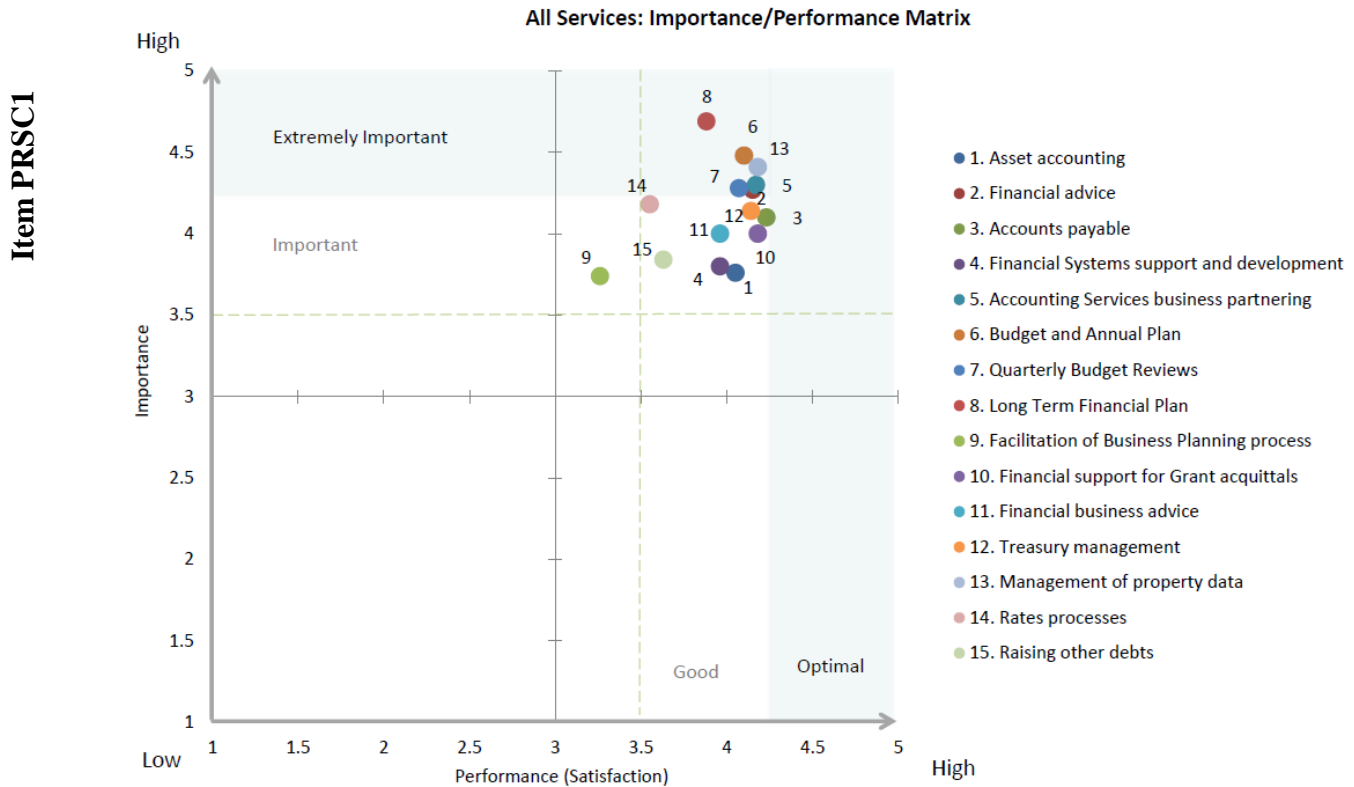
- 3.13 As discussed in the Harrison's report a simple way of considering the results is to present them in the Importance Performance Matrix, with an example and explanation of the matrix below:



- 3.14 The matrix is split into four quadrants being:

- 3.14.1 Keep up the good work – this quadrant represents those services regarded as important by customers and with performance rated as being high. For services in this quadrant the response is to look for ongoing improvements and keep doing what you are doing.
- 3.14.2 Overkill – performance is high in this quadrant but the services are not important to customers, which represents an opportunity to scale back and redirect efforts to the “Concentrate here” quadrant.
- 3.14.3 Concentrate here – the service is important, but performance is low so directing effort to these services can improve outcomes and customer satisfaction.
- 3.14.4 Low priority – these services are not important and performance is not high, so the effort is appropriate, however, there may be services that can be removed without any customer satisfaction impacts.

- 3.15 The results for FSD displayed in the Importance Performance Matrix are contained on page 11 of Attachment 4, and depicted below:



3.16 All of FSD services contained in the survey were assessed by survey respondents as being in the “Keep Up the Good Work” quadrant, which means that all services should be maintained at the current standard, and opportunities for ongoing improvement considered.

3.17 Given the results were all in this quadrant, additional vertical and horizontal lines have been added to focus attention onto the lower performing services being:

- 9. Facilitation of the Business Planning process
- 14. Rates Processes
- 15. Raising Other Debts

3.18 The qualitative responses regarding areas for potential improvement align to these focus areas and themes are presented below:

Assets, Project Accounting and Accounts Payable Team

- Systems – move to digital and have more user friendly interfaces
- Engagement – improve engagement and communication, including status of changes
- Specific Process Improvements – AP automation

Accounting Services Team

- Systems – overhaul business planning processes and system.
- Customer Services – improve communication of timeframes and through better engagement understand current unmet needs to considered targeted services to meet specific divisional requirements.

- *Reporting* – improve readability and ease of understanding and better equip key users with the ability to run tailored reports from Technology 1 financials.

Rates Team

- *Systems* – review debtors invoicing processes including options to email invoices, and providing visibility of invoices outstanding for payment.
- *Customer Service* – improve communication and availability of staff.

3.19 Given the high satisfaction results achieved in the survey, the focus for FSD is to continue to improve incrementally, with much of the feedback gained from the survey proving to be invaluable in setting future operational business plans, and confirming the need of many of the initiatives currently in progress.

4. CONCLUSION / PROPOSAL

- 4.1 The Compliance Audit, Benchmarking Study and the Customer Survey demonstrate that the FSD is performing well, is progressed along the continuum of best practice and provides services that are valued by their customers.
- 4.2 Both the Benchmarking Study and Customer Survey identify the need to continue in this vein; to focus resources to value added activities and utilise technology to make operational processes simpler and less resource intensive. FSD are currently implementing a range of improvements associated with technology including:
- Direct Debit;
 - Online Rate Account Balance Enquiries;
 - Online Payment Arrangement for Rates;
 - Accounts Payable Automation;
 - Replacement Business Planning Software;
 - Replacement Long Term Financial Planning Software;
 - New Initiative Bid replacement software; and
 - Technology 1 CiAnywhere, which will enable Technology 1 to be used on any device.
- 4.3 The Review process has provided confirmation that these projects are important to our customers. Following delivery of these projects further opportunities for improvements in the deployment of technology will be managed within existing budgets where possible, or be subject to New Initiative Bids where necessary.
- 4.4 Technology is an enabler to move further along the best practice continuum and aligned to improvements in technology, processes and business practices, roles will continue to be rescoped to support more value-added services.
- 4.5 The Review has identified that FSD has an improvement culture with both the Benchmarking Study and the Customer Survey providing invaluable input into future operational business plans, with much of the change identified able to be delivered within existing resources.

CO-ORDINATION

Officer:

Date:



Program Review

Financial Services

Background Paper

August 2016

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INTRODUCTION

This background paper is to be considered as part of the Project Brief for the Program Review of the Financial Services Division (FS) which sits within the Business Excellence Department.

A critical element towards improving Council's performance is to ensure that programs are delivered through the best use of resources and provide value for money for the Salisbury community. Accordingly it is necessary for Council to review service delivery options and levels of service of our programs, and FS internal service provision.

Program Review activity is generally related to ensuring the organisation is best positioned to respond to current and future operating environments and to assist in building a sustainable and responsive organisation.

The following have been identified as critical elements that must be addressed during each review:

- Strategic relevance of the service
- Customer expectations/needs
- Compliance with legislated requirements
- Efficiency and effectiveness of the delivery of services
- Alternative service provision options
- KPI / monitoring / measurement of performance

This Project Brief seeks consultant support to conduct a Program Review of the FS Division, Business Excellence. The focus of the review is to consider services in light of the organisation's current and future needs to support the external delivery arms of Council deliver for the community, and the efficiency of our services.

The purpose of the Financial Services Program Review is to review the level and methods in which financial services are delivered to the Organisation and to ensure that system capabilities are maximised.

