

Section 7
organization and staffing issues
**Organizational Assessment of
State Administrative Services**

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for
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Issue statement

This paper analyzes the organizational placement of State administrative services in the Department of Administration (DOA) and other State agencies and recommends organizational changes that will promote the delivery of highly efficient and effective user-driven support services to State agencies. Specifically, the purpose of this paper is to determine:

- Which centralized administrative services should be in DOA
- Which divisions currently in DOA are inconsistent with DOA's mission
- The appropriate placement of those divisions that are inconsistent with DOA's mission

The scope of this paper includes all divisions within DOA and all government agencies whose focus is to provide administrative services to other agencies rather than to citizens. The recommended organizational changes will help promote the implementation of management system improvements in Phase I of the performance audit.

Background

State agencies require various support services to achieve their missions and deliver programs. Exhibit 1 lists the fundamental support services required by State agencies and their current organizational location and service delivery mechanisms.

As the exhibit shows, several State agencies are responsible for providing these services. These include:

- Department of Administration
- Office of State Personnel
- Office of the State Controller/State Information Processing Services
- Office of State Management and Budget
- Office of Administrative Hearings
- Office of State Planning

The fiscal year 1992-93 budget and staffing levels of these agencies are shown in Exhibit 2.

EXHIBIT 1
State Support Services and Delivery Mechanisms

Support Service	Delivered By	Description of Service
Personnel	Office of State Personnel (OSP)	OSP provides services that attract, retain, and develop the State's work force
Budgeting	Office of State Management and Budget (OSMB) and agencies	OSMB provides budgeting policy and oversight of agency budgets; provides management analysis services to State agencies
Management consulting	Office of State Management and Budget	OSMB conducts studies to identify operational improvements in State agencies
Information technology and telecommunications	SIPS (in the Office of the State Controller)	SIPS operates the State's central computer system and telecommunications network and provides technical support; most agencies operate their own information resource management group to provide information system services to its divisions
Accounting and financial reporting	Office of the State Controller	The Controller ensures proper financial reporting and accounting by all state agencies by providing leadership, guidance, and consultation
Administrative hearings	Office of Administrative Hearings (OAH)	OAH provides citizens with an impartial resolution of disputes with State agencies
State planning	Office of State Planning	The Office of State Planning works to enhance the quality of state and local decision-making processes and formulate workable policy options that address issues of concern to the State
Purchasing	Department of Administration (DOA)	DOA provides purchasing policy and oversight and agencies implement policy
Construction and property management	Department of Administration	DOA provides professional architectural and engineering services and management, guidance, and oversight to state agencies
Facility management	Department of Administration	DOA performs maintenance and repair of all assigned state government buildings
Motor fleet management	Department of Administration and agencies	DOA is responsible for managing, maintaining, repairing, and storing State-owned passenger vehicles; several agencies maintain their own vehicle fleets
General services	Department of Administration	DOA provides general services for state agencies such as housekeeping, operating the State's courier service, etc.

EXHIBIT 2
Administrative Service Agency Budgets and Staffing Levels

Agency	FY 1992-93 Budget	No. of Staff
Department of Administration	\$51,110,707	902
Office of State Personnel	\$6,935,979	144
SIPS	\$45,795,823	209.5
Office of the State Controller	\$5,384,088	88
Office of State Management and Budget	\$3,949,479	51
Office of Administrative Hearings	\$1,891,420	37
Office of State Planning	\$1,257,309	5

Sources: Overview - Fiscal and Budgetary Actions, 1991 and 1992 Sessions; The North Carolina State Budget, 1991-93 Biennium

DOA provides most of the State's general administrative services. Divisions within DOA that provide these services include:

