

The Culture of Transparency and Cost Diligence

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Organisation: Mazovian Voivodeship (region) Office in Warsaw

Country: Poland

Level of government: Local government

Sector: General public services

Type: Organisational Design

Launched in:

Overall development time: 36 months

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Description

The innovation aims at:

- Building a culture of diligent and transparent public spending.
- Providing objective data for making managerial decisions, e. g. disclosure of potential reserves, identification of undercapitalised areas.
- Optimal allocation of resources that is commensurate with the tasks and needs of individual organisational units of the office.
- Implementation of performance-based budgeting.

The Culture of Transparency and Cost Diligence implies registering costs in accordance with the origin of those costs. Departments of the voivodeship (region) office have become cost centres. Costs have been divided into personnel costs (e. g. salaries and salary-related costs, agreements on specific work) and administrative costs (including, among other, electricity, water, cleaning and security services). Administrative costs are assigned to a department automatically.

The Annual Action Plan describes the objectives and indicators for every department. It shows the degree of their achievement at the level of a department, branch, and even individual tasks. Annual Action Plans for individual departments concern performance-related budgets and contain detailed information on the actions necessary to achieve objectives. The implementation of the objectives is measured with the balanced scorecard methodology.

The innovation makes the costs and benefits of a department and the performance of the whole organisation more transparent.

Why the innovation was developed

The main factors that have facilitated the implementation of the innovation included: (1) The difficult situation of the state budget related to the economic crisis and the need to save public funds; (2) The need to improve the organisational culture of the office; (3) The necessity to implement a performance-related budget resulting from the regulations set by the Minister of Finance; (4) The need to combine the operational objectives with the strategic objectives; (5) The need to implement a system of management by objectives and enabling an objective (based on solid indicators) evaluation of the work performance at all levels and; (6) The difficulties in identifying areas for improvement.

Objectives

Develop staff capacity, Enhance public trust, Enhance transparency, Improve service quality, Improve user satisfaction

- Improve service quality: Increase timeliness of administrative procedures.
 - Cost reduction.
 - Improve user satisfaction: By providing better services.
 - Improve employee satisfaction: By implementing a bonus structure based on achieved results.
 - Improve transparency of government finances.
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Main beneficiaries

Businesses, Civil Society, General population

- Potential customers of the Mazovian Voivodeship.
- The direct beneficiaries of the innovative practice comprise of customers of the office.

Results

Efficiency

In 2009 (the first year of the operation of the innovative practice), a reduction in the administrative costs in relation to 2008 by PLN 2 606, or 21% including, among others, a reduction in the office and warehouse space by 3 811 m².

In 2010, a further reduction in costs (among others) in relation to 2009:

- Computer printouts: by PLN 74 000, or 13 %.
- A savings of PLN 30 000 through the change of the type of connections and the use of 60 access points of the LAN network.
- A reduction in the costs of charges for land-line phones by PLN 174 300.
- A reduction in the costs of charges for mobile phones by PLN 58 100.

In 2011, a further reduction in costs (among others) in relation to 2010:

- A reduction in rent charges by cancelling the rental of unnecessary office space by PLN 240 000.
- A reduction in the costs of land-line phones by PLN 34 300.

Total (over three years): PLN 3 216.

User satisfaction

The results of the customer satisfaction survey:

- 2010: 80% of customers satisfied with the services provided by the office (single survey).
 - 2011: 95% of customers satisfied with the services provided by the office (75,889 customers were surveyed; the surveys were conducted in 41 areas of operations of the office).
 - 2012: 96% of customers satisfied with the services provided by the office (82 400 customers were surveyed; the surveys were conducted in 34 areas of operations of the office)
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Other improvements

Evaluation

The innovation is evaluated on the basis of concrete and measurable results of the improvement in activities of the office in the area of finance, the number and quality of provided services and the level of customer satisfaction.

