

Methodological approach to functional review of public administration at the cantonal level



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Background

This document provides detailed methodological guidelines for the governments of the cantons of the Federation of Bosnia and Herzegovina relating to implementation of functional reviews of the public administration. While this document was developed specifically for the cantonal governments, the approach proposed is of universal application and could be replicated also at other levels of public administration.

The proposed approach relies on international practices and standards for functional review of public administration, but adjusted to the needs and capacities of public administration at the cantonal level. As a result, it offers simplified approach with limited resources required for implementation and focus on the major organizational issues. It aims at providing evidence and guidance for the future reorganization of public administration at macro and meso level.

This document is a follow up to the previously elaborated “Concept for functional review and reorganization of public administration for BiH”. This conceptual document determines the scope of the functional reviews, while below we provide a toolkit for implementation of the reviews. While the proposed concept is based on original methodological approach, its preparation was supported by the analysis of the international practices and experiences in this regard, e.g.:

- The UK’s model of triennial reviews of the non-departmental public bodies. In April 2011, Cabinet Office announced that all non-departmental public bodies (NDPBs) still in existence following the reforms brought about by the Public Bodies Act would have to undergo a substantive review at least once every 3 years, starting in 2011 to 2012. While the program was discontinued, it offers valuable methodological approach to assessment of the existing institutional setups of public administration (<https://www.gov.uk/government/publications/triennial-reviews-guidance-and-schedule>);
- Documents of the World Bank as the leading institution promoting and supporting implementation of the functional reviews (see e.g.: Manning, N., & Parison, N. (2004). *Determining the structure and functions of government: program and functional reviews. World Bank, 5.*);
- Methodologies and approaches promoted by the UNDP, especially for the post-socialist countries (see e.g.: Smirl, L., & Kozáková, A. (2001). *Rebuilding State Structures: Methods and Approaches, the Trials and Tribulations of Post-communist Countries.* UNDP).

Objectives of the functional review

In accordance with the UNDP approach (Smirl, L., & Kozáková, A. (2001). *Rebuilding State Structures: Methods and Approaches, the Trials and Tribulations of Post-communist Countries*. UNDP), we propose to focus the functional review of cantonal administration on four goals:

- Eliminating redundant functions;
- Reducing duplications within and between the institutions;
- Adding missing functions;
- Rationalizing the distribution of functions.

Considering these objectives, the final outcome of the functional review should be set of recommendations relating to revision of the organisational setup for public administration, accompanied with policy and legislative proposals implementing these recommendations.

Methodological approach

Considering very limited resources available for performance of the functional reviews, it is important to rely this exercise on the methodological approach that maximizes the outcomes of the review, while involving very limited organisational, technical and human resources. This kind of lean functional review should focus on issues of major relevance rather than comprehensive and complete redesign of the organisational architecture of public administration.

Following this approach, we propose that the main output of the process will be analytical report based on the data on organisational framework of cantonal administration collected mainly through desk research, analysis of the legislation and primary data obtained directly from the institutions covered by the review. The amount of data requested from the institutions should be minimized in order to reduce the overall administrative burden for them associated with the exercise.

Final report will primarily rely on data collected through the database on public administration bodies containing all information on their organisational setup, demonstrated in the table below:

Table. Scope of information to be collected for functional review of public administration bodies

BLOCK	SPECIFIC INFORMATION
Foundations	<ul style="list-style-type: none"> • Title • Legal basis • Formal status according to official typology • Functions and tasks according to the legal framework;
Governance	<ul style="list-style-type: none"> • Setup (single or dual) • Managing (executive) body: <ul style="list-style-type: none"> - Title - Type (monocratic or collegial) - Deputies - Appointing body - Appointment procedure - Appointment criteria - Mandate (open or fixed term) - Criteria for dismissal - Salary (monthly) - Functions • Internal supervisory body (if exists) <ul style="list-style-type: none"> - Title - Type (monocratic or collegial) - Deputies - Appointing body - Appointment procedure - Appointment criteria - Mandate (open or fixed term) - Criteria for dismissal - Salary (monthly) - Functions
Functional autonomy	<ul style="list-style-type: none"> - Supervisory powers of the superior body (portfolio ministry) - Annual plan adopted by: - Annual plan subject to approval of the superior body (portfolio ministry)? - Annual report adopted by: - Annual report approved by the superior body (portfolio ministry)?
Public financial management status	<ul style="list-style-type: none"> • Sources of revenue (%) <ul style="list-style-type: none"> - State budget - Fees and services provided - External assistance - Other (what?) • Budget/financial plan adopted by: • Budget/financial plan subject to approval by the portfolio ministry?

