

4. Worked Example – NSW Agency

Background

NSW Agency has following divisions, of which three are core services:

- **Call Centre Operations** handles client enquiries.
- **Field Services Division** provides services to clients where clients are located.
- **Policy and Research Unit** researches and develops government policies related to the department
- **Corporate Support Division** provides internal corporate services, as well as corporate services to another government agency.
- **Core IT System Support** provides IT support to the Call Centre System used for answering enquiries in call centres
- **The Director General’s Unit** provides internal corporate support to other business units in the agency.

There is a total of 700 FTE staff on the payroll and 100 FTE contractors in the agency. Total expenses for 2002-03 are \$81.6 million.

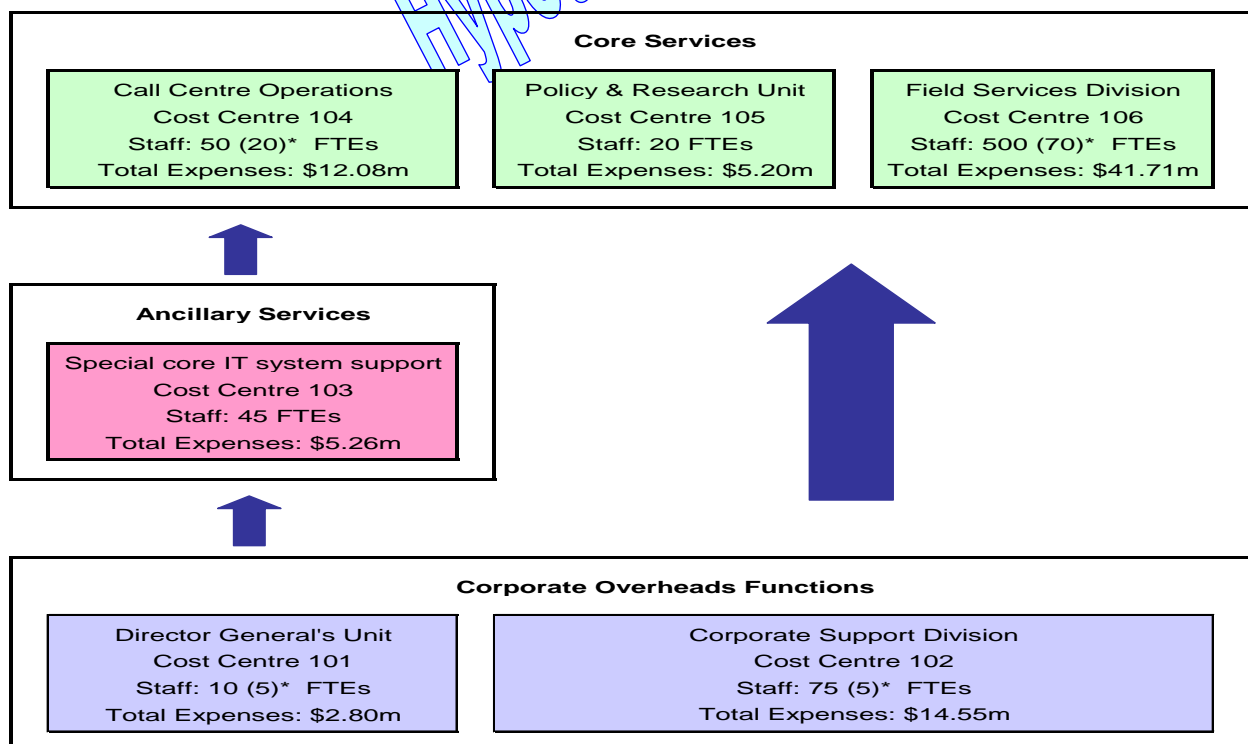
Step 1 Analyse Business Units

Aim To analyse the structure and function of business units.

Task 1.1 Classify Business Units Function

Task 1.2 Map Cost Centres, FTEs and Expenses (Template I)

Template I Organisational Overview by Function



* () denotes contractors

Step 2 Analyse Staffing by Function

Aim To identify the number of positions engaged in delivering core services, ancillary services and corporate services.

Task 2.1 Identify FTEs by Function

The following tables show how WFP position data is summarised with pivot tables, using a sample of WFP data for the 700 positions in the NSW Agency. WFP data is unpacked to consider the primary and secondary functions of each position, the type of customer each position has and whether it should be categorised under the CCQG methodology as an internal overhead. A formula is provided in the template for calculating FTEs by cost centre and functional categories.

Table A shows some sample workforce profile data provided by the agency and the Workforce Profile Team. Brief descriptions of the data variables are in List A.

Table B is the additional data derived to analyse FTEs (which will be provided as a template with built in formulae for calculating additional data). List B provides brief description of the data variables.

Table A Workforce Profile Data provided by WFP team and Agency

	A	B	C	D	E	F	G	H
2	Data Source:							
3	from Agency & WFP	from Agency			from Workforce Profile			
4	Unique Id	Cost centre code	Position title	Average FTEs	Total gross earnings	Position customer	Primary Service Function SF1	Secondary Service Function SF2
5	EMP1	105 Policy Division	Policy Analyst	1.00	50,000	1	91	92
6	EMP2	105 Policy Division	Policy Analyst	1.00	50,000	1	91	32
7	EMP3	105 Policy Division	Policy Support officer	1.00	30,000	1	31	32
8	EMP4	105 Policy Division	Policy Analyst	0.50	30,000	1	31	92
9	EMP5	102 Corporate Support Division	Accounts Officer	1.00	50,000	2	31	92
10	EMP6	102 Corporate Support Division	Accounts Officer	1.00	50,000	2	31	32
11	EMP7	105 Policy Division	Clerical Officer	1.00	50,000	3	31	92
12	EMP8	105 Policy Division	Office Manager	0.50	80,000	3	31	91
13	EMP9	105 Policy Division	Clerical Officer	1.00	50,000	3	31	32
14	EMP10	105 Policy Division	Clerical Officer	0.50	50,000	3	91	32
15	EMP11	102 Corporate Support Division	Accounts Officer	1.00	50,000	4	31	92
16	EMP12	102 Corporate Support Division	Accounts Officer	1.00	50,000	4	31	32
17	EMP13	102 Corporate Support Division	Accounts Officer	1.00	50,000	5	31	92
18	EMP14	102 Corporate Support Division	Accounts Officer	1.00	80,000	5	31	32
19	EMP15	102 Corporate Support Division	Director, Corporate Support	1.00	100,000	1	11	14