The review should identify areas which provide improved business support to the organisation including:

- reporting, advice provision
- capacity to respond to changing organisational activities and priorities
- planning and scheduling of activities
- resource levels and capabilities
- technology deployment to better support current and future business practices

CORPORATE CONTEXT

Councils City Plan 2030 outlines the Vision, Values and Key Directions to achieve Councils goals. Financial Services primary role is to support and enable the external service delivery of Council. A key aspect of this is the provision of information to aid the decision making of Council directly, and supporting other parts of the organisation in financial analysis for their decision making purposes and reporting to Council. Being an internal service division FS primary focus is Key Direction 4 – Enabling Excellence, and its objectives being:

1. Strengthen partnerships that enable us to better address our community's priorities
2. Develop strong capability and commitment to continually improve Council's performance
3. Have robust processes that support consistent service delivery and informed decision making
4. Embed long term thinking, planning and innovation across the organisation

The City Plan has direct linkages to our Long Term Financial Plan, with objectives and strategies within the City Plan requiring resources to enable delivery. To maintain our financial sustainability indicators within the endorsed operating ranges and deliver on the commitments of the City Plan is a key deliverable supported directly by the Financial Services Team.

LEGISLATIVE REQUIREMENTS

The *Local Government Act 1999 (SA)* governs many aspects of the Financial Services Function with the more relevant elements detailed below:

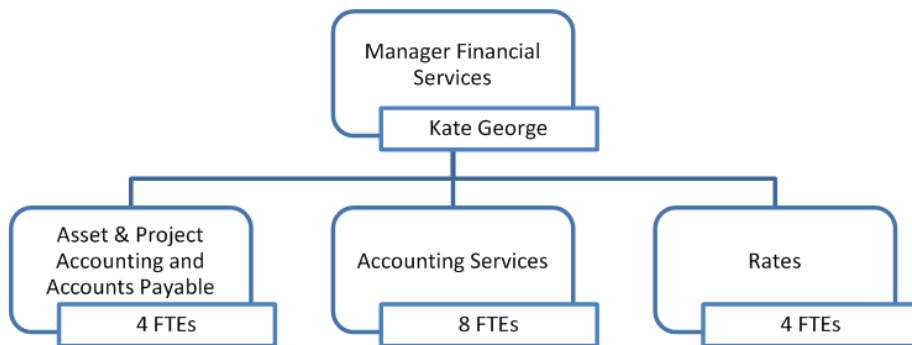
- S122 Long term Financial Plan requirements
- S123 Annual Business plans and Budgets
- S124 Accounting Records
- S125 Internal Controls
- S127 Annual Financial Statements
- Division 4 Financial Audit
- Chapter 10 – Rates and Charges

Further requirements are detailed in the *Local Government (Financial Management) Regulations 2011*, including Quarterly Budget Reviews and the application of Australian Accounting Standards. There are also requirements under indirect tax legislation including A New Tax System (Goods and Services Tax) Act 1999 and Fringe Benefits Tax Assessment Act 1986.

The current Internal Controls Framework, external auditing requirements, and the level of oversight by Council of a number of outputs including Financial Statements, Quarterly Budget Reviews, Treasury Management, and Councils extensive involvement in the Long Term Financial Plan and Budget processes results in much of the delivery of Financial Services function having a significant level of oversight aligned with legislative requirements.

The Financial Services Division has been structured to meet the various legislative requirements and to support the organisation as an internal service division.

FINANCIAL SERVICES DIVISION STRUCTURE



KEY SERVICES

Asset & Project Accounting & AP	Accounting Services	Rates
<ul style="list-style-type: none"> • Accounting for \$1.8bn Infrastructure Assets • Financial advice and support for the Salisbury Water Business • Processing and payment of 30,000+ Invoices and reconciliation of >100 Purchase Cards. • Finance System Support, Development & Administration 	<ul style="list-style-type: none"> • Business Partnering • Budget and Annual Plan • Quarterly Budget Reviews • Financial Statements & Statutory Reporting • Long Term Financial Plan • Facilitated Business Planning Processes • Grant acquittals • Tax Compliance • Treasury Management 	<ul style="list-style-type: none"> • Rate Generation for 59,000+ rateable properties • Maintaining property data for rates and electoral purposes • Rate collection processes • Raising and collection of other debtors

IMPROVEMENT PROJECTS IN PROGRESS

There are a number of projects identified within the FS business plan that are at various stages of implementation, with the more significant detailed below.

Asset & Project Accounting & AP	Accounting Services	Rates
<ul style="list-style-type: none"> • Accounts Payable Invoice Scanning project • Asset Componentisation and Contributing to Asset Management Improvement Project 	<ul style="list-style-type: none"> • New Initiative Bid process redesign and software implementation • Business planning software replacement 	<ul style="list-style-type: none"> • Valuation review where Development Applications have been lodged • Implementation of direct debit for rates • Online Rate Account balance enquiries • Online Payment Arrangements for Rates

FINANCIAL SERVICES DIVISIONAL BUDGET

	Budget 2015/16	Budget 2016/17
Asset & Project Accounting & Accounts Payable		
Wages & Salaries (4 FTE's)	375,400	383,600
Contractual Services	1,000	1,000
Materials	2,000	2,000
Other Expenses	3,000	3,000
Internal Expenses	5,300	5,300
	386,700	394,900
Accounting Services		
Wages & Salaries (9 FTE's)	909,000	941,000
Contractual Services	157,000	146,000 (1)
Materials	6,200	7,100
Depreciation	39,500	32,200
Other Expenses	271,750	300,150 (2)
Internal Expenses	9,500	12,277
	1,392,950	1,438,727
Rates		
Wages & Salaries (4 FTE's)	358,500	373,700
Contractual Services	280,000	275,000 (3)
Materials	38,500	38,500 (4)
Other Expenses	117,000	163,000 (5)
Internal Expenses	4,900	4,900
Statutory Charges	(127,300)	(127,300) (6)
Other Revenue	(15,800)	(16,000) (7)
	655,800	711,800
TOTAL	\$2,435,450	\$2,545,427

(1) Includes Australia Post Receipting \$100k, End of Financial Year Asset Revaluation Unit Rates and System Modifications \$46k

(2) Includes corporate receipting costs Bpay \$106k, Banks Fees & Merchant Fees \$71k, Emergency Services Levy \$54k, Audit Fees \$55k

(3) State Valuation Roll & supplementary reports

(4) Printing Costs - rate notices

(5) Includes Postage Costs for rates notices \$151k

(6) Certificate 7 fees

(7) NRM Levy administration fee

CORPORATE BUDGETS

The Financial Services Divisional Budget details the costs of the Financial Services Team. Additionally there are corporate budget that the Financial Services Team are responsible for including:

	Budget 2015/16	Budget 2016/17
Rates Revenue	85,730,000	89,339,538
Interest Income	723,050	155,500
Depreciation Expense	24,516,970	25,454,846
Interest Expense	2,191,200	1,880,978

These budgets are relevant when considering the responsibilities and activity levels of the team.

EMERGING TRENDS**Service Expectations**

In recent times there has been growth in some aspects of business partnering, and the service level expectation of our internal customers requires definition, including:

- Support for strategic projects and contract negotiations,
- Taxation advice,
- Assistance in Program Reviews
- Changes in business process and related systems from across the organisation

External Environment

Further there are changes in the external environment which also impact on FS business service delivery such as:

- Infrastructure Levy
- Northern Economy and capacity of our ratepayers
- Rate Capping and rate structures
- Legislative and Australian Accounting Standards changes

Undertaking an environmental scan to identify trends within the organisation and within the industry will assist in informing future service delivery requirements, resourcing impacts, system impacts and training needs.

EXTERNAL AUDIT FINDINGS

Over the past four years there have been no significant external audit findings identified by City of Salisbury's external auditors, Deloitte, with the provision of unqualified audit reports for both financial statements and financial internal controls (first audited year ended 30 June 2014).

CONCLUSION

The Background Paper is intended to provide a high level summary of the Financial Services Division to provide context to the program review to be undertaken. It provides details of the environment in which Financial Services operates, and the services that the Division provides to support the organisation in delivering for the community. The Division has been structured and resourced to perform traditional financial services including management accounting, financial accounting, together with the rates function. Over recent years there has been growth in requests from internal customers for commercial support and whether this trend is ongoing, and the resulting resource impacts are key questions to be considered as part of this program review.



