Computerised Treasury Management Information System

December 2010

Governance Knowledge Centre

Promoted by Department of Administrative Reforms and Public Grievances
Ministry of Personnel, Public Grievances and Pensions
Government of India

Case Study
E-Governance
Computerised Treasury Management
Information System (CTMIS)
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Executive Summary

The Comprehensive Treasury Management Information System (CTMIS) pilot project digitally linked three central level treasuries and one district treasury in the state of Bihar. Upon the success of the pilot, it was expanded in May 2008 to all 59 treasuries in the state. Today, the programme enables the regulation of expenditure in a transparent and efficient manner.

CTMIS improves the entire cycle of financial management by streamlining all treasury-related functions performed. The automated system allows for rapid and reasonable formulation of budgets. Through the consolidation of local budgets at a central level, allocation is made easy. Recording and encashment of bills are made significantly more convenient through an expedited process. CTMIS was rolled out in a phased manner. Prior to the actual linking of treasuries, 1200 computers were purchased for functionaries.

Training was conducted for seven to eight months to develop data entry operators in 38 districts. Seclan and BSWAN, government dedicated telephone and internet networks, were leveraged to provide a single avenue through which the entire network of government stakeholders would be able to communicate. Finally, the groundwork was laid for the digital linking of treasuries.

The future of CTMIS will be an enhanced system including databases for pensioners and employees. Additionally, 41 new facilitation centres are being established to assist all District Development Officers (DDO) in online bill entry.

Background

Comprehensive Treasury Management Information System (CTMIS) is a project devised to computerise and connect all the treasuries in Bihar through the State Wide Area Network for the creation of a comprehensive MIS to navigate budgetary movement. It is a web-based workflow driven application that helps finance officers to monitor government expenses and allocate funds at all levels in an effective manner.

In the past, lack of discipline in the management of finances led to misappropriation and late submission of accounts to the Accountant General. There were serious consequences of late submission of accounts as it affected the overall planning of the government. Delays in resource management caused setbacks in government budgetary allocation and eventually, the absence of transparency and accountability within the treasury led to the Fodder Scam in the 1990s.

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The scam was due to difficulties in tracking expenditure through receipts which led to huge delays of 16 to 24 months in treasury accounting. The government was not in a position to track records and as a result, it could not control, monitor or analyse data which became a huge challenge in the administration. At the time of the scam, the Finance Department of Bihar determined that reforms were necessary for enhanced accountability.

To overcome the challenges of manpower constraints and manual process of budgeting, the Finance Department introduced CTMIS to automise all treasury-related activities in Bihar. The digitisation has enabled account sharing between the excise, registration, commercial taxes and transport departments. As a test to determine the value of a reform like CTMIS, the National Informatics Centre (NIC) first helped to streamline treasury activities involving only the Water Resources Department. Due to the success of the pilot, the activities of all 59 treasuries in the state were then automated and linked.

Under Bihar Revenue Administration IntraNet's (BRAIN) technical assistance and supervision, the Finance Department applied CTMIS to carry out treasury functions and provide consolidated and consistent information of expenditure and revenues across all the treasuries in the state. The system has also been designed to include the non-treasury transactions of the Government of Bihar (GoB) to cover its overall income and expenses. It uses an integrated approach for management of government income and expenses; this encompasses budgeting, allotment of budgets to the administrative departments and its DDOs, treasury transactions and budget compliance, income and expense analysis.

CTMIS handles the following key finance management functions:
_ Preparation of the state budget
_ Budgetary allotment to all treasuries (Payment, Receipt and Pension)
_ Reserve Bank of India (fund management)

Features
_ Envisioned as a core component to the BRAIN (Bihar Revenue Administration Intranet) project. BRAIN (Bihar Revenue Administration Intra Net) is the data centre in Technology Bhawan, Patna that acts as a centralised and secured data warehouse that enables the government to store, share and retrieve information pertaining to the Finance and Revenue Department on a real time basis.

_ Web-based workflow driven application for the management of treasury functions including budgets, allocations, payments and receipts

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_ Key stakeholders are Finance Department, BSNL, BELTRON, Tata Consultancy Services
_ Budget is available on intranet

Objective

The objective of treasury computerisation is to control expenditure in a timely manner by digitally connecting accounts to the Accountant General. The system is able to match the allocated budget to the expenditure at the time of passing the bill. It helps to avoid duplication of work and check fraudulent withdrawals by a centralised DDO code. The process from budgeting to expenditure is monitored by the Accountant General as each transaction of payment and receipt is captured and validated.

Working Design

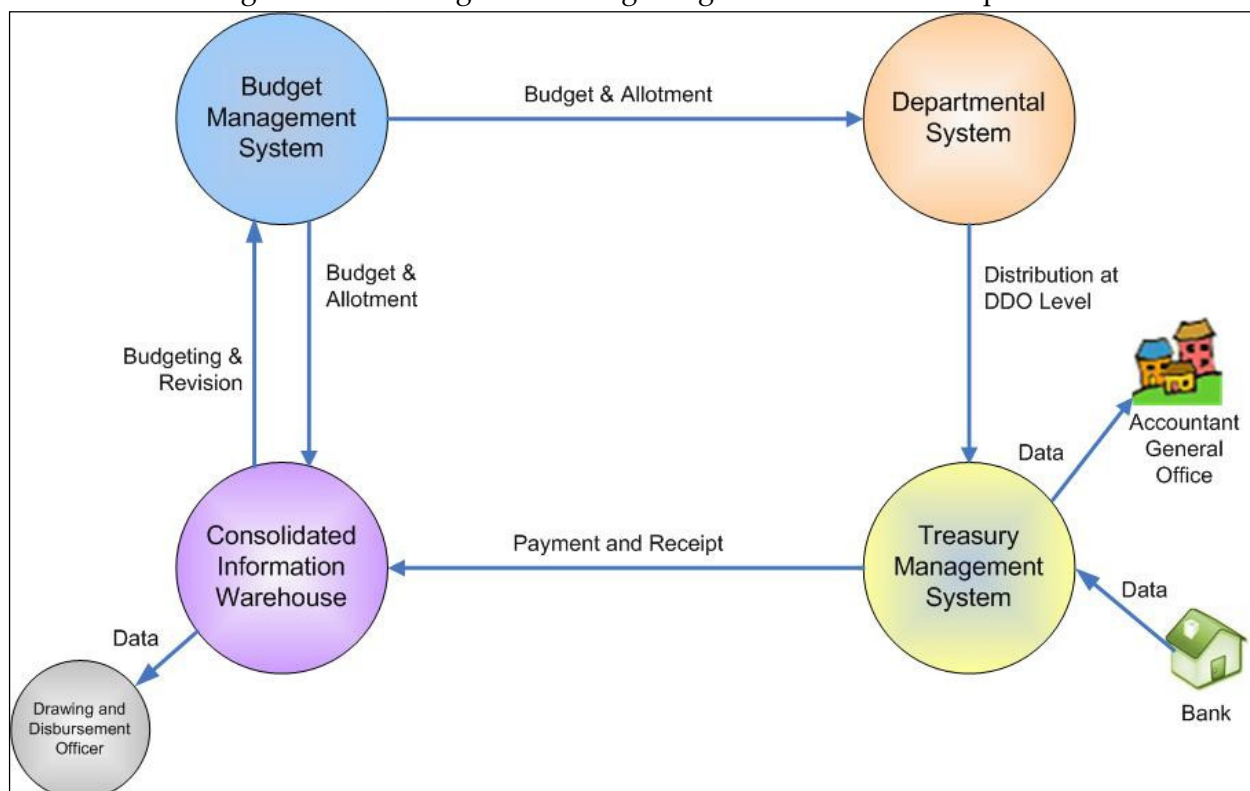Below are two diagrams illustrating the working design of CTMIS at the department level.

Figure 1: Process flow of CTMIS

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The government bank sends data for example, payment and receipt of employees, via CTMIS which is managed by the consolidated information warehouse, also known as BRAIN. The received data is first validated by the Drawing and Disbursement Officer and later, budgeted funds are allocated to different departments in the state. The complete budget cycle is monitored by the Accountant General, which is the apex treasury body.

All Drawing and Disbursement Officers of the treasuries and sub-treasuries at the district level report to government officials at the state level where each provision, allocation and expenditure is monitored on a real time basis to prevent misappropriation and leakages. These are further monitored by the Accountant General, the decision-making authority of the Finance Department.
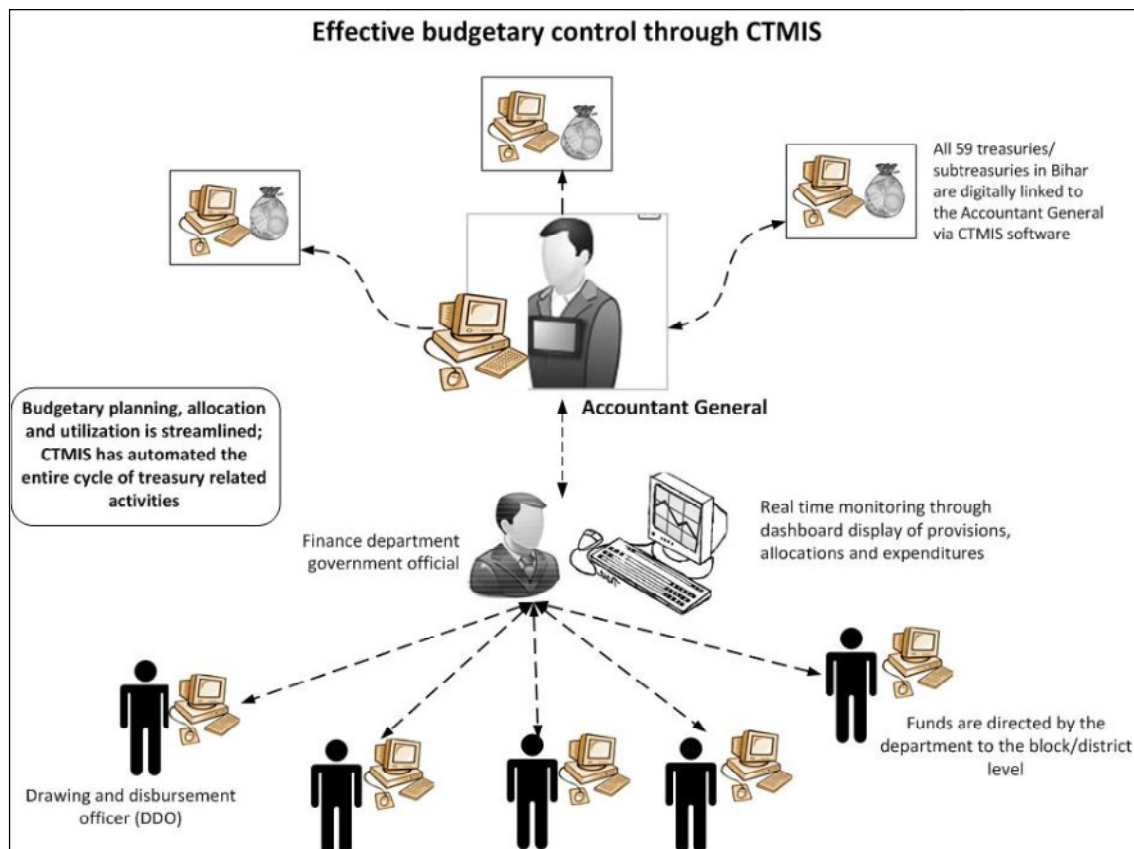

Figure 2: Effective budgetary control through CTMIS

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Methodology

With the objective of documenting good practices for the Governance Knowledge Centre (GKC), the OneWorld Foundation India (OWFI) team carried out desk research on CTMIS through online and government provided resources. A visit was made to the field to interact with the Secretary of the Finance Department to answer further queries.

Lessons Learned

CTMIS has revamped the administration of finances in the state of Bihar. It has inculcated both transparency in budgeting and monitoring of expenditure across all treasuries and departments. The Finance Department is now in a position to make better decisions as all pertinent budgetary details are available online. To enable DDOs to make online bill entries, 17 facilitation centres have also been established. The following lessons were learned in the process of computerisation.

Brings core treasury functions into one unified system: CTMIS has streamlined all treasury activities - data is entered at a central point (from the head office), where it is made available online and visible to all treasuries. The centralised mechanism has reduced the three month budgetary planning process to two weeks. It has improved budgetary decision making, cash planning and utilisation of funds.

Addresses time lag and accuracy in financial transactions: Owing to the centralised system whereby all 59 treasuries are digitally linked to the Accountant General, the right information is available at the right time, to the right person and the right entity. This transparency in cash management minimises the chance of mistaken allocation. The computer-led transfer of data increases operational speed a great deal.

Helps to consolidate, aggregate and disseminate information in a cost-effective and sustainable manner: With a large investment required at the beginning stages of the reform but very little needed to maintain the system, CTMIS is cost effective in the long term. By leveraging ICT to streamline processes, changes in the system over time will be not overly difficult or time consuming.

Ensures data consistency and transparency: Centralised monitoring of treasuries allows for real time expenditure tracking. Such regulatory measures enable the pinpointing of fraudulent withdrawals at all levels of fund usage.

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Prevents misuse of budget allotments: All senior officials in the Finance Department have access to information on provisions, allocations and expenditures. This oversight prevents fund leakages because others are aware of the increased chance of being caught and punished.

Conclusion

CTMIS has created an interconnected and transparent system between treasury offices, government departments, and the Accountant General, for efficient planning and allocation of the state budget. By connecting all 59 treasuries/sub-treasuries to the Accountant General, the budgetary planning process has reduced from three months to two weeks. It has also enabled effective re-appropriation of funds by identifying surpluses and deficits. The system has helped the Finance Department to determine budgetary needs of other departments and has in turn, ensured timely and appropriate allocations, making for effective budgetary control of the state.

Research was carried out by the OneWorld Foundation India (OWFI), Governance Knowledge Centre (GKC) team.
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