List A Data variables in Table A

Data Variables	Column in Table A	Description
Unique ID	A	Employee unique identification number provided by the agency and WFP
Cost centre Code	B	Cost centre against which the employee's costs are charged
Position Title	C	Title of the position held by the employee
Average FTE	D	Average FTE hours worked in the reference year
Total Gross Earnings	E	Total gross earnings received by the employee during the reference year
Position Customer	F	One component of the position code indicating the customer served by the position
Primary service function (F1)	G	The employee's primary service function
Secondary service function (SF2)	H	The employee's secondary service function
Weighting assigned as internal (SF1)	I	Weighting applied to the primary service function to extract the proportion of FTE staff devoted to internal corporate overhead functions
Weighting assigned as internal (SF2)	J	Weighting applied to the secondary service function to extract the proportion of FTE staff devoted to corporate overhead functions

Table B Additional data derived to analyse FTEs

	K	L	M	N	O	P	Q	R	S	T	U	V	W
2	Data Source:												
3	Additional data derived to analyse FTE												
4	FTE SF1	FTE SF2	FTE core/ancillary service SF1	FTE core/ancillary service SF2	FTE corp oh int SF1	FTE corp oh int SF2	FTE corp oh ext SF1	FTE corp oh ext SF2	FTE - total core/ancillary	FTE - total corp oh int	FTE - total corp oh ext	Total FTEs	check FTE
5	1.00	-	1.00	-	-	-	-	-	1.0	0.0	0.0	1.0	good
6	0.60	0.40	0.60	0.40	-	-	-	-	1.0	0.0	0.0	1.0	good
7	0.60	0.40	0.60	0.40	-	-	-	-	1.0	0.0	0.0	1.0	good
8	0.50	-	0.50	-	-	-	-	-	0.5	0.0	0.0	0.5	good
9	1.00	-	-	-	1.00	-	-	-	0.0	1.0	0.0	1.0	good
10	0.60	0.40	-	-	0.60	0.40	-	-	0.0	1.0	0.0	1.0	good
11	1.00	-	0.50	-	0.50	-	-	-	0.5	0.5	0.0	1.0	good
12	0.30	0.20	-	0.20	0.30	-	-	-	0.2	0.3	0.0	0.5	good
13	0.60	0.40	0.30	0.20	0.30	0.20	-	-	0.5	0.5	0.0	1.0	good
14	0.30	0.20	0.30	-	-	0.20	-	-	0.3	0.2	0.0	0.5	good
15	1.00	-	-	-	-	-	1.00	-	0.0	0.0	1.0	1.0	good
16	0.60	0.40	-	-	-	-	0.60	0.40	0.0	0.0	1.0	1.0	good
17	1.00	-	-	-	0.50	-	0.50	-	0.0	0.5	0.5	1.0	good
18	0.60	0.40	-	-	0.30	0.20	0.30	0.20	0.0	0.5	0.5	1.0	good
19	0.60	0.40	0.60	0.40	-	-	-	-	1.0	0.0	0.0	1.0	good

List B Data variables in Table B

Data Variables	Column in Table B	Description
FTE SF1	K	FTE time allocated to primary service function (60% of the average FTE, Column D)
FTE SF2	L	FTE time allocated to secondary service function (40% of the average FTE, Column D)
FTE core/ancillary service SF1	M	FTE time - primary service function providing core or ancillary services.
FTE core/ancillary service SF2	N	FTE time - secondary service function providing core or ancillary services.
FTE corp OH int SF1	O	FTE time - primary service function providing internal corporate services
FTE corp oh in SF2	P	FTE time - secondary service providing internal corporate overheads.
FTE corp oh ext SF1	Q	FTE – primary service function providing external corporate services.
FTE corp oh ext SF2	R	FTE – secondary service function providing external corporate services.
FTE total core/ancillary service	S	Total FTEs engaged in core or ancillary services (sum of columns M & N).
FTE total corp oh internal	T	Total FTEs engaged in internal corporate overheads (sum of columns O & P).
FTE total corp oh external	U	Total FTEs engaged in external corporate overheads (sum of columns Q & R).
Total FTEs	V	Total FTEs undertaking all functions (sum of columns S T & U)
Check FTE	W	A formula to check if the total FTE (column V) is equal to average FTE (column D).

After collecting and preparing the data in Tables A and B, a series of pivot tables are generated to further analyse the data. Tables B1 to B7 illustrate the steps involved in identifying the FTEs by function using the sample data.

Tables B1 - B3: Summary of FTEs by cost centre & functional categories

Table B1

Cost centre	FTEs - Core/ancillary services
102 Corporate Support Division	1.0
105 Policy Division	5.0
Grand Total	6.0

➤ This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and B. The pivot table sums the total FTEs in core and ancillary services (Column S) by cost centre (Column B).

Table B2

Cost centre	FTEs - Corporate Overheads internal
102 Corporate Support Division	3.0
105 Policy Division	1.5
Grand Total	4.5

➤ This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and B. The pivot table sums the total FTEs in internal corporate overheads (Column T) by cost centre (Column B).