- State Construction - manages the State's capital improvement program; ensures that the State gets maximum return of the dollars invested on capital projects, maintains close scrutiny on all construction, and ensures that they are constructed giving proper consideration to construction and maintenance costs so that projects are completed on schedule.
- Facility Management - responsible for all working systems/critical systems in the State government complex: plumbing and heating, electrical systems, maintenance, grounds, elevator inspection, housekeeping, painting, carpentry, parking garages
- Purchase and Contract - serves as the central purchasing authority for State agencies, the university system, the community college system, and the various public school systems.
- State Property - handles the demand for land and buildings to accommodate agency programs; manages funds for the acquisition of these facilities; and handles park land, wildlife lands, maritime forests, and coastal estuarine reserve lands.
- Motor Fleet Management - maintains a fleet of cars, pickup trucks, and minivans for use by State employees for work-related activities.

- State Capitol Police - provides security for the property located within the State Government Center.
- Auxiliary Services - operates the State's courier system, print shop, and federal and state surplus operations.
- Agency for Public Telecommunications - operates public telecommunications facilities and provides to public agencies telecommunications services and assistance that will contribute to public participation in government, access to public services, and efficiency in government.

DOA also has five internal administrative divisions that support the department's operation:

- Legal Counsel
- Fiscal Management
- Personnel
- Information Services Division
- Public Information

In addition to its management services functions, DOA houses several other divisions:

- Youth Advocacy and Involvement Office - offers a variety of services for children, youth, and young adults, and serves as an advocate for children in North Carolina.
- Human Relations Commission - works to promote social and economic equality and achieve civil rights and equal opportunity for all the people of North Carolina, especially minorities, women, and people with disabilities; enforces the Fair Housing Act.
- Commission on Indian Affairs - represents the interests and advocates for the rights and needs of North Carolina's Indian population.
- Council for Women - performs a variety of services for women, including administering grants to nonprofit organizations that serve victims of sexual assault and domestic violence, providing referrals to victims of domestic violence or sexual assault, research and resource compilation, and hosting educational events.
- Governor's Advocacy Council for Persons with Disabilities - protects and advocates for the rights of all citizens with disabilities, enforces federal law that prohibits discrimination against the disabled, promotes the employment of people with disabilities, and recognizes their employment potentials in both competitive and non-competitive situations.
- Veterans Affairs - assists veterans and their families in the presentation, processing, proof, and establishment of claims, privileges, rights, and benefits to which they may be entitled under federal, state, or local laws; administers a program of State scholarships for the

eligible children of veterans.

- Office of Marine Affairs - operates the State's three aquariums and advises the Secretary of DOA and the Governor on ocean policy.
- Intergovernmental Relations - advises the Governor on federal and local issues affecting North Carolina, staffs the Appalachian Regional Commission, and runs the State clearinghouse.

Exhibit 3 shows DOA's current organization.

