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Communities@Work



Potential Models of Shared Services for Community Organisations in the ACT

Research Report
November 2009

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FOREWORD

This Research Report is a result of the initiative of the ACT Government in providing funding for a study to deliver a model for a Service Bureau, a Shared Services model that will be developed to support the needs of smaller community organisations.

The Report is a first step in examining the feasibility of our agency – and other agencies and/or groups of agencies – implementing Service Bureau/Shared Services models.

We are very grateful to the managers and staff of the five ACT agencies who worked with us on this initiative as our community partners. We also appreciate the support and interest of the ACT Department of Disability, Housing and Community Services, which administered the ACT Government's Community Support and Infrastructure Grants Program, through which the initiative was funded.

Based on research undertaken specifically for this project, we describe a range of major findings and make recommendations of relevance to our Board of Directors, to ACT community organisations generally and to the ACT and Australian Governments.

We hope that the report leads to further discussions in the community sector and with governments, and crystallises opportunities for taking further practical action.

For those readers not familiar with our organization, Communities@Work is a not for profit company limited by guarantee, operating in the Australian Capital Territory.

We are a diverse, community-based organization, providing services to people of all ages. For example, we offer child care services, parenting and family support, leisure and support programs for youth, respite and disability services and home help, transport and social programs for seniors.

We are also a registered training organisation, offering nationally accredited training in children's services, aged care, community services and business management.

Consideration of Shared Services models is a natural fit with our agency's Vision that *we aspire to the development of strong and socially inclusive communities that care for the well-being of all*. We seek to be an 'enabler' for the community sector by finding practical ways to apply our size and diversity to support and promote the sustainability of other community agencies, including potentially through offering Shared Services under a Service Bureau model.

I look forward to working with my colleagues in the community sector, with peak organisations and with governments to further develop Shared Services models and hence improve the value of the services we provide to the community.



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November 2009

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TERMS USED IN THIS REPORT

Shared Services

For the purpose of this report we have adopted the definition and context described by the Council of Social Service of New South Wales (NCOSS) in the paper *Shared Services in the NGO Sector, 2007*, as follows:

‘Shared Services – the process by which organisations achieve economies of scale by jointly managing and/or delivering services – is a well developed practice in both the private and government sectors, and has taken place on a largely informal basis in the not for profit community sector for many decades.’

Service Bureau

Whereby a not for profit agency with its own financial, human resources, assets management, information and communication technology (ICT) teams, offers to undertake these functions for other agencies.

Outsourcing

Whereby community agencies outsource their financial management, human resources and/or ICT roles to specialist services (private sector or community-based) on a fee-for-service or volunteer basis.

Co-location or Multi-tenant Model

Where a number of agencies, sharing premises, take the opportunity to pool their requirements for such functions as reception, ICT and financial management and share resources such as meeting rooms and photocopiers.

Management Services Organisations

Such entities can take a variety of forms. They may be established by a group of not for profit agencies with a common need or other connections such as sharing accommodation or servicing the same client group. Each participating agency is an equal partner and is represented on the Board of Management. Such arrangements have the features of a cooperative. In some instances an independent organisation is set up by a single funder or foundation and provides services to not for profit agencies on a fee for service basis.

Pooled Purchases

Arrangements whereby independent organisations collaborate to purchase goods in bulk or to contract for common services (e.g. cleaning) in order to benefit from economies of scale.

Common Equity Model

Services provided by an organisation to other agencies in regard to particular functions e.g. property management.

Provider

A community agency in the ACT, regardless of size, offering Shared Services to other agencies.

Client

A community agency in the ACT, regardless of size, in receipt of Shared Services from another agency.

EXECUTIVE SUMMARY

This report is the result of interest from governments, peak bodies and community sector agencies in the potential of Service Bureau/Shared Services models to improve the efficiency and sustainability of not for profit organizations.

The research methodology spans a search of Australian and international literature, a survey of community organizations in the ACT and 'action research' involving Communities@Work as the 'provider' of some Shared Services to community partners as 'clients'.

A key feature of the action research is that services were delivered to the client at hourly rates reflecting full costs, including direct staffing, management, staff on-costs and corporate costs. Travelling time was included in the costs where appropriate. The action research also involved the partners having to respond to changing circumstances and to learning as the project proceeded.

Based on this practical experience and on the information obtained from the literature search and community survey, the report's major finding is that Service Bureau/Shared Services models deserve serious consideration by community agencies. The findings identify the types of models and the conditions under which such models offer the potential for success.

Looking to the future, the report **recommends** that:

1. The Board of Directors of Communities@Work should support the building of relationships between the organization and other not for profit agencies with a view to sharing services, where this results in cost effective and mutually beneficial arrangements.
2. The ACT community sector should establish a group of senior managers to encourage and assist in the development of cost effective strategies for the use of Shared Services, including consideration of Management Service Organisation and Cooperative models, to deliver the best value-for-money services to the community.
3. The ACT Government should consider the commitment of brokerage resources, infrastructure grants and strategic support to facilitate the establishment of Shared Services arrangements, including through co-location and multi-tenant models.
4. The Australian Government should consider cost effective models of Shared Services amongst not for profit organizations (as described in this report) in identifying future arrangements arising from work such as that being currently undertaken by the Productivity Commission.

SECTION 1: INTRODUCTION

In May 2008 Communities@Work (C@W) received funding through the ACT Government's Community Support and Infrastructure Grants Program *'to deliver a cost effective and tested model for a Service Bureau, a shared service model that will be developed to support the needs of smaller community organisations in the areas of ICT, human resources, finance, facilities management, fleet services and administration'*.

General Background

- From 1 November 2005 to 31 October 2006 the ACT Government, as part of its commitment to build a more sustainable and viable community sector, piloted an Information Technology (IT) Telephone Helpdesk support service, available free to all community sector organisations in the ACT. In 2007 the sector received notification that this pilot would not continue. Subsequent discussions by C@W with the relevant Department identified the need for a more detailed study in view of the apparent demand for ongoing IT assistance from small organisations that the pilot had identified.
- The March 2007 research report commissioned by the Council of Social Service of New South Wales (NCOSS), *Sharing Financial Administration*, called for greater documented information about the experiences of community organisations engaged in shared services.
- In May 2007 National Disability Services (NDS) ACT published *Strengthening the Sector*, which inter alia recommended that NDS *'identify standards for the provision of IT, financial services, recruitment, training and other infrastructure services and encourage suppliers, such as ACT large not for profit and specialist organisations to offer these services.'*
- During the first half of 2008 the ACT Council of Social Service Inc (ACTCOSS) undertook a Community Sector Viability Project, which included research and consultations into Shared Services models, resulting in a discussion paper published in May 2008 on *Shared Services: Issues and Options*.
- During 2008 the possibility of Shared Services models being of assistance to small, parent-run, community-based child care centres was raised at meetings of the ACT Children's Services Forum, convened by the Minister for Children's Services. The role of the Professional Support Coordinator (a federally-funded program designed to support children's services and managed by C@W) in providing advice and training in governance and management was noted. Experience gained from seeking to support these

children's services informed the broader project which is the subject of this report.