Table B3

Cost centre code	FTEs - Corporate Overheads external
102 Corporate Support Division	3.0
105 Policy Division	-
Grand Total	3.0

➤ This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and B. The pivot table sums the total FTEs in external corporate overheads (Column U) by cost centre (Column B).

Table B4: FTEs by cost centre & functional categories

Cost centre	Core/Ancillary services	Corporate overheads internal	Corporate overheads external	Total
102 Corporate Support Division	1.0	3.0	3.0	7.0
105 Policy Division	5.0	1.5	-	6.5
Grand Total	6.0	4.5	3.0	13.5

➤ This table combines table B1, B2 and B3. Further analysis is needed to unpack the FTEs in core and ancillary services (6 FTEs). This is undertaken in Tables B5 and B6.

Tables B5 - B6: Analysis of FTEs in core/ancillary services

Table B5

Primary Service Function	Cost centre		Grand Total
	102 Corporate Support Division	105 Policy & Research Unit	
		Number of FTEs	
11 Planning	0.60		0.60
31 Accounts	-	1.90	1.90
91 Functions outside the scope of the above listed		1.90	1.90
Grand Total	0.60	3.80	4.40

Table B6

Secondary Service Function	Cost centre		Grand Total
	102 Corporate Support Division	105 Policy & Research Unit	
		Number of FTEs	
14 Public relations and corporate communications	0.40		0.40
32 Financial accounting and reporting	-	1.00	1.00
91 Functions outside the scope of the above listed		0.20	0.20
Grand Total	0.40	1.20	1.60

Table B7: FTEs by cost centre & functional categories

Cost centre code	Core services	Ancillary services	Corporate overheads internal	Corporate overheads external	Total
102 Corporate Support Division	-		4.0	3.0	7.0
105 Policy & Research Unit	2.1	2.9	1.5	-	6.5
Grand Total	2.1	2.9	1.5	-	13.5

Legends: ancillary services

internal corporate overheads

6 FTEs in core and ancillary services shown in Table B4 are further analysed to determine whether there are any internal corporate overheads or ancillary services staff.

Table B5 is generated by the pivot table function in excel using the workforce profile data presented in tables A and B. It sums the core / ancillary services FTEs in primary service functions (Column M) by cost centre (Column B) and primary service function (Column G).

According to the CCQG classification rules, 0.6 FTEs undertaking planning function in the Corporate Support Division should be included as internal corporate overheads. The 1.9 FTEs in accounts of the Policy and Research Unit engage in frontline accounting functions and therefore are regarded as ancillary services.

Table B6 is generated by the pivot table function in excel using the workforce profile data presented in tables A and B. It sums the core / ancillary services FTEs in secondary service functions (Column N) by cost centre (Column B) and secondary service function (Column H).

According to the CCQG classification rules, 0.4 FTEs undertaking public relations and corporate communications function in the Corporate Support Division should be included as internal corporate overheads. The 1 FTEs in financial accounting and reporting of the Policy and Research Unit engages in frontline accounting functions and therefore are regarded as ancillary services.

Table B7 is derived by adjusting the FTEs in core / ancillary services in Table A4 with adjustments highlighted in tables B5 and B6.

For example, 1 core / ancillary service FTE in Corporate Support Division is re-classified as internal corporate overheads while 2.9 core / ancillary services FTEs in Policy and Research Unit are re-classified as ancillary services.

Applying the above steps to the full set of workforce profile data of the NSW Service Agency, Template 2.1 shows the FTEs by functions and by cost centre.

Task 2.1 - Template 2.1 Employees on Payroll: FTEs by Cost Centre and Function

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
			No of FTEs		
CC 101 – Director General’s Unit			10		10
CC 102 – Corp Support Div			50	25	75
CC 103 – Core IT Support		40	5		45
CC 104 – Call Centre Operation	30	15	5		50
CC 105 – Policy and Research Unit	15		5		20
CC 106 – Field Services Division	470	25	5		500
Total Agency	515	80	80	25	700

Source: WFP collection

In aggregate, the following employees were identified on the NSW Services Department payroll:

Director General’s Unit

- 10 FTEs including Director-General, two deputy directors-general, two communications officers providing executive services to internal customers. Classified as internal corporate services.

Corporate Support Division

- 50 FTEs providing corporate services to the agency itself. Classified as providing internal corporate overheads.
- 25 FTEs providing corporate services to another agency. Classified as providing external corporate overheads.

Core IT Support

- 40 FTEs providing IT support for call centre system classified as ancillary services
- 5 FTEs providing internal helpdesk support classified as internal corporate services.

Call Centre Operations

- 30 FTEs providing services to external customers. Classified as core services.
- 15 FTEs providing rostering, classified as ancillary services
- 5 FTEs providing accountancy support classified as internal corporate overheads.

Policy

- 15 FTEs providing policy development to external customers (Service Function 91). Classified as core services.
- 5 FTEs providing planning and executive services classified as internal corporate overheads.

Field Services

- 470 FTEs providing services to six regions. Classified as core services
- 25 FTEs providing rostering. Classified as ancillary services.
- 5 FTEs providing executive services. Classified as internal corporate overheads.

Task 2.2 Analyse Contractors

The next step was to analyse contractors' fees using Template 2.2. As total contractors' fees were \$6.275 million (15.5% of the \$40.5 million total employee-related expenses), contractors were included in calculating the corporate overheads staff ratio.

Contractors were allocated a position code in consultation with agency HR staff (see Appendix 1 for further breakdown of service functions). Position coding of these contractors shows:

- 5 FTE contractors in Director General's Unit engage in internal corporate overhead functions
- 5 FTE contractors in Corporate Support Division engage in internal corporate overhead functions
- 90 FTE contractors in the core services business units undertake frontline services

Template 2.2 Contractors – FTEs by Cost Centre and Function

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
			No of FTEs		
CC 101 – Director General's Unit			5		5
CC 102 – Corp Support Div			5		5
CC 103 – Core IT Supp					0
CC 104 – Call Centre Operation	20				20
CC 105 – Policy and Research Unit					
CC 106 – Field Services Division	70				70
Total Agency	90	0	30	0	100

Source: WFP collection

Step 3 Calculate Corporate Overheads Staffing Ratio

Aim To calculate the proportion of total staff engaged in corporate services.