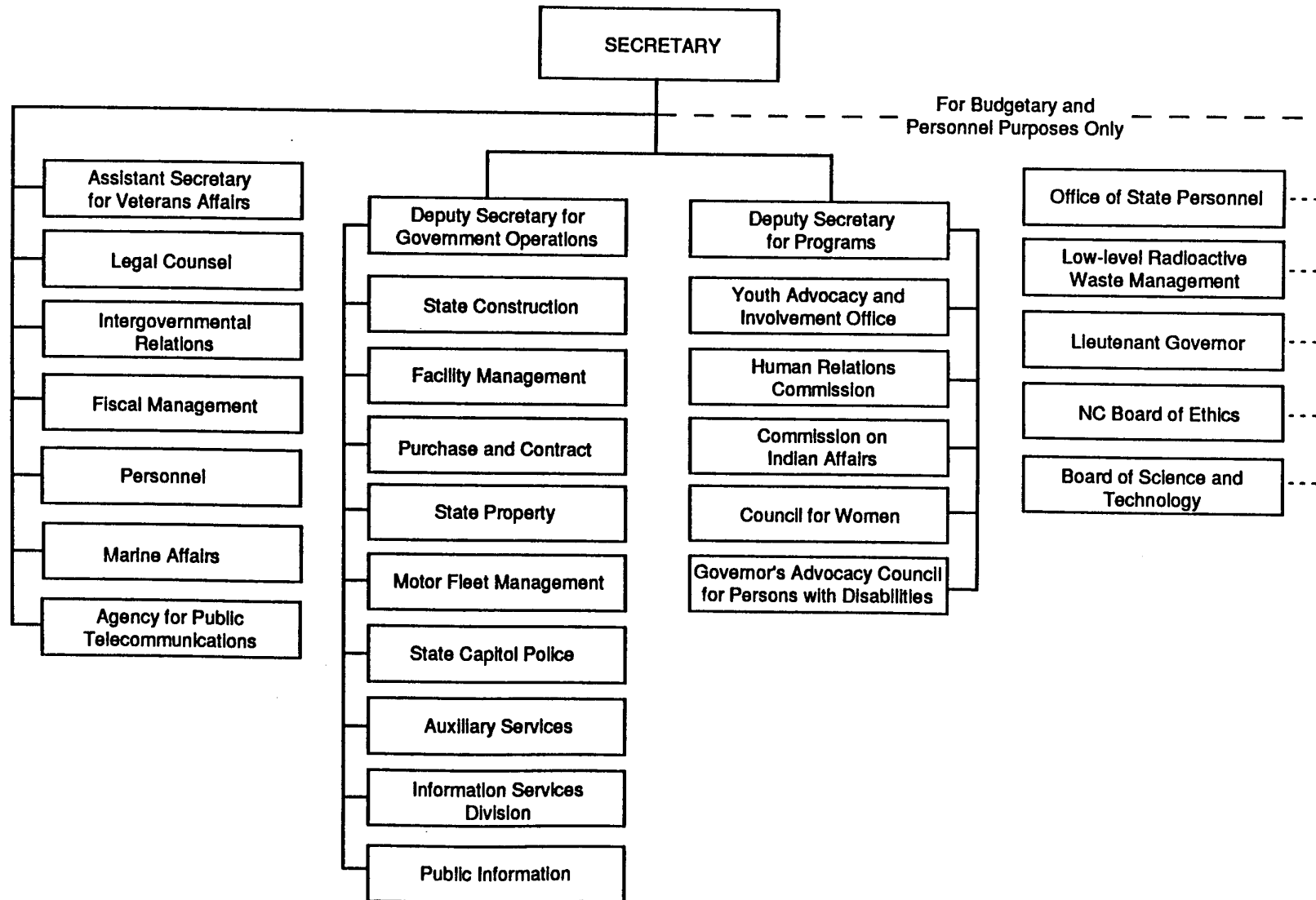
Methodology. The assessment of the organization of the State's administrative services is based on several criteria. An organizational unit should be in DOA only if it meets the following criteria:

- Provides a service to other State agencies (i.e., the client is State government agencies, not the citizens and businesses of North Carolina) and does not have program responsibilities
- Has attributes that make central provision the most economical way to deliver first-rate management services
- Has little policy implication

In addition to these criteria, standard organizational criteria were used to determine the appropriate placement of other units in DOA. These criteria include:

- Group related programs to minimize administrative cost
- Eliminate fragmentation of policy direction for related programs
- Establish clear lines of authority to increase accountability for results
- Separate internal administrative functions from programmatic service delivery

EXHIBIT 3
Department of Administration
Current Organization



Finding 1: Several program-related units and advocacy groups in DOA do not provide administrative services to State agencies.

Several divisions are misplaced in DOA because they do not provide administrative services to State agencies and therefore do not meet the criteria for being in DOA. These agencies are as follows:

- Youth Advocacy and Involvement Office
- Human Relations Commission
- Commission on Indian Affairs
- Council for Women
- Governor's Advocacy Council for Persons with Disabilities
- Veterans Affairs
- Office of Marine Affairs
- Intergovernmental Relations

None of these agencies provide administrative services to State agencies and almost all have individual programmatic service delivery responsibilities. The presence of these units in DOA detracts from DOA's service mission.