- During the second half of 2008 discussions commenced between Canberra Fathers and Children's Services (CANFACS) and C@W on a possible Shared Services arrangement for the management of rental properties. A pilot of this arrangement commenced in February 2009, whereby CANFACS supplied the services to C@W, an example of a small agency assisting a larger one. This experience has also informed the broader project.

Community Sector Interest in Shared Services

Interest in Shared Services and Service Bureau models by community sector agencies has been motivated by a number of realities and perceptions:

- Increasing compliance costs relative to funding, forcing the sector to focus on meeting more demanding accountability requirements
- Demand from community services users/clients and from funding bodies for increased professionalism and more sophisticated methods of interfacing with community agencies, including through information technology
- Higher skill levels required of employees to meet community demands and the challenges of recruiting and retaining skilled workers
- Pressures to achieve greater economic efficiency, including through achieving economies of scale through Shared Services
- Sharing services would enable partnering organisations to form closer relationships, with the sharing of information and resources contributing to improved services to clients
- By removing the need to focus on administrative functions, managers of small community agencies might better focus on strategic development and innovation in service delivery
- The human resources function, if provided as a shared service, could lift the performance of community agencies as employers, and improve the ability of agencies to attract and retain staff
- Potential for Shared Services to encompass activities where there is evidence of need in the community sector, such as quality assurance and accreditation, workforce development and training.

On the other hand, there are concerns among community sector agencies about the sharing of services, including:

- Perceptions of potential loss of independence or control by not having in-house expertise in particular support roles
- Fears that moving to Shared Services may be a step towards mergers to form larger organisations, leading to the loss of 'niche' service providers
- Desire not to share information regarded as sensitive (e.g. financial information) to a potential competitor for funding.

Communities@Work's Interest in Service Bureau Models

- As is the practice of many large community service organisations, C@W from time to time provides support to smaller community organisations in the form of auspice (generally, time-limited management of grant monies), advice (particularly on corporate governance and staff management issues) or other assistance, such as in the preparation of applications and submissions. Over time, the C@W Board of Directors formed the view that it might be possible to offer more formal, long term support services on a business-like basis, as part of being an 'enabler' for the community sector.
- Communities@Work had identified a need to invest in its 'back office' systems and resources over the period covered by its Strategic Plan 2006-09. This was in recognition of a growing expectation, both from funding providers and the general public, for community agencies to demonstrate increased efficiency, accountability and responsiveness in service delivery. In particular, the functions of ICT, finance, asset management and human resources required improved capability to achieve best value outcomes. C@W decided that, where practicable, improvements in its own systems should be designed to impact favourably on the organisation's capacity to provide practical support to other agencies through a Service Bureau model.
- We also took the view that through providing Shared Services the work undertaken by our staff could be enriched and more interesting, and thus more attractive to qualified and experienced staff. Hence, C@W would be more competitive in the labour market and be more likely to attract and retain quality staff whose skills would also be shared with other community agencies through the sharing of services.

Evidently, the C@W Service Bureau project has been undertaken against a background of significant activity and interest in the topic in the community sector in the ACT. This interest is an aspect of a more general dynamic in the sector towards more collaborations, partnerships and active alliances. This environment influenced the way in which C@W proceeded with the project, its progress and its outcomes. We sought to work with community partners and avoid duplicating initiatives while, at the same time, learn from their experiences.

SECTION TWO: METHODOLOGY

Research undertaken for this project consisted of:

(1) A search of Australian and international literature on various Shared Services models and how they may be applied to the community sector in the ACT, supplemented by interviews with individuals identified as having relevant knowledge and experience. The results of this research are summarised in Section Four of this report.

(2) A survey of community organisations in the ACT undertaken in mid-2008 to gather information on how they handle their 'back office' functions. Discussion of the survey findings is at Section Five of this report.

(3) A form of action research described in Section Six of this report, involving the provision, following an internal review of capacity, of a limited number of services by C@W with four community partners, designed to:

- test through an appropriate process the real life needs of the partner 'clients'
- test the ability of C@W (as an example of a provider) to respond to these needs in an effective and efficient manner
- identify and measure the true costs and the potential benefits to the parties
- determine whether Shared Services offer improvements in value or quality to the client
- determine the nature of any impact, positive or negative, on the provider
- identify the processes and contractual and administrative arrangements suitable for Shared Services.

(4) The study also supported an assessment of the provision of Shared Services to small parent-governed child care centres. The results of this work are presented at Section Seven.

SECTION THREE: MAJOR FINDINGS AND RECOMMENDATIONS

This study supports the view that Service Bureau/Shared Services models offer ways forward for community agencies to enhance their 'back office' operations. They deserve serious consideration by agencies, depending on their particular circumstances.

Shared Services can provide benefits across a wide range of functions. Apart from traditional areas such as ICT, Human Resources, Financial Management and Facilities Management, Shared Services can apply to:

- Risk management, quality assurance and work required for accreditation or licensing
- Governance issues such as Board recruitment and operations (secretariat support)
- Capacity development including training and employment services
- Undertaking and coordinating research, and development of applications/submissions

The most successful examples of the Service Bureau model involve agencies headed by management teams which recognise the benefits of the Service Bureau relationship and are committed to working through issues that may arise within the partnership and within their own agencies.

The development of partnerships between agencies, essential to the success of the Service Bureau model, requires investment of time and effort from all parties. Relationships must be supported by appropriate contractual and administrative arrangements.

Where Shared Services are on offer from a provider agency, potential clients should be large enough to have an administrative budget capable of paying for Shared Services and small enough to benefit from the cost efficiencies of a larger Shared Services provider.

Setting up a Shared Services arrangement, whether between a large agency and a small agency, or whether between a group of small agencies, involves an initial establishment cost that may be higher than the cost of existing operations. These costs need to be recouped over the medium term.

Providers must offer services that are readily scaleable and cost effective for the client. Ideally, providers should offer services that add value for clients, including access to more sophisticated systems/procedures.

Where there is a provider/client relationship, the provider should not be in direct competition for funding with the client agency.

To enhance the prospect of success the multi-tenant model requires commitment, resources and, preferably, strategic support from Government. This may involve strategically co-locating agencies with clear operational synergies and which would benefit from common services, facilitating the design of accommodation to support common services functions, and possibly providing the capacity for 'brokerage' of arrangements between agencies.