Task 3.1 Calculate Staff Ratio

The FTE for staff on payroll and contractors are summed up in Template 3 and the proportions of FTEs by functional category and cost centre are derived.

Template 3 Total FTEs* by Cost Centre and Functional Category by No. & %

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
			No of FTEs		
CC 101 – Director General’s Unit			15		15
CC 102 – Corp Support Division			55	25	80
CC 103 – Core IT Supp		40	5		45
CC 104 – Call Centre Operation	50	15	5		70
CC 105 – Policy and Research Unit	15		5		20
CC 106 – Field Services Division	540	25	5		570
Total Agency	605	80	90 A	25	800 B
	% to total cost centre	% to total cost centre	% to total cost centre	% to total cost centre	\$ to total cost centre
CC 101 – Director General’s Unit			100%		100%
CC 102 – Corp Support Division			69%	31%	100%
CC 103 – Core IT Supp		89%	11%		100%
CC 104 – Call Centre Operation	71%	21%	7%		100%
CC 105 – Policy and Research Unit	75%		25%		100%
CC 106 – Field Services Division	95%	4%	1%		100%
Total Agency	76%	10%	11% C	3%	100%

*Includes contractors if they are included in the staff analysis (see Task 2.2).

From this table, the proportion of FTEs engaged in internal corporate overheads functions was calculated:

Corporate Overheads staff ratio (C)	=	$\frac{\text{Number of FTEs involved in corporate overhead functions (A)}}{\text{Total number of FTEs in agency (B)}}$
	=	$\frac{90}{800}$
	=	11%

Step 4 Analyse Employee-Related Expenses

Aim To analyse total employee-related expenses associated with providing the corporate overhead functions.

Task 4.1 Identify Employee-Related Expenses

With numbers of FTE staff identified for each function, the next step was to establish employee-related expenses in each cost centre. Figures were first extracted from the raw cost centre data, and adjustments were made to ensure the distribution accurately reflects the agency’s distribution of resources. In this example, the only adjustments were for year-end superannuation adjustment of \$1.27 million, which had been centrally recorded in the Corporate Support Division.

Template 4.1a Employee-Related Expenses by Cost Centre

Cost centre	Line Items From Agency Financial Information System							
	Salaries & wages	Overtime	Workers comp premium	Fringe benefits tax	Payroll tax	Super. Contribut.	Long service leave provision	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CC 101 – Director General's Unit	500	40	10	10	60	90	90	800
CC 102 – Corp Support Division	3,000	100	50	20	270	1,770	700	5,910
CC 103 – Core IT Supp	2,000	180	20	10	120	520	210	3,060
CC 104 – Call Centre Operation	2,000	300	40	10	200	270	500	3,320
CC 105 – Policy and Research Unit	1,500	120	30	10	160	200	480	2,500
CC 106 – Field Services Division	17,500	950	250	70	1,200	1,500	3,440	24,910
Total Agency	26,500	1,690	400	130	2,010	4,350	5,420	40,500

Source: Agency financial information system

After consultation with the NSW Agency, the superannuation adjustment of \$1.27 million was redistributed to the appropriate costs centres by the proportions of total agency salaries and wages.

Template 4.1b Adjustments for Centrally Recorded Expenses – Superannuation

	Superannuation (unadjusted -from Template 4.1a)	Basis for adjustment: Salary & wages		Adjustments	Superannuation (adjusted)
		\$000	%		
CC 101 – Director General's Unit	90	500	2%	24	114
CC 102 – Corp Support Division	1,770	3,000	11%	-1126	644
CC 103 – Core IT Supp	520	2,000	8%	96	616
CC 104 – Call Centre Operation	270	2,000	8%	96	366
CC 105 – Policy and Research Unit	200	1,500	6%	72	272
CC 106 – Field Services Division	1,500	17,500	66%	839	2,339
Total Agency	4,350	26,500	100%	0	4,350

Template 4.1c Adjusted Employee-Related Expenses by Cost Centre

Cost centre	Salaries & wages	Overtime	Workers compensation premium	Fringe benefits tax	Payroll tax	Super contrib	Long service leave provision	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CC 101 – Director General's Unit	500	40	10	10	60	114	90	824
CC 102 – Corp Support Division	3,000	100	50	20	270	644	700	4,784
CC 103 – Core IT Supp	2,000	180	20	10	120	616	210	3,156
CC 104 – Call Centre Operation	2,000	300	40	10	200	366	500	3,416
CC 105 – Policy and Research Unit	1,500	120	30	10	160	272	480	2,572
CC 106 – Field Services Division	17,500	950	250	70	1,200	2,339	3,440	25,749
Total Agency	26,500	1,690	400	130	2,010	4,350	5,420	40,500

Task 4.2 Calculate Proportion of Total Gross Earnings by Function

The total gross earnings associated with each function were then calculated for each cost centre. The TGEs were summarised by cost centre and function in the same way that the FTEs were calculated (Task 2.1). Additional information is derived by applying the FTE proportions in Table B to the TGEs in column E of Table A. Table C lists the additional data variables derived using the sample data from the NSW Agency. A template with built-in formulae to derive these additional data is available from CCQG.

