

1 Introduction and Background

The main objective of the Central Treasury Management System (CTMS) project is to allow the government, through the Accountant General's Department (AGD), to centralize its cash management function. The core project activity therefore involves the upgrading of the existing government accounting system (uFinMan) used by over thirty (30) Ministries, Departments & Agencies (MDAs) and the coding and deployment of a Treasury Management Module (TMM) to be used by Accountant General's Department (AGD).

The project is part of government's programme- funded by the Inter American Development Bank (IADB) –Fiscal Administration and Modernization Programme Loan (FAMP) to strengthen and modernize its fiscal administrative capacity.

The Interim CTMS is being implemented in phases, with the intention of benefitting from lessons learnt at each phase informing the definition/refinement of requirements for subsequent phases and eventually an integrated financial management and information system (IFMIS). Phase 1 of the project involves the upgrade of FinMan and the development and deployment of a Treasury Management Module which would allow for centralized processing of payment requests submitted by MDAs through the BOJ's RTGS & ACH.

The full implementation of the CTMS will allow for the consolidation of government's cash resources 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 custodian of a clearly structured Treasury Single Account holding GOJ cash as well as the use of the national payment system (RTGS & ACH) to make "just –in-time" payment to suppliers/payees. The interim CTMS will also involve the consolidation of revenue systems with Commercial Banks (having PRR transit accounts) continuing to facilitate the daily sweeping of funds into the TSA at the BOJ. The additional of the revenue consolidation aspect of the TMM will follow [phase 1] immediately as part of Phase 2 of the project.

2 Financial Management Information System (FMIS)

- 1) **The target of completing *Pilot* phase of the CTMS project was achieved in the final quarter of last fiscal year ended March 31, 2013.** The Pilot phase comprised the migration of four (4) Central Government Ministries, Agencies and Departments (MDAs) to the upgraded electronic accounting and treasury management platform - to allow for the central release of payments (as requested by respective MDAs) by the Accountant General's Department (AGD, Treasury) through the Bank of Jamaica (BOJ) payment systems for final credit to suppliers accounts in commercial banks.
- 2) At the operational level, the relations with the BOJ and the AGD were further strengthened with the signing of a Memorandum of Understanding (MOU) for the use of the Auction Clearing house (ACH). The result is that the CTMS is now fully linked with the BOJ's payment system –which is comprised of the Real time Gross Settlement System (RTGS) and t he ACH.

- 3) The operation of the system during the pilot phase largely met key performance indicators; although there were a small number of rejected payments arising from incorrect data input related to clients' bank account information.

3 ICT Infrastructure Readiness

- 4) Fiscal Services Limited (FSL) is largely responsible for ensuring ICT Infrastructure Readiness (IR). The main areas of concern include:
 - a) Networking /Connectivity – leasing of Business VPN
 - b) Hosting – secondary server hosting
 - c) IT Security – including Back-up & Recovery
 - d) Hardware Requirements
- 5) Work on infrastructure readiness was significantly ramped up in the quarter ended March 31, 2013. Despite delays in procurement of important connectivity equipment, contingency arrangements (short-term rental of relevant equipment) were made; allowing FSL to complete the infrastructure work to allow for the implementation of the pilot sites.

4 Project Management

- 6) An amended contract with the uFINMAN developer was signed during the reporting quarter. The amendment were to ensure a greater focus on core functions and to reflect the MOFP would be given six months free maintenance, that is, up to the end of December 2013.
- 7) The CTMS Steering Committee convened on March 12, 2013 to consider the ongoing issues and provide strategic guidance.

5 Accounting Policies & Procedures

- 8) The adjustments to procedures and the development of required accounting policies are ongoing. Important documents developed so far are listed below:
 - a) Conceptual Design
 - b) Banking Policy
 - c) CTMS Financial & Accounting Procedures
 - d) CTMS User Manual
 - e) Client Information Form for Organizations
 - f) Client Information form for Employees

- 9) Items e & f above, were developed and circulated in January 2013, along with a **draft Treasury Manual**.

6 Organizational Development

- 10) The re-organization and automation of the AGD is a critical aspect of the CTMS project. The TMM is the main hub of the CTMS –all payments requests from MDAs will terminate at the TMM- and the need to strengthen the AGD –both in terms of automation and personnel is crucial at this time.
- 11) Under a technical assistance arrangement with the IADB the GOJ will acquire the services of a Consultant to lead the Business Process Review (BPR) of the AGD. The Consultant agreed broad terms to of engagement during the Reporting Quarter and to begin work on April 1, 2013. An initial deliverable of the consultancy is the review of the statutory functions and responsibilities of the AGD.

7 Training

- 12) Training activities continue apace- with emphasis on the AGD and the Pilot entities during the reporting quarter. . Going forward a training scheduled has been developed which is closely linked to the schedule of implementation (MDAs).

8 Banking Arrangements &Funding of Bank Account

- 13) **RTGS & ACH Agreement:** During the December 2012 quarter (RTGS) and later on in January 2013 the AGD and the Bank of Jamaica signed Agreements to use the respective payment systems. Later on this year a broad Service Level Agreement (SLA) is to be signed with the BOJ to outline roles and responsibilities of the AGD and the BOJ in ensuring payments are effected.
- 14) **Warrant Funding:** As MDAs are assimilated with the CTMS, Warrant Funding modus have been updated with direction for funds to be transferred from the Consolidated Fund to the TSA, rather than individual MDA Expenditure Accounts.
- 15) **Bank Account Closure Project:** the effort to close all MDAs bank account is ongoing. An update will be forthcoming on the pace of closure of these accounts.

9 Summary Points

- 16) The implementation for the CTMS is progressing as scheduled with the completion of the *Pilot* phase during the Quarter ended March 31, 2013.
- 17) Despite minor glitches, the operation of the system has met expectation and performance parameters.
- 18) In spite of procurement challenges, the ICT infrastructure has been put in place to allow the scheduled implementation of the CTMS software in relevant MDAs that is the *Pilot* entities.
- 19) Training activities have been focused on the AGD and relevant MDAs (based on implementation schedule) and have been completed. The transition of the AGD to a modern Treasury Department was boosted with the contraction of Consultancy Services to review and propose recommendations for improving organization structure and processes.
- 20) Contract Management issues were addressed to ensure the timely delivery of service from the Developer and project management activities.