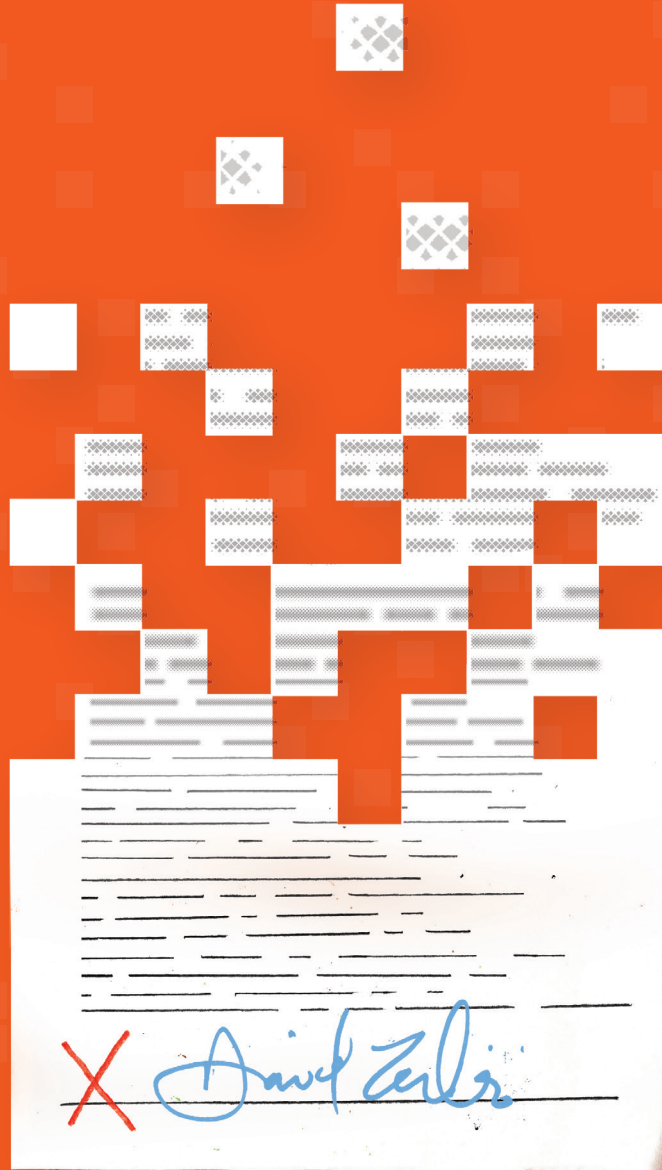# Process Makes Perfect

Paraguay and El Salvador treasuries achieve real results using business process improvement

BY FRANCISCO ORDAZ

Business process improvement (BPI)

can streamline functional processes by eliminating non-value-added steps and automating critical value-added manual steps. This approach—which involves identifying, analyzing and improving existing business processes to optimize performance, meet best practice standards, etc.—works best when senior management supports cross-functional teams that are tasked with mapping and analyzing business processes step by step and identifying opportunities for improvement. When done right, BPI drives results, as in the case of projects headed by the national treasurers of the Republics of Paraguay and El Salvador.

The Projects

The objective of these projects was to streamline and automate critical business processes. In the case of Paraguay, the project automated the resource transfer request review process in the general directorate of Public Treasury, making a manual, cumbersome, and time-consuming process paper-free. The process was replaced with an e-document to realize savings in costs and time.

In addition, to guarantee that the e-document would be tamper-proof, the project replaced holographic signatures with digital signatures that would allow resource transfer requests to be approved securely and guarantee the identity of the holder. The digital signature is created from a module provided by the Ministry of Finance that uses a USB token. To access the digital signature module, authorized signers must request their user access from the Information Technology (IT) Customer Service Department and register their user account in the Module of Signatory Managers.

Best practices in process reengineering and IT technologies deployment recommend automating

The objective of these projects was to streamline and automate critical business processes.

the resource transfer request review process and requiring digital signatures from national government agencies authorities.

In the case of El Salvador, the general directorate of Treasury faced difficulties in reconciling manual payment processing and tax account balances using a legacy system that resulted in customer complaints and long lines on tax payment due dates. The barcode tax receipting system the office deployed eliminated manual tasks, improved data integrity, reduced customer wait times, and cut bank transaction costs by using a single payment order that updated taxpayers' accounts seamlessly when tellers of 16 banks processed payments for more than 1.8 million tax declarations.
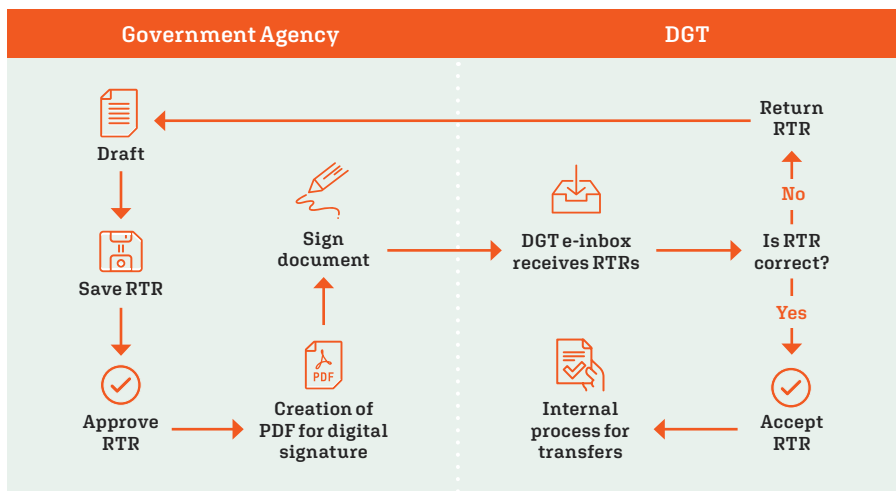
Paraguay