Management Service Organisation models may have merit for the community sector in the ACT and are worthy of further investigation and trialling. Similarly, pooled purchasing arrangements offer opportunities for savings through bulk buying of supplies and services.

The Service Bureau model is not restricted to large organisations as the providers of services to smaller organisations. Any organisation, regardless of size, that has expertise and the capacity to scale a specialist skill of value to another organisation has the potential to offer a Service Bureau function and enhance its own sustainability.

Shared Services arrangements should achieve positive outcomes for stakeholders.

- For organisations that may use Shared Services: The quality and cost of Shared Services should be an improvement on what they could otherwise provide for themselves. More cost effective support services allow the resources and energies of such organisations to be better focused on direct service provision to the community.
- For providers of Shared Services: Arrangements should be at least cost neutral and provide staff with a range of experience and development opportunities through working with other organisations with different needs.
- For government funding agencies: Better use of resources should reduce funding pressures and provide improved social outcomes by having more of the funding provided used for direct service provision.

Development of a Costed Model

A major deliverable of the action research was to test and cost a model of service delivery. We went about this task in the following way:

- the Community Support and Infrastructure grant funds of \$50 000 covered project officer costs, including research, liaison with community partners and preparation of this report
- Shared Services offered to community partners were not subsidized. They were costed on an hourly rate covering direct staff costs, staff on-costs and corporate costs
- As noted under *Fee for Service – Cost Recovery Price Point* (refer to Section Six: Action Research) we used the Victorian Government's 2007 *Costing and pricing guide* as a reference for developing a pricing schedule.

While at the commencement of the project we were open to the possibility of testing a broad range of services to an undefined number of clients, in practice, for the purpose of this project, we were able to test the offering of finance and IT services to a small number of clients.

During this process we considered two operational options for C@W as the provider:

- (1) Offer Service Bureau functions as the capacity of staff/systems allowed

or
- (2) Invest in a Service Bureau manager to actively promote Bureau Services, recruit and 'account manage' clients and either directly provide or arrange for the provision of services.

We found, bearing in mind the outcomes of the literature search and the agency survey, as well as the action research, that the former option was practical and manageable for the duration of the project. The financial model was based on an overall annual income of \$44K* with expenditures of \$40K, based on:

- an average of 3 financial services clients for 12.5 hours per month, at an hourly rate of \$75.00

plus
- an average of 2 IT clients for 5 hours a month at an hourly rate of \$83.00

However to establish a separate Service Bureau, which we estimated would cost around \$126 K, would require the acquisition of an average of 10 financial services and 6 IT clients. Our survey of the community sector in the ACT and our experience with this study lead us to assess that this level of clients may not be available in the short to medium term and therefore not within the timeframe of this study. Rather it would take time and effort to nurture the use of Shared Services to achieve outcomes justifying an investment in dedicated resources.

*Note: All costings are rounded for ease of presentation and are as at July 2009.
The hours of service are based on experience gained during the study.

Recommendations

On the basis of the research and discussions with experts and managers in the community sector and bearing in mind the above findings, we recommend that:

1. The Board of Directors of Communities@Work should support the building of relationships between the organisation and other not for profit agencies with a view to sharing services, where this results in cost effective and mutually beneficial arrangements.
2. The ACT community sector should establish a group of senior managers to encourage and assist in the development of cost effective strategies for the use of Shared Services, including consideration of Management Service Organisation and Cooperative models, to deliver the best value-for-money services to the community.
3. The ACT Government should consider the commitment of brokerage resources, infrastructure grants and strategic support to facilitate the establishment of Shared Services arrangements, including through co-location and multi-tenant models.
4. The Australian Government should consider cost effective models of Shared Services amongst not for profit organisations (as described in this report) in identifying future arrangements arising from work such as that being currently undertaken by the Productivity Commission.

SECTION FOUR: SUMMARY OF RESEARCH

The literature review for this project spanned national and international academic and community sector publications and websites. These publications and websites are described in footnotes, in the text and in the attached bibliography.

We also took the opportunity to speak with a range of experts and managers with operational experience in the community sector, including the Director and members of the ACT Council of Social Service Inc (ACTCOSS), our Service Bureau clients, members of the Council of Social Service of New South Wales (NCOSS) and Australian academics in this field, for example Dr Cameron Newton of the Australian Centre for Philanthropy and Non-profit Studies, Queensland University of Technology and Dr June Lennie, Consultant, June Lennie Research and Evaluation.

The main ideas drawn from this research are:

- “The goal of shared services units is to free up the time, energy and focus of service providers so they can concentrate on their core business of service delivery”.¹
- “The long-term financial viability of smaller non-government organisations is guided by the extent to which they adopt efficient practices and take advantage of economies of scale, co-operative practices and optimal use of resources”.²
- Four models have emerged that are all promising options for small non-government organisations:
 - Outsourcing back office functions to a specialist provider
 - Partnering with a larger community organisation
 - Co-location with other small organisations, and
 - Joining back office and governance functions with other small non-government organisations.³
- The critical success factors identified in implementing Shared Services arrangements were:

¹ Walsh, Peter, Prof Myles McGregor-Lowndes & Dr Cameron Newton, 2008, ‘Shared Services: Lessons from the Public and Private Sector for the Non Profit Sector’, *Australian Journal of Public Administration*, vol. 67, no. 2, pp. 200-212.

² Council of Social Service of New South Wales (NCOSS) 2007, *Sharing Financial Administration: A feasibility study of potential models for small non government organisations*, NCOSS, NSW.

³ *ibid.*

- Establishing services on a full cost recovery basis
 - Recognising the impact the varied and often incompatible systems, applications, processes, procedures and governance arrangements have on benefits
 - Maintaining service quality and customer satisfaction during transition
 - Establishing service level agreements that define service types, costs and time frames
 - Being able to adapt to diverse customer needs and changes in customer profiles arising from mergers and restructures.⁴
- In addition, for sustaining longer term benefits, there were four critical factors:
 - monitoring and managing costs
 - accountability issues
 - use of service level agreements
 - performance accountability.⁵
 - There have been several examples of the Co-location or Non-Profit Multi-tenant Service Centres in Queensland. A review of the experiences of these organisations and a review of literature of North American experiences in similar models has been completed as part of this study. This work highlights the need for active facilitation, synergies and willingness to compromise within the co-location process. Benefits to agencies do not result from simply being co-tenants.⁶

In the ACT, the potential for co-located community agencies to share back-office services is being explored in the context of 'community hub' facilities being established in former school premises. From our research into the co-location models tried elsewhere, prospects of success are heightened if there is a clear commitment on the part of the building

⁴ Walsh, Peter, Prof Myles McGregor-Lowndes & Dr Cameron Newton, 2008, 'Shared Services: Lessons from the Public and Private Sector for the Non Profit Sector', *Australian Journal of Public Administration*, vol. 67, no. 2, pp. 200-212.