Table C Additional data derived to analyse TGEs

	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH
2	Data Source:										
3	Additional data derived to analyse TGEs										
4	TGE - Core/ancillary SF1	TGE - Core/ancillary SF2	TGE corp oh int - SF1	TGE corp oh int - SF2	TGE corp oh ext - SF1	TGE corp oh ext - SF2	TGE - total core/ancillary	TGE - total corp oh int	TGE - total corp oh ext	TGE -total	Check TGE
5	50,000	-	-	-	-	-	50,000	-	-	50,000	good
6	30,000	20,000	-	-	-	-	50,000	-	-	50,000	good
7	18,000	12,000	-	-	-	-	30,000	-	-	30,000	good
8	30,000	-	-	-	-	-	30,000	-	-	30,000	good
9	-	-	50,000	-	-	-	-	50,000	-	50,000	good
10	-	-	30,000	20,000	-	-	-	50,000	-	50,000	good
11	25,000	-	25,000	-	-	-	25,000	25,000	-	50,000	good
12	-	32,000	48,000	-	-	-	32,000	48,000	-	80,000	good
13	15,000	10,000	15,000	10,000	-	-	25,000	25,000	-	50,000	good
14	30,000	-	-	20,000	-	-	30,000	20,000	-	50,000	good
15	-	-	-	-	50,000	-	-	-	50,000	50,000	good
16	-	-	-	-	30,000	20,000	-	-	50,000	50,000	good
17	-	-	25,000	-	25,000	-	-	25,000	25,000	50,000	good
18	-	-	24,000	16,000	24,000	16,000	-	40,000	40,000	80,000	good
19	60,000	40,000	-	-	-	-	100,000	-	-	100,000	good

List C Data variables in Table C

Data Variables	Column in Table C	Description
TGE core / ancillary service SF1	X	TGEs of the primary service function engaging in core or ancillary services.
TGE core / ancillary service SF2	Y	TGEs of the secondary service function engaging in core or ancillary services.
TGE corp oh int SF1	Z	TGEs of the primary service function engaging in internal corporate overheads.
TGE corp oh int SF2	AA	TGEs of the secondary service function engaging in internal corporate overheads.
TGE corp oh ext SF1	AB	TGEs of the primary service function engaging in external corporate overheads.
TGE corp oh ext SF2	AC	TGEs of the secondary service function engaging in external corporate overheads.
TGE – total core / ancillary service	AD	Total TGEs engage in core or ancillary services (sum of columns X and Y).
TGE – total corp oh internal	AE	Total TGEs engage in internal corporate overheads (sum of columns Z and AA).
TGE – total corp oh external	AF	Total TGEs engage in external corporate overheads (sum of columns AB and AC).
Total TGEs	AG	Total TGEs in all functions (sum of columns AD, AE and AF).
Check TGE	AH	A formula to check if the total TGEs (column AG) is equal to average TGE (column E).

The TGEs are summarised using the pivot table function in excel. Tables C1 to C7 illustrate the steps involved in identifying the TGEs by functions using the sample data in Tables A and C.

Tables C1 -C3: Summary of Total Gross Earnings (TGEs) by cost centre & functional categories

Table C1

Cost centre	TGEs - Core/ancillary services
102 Corporate Support Division	\$100,000
105 Policy & Research Unit	\$272,000
Grand Total	\$372,000

This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and C. The pivot table sums the total TGEs in core and ancillary services (Column AD) by cost centre (Column B).

Table C2

Cost centre	TGEs - Corporate Overheads internal
102 Corporate Support Division	\$165,000
105 Policy & Research Unit	\$118,000
Grand Total	\$283,000

This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and C. The pivot table sums the total TGEs in internal corporate overheads (Column AE) by cost centre (Column B).

Table C3

Cost centre code	TGEs - Corporate Overheads external
102 Corporate Support Division	\$165,000
105 Policy & Research Unit	\$0
Grand Total	\$165,000

This table is generated by the pivot table function in excel, using the workforce profile data presented in Tables A and C. The pivot table sums the total TGEs in external corporate overheads (Column AF) by cost centre (Column B).

Table C4: TGEs by cost centre & functional categories

Cost centre	Core/Ancillary services	Corporate overheads internal	Corporate overheads external	Total
102 Corporate Support Division	\$100,000	\$165,000	\$165,000	\$430,000
105 Policy & Research Unit	\$272,000	\$118,000	\$0	\$390,000
Grand Total	\$372,000	\$283,000	\$165,000	\$820,000

This table combines table C1, C2 and C3. Further analysis is needed to unpack the TGEs in core and ancillary services (\$372,000). This is undertaken in Tables C5 and C6.

Tables C5 - C6: Analysis of TGEs in core/ancillary services

Table C5

Primary Service Function	Cost centre		Grand Total
	102 Corporate Support Division	105 Policy & Research Unit	
11 Planning	\$60,000		\$60,000
31 Accounts	\$0	\$88,000	\$88,000
91 Functions outside the scope of the above listed		\$110,000	\$110,000
Grand Total	\$60,000	\$198,000	\$258,000

Table C6

Secondary Service Function	Cost centre		Grand Total
	102 Corporate Support Division	105 Policy & Research Unit	
14 Public relations and corporate communications	\$40,000		\$40,000
32 Financial accounting and reporting	\$0	\$42,000	\$42,000
91 Functions outside the scope of the above listed		\$32,000	\$32,000
Grand Total	\$40,000	\$74,000	\$114,000

Template C7 : TGEs by cost centre & functional categories

Cost centre code	Core services	Ancillary services	Corporate overheads internal	Corporate overheads external	Total
102 Corporate Support Division	\$0		\$265,000	\$165,000	\$430,000
105 Policy & Research Unit	\$142,000	\$130,000	\$118,000	\$0	\$390,000
Grand Total	\$142,000	\$130,000	\$383,000	\$165,000	\$390,000

Legends: ancillary services

internal corporate overheads

The TGEs of \$372,000 in core and ancillary services shown in Table C4 are further analysed to determine whether there are any internal corporate overheads or ancillary services staff.

Table C5 is generated by the pivot table function in excel using the workforce profile data presented in tables A and C. It sums the core / ancillary services TGEs in primary service functions (Column X) by cost centre (Column B) and primary service function (Column G).