When calculating the value of savings, the following elements were taken into consideration: the number of services delivered and number of FTEs that were involved in their delivery, as well as the actual operating costs of branches of the Office within the years 2009 – 2011. The calculation was made taking into account the different average delivery times of particular types of services.

Development

Design

The author of the idea was the Mazovian governor. The innovation resulted from the requirement to make the operation of the office more efficient. The first thing was to take a wider look and then elaborate on methods that could prevent the negative situations in the future.

The introduction of the innovation helped better manage the work in the administration. Some of these ideas were also taken from practices of business. Not all of these ideas can be employed directly, but the majority can be used as a source of inspiration.

Design time: 12 months

Testing

There was a pilot phase with an external consultant. The external consultants had experience in realising corrective programs in the private sector. On the basis of their experiences and the experiences of employees of the office, the project was created. The project made it possible to make work in the office more efficient.

Testing time: 12 months

Implementation

Tools used:

- The development and introduction of performance indicators.
- Adapting the Balanced Scorecard to current needs.
- Promoting the innovative practice among the employees of the office.
- Use of cost data obtained for the preparation of the Annual Action Plan.
- Regular monitoring of the implementation of the planned objectives on a quarterly basis (the office), monthly (departments) and weekly (branches).
- Linking employee work performance with the bonus allocation system.
- Planning and implementing a performance-related budget.

Resources used:

The direct costs incurred for 36 months:

- Purchasing a new system, partly related to the bookkeeping: PLN 110 000.
- Hiring an external expert: PLN 35 000.
- 3 employees of the office (3 FTE - full time equivalents): PLN 210 200.
- Administrative costs associated with the 3 FTE: PLN 28 000.

Total: PLN 383 200.

Indirect Costs:

- Two training sessions for 40 employees.

Implementation time: 6 months

Diffusion

We plan to implement the innovation in the administration that is a subordinate to the Mazovian Voivode.

To do this, we did presentations on the innovative practice during meetings of the director general and during international conferences.

At present, a series of seminars is organised related to innovative practices in the administration, in which other voivodeship offices, among others, will take part.

Diffusion time: 6 months

Challenges and solutions

Some personnel objected to measuring the effectiveness of tasks performed by them, including the cost effectiveness. When we planned the innovation we expected these difficulties. In order to counteract them, we explained the principle of the project to the employee of the office and trainings were carried out. We consequently stuck to the deadline for introducing the different steps of the innovation and tasks were appointed to individual employees. It was very important to promote the project within organisation.

Partnerships

The administrations that are subordinate to the Mazovian Voivode

Other Public Sector

The practice has been implemented in the administration that is subordinate to the Mazovian Voivode.

Lessons Learned

Lessons Learned

- Considerable potential exists for increasing efficiency in the activities of the administration. To make this happen, it is necessary to prepare and implement innovative solutions aimed at improving the functioning of individual offices, both in terms of improving cost effectiveness as well as effectiveness of tasks being performed (quantitative and qualitative). The implementation of this type of management requires a strong will on the part of the decision makers and acceptance of their decisions on the part of employees and the application of appropriate management tools.
 - At the preliminary stage of constructing a balanced scorecard, it is worthwhile incorporating in it all available indicators (qualitative in particular), even if they are not related to the objectives set for a given year. This greatly facilitates a holistic view of the situation and determining the objectives for the Annual Action Plan for subsequent years.
 - Changing the management in public administration towards management by objectives.
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Conditions for success

In order to make it possible to introduce the innovation with success, the engagement of the whole group of employees was necessary, from the top management to the individual employee. Cyclic monitoring of the operation is essential and the results are related to the proper introduction of the innovation. Effective verification in the whole organisation is also indispensable.

Other information

The successful implementation of the innovative practice was also achieved by means of the use of an open information policy, both outside and inside the organisation.

The questionnaire survey demonstrated that in mid-2009, 63% of the employees of the Mazovian Voivodeship Office knew the principles of the project, and 90% in 2010.