⁵ *ibid.*

⁶ Lennie, Dr June April 2007, *Challenges and Strategies for the Sustainability and Viability of Non Profit Multi-Tenant Service Centres: A literature Review*, [community builders nsw](http://www.communitybuilders.nsw.gov.au/getting_organised/capacity/cssvnp.html), Department of Communities, Queensland Government, viewed 8 Oct 2009, <http://www.communitybuilders.nsw.gov.au/getting_organised/capacity/cssvnp.html>.

owner/landlord and of all tenants to address and overcome practical issues and a preparedness to look for alternatives to the norm in order to pursue the benefits of co-location.

- **What services to share?** Within the public and private sectors a useful distinction has been made between services that are transaction-based, expertise-based and strategy-based. This qualification of services is helpful in deciding which services to share.

A study from Cornell University⁷ into the implementation of shared service types in the non profit sector concluded the following:

Transaction-based Services

These are routine, high-volume tasks that are highly sensitive to scale. The objective of Shared Services in these areas is to achieve the lowest cost while maintaining high-quality standards. These are highly suitable functions to outsource to a Shared Services provider. Examples include:

- Payroll
- Accounts receivable & payable
- Data collection
- Procurement

Expertise-based Services

These are technically specialised, require considerable contact with individual organisations for activities such as resolving legal issues, project managing construction projects, property management, recruitment projects etc. These services require a combination of broad expertise and specialised knowledge of the sector, region and organisation. Professionals must learn best practice in their technical area and apply their knowledge to specific business problems. These functions are not easily outsourced to a Shared Services provider, but are achievable with highly developed communication channels. Examples include:

- Employment contract development
- Procedure development
- Contract management
- Construction project management
- Property leasing/rental and/or maintenance/management

One example of an expertise-based service is in property management and this project involved an active case study of this approach which is further detailed at Section 6. A further example of a more structured approach is the Common

⁷ Warner, Professor Mildred 2005, *Family Focus: Shared Services*, Cornell University, viewed 8 Oct 2009, <[http://government.cce.cornell.edu/doc/pdf/Family%20Focus--Shared%20Services%20\(handout\).pdf](http://government.cce.cornell.edu/doc/pdf/Family%20Focus--Shared%20Services%20(handout).pdf)>

Equity Model operating in Victoria, further details of which can be found at <www.cehl.com.au>. This latter approach may involve co-operatives which have equity in the operation as well as leasing and property management services.

Strategy-based Capabilities

These are critical to the competitiveness, or the policy setting and the governance roles of an organisation. Responsibility for these services rests most appropriately with either corporate or senior management. These functions are not suitable for outsourcing to a Shared Services provider. Examples include:

- Strategic planning
- Succession planning
- Budgeting

Management Services Organisations (MSO)

There are a number of approaches to establishing an MSO.

1. An MSO can be an independent non-profit, charitable organisation, formed by a collection of NFPs with a common link. Each NFP is an equal partner and is represented on the board of management. A good example of a successful MSO is the MACC CommonWealth in Minneapolis - St. Paul metropolitan area of the USA (<http://www.macccommonwealth.org>). Also the Saskatoon Community Service Village (www.thevillage.ws) has some excellent details on the formation and management considerations in creating the organisation, covering matters such as:

- Facility design
- Division and sharing of space, equipment and technology
- The roles of members
- Leadership
- The process of establishment
- Financial planning, governance and legal requirements
- The role of mentoring and incubating emerging organisations

2. An MSO can also be established by a single funder or foundation and provides services to NFP clients on a fee for service basis.

Under model 1, a small number of organisations form a separate Co-Operative. All partners have equal shares/"ownership". This co-operative provides agreed services to the "owner" organisations. For example, this could be as simple as four small community based, parent-run child care centres, with an investment of 25% each, creating a co-operative to pool bookkeeping and purchasing services.

The purpose of an MSO is to gain operating efficiencies and to increase the quality of back-office functions through consolidating multiple not-for-profit operations. It requires relatively few organisations to join together to make for a viable proposition.

By creating a separate organisation, as in model 2, the only function of which is to provide Shared Services, the issues associated with a larger organisation having too much information about smaller organisations is removed. This model could also allow for smaller organisations to come together to bid for larger social services contracts as a collective. However, a barrier to the success of this model may be the availability of up-front funds to establish an MSO. All parties must budget for investing time and management skills during the establishment phase. While it might be possible to secure a grant to support the initial financial outlays, the amount of time and management skills required to be invested should not be underestimated.

It is possible to create MSOs with a mix of the features of the above models. MSOs can also gain income from providing services outside the NFP sector, thereby reducing the costs that may be carried by NFP agencies.

Pooled Purchasing

Within each of these models, and separately, community organisations can take advantage of bulk purchasing savings by pooling their needs and negotiating the best possible prices for supplies and services. This approach has been successful in a number of areas locally and nationally and can be fostered through existing lines of communication between agencies with like needs. Examples are organisations joining together to pool insurance purchases as has been the case with NSW Meals on Wheels Insurance, Jobs Australia Insurance and the NCOSS Insurance Program, or more sophisticated approaches, as have been identified in the Victorian Government's Community Organisations Sector Networks.⁸

Outcomes from Informal Discussions

Over the project period, opportunities presented themselves to discuss the Service Bureau concept with many ACT organisations. Common themes communicated by small to medium size organisations were:

- A reluctance to outsource their finance functions as it was considered that the larger organisation would have too much information about their agency

⁸ Victorian Government 14 Jan 2009, *Establishment of Community Service Organisation Networks*, State Government of Victoria, Australia, Department of Human Services, Community Sector Investment Fund, viewed 8 Oct 2009, <http://www.dhs.vic.gov.au/pdpd/csif/cso_networks.htm>.

and, in a competitive funding environment, there would be potential conflicts of interest.

- A fear that outsourcing management functions to another community organisation was a step toward a forced merger or amalgamation.
- A misunderstanding that the only model of Shared Services applicable to the sector was one of merger or amalgamation.
- A belief that by removing administrative management functions from small organisations and placing it with a Service Bureau, some levels of management within small organisations would experience loss of expertise and therefore not understand the impacts of some drivers for success. There was concern that this would limit the wider management skill development of the sector and have a negative effect on sector viability.

