
14.0 CORPORATE SERVICES

14.1 Impact of Shared Services

Prior to the introduction of the Shared Services Initiative (SSI), corporate services were provided to QHPSS via a combination of areas including corporate services from Corporate Office and services provided from the Kessels Road campus. In accordance with the Government's strategy of Aligning Services and Priorities, transactional functions were moved to the Shared Services Provider – Corporate & Statewide (SSP - C&S). However, through negotiation the local senior positions of HR Manager and Director of Finance were retained within QHPSS to provide a strategic level of expertise to QHPSS. One of the key principles of SSI is to develop partnering arrangements between the provider and purchaser of services. Unfortunately the relationship has not developed to a mature level for QHPSS and SSP - C&S.

Part of the problem relates to QHPSS not having a clear understanding of the roles and responsibilities of both parties. This problem has been exacerbated by the division of responsibilities of corporate services within QHPSS.

As part of the process to develop a mature partnering relationship between QHPSS and SSP - C&S, there needs to be resolution of the tension between the strategy to co-locate and rationalise in the SSP - C&S versus having an active presence on the Kessels Road campus. It is evident that having a presence at the Kessels Road campus on certain nominated days or part thereof each week will go a long way to addressing the issue.

To progress these issues a partnering forum or workshop with the key stakeholders present needs to occur as soon as possible. Under the new structure it will be the responsibility of the Institute and the Senior Executive Director – Resource Management to work as a team to deliver the outcomes required.

Recommendation 49:

It is recommended that the Chief Executive Officer of the Institute and Senior Executive Director, Resource Management facilitate a series of workshops to develop a partnering relationship between Shared Service Provider – Corporate and Statewide and the Institute by 31 January 2006.

14.2 Recruitment Practices

Consistent with Government policy, QH has developed and implemented robust recruitment policies and procedures. It is imperative that practices are transparent to engender confidence in management decisions.

Promotions/appointments that have occurred over the last few years have caused a high level of concern among staff. These concerns are having a detrimental impact on the morale of the organisation.

The Taskforce believes that recruitment practices need to be strengthened to ensure compliance and transparency.

Another issue is the temporary nature of the employment of 39 staff for the Backlog Project. This status is a result of the uncertainty of funding from the Backlog Project which initially was expected to be for 3 years only. Temporary employment under these circumstances is the usual practice when recurrent funding can not be guaranteed.

Short term recruitment is problematic as:

- The applicant pool can be limited as many potential applicants are hesitant to seek temporary employment;

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- Those employed on short term contracts invariably pursue alternative permanent opportunities as they arise;
 - It is a significant investment to recruit and train staff only to lose them to alternative employment; and
 - Commitment of temporary staff may not be as optimal as permanent staff.

The Taskforce has now confirmed that the Backlog Project funding of \$3M per annum is recurrent and has been allocated to QPS to purchase DNA profiling and crime scenes samples backlog from QHSS. As recommended in Section 6.4.3, it is proposed that this funding be transferred to QHSS's base funding pending the development of proper fee-for-service arrangements. As a result of this, the current arrangements of short term employment contracts can be re-visited with a view to appointing staff to permanent positions consistent with government policies.

Recommendation 50:

It is recommended that the Chief Executive Officer of the Institute:

- Ensures all recruitment practices are in accordance with corporate policies and procedures **immediately**; and*
- Reviews the arrangements for the temporary employment of staff in the Backlog Project with a view to appointing staff to permanent positions consistent with government policies by **31 October 2005**.*

14.3 Records Management

As in many organisations, the retention and storage of records is a critical concern for this campus given the limited storage capacity available. While records management is a function of the SSP – C&S there needs to be some urgent attention to addressing current issues facing QHSS.

Those issues include:

- Clarification of the ownership of records to enable appropriate retention and records management procedures to be developed;
- Ensuring AusLab records comply with Information Standards for Records Management No. 40 & 41;
- Clarification of retention periods for a range of records and/or samples held within QHSS;
- Ongoing viability of RecFind V3.2 database given the Whole-of-Government EDRMS project; and
- The need to enhance the records management knowledge and capacity on campus.

To address the above issues, records management staff need to undertake a project to prepare the Kessels Road campus for the implementation of the Whole-of-Government EDRMS solution.