According to the CCQG classification rules, TGEs of \$60,000 undertaking planning function in the Corporate Support Division should be included as internal corporate overheads. The TGEs of \$88,000 in accounts of the Policy and Research Unit engage in frontline accounting functions and therefore are regarded as ancillary services.

Table C6 is generated by the pivot table function in excel using the workforce profile data presented in tables A and C. It sums the core / ancillary services FTEs in secondary service functions (Column Y) by cost centre (Column B) and secondary service function (Column H).

According to the CCQG classification rules, TGEs \$40,000 undertaking public relations and corporate communications function in the Corporate Support Division should be included as internal corporate overheads. The TGEs \$42,000 in financial accounting and reporting of the Policy and Research Unit engages in frontline accounting functions and therefore are regarded as ancillary services.

Table C7 is derived by adjusting the TGEs in core / ancillary services in Table C4 with adjustments highlighted in tables C5 and C6.

For example, \$100,000 core / ancillary service TGEs in Corporate Support Division is re-classified as internal corporate overheads while \$130,000 core / ancillary services TGEs in Policy and Research Unit are re-classified as ancillary services.

Applying these steps to the full set of WFP data, Template 4.2 shows the TGEs by functions and by cost centre.

Template 4.2 Adjusted Total Gross Earnings by Cost Centre and Function

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
	\$000	\$000	\$000	\$000	\$000
CC 101 – Director General's Unit			400		400
CC 102 – Corp Support Division			1,200	500	1,700
CC 103 – Core IT Support		1,150	200		1,350
CC 104 – Call Centre Operation	2,630	270	200		3,100
CC 105 – Policy and Research Unit	2,500		200		2,700
CC 106 – Field Services Division	13,600	800	200		14,600
Total Agency	18,730	2,220	2,400	500	23,850
	% to total cost centre	% to total cost centre	% to total cost centre	% to total cost centre	Total cost centre
CC 101 – Director General's Unit			100%		100%
CC 102 – Corp Support Division			71%	29%	100%
CC 103 – Core IT Support		85%	15%		100%
CC 104 – Call Centre Operation	85%	9%	6%		100%
CC 105 – Policy and Research Unit	93%		7%		100%
CC 106 – Field Services Division	93%	5%	1%		100%
Total Agency	79%	9%	10%	2%	100%

Source: WFP collection

Task 4.3 Calculate Employee-Related Expenses by Function

Proportions of employee-related expenses were allocated to particular functions using the TGE analysis at Task 4.2.

Template 4.3 Employee-Related Expenses by Cost Centre and Function

Cost centre		Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
CC101 – Director General's Unit						
- % of Total Gross Earnings	%			100%		100%
- allocation based TGE distribution	\$000			824		824
CC102 – Corp Support Division						
- % of Total Gross Earnings	%			71%	29%	100%
- allocation based TGE distribution	\$000			3,377	1,407	4,784
CC 103 – Core IT Support						
- % of Total Gross Earnings	%		85%	15%		100%
- allocation based TGE distribution	\$000		2,688	468		3,156
CC 104 – Call Centre Operation						

Cost centre		Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
- % of Total Gross Earnings	%	85%	9%	6%		100%
- allocation based TGE distribution	\$000	2,898	298	220		3,416
CC 105 – Policy and Research Unit						
- % of Total Gross Earnings	%	93%		7%		100%
- allocation based TGE distribution	\$000	2,381		191		2,572
CC 106 – Field Services Division						
- % of Total Gross Earnings	%	93%	5%	1%		100%
- allocation based TGE distribution	\$000	23,985	1,411	353		25,749
Total ERE allocated	\$000	29,264	4,397	5,432	1,407	40,500

Task 4.4 Identify Contractors Fees¹

Contractors fees were analysed by function in Template 4.4.

Template 4.4 Contractors Fees by Cost Centre and Functional Category

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
	\$000	\$000	\$000	\$000	\$000
CC 101 – Director General's Unit			500		500
CC 102 – Corp Support Division			375		375
CC 103 – Core IT Support					0
CC 104 – Call Centre Operation	2,350				2,350
CC 105 – Policy and Research Unit					0
CC 106 – Field Services Division	3,050				3,050
Total Agency	5,400	0	875	0	6,275

Source: Agency Financial Information System

Step 5 Analyse Working Expenses

Aim To analyse the working expenses associated with corporate overheads.

Task 5.1 Identify Working Expenses

Cost centre financial reports were analysed by line item to ensure that only recurrent, operational expenditure was included. Redundancy payments (\$100,000) and special write-offs (\$2.2 million) were excluded while the centrally recorded rent (\$4 million) would be apportioned according to the floor space occupied by each cost centre.

¹ If contractors are included in staff analysis.

Template 5.2a Working Expenses* by Cost Centre

Cost centre	Expense items from agency financial information system																		
	Adv. and promn.	Aud's remun.	Cont* and consult	Cour. & frt	Elect.	Ins.	Op. lease – motor vehicles	Rent	Teleph	Travel and accom	Other op. expen	Maint	Deprec	Grants and subsi	Borrow costs	Other expen	Special Write off	Total	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
CC 101 – Director General's Unit	90		500	40	70	100	100		100	300	150	100	200	200		50		2,000	
CC 102 – Corp Support Branch	50	250	375	30	200	300	235	4,000	200	50	400	100	100		100	50	2,200	8,640	
CC 103 – Core IT Support			0	30	350	170	100		280	30	25	500	700			15		2,200	
CC 104 – Call Centre Operation	160		2,350	70	860	900	365		3,000	170	40	600	200			45		8,760	
CC 105 – Policy and Research Unit				20	350	700	200		450	650	60	100	100			70		2,700	
CC 106 – Field Services Division			3,050	10	2,870	2,000	4,000		1,470	2,000	50	600	700			50		16,800	
Total Agency	300	250	6,275	200	4,700	4,170	5,000	4,000	5,500	3,200	725	2,000	2,000	200	100	280	2,200	41,100	
Less – exclusions																			
CC102 special write off																		-2,200	-2,200
CC102 –											-100								-100