SECTION FIVE: SURVEY OF COMMUNITY ORGANISATIONS

One of the deliverables for this project was to undertake primary research through a survey of community organisations in the ACT, to gather information on how they handle their 'back office' functions, such as financial administration, IT and human resources and to gauge their attitudes and interest in Shared Services. Undertaken in mid-2008, we used an online survey service, Survey Monkey, to gather the data.

A copy of the survey form is at [Appendix 1](#).

In order to identify community organisations for participation in the survey we purchased the Citizens Advice Bureau's contact list.

A total of 548 community organisations were invited to participate in the survey. Of these, 93 (17%) chose to do so.

Survey Results

An analysis of responses indicates:

- In many small organisations within the ACT, there is no budget for outsourcing administrative functions. The role is either performed by a volunteer or by a paid multi tasking manager/ administrator.
- Of the 93 respondents, 71 indicated their size in terms of number of staff employed. 23 of these (32%) stated that their organisation employs less than 1 full time equivalent staff member.
- 97% of respondents felt that they managed their financial administration well and had few concerns.
- 34% (32 agencies) of respondents would consider outsourcing financial services if a suitable service provider was available. The main consideration would be cost.
- Concerns about outsourcing financial services cover privacy, expense, quality of service provided, access to information, losing control of information and losing the awareness of the current financial situation.
- The benefits of outsourcing financial services were seen to include more time to focus on core functions, improved output, more consistency across the sector, and having an "expert" to clarify changes in tax and other obligations that relate to the NFP sector.

- ICT support is most commonly provided by volunteers. Several organisations commented that they considered this was an area of high inefficiencies: they sought professional assistance only as required in response to problems and hoped it would not cost too much.
- One respondent stated that a broad lack of ICT skills within the sector resulted in a reluctance to develop greater technological resources.
- 4% of organisations surveyed outsourced some part of the HR function. Many organisations are operated almost entirely by volunteers or are so small that the board of management performs most HR functions.
- 35% would consider outsourcing part of the HR function if a suitable provider could be found.
- Participants were also asked to indicate if there were other services they would consider outsourcing. The following were suggested: Marketing, Events Management, Web Development, Public Relations, Report Writing, Grant Writing and Printing.

The survey was consistent with the findings from literature research, particularly in respect of the key areas of concern and real and perceived benefits.

SECTION SIX: ACTION RESEARCH

Prior to undertaking the action research for this project, Communities@Work undertook an 'environmental scan' to identify some of the key drivers for the sharing of services among community agencies in the ACT. These are:

- The ACT has comparatively few providers of small business support services, such as bookkeeping, ICT support and facilities management, making providers difficult to find and driving up prices.
- Generally, small community organisations have difficulty in attracting board and management committee members with small business management skills or experience that would be useful in managing a small NFP
- The ACT has a low rate of unemployment, below the national average. Small community agencies have difficulty competing for staff with relevant financial, ICT and administrative skills. The ACT has the highest Labour Mobility Rate in Australia, with 8% of the labour force historically changing employers annually, contributing to high recruitment and training expenses and loss of corporate memory.
- There is an interest on the part of the ACT Government in supporting, through funding, facilities and other activities, organisations that "increase organisational and sector viability"⁹. Priority was recently given for filling vacant space for community group tenants that are "ACT Government funded organisations which partner in consortia with one or other organisations that demonstrate they are willing to share administrative resources, (examples are front desk, transport, financial and/or other corporate services)"¹⁰. Indeed the funding of this project points to the ACT Government's support of ACT NGOs that seek efficiencies in their operations through Shared Services models.

What Services to Offer

We took, as a starting point for the action research, the compilation of a list of the main services generally offered within a Service Bureau:

- Financial Management

⁹ Department of Disability, Housing and Community Services 2008, *Community Support & Infrastructure Grants Program 2008 -2009 Guidelines*, ACT Government, Canberra.

¹⁰ Department of Territory and Municipal Services 2008, *Application for Accommodation in Regional Community Facilities Guidelines*, ACT Government, Canberra.

- Information and Communication Technology (ICT)
- Human Resources / Workplace Relations
- Facilities Management
- Fleet Services
- Administration eg: reception, filing, document management

We then undertook a review of our existing staffing, systems and resources, asking such questions as:

- In what areas do we have relevant expertise?
- In what areas do we have spare, or readily increased, capacity?
- Is it possible to translate this expertise and capacity into an outward servicing role which is consistent and replicable?
- What services do we believe are needed and likely to be hired by potential clients?
- Will our services offer value to clients?
- How will offering these services impact on our core operations in terms of staff time and use of systems, and is it worth the risk and the potential cost?

We concluded, in answer to those questions, that we should limit the service offerings to the areas of Financial Management and ICT, and for up to six clients, for the purposes of this study.

The Initial Services Offered

Bookkeeping Service

Research indicated that the majority of small agencies in the ACT use the MYOB financial software package. Communities@Work had an existing relationship with Kidsafe ACT to provide a complete bookkeeping service delivered with MYOB. Being a large organisation, Communities@Work utilises a different financial software package, but our financial services team included staff with extensive experience in MYOB. Based on these factors we decided to offer a MYOB based bookkeeping service.

The fee for this service was benchmarked against similar service offerings from the commercial sector. We found that our services were priced in the upper end of the commercial rate. However, the service offered was of high quality in a market offering widely differing levels of quality.

ICT Support Service

The range of ICT services being offered included:

- telephone support for all PC-related problems
- access to appropriately trained IT professionals
- onsite support for desktop and server issues
- IT technical advice and planning assistance
- anti-virus and backup system management
- system performance monitoring and reporting
- assistance with disaster recovery

We were able to augment these services through relationships with suppliers, enabling clients to access heavily discounted rates for hardware and software. The ICT services fees were benchmarked against the commercial sector and found to be priced within the mid price range. Coupled with the ability to access not-for-profit prices for hardware and software, the service offered a financially competitive option to clients. The ICT product first offered was one of server maintenance and helpdesk support, priced as a fixed month retainer with the option of ad hoc services, at a fixed hourly rate.

Fee for Service – Cost Recovery Price Point

In developing a pricing schedule, Communities@Work again asked a number of questions:

- Is this price cost effective for clients?
- Does the price give an adequate return to the provider?
- What is the cost recovery point?
- What is the market rate?

To develop a robust and fair costing model, Communities@Work took as an example the Victorian Government, Department of Human Services, Office of Children, costing and pricing guide and framework, published in February 2007. This document was produced to “develop and promote good practice for external services purchased from community service organisations.”¹¹ A costed recovery based pricing schedule using these guidelines was developed.

Full cost allocation includes:

- Salary costs
- Other employee costs

¹¹ Victorian Government February 2007, *Costing and pricing guide – Office for Children, Office for Children, Department of Human Services*, viewed 8 Oct 2009, <<http://catalogue.nla.gov.au/Record/4700074>>.

