

**REPLY BY THE CHIEF MINISTER  
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE  
RULES OF PROCEDURE BY DEPUTY PETER GILLSON**

**Question 1**

*Please provide a statement in relation to the Policy Council detailing whether as a result of the new SAP system efficiency and management of processes have improved, stayed the same or reduced for each of the functional areas of: estates, finance, procurement, HR management of staff and HR recruitment of staff?*

**Answer**

The Policy Council believes that a realistic assessment of the impact of the new SAP/STSC operation on efficiency and the management of processes across its functional areas can only be made when:

- (1) the new system has fully bedded in and a number of practical issues have been ironed out, and
- (2) staff and suppliers have become fully familiarised with how the system operates.

As the Treasury and Resources Minister clearly acknowledged in his comprehensive statement to the States in May, there has been some upheaval as staff and suppliers learn new ways of working and controls are introduced. Nevertheless we are beginning to see improvements across a range of services but recognise there is a long way to go to reap the full benefits of restructuring. These improvements, while at this stage measured qualitatively rather than quantitatively, include:

- (1) staff finding it easier to manage budget, resource and personnel matters, such as sickness absence and annual leave requests;
- (2) greater opportunity for working on budget and resource issues with other departments;
- (3) clear points of contact for suppliers and vendors.

Given the decision of the T&R Board and the SAP Project Board to extend the lifetime of the project to the end of 2013, it is unlikely that the Policy Council can make a full and detailed assessment of the impact of the system as sought by your question until early in 2014. However, it is fair to say that given the nature of the Policy Council, which has very limited operational functions beyond that of the Guernsey Legal Aid Service and the Archives Service, SAP has had less of an impact on this part of the organisation than it may have had on others.

**Question 2**

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

**Answer**

Given the response to Question 1, you will appreciate that as the organisation is clearly at a critical stage embedding the new system we are not in a position to measure changes in efficiency with clarity. That said, there has been a reduction in staff and other costs due to re-organisation and the safeguarding of public funds through appropriate financial controls can be measured by the use of purchase orders which is gradually increasing. However, the project will deliver far more than simple efficiency and is delivering better financial controls, management information and is supporting the standardisation of working practices.

**Question 3**

*As a result of non-payment or late payment of invoices have any suppliers:*

- *Refused to supply, or*
- *threatened to refuse to supply, or*
- *delayed the supply of goods or services?*
- *If so how many suppliers?*

**Answer**

Overall, the States of Guernsey receives and processes around 100,000 invoices per annum, from a supply base of 13,000 different vendors. The change of processes that have been introduced to ensure: we raise Purchase Orders, receipt our goods and services and the centralisation of invoice processing has resulted in a significant number of invoices taking longer to process than our targeted turnaround time. Occasionally, this has resulted in some suppliers threatening to refuse to supply or delay those supplies. Often, those payments have either been delayed or not made because staff or in some cases, suppliers, failed to meet the requirements of the revised system. Whether this was the failure to use Purchase Orders, numbering invoices, discrepancies in costs or units or other actions that had been accepted historically but are no longer acceptable as part of this system, the fact remains that all such issues are being addressed and the instances of such circumstances are declining.

The Policy Council is aware of five complaints from its suppliers since January to date. These complaints either have been and or are in the course of being resolved, as a result of which none of our suppliers have refused to supply, or threatened to refuse to supply, or delayed the supply of goods or services.

**Question 4**

*Have at any time since January 2013 any suppliers of goods and services to the Policy Council withdrawn credit facilities from the States of Guernsey so goods or services have to be bought on a "cash only" basis? If so, how many suppliers?*

**Answer**

No. The States of Guernsey do not have a methodology that enables the procurement of goods and services to be undertaken on a cash only basis. Under the SAP procure to pay process, it is not acceptable for the States to pay in cash only. Furthermore, the States Of Guernsey Rules for Financial and Resource Management also states that petty cash should not be used as a method of procuring goods and services for the States.

**Date of Receipt of the Question:** 6<sup>th</sup> June 2013  
**Date of Reply:** 19<sup>th</sup> June 2013