TO: Manager Financial Services, Kate George
FROM: Manager Governance, Tami Norman
DATE: 5 January 2017
SUBJECT: Financial Services Program Review - assessment of compliance with legislative obligations

I have completed a review of information demonstrating compliance with legislative obligations and provide the following information based on that review.

- Forty two (42) separate obligations were identified within the information submitted.
- Following an initial review, 37 were assessed as **Fully Compliant**, 1 was assessed as **Non Compliant**, with further information requested for the remaining 4.
- Following consideration of the additional information provided, the 4 obligations were assessed as **Partially Compliant**, with the following recommendations made in relation to each obligation:

143—Writing off bad debts

- ...
- (2) *A council must not write off a debt under subsection (1) unless the chief executive officer has certified –*
- (a) *that reasonable attempts have been made to recover the debt; or*
 - (b) *that the costs of recovery are likely to equal or exceed the amount to be recovered*

Assessment: There was no evidence provided to confirm that the above certification is made at the time a debt is written off. Information provided confirmed that appropriate delegations to the General Manager Business Excellence are in place for the writing off of bad debts, with amount above which delegations will not apply documented as required by section 143(3).

Recommendation: Documentation relating to the writing off of bad debts should include the certification statements as part of the execution text to confirm that the requirements of section 143(2) have been met in making the decision to write off the debt.

172—Chief executive officer to keep assessment record

- ...
- (2) *An occupier of land may, with the consent of the owner, apply to the chief executive officer of a council, in a manner and form approved by the chief executive officer, to have the occupier's name entered in the assessment record as the principal ratepayer in respect of the land.*

Assessment: There was no evidence provided to confirm that the CEO has determined the manner and form for an application to be made in accordance with this section. Information provided confirmed that appropriate processes are in place to receive and action such a request, however, the requirement that the CEO determine the manner and form of application does not appear to have been met.

Recommendation: Steps be taken to seek a determination from the CEO as to the manner and form an application under section 172(2) should take. A record of the determination be entered into the corporate record keeping system. This information should be incorporated with other procedures relating to the maintenance of the Assessment Record.

172—Chief executive officer to keep assessment record

...
(3) *If an application is duly made under subsection (2), the chief executive officer must enter the occupier's name in the assessment record as the principal ratepayer.*

Assessment: There was no evidence provided to confirm that relevant delegations are in place to enable Rates staff to update the Assessment Record following receipt of a valid request to enter an occupier's name in the assessment record as the principal ratepayer (in accordance with section 172(2)).

Recommendation: Sub delegations be sought from the CEO to authorise Rates staff to update the Assessment Record in accordance with the requirements of section 172(3).

173—Alterations to assessment record

...
(2) *An application under subsection (1) must be made in a manner and form approved by the chief executive officer*

Assessment: There was no evidence provided to confirm that the manner and form of an application for an alteration of the assessment record has been approved by the CEO.

Recommendation: The manner and form of a request for an alteration to the assessment record be presented to the CEO for approval. A record of the approval be entered into the corporate record keeping system. This information should be incorporated with other procedures relating to the maintenance of the Assessment Record.

- The following recommendation is made in relation to the **Non Compliant** obligation:

173—Alterations to assessment record

...
(5) *The procedure before the council on a review under this section will be as determined by the council and the council may, in its discretion, decide*

whether to permit the person who requested the review to appear personally or by representative before it.

Assessment: Section 173(3) provides the capacity for a person to seek a review of a matter if they are dissatisfied with the outcome of an application to alter the assessment record.

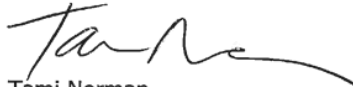
There was no evidence provided that the process to review such a matter has been determined by Council.

This review process is separate to the section 270 review process available and should be documented and determined by Council.

Recommendation: A report be presented to Council seeking endorsement of the process to apply in circumstances where a person has requested a review of an application to alter the assessment record. Once endorsed, the information be incorporated with other procedures relating to the maintenance of the Assessment Record.

- My overall assessment is that Financial Services currently has a very high level of compliance with legislative obligations, and the evidence provided in support of the assessment was of an excellent standard.
- The areas of deficiency highlighted for the partially compliant obligations above are minor in nature, and minimal work is required to achieve full compliance.
- In relation to the non-compliant obligation, it may be appropriate to evaluate the frequency of requests to alter the assessment record to determine what priority should be assigned to the endorsement of an appropriate review process by Council.

Please let me know if you require any further information in relation to this review process.



Tami Norman
Manager Governance

EXECUTIVE SUMMARY

1.1 Scope and Objectives

The City of Salisbury commissioned BDO to undertake a 'benchmarking study' of the Financial Services Division (FSD) as part of its ongoing program of service reviews across council. The scope of the project was to review the structure, systems, staffing and processes undertaken within FSD as well as compare these same elements with comparable councils as well as similar provide sector organisations. The overall aim was to assess FSD as well as identify areas for possible improvement.

1.2 Project Approach

To complete this project a range of tasks were undertaken including:

- Meeting with the Project Sponsor to gain an overview of processes performed by the Financial Services Division (FSD)
- Identifying and meeting with key people responsible for FSD processes within scope
- Identifying and recording key FSD process performance metrics (if available) for comparison with benchmarking partners
- Meeting with the Project Sponsor to discuss and agree appropriate benchmarking partners (selected from local government and comparable private sector organisations)
- Surveying and interviewing agreed benchmarking partners to obtain comparable process performance information and metrics (where possible)
- Consolidating results and performing comparison of FSD process performance to benchmarking partners, including identifying areas for improvement
- Seeking clarification regarding 'points of difference' across comparison group partners
- Performing high-level research to ascertain trends in the 'future focussed' Finance functions
- Meeting with the Project Sponsor to discuss the results of comparisons performed and areas for improvement identified.

1.3 Summary of Observations

Work performed to complete this project indicated that the Financial Services Division provides financial and business support services in an appropriate and efficient manner to 'council' that are largely consistent with other organisations in the comparison group. This group consisted of 3 other South Australian local councils and 1 private sector organisation. While some useful observations could be drawn from comparison with the private sector, due to inherent differences between the sectors, detailed and confident comparisons were unable to be made, particularly, those related to costs.

The primary areas of difference and improvement highlighted across the comparison group related to the:

- Key Performance Indicators (KPIs) used to measure the performance of support provided by the FSD (Performance)
- Number of resources used to support operational and strategic financial processes (Process and People).

The table on the following page summarises the areas considered across the comparison group and key areas of potential improvement for the City of Salisbury. Greater detail is provided in subsequent pages.

Area	Assessment	Observation
Structure	<i>Sound Practice</i>	Organisations in the comparison group have similar structures, with the Finance Manager reporting to an Executive General Manager (or Chief Financial Officer). Several Team Leaders report to the Finance Manager with between 2 - 3 staff in each team. The key point of difference in structures is the allocation of resources to key business areas. Three of the 5 organisations in the comparison group have taken the approach to 'outpost' finance staff to internal customer departments.
Process	<i>Potential Improvement</i>	Organisations in the comparison group perform similar operational and strategically focussed financial processes to support council operations. Trends suggest FSD staff could, over time, place greater emphasis on strategic rather than operational processing activities (with the latter possibly enabled by technology solutions). The FSD undertakes 3 unique processes; facilitating operational business planning, supporting Salisbury Water and its property development initiatives.
People	<i>Potential Improvement</i>	On average, organisations in the comparison group have approximately 15 FTEs in the Finance team (including the Finance Manager). This average reduces to 14 FTEs when comparing to the councils in the group. This puts the FSD slightly above both averages with 17 FTEs in the team which may be attributable to the three unique processes undertaken (refer above). In all cases management staff and, in most cases, team leaders within the Finance function have discipline related post-graduate qualifications.
Performance	<i>Potential Improvement</i>	Key Performance Indicators (KPIs) monitored across organisations in the comparison group tended to be 'operationally' focussed (for example, number of invoices processed, level of outstanding debts, reporting deadlines met). While the FSD has completed an internal customer feedback process, 'service quality' or 'internal client satisfaction' are not formally measured on an ongoing basis.
Technology	<i>Sound Practice</i>	Councils in the comparison group use one of two key financial systems (Technology One or Authority) to support business processes in addition to several other interfacing systems (manual and automated). Two of the three councils in the comparison group appear to have invested in a greater level of automation of their financial processes. This appears to have resulted in a greater capacity to support more internal customers than the FSD and to add greater value.
Financial ¹	<i>Sound Practice</i>	Like most organisations in both the public and private sector, salary costs are the largest operating expense. The average salary per Finance team FTE was relatively consistent across councils, with the FSD approximately \$2,000 lower than the average. Other key costs across local councils (for example, printing, postage, valuations and statutory charges) were also consistent.