DOA has become a "catch-all" agency in which extraneous organizations and functions have been placed. This may in part be due to the fact that DOA is considered a "neutral," independent agency that is free from influence of other State departments.

Finding 2: Of the agencies that provide services to other agencies, SIPS and the Management and Productivity Section in OSMB meet the criteria for inclusion in DOA.

The State Information Processing Service (SIPS) is currently not a part of DOA; it operates within the Office of the State Controller. Its mission is to provide information technology resources to the executive branch agencies and institutions, excluding the Department of Justice and the University of North Carolina. (Refer to the Government Performance Audit Committee Phase I Performance Audit Report on Information Technology and Telecommunications for more information on SIPS.)

Organizationally, SIPS should be part of DOA based on established criteria. It provides a basic management support function, not simply an accounting and financial reporting support function. The efficient operation of the State's information technology systems and telecommunications systems should be closely linked with the State's other administrative support functions.

According to the Government Performance Audit Committee's Phase I Performance Audit Report on Information Technology and Telecommunications, SIPS has generally not satisfied its

client agencies and is not service oriented.

The Management and Productivity Section, which also provides services to State agencies, is located in the Office of State Management and Budget (OSMB). It promotes sound operational concepts and practices throughout State government by providing consulting services and conducting special studies for the Governor, the State Budget Officer, and department heads, upon request. The management analysts work with department heads and program managers to identify operational improvement opportunities and analyze the costs to be expected and the benefits to be realized.

This function meets the criteria for inclusion in DOA because it provides support services to all agencies and can be administered centrally. It does not have a direct role in OSMB's budgeting process, and as such has little policy implications. Its placement in OSMB detracts from OSMB's mission as a policy-oriented agency.

Several other State agencies that provide services to other agencies do not meet the criteria for inclusion in DOA. (Refer to Exhibit 2.) These include:

- Office of State Personnel
- Office of the State Controller (accounting and financial reporting function)
- Office of State Management and Budget
- Office of State Planning
- Office of Administrative Hearings

These agencies have policy implications or program responsibilities and are effective as separate agencies.

Finding 3: The Office of Marine Affairs performs functions similar to units in the Department of Environment, Health, and Natural Resources.

The Department of Environment, Health, and Natural Resources (EHNR) is responsible for operating and maintaining the zoological park, which provides an educational and recreational outlet, educational and research opportunities, and conservation of endangered animals and plants. The Office of Marine Affairs operates and maintains the State's three aquariums, which also have educational and research facilities. The functions of the zoological park and the aquarium are similar in that they both involve the operation of animal life-support facilities and provide educational and research opportunities.

In addition, both departments advise the Governor on environmental policy matters which can result in uncoordinated and inconsistent policy direction among State environmental programs. Having one department responsible for marine environmental functions and another department responsible for the rest of the State's environmental functions is inefficient. One department should be responsible for all environment-related functions.

Finding 4: Advocacy groups in DOA include programmatic functions that are similar to programs in other agencies.

There are several programs in DOA and other State agencies that have programs for the disabled, minorities, women, and children.

Examples of redundancy among these programs include the following:

- The Council on Women administers grants to local domestic violence and rape crisis centers, and develops publications that train volunteers how to deal with women and children who are victims of sexual or physical violence. The Division of Social Services in the Department of Human Resources (DHR) also has programs that treat victims of sexual or physical violence, and it has a grants administration function.
- The Human Relations Council and the Governor's Advocacy Council for Persons with Disabilities are both authorized to enforce laws that prohibit discrimination and both have discrimination investigation functions. The Human Relations Council investigates housing discrimination and the Governor's Advocacy Council for Persons with Disabilities investigates various types of discrimination against the disabled.
- The Division of Vocational Rehabilitation Services in DHR provides vocational assistance to disabled persons in the State by operating several programs:
 - The Vocational Rehabilitation Program helps persons with disabilities obtain jobs by providing training and personal and vocational counseling through a network of 34 vocational rehabilitation offices throughout the State.
 - The Independent Living Rehabilitation Program assists severely disabled individuals obtain services that will provide an alternative to institutionalization where possible; improve functioning in one's family, home, and/or community; and help in preparing for and transitioning to a vocational rehabilitation program. The Governor's Advocacy Council for Persons with Disabilities handles similar employment and housing issues for the disabled.
- DHR has programs to increase the number of persons with disabilities being placed into competitive employment in the community labor market by removing social, physical, and other barriers in the work place for persons with disabilities by providing special assessments, training and adaptations, allowing wider access. The Governor's Advocacy Council for Persons with Disabilities also works to help the disabled find employment.

Finding 5: Two of the three functions performed by Intergovernmental Relations overlap with other State agencies.

Two of the three functions performed by Intergovernmental Relations - federal/state relations and state/local relations - are misplaced in DOA because they are not administrative services provided to other State agencies. Their functions are more closely aligned with other departments, as described below:

- The federal/state relations function should be closely tied to the Governor's Office because its function is to keep the Governor abreast of federal issues affecting North Carolina.
- The state/local relations function is an economic development function; it does not provide administrative services to other State agencies.

Recommendations

Recommendation 1: The General Assembly should create a new department of administrative services.

The General Assembly should create a functionally designed, service-oriented administrative services organization. This department should house only those functions/divisions that provide administrative services to other state agencies and should focus on providing high quality administrative services. Such services need to be under the responsibility of the Secretary of Administration and should empower other agencies to deliver highly efficient and effective services. Programs with service delivery responsibilities or policy implications for service delivery distract from the functions of the administrative arm of government.

