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## SOME FINANCIAL ASPECTS OF PERSONNEL ADMINISTRATION<sup>1/</sup>

<sup>1/</sup> This paper has been prepared by G.W. Watters, Management Services (O&M), The Treasury, United Kingdom.

## SOME FINANCIAL ASPECTS OF PERSONNEL ADMINISTRATION

Manpower is a resource which has obvious cost implications. This cost is a part of the costs of the various administrative projects which are being pursued by line management in all public service departments. It is also, in most cases, nearly the whole of the cost of personnel management carried out in the Establishments/ Personnel/ Administration Office of Departments. It therefore behoves the Head of Personnel/ Establishment Officer and his staff to not only keep a close control on the staff employed by line management, but also on the staff engaged in personnel administration in his own Office.

2. Control of line management staff cost is exercised through the normal means of manpower budgets and estimates, both as to numbers and the correct grading and deployment of officers. In this task the Establishment/ Administration Officer is normally assisted by his Management Services specialists in O&M, Staff Inspection and Analysis, and Staff Training. This control needs no expansion here, having been amply dealt with in the paper on the Organization of Establishment Offices by Mr. Anderson.

3. The control of the staff costs in the Establishment Office itself is a matter which sometimes tends to become overlooked. Here the Establishment/ Administration Officer is his own line manager and it is just as important that he should use his Management Services specialists to control costs and improve efficiency in his own office as elsewhere. Indeed, the efficiency of the Establishment Office has a direct relationship to the efficiency of the Department as a whole and to the morale and effectiveness of the personnel throughout the Department.

4. Costs arising from unnecessary and wasteful uses of staff time are a very important consideration in an Establishment Office because of its central position in a department and the interlocking nature of the functions it carries out for a large number of users. The correct organization of the office is therefore a matter of great importance. It is beyond the scope of this paper to postulate a model organization

because of the many differences of scale and circumstance involved. As an Appendix, however, some of the more important functions are listed, and these need to be grouped according to local requirements. In the experience of the writer, however, the need is greater in Establishment Office for specific responsibilities to be clearly allocated to officers by name, and this may properly lead to a broader based hierarchical pyramid, i.e., with a larger than usual number of say, Executive Officers. Nothing is more infuriating to a line manager than to be unable immediately to discover who is responsible for the control of, say, typing pools, or the messenger service, or stationery.

5. Assuming that an appropriate organization has been devised, it is then important to see that it is clothed with staff of correct experience, grading and numbers and that the methods and procedures used are the most efficient possible. In these tasks the efforts of specialists in O&M, Staff Inspection and Staff Training have an important role. Many of the functions of an Administration Office are concerned with record keeping and communications between affected parties and it is important that records and forms are sufficient but concise, and that the appropriate communication channels for the passage of the spoken and written word are well known to all. In this connexion, written staff operating instructions can be a boon.

6. The functions in which an Establishment/ Administration Office often becomes most widely known (and often criticized) are those concerning the provision and maintenance of common office services, covering such things as furniture, stationery, typing, reproduction and messengerial services etc. It is important that these services are seen by the rest of the Department to be well under executive control and that justice is done to all users by a fair distribution of available resources and the according of proper priorities to conflicting demands on them.

7. All the aforementioned savings in costs by the improvement of efficiency in organization, procedures and management are to some extent hidden because they are integral to the cost of staff in the use of time. It is important therefore, that all staff should be trained in cost

consciousness and in the cost of wasted, nugatory or duplicated time and effort. There are, however, other costs which are more easily seen. These involve the provision of furniture, machines and equipment, stationery etc., and their inventory, storage, maintenance and repair, and the replenishment of consumables. This control is normally centralized in the Establishment/ Administration Office, and requires the usual processes of authorization of expenditure, contracting, certification of payments for supply, taking into stock, stock accounting etc. It follows that the usual written delegation of authorities should be made for such matters as authorization of supply and certification for payment, and that the authorized officers be known throughout the office. It follows also that the necessary budgetary and commitment record controls be operated and that the communication procedures with Finance and Accounts Offices be well described and operated.

8. Good communication and liaison with Finance/ Accounts Offices are also vital in the many areas involving the actual payment of monies to staff. These include salaries, allowances, travel expenses, subsistence etc., and, on the assumption that the Establishment and Finance functions are always kept clearly separate in all Departments, need clearly defined instructions as to who in the Establishments Office are responsible for deciding the various rates of allowance and for authorizing claims for expenses etc., and to what extent these decisions on the part of the authorized officers in the Establishment Office need to be rechecked by officers in the Finance/ Accounts Office. It has been the writer's experience that the amount of this counter checking is often excessive, and should be quite unnecessary provided the decisions are clearly authorized and identifiable. On the other hand, it is sometimes possible to delegate the authority for some routine payment decisions (e.g., increments to salaries) direct to an officer in Accounts instead of via the Establishments Office. This and other similar variations are often a matter of office convenience and provided they are well prescribed and known should cause little financial laxity.

9. To sum up, the writer would see savings in the cost of personnel administration in Establishments Offices as deriving from the following main sources:

- Adequate manpower budgetary control;
- Proper use of Management Services specialists;
- A fully functional organization;
- Clearly defined functional responsibilities for supervision;
- Clearly defined delegated authorities for decisions or emoluments;
- Clearly defined delegated authorities for authorizing expenditure, and for certifying payment, on supplies;
- Good communications with the rest of the Department and with the Finance/ Accounts Office in particular;
- Rational methods and procedures.

10. But perhaps the most important is cost consciousness on the part of all staff, and the realization that in personnel administration the most costly factor may be the unnecessary use of staff time; every effort should therefore be made to eliminate unnecessary communications and records. A staff cost ready-reckoner is a useful (and often salutary) aid.

## APPENDIX

### Some of the functions in an Establishments Office

Complementing	<p>Manpower planning, budgets and estimates.  Recruitment.  Manpower deployment, transfers.</p>
Management Services	<p>Staff Training.  O &amp; M  Staff Inspection and Job Analysis.</p>
Staff Relations	<p>Interpretation of conditions of service; )pay and  Calculation of pay and allowances; )leave  )records  Promotion system.  Staff associations, trade unions, Whitley  Council.  Staff Welfare; Discipline.</p>
Common (Office) Services	<p>Accommodation, furniture, equipment, machines,  stationery.  Supervision of typing, reproduction and  messengerial services.  Transport and travel arrangements.  Certification of expenditure on supplies.  Statistics.</p>