¹ Comparable information was not available on the private sector organisation in the group.

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Structure		
Current	Comparison	Future
<p>The FSD reports through the Finance Manager to the Executive General Manager. The division comprises essentially 4 teams:</p> <ul style="list-style-type: none"> • Asset, Project Accounting & Accounts Payable • Accounting Services (which consists of 2 teams) • Rates. <p>Each team provides a number of different services to the council and consists of between 4 to 8 team members.</p> <p>The majority of team members work on a permanent full-time basis (rather than a permanent part-time, contract or casual basis).</p> <p>While the Salisbury FSD is primarily a centralised finance function, resources ‘partner’ with key areas across the business to develop a better understanding of the council’s operations and build stronger, more outcome focussed relationships.</p> <p>In broad terms, the FSD’s structure is consistent with other organisations in the comparison group. It demonstrates sound business practice and is moving towards better practice by aligning finance function resources with key business areas using a ‘partnering’ approach.</p>	<p>Organisations in the comparison group have similar structures with the Finance Manager reporting to an Executive General Manager or Chief Financial Officer (CFO) in the private sector environment.</p> <p>Team Leaders report to the Finance Manager with a varying number of members in each team. The key point of difference in structures is the ‘allocation’ (in some instances physical) of resources to key business areas. Three of the 4 organisations in the comparison group have taken this approach to service provision.</p> <p>Organisations in the comparison group generally employ staff on a permanent full-time or part-time basis. There is a trend in the private sector to employ staff on an individual contract and/or casual basis to allow for greater flexibility in workforce planning, particularly at ‘busier’ times of the year.</p>	<p>Taking into consideration existing constraints in the local government environment, the FSD (and the organisation more broadly) may benefit from investigating the use of alternative employment options (including the use of individual contracts or casual employment) to allow greater flexibility in workforce planning. This may be particularly useful at certain times of the year, for example, rates declaration/ generation and annual planning/budgeting. The cadet position currently provides some of this flexibility in busy periods</p>

Process		
Current	Comparison	Future
<p>The City of Salisbury’s FSD supports approximately 30 key financial and business processes across the organisation including (but not limited to):</p> <ul style="list-style-type: none"> • Business Partnering • Infrastructure Asset Accounting • Project Accounting • Annual Budgeting and Business Planning • Long Term Financial Planning • Financial Statement and Statutory Reporting • Purchasing Card Management • Accounts Payable • Rate Modelling • Maintenance of Property Data • Rates Generation and Collection. <p>In addition to these processes, the FSD undertake unique roles facilitating operational business planning, supporting Salisbury Water and the City of Salisbury’s property development initiatives.</p> <p>Processes undertaken by the FSD are consistent with other organisations in the comparison group. A potential area for improvement was, however, identified, in comparison to better business practice where there is a distinct shift away from operational ²processes (through automation) into more strategic³ value adding services.</p>	<p>Like most finance functions in both the public and private sectors, the Salisbury FSD has started to shift its focus from operational processes which support the organisation into strategic processes which deliver greater value to the organisation. This move has been enabled by technology which helps to automate transactional processes and use resources more efficiently and effectively.</p> <p>Process identification and classification performed as part of this project indicated that the FSD appear to be undertaking a relatively large proportion of operational processes (48% of FTE resources) compared to strategic processes (approximately 52% of FTE resources). This proportion is consistent with other local councils but is a point of difference with the private sector.</p>	<p>The FSD may wish to consider the current ‘balance’ between operational and strategic processes undertaken by resources within the team to ensure higher-level resources are being directed towards strategic, value adding processes.</p> <p>Emerging trends in the profession suggest that greater focus could be placed on strategic rather than operational processes which can be streamlined through automation.</p> <p>This exploration is best done in consultation with internal customers and their requirements taking into consideration the enabling technology available.</p>

² **Operational** – Repeatable or transactional tasks that support required council processes.

People		
Current	Comparison	Future
<p>The FSD is supported by 17 full-time equivalent (FTE) resources, including the Finance Manager and a Cadet position. Some members of the FSD have worked with the City of Salisbury for more than 10 years providing deep knowledge across the organisation and local government environment.</p> <p>Where required, particularly at the Finance Manager and Team Leader level, team members have relevant post-graduate finance and/or accounting qualifications.</p> <p>For more than 20 years, the City of Salisbury has employed a ‘Cadet⁴’ from the local area (or its surrounds). This role demonstrates council’s commitment to providing employment opportunities in the community and the ongoing development of staff. The number and level of human resources dedicated to the FSD are, for the most part, consistent with other organisations in the comparison group. Potential areas for improvement were, however, identified in relation to reducing staffing levels either through automation or alternative working arrangements and using subject matter experts when required.</p>	<p>In comparison to other local councils in the group, the City of Salisbury appears to have a slightly larger number of human resources allocated to key financial processes (approximately 17 FTEs) as opposed to an average of 15 FTEs across the comparison group. This average decreases to 14 FTEs when comparing only to local councils.</p> <p>The reasons for this slight difference in resource levels appear to be attributable to the:</p> <ul style="list-style-type: none"> • Business initiatives in which the City of Salisbury is involved (for example, property development) and the • Customer ‘centric’ approach to service provision taken by the FSD • Degree of automation in key processes (particularly, accounts payable, payroll and credit card management). • Commitment to the cadet role. <p>Trends across the private sector (particularly, infrastructure focussed businesses) and some of the councils in the comparison group, would indicate that greater value could be delivered utilising subject matter experts when resourcing the Finance function.</p>	<p>While FSD FTE numbers are comparable with other local councils in the comparison group, there is an opportunity to re-evaluate staffing levels required in the FSD. This may include considering a number of factors including the number, type and level of automation of key financial processes supporting council business operations.</p> <p>Consideration could also be given to the use of a subject matter expert in the Finance team in more complex areas of the business or when undertaking new initiatives. For example, employing staff (on a contract or part-time basis) within the FSD with an engineering background may drive a better understanding of the infrastructure asset management lifecycle.</p>

³ **Strategic** – Unique or complex activities that contribute to the achievement of council high-level objectives and plans.

⁴ It originally started recruiting trainees.

Performance		
Current	Comparison	Future
<p>The Salisbury FSD take a customer-centric approach to services provided to its internal and external customers by promoting a ‘business partnering’ approach and taking a lead role in ensuring the quality and timeliness of financial information included in reporting presented both to the Council, across the organisation and to external stakeholders. This is an area of better practice noted at the City of Salisbury and may be a factor contributing to the slightly higher number of FTEs in comparison to other councils.</p> <p>We note that the FSD has recently received results from the Survey of Internal Customer Service Evaluation 2017 and, while statutory reporting deadlines and project milestones are monitored to ensure they are met, no formal key performance indicators (KPIs) appear to have been established or are monitored and reported on a regular basis.</p> <p>In broad terms, the FSD’s performance is consistent with other organisations in the comparison group. A potential area for improvement was, however, identified in relation to the implementation of clear and agreed KPIs.</p>	<p>Most local councils in the comparison group, measure ‘operational’ Key Performance Indicators (KPIs). These indicators include:</p> <ul style="list-style-type: none"> • Overdue Actions • Creditor Payment Terms Met • Level of Sundry Debtors • Level of Rates Outstanding • Reporting Deadlines Met • Status of Projects. <p>Two of the organisations in the group indicated that they do undertake internal customer service surveys to obtain feedback on the performance of the Finance team. Despite this effort customer feedback was not a KPI.</p> <p>Trends in the provision of services indicate a shift from operationally focussed performance measurement to more strategic and customer focussed performance indicators or at least a blend of both.</p>	<p>Based on consultation with internal customers, the FSD may want to build on existing indicators to identify an appropriate suite of KPIs to monitor the Finance team’s performance, including both operational (internal) and strategic (external) focussed indicators, for example:</p> <ul style="list-style-type: none"> • Decision Support Needs Met • Number of Business Initiatives Supported • Number of Adhoc Customer Requests Received • Time Taken to Respond to Customer Requests • Customer/Partner Satisfaction Survey Results. • Elected Member Satisfaction with Finance Reporting.