- Management costs
- Accommodation costs
- Transport costs
- Provision for annual adjustments

Our Community Partners (Clients)

Through a mix of informal approaches, Communities@Work gained four community partners for this action research. Importantly, there was a shared understanding with our partners that the Service Bureau model was exploratory and subject to change from either party. Throughout, the approach was to be based on meeting 'real life' service delivery needs at the real cost.

Our partners were Kidsafe ACT (Financial and ICT Services), Hepatitis Australia (Financial Services), Playgroups ACT (Financial Services) and the Canberra Rape Crisis Centre (ICT Services.)

Kidsafe

Kidsafe ACT is a small non-government agency whose main services to the community include Infant Restraint Loan Service, Restraint Checks, a Mobile Restraint Service, a shopfront and a variety of injury prevention initiatives. A short time before the commencement of this project, Communities@Work had commenced as the agency's book-keeper.

Kidsafe ACT had previously been operating a MYOB small business system using a staff member to undertake the day to day accounts with the CEO handling the monthly reporting and tax requirements. When the staff member responsible left unexpectedly their financial processes came under pressure.

Communities@Work was approached and took up the role of providing a book-keeping service encompassing accounts payable, accounts receivable, payroll, monthly reporting and quarterly taxation preparation. These tasks were undertaken using the MYOB software package as it represented the least amount of change for Kidsafe.

Kidsafe agreed that these arrangements could form part of this study. As a client of the Service Bureau, the bookkeeping services were continued and the relationship grew to include ICT support services.

Hepatitis Australia

Hepatitis Australia provides national leadership and advocacy on viral hepatitis and supports partnerships for action on hepatitis matters. The Communities@Work Service Bureau provided Hepatitis Australia with a financial supervisory service. This client had an administrative all-rounder as part of their team whose role included "doing the books" using the MYOB system. The

supervisory service included a regular review of accounting entries, recommendations for corrections, handling any “unusual” entries, identifying any systematic errors, and implementing new processes.

ACT Playgroups

ACT Playgroups promotes and organises a range of informal playgroup opportunities for children and families. Communities@Work’s Service Bureau provided financial services. The Executive Officer of ACT Playgroups wanted a quarterly, on-site supervisory review of their books and a back up “financial help desk” service. The requirement was to add an independent review and quality assurance to the book-keeping process and a “double check” prior to submitting quarterly tax returns.

Canberra Rape Crisis Centre

The Canberra Rape Crisis Centre offers sexual assault counselling for women and children including 24 hour crisis support and advocacy. An ICT service was provided to this client based on delivering a server upgrade and ongoing server maintenance role, with ad-hoc ICT support at a server and individual user level. The server upgrade was required within a tight time frame prior to a change in the client’s staff.

Service Level Agreements

Our literature search highlighted that a key factor in successful shared service arrangements between a provider and client is the use of a clear and comprehensive Service Level Agreement.

Key elements to clarify in an Agreement are:

- A clear definition of the services being offered
- A clear schedule of how fees are to be charged, including any ad hoc services
- Levels of responsibility
- Confidentiality and intellectual property rights.

Based on legal advice, Communities@Work developed a template Service Level Agreement document which was customised as appropriate for use with our four community partners.

Staffing

A central element of the provision of Shared Services is the people actually delivering the service. They need to possess a broad set of technical and relationship management skills, including:

- An enterprise focus to acquiring and retaining new business
- The ability to prepare service level agreements and implement them
- A “customer service” focus, interacting with clients
- An ability to advocate for clients in the internal competitive prioritisation of resources.

Who Can be a Shared Services Provider? – The CANFaCS Pilot

In October 2008, Canberra Fathers and Children Service (CANFaCS) Inc approached Communities@Work to discuss the Service Bureau concept. CANFaCS is a relatively small community organisation within the ACT providing services to men and their children including accommodation services.

CANFaCS had developed a Tenancy Management Service for the properties under their management. The services consisted of experienced tenancy management staff and a computer management system aimed specifically at meeting the tenancy management needs of the supported accommodation sector. CANFaCS had reached a stage where they wanted to explore offering this service to other community organisations as a shared service provider. In February 2009, Communities@Work formed a contracted partnership with CANFaCS as the recipient of a piloted Tenancy Management Service to support its Women’s Housing Program properties.

The CANFaCS – Communities@Work relationship is an example of how the development of a Service Bureau is not exclusively the domain of large organisations offering services to small organisations. Any organisation, regardless of size, which has spare capacity and the ability to scale a specialist skill of value to other organisations, has the potential to offer a Service Bureau function.

This model of providing specialist services has further matured in Victoria. As discussed in Section Four, a Common Equity Model is operating in that state and this approach may be applicable to other services.

The Risks

This study has identified potential risks for organisations which receive Shared Services which must be managed as part of their risk management plans. Such risks and their potential mitigators vary from organisation to organisation but, in general terms, involve:

- Potential loss of services from the failure of the provider to deliver
- Potential loss of management and administrative expertise
- Confidentiality and data security issues
- Ability to fund the cost of Shared Services on an ongoing basis.

There are also risks to providers. A key risk identified through this study is the potential to over-commit resources which may jeopardise the provider's core operations. This risk can be mitigated through rigorous consideration of resource commitments prior to any Shared Services contract being executed. Contingency measures can include employing casual staff to overcome unexpected peaks in demand for services.

Review – Changes to Services

In October 2008, following about three months of the project, Communities@Work conducted a review of progress including the cost/ benefits for clients and the impact on our organisation of providing the shared services.

Financial Services

With respect to financial services, the model of service delivery for three clients was to utilise the clients' existing software package, MYOB, and the skills of existing Communities@Work's staff members with experience in MYOB.

As far as actual service delivery was concerned our review demonstrated that outcomes were of a high standard and results were meeting expectations.

However, as a community-based provider seeking to support community sector sustainability, Communities@Work was concerned that the service delivery model we were offering - a standard bookkeeping service – was similar to, and in effect, a substitute for, a service which could be hired from a commercial bookkeeping firm. While we were certainly offering community sector understanding and a high quality of professionalism, the cost recovery based price point put our service at the higher end of the market. Our review concluded that this model of service delivery:

1. Did not represent a financial benefit to clients
2. Did not pass on any benefits of economies of scale
3. Shifted the risk of the continued availability of staff with the necessary knowledge and skill from the client to the provider, and
4. Failed to demonstrate that the improved quality of output enjoyed by clients was significant enough to outweigh the costs of change.

In summary, a simple MYOB based bookkeeping service for a small number of clients was failing to provide a service which was easily scaleable and which could therefore involve the passing on of the benefits of size and experience. An alternative model of service delivery was needed.

