



information / edge

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**CASE STUDY:
HM TREASURY**

The Treasury is the United Kingdom's economics and finance ministry. It is responsible for formulating and implementing the Government's financial and economic policy.

BUSINESS CHALLENGES

The Treasury's aims include raising the rate of economic growth, and achieving rising prosperity, through creating economic and employment opportunities for all. This aim, and the objectives in the Treasury's Public Service Agreement (PSA), are underpinned by targets which cover the key areas of the department's activity.

- The Treasury's objectives relate to the whole economy. As a result they can be influenced by an enormous variety of risks, each of which relates to only a subset of economic activity
- Maintaining sound public finances in accordance with the Code for Fiscal Stability
- Improving the quality and cost-effectiveness of public services
- Achieving a high standard of regularity, propriety and accountability in public finances
- One of Treasury's main objectives is to 'Achieve world-class standards of financial management in government'. The core of the objective is to integrate numbers into the management process to improve economy, efficiency and effectiveness
- The Treasury faces a number of operational risks. These have potential direct impacts on its processes and systems. Some Treasury systems affect most aspects of the Department's business, including its main core of policy work. These include, infrastructure- eg IT systems, finance systems, business relationships with suppliers

The anticipation and assessment of risks to delivery of these objectives and targets is a central part of the Treasury's activities.

LEADER SHIP ROLE

Delivering world class standards of financial management in Government requires the cost effective translation of resources into desired outcomes. This means having the right decision making structures in place, and the financial information and skills capacities to operate them.

In seeking to deliver world class standards of financial management, the Treasury aims to:

- Promote improvements in the effectiveness of financial management and finance professionalism in Government
- Implement reporting frameworks that build on best practice and deliver efficient and effective integrated reporting mechanisms for government financial data

BUSINESS PROBLEM:

Treasury's Budgeting System (PES), was coming to the end of its natural life and needed to be replaced.

In 2002/03, work was carried out by the central HM Treasury teams in response to the recommendation in the Deloitte Public Expenditure System (PES) database structure and process review to:

"Conduct a further study investigating the feasibility of collecting required budget and forecast data in a single system (perhaps in the context of Whole of Government Accounts)."

The feasibility study covered three HMT systems for collecting processing and reporting financial information from departments.

The three legacy systems collected, processed and reported financial information from over 50 central Government Departments for several purposes (however all on separate software platforms and in different formats):

- GEMS: high level in-year month by month outturn and forecast figures for current financial year, providing:
 - Monitoring of Government budgetary control aggregates
 - Central Government input to the Office for National Statistics for monthly Public Sector Finance Briefings and quarterly National Accounts
- PES: more detailed annual expenditure plan and actual outturn data covering 3 forward years, the current year and 5 prior years, providing:
 - Public sector (Central Government, Local Government, Public Corporations etc) input to the office for National Statistics for yearly National Accounts
 - Statistics on spending plans and past spending published by HMT
 - The basis for planning and monitoring Central Government spending and seeking Parliamentary approval via Supply Estimates
- GOLD: a consolidation system for the production of audited accounts for Central Government, and in due course for the Whole of Government

The outcome of the feasibility study was a strong recommendation to move to a fully integrated single data system.

BUSINESS SOLUTION:

COINS - Combined On-line Information System

The Single Data System (SDS) Project team was set up with experts across Government in partnership with *Information Edge* in building **COINS**, the **C**ombined **O**n-line **I**nformation **S**ystem, integrating all the functions from the three legacy systems bringing financial management / data / reporting / consolidation all together in one system, in one format, for the first time.

COINS was built with 'future proofing' in mind to flexible and adaptable responding to the ever changing environment in which Treasury & Departments find themselves in within Government, whilst at the same time meeting strict public fiscal regulations as laid down by Parliament.

BENEFITS:

With the implementation of COINS there have been several benefits of both an operational and strategic nature.

OPERATIONAL

- With financial reporting integration, COINS enhances the transparency, accountability and audit-ability of financial data held by HM Treasury
- A secure and standard reporting suite, with real-time, online access that can be accessed by any department, at any time across the secure government network
- Access to Treasury & Parliamentary published reports directly off of COINS
- Encouragement of closer links and communication between Departments and Treasury Spending teams, fostering greater 'ownership' of data entered into COINS

STRATEGIC

- It facilitates improvements to financial management
 - During the initial implementation phase of COINS, it became clearer through the Financial Management and Efficiency reviews that there is increasing pressure on Departments and Treasury to improve their financial management in the increasingly tighter central government fiscal environment. HM Treasury had the strategic vision to see that through the integration, transparency and consolidation functionality offered in the COINS system, that COINS can act as a facilitator to improving financial management

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STRATEGIC *cont...*

– The Office of National Statistics (ONS) own 'Atkinson Review', of which an element was particularly concerned with the quality of financial data reported to ONS & Treasury. Many of the recommendations directly impact on HM Treasury and Departmental systems through future enhancements to COINS as a result of the findings of the review. HM Treasury has initiated a Data Quality Improvement Program, which will be looking at enhance certain features in COINS i.e.

- i. Enhancing the reporting suite within COINS
- ii. More management accounting reporting
- iii. Introduction of data validation suite

with the over all strategic aim of improving the quality of financial data and facilitating improvements to financial management

- In the wider context of improving financial management through the Data Quality improvement agenda, there is scope in the future for COINS to act as the building blocks for Performance Management – closely linked to the Financial Management Review findings. COINS could be used to provide dashboard views (performance management) for Senior Management within Treasury and Central Government Departments



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