Technology		
Current	Comparison	Future
<p>The City of Salisbury use Technology One as the key system to support its financial processes. This system interfaces (electronically and manually) with a number of external systems which provide necessary data (e.g., property details) and services (e.g., banking).</p> <p>Other systems used across the council to support financial processes include:</p> <ul style="list-style-type: none"> • Covalent • Pathways • Confirm • Empower. <p>Like most organisations in both the public and private sector, local spreadsheets are used to support technology solutions in place, often to produce regular reporting in the required format.</p> <p>FSD's use of technology is consistent with other organisations in the comparison group. It demonstrates sound business practice by continually striving to improve the efficiency of processes through automation and is currently considering new systems to support key business processes.</p>	<p>Most local councils in South Australia use one of two key technology systems (Authority or Technology One) to support their key financial processes in addition to several other (sometimes as many as five) interfacing (automated and manual) systems.</p> <p>The extent to which the available functionality within systems also varies across councils in the comparison group. One area of difference is in relation to accounts payable. One council in the comparison group has a de-centralised relatively automated purchase order entry, approval and payment process. This may be a way to reduce the number of resources allocated to this simple, transaction based process which can be easily automated.</p> <p>Larger organisations in the private sector tend to invest in enterprise wide systems (for example, SAP) to improve business process efficiency through a greater level of automation.</p>	<p>The FSD should continue to progress initiatives to improve the accounts payable process through automation and/or place focus on the end-to-end 'procure to pay' process by combining procurement and accounts payable functions in one area.</p> <p>In the longer term, the City of Salisbury may wish to consider the implementation of an enterprise wide technology solution to support more efficient end-to-end business processes across the organisation.</p>

Financial		
Current	Comparison	Future
<p>Detailed financial comparisons were not able to be performed across all participants in the group.</p> <p>Where possible, high-level comparisons have been performed.</p> <p>As expected, the largest cost of the FSD are salaries and wages.</p> <p>The FSD's financial costs are consistent with other organisations in the comparison group.</p>	<p>City of Salisbury's FSD salary cost per FTE appeared to be lower than average across local councils (by approximately \$2,000 per FTE).</p> <p>Other key costs supporting financial processes (including for example, receipting/banking, valuations, printing, postage and statutory charges) are consistent with other local councils.</p>	<p>No specific areas for future improvement were identified.</p>

APPENDIX 1 -STAKEHOLDERS CONSULTED

People consulted from the City of Salisbury during the project are outlined in the table below.

Charles Mansueto	General Manager Business Excellence
Kate George	Manager Financial Services
Tim Aplin	Team Leader - Accounting Services
Matthew Coldwell	Team Leader - Assets, Project Accounting & Accounts Payable
Leigh Daddow	Team Leader - Accounting Services
Kathryn Goldy	Team Leader - Rates & Revenue



Financial Services Division Internal Customer Service Evaluation 2017



Prepared for: Kate George
Manager Financial Services
City of Salisbury

Project Number: 8982
Report Date: April 2017

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Item PRSC1 - Attachment 4 - Harrison Research Financial Services Division Internal Customer Service Evaluation

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INTRODUCTION

Background and Methodology

Background

As part of the wider City of Salisbury Program Review process City of Salisbury's Financial Services Division (FSD) commissioned Harrison Research to undertake a web based internal customer survey. In line with the aims of the Review, the broader aims of the survey were to generate a picture of the current state of the FSD in terms of its service provision and performance and identify the "future state" or desired trajectory of the FSD.

Methodology

Forums and discussions were held with Divisional Managers and other key staff to gain a first-hand account of the nature of the interactions between these groups and the FSD, the key directions/touchpoints for the survey, as well as preliminary feedback on the important aspects of FSD's service delivery.

Following this input, the online survey was developed to identify the following (for each of three teams that make up the Division and for the Division overall):

- Satisfaction or dissatisfaction with current service delivery
- Drivers of satisfaction/dissatisfaction
- Areas for improvement
- Potential unmet needs
- Changing requirements
- Opportunities to redirect resources into more valued services

The survey was targeted towards Elected Members and City of Salisbury Staff designated by the FSD as key users of the FSD's internal customer services (including General Managers, Divisional Managers, Team Leaders and other key staff), generating a potential pool of respondents of 55 individuals.

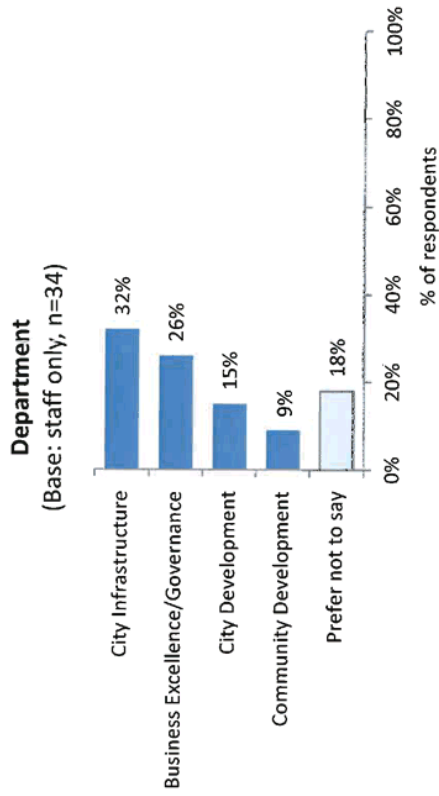
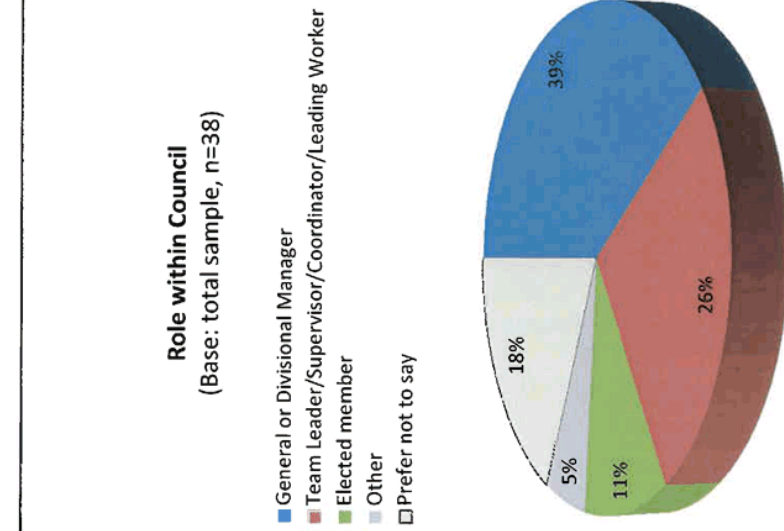
The Staff and Elected Members nominated for participation were sent an introductory email which included an explanation of the surveys aims, a guarantee of confidentiality and a link to the survey. The survey was accessible online between the 9th and 22nd of March 2017, during which time staff received multiple reminders to participate, both from Harrison Research and from the FSD. Technical support and advice was available to respondents if they had any questions or required any assistance during the survey period.

A final sample size of n=38 respondents was achieved, equating to a response rate of 69%. However the response rate was 87% among key staff (excluding Elected Members). At the total sample level, the sample size offers a margin of error of 8.92% to 95% confidence.

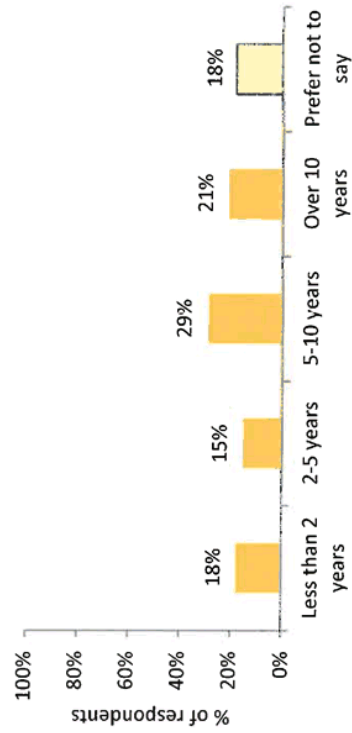
Given the small number of potential respondents, it was known prior to implementation that between group variations in responses (by role, division and length of employment) could not be reliably identified. However, the charts on the following page display the structure of the final sample in terms of respondents:

- Role within Council
- Department, and
- Length of employment

Sample Structure



Length of Employment at City of Salisbury
(Base: staff only, n=34)



SUMMARY OF FINDINGS

Summary of Findings -- In Brief

Overall there is a high level of satisfaction with the internal customer services provided by the FSD. Although internal customers displayed moderate to high satisfaction towards each of the three teams (in terms of their service provision and aspects of service delivery), satisfaction was highest among the Accounting Services Team internal customers, and lowest for Rates Team internal customers.

