

Orissa Treasury Management System

Business Case

Finance Department plays a vital role in overall prosperity of a state, not only by implementing innovative revenue earning processes, thus inviting industries in the state, but also by doing proper fund management of a state in daily basis. Currently many state governments use manual or semi-manual system for fund management.

Managing the Treasury of a state is a very complex and involved process, extremely difficult to handle manually. This may lead to some slippages in the operations leading to serious issues. For instance, it may result in underutilised funds to the tune of multiple crores, thus causing opportunity loss to investment option. In the current scenario when time is the essence and “development” is the buzz word, proper fund management and expenditure control is the major thrust area of every state government and to meet their requirement, most of them have already geared up to utilise Information Technology. It is to address this need that CMC has developed its Computerised Treasury Management System.

The project was conceived as a part of Orissa Public Sector Reform Programme conducted by DFID (Department for International Development), UK. The objective of the project was to develop/adopt a comprehensive computerized system for a total of 162 Treasuries (30 District Treasuries + 6 Special Treasuries + 126 Sub Treasuries) to assist the FD/DTI in its endeavour to ensure financial discipline in conformity with policies framed and to strengthen and simplify the process of financial transactions as well as to generate real time critical financial information for the State Government through establishment of an online computerised system in these treasuries.

Challenges

Every state government prepares a budget at the beginning of each financial year. Finance Department allots funds to various departments for development work under the provision of the budget. The departments then distribute the fund amongst their Budget Control Officers (BCOs) and ultimately BCOs distribute the allotment amongst the Drawing and Disbursal Officers (DDOs) across the state. DDOs spend their allotment against various schemes and the bills are processed by the treasuries at district/sub-division level where the expenditure is again checked against the allotment for the DDOs for having a better control over expenditure.

Similarly, revenues collected from various sources are also deposited to government accounts through treasuries. Treasuries really are the basic units and focal points from where government accounts originate. Here records of each drawal/deposits on government by various DDOs are maintained, compiled and sent to the AG office/ Finance Department for finalisation of actual accounts and preparation of MIS respectively. They form a link between the FD, the DDOs and the AG and their reports help state FD in effective expenditure planning & control.

Finance Department plays a vital role in overall prosperity of the state, not only by implementing innovative revenue earning processes, but also by carrying out proper fund management of a state on a daily basis. Looking into the complexity of the operations involved and difficulty in getting the authentic information, various components of fiscal administration are required to be computerised and networked for decision-making under the project.

CMC's Solution

The OTMS application provides regular updates about government expenditures and receipts to the central server at the day end. It is an efficient fund management system for the state and helps exercise budgetary control over all expenditures against budget allocation.

The application enables the government to process and render accounts on-line and faster. It brings out a more transparent and accountable system of financial transactions, as well as

enforces strict discipline in routine operations and management, resulting in efficient working environment and cost savings. Uniformity of application across the state brings in common procedures for all the activities in the state. All the financial transactions of the entire state are maintained at the central server in Bhubaneswar.

The application is completely web-enabled and has a three-tier architecture and has been developed on ORACLE 10g on Red Hat Linux platform. The Sub Treasuries are connected to the District Treasuries through a network of 125 VSATs installed in each of the Sub Treasuries and the District / Special Treasuries are connected to the Central Location through Leased Lines with back-up connectivity through another 36 VSAT installations. CA UniCenter Management is used for NMS and Remote Software Delivery.

The duration of the project was 24 months. Right from the beginning of the project, proper project planning was done to ensure that the target of 24 months could be achieved. The project was challenging since it involved Gap Analysis of the customer requirements vis-à-vis the treasury software application of CMC, design changes thereof, customisation of the application, acceptance testing at pilot site, user training followed by implementation at 162 locations all across Orissa.

The customisation was done as a parallel activity along with the design changes. More time was devoted to the acceptance testing at pilot site so that the application becomes acceptable to the customer and can be easily implemented.

The hardware supply got delayed and there was a risk of the project schedule slippage. CMC arranged for the hardware platform at the pilot site on rental basis and ensured that the project was on track and no slippage was allowed. This called for additional expenditure from CMC but paid dividends in the future in terms of further orders from the customer.

The implementation was carried out in phases in line with the customer's readiness and regular monitoring of the progress of project work was carried out jointly by the customer and CMC. There were external agencies for supply of hardware and networking equipment. The project related activities of these agencies were also continuously monitored by CMC and joint review meetings were held at regular intervals to ensure that the project schedule is met. Whenever there was any schedule slippage, crashing of activities was done with adherence to quality of deliverables to make up for the lost time.

Referesh training was conducted for the users at regular intervals to apprise them of new features introduced in the application from time to time. The financial year end was in March 2007 and the project completion date was in June 2007. The aim was to complete implementation at all sites by mid-March 2007 so that the financial budget for the state could be distributed using the application software on March 31, 2007. There were several problems like floods, fires etc., at different locations but both the customer and CMC worked in unison to ensure that implementation was completed by mid-March 2007, i.e. two months in advance. Thereafter, few more reports were added to enrich the software and add to customer delight.