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Cost centre	Expense items from agency financial information system																	
	Adv. and promn.	Aud's remun.	Cont* and consult	Cour. & frt	Elect.	Ins.	Op. lease – motor vehicles	Rent	Teleph	Travel and accom	Other op. expen	Maint	Deprec	Grants and subsi	Borrow costs	Other expen	Special Write off	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
redundancy																		
All cc – contractors*			-6,275															-6,275
Total Agency (after exclusions)	300	250	0	200	4,700	4,170	5,000	4,000	5,500	3,200	625	2,000	2,000	200	100	280	0	32,525

* Excludes contractors' fees because contractors have been included in staff analysis (Task 2.2). The agency has no consultancy expenses.
 Source: Agency financial information system

Hypothetical Example

As mentioned above, rent of \$4 million had been recorded centrally, so part of this was reallocated from the Corporate Support Division to other cost centres.

Template 5.1b Adjustments for Centrally Recorded Expense Items – Rent

Cost centre	Rent (Before adjustments) from Template 5.1a	Adjustment base – floor space		Adjustments	Expense item (after adjustments)
	\$000	\$000	%	\$000	\$000
CC 101 – Director General’s Unit		300	6	240	240
CC 102 – Corp Support Division	4,000	500	10	-3,600	400
CC 103 – Core IT Support		1,000	20	800	800
CC 104 – Call Centre Operation		1,000	20	800	800
CC 105 – Policy and Research Unit		1,000	20	800	800
CC 106 – Field Services Division		1,200	24	960	960
Total Agency	4,000	5,000	100	0	4,000

*One worksheet per adjustment.

Hypothetical Example

Template 5.1c Adjusted Working Expenses* By Cost Centre

Cost centre	Expense items from agency financial information system																	
	Adv. And prom	Aud's remu	Cont* and consu	Cour & freight	Elect.	Ins.	Op. lease – motor vehicles	Rent	Teleph	Travel & accom.	Other op exp	Maint	Depre	Grant s & subs	Borro costs	Other exp.	Spe Write Off	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CC 101 – Director General's Unit	90			40	70	100	100	240	100	300	150	100	200	200		50		1,740
CC 102 – Corp Support Division	50	250		30	200	300	235	400	200	50	300	100	100		100	50		4,225
CC 103 – Core IT Support Unit				30	350	170	100	800	280	30	25	500	700			15		2,900
CC 104 – Call Centre Operation	160			70	860	900	365	800	3,000	170	40	600	200			45		6,450
CC 105 – Policy and Research Unit				20	350	700	200	800	450	650	60	100	100			70		2,900
CC 106 – Field Services Division				10	2,870	2,000	4,000	960	1,470	2,000	50	600	700			50		14,310
Total Agency (after adjustments)	300	250	0	200	4,700	4,170	5,000	4,000	5,500	3,200	625	2,000	2,000	200	100	280	0	32,525

* Excludes contractors' fees because they have been included in staff analysis (Task 2.2). The agency has no consultancy expenses

Task 5.2 Calculate Corporate Overheads Working Expenses

Working expenses related to each function were extracted for each cost centre. Any shared expenses are apportioned by the FTE distribution (proportions of FTEs engaged in particular functions from Template 3).

Template 5.2a classifies the working expenses into the functional categories. The expenses need to be apportioned are carried to Template 5.2b and allocated by the FTE basis (or other appropriate basis). The amounts in Template 5.2a and allocations in Template 5.2b are added together in Template 5.2c.

Hypothetical Example

Template 5.2a Working Expenses* By Cost Centre and Function

Cost Centre	Expense Items from agency financial information system																	
	Adv. & promn	Aud. Remu	Cont* & conslt	Cour. & frt	Elect.	Ins	Op. lease – mot veh	Rent	Tphon	Travel & accom	Other op exp.	Maint.	Depre	Grants & subsi.	Borro. Costs	Other exp	Spec Write off	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CC101 – DG’s Unit																		
- core services																		
- ancillary services																		
- corporate OH internal	90	0	0	40	70	100	100	240	100	300	150	100	200	200	0	50	0	1,740
- corporate OH external																		
- to be apportioned																		
Total cost centre	90	0	0	40	70	100	100	240	100	300	150	100	200	200	0	50	0	1,740
CC102 – Corp Supp Div																		
- core services																		0
- ancillary services																		0
- corporate OH internal	50	250																300
- corporate OH external																		0
- to be apportioned			0	30	560	300	235	400	350	500	300	500	600	0	100	50	0	3,925
Total cost centre	50	250	0	30	560	300	235	400	350	500	300	500	600	0	100	50	0	4,225
CC103 – Core IT Services																		
- core services																		0
- ancillary services																		0
- corporate OH internal																		0

Hypothetical Example

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Cost Centre	Expense Items from agency financial information system																	
	Adv. & promn	Aud. Remu	Cont* & conslt	Cour. & frt	Elect.	Ins	Op. lease – mot veh	Rent	Tphon	Travel & accom	Other op exp.	Maint.	Depre	Grants & subsi.	Borro. Costs	Other exp	Spec Write off	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
- corporate OH external																		0
- to be apportioned	0	0	0	30	350	170	100	800	280	30	25	500	600	0	0	15	0	2,900
Total Cost Centre	0	0	0	30	350	170	100	800	280	30	25	500	600	0	0	15	0	2,900
CC104 – Call Centre Ops																		
- core services									2,900									2,900
- ancillary services									50									50
- corporate OH internal									50									50
- corporate OH external																		0
- to be apportioned	160	0	0	70	500	900	365	800		170	40	200	200	0	0	45	0	3,450
Total cost centre	160	0	0	70	500	900	365	800	3,000	170	40	200	200	0	0	45	0	6,450
CC 105 – Policy Div																		
- core services							200			200								400
- ancillary services																		0
- corporate OH internal																		0
- corporate OH external																		0
- to be apportioned	0	0	0	20	350	700		800	300		60	100	100	0	0	70	0	2,500
Total cost centre	0	0	0	20	350	700	200	800	300	200	60	100	100	0	0	70	0	2,900
CC106 – Field Services																		