The majority of respondents were satisfied with most aspects of service delivery as provided by the FSD, however notably lower satisfaction was identified in the following areas across all three teams within the FSD:

- Continual improvement and innovation
- The clarity of processes/action(s)

Feedback in regards to the improvement of current services and the inclusion of additional services the FSD could provide to better meet business needs and support the future directions of Council were mainly regarding the following five service areas:

- Systems improvements, especially in regards making the move to all digital and creating more user friendly interfaces and improvements to Finance 1 and Covalent
- Improvements to customer service, communication or engagement , especially in regards to a customer first focus, communicating timelines or reasons for processes
- Provision of training/education to key staff to better understand systems, financial advice and processes
- Improved or additional business advice/support
- Improvements to various specific processes

The vast majority of the key staff surveyed indicated they felt there is clarity between their role, and that of the Financial Services Division. The few individuals who considered there to be a lack of clarity did not provide insight as to where the lack of clarity arises. *"This could be improved at induction, have found it appears to develop as interaction and relationships develop."*

Over half of they key service users felt that financial services personnel understand and anticipate their divisions' specific business needs. However, around a quarter gave a middle ground response, explaining that in most cases the division understand and anticipate their needs but that there are some exceptions. *"In most cases yes, however sometimes there is inflexibility to a process."*

Half of those surveyed indicated they have specific business needs that could be provided by the Financial Services Division (such as modelling, trend analysis or, business analysis). However, most provided little detail in regards to the form and function of their request.

It is recommended that these specific business needs, the perception of a lack of understanding and anticipation of specific business needs and any perceived lack of clarity in roles be explored more fully with customers.

The results of the research suggest that Financial Systems support and development, the facilitation of Business Planning process and rates processes should be prioritised if any of the current services provided by the FSD were to be marked for improvement.

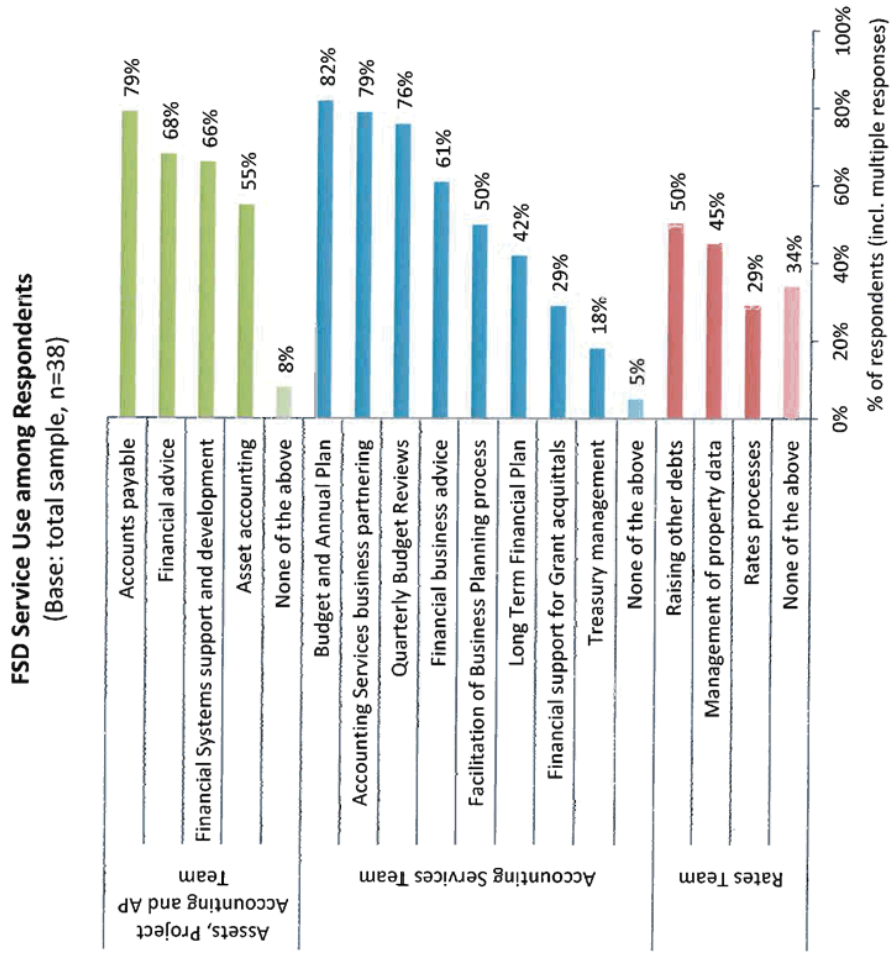
The following section provides a summary of the key findings in an overview form accompanied by illustrative charts.

Summary of Findings - Overview

Of the n=38 key staff and Elected Members surveyed 92% use or interact with at least one of the services provided by the Assets, Project Accounting and AP Team during the course of their role within Council, 95% use or interact with at least one Accounting Services Team services and 66% use or interact with at least one of the services provided by the Rates Team.

The service within the FSD most commonly accessed by survey respondents were the core FSD services, the Budget and Annual Plan, Accounting Services business partnering, Accounts Payable and Quarterly Budget Reviews.

As expected, the least commonly accessed services among key users of the FSD's internal services were treasury management, financial support for grant acquittals and rates processes.



Summary of Findings - Overview

Those who access each service were asked to rate how important (or valuable) the services they access are in their day to day role at Council and how satisfied they were with the service provision.

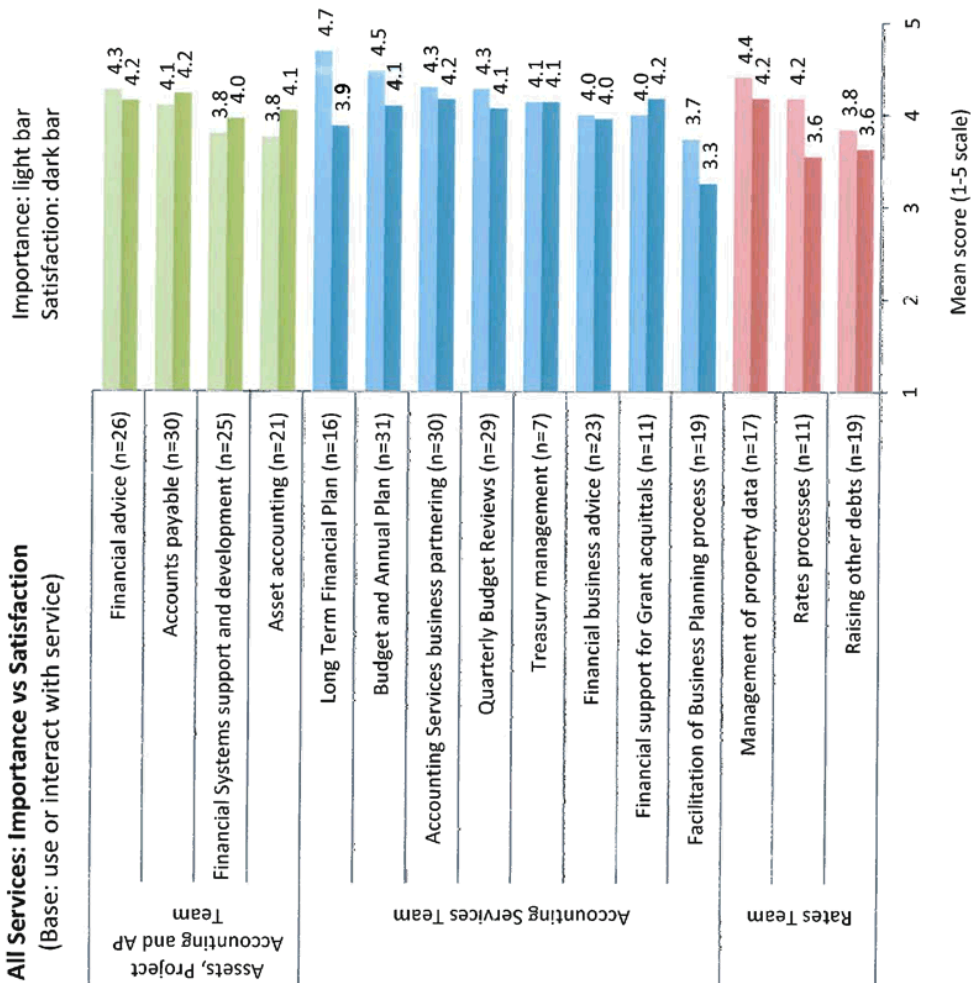
FSD services considered to be the most important or valuable to the key users surveyed were:

