

Knowledge into Action! Effective Practice for Child & Family Services

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Sydney Convention & Exhibition Centre

Session #21

True Costs Project

Infrastructure Levy Cluster Definitions

There are six clusters that have been identified as infrastructure levy accounts (line items) to come into the budget structure for direct service programs:

1. Quality Assurance
2. Information Systems
3. Business Management & Compliance
4. HR & Payroll
5. Agency Governance
6. Agency Management Support

The following sections have three components in an attempt to define and describe these clusters:

- A qualitative definition that ought to lend itself to general application in any typical or like community sector organisation;
- A quantitative list of actual cost centre areas (and proportional inclusion) as decided in application of the True Cost methodology within Burnside;
- An explanation of the logic behind the proportional inclusions/ exclusions of those cost centres in the application of the True Cost methodology within Burnside.

At the end of these sections is an explanation of the total exclusion of other cost and profit centres within the Burnside accounting structure.

1. Quality Assurance

1.1 Definition:

Functions of an agency that support direct service provision in terms of:

- service planning and development
- the maintenance of a leading edge knowledge base
- the ability to both self evaluate and externally evaluate against accepted benchmarks
- the provision of quality service information to service users and funders
- monitoring, supervision and support

1.2 Quantitative inclusions:

	% of total included
Social Justice & Research	50%
Library & Info Services	100%
Research & Evaluation	50%
Management cost centres	50%

Public Relations	19%
Publication/Agency Support	19%

1.3 Explanations of inclusions and exclusions:

Social Justice & Research within Burnside directly assists service programs with:

- the formulation of their evidence base through input, process and outcome evaluation;
- the coordination of external evaluation projects;
- the development and coordination of data collection and collation;
- advocacy that directly adds value to outcomes for the target population of programs;
- and the facilitation of planning and learning exercises within the agency.

However, it was felt that there is significant activity which this team does around lobbying and advocacy and involvement in the social justice arm of the UnitingCare network which is arguably not part and parcel of direct service delivery and therefore not a legitimate cost for direct service programs. Research and Evaluation is a related cost centre and a similar analysis applies.

Management cost centres are the middle and senior managers of the agency. It was decided that 50% of this role is directly involved in qualitative supervision and support of staff in direct service areas.

The related cost centres Publications and Publications/Agency Support were deemed to be significantly about promoting the agency for fundraising and development of its donor base. However there were still legitimate costs associated with enhancing and supporting direct service programs such as development of program promotion (pamphlets, launches and other media) to service users and referring agencies; the coordination and production of the Annual Report, and other reports about programs.

2. Information Systems

2.1 Definition:

Functions of an agency that provide

- wide area network infrastructure and support, including the capital and depreciation costs and ongoing maintenance and upgrade costs of that network
- technical expertise to plan, implement, train, and maintain the information technology required

It should be noted that this cluster is additional to a computer support levy that is already applied per PC/notebook that is attached to each program. In other words this cluster includes 'infrastructure' as opposed to 'program' hardware and software

2.1 Quantitative inclusions:

	% of total included
Information Systems & Archiving	100%

2.3 Explanations of inclusions and exclusions:

The total costs for the Information Services cost centre (adjusted for reimbursements already received from Computer Service and Support charges to all programs) is included as legitimate costs for direct services.

3. Business Management & Compliance

3.1 Definition:

Functions attached to the efficient running of financial services providing

- accounts payable and receivable
- maintenance of the electronic accounting system
- production of all financial reporting to Management and the Board
- maintenance of direct service related registers of assets (including the motor vehicle fleet), provisions, and funding records
- maintenance and negotiations around contracts, contract renewals, accountability requirements
- maintenance of insurances, insurance issues
- maintenance of delegations, authorisations, and financial policies
- coordination of auditing requirements and other accounting compliance to accepted standards
- maintenance of direct service related property and grounds

3.1 Quantitative inclusions:

	% of total included
Administration	50%
Finance	100%

3.3 Explanations of inclusions and exclusions:

All profits and profit centres (e.g. mortgages, share income etc..) are excluded from the calculation of infrastructure costs. So too then, that part of the salaries and on-costs for positions such as the Senior Manager Finance and Administration; and Manager Budgeting and Reporting; that relate to managing our investments were excluded. This is estimated at 50% of the Administration cost centre expenditure.

4. HR & Payroll

4.1 Definition:

Functions related to the management of human resources such as:

- Recruitment & induction
- Employment Terms and Conditions
- Employment Policies
- Agency-wide Training
- Occupational Health and Safety
- Workers Compensation
- Payroll
- Fringe Benefits (Salary Sacrifice)

- Superannuation
- Staff Consultative & Safety Committee

4.2 Quantitative inclusions:

4. HR & Payroll	% of total included
HR PAYROLL	100%
Agency Wide Training	100%

4.3 Explanations of inclusions and exclusions:

All costs associated with HR are included as legitimate direct service costs.

5. Agency Governance

5.1 Definition:

Functions of an agency relating to:

- CEO level activities in representing direct services and basic running of the organisation
- certain promotional activities which maintain direct services reputations and image in the community and amongst stakeholders (including production of the Annual Report)
- Board of Management meetings, and their participation in agency activities and processes

5.2 Quantitative inclusions:

5. Agency Governance	% of total included
Agency Management	80%
Public Relations	19%
Publication/Agency Support	19%
Burnside Board	100%

5.3 Explanations of inclusions and exclusions:

It was deemed that 20% of the CEO's costs related to activities which were in addition to basic agency governance such as participation in UnitingCare Australia activities and involvement in fundraising and other promotional events. Also only a small proportion of the activities of the Public Relations and Fundraising Unit's activity were deemed relevant – note that a further 19% is already included also as Quality Assurance. This means that 42% of the costs of PR & FR were excluded. This is deemed to be directly associated with donors, bequests, and other fundraising activities which form part of the agency's profit generating activities (with profits shown in other parts of the agency accounts and also excluded in infrastructure cost calculations).

6. Agency Management Support

6.1 Definition:

Functions to do with Agency Management Support

- line management of service coordinators
- input into service development and improvement activities
- coordination of service evaluation and review
- promotion / dissemination of leading edge information and research
- preparation and monitoring of budgets

- negotiations with funding bodies
- implementation and monitoring of agency wide planning directions and policy

6.2 Quantitative inclusions:

Agency Management Support	% of total included
Western Sydney Management	50%
WS Youth Services Management	50%
South West Sydney Management	50%
July 2003 MYS MGT	50%
JULY 2003 MFS MGT	50%
Cabramatta Centre	50%
Regional Centres Management	50%
Coffs Harbour Management	50%
Central Coast Management	50%
OFW Manager	50%

6.3 Explanations of inclusions and exclusions:

All costs to do with middle and Senior Management are included in infrastructure cost calculations – with 50% deemed to be within this cluster and the other 50% within the Quality Assurance cluster.

OTHER EXCLUSIONS:

As indicated, “profit” centres which are wholly to do with the accounting for profit generation (investments, fundraising) are excluded as well as cost centres that clearly do not have direct relevance to the direct services provision within the agency. In the Burnside case, the following “profit” / cost centres fall into these categories:

Uniting Church Liaison
 Fundraising
 Community Business Partnership
 Property Management
 Heritage Function Centre
 Training Unit