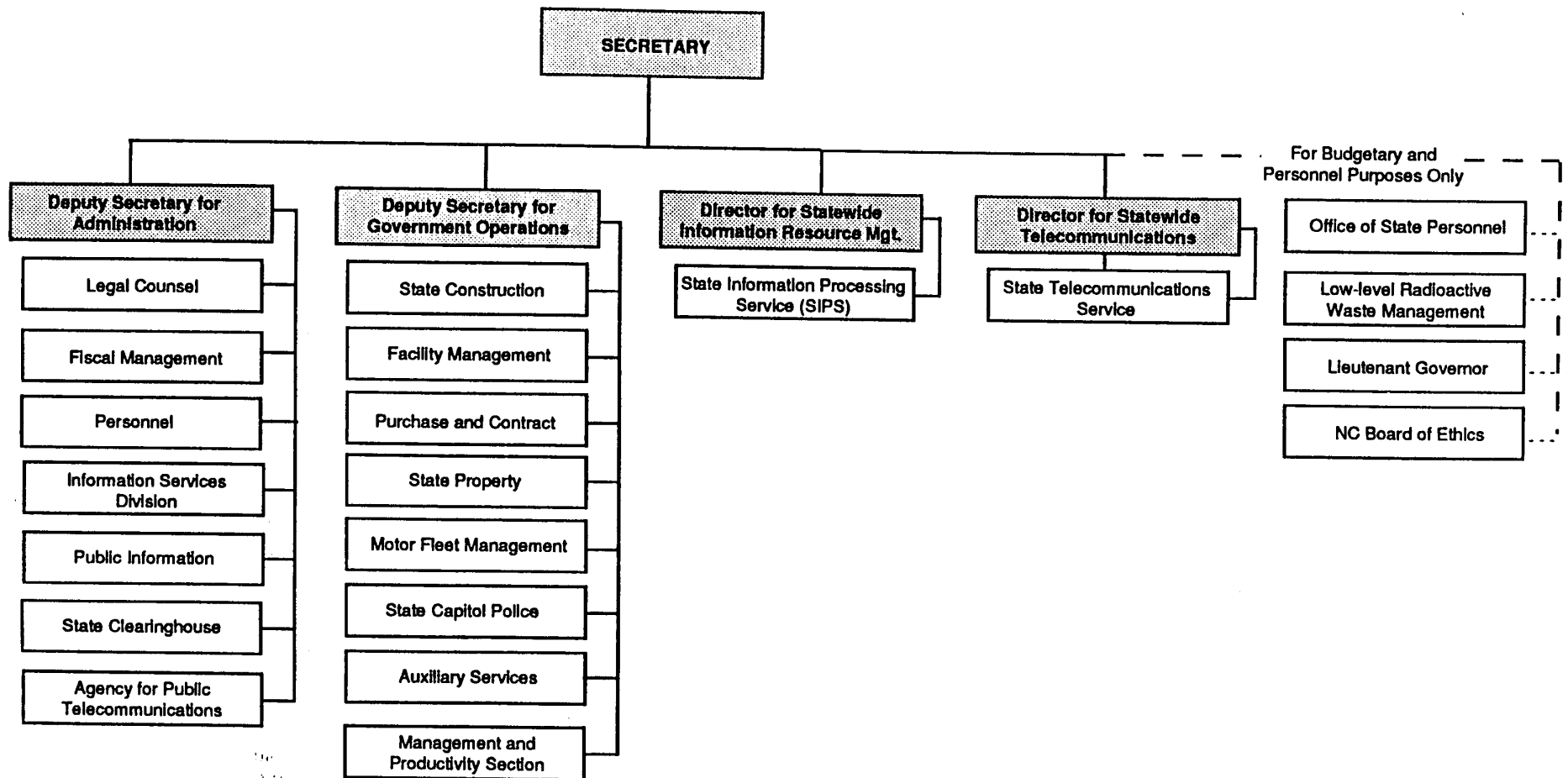
To create this new organization, several divisions need to be removed from DOA and others need to be added (see below). Exhibit 4 illustrates the proposed organization of the new Department of Administration.

Recommendation 2: SIPS and OSMB's Management and Productivity Section should be transferred to DOA.

SIPS and OSMB's Management and Productivity Section should be transferred to DOA. This will bring the management services that currently are located in various agencies into a central agency.

It is important to note that with the shift of SIPS to DOA, two director positions for statewide information resource management and telecommunications should be established in the new DOA organization structure. This recommendation is based on analyses documented in the issue paper on State telecommunications. Separate positions are recommended because the statewide

EXHIBIT 4
Department of Administration
Proposed Organization



coordination and line management responsibilities for information resource management and telecommunications are so significant that they cannot be performed by a single manager.

These two positions require highly qualified managers that possess extensive training and experience in the information technology and telecommunication fields, respectively. These positions should not be subject to turnover due solely to changes in administration. It is strongly recommended that the positions be considered professional positions, rather than political appointments. As such, individuals in these positions that are performing at or above expectations should be retained over time, and not be replaced during changes in administrations.

Other State agencies that provide services to other agencies, such as the Office of State Personnel, Office of the State Controller (accounting and financial reporting function), Office of State Management and Budget, Office of Administrative Hearings, and the Office of State Planning, should not be transferred to DOA as separate agencies because they have policy implications or program responsibilities and therefore need to remain as separate agencies.

Recommendation 3: DOA's advocacy groups should be moved to the Governor's Office. The Governor should consider consolidating the enforcement function in the Human Relations Commission and the Governor's Advocacy Council for Persons with Disabilities.

The advocacy groups do not meet the criteria for being in DOA and should be transferred to the Governor's Office. The groups that should be transferred include:

- Youth Advocacy and Involvement Office
- Human Relations Commission
- Commission on Indian Affairs
- Council for Women
- Governor's Advocacy Council for Persons with Disabilities
- Veterans Affairs

Moving these units to the Governor's Office will allow the Governor to monitor closely all civil rights and advocacy activities in the State and will make DOA a pure management services organization.

