

## I. Introduction and Overview

1. The main objective of the Central Treasury Management System (CTMS) project is to centralize Government of Jamaica's (GOJ) cash management function through Accountant General's Department (AGD). The core project activities therefore involves the upgrading of the existing government accounting system (FinMan) used by over thirty (30) Ministries, Departments & Agencies (MDAs) and the development of a rudimentary Treasury Management Module (TMM) for the AGD.
2. The project is being implemented in phases, with the intention of benefitting from lessons learnt at each phase informing the refinement of requirements for subsequent phases, leading eventually to an integrated financial management and information system (IFMIS). *Phase 1* of the project will see the deployment of the *Basic CTMS* in four (4) MDAs (Pilot Entities).
3. The full implementation of the CTMS (*Interim*) will allow for the centralized release of payments [expenditure] and the consolidation of government's cash resources [revenue] under the control of the Accountant General (AG) resulting in significant cost savings and improved customer service. The Bank of Jamaica will play a critical role as: a) custodian of a clearly structured Treasury Single Account holding GOJ cash and; b) regulator/owner of the national payment system (RTGS & ACH) through which "just -in-time" payments will be made to suppliers/payees via their respective Commercial Banks accounts.
4. The Interim CTMS project is being financed through a loan from the IADB.

## II. Update on Activities in October 2012

1. The CTMS Steering Committee (SC) met on October 31, 2012 – one (1) day before the system was to go “live” with the first Pilot Entity – *mainly to ensure readiness for the first Pilot and re-iterate key project implementation timelines*. Notably, the Ministry of Finance and Planning (MOFP) was chosen as the first Pilot Entity; with payments relating to its Capital A and Capital B being submitted to the Accountant General’s Department for subsequent settlement through the Bank of Jamaica’s (BOJ) Real Time Gross Settlement (RTGS) system.

2. In relation to the **system software development** (upgrading FinMan & coding TMM) activities in October were mostly related to *Quality Assurance (QA) testing (TMM), User Acceptance (UA) testing, and sensitization sessions* for relevant staff at the AGD and MOFP.

1. Both QA and UA testing were conducted between October 26 and 31, 2012 as the advent of Tropical Storm Sandy forced the postponement of these activities which were scheduled for the week of October 22, 2012.

2. The sensitization session at the AGD went ahead on October 30, 2012 and was well received.

3. Efforts continued on the **ICT Infrastructure** which will support/facilitate the Basic CTMS software. *Infrastructure Readiness* is being considered from two perspectives: i) the CTMS system as a whole and; ii) capacity of individual Ministries, Departments and Agencies (MDAs) to accommodate the basic system. ICT Infrastructure activities being addressed include **Networking, Security, Back-up & Recovery and Hardware Requirements**.

1. **Networking**- Lease lines for network connections (to FSL) upgraded to Business VPN (Virtual Private Network) for pilot sites.

2. **Security**- One staff member (FSL) has been assigned for CTMS. In addition, at the MDA level, relevant procedures and internal controls are being developed.

3. *Back-up & Recovery* – adequate back-up and recovery procedures are in place. At the AGD for example, a sharing arrangement is being put in place for back-up power (use of a generator).
4. *Hardware Requirements*- During October procurement of two (2) servers advanced with the selection of IBM as the successful bidder. These Servers are expected in mid-December 2012. In the meantime though, a server has been “loaned” to the project to facilitate the Pilot Phase.
4. Another key project support activity is the development of relevant ***accounting policies, procedures and business processes***.
  1. Following CTMS SC, the draft *User/Operating Manuals* for the Basic CTMS will be made available in the first week of November, 2012.
5. ***Communication and Change Management*** activities continued in October. Apart for the continued update of the CTMS Webpage & training sessions for the staff at the AGD (consolidated fund/treasury unit ) and the MOFP (finance and accounts unit), meetings were planned for the wider group of Principal Financial Officers (PFOS) and Permanent Secretaries (PSs) of ALL MDAs. In October the following activities were undertaken:
  1. The CTMs Webpage was updated with the latest Project Implementation Report (September 2012).
  2. A meeting was scheduled for November 7, 2012 with Suppliers to apprise that group of the imminent changes and how the new system will affect them. Specifically, feedback is to be sought on the draft Suppliers Registration form which suppliers will have to complete to provide banking information to the Treasury/AGD.
  3. Training sessions were held (October 30) at both the AGD (focused on TMM) and the MOFP (focused on the upgraded FinMan).

6. ***Business Process Re-engineering (BPR) & Organizational Design*** will be critical to support the automation and relocation of the AGD.

1. AGD BPR is to be undertaken by KPMG.

2. Relocation efforts picked up in October with continued visits to the Air Jamaica Building for inspection & space planning, as well as preparation for the removal of current “junk” contents and subsequent renovation. The National works Agency (NWA) has been tapped to remove the contents of the relevant floors.

3. At the same time at least two (2) floors of the target building is scheduled to be cleared and renovated by December 2012.

7. ***Technical Assistance (TA)*** – Following a request by the DG -on behalf of the MOFP, there was a resumption of TA being provided by CARTAC. Mrs. Eileen Brown and Mrs. Illona Castro visited in the last two weeks in October and met with key staff members and provided critical expert advice – particularly on design and project priorities.

8. The project to ***close Dormant Bank Accounts*** showed marginally progress. In October, it was “discovered” that eight (8) of the initial inventory of 132 were NOT government dormant accounts, so that we are now looking at 124 GOJ dormant accounts. Of these 124 dormant accounts, 106 have been closed and the proceeds transferred to the Consolidated Fund account.

9. ***Project Financing*** – The Programme Coordinating Unit (PCU) has been able to comply with eight (8) of ten (10) conditions precedent to a first disbursement under the GOJ/IADB loan to modernization fiscal administration in Jamaica. The remaining conditions are expected to be complied with by end November 2012.

### III. Summary Points

1. The Basic CTMS software has been coded, tested and deployed in the MOFP and the AGD. Confirmation came at the October 31, 2012 CTMs Steering Committee meeting that *the MOFP would begin submitting payment requests to the AGD starting November 1, 2012*, that is, the project was set to “go live” on that date.
2. A *detailed, time-bound activity schedule* is in place which will see the completion of the Pilot Phase (MOFP, AGD, Ministry of Education (MOE), Ministry of Transport and Works (MTW) by end-March 2013.
3. October saw the *resumption of Technical Assistance* being received through CARTAC. Again Ms Eileen Brown provided valuable input in helping to focus project efforts on the key issues required for the Basic System as outline the conceptual Design and re-enforced by the Financial Secretary (FS).
4. Increased focus will be placed on *Communication & Training* going forward. Apart for the continued update of the CTMS Webpage & training sessions for the staff at the AGD (consolidated fund/treasury unit ) and the MOFP (finance and accounts unit), meetings were planned for the wider group of Principal Financial Officers (PFOS) and Permanent Secretaries (PSs) of ALL MDAs.
5. *Project Financing* is advancing with the completion of conditions required to drawdown funds under the GOJ/IADB Fiscal Administration Modernization Program (FAMP) loan agreement very close.
6. The *modernization and relocation of the AGD has progressed* with the renovation of at least two floors of the Air Jamaica Building set to be completed by December 2012.

#### IV. Recent Developments

1. **The Pilot was successfully launched on November 1, 2012** with the first payment request from the Ministry of Finance and Planning (MOFP) (Capital A) submitted to the AGD (TMM) and subsequently settled through the BOJ’s RTGS for the Supplier’s account.