Russian Treasury Modernization Project Implementation Experience

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General Information about the Federal Treasury
Overall Project Implementation Results

1998 - 2002 год (start of project preparation)

- No Single Treasury Account
- Spending units accounts opened in commercial banks
- No commitments control system
- Imperfect budget classification with no possibility to control expenditures
- Budget revenues and expenditures are accounted by independent agencies
- Multiple diverse independently developed information systems in FT offices
- Significant balances on budget accounts are not used

2012

- Federal Treasury is one of the main financial management bodies in the country
- Operational STA
- Unified information system has been introduced, transfer to new FTAS nearly completed
- 23 607 budgets being serviced
- Over 78 000 bank accounts
- Over 220 000 client organizations
- Over 2 300 000 certificates for electronic signatures issued free of charged
- Over 40 000 000 payment transactions on average per month
- 27.1 trln rubles accounted budget revenues
- 19.6 bkn rubles revenues from interest on deposited budget funds
Main Stages of FTAS Development

2002-2004 – development of technical requirements and tender documentation

2004-2005 – two-stage tender

Preparation phase – difficult comprehension of the system requirements

Development – delays and debates on the system design and functionality, modification of legislation

HOWEVER: significant time required for tender preparation, selection and design paid-off by relatively painless and rapid implementation
Main Functions and Architecture of FTAS
System Modules

Cash expenditures planning
Budget reporting

Registration and delivery of budget data
Commitments accounting and control
Receipts processing
Payments management
General Ledger
Maintenance of reference materials

Electronic document flow, Client’s automated workstation, off-line local treasury office (LTO), security server

Technological platform

Oracle Hyperion
Oracle BI Publisher
Oracle Discoverer

Oracle E-Business Suite modules:
Oracle Financials
Oracle Purchasing
Oracle Inventory

System of electronic documents exchange (SUFD)

RBMS Oracle 10g EE,
Oracle Developer Suite,
Oracle AS 10g,
Oracle Identity Mgt,
Oracle Essbase

Security server
Project Integrity
Comprehensive approach to the system design

- Set of measures to improve methodological, legal and regulatory framework, training (!)

- Implementation of set of measures to ensure information security (separation of loops, hardware and software, organizational and technical measures), training (!)
PROJECT COMPONENTS INTEGRATION

- FTAS
- Information Protection System
- Operations Control
- Software
- Departmental Transport System
- Engineering Support system
- Legislation Improvement Component

TRAINING
Lessons learned at Development Stage
Experience gained at development stage

- Important of thorough development of requirements at the tender stage
- No matter how thoroughly they are described, there will be misunderstandings with the supplier at the development stage – need for dispute resolutions mechanisms and for flexibility
- Importance of expert review for documents preparation and control over supplier (Integrator)
- Importance of comprehensive approach to system design – taking into consideration of all components (role of the World Bank)
- Importance of realistic planning, top-management’s expectations control (initially nonrealistic schedule for FTAS development)
- CONCEPTUAL choice – to develop the system for existing regulatory framework or to change regulatory base for the developed system
- At the design stage, it is important to clearly document all details of business processes for common understanding of the system functionality by the client and the supplier
- Planning and control of interrelated tasks deadline – the system quality will anyway depend on the weakest element
FTAS Implementation Experience
Overview of the System Implementation Activity

Implementation stages
• Infrastructure preparation (communication, engineering systems, server equipment) (2006-2008);
• Comprehensive application software testing (2008) and fine tuning;
• Pilot implementation (4 regions) - 2009
• Roll-out (5 waves) – 2010-2011.

Implementation challenges
• Need to ensure continuous and high quality service for the FT clients;
• Changing legislation (moratorium only for one year);
• Transfer from decentralized system (over 2 500 data bases) to centralized one (83 regional data bases of the same structure).
Importance of Planning and Integration

- Planning – work plans for each contract, each site, and each project;
- Implementation procedures, regulations – key to successful roll-out (industrial approach);
- Alignment of activity schedules for all components at each site;
- Risk analysis for each component (identification of weak elements).
System Roll-Out

5 roll-out waves, 10-15 regions in each wave, clear roll-out schedule with identical activities set, separate team of supplier in each region working in cooperation with implementation team of regional treasury office (RTO)

• Preparatory activities;
• Installation of application SW and user’s automated workplaces;
• Data entry/migration;
• Training of key users;
• Comprehensive testing;
• Testing operational days;
• Training of remaining users;
• Test operations (at pilot sites);
• System go live.
On-line SUFD architecture and its implementation
Interaction between FTAS and automated workplace “Other participant of the budget process”: SUFD, portal solution
Implementation of online SUFD