Hypothetical Example

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Cost Centre	Expense Items from agency financial information system																	
	Adv. & promn	Aud. Remu	Cont* & conslt	Cour. & frt	Elect.	Ins	Op. lease – mot veh	Rent	Tphon	Travel & accom	Other op exp.	Maint.	Depre	Grants & subsi.	Borro. Costs	Other exp	Spec Write off	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
- core services							4,000			2,000								6,000
- ancillary services																		0
- corporate OH internal																		0
- corporate OH external																		0
- to be apportioned	0	0	0	10	2,870	2,000		960	1,470		50	600	300	0	0	50	0	8,310
Total cost centre	0	0	0	10	2,870	2,000	4,000	960	1,470	2,000	50	600	300	0	0	50	0	14,310

Hypothetical Example

Template 5.2b Allocating Working Expenses by Function

Cost centre		Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
CC101– DG's Unit						
- allocation base: by % FTE	%			100%		100%
- working expenses apportioned	\$000			0		0
CC102 – Corp Supp Division						
- allocation base: by % FTE	%			69%	31%	100%
- working expenses apportioned	\$000			2,698	1,227	3,925
CC103 – Core IT Support						
- allocation base: by % FTE	%		88%	13%		100%
- working expenses apportioned	\$000		2,578	322		2,900
CC104 – Call Centre Operation						
- allocation base: % FTE distribution	%	78%	21%	7%		100%
- working expenses apportioned	\$000	2,464	739	246		3,450
CC105 – Policy and Research Unit						
- allocation base: % FTE distribution	%	75%		25%		100%
- working expenses apportioned	\$000	1,875		625		2,500
CC106 – Field Services Division						
- allocation base: % FTE distribution	%	95%	4%	1%		100%
- working expenses apportioned	\$000	7,873	364	73		8,310

Source: From Template 3

Template 5.2c Working Expenses* by Cost Centre and Function

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
	\$000	\$000	\$000	\$000	\$000
CC 101 – DG's Unit	0	0	1,740	0	1,740
CC 102 – Corp Support Division	0	0	2,998	1,227	4,225
CC 103 – Core IT Support	0	2,578	322	0	2,900
CC 104 – Call Centre Operations	5,364	789	296	0	6,450
CC 105 – Policy and Research Unit	2,275	0	625	0	2,900
CC 106 – Field Services Division	13,873	364	73	0	14,310
Total Agency	21,512	3,732	6,055	1,227	32,525

* excludes contractors' fees because contractors have been included in staff analysis (Task 2.2)

Step 6	Corporate Overheads Expense Ratio
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Aim To calculate the ratio of corporate overheads expenses to total expenses as an indicator of efficiency.

Task 6.1 Calculate Corporate Overheads Ratio to Total Costs

Total expenses were summarised by function in Template 6.

Template 6 Total Expenses by Cost Centre and Function

Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
	\$000	\$000	\$000	\$000	\$000
CC101 – DG's Unit					
- employee related expenses			824		824
- contractors' fees*	0	0	500	0	500
- working expenses *	0	0	1,740	0	1,740
Total expenses	0	0	3,064	0	3,064
CC102 – Corp Support Division					
- employee related expenses			3,377	1,407	4,784
- contractors' fees *	0	0	375	0	375
- working expenses *	0	0	2,998	1,227	4,225
Total expenses	0	0	6,750	2,634	9,384
CC103 – Core IT Support					
- employee related expenses		2,688	468		3,156
- contractors' fees *					0
- working expenses *		2,578	322		2,900
Total expenses		5,266	790		6,056
CC104 – Call Centre Operations					
- employee related expenses	2,898	298	220		3,416
- contractors' fees *	2,350	0	0		2,350
- working expenses *	5,364	789	296		6,450
Total expenses	10,612	1,087	517	0	12,216
CC105 – Policy and Research Unit					
- employee related expenses	2,381		191		2,572
- contractors' fees *					0
- working expenses *	2,275		625		2,900
Total expenses	4,656	0	816	0	5,472
CC106 – Field Services Division					
- employee related expenses	23,985	1,411	353		25,749
- contractors' fees *	3,050				3,050
- working expenses *	13,873	364	73		14,310
Total expenses	40,908	1,775	426	0	43,109

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Cost centre	Core Services	Ancillary Services	Corporate Overheads Internal	Corporate Overheads External	Total
	\$000	\$000	\$000	\$000	\$000
Total Agency					
Employee related expenses	29,264	4,397	5,432	1,407	40,500
Contractors' fees*	5,400	0	875	0	6,275
Working Expenses	21,512	3,732	6,055	1,227	32,525
Total Expenses	56,176	8,128	12,362 (A)	2,634	79,300 (B)
% to total expenses	71%	10%	16% (C)	3%	100%

Source: Employee-related expenses from Template 4.3; contractors fees from Template 4.4 and working expenses from Template 5.2c.

The final step was to calculate corporate overheads as a proportion of expenses using the formula:

$$\begin{aligned}
 \text{Corporate Overheads expense ratio (C)} &= \frac{\text{Expenses incurred on internal corporate overhead functions (A)}}{\text{Total agency expenses (B)}} \\
 &= \frac{\$12.4 \text{ million}}{\$79.3 \text{ million}} \\
 &= 16\%
 \end{aligned}$$