- The Long Term Financial Plan
- The Budget and Annual Plan
- Management of property data
- Accounting services business partnering
- Quarterly Budget Reviews, and
- Financial advice

Satisfaction with service provision was relatively even across most of the internal customer services the FSD provide. However, the average satisfaction score was lower for users of the following services:

- Facilitation of the business planning process
- Rates processes
- Raising other debts
- Financial Systems support and development

All Services: Importance vs Satisfaction (Base: use or interact with service)



Mean score (1-5 scale) 9

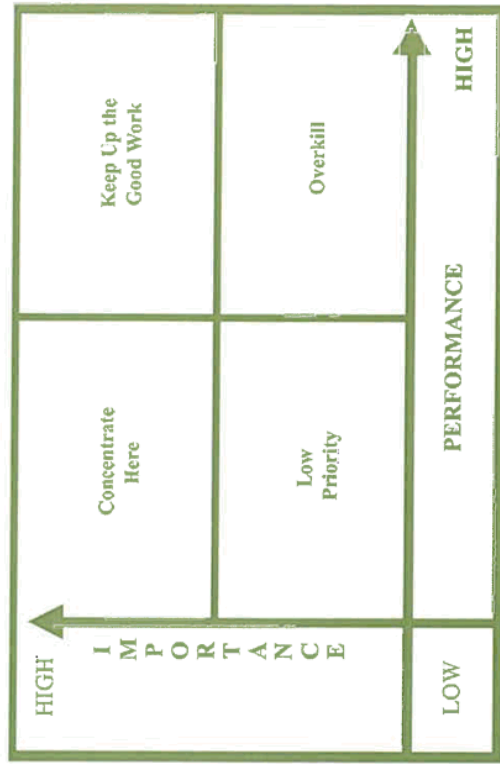
Summary of Findings - Overview

One of the most useful forms of analysis we use in research for service improvement, is the Importance Performance Matrix. This Matrix combines information about respondents' satisfaction and importance to guide service delivery strategy and resource allocation for effective service improvement.

The area of greatest interest in an importance/performance matrix is the top left quadrant (see example opposite). Services that fall within this quadrant are of high importance to key service users but achieved lower satisfaction scores of and are therefore critical areas for service improvement.

The other three quadrants are useful for different reasons. This might mean reducing investment in service delivery in areas which are not considered as important to service users (e.g. lower right quadrant).

The average importance and satisfaction ratings (mean scores on the 1-5 scale importance and satisfaction scales) were used to generate an importance/performance matrix for each teams core internal services.

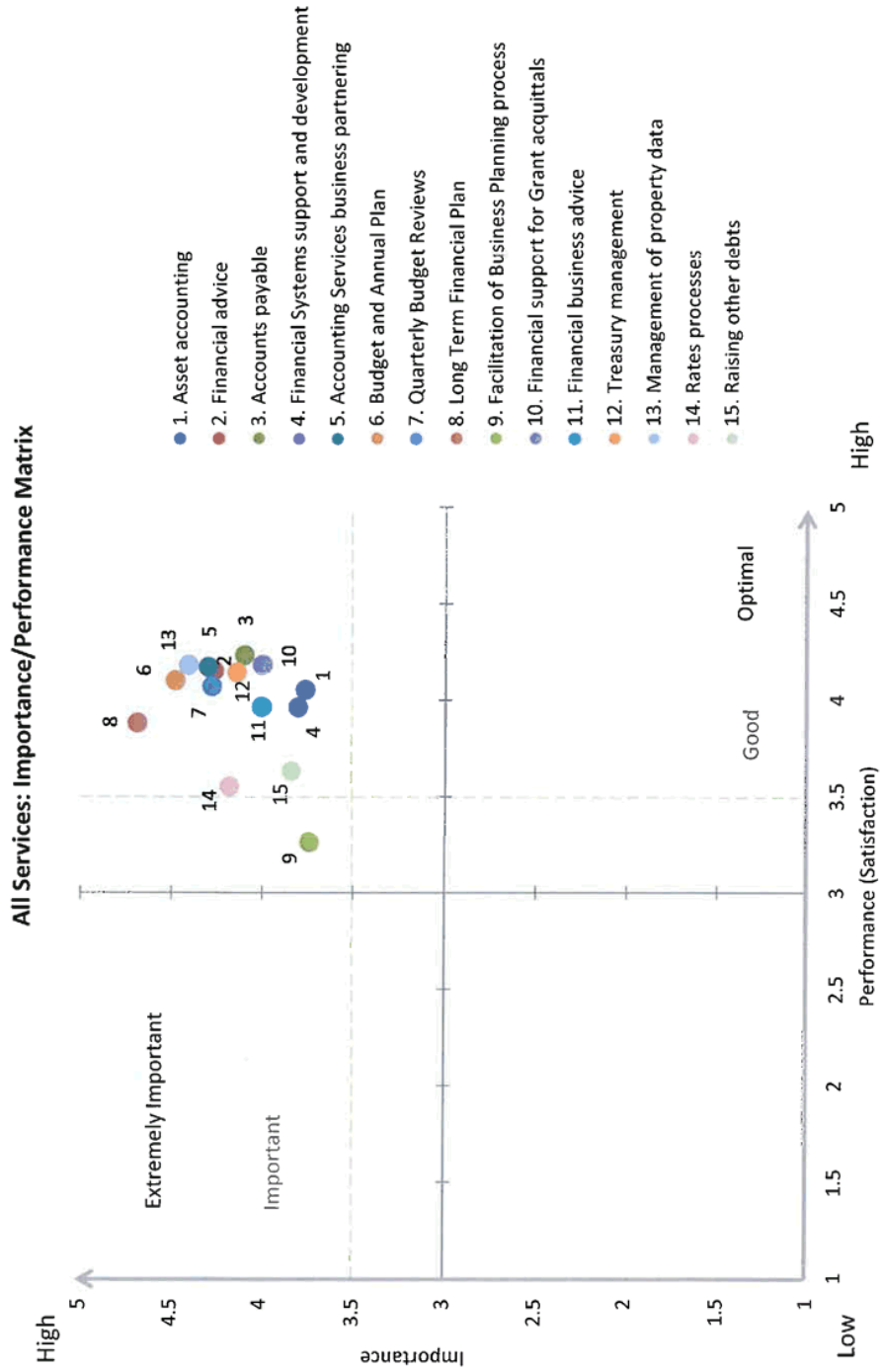


As seen in the chart on the following page, all FSD services fell within the 'keep up the good work' quadrant, i.e. all services delivered by the team are considered important (or valuable) to key users in their day to day roles and are generally considered to be performing well.

If any of these services were to be marked for improvement, the results of this analysis (depicted the following page) suggest that Financial Systems support and development, the facilitation of Business Planning process and rates processes and related services should be prioritised.

Despite moderate satisfaction ratings care should be taken to ensure the provision of the Long Term Financial Plan and the Budget and Annual Plan remains at a high level, given the extreme importance among key users and to the success of Council as a whole.

Summary of Findings - Overview



Summary of Findings - Overview

All respondents were asked to rate each team they interact with on eight aspects of service delivery. The chart opposite displays the mean satisfaction scores achieved for each aspect across the three teams (on a 1-5 satisfaction scale).