	<ul style="list-style-type: none"> • Funds remaining at the end of the budgetary year (retained by the body or transferred to the state budget)
Human resources management	<ul style="list-style-type: none"> • Regulation applicable to the status of the staff • Number of staff determined by: <ul style="list-style-type: none"> • Number of staff planned • Number of actual staff (vacancies excluded) • Regulation applicable to the salaries of the staff • Salary policy determined by: <ul style="list-style-type: none"> • Median monthly salary

This table should be transformed into Excel file containing complete database covering all bodies of cantonal administration. The template of this database is provided in the Annex.

Information for the database should be collected through the following methods:

- Analysis of the relevant primary and secondary legislation, including both horizontal laws (e.g. civil service legislation, public financial management legislation, laws on organisation of public administration) and acts establishing the individual institutions;
- Data retrieved from databases and registers, e.g. human resources management information system (if exists), budgetary classifications and registers of budgetary users, annual reports and plans of public administration bodies;
- Survey among the public administration bodies aiming at collection of quantitative data, especially on financial management and staffing.

Survey should contain strictly limited number of questions in order to minimize the burden on surveyed entities and increase the response rate. The box below demonstrates the example of survey design that could be further adjusted.

Box. Exemplary survey for collection of data for functional review

Format of the survey: Online questionnaire distributed to the leadership of the institutions with up to 10 specific questions. The deadline for provision of information should not be longer than two weeks.

Potential questions:

(1) Please provide information on the individual monthly salary (for last month) for each member of managing body of your institution, broken down into base salary, bonuses and allowances;

(2) Please specify (in % of the total budget) the sources of your revenues for the last budgetary year, broken down into following categories:

Subsidy from cantonal budget:

Administrative fees for service provided:

Remuneration for services provided:

External assistance:

Property:

Other (what?):

(3) Please specify the number of staff positions planned in your institution (FTE):

(4) Please specify the number of positions actually filled in your institution (FTE):

(5) Please provide the average and median monthly salary in your institution (excluding management):

Average monthly salary (gross):

Median monthly salary (gross):

(6) Please provide data for calculation of the annual staff turnover rate for past year:

Number of employees who left:

Number of employees at the beginning of the year

Number of employees at the end of the year

(7) Please specify the number of staff subject to the following regulations on employment:

Staff under the regime of civil service legislation:

Staff under the regime of the labour code:

Once the relevant data are collected, the database should be shared with the institutions for fact checking (validation). This is necessary to reduce the risk of any discrepancies and inaccuracies.

Completion of the database will enable shifting to development of the qualitative findings of the review. This will require critical analysis of the information collected. Analysis should be guided by set of questions relating to each aspect (field) of the organisational setup recognized in the table above. The initial list of guiding questions for qualitative analysis is provided below:

FOUNDATIONS:

- Are all the functions currently performed by the body sufficiently justified?
- What is the performance of the body with regard to each of its functions according to available data?
- What are the institutional alternatives for performance of the functions currently performed by the body (especially: transferring to other authority, local governments,

state-owned enterprises or contracting out performance of the functions to the private sector)?

- Is the nature of the functions performed by the body compatible with its status according to the official typology of administrative bodies?

GOVERNANCE:

- Is the current governance setup (monocratic or collegial, with internal supervisory body or without) justified by the functions performed by the body?
- Is the current governance setup consistent with governance setups of other bodies of similar type and functions?
- Does the procedure for appointment of the management of the body secure the merit-based and transparent selection of the leadership of the institution?
- Is the salary of members of the management set in line with the general standards for this type of positions in public administration?
- Is the division of functions between managing bodies rational and ensure clear accountability lines?

FUNCTIONAL AUTONOMY:

- Is the managing body sufficiently insulated from undue political or interest groups' influence on performance of its functions?
- Does the portfolio ministry have sufficient powers to set direction and hold the subordinated bodies accountable for their performances?