Recommendation 51:

*It is recommended that the Senior Executive Director, Resource Management ensures attention is given to the current issues facing the management of records held at Queensland Health Scientific Services with a view to preparing for the implementation of the Whole-of-Government EDRMS solution by **31 October 2005**.*

14.4 Financial Management

The expenditure to budget performance for QHSS has been analysed for the past 5 years. In 2004/05, the overall result was an underspend of approximately \$2.36M which has been committed in rollover funding for outsourcing of Forensic Biology DNA sampling (\$1.5M), capital equipment for Forensic Biology (\$0.5M) and coronial equipment (\$0.4M). Overall this is considered a satisfactory position.

The budget development process for QHSS is primarily centrally driven from the General Manager. The formulation of the budget has largely been historically based and there are conflicting views over the level of consultation and input to the budget process from middle management. There is no devolved cost centre management in QHSS.

The ongoing monitoring of budget performance has been problematic with inconsistent data being presented to management. There is not a good understanding of the financial position across all levels of management. This is largely a result of using independently generated Excel reports and not relying on the FAMMIS produced reports. Corporate systems such as FAMMIS should be the definitive reporting mechanism from which financial performance is reported and monitored thus avoiding any inconsistency and confusion. In addition, budget performance against these reports should form part of the agenda for regular management meetings.

While there have been reported inaccuracies in the labour costing to the various Cost Centres, efforts are being made to correct this. There are specific Decision Support System (DSS) reports which can be generated on a regular basis for Cost Centre managers to identify and correct any costing inaccuracies. These reports should form part of the monthly reporting to all Cost Centre managers.

There does not appear to be a good understanding of FAMMIS reports and the treatment of revenue in the financial reporting process. It is understood revenue targets based on historic and known commitments are included in budget allocations, however there is no feedback to Cost Centre managers on the revenue receipts. In the interest of completeness, revenue reports, albeit to Group/Team level, should be provided to Cost Centre managers in their monthly reports. This will enable those managers to understand the overall financial performance of their area.

In a devolved financial management framework, Cost Centre managers should be in a position to understand their performance and be accountable, which includes reporting back to Executive Management on such performance. This level of accountability and reporting does not occur.

Recommendation 52:

It is recommended that the Chief Executive Officer of the Institute ensures:

- (i) A devolved Cost Centre Financial Management system is introduced in the Institute by 31 January 2006;*
- (ii) Budget development is a consultative process with all managers to ensure budgets are understood and adequately allocated within available funding constraints by 31 January 2006;*
- (iii) Appropriate financial reports sourced from the Decision Support System (DSS) and/or FAMMIS are provided to managers on at least a monthly basis by 31 January 2006;*
- (iv) All managers are given adequate training to access and understand the abovementioned reports by 31 January 2006; and*
- (v) Budget performance is an agenda item for all monthly Executive meetings by 31 October 2005.*

14.5 Zero Base Budget

The Taskforce has attempted to develop a zero base budget for QHSS calculated on current staffing levels. In the area of labour related costs, the Corporate Office budget template was applied to the staffing component provided by the Manager, HRM Services. In this calculation no provision has been made for relief/higher duties. This component, if fully applied across QHSS could amount to a further 1% of salaries or approximately \$350,000 which is over and above the calculation shown below.

In the area of non-labour related costs, there are no benchmarks or standards which can be applied to costing the services provided. As a result the non-labour costs for the period 1 January 2005 to 30 June 2005 has been doubled for an annual result and used for these calculations. It is considered the earlier 6 months to December 2004 may not be representative of full productivity as the additional Backlog staffing did not commence until at September 2004 at the earliest.

The result of the zero base exercise is therefore as follows:

Labour	\$21,855,175
Non-labour	<u>\$10,509,730</u>
TOTAL	\$32,364,905

The available funding for 2004/05 was \$33,948,706 made up of the QHSS operating budget of \$26,747,706 which includes revenue, Backlog funding of \$5M and Coronial funding of \$2,201,000. As the Backlog funding of \$5M reverts to \$3M in 2005/06 (allocated to QPS to purchase forensic services) and coronial funding reduces to \$1.5M (includes rollover of \$0.5M) then the potential available funding will be \$31,247,706.

Compared to the zero base calculation this result indicates a shortfall of \$1,467,199 which includes the difference of \$1,117,199 as well as the \$350,000 for relief/higher duties which was not included in the zero base calculation.