Communities@Work considered that a better option was to offer a “total” financial services package, including accounts receivable, accounts payable, payroll, and reporting. This package would be delivered utilising the provider’s own internal procedures and software system, rather than MYOB. It was hoped that this approach would produce more cost effective and efficient results, allowing clients to benefit from economies of scale and from investments made by the provider in financial services infrastructure.

To test this model, one client, Kidsafe, was invited to participate in a trial involving bringing the Kidsafe accounts management over to the Communities@Work internal procedures and financial management system.

The trial commenced in December 2008 and by February 2009 it was clear that:

- This model requires less data entry and results in time savings, consequently saving the client fees. Reports can also be generated in a more timely fashion and are more comprehensive
- All members of the service provider team have the capacity to work on the clients accounts thereby removing the risk of reliance on a few team members.

Confident that the revised model of service delivery represented improved results for both client and provider, the two remaining financial services clients, Hepatitis Australia and ACT Playgroups were approached and presented with the option of:

- 1) Moving to the “total” financial services package
- 2) Terminating the Service Bureau partnership

Both clients chose to terminate the partnership. The reasons for this were:

- In both cases, a paid member of their team carried out the day to day bookkeeping tasks as part of a larger administrative role. By moving most finance tasks to the Service Bureau, they felt this would result in under-utilisation of this staff member. Both organisations wanted to review the Service Bureau proposition should changes in staff or organisational structure occur.
- Both clients had concerns about access to and control of financial data. They felt it was important to have immediate access to accounting system data onsite in order to properly manage their organisations.
- One client was unable to move away from the MYOB system as they are obliged to use a system common to interstate affiliates.

ICT Services

The range of ICT services being offered included:

- telephone support for all PC-related problems
- access to appropriately trained IT professionals
- onsite support for desktop and server issues
- IT technical advice and planning assistance
- anti-virus and backup system management
- system performance monitoring and reporting
- assistance with disaster recovery.

The services offered were positively reviewed by clients and Communities@Work has been able to absorb the provision of services into our daily operations. We will continue to monitor any impact and carefully review the implications of taking on any new ICT clients.

Impact on Communities@Work

Lessons learned from the action research have been reflected in Communities@Work's planning of an upgrade to its financial management system and in moving towards a modern, interactive asset management system.

Key lessons include:

- To efficiently support Shared Services a provider's financial management operation needs to be based around a modern system widely used in the small to medium sized enterprise sector. It needs to be easy to use and able to support the operations of a range of community sector organisations from small, independent one-service operations to multi-service and more complex services. Hence, in moving to replace our obsolescent financial management system during 2008-2009, Communities@Work has ensured that the specifications of our new system have taken into account the identified needs of Shared Services operations.
- To provide for cost effective ICT, maintenance and asset management services, this study highlighted the need for a software based management system through which faults/rectification needs can be reported and recorded along with corrective actions, supporting a life cycle history for equipment and services. This need has also been considered in the work underway within Communities@Work to finalise the implementation of a new asset management system during the second half of 2009.

SECTION SEVEN: SMALL PARENT-GOVERNED CHILD CARE CENTRES

A number of parent run community based child care centre committees approached the ACT Government in mid 2008 to discuss a range of matters relating to centre operations and viability. These committees also approached the ACT Professional Support Coordinator for assistance in providing training and other support with governance and management issues.

Because Communities@Work manages the ACT Professional Support Coordinator function and was also undertaking this Shared Services project, we met with some of the centres' committees to ascertain what, if any, services being developed by our Service Bureau could be of assistance.

These consultations indicated that the services contemplated by the Service Bureau, while of assistance, would not in themselves ensure centre viability. Governance and budgeting issues were of more basic concerns to the centres. Without addressing these fundamentals, we considered that the provision of 'regular' Shared Services would provide only superficial assistance.

We were of the view, however, that perhaps some of the centres would find an external review process useful. Hence, the ACT Professional Support Coordinator agreed to fund a pilot program of "Business Assessments". This service, while not an element of the initial Service Bureau concept, was managed by the Service Bureau in the first instance.

The purpose of the Business Assessments was to undertake a full analysis of the state of health of individual centres to determine their operational efficiencies, options for improving outcomes and hence viability, and to identify issues and improvements that should be pursued. Given the nature of the sector, each centre has unique features and could benefit from action plans developed to meet their particular circumstances. The Service Bureau used a pro forma "*A Business Assessment of Your Centre - What to Expect*" (refer [Appendix 2](#)).

By January 2009, two assessments had been completed. The findings from both assessments indicated that while there was room for improvement, for the most part the organisations were sound. Feedback from the management committees and managers of these organisations was that the assessments gave stakeholders a third party assurance regarding the viability of their operations. As a method of addressing areas for improvement within these organisations, the already established mentoring program delivered by the PSC could best provide further support.

SECTION EIGHT: APPENDICES

Appendix 1: Survey: ACT Community Organisations – Shared Services

The purpose of this survey is to gather information on how Community Organisations in the ACT handle their “back office” functions, such as financial administration, IT, Human Resources, etc.

Communities@Work has received funding to conduct a feasibility study into the provision of Shared Services through a Service Bureau model. The goal is to understand the most effective way of assisting Community Organisations with their non-service delivery, administrative tasks.

SECTION ONE: Professional Services for Community Organisations – Financial Administration

1. How does your organisation handle Financial Administration?

	Day to Day Bookkeeping	Payroll	Tax Compliance	Financial Reporting	Budgeting	Grant Acquittals	Audits
Internally - this function is performed by a dedicated staff member							
Internally - this function is performed as part of a multi tasking admin role							
Internally - this function is performed by a senior Manager							
We outsource to a specialist commercial provider, eg a Bookkeeper							
We outsource to another Community Organisation who provides this service							
This function is performed by a volunteer							

Other (please specify)

2. How well do you believe that your organisation handles the function of Financial Administration?

	Day to Day Bookkeeping	Payroll	Tax Compliance	Financial Reporting	Budgeting	Grant Acquittals	Audits
Very well – our organisation has no concerns in this area							
Quite well – our organisation has only a few concerns in this area							
OK – our organisation believes there is room for improvement							
Not well – our organisation has number of concerns in this area							
Poorly – our organisation							

believes this to be an area of critical concern							
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3. Would your organisation consider outsourcing the Financial Administration role if a suitable service provider was available?

	Please tick
No – we believe it is important to keep this function "in house"	
Yes	
Yes, but I don't believe we could afford to pay a service provider to do this role	
Maybe – if the costs were acceptable	
Don't know – we have never considered it	

4. What concerns (if any) do you have, or would you have, about outsourcing your Financial Administration to a service provider?