PUBLIC FINANCIAL MANAGEMENT:

- Is the degree of financial autonomy adequate to the functions and status of the body?
- Are there sufficiently strong mechanisms for financial control and monitoring of the body?
- Does the portfolio ministry have sufficient powers to influence financial conditions for operation of the subordinated bodies?

HUMAN RESOURCES MANAGEMENT:

- Do the rules for recruitment of the staff ensure the open, transparent and merit-based selection of the staff?
- Is the salary system based on transparent and fair criteria for setting individual salaries?
- Are the salary levels adequate to the functions of the employees, ensuring also attraction of the qualified staff?

Based on the answers to these questions, the findings and recommendations for organisational changes could be formulated. They will also serve as a basis for completion of the reorganisation chart, i.e. the table providing recommendations on the potential

restructuring of the existing bodies. The template for reorganisation chart is provided in the Annex.

The final report from functional review should provide concise, but informative summary of the main diagnostic findings, as well as clear policy recommendations paving the way for reorganisation of public administration. The tentative structure of the report is presented below:

EXECUTIVE SUMMARY

INTRODUCTION

- Objectives of the review;
- Scope;
- Methodological approach;

PART 1. DIAGNOSIS

- Legislative framework for public administration – typology of bodies, major rules governing organisational setup;
- Major features of the institutional setup of public administration in each field of the analysis, i.e. dominant institutional patterns

PART 2. KEY FINDINGS

- Major shortcomings, discrepancies and problems identified in each field of the analysis;
- Case studies – presenting the examples of the major problems and challenges with regard to individual institutions

PART 3. RECOMMENDATIONS

- Recommended changes at systemic level – horizontal legislation;
- Recommended changes for individual institutions – reorganisation chart and other recommendations.

Management of the process

Functional review should be implemented by the analytical team established by the government and tasked with collection and analysis of the data, as well as formulation of the findings and recommendations. Part of team might consist of the external consultants, but the work should be led by the government official. The exemplary composition of the team with description of the tasks is presented in the table below:

POSITION	RESPONSIBILITIES
Team Leader	<ul style="list-style-type: none">- Fine tuning the methodology for data collection;- Communication with the public administration bodies;- Formulation of the major findings and recommendations;
Senior Analyst	<ul style="list-style-type: none">- Overseeing the data collection process;- Addressing the methodological issues;- Quality check of data collected;- Drafting the final report under guidance of the Team Leader;
Junior Analyst	<ul style="list-style-type: none">- Major role in data collection process;- Assisting drafting of the final report;

Annex 1. Template for database of public administration bodies

FOUNDATIONS				GOVERNANCE										FUNCTIONAL AUTONOMY						
Title	Legal basis	Formal status according to official typology	Functions and tasks according to the legal framework	Setup (single or dual)	Managing (executive) body:					Internal supervisory body (if exists)					Supervisory powers of the superior body (portfolio ministry)	Annual plan adopted by	Annual plan subject to approval of the superior body (portfolio ministry)?	Annual report adopted by:	Annual report approved by the superior body (portfolio ministry)?	
				Type (monocratic or collegial)	Deputies	Appointing body	Appointment procedure	Appointment and dismissal criteria	Salary (monthly)	Functions	Appointing body	Appointment procedure	Appointment and dismissal criteria	Salary (monthly)	Functions					

FINANCIAL MANAGEMENT		HUMAN RESOURCES MANAGEMENT	
	Budget subsidy		Sources of revenue
	Administrative fees		
	Services		
	Property		
	External assistance		
	Other		
	Budget/financial plan adopted by:		
	Budget/financial plan subject to approval by the portfolio minister ²		
	Remaining funds at the end of the year:		
	Regulation applicable to the status of the staff		
	Number of staff determined by:		
	Number of staff planned		
	Number of actual staff (vacancies excluded)		
	Regulation applicable to the salaries of the staff		
	Salary policy determined by:		
	Median monthly salary		

Annex 2. Template for reorganisation chart

Title of the body	Proposed reorganisation	Justification
	<p>Retain – body remains and there are no changes to its portfolio recommended</p> <p>Change portfolio – body remains, but some of its functions are transferred to other body</p> <p>Merge – body to be merged with other existing institution in order to ensure functional integration</p> <p>Change delivery model – current organisational form (agency, state-owned company, private sector) is changed</p> <p>Change parent ministry</p> <p>Abolish – body dissolved due to Government’s withdrawal from performing its current function</p>	