14.6 Workplace Health and Safety

There are presently two full time Workplace, Health and Safety officers employed for QHPSS and located at QHSS. The scope of their responsibilities is not clear to the incumbents, particularly as it relates to pathology laboratories across Health Service Districts. This function needs to be reviewed in the light of the proposed establishment of the Institute and the excision of functions and resources from the Office of the Executive Director, QHPSS.

A number of situations were brought to the attention of the Taskforce, bringing into question the priority and attention given by the current Executive Management Group to workplace health and safety issues. This includes the ongoing concern within Forensic Chemistry associated with the analysis and storage of unknown hazardous materials from clan labs. This matter has been addressed in Section 8 above.

In general, workplace, health and safety staff are attempting to deal with the issues. In order for these issues to be given appropriate attention by senior management, the Taskforce believes that the Workplace Health and Safety Committee should be chaired by the proposed Director, Business Services who will be required to provide monthly reports to the Executive Management Committee.

Recommendation 53:

It is recommended that the Chief Executive Officer of the Institute:

- (i) *Establishes a dedicated workplace, health and safety function at the Institute by excising resources, in conjunction with Senior Executive Director, Resource Management, from Queensland Health Pathology and Scientific Services by 31 October 2005; and*
- (ii) *Ensures the Director Business Services takes day to day responsibility for workplace, health and safety issues for the Institute, chairs the Workplace Health and Safety Committee and provide monthly reports to the Executive Management Group by 30 April 2006;*

14.7 Food Services

A staff canteen is provided on the first floor of the facility which appears to be well supported. This canteen exists due to the lack of public facilities available within a reasonable distance. It is operated by in-house QHSS staff. A summary of its financial performance is as per Table 4 below.

Table 4: Food Services Finance Report

Year	Expenditure	Revenue	Profit/(Loss)
2004/05	\$333,846	\$212,001	(\$121,845)
2003/04	\$254,491	\$159,321	(\$95,170)

Source: FAMMIS Report provided by QHSS

This area is operating at a significant loss which is unacceptable. It is considered such services should desirably operate with a small profit margin to cover any future capital expenditure requirements or at worst on a cost neutral basis. It is acknowledged with a limited customer base that achieving these outcomes will be difficult, however the Taskforce believes that a number of options are available at this time to reduce this shortfall. For example, operating hours could be altered and/or staffing numbers matched more closely to customer demands.

To address the above, remedial strategies should be developed and implemented as soon as possible.

Recommendation 54:

It is recommended that the Chief Executive Officer of the Institute by 31 January 2006 develops strategies to improve the financial performance of the Food Services with a view to achieving a cost neutral outcome.

(Estimated recurrent savings: \$80,000 per annum)

14.8 Motor Vehicles

The current motor vehicle fleet managed by QHSS is made up of seven private plated vehicles (part of salary packages for Senior Officers) and 12 QG plated vehicles. An analysis of a sample of five of these QG vehicles over a period of 1 month is shown in Table 5 below.

Table 5: Motor Vehicle Usage

Vehicle	Total	Business	Comments
1	898 km	322 km (35%)	Average use 42 km per day
			Garaging 33 km per day
2	1,063 km	611 km (57%)	Average use 50 km per day
			Garaging 20 km per day
3	1,839 km	1310 km (28%)	Average use 87 km per day
			Garaging 60 km per day
4	705 km	411 km (58%)	Average use 33 km per day
			Garaging 24 km per day
5	947 km	91 km (10%)	Average use 45 km per day
			Garaging 38 km per day

Source: QHSS Management

It is the responsibility of management to ensure all resources are efficiently and effectively utilised. Given the results of the sample analysed, it is considered the utilisation rate of these vehicles is unsatisfactory and scope exists to rationalise the total fleet holding.

It is considered up to three vehicles may be eliminated resulting in a saving of approximately \$25,000 per annum.

In accordance with Policy 15090 *QH Vehicles – Management and Use* approval for the garaging of vehicles at private residences should not be given unless improved operational effectiveness for QH can be demonstrated. It is considered garaging privileges should be reviewed in accordance with this policy.

Recommendation 55:

It is recommended that the Chief Executive Officer of the Institute reviews:

- (i) The number of Queensland Government plated motor vehicles with a view to rationalisation by **31 January 2006**; and*
- (ii) On an annual basis, the home garaging arrangements to ensure an improved operational effectiveness can be demonstrated by **31 January 2006**.*

(Estimated recurrent saving: \$25,000 per annum)