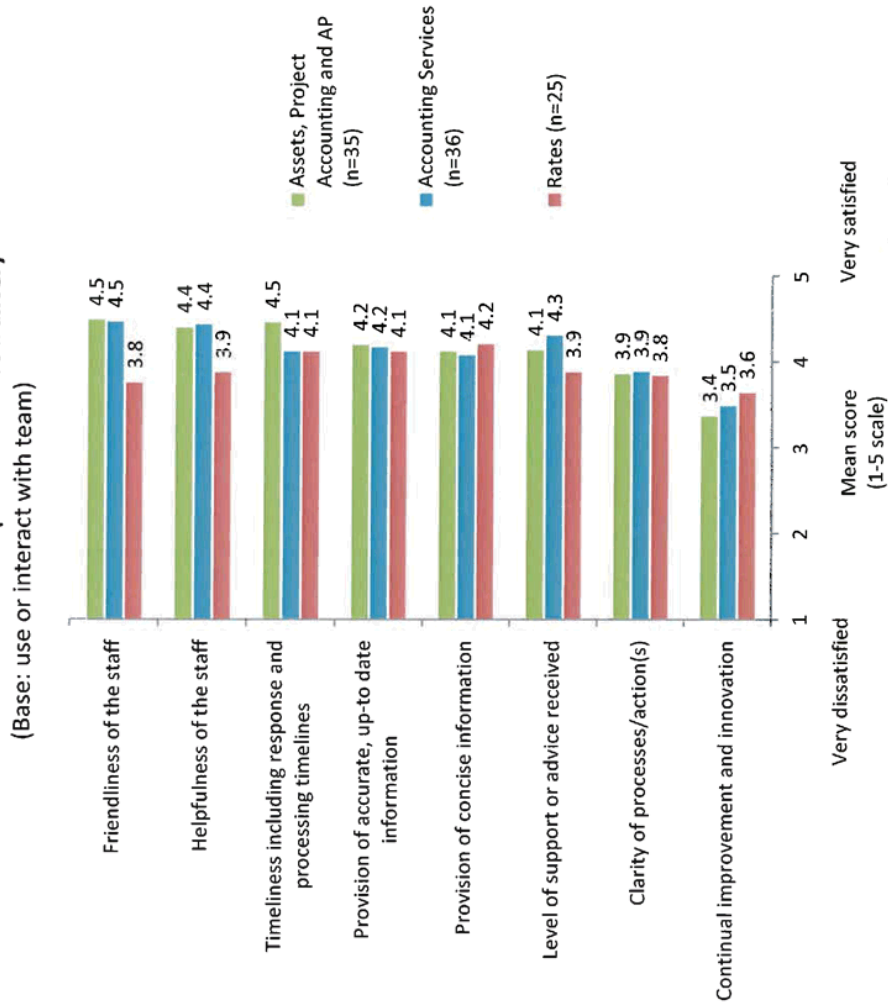
Overall the friendliness and helpfulness of staff attained the highest mean satisfaction ratings for the Assets, Project Accounting and AP Team and the Accounting Services Team.

The Assets, Project Accounting and AP Team also attained high ratings for timeliness while the Accounting Services Team attained high satisfaction ratings for the level of support and advice received.

The clarity of processes/action(s) and continual improvement and innovation achieved the lowest satisfaction scores across all three teams.

Satisfaction with all aspects of service delivery as provided by the rates team fell just short of the optimal level. However, this was primarily due to strong dissenters present in the small number of service users who opted to participate in the survey.

All Teams: Satisfaction with Aspects of Service Delivery
(Base: use or interact with team)



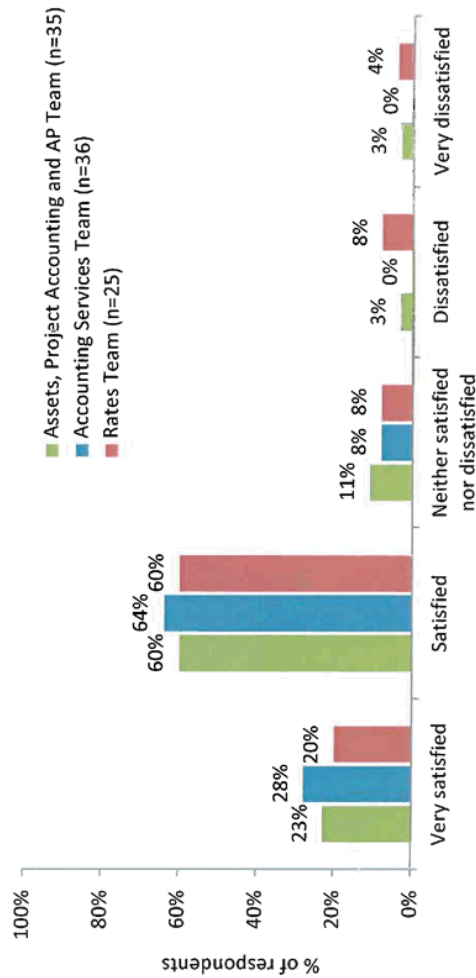
Summary of Findings - Overview

When assessed on their satisfaction with the overall customer service experience provided by each team, the Accounting Services Team received the most positive review. Collectively, 92% of those who have interactions with the Accounting Services Team were satisfied with their overall experience (28% 'very satisfied', 64% 'satisfied'). None were dissatisfied to any extent.

Comparatively a total of 83% of those who have interactions with the Assets, Project Accounting and AP Team were satisfied with their overall experience. One in ten (11%) were neither satisfied nor dissatisfied and a total of 6% were dissatisfied to some extent.

Lastly, a total of 80% of those who use services provided by the Rates Team were satisfied with their overall experience and a total of 12% expressed dissatisfaction with the overall customer experience provided by the team.

All Teams: Satisfaction with Overall Customer Experience
(Base: use or interact with team)



Summary of Findings - Overview

Key users of FSD services were invited to identify service areas in need of improvement for each of the three teams. Verbatim responses were analysed qualitatively to identify the key service areas in need of improvement. The key service improvement areas identified for each team are displayed below (listed from most to least common) along with illustrative verbatim responses.

Assets, Project Accounting and AP Team

- Systems; making the move to all digital and creating more user friendly interfaces
- Engagement; improve interaction points and communication
- Specific Process Improvements

Development of dashboards, move Finance One to its more user friendly interface.

More time to develop Finance 1 and create system improvements.

Improve the engagement and consultation process, including status of changes.

Accounting Services Team

- Systems; improvements/overhaul of business planning processes and Covalent, improvements to Finance 1 layout and reporting
- Customer Service; targeted service provision, improve communication, especially in regards to expected timeframes
- Specific Process Improvements; including improvements to Business Planning, Budget Reviews and related processes
- Reporting; improve readability, ease of understanding

Streamlined, better integrated business planning process (covalent replacement).

Business planning and its integration / reporting with other strategic reporting documentation.

Finance 1 - needs to be improved so the screens fit on all screen resolutions - currently can't see sections of the screen layout due to resolution issues. Finance 1 reports - I can't save my reports that I run for monthly budget reviews.

A greater focus on targeting services to suit the needs to the individual business units rather than a one size fits all approach.

Communicate the Business Partner structure so that staff with budget queries know who to go to specifically.

Very helpful although very busy therefore not always available directly when advice is required.

Is monthly budget reporting required for business or can this be modified to quarterly reporting but hold monthly catch-up meetings with business partners to review any anomalies/issues/identify possible budget review implications, etc.?

Rates Team

- Systems; especially debtor invoicing process
- Customer Service; improve communication, engagement and availability of staff
- Specific Process Improvements
- Training

Unable to have invoices generated which can be sent with the accompanying required documents. No advice received when invoices are paid.

Ensuring a positive customer interaction is provided at all times to both internal and external customers. The rates team are a very knowledgeable team who have a solid set of processes and procedures in place.

Availability of staff when required.

Summary of Findings - Overview

Similar themes were identified when key users were asked to identify, for each Team, any additional programs, services, support or advice the team could provide to better meet business needs and support the future directions of Council. The additional service requirements identified for each team (listed from most to least common) are displayed below along with illustrative verbatim responses.

Assets, Project Accounting and AP Team

- Systems; introduce electronic AP approvals
- Training and Education; opportunities for staff to gain a deeper understanding of practices and systems
- Specific Process Improvements
- Business Advice

AP automation will assist with processing accounts and the current reliance on Excel (outside of system processes).

Temporary secondments into other departments to educate Council staff about finances and accounting practices.

A greater level of information and transparency regarding the staff time assigned to capital is required.

Accounting Services Team

- Business Advice
- Training and Education
- Systems
- Process Improvements
- Customer Service

Advice on improvements. More analysis of things like credit card transactions.

Training, upskilling and specialist oversight and assistance to teams managing large capital budgets to protect Council and strategic input into long term financial planning and decision making at a Division Level.

Training on systems. More options for reports.

Financial reporting, for example, to be able to quickly understand net budget position to end of last period.

The use of business analytic software for some interactive and dynamic reporting would be useful. Particularly if this can provide more regular updates than just through the quarterly budget reviews.

Budget planning processes need to better align with Business planning and the City Plan.

Clarity of some processes around the budget cycle and time frames.

Rates Team

- Systems; improve debtor invoicing processes
- Customer Service

Access to invoice status and information.

Invoicing process needs to be reviewed as there is not notification process back to the person who generated the invoice).

Many organisations request that an invoice also be e-mailed to them but this is not an option given in the process and staff are reluctant to do so.

Continue to build positive working relationships between departments to enhance our service delivery to customers. The rates team are excellent at keeping us informed of what is happening in their department so we can plan and be prepared for busy periods and changes in processes/procedures.