The general directorate of Public Treasury of the Ministry of Finance of the Republic of Paraguay streamlined the resource transfer request process by eliminating redundant steps, automating key manual steps, and requiring digital signatures from 140 national government agencies to certify 180,000 payment request batches annually.

Through the collective efforts of a highly committed cross-functional team and engaged senior management, the resource transfer request process is fully automated and paperless, starting from the creation of the resource transfer request and ending in the electronic transfer to providers and employees.

In 2018, Marco Elizeche, the general director of Public Treasury of the Republic of Paraguay, was invited to Buenos Aires, Argentina, to make a presentation about this project to the General Directors of Treasury from Latin America and the Caribbean, as part of the 9th Annual Latin American Seminar of Public Treasury Management.

The improved resource transfer request process produced the following results:

- Staff processing time savings of **19,378 hours**, the equivalent of 9.3 FTEs.

- Staff transportation time savings of **4,903 hours**, the equivalent of 2.4 FTEs (staff used government-owned vehicles to hand-deliver payment requests to the general directorate of Public Treasury).

- Rework decreased from 40 percent to **0.3 percent** (previously, 6 out of 10 payment requests were correct on the first try, and now, 9.7 out of 10 payment requests are correct on the first try).

- Fuel cost savings of **$34,903**.

- Reduced non-added value steps by **35 percent**, from 17 to 11.

- Improved security by replacing holographic signatures with **digital signatures**.

RESOURCE TRANSFER REQUEST WORKFLOW

Review of RTRs before (left) and after (right) automation improvements

El Salvador

The directorate general of Treasury of the Ministry of Finance of the Republic of El Salvador collaborated with the directorate general of Customs, the directorate general of Internal Taxes, and the National Directorate of Financial Administration and Innovation to barcode tax receipts for the Revenue Collection Department and the 16 banks that scan tax bills when processing payments from businesses and individuals.

The Office of the President of El Salvador recognized the Ministry of Finance of El Salvador with a service quality award in 2018 for the success of this project, and Juan Murillo, the general director of Treasury of the Republic of El Salvador, was also invited to make a presentation about this project at the 9th Annual Latin American Seminar of Public Treasury Management in 2018.

Tax payment lines before (top) and after (bottom) the barcode receipting system

The improved tax receipting process produced the following results:

- Reduced bank cost by **82 percent**, from $0.56 to $0.10 per transaction.

- Decreased processing time by **67 percent**, from approximately three minutes to one minute per transaction.

- Decreased data reconciliation time from 20 workdays to **three workdays**.

- Realized **50 percent** savings in overtime because collection windows now close on time.

- Reduced the need for cashier staff from **65 to 12**.

- Eliminated manual tasks and improved data integrity for more than **1.8 million** tax declarations.

Resource Transfer Request Process Project Team

Front row (left to right): Jorge Delgado, Marco Elizeche and Claudio Vázquez

Back row (left to right): Luz Esquivel, Nélida González, Marcelo Rodríguez, Martha Riquelme, Cesar Chena, Roque González, Adán García and Patricio Almirón

Barcoded Tax Receipting Project Team

Front row (left to right): Victor Manuel Ortega, Luisa Cristela Amaya Turcios, Juan Neftalí Murillo, Argentina Lucia Miranda Escobar and Francisco Alfonso Ramirez

Back row (left to right): Marco Martinez, Abraham Gálvez Peña, Edgar Wilfredo Obando, Cesar Gomez Surio, Ronal Alberto Aguilar and Pedro Vicente Fogelbach Zavala

The BPI approach works best when senior management supports cross-functional teams that are tasked with mapping and analyzing business processes step by step and identifying opportunities for improvement.

Conclusion

The national treasurers of Paraguay and El Salvador used the tenets of BPI to drive results by streamlining and automating functional processes. In both cases, the key to their success was twofold: 1) the unwavering commitment of the national treasurer as the single most important project champion; and 2) a highly skilled cross-functional team that was put in charge of identifying opportunities for improvement. ⓖ

Francisco Ordaz is a business process improvement facilitator. He worked with both Treasuries on improving a variety of business processes, including those described above.