5. What benefits (if any) do you see, or would you see, from outsourcing your Financial Administration to a service provider?

SECTION TWO:**Other Professional Services****1. How does your organisation handle the function Information and Communications Technology (ICT) support?**

	Please tick
We have no need for this service	
Internally - this function is performed by a dedicated staff member	
Internally - this function is performed as part of a multi tasking admin role	
Internally - this function is performed by a senior manager	
We outsource to a specialist commercial provider, eg an ICT company	
We outsource to another Community Organisation who provides this service	
This function is performed by a volunteer	

Other (please specify)

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2. Would your organisation consider outsourcing the ICT support role if a suitable service provider was available?

	Please tick
No – we believe it is important to keep this function "in house"	
Yes	
Yes, but I don't believe we could afford to pay a service provider to do this role	
Maybe, if the costs were acceptable	
Don't know – we have never considered it	

3. How does your organisation handle the Facilities Management (cleaning, security, building and grounds maintenance, electricity and water usage, etc) function?

	Please tick
Internally – this function is performed by a dedicated staff member	
Internally – this function is performed as part of a multi tasking admin role	
Internally – this function is performed by a senior manager	
We outsource to a specialist commercial provider, eg, body corporate manager	
We outsource to another Community Organisation who provides this service	
This function is performed by a volunteer	

Other (please specify)

4. Would your organisation consider outsourcing the Facilities Management role if a suitable service provider was available?

	Please tick
No – we believe it is important to keep this function “in house”	
Yes, but I don’t believe we could afford to pay a service provider to do this role	
Maybe, if the costs were acceptable	
Yes	
Don’t know – we have never considered it	

5. How does your organisation handle the Fleet Management function?

	Please tick
We have no vehicles	
Internally – this function is performed by a dedicated staff member	
Internally – this function is performed as part of a multi tasking admin role	
Internally – this function is performed by a senior manager	
We outsource to a specialist commercial provider, eg, a fleet management company	
We outsource to another Community Organisation who provides this service	
This function is performed by a volunteer	

Other (please specify)

6. Would your organisation consider outsourcing the Fleet Management role if a suitable service provider was available?

	Please tick
No – we believe it is important to keep this function “in house”	
Yes	
Yes, but I don't believe we could afford to pay a service provider to do this role	
Maybe, if the costs were acceptable	
Don't know – we have never considered it	

7. How does your organisation handle Human Resources Processes including recruitment, records management, industrial relations and case management?

	Recruitment	Employee Records Management	Industrial Relations	Employee Case Management
Internally - this function is performed by a dedicated staff member				
Internally - this function is performed as part of a multi tasking admin role				
Internally - this function is performed by a senior manager				
We outsource this function to a specialist commercial provider				
We outsource to another Community Organisation who provides this service				
This function is performed by a volunteer				

Other (please specify)

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8. Would your organisation consider outsourcing some or all of the Human Resources processes roles if a suitable service provider was available?

	Recruitment	Employee Records Management	Industrial Relations	Employee Case Management
No – we believe it is important to keep this function “in house”				
Yes, but I don’t believe we could afford to pay a service provider to do this role				
Maybe, if the costs were acceptable				
Yes				
Don’t know – we have never considered it				

9. Would you consider outsourcing any other service?

	Please tick
No	
Yes	

(If yes, please specify)

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SECTION THREE: Some information about your organisation

1. What is the name of your organisation?

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2. If you wish to be entered into the competition and/or contacted regarding this survey, who would be the best contact?

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3. In what category (or categories) does your Community Organisation operate?

	Please tick		Please tick
Children's Services		Disability Services	
Health Services		Sports and Recreation	
Family Services		Arts	
Youth Services		Community Events	
Mental Health Services		Other (Please specify)	

4. What role do you hold within your organisation?

	Please tick		Please tick
Executive Director		Frontline Service Delivery	
Manager		Volunteer	
Administrator			

5. How many full-time equivalent staff does your organisation employ?

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Appendix 2: A Business Assessment of Your Centre – What to Expect

The purpose of the business assessment is to give the Director and management committee of the centre tools with which to support good decision making to improve outcomes for children and parents, as well as achieve the best use of resources and good financial outcomes. We will do this by analysing the operational and financial performance of your centre, reporting on it and offering suggestions for improvement if necessary.

All information provided to Communities@ Work team members, necessary to complete this assessment, will be held in the strictest confidence.

Business Assessment Team

- Executive Director Children's Services & Family Programs
- Chief Finance Officer

In Preparation

In order to get a true picture of the centre's business performance we need to have access to the following records and reports:

- Audited Annual Financial Statements for the past 3 years
- Last year's management accounting reports (Budget Variances)
- Current year budget
- Schedule of charges
- Attendance rates, historical information
- Number of licensed places
- Minutes from Management Committee meetings
- A copy of the strategic plan / goals for the centre
- Recent and current rosters
- Staff files (qualifications etc)
- Duty statements for each staff member
- QIAS ongoing improvement plan
- Staff meeting minutes
- Policies and procedures manual

Availability of key team members

We would also like to speak with some of the key stake-holders of the centre. It would be appreciated if the following people could be available to meet with our team:

Monday 10.00 am: Management Committee Treasurer, Management Committee President, other executive management committee members, as applicable, and Centre Director (time can be negotiated if required).

Monday 11.00 am: Centre Director, Treasurer and Bookkeeper (if applicable) to discuss financial reports with Chief Finance Officer.

Monday 12.00 pm: Centre Director and Executive Director, Children's Services and Family Programs Division to discuss centre operation. The Centre Director would need to be available for 1 hour.

The Executive Director, Children's Services and Family Programs Division would spend the next few hours reviewing documents and observing the operation of the centre. No staff need to be available to facilitate this.

Tuesday – Thursday:

The Executive Director, Children's Services and Family Programs Division will visit the centre at different times over these days to observe the operation and ask questions as they arise. The Director and staff should continue on with normal centre operations.

Friday: The Executive Director, Children's Services and Family Programs Division will meet with the Director and Management Committee President for 1 hour (at a time convenient to both) to:

- Clarify any points and ask any final questions
- Outline initial finds and recommendations.

Chief Finance Officer to meet with Treasurer and Director (at a time convenient to both) to:

- Clarify any points and ask any final questions
- Outline initial finds and recommendations.

Within 2 weeks: A draft business assessment report, including recommendations, will be completed and sent to the Centre Director and Management Committee for comment (to be returned within two weeks).

Within 4 weeks: A final report will be sent to the Centre Director and Management Committee. Both the Chief Finance Officer and Executive Director, Children's Services and Family Programs Division will be available to meet with the Management Committee to discuss the report and answer any questions relating to its content.

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