In addition, the Governor should consider consolidating the enforcement functions in the Human Relations Commission and the Governor's Advocacy Council for Persons with Disabilities to eliminate duplication of effort between these two groups.

Recommendation 4: Several of the advocacy groups' programmatic responsibilities should be moved to DHR.

- Programs in the Governor's Advocacy Council for Persons with Disabilities that deal with assisting the disabled obtain employment, housing, etc. should be consolidated with the Vocational Rehabilitation Program in DHR.

DHR will need to determine whether the positions responsible for these functions should be transferred to DHR to handle the additional work load or if DHR's current staff can handle the increase.

Recommendation 5: The Office of Marine Affairs' aquarium function should be moved to EHNR and its policy function should be eliminated.

Transferring the Office of Marine Affairs to EHNR will eliminate the fragmentation of the State's marine policy function and will bring the aquarium management function together with the zoo management function. The Office of Marine Affairs' policy function should be eliminated and EHNR should be responsible for advising the Governor on marine policy issues.

There are six positions in the Office of Marine Affairs that handle ocean policy and administrative matters which can be eliminated with the consolidation. Eliminating these positions will save the State approximately \$201,108 annually and \$1.8 million over 10 years, assuming the average DOA salary is \$26,518 and benefits are \$7,000. The director of the Office of Marine Affairs should be transferred to EHNR to oversee the aquarium management function.

Recommendation 6: Several Intergovernmental Relations' functions should be moved to the appropriate agencies.

The following Intergovernmental Relations functions should be moved to more appropriate agencies as follows:

- The federal/state relations component of Intergovernmental Relations should be moved to the Governor's Office so that it can have a direct link to the Governor's Office and can more effectively coordinate with North Carolina's Washington, D.C., office.
- The state/local relations component, which is primarily responsible for staffing the Appalachian Regional Commission, should be moved to the Department of Commerce because it is an economic development function.

The State clearinghouse should remain in DOA.

Intergovernmental Relations' two administrative support positions can be eliminated. This will save the State approximately \$67,036 annually, assuming the average DOA salary is \$26,518 and benefits are \$7,000, and approximately \$603,324 over 10 years.

Implications

If these recommendations are implemented, DOA will be a pure management services organization. In addition to the financial savings, the State will benefit by having a central agency that is focused on providing high quality, first-rate management services to State agencies, which in turn will benefit the State's programs.

We have identified eight positions that can be eliminated in the Office of Marine Affairs and Intergovernmental Relations, which will save the State approximately \$2.4 million over 10 years. In addition, if the recommendation which assigns SIPS to DOA is implemented, administrative support positions (e.g., personnel, budgeting) can be eliminated and support provided by DOA. Exhibit 5 shows consolidated financial savings that have been identified to date.

References

Department Plans, Outlook and Objectives, 1991-1995

Overview - Fiscal and Budgetary Actions, 1991 and 1992 Sessions

The North Carolina State Budget, 1991-93 Biennium

EXHIBIT 5
Estimated Annual Savings
(1992 dollars)

	Fiscal Year ending June 30									
	Current	1994	1995	1996	1997	1998	1999	2000	2001	2002
Annual OMA* Savings	--	\$201,108	\$201,108	\$201,108	\$201,108	\$201,108	\$201,108	\$201,108	\$201,108	\$201,108
Annual IR* Savings	--	\$67,036	\$67,036	\$67,036	\$67,036	\$67,036	\$67,036	\$67,036	\$67,036	\$67,036
Cumulative Savings	--	\$268,144	\$536,288	\$804,432	\$1,072,576	\$1,340,720	\$1,608,864	\$1,877,008	\$2,145,152	\$2,413,296

*OMA = Office of Marine Affairs
 IR = Intergovernmental Relations