**FTAS**

- 4 wave 21 RTO
- 5 wave 17 RTO

2011

- Online SUFD
  - 1 wave 22 RTO
  - 2 wave 13 RTO
  - 3 wave 19 RTO
  - 4 wave 26 RTO

**Total: 79 RTOs within 4 months.**
Implementation period for one wave—1 month based on standard implementation plan.

- **SUFD-1 wave**— 22 RTOs (including 21 RTOs of FTAS-4 wave).
  - **Completed.**
- **SUFD-2 wave**— 13 RTOs.
  - **Completed.**
- **SUFD-3 wave**— 19 RTOs.
  - **Completed.**
- **SUFD-4 wave**— 26 RTOs (including 17 RTOs of FTAS-5 wave).
  - **Completed.**
Increase of legal and information security with online SUFD

Document with digital signature is received by FTAS data base and is stored there unchanged (with digital signature assigned at the client level).

Compliance with legal norms and principles upon digital signature utilization:
- Compliance with conformity principle: 1 user–1 digital signature
- Decrease of possibility to use several digital signatures by one employee

Documents are not stored at the workstations/servers of other participants of budget process, there is no risk of unauthorized access to information.

Connection with RTO user through safe VPN-connection. No interception of information is possible.
Further development of information systems on FTAS basis
Further development of information systems on FTAS basis

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New opportunities, new tasks for the FT

- Implementation of centralized system provides new opportunities;
- System of key performance indicators of budget execution – monitoring of the situation in the budget system on the basis of FTAS and other state systems.

Пользователи:
- Office of the President of Russia;
- Office of the Government;
- Ministry of Finance;
- Ministry of Regional Development;
- Public Authorities;
- Other external users.
FTAS Interaction with Key Performance Indicators System

DATA STORAGE (updated daily)

External Data:
- MoF
- Rosstat
- RF constituent entities
- etc

KPI multi-user system:

Common form:
- Baseline indicators
- Key indicators
- Graphic display
- Additional analytical functions

Desktop:
- Indicators
- Alerts
- Pre-configured reports

Statutory reports

Other external users:
- Government authorities
- MDFT
- MinFin
- RTO
Enhancement of efficiency: general approach

Objective:
Efficient structure and efficient execution of functions/processes

Prerequisites
Administrative, budget, civil service reform to improve public administration efficiency

Tasks:
- Ensuring common manageable work method
- Reduction of functional processes costs related to functional
- Streamlining organizational and staff structure

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Overall logic of the system operation

Regulation
Model “as it is”

Statistics of operations
Structure and size

Modeling

Analysis of operations statistics

General efficiency analysis
Technology compliance control Контроль, detection of bottlenecks
Load optimization
Implementation benefits

- Optimization of processes
- Reduction of operations number (exclusion of redundant operations)
- Costs optimization
- Redistribution of functions between employees and units
- Motivation enhancement
- Efficiency oriented, moral and material incentives
- Optimization of organizational structure and staff schedule
- Restructuring of units and divisions
System for processing individual payments

1. Debt accrued with unique ID

2. Information on charges

Federal Treasury

3. Information on charges

4. Payment of services with unique ID

Payers

5. Query

6. Information on charges

7. Information on payment

8. Transfer of funds

9. Confirmation of paid amounts

10. Acknowledged payments and charges

Payment systems, Credit institutions

11. Acknowledged payments and charges

Bank of Russia

Revenue Administrator
Completion of FTAS Implementation – start for new projects
Completion of FTAS implementation – start for new projects
General scheme of official site functioning in the Internet for placement of the information about state and municipal institutions

Federal Treasury

- FT bodies
- FT bodies
- FT bodies

DS certificates

Information on the institutions
In conformity with Registration Procedure

Authorized representatives of the institutions

Reference materials, classifiers

1

2

3

Official site for placing information about state (municipal) institutions (official site)

Closed loop

- Reference materials
- Information placement
- Entry into Personal Office

Open loop

- Search and reflection of information
- Analytical information

Internet users

Information about institutions

Authorized representatives of the institutions

Information on the institutions

In conformity with Registration Procedure

DS certificates

Reference materials, classifiers
Portal solutions for “Electronic budget” implementation

Unified portal of the RF budget system
- Open loop of the portal
  - Regulatory, statistical and analytical information on public finance management
- Closed art of the portal
  - Users access to functional sub-systems through “Personal Offices” system in conformity with their authorities

Official site with information about institutions
- Open loop
- Closed loop

Official site on public procurements
- Open loop
- Closed loop

Key performance indicators information system
- KPI window
- Analytical loop of KPI

FTAS Portal (online SUFD)
- Open loop
- Closed loop

WEB-services of EB upon their implementation

User accesses authentication and authorization services

Organizations of sectoral state control

Online-patrons
Thank you for attention!