Benefits to customer

At DTI (Central) Level: (Directorate of Treasuries & Inspection)

- Daily statewide updated status of detailed head wise expenditure and object head wise receipts for effective monitoring & decision-making
- Control over statewide expenditure up to detailed head Level
- Effective budgetary monitoring, management and control (allocation, re-allocation, surrender etc.)
- Provision for on-line stopping and revoking of payments at treasuries
- Effective expenditure and revenue receipt planning

- No overdrawal of budget under any circumstances
- Consolidation of monthly treasury accounts at department level and its analysis
- Monitoring of treasury operations

At Treasury / Sub-Treasury Level

- Online entry and checking of all the bills (in-built facility of referring to directives and rules) resulted in eliminating irregular payments or overdraws
- The bill passing, cheque generation and account preparation is carried out on-line with reduced level of hierarchy
- Provision of unique receipt number for every bill for further tracking and logging of audit trails of transactions, user-wise, for future references and accountability
- To stop the manipulations in the revenue receipts
- Facility of generating salary from treasuries on the basis of monthly updated pay record database to stop fictitious payments and over-draws
- Facility for better monitoring and decision making for expenditure control, analysis of revenue receipts
- Reconciliation of monthly receipt and expenditure figures with the DDO's for verification against misclassification, over draws, fictitious draws/receipts
- On-line stock maintenance of stamps and other valuables
- Elimination of work duplication by one-point data capture and processing
- On-line monitoring of treasury operations by Treasury officials by observing, "Who is doing what"

Impact on Quality and Productivity

Overall benefits

- The budget distribution process of the entire state is fully monitored and controlled from one central location, i.e. DTI at Bhubaneswar
- DDO (Drawing and Disbursal Officer) wise/Treasury wise budget is transmitted to respective treasuries from central server
- Credibility of State Government has gone up
- It is possible to make government payments from treasuries right from the very first day of a financial year

a. Improvement in speed of service delivery and simplification

- There has been remarkable improvement in speed of delivery
- At Treasury level, where previously average time taken to pass a bill was 5 days, now bills are processed and cheques issued within 2 days
- Effective MIS has resulted in quick and speedy reports for effective decision-making
- The system also provides some unique facilities for vastly improving the primary service delivery mechanism of the Treasuries e.g. the Pension Disbursement wherein there is a facility for directly crediting the pension amount to the bank accounts of the pensioners, which would not require the pensioners to wait in the Treasuries
- The system also facilitates cross-checking of the salary bills, one of the largest item of expenditure of the government, at the Treasuries

b. Real-Time Financial MIS

- The OTMS application captures real-time transactional data from each of the treasuries in terms of receipts and expenditures, stamps transactions, pension payments etc.

- Importantly controls the expenditure vis-à-vis the budget provision up to the level of individual DDOs
- Ensures that the expenditures under no circumstances can exceed the budget provision made for a particular unit of expenditure
- Facilitates synchronising the state level financial information and analysis of those data using Oracle Discoverer
- Timely generation of various reports regarding receipts, expenditures, ways and means position etc., at the central location for the Finance Department

c. Quality of service

All processes in the system are automated with global masters maintained at DTI and system validations, which are universal for all the sites and thus ensures uniformity of practices.

Bill status can be checked at the Treasury and the DTI level with access defined and user names/passwords used for each activity, transparency and accountability is ensured.

d. Single window access to multiple services

At the Treasury level all bills are received at front office, where after preliminary scrutiny a system-generated token number is given to the messenger and his bill is accepted. Against this claim either a cheque is delivered or the bill returned with objection. Similarly, other activities like deposit account maintenance, stamp delivery and inventory control are other activities undertaken.

e. Cost effectiveness

The computerisation is well planned, and therefore economical, looking into the comprehensiveness of the activities and number of locations involved. The objective was that the project outcome should be more contributory in saving precious government funds from overdraws, fictitious and fraudulent drawals, which were otherwise taking place in the absence of authentic information and databases.

f. IT Training & Development Programess

Training proved a very important and success factor of the project, for change management, increase in productivity, accepting challenges.

Impact on Society

General

- Creates transparency between citizen and government
- Provides easier access and usage of government information and services
- An IT infrastructure backbone has been setup in the state
- Futuristic expansion capabilities
- Enables faster decisions and actions by government officials
- Supports efficient utilisation of time and money
- Easy handling and availability of timely and relevant data
- No redundant data entry

Specific

- The details of expenditures and receipts of the State Government are available in various reports
- One can see the status of the bill at the treasury level

Economic benefits accrued to the organizations / individuals that implemented the innovation as well as to the end users.

- No overdraft position had arisen

- DDO wise/Treasury wise budget transmitted to respective treasuries from central server on the first working day of the financial year
- Credibility of State Government has gone up