

**INTEGRATION OF SYSTEM
REFORM WITH BROADER PFM
REFORM**

ANTIGUA AND BARBUDA

And

ST. KITTS

THE COUNTRIES

- Antigua and Barbuda and St. Kitts and Nevis are independent states
- The former has a population size of approximately 75,000 and the latter 45,000
- The difference in their sizes appeared to be a factor in the speed and success of implementation of system reform
- St. Kitts was able to introduce a financial management system in what appears to be a much more trouble free manner than Antigua and Barbuda

ST.KITTS

- During the installation of the Fitrix Financial System, the Government of St. Kitts implemented an IT project which would connect all the major Government buildings as well as the major revenue receiving departments with fiber optic cable. At the time the main application to be hosted on this network was Fitrix and as a result the entire networking infrastructure was housed in the Treasury Department.

WEAKNESSES

- Spending beyond budgeted balances
- The Fitrix system presented much difficulty in tracing errors back to the responsible users
- Log In info exists for past employees
- Privilege errors
- Bank reconciliation

UPGRADES AND FUTURE INTERVENTIONS

- Upgrades (done in-house) have solved the problems and assisted with broader financial management reform
- Business processes improved
- Four other major applications being used in various Government departments. A project is being considered to allow the applications to interact with each other so as the share information more efficiently.
- The fiber optic network will be expanded to provide internet access and VoIP telephone service to all Government departments and public schools.

Antigua

GENERAL ISSUES

- Country has struggled with system reform.
- Working on system implementation for the past six years
- Problems
 - Lack of funding,
 - IT infrastructure, serious connectivity issues,
 - Resistance from staff and management,
 - users not involved in decision making process,
 - integration of systems a problem –
 - no support for Sigtas – tax administration system
 - changing of system used by Customs along the way
 - Building is old and does not lend itself to modern IT developments
 - Rollout to other Departments is a problem because of IT infrastructure, connectivity problems

PFM Reform

- *Treasury Department*
- ECEMP III project: Under this project consultants embedded themselves in the Department and focused on the following:
 - Review and document the structure and operations
 - Analysing the controls with a view to streamlining operations and ensure effectiveness
 - Measure productivity
 - Proposed new structure
 - Propose operational improvements
 - Recommendation of Financial Management System

PFM Reform

Inland Revenue Department

- New tax structure implemented
- Required more highly trained staff but did not have the corresponding change in structure to facilitate upgrading of posts
- Staffing is inadequate
- Technical assistance received; recommendations made; working towards implementing recommendations but this is slow
- Project manager employed to spearhead revenue reform
- Tax administration system (Sigtagas) still a problem hence integration with other systems has not happened

PFM Reform

Customs

- Posts upgraded and additional staff recruited
- No change in structure
- New system implemented with old system still running in the background
- Significant backlog in duties to be paid
- New system not yet integrated with Treasury and Budget
- Technical assistance received; recommendations made; working towards implementing recommendations but this is slow

Implications and Results

- Structure must change to suit new system
- Paradigm shift obvious – culture must change
- All processes identified, analysed and need to be re-engineered
- Human Resource capability to be assessed
- Increased resources required
- Treasury needs its own IT unit

Major Issues Identified

- Sequencing: needed to first build competence
- Staff issues: training, retraining understanding technology, competence at all levels is a problem
- IT support inadequate
- System more Budget oriented than cash management oriented
- New Roles and responsibilities not properly documented or communicated to affected staff
- Ambitious deadlines given shortcomings re: skill sets and government bureaucracy
- Process review schematic only – difficult for staff to assimilate

Intervention and Results

- Two local consultants hired to assist with the “modernizing the Treasury”
- Discussions held with management to bring them on Board
- Major recommendations made to Minister of Finance with regards to structure and staffing – very few acted upon to date
- Recommendation to appoint project manager in Treasury Department
- More staff trained
- Some Processes reviewed and re-engineered
 - New